

December 10, 2021

TO: Legal Counsel

News Media

Salinas Californian
El Sol
Monterey County Herald
Monterey County Weekly
KION-TV
KSBW-TV/ABC Central Coast
KSMS/Entravision-TV

The next regular meeting of the **FINANCE COMMITTEE – COMMITTEE OF THE WHOLE** of the Salinas Valley Memorial Healthcare System will be held **MONDAY, DECEMBER 13, 2021, AT 12:00 P.M., IN THE DOWNING RESOURCE CENTER, ROOMS A, B & C AT SALINAS VALLEY MEMORIAL HOSPITAL, 450 E. ROMIE LANE, SALINAS, CALIFORNIA, OR BY PHONE OR VIDEO (Visit svmh.com/virtualboardmeeting for Access Information).**

Please note: Pursuant to SVMHS Board Resolution No. 2021-06, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.



Pete Delgado
President/Chief Executive Officer

Committee Members: Richard Turner – Chair; Juan Cabrera – Vice Chair; Pete Delgado – President/Chief Executive Officer; Augustine Lopez – Chief Financial Officer; Clement Miller – Chief Operating Officer; Harry Wardwell – Community Member; Michael Wilson – Community Member; and Tarun Bajaj, M.D. – Medical Staff Member

**FINANCE COMMITTEE MEETING – DECEMBER 2021
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, DECEMBER 13, 2021
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO
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Please note: Pursuant to SVMHS Board Resolution No. 2021-06, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

AGENDA

1. Approval of Minutes from the Finance Committee Meeting of November 15, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
2. Consider Recommendation for Board of Directors Approval of Project Budget and Award of Contract to Otis Elevator for the SVMH Elevator Modernization Project (MILLER/STROTMAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
3. Consider Recommendation for Board of Directors Approval to Award Construction Contract to Avila Construction Company for the Monterey Bay Endoscopy Center and Monterey Bay G.I. Consultants Medical Group Office Space at 212 San Jose Street Suites 100 and 201 (HOFFMAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote

4. Consider Recommendation for Board for Approval Microsoft Licensing Renewal for Salinas Valley Memorial Healthcare System Through CDW Government, a Supplier of SVMHS's Group Purchasing Organization and Contract Award (LOPEZ/PARKS)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
5. Review Balanced Scorecard – October 2021 (LOPEZ)
6. Financial and Statistical Review (LOPEZ)
7. Public Input

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board which are not otherwise covered under an item on this agenda.
8. Closed Session

(See Attached Closed Session Sheet information)
9. Reconvene Open Session/Report on Closed Session
10. Consider Recommendation for Approval of Contract Terms and Agreements Necessary for the Transition of Leonard Renfer, MD to Salinas Valley Medical Clinic and the Program Budget for Salinas Valley Medical Clinic Urology Expansion (RADNER/HOFFMAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
11. Consider Recommendation for Board Approval of Epic Community Connect Expansion Project and Program Budget (RADNER/HOFFMAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
12. Consider Recommendation for Board for Approval of Grant to Aspire Health Plan for 2022 Community Benefit Activities (RADNER/HOFFMAN)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second

- Public Comment
- Committee Discussion/Deliberation
- Action by Committee/Roll Call Vote

13. Consider Recommendation for Board for Approval of Terms for Central Coast Management Services Organization Participation in Quality Incentive Pool Program Funding (RADNER/HOFFMAN)

- Staff Report
- Committee Questions to Staff
- Motion/Second
- Public Comment
- Committee Discussion/Deliberation
- Action by Committee/Roll Call Vote

14. Adjournment – The January 2022 Finance Committee Meeting is scheduled for **Monday, January 24, 2022, at 12:00 p.m.**

Notes: This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Executive Assistant during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

The Committee packet is available at the Committee Meeting, at www.svmh.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

FINANCE COMMITTEE MEETING OF THE BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

- [] **LICENSE/PERMIT DETERMINATION**
(Government Code §54956.7)

Applicant(s): (Specify number of applicants) _____

- [] **CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
(Government Code §54956.8)

Property: (Specify street address, or if no street address, the parcel number or other unique reference, of the real property under negotiation): _____

Agency negotiator: (Specify names of negotiators attending the closed session): _____

Negotiating parties: (Specify name of party (not agent): _____

Under negotiation: (Specify whether instruction to negotiator will concern price, terms of payment, or both): _____

- [] **CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION**
(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers): _____, or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

- [] **CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION**
(Government Code §54956.9)

Significant exposure to litigation pursuant to Section 54956.9(d)(2) or (3) (Number of potential cases): _____

Additional information required pursuant to Section 54956.9(e): _____

Initiation of litigation pursuant to Section 54956.9(d)(4) (Number of potential cases): _____

LIABILITY CLAIMS
(Government Code §54956.95)

Claimant: (Specify name unless unspecified pursuant to Section 54961): _____

Agency claimed against: (Specify name): _____

THREAT TO PUBLIC SERVICES OR FACILITIES
(Government Code §54957)

Consultation with: (Specify name of law enforcement agency and title of officer): _____

PUBLIC EMPLOYEE APPOINTMENT
(Government Code §54957)

Title: (Specify description of position to be filled): _____

PUBLIC EMPLOYMENT
(Government Code §54957)

Title: (Specify description of position to be filled): _____

PUBLIC EMPLOYEE PERFORMANCE EVALUATION
(Government Code §54957)

Title: (Specify position title of employee being reviewed): _____

PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE
(Government Code §54957)

(No additional information is required in connection with a closed session to consider discipline, dismissal, or release of a public employee. Discipline includes potential reduction of compensation.)

CONFERENCE WITH LABOR NEGOTIATOR
(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session): _____

Employee organization: (Specify name of organization representing employee or employees in question): _____, or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations): _____

CASE REVIEW/PLANNING
(Government Code §54957.8)

(No additional information is required to consider case review or planning.)

REPORT INVOLVING TRADE SECRET
(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): Trade Secrets/New Programs-Services

Estimated date of public disclosure: (Specify month and year): Not known

HEARINGS/REPORTS
(Government Code §37624.3 & Health and Safety Code §§1461, 32155)

Subject matter: (Specify whether testimony/deliberation will concern staff privileges, report of medical audit committee, or report of quality assurance committee):

CHARGE OR COMPLAINT INVOLVING INFORMATION PROTECTED BY FEDERAL LAW (Government Code §54956.86)

(No additional information is required to discuss a charge or complaint pursuant to Section 54956.86.)

ADJOURN TO OPEN SESSION

**MINUTES OF THE NOVEMBER 2021 FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**MONDAY, NOVEMBER 15, 2021
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO**

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Please note: Pursuant to SVMHS Board Resolution No. 2021-05, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

Committee Members Present: Richard Turner, Chair, Juan Cabrera, Vice Chair, Pete Delgado, Michael Wilson and Tarun Bajaj, MD, by teleconference; Augustine Lopez, Clement Miller, in person.

Committee Members Absent: Harry Wardwell

Other Board Members Present, Constituting Committee of the Whole: Joel Hernandez Laguna, in person.

Also Present: Adrienne Laurent, Clint Hoffman, Judi Melton, Natalie James, Scott Cleveland, Renee Jaenicke, Earl Strotman, Christianna Kearns, Dave Sullivan, Derek Bogaard, Rolf Norman, Denise Bustos and Alan Edwards, in person; Allen Radner, MD, Audrey Parks, Lindsey Parnell, by teleconference.

A quorum was present and the meeting was called to order at 12:01 p.m. by Richard Turner, Committee Chair.

**APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF
OCTOBER 25, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Finance Committee approve the minutes of the Finance Committee Meeting of October 25, 2021. This information was included in the Committee packet.

No Public Comment.

MOTION: The Finance Committee approves the minutes of the Finance Committee Meeting of October 25, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson; Noes: None; Abstentions: None; Absent: Wardwell; Motion Carried.

**CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS TO AWARD
CONSTRUCTION CONTRACT TO 101 BUILDERS, INC. FOR THE OB CESAREAN
CONVERSION PROJECT**

Clement Miller, Chief Operating Officer and Dave Sullivan, Project Manager, reported Salinas Valley Memorial Hospital's main operating and recovery room to perform cesarean delivery is located on the second floor of the main hospital. Amid the COVID-19 pandemic, the District is pursuing activities to convert the existing recovery room into a second cesarean delivery room to mitigate exposure and the risk of spread from patients affected with the virus and to support the demand for a second cesarean delivery operating room.

To facilitate the conversion, upgrades to existing infrastructure are required including; (A) new electrical panel and distribution, (B) modifications to the existing medical gas and heating, ventilation and air conditioning system, (C) installation of a new surgical light and general room lighting and (D) procurement and installation of a new anesthesia system, medication dispensing unit, fetal monitoring system and surgical table. Estimated completion is 4 months. Project to start in January 2022.

Facilities Management approached the Board and received approval in March 2021 for capital funding to complete design, permitting and equipment procurement for the SVMH OB Cesarean Conversion Project in the total estimated amount of \$1,030,202. Facilities Management is now returning to the Board to recommend awarding a construction contract to 101 Builders, Inc. in the amount of \$397,601.

Background, situation, proof of posting and previously approved capital budget were discussed. The timeline and process to date were reviewed. Dave Sullivan to update Project Cost Summary to reflect current construction contract amount.

No Public Comment.

MOTION: The Finance Committee recommends the Board of Directors award construction contract to 101 Builders, Inc. for the SVMH OB Cesarean Conversion Project in the amount of \$397,601. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Bajaj; Noes: None; Abstentions: None; Absent: Wardwell; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS APPROVAL OF SHUTTLE BUS SERVICES AMENDMENT NUMBER 1 BETWEEN SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM AND CORINTHIAN GROUND TRANSPORTATION

Clement Miller, COO, and Earl Strotman, Director Facilities Management & Construction reported Shuttle services are needed to provide transportation to/from 241 Abbott Street (Blue Lot) and multiple hospital locations to relieve parking congestion at the hospital site and to provide an adequate number of parking spaces to support the hospital and offsite buildings.

Background, situation, were discussed. The timeline and process to date were reviewed. This information was included in the packet.

No Public Comment.

MOTION: The Finance Committee recommends Board of Directors approval of Shuttle Bus Services Agreement Amendment 1 between Salinas Valley Memorial Healthcare System and Corinthian Ground Transportation in the amount of \$621,233.76. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Bajaj; Noes: None; Abstentions: None; Absent: Wardwell; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE PURCHASE OF CARDIAC ULTRASOUND EQUIPMENT FROM GE HEALTHCARE

Clement Miller, COO and Christianna Kearns, Senior Admin Director Cardiovascular, Pulmonary & Sleep Medicine Services, reported the current Cardiac Ultrasound fleet have reached their end of useful life. The systems have been frequently breaking down indicating they need to be replaced. These machines are critical to our Heart program and Structural Heart program as well as others that require cardiac testing including research and oncology. This project was presented for phasing over two Fiscal Years. This proposal is for phase II.

The timeline and process to date were reviewed. The GE Healthcare Quote and Service Contract Addendum were presented for review. This information was included in the packet.

No Public Comment.

MOTION: The Finance Committee recommends Board of Directors (i) approve the capital equipment purchase from GE Healthcare in the amount of \$616,211.00 and (ii) approve the GE Healthcare Service Agreement in the amount of \$177,225.00. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Bajaj; Noes: None; Abstentions: None; Absent: Wardwell; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE PURCHASE OF D-SPECT UCLEAR CAMERA FROM SPECTRUM DYNAMICS MEDICAL INC.

Clement Miller, COO and Christianna Kearns, Senior Admin Director Cardiovascular, Pulmonary & Sleep Medicine Services, reported Current Nuclear Camera at Ryan Ranch has reached end of useful life. The system has been frequently breaking down indicating the need to be replaced. Additionally, our physicians are requesting the camera be upgraded to increase diagnostic quality and speed of Lexiscan Stress tests. The camera is used to perform Stress Testing at the CDOC clinic at Ryan Ranch and is an integral part of our Heart Program.

The timeline and process to date were reviewed. The Spectrum Dynamics Medical Inc. Quote and Service Contract were included in the packet for review.

No Public Comment.

MOTION: The Finance Committee recommends Board of Directors (i) to approve the capital equipment purchase from Spectrum Dynamics Medical Inc. in the amount of \$501,501.20 and (ii) to approve the Spectrum Dynamics Medical Inc. Service Agreement in the amount of \$180,000.00. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Bajaj; Noes: None; Abstentions: None; Absent: Wardwell; Motion Carried.

CAPITAL EXPENDITURE UPDATE – FISCAL YEAR 2022

Augustine Lopez, Chief Financial Officer, and Rolf Norman, Director Financial Planning & Decision Support provided a Capital Spending Update Fiscal Year 2022 (FY22). The Capital Budget Recap included Total Routine Capital, Total Strategic Capital (Including SVMC), Master Facility Planning & Design, Master Plan for Campus Expansion, Modernization, and Seismic Upgrade and Epic Connect Ambulatory Expansion. A FY22 Capital Spending Overview – Spending by Project, September YTD was reviewed. Project updates were given by Dave Sullivan, Clint Hoffman and Clement Miller.

REVIEW BALANCED SCORECARD – SEPTEMBER 2021

Augustine Lopez, Chief Financial Officer, reviewed the Balanced Scorecard Summary for fiscal year 2022, year-to-date September 2021, which provided an overview of the metrics and performance of the SVMHS organizational goals for Service, People, Quality, Finance, Growth, and Community. This information was included in the Committee packet.

FINANCIAL AND STATISTICAL REVIEW

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending October 31, 2021. Information was included in the Committee packet.

Key highlights of the financial summary for October 2021 were: (1) Consolidated income from operations was \$0.5 million with an operating margin of 0.9%, with a net income of \$-1.8 million with a net income margin of -3.4%; (2) Underperformance was due to gross revenues declined in outpatient business, outpatient infusion, significant unfavorable payor mix; (3) Year-to-date income from operations was \$13.3 million with a operating margin of 5.9% with a net income of \$15.6 million with a net income margin of 7%; (4) Normalized income from operations was \$12.8 million with a margin of 5.7% with a net income of \$14.1 million with a margin of 6.3%; (5) Gross revenues were 2% unfavorable, inpatient (IP) gross revenues were unfavorable by 5%, ED gross revenues 28% above budget, Outpatient gross revenues 5% unfavorable; (6) Total net patient revenues were \$44.5 million, which was unfavorable to the budget by 1.1 million or 2.4%; (7) Positive influences include ER outpatient visits, inpatient surgeries, total acute ALOS, Medicare Traditional ALOS CMI adjusted; (8) Negative influences include lower than expected outpatient and inpatient business, total admissions, outpatient surgeries, deliveries, and OP Observation cases; (9) Trending for ADC comparing rolling 12 months ending Oct21; (10) Trending for IP surgery cases, OP surgery cases, ER OP visits, OP infusion, Cardiac Diagnostic OP Center (CDOC); (11) Labor productivity including worked FTEs and paid FTEs; (12) Contract labor FTE by pay period; (13) Revenues and Expenses per adjusted patient day; (14) SVMHS operating revenues and expenses (Normalized); (15) Key financial indicators 2021 YTD, target, comparison to S&P A+ hospitals and 2020 history; (16) Cash on hand from 2014 to the present; (17) Limited use assets; (18) Routine capital expenditures through October 2021.

PUBLIC INPUT

None.

NO CLOSED SESSION

Richard Turner, Committee Chair, announced there is no closed session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 12:47 p.m. The December 2021 Finance Committee Meeting is scheduled for **Monday, December 13, 2021 at 12:00 p.m.**

Richard Turner
Chair, Finance Committee

**RECOMMENDATION OF THE NOVEMBER 2021
FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**November Committee Meeting
Meeting of November 15, 2021
To the Board of Directors**

1. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS TO AWARD CONSTRUCTION CONTRACT TO 101 BUILDERS, INC. FOR THE OB CESAREAN CONVERSION PROJECT

RECOMMENDATION: The Finance Committee recommends the Board of Directors award construction contract to 101 Builders, Inc. for the SVMH OB Cesarean Conversion Project in the amount of \$397,601.

2. CONSIDER RECOMMENDATION FOR BOARD OF DIRECTORS APPROVAL OF SHUTTLE BUS SERVICES AMENDMENT NUMBER 1 BETWEEN SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM AND CORINTHIAN GROUND TRANSPORTATION

RECOMMENDATION: The Finance Committee recommends Board of Directors approval of Shuttle Bus Services Agreement Amendment 1 between Salinas Valley Memorial Healthcare System and Corinthian Ground Transportation in the amount of \$621,233.76.

3. CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE PURCHASE OF CARDIAC ULTRASOUND EQUIPMENT FROM GE HEALTHCARE

RECOMMENDATION: The Finance Committee recommends the Board of Directors (i) approve the capital equipment purchase from GE Healthcare in the amount of \$616,211.00 and (ii) approve the GE Healthcare Service Agreement in the amount of \$177,225.00.

4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE PURCHASE OF D-SPECT UCLEAR CAMERA FROM SPECTRUM DYNAMICS MEDICAL INC.

RECOMMENDATION: The Finance Committee recommends Board of Directors (i) to approve the capital equipment purchase from Spectrum Dynamics Medical Inc. in the amount of \$501,501.20 and (ii) to approve the Spectrum Dynamics Medical Inc. Service Agreement in the amount of \$180,000.00.

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board of Directors Approval of Project Budget and Award of Contract to Otis Elevator for the SVMH Elevator Modernization Project

Executive Sponsor: Clement Miller, Chief Operating Officer
Earl Strotman, Director Facilities Management & Construction
Dave Sullivan, Project Manager

Date: November 29, 2021

Executive Summary

Salinas Valley Memorial Healthcare System seeks to modernize the existing high-speed elevator bank to meet the current and future needs of the Hospital. Presently, the Hospital has multiple elevator systems located throughout the acute care facility. The scope of work is intended to be limited to only the high-speed elevator system. Functional areas to be covered by the proposed modernization include but are not limited to leverage and support existing elevator systems, code blue system override in each elevator car, infant security integration, and fire alarm integration. The existing elevator system is serviced by Thyssen Krupp and originally installed by a separate contractor in 1994. The existing system is demonstrating a lower reliability rate and minor failures are becoming more frequent as anticipated based on the age of the system. Various improvements have been implemented to the existing system, but the age of the controls and internal components present unavoidable obstacles to avoid a complete modernization of the system. SVMHS circulated a Request for Proposal (RFP) for design and construction services to qualified local and regional elevator vendors. In accordance with the RFP procedures, SVMHS engaged with Otis Elevators for a design-assist agreement (Stage 1 of the procurement process for construction services). Now, SVMHS intends to enter into a construction services agreement with Otis Elevators for the implementation phase of the project (Stage 2).

Background/Situation/Rationale

The elevator modernization project calls for the design and construction of validated the structural components of the existing systems compliance with current building codes, replacement of controllers, replacement of machine/pulley system and renovation of interior components of the 3 cars. Presently, the Hospital has multiple elevator systems located throughout the acute care facility. The scope of work included in this RFP is intended to be limited to only the high-speed elevator system. The current 3-bank high speed elevator system was installed in 1994 under the 1991 code cycle. The objective of this project is to modernize the elevator system to comply with current rules and regulations enforced by all agencies having jurisdiction including HCAI, City of Salinas Fire Department and Cal/OSHA Elevator Unit.

Stage 1 of the agreement has been completed with Otis Elevators assisting SVMHS in securing HCAI approvals necessary to execute the work. Numerous design and planning meetings were completed to secure the completed design documents for permitting. Otis provided full support and documentation of the proposed system and system features. The extent of the construction improvements is to be finalized following completion of the permitting process.

Ancillary improvements necessary to implement the Project will include: fire alarm system, nurse-call code blue override, infant and pediatric security systems, and call systems to emergency responders, which will require coordination with OSHPD and the City of Salinas; Americans with Disabilities Act (ADA) improvements and wayfinding to ensure clear and safe pedestrian passage; mechanical, electrical, plumbing, and fire sprinkler upgrades the elevator shaft and machine rooms to be incorporated into the project.

Financial Implications

The essential terms of the proposed Contract with the elevator vendor are as follows:

Key Contract Terms	Otis Elevator
1. Proposed effective date	Issuance of Notice to Proceed anticipated on January 10, 2022
2. Term of agreement	18 months
3. Renewal terms	Not Applicable
4. Cost	Total all-inclusive sum not to exceed \$1,595,650
5. Budgeted (indicate y/n)	Yes. \$50,000 Fiscal Year 2021 and \$2,350,000 Fiscal Year 2022. Majority of anticipated project costs will occur in FY22 and FY23, but design and permitting fees impacted FY21.

Direct and Indirect Construction Cost: \$1,004,350

Major Equipment Cost: \$1,595,650

Total: \$2,600,000

**Includes \$105,000 in project contingency which shall be reserved for use by SVMHS.*

Schedule:

January 2021 – Issue RFQ/RFP for Elevator Vendor
Feb 2021 – Score, Rank and Engage Highest Ranking Elevator Vendor
March 2021 – Anticipated Design Assist Award to Elevator Vendor
March 2021 – Commence Survey of Hospital Elevator Systems + Generate Design Solution
August 2021 – Secure Engineered Design from Otis
October 2021 – Submit to OSHPD for Plan Approval
December 2021 – Anticipated Award of Construction Contract for Otis and Request for Project Funding (Board Approval Required)
April 2022 – HCAI approvals
July 2022 – Modernization Commencement (Assumes early release of Otis Materials)
July 2023 – Anticipated Completion

Budget:

A project cost estimate of \$2,500,000 was completed and shared with the Finance Committee March 2021 based upon preliminary input from Otis Elevator. As currently programmed, the elevator modernization project cost estimate of \$2,600,000. The project cost estimate includes design fees, permitting, project contingency, design-assistance from Otis, program management, and construction services required to complete the project.

Procurement:

SVMHS circulated a Request for Proposal (RFP) for design and construction services to qualified local and regional elevator vendors. Two (2) proposals were received by SVMHS. Each of the responses was scored utilizing a tiered scoring structure. After evaluating all proposals in accordance with the criteria set forth in the RFP, the evaluation committee determined that Otis Elevators was as the highest-ranking proposer. As part of the response to the RFP, the proposers were required to submit a cost proposal identifying the proposed design and construction services for the requested scope of services. In accordance with the RFP procedures, SVMHS engaged with Otis Elevators for a design-assist agreement (Stage 1). Upon completion of the design and permitting process with HCAI, SVMHS is requesting Finance Committee Recommendation for Board Approval of contract award for the implementation component of the project.

Recommendation

Consider recommendation for Board of Directors (i) to approve the total estimated project cost for the SVMH Elevator Modernization Project in the budgeted amount of \$2,600,000 and (ii) award contract for \$1,595,650 to Otis Elevators for construction services for the SVMH Elevator Modernization Project, which is being awarded via attached sole source justification.

Attachments

- Attachment 1: Draft Agreement between Salinas Valley Memorial Healthcare System and Otis Elevators
- Attachment 2: Estimated Project Cost at 50% Construction Documents prepared November 2021
- Attachment 3: Source Sole Justification



DATE: November 10, 2021

TO:

FROM:

Otis Elevator Company
470 Lakeside Drive, Suite D
Sunnyvale, CA 94085

PROJECT LOCATION:

Salinas Valley Memorial Hospital
450 East Romie Lane
Salinas, CA 93901

Attn: Von O’Nan
Tel: 415.725.5146
Fax: 860.660.9407

MACHINE NUMBER(S): Tower: Elevators 1, 2 & 3 PROPOSAL NUMBER: VWO05172021v3

We will provide labor and material to furnish and install on the above referenced machine(s) the following:

ELEVONIC® RM CONTROL SYSTEM ELEVATOR MODERNIZATION OSHPD Project

We propose to furnish labor and material to provide an Elevonic® RM REGEN control system. It is a digital closed-loop microprocessor-based control system specifically designed to meet the particular needs of modernizing UMV traction elevators. The system is a distributed network of modular microprocessor control units and solid-state performance measurement devices. The system is integrated using serial-link communication. The control system has a Solid-State Safety Circuit. The measurement transducers constantly monitor the performance of every elevator function controlled by microprocessor. The control units evaluate this performance information and automatically adjust performance as necessary to correct variances within milliseconds. The “Relative System Response Plus” software dispatches elevators based upon real-time response to actual demands on the elevator group. The software is designed to maintain optimum elevator system performance by evaluating and reassigning hall calls within milliseconds of changes in elevator demand or performance.

OUTLINE SCOPE OF WORK

Component	Tower Passenger Elevators 1, 2 & 3
Duty	Retain Existing Capacity (4500LBS for Car 1; 4000 for Cars 2 & 3) and Car Speed 350FPM (All Cars)
Stops and Openings	Retain Existing 6-stops/openings
Machines	Replace the existing geared machines with NEW Torin geared machines (TGD3) with built-in rope brakes and AC motors.
Suspension	New hoist ropes
Control System	New, Otis Elevonic-R
Drive	New, Regenerative AC
Remote Elevator Monitoring (REM®)	Otis REM® included. We will provide a microprocessor system that continuously monitors these elevators 24-hours per day, year-round.

Seismic Operation	New Counterweight Displacement Devices & Seismic Switch
Emergency Service	New ASME A17.1, 2004; Phase I & 2
Hoistway Access Switches	New
Inspection Run Station	New
Car Operating Panels	New Main Car Panel; Applied, brushed stainless steel finish
Front Return and Transom Panels	Retain, re-cladding to refresh appearance and conceal the transom opening where the existing Car PI is removed
Emergency Communications	<p>For compliance with ASME A17.1 two-way elevator voice/text/visual communications, Otis will provide our Otis ONE Plus Video Emergency Communication System with ~12" LCD display mounted in the new Car Operating Panels that will be provided in each elevator.</p> <p>This system will be accompanied by Otis eView to provide the Hospital with the ability show customized content on the LCD video display</p> <p><i>To support system functionality and video transmission, the hospital must supply an RJ45 broadband network connection in the Machine Room</i></p>
Car Position Indicators	New Digital LED Style in Car Operating Panels
Emergency Car Lighting	New; Provides illumination for up to 4 - Hours
Hall Call Stations	New Otis Serial Fixtures, stainless steel, raised/surface mounted faceplates
Hall Lanterns	New Otis Serial Fixtures, stainless steel, raised/surface mounted faceplates
Combination Hall Lantern & Position Indicator	New will be provided at Main Lobby to replace existing
Car Guides	New
Counterweight Guides	New
Guide Rail Systems	Retain
Car Safeties	Retain and test
Car Toe Guard	New
Governor	New overspeed governors will be provided
Governor Cable & Tension Sheave	New
Car & Counterweight Buffers	Retain
Car Door Operators	New Otis Glide P Closed Loop Door Operator
Door Protection	New; Infra-red
Car Doors	Re-Clad for refreshed appearance
Car Door Restrictor Devices	New
Car Door Tracks and Hangers	Retain, refurbish with new rollers and relating cables

Car Thresholds	Retain
Hoistway Entrance Doors & Frames	Will be refinished for renewed appearance. New door gibs will be installed
Hoistway Entrance Jamb Braille	New for code compliance
Hoistway Door Tracks and Hangers	Retain, refurbish with new rollers and relating cables
Hoistway Door Interlocks	New
Hoistway Door Closers	New
Hoistway Limit Switches	New
Wiring; Traveling Cables	New
New Cab Interiors	<p>New cab interior finishes based on the Otis “Harmony “ design will be provided:</p> <p>For the interior panels: A hybrid panel assembly will be installed with standard 13 wall panels constructed of fire rated particle board. Upper panels faced with desired Wilsonart standard PLAM. Lower panels faced with GageCarve C1001 Miami aluminum material. Handrail panel is faced with SS #4 finish material.</p> <p>For the ceiling: An island ceiling constructed of .125" aluminum substrate and faced with 18-gauge #4 brushed finish stainless steel will be installed 9 round LED down lights.</p> <p>Hand and Base Bumper rails will be installed with returned ends on Side and Back walls.</p> <p>We have also included 1 side and 1 back wall replacement panel of the lower cab panels faced with GageCarve C1001 Miami aluminum material for back stock.</p>
Cab Flooring	By others
Cab Fan	A new ventilation fan will be installed
Pit Ladder	Retain existing
Permits	State Elevator Permits included
Access Alert Hoistway Safety Device	<p>We will furnish and install all of the necessary components, circuitry and wiring for a new AccessAlert system, which will operate on the elevator car top and pit.</p> <p>AccessAlert will be installed so the elevator can be controlled in a safe manner when an authorized person accesses the elevator hoistway. The AccessAlert system meets all applicable safety codes.</p>
Warranty	<p>12 Months warranty covering defective material and workmanship from the date of modernization completion.</p> <p>Warranty excludes normal preventive maintenance, ordinary wear and tear or improper use, vandalism, abuse, misuse or neglect by others.</p>

General Clarifications:

1. You agree to notify Otis if you are aware or become aware prior to the completion of the work of the existence of asbestos or other hazardous material in any elevator hoist-way, machine room, hallway or other place in the building where Otis personnel are or may be required to perform their work. In the event it should become necessary to abate, encapsulate or remove asbestos or other hazardous material from the building, you agree to be responsible for such abatement, encapsulation or removal, and any governmental reporting, and in such event Otis shall be entitled to (i) delay its work until it is determined to our satisfaction that no hazard exists and (ii) compensation for delays encountered.
2. We have based our pricing and performance per our submitted schedule without adding a contingency for liquidated damages risk. If the final contract includes a liquidated damage clause we reserve the right to adjust our pricing and project completion schedule.
3. Otis' standard one (1) year warranty covering defective material and workmanship shall be provided upon substantial completion of the work. Warranty excludes normal preventive maintenance, ordinary wear and tear or improper use, vandalism, abuse, misuse or neglect by others.
4. Our base proposal performs all work during the regular working hours of elevator tradesmen. Overtime work can be performed; however, reimbursement of the premium-time portion of our overtime labor costs will be required.
5. The performance of this work relies on adequate and secure covered storage space for our tools and your new elevator equipment within close proximity of the elevator equipment room and hoistways. Offsite storage and/or additional material moves are not included and, if required, will be an extra charge added to this proposal.
6. **This proposal includes one (1) state inspection paid for by Otis and standby assistance for one (1) OSHPD inspection, per elevator.** Inspections times will be coordinated with Otis's involvement and be set up with a minimum of one (1) working day between inspections or re-mobilization charges may apply. If the inspection fails or if there are delays during or between inspections caused by deficiencies or other issues outside of our scope or our control, we reserve the right to seek compensation for additional inspection and re-mobilization costs.
 - a. Because of the limited number of regulatory elevator inspectors available to inspect our Work, Otis cannot be responsible for delays attributable in whole or in part to the scheduling of elevator inspections.
 - b. All inspections are estimated to be completed during normal working hours Mon.-Fri. excluding holidays.
 - c. Any additional charges, Overtime, weekend testing will be completed at a time and material basis. This includes Elevator technicians and State or City fees.
 - d. If the Owner would like the inspection to be completed on Overtime, Otis will only charge the premium portion of the Overtime rate being as the straight time hours are included in our pricing.
 - e. Fire Life Safety inspections and or emergency power inspections that are performed outside the actual Elevator Code Division testing time will be done as a billable time and material basis.
 - f. Fire inspection of items that are not directly related to the elevator installation such as pull stations, signage, Exit lighting, mag door holds, strobes and/or speakers, etc. shall not be performed during the Elevator operation inspection. If these items are tested during the normal elevator inspections, the labor hours expended during these delays will require a change order on a time and material basis. The Elevator fire/Life safety testing includes the fire detectors and/or heat detectors in the machine room and elevator lobbies and the emergency power testing recall and operation only.
 - g. If the Owner would like the emergency power testing to be performed after hours or on the weekends, the premium rate charge for this work will also be a time and material basis.
7. We have not included costs associated with cutting or patching of finished surfaces or for coring or cutting of concrete. Otis will fit the new fixtures in existing openings if possible and cut into existing wall finishes if necessary in order to fit larger, new fixtures. Fixtures will be ordered such that their trim covers the cut area without the need to patch and match existing wall finishes. (Client will review and approve of all fixture submittals prior to order and fabrication).
8. We do not include for x-ray investigations ahead of coring or cutting walls or floors should this work be required.
9. We have not included alterations to the existing car and counterweight guide rails, supports or brackets. We do not include any modifications or strengthening of the building's structure.
10. Our price provisionally includes adding or removing counterweights to achieve a proper balance between the car and the counterweight. We include this adjustment to the extent that this change in weight is

within 5% of the original recorded car weight and car load capacity weight combined. We have not included for any additional costs associated with identifying or correcting car weights previously increased beyond the allowed design limitation.

11. The performance of this elevator modernization will require completion of code mandated building work performed by other sub-contractors. We will make every effort to coordinate and assist your sub-contractors in understanding the required work scope and with completion schedule development that coincides but does not delay or interrupt our schedule. Our bid does not include for our mechanic's time for standby or hoistway access for other trades, inspectors or sub-contractors to perform their work. We have based our schedule and costs on having uninterrupted access and use of the elevators and elevator spaces during our scheduled work periods.
12. We include for temporary folding type barricades to be used when accessing the elevator tops or for when working in the elevator cabs. We have not included for full height type barricades or for infection control measures including sealed access systems, sealing of individual hoistways during the progress of our work, or for air evacuation systems. Should these measures become necessary we shall coordinate and assist other contractors for the work, as needed, upon reaching mutually agreeable terms regarding schedule and hourly rates.
13. Crane: A crane will be utilized by Otis to move materials in and out of the elevator machine room. We will coordinate dates/times for the crane material moves with the onsite Engineering team. This proposal includes all regular working hours costs for hoisting equipment, local permits/fees, and traffic controls for all the crane picks Otis performs
14. Access to Elevator Machine Room: Otis will need to access the roof through the top floor's patient & medical ward in order to access the elevator machine room for our work and to move the elevator equipment in (new) and out (remove old discarded materials).
15. **Relating to OSHPD permits:** A submittal to the Architect of Record for submittal to OSHPD has been provided. The submittals will include a machine room layout depicting approximate locations of the new and existing elevator components, drawings of all new ADA signal fixtures and details of specified cab alterations. Additionally, the drawings included seismic attachment details of the new equipment, equipment certified OSP numbers, and supporting structural calculations wet stamped by a California licensed structural engineer. We do not include details or drawings of equipment that is to be retained, path of travel drawings, or elevation views of hoistways, pits, cabs or elevator lobbies and signal fixture locations. We have not included for costs associated with the OSHPD application or permits
16. Our bid is based on the current California elevator codes in affect at time of bidding. We anticipate a California elevator code update to occur sometime in the future; however, at this time we have not been made aware of code changes that would affect our provided pricing. We reserve the right to adjust our pricing in the event of code changes.
17. Elevator modernizations, especially when replacing machines, require heavy materials to be rolled across the building roof and internal floor structures. Prior to the starting of the modernization, depending on the scope being performed, the building may be required to provide safe floor loading requirements where materials will be landed, moved and stored.

Typical milestones and durations to consider in project planning:

- Contract execution process (mutual legal reviews and signatures)
- *Fixture submittals/approval drawings created by Otis (to be provided during Design Phase 1)*
- Placement of factory material order upon receipt of OSHPD approved submittals from client (OSHPD approval process varies in duration and can take several months to complete)
- Engineering (4 weeks) and Factory material order fabrication (18 weeks) (order engineered and released when OSHPD approved submittals are received) – 22 weeks total
- Shipping and delivery to the Bay Area – 2 weeks
- Modernization installation labor ~ 17 weeks per elevator (elevator is out of service during this time)

Payment Schedule: We have based our quotation on the following payment schedule:

- A down payment of 30% is required upon execution of contract.
- 30% payment shall be due upon delivery of materials.
- The remaining 40% will be billed as installation work progresses (*monthly progress labor billing*).
- For elevator turn over, payments equaling 90% of the contract value must be received.
- Retention: **10% retention** will be withheld on all payments excluding the initial down payment.

Work by Other Sub-Contractors: We recommend that you budget additional funds for this project for upgrading your existing machine room(s), associated electrical systems, and life safety systems to comply

with building code sections affected by the elevator upgrades. We have provided the following list and description of work that typically will be required. We will assist you with coordination of this work; however, **please be aware that the cost of this work is not included in Otis' quote.**

Machine Room	The machine room is required to have a self-closing and locking entrance door. Only equipment that is directly related to the elevators is allowed to be located within the elevator machine room.
Main Line Power Feeders	Verify that the existing three phase power feeders are properly sized and with insulation properties designed for the new loads imposed by the new control and drive system. A properly sized and connected equipment grounding conductor will be required.
Main Line Disconnect Switch	Verify that existing disconnect switches are lock-able in the "off" position and are properly sized motor rated breaker or fused type. Provide new disconnect switches as needed. Supply new conduits and feeder wires, including equipment ground wires, from the disconnect switch to each the elevator controller cabinet and connect per the direction of the Elevator Contractor.
Shunt Trip Disconnects	If sprinklers are present in the machine room or hoistway, a shunt trip disconnect switch used to remove power to the elevator before initiation of machine room or hoistway sprinklers may be required by the Authority Having Jurisdiction.
Emergency (Standby) Power	If emergency power is available, verify and provide the following: <ol style="list-style-type: none"> 1) Power that meets the load characteristic requirements of the new control system. Power that is capable of operating and providing sufficient power to non-linear elevator loads and that is capable of absorbing regenerated power resulting from running elevators with overhauling loads. 2) Two conductors to the machine room from a normally closed auxiliary contact on the Owner's EP transfer switch. Contacts to open when power transfers to the emergency source. 3) Two additional conductors to the machine room from an adjustable timed relay on the Owner's EP transfer switch to indicate "request to transfer" from standby to normal power. 4) Power for 115VAC circuits that supply elevator cab lights, cab fan, communication means, EMS and Compass dispatching systems (if applicable). 5) Power for machine room lighting and ventilation and cooling means.
Cab Lighting and Fan Circuit	Supply a lockable single phase (SPST) 120volt, 15 or 20 amp AC circuit and lockable switch in the machine room for the elevator's cab fan and lighting.
REM Circuit	Provide a separate 120volt, 20 amp circuit for the Master Remote Elevator Monitoring device. Provide with a lockable disconnect switch located at the new elevator controller in the machine room.
GFI Outlets	Provide 120volt GFCI type convenience outlets in the machine room and in each pit.
Lighting, Machinery Spaces and Pit	Provide improved machine room lighting that provides a minimum of 19 ft. candles of illumination and new pit lighting to provide a minimum of 10ft. candles of illumination. The machine room light switch shall be located within 18" of the lock-set side of the entry door. Pit light switches shall be adjacent to the pit ladder and a minimum of 24" above the threshold level. Lighting must have code compliant guards of either grounded metal, plastic or comparable.
Machine Room Ventilation	Provide adequate ventilation and permanent and automatic operating cooling and heating equipment to maintain the machine room temperature between 45 and 90 degrees Fahrenheit with relative humidity not exceeding 95% non-condensing.
Phone	In the machine room an outside dialing phone line, per elevator, will be required and be run in conduit and terminated at the controller.


<p>Broadband Internet</p>	<p>We have included for Accessible Communication Systems in accordance with Chapter 30, Section 3001.2 of the CBC 2019. This will require others to provide broad band internet connection to the elevator machine room.</p>
<p>Fire Recall</p>	<p>Provide elevator lobby, machine room and hoistway smoke detecting devices located as required and wired from the fire control center to a controller in the machine room. Hoistway devices are required to be made accessible from outside the elevator hoistway. Coordinate signal connections and necessary testing with the Elevator Contractor. Provide the following zones and locate signal circuits in a properly labeled junction box in the machine room:</p> <p>Main Floor Recall: Provide one set of normally closed contacts that will open when any smoke sensor related to the elevators, other than devices located in the machine room, hoistway or main egress floor, senses smoke.</p> <p>Alternate Floor Recall: Provide one set of normally closed contacts that will open when the smoke sensor at the main egress floor senses smoke.</p> <p>Machine Room/Hoistway Recall: Provide one set of normally closed contacts that will open when any smoke sensor located in the machine rooms senses smoke.</p>
<p>Patching</p>	<p>Patching of cracked or missing plaster, voids, or holes in the hoistway or machine room walls, ceiling or floor will be required.</p>

The extent of the work to be performed is either described above or in the attached specification which is incorporated into and made a part of this document.

PRICE: \$ One million, five hundred ninety-five thousand, six hundred fifty dollars (\$1,595,650.00)

This price is based on a **thirty percent (30%)** downpayment in the amount of **\$ 478,680.**

This proposal, including the provisions printed on the pages following, shall be a binding contract between you, or the party identified below for whom you are authorized to contract (collectively referred to herein as :you:), and us when accepted by you through execution of this proposal by you and approved by our authorized representative; or by your authorizing us to perform work for the project and our commencing such work.

Submitted by: 
Von W. O'Nan

Accepted in Duplicate

CUSTOMER

Approved by Authorized Representative

Date: _____

Signed: X _____

Print Name: _____

Title: _____

Name of Company: _____

OTIS ELEVATOR COMPANY

Approved by Authorized Representative

Date: _____

Signed: _____

Print Name: _____

Title: _____

Principal, Owner or
Authorized Representative of Principal or Owner

Agent _____
(Name of Principal or Owner)

TERMS AND CONDITIONS

The work shall be performed for the agreed price plus any applicable sales, excise or similar taxes as required by law.

In addition to the agreed price, you shall pay to us any future applicable tax imposed on us, our suppliers or you in connection with the performance of the work described.

This quotation is subject to change or withdrawal by us prior to acceptance.

We warrant to you that the work performed by us hereunder shall be free from defects, not inherent in the quality required or permitted, in material and workmanship for one (1) year from the date of substantial completion. Our duty and your remedy under this warranty are limited to our correcting any such defect you report to us within the warranty period by, at our opinion, repair or replacement, provided all payments due under the terms of this contract have been made in full. All parts used for repair or replacement under this warranty shall be good quality and furnished on an exchange basis. Printed circuit boards used for replacement parts under this warranty may be refurbished boards. Exchanged parts become our property.

We shall perform the work during our regular working hours of our regular working days unless otherwise agreed in writing. You shall be responsible for providing suitable storage space at the site for our material.

You shall obtain title to all the equipment furnished hereunder when final payment for such material is received by us. In addition, you shall be granted a license to use any software incorporated into any such equipment solely for operating such equipment.

Any drawings, illustrations or descriptive matter furnished with the proposal are submitted only to show the general style, arrangement and dimensions of the equipment.

Payments shall be made as follows: A down payment of thirty percent (30%) of the price shall be paid after we have completed processing your equipment requirements, and orders are placed; the balance shall be paid on completion if the work is completed within a thirty day period. If the work is not completed within a thirty day period, monthly progress payments shall be made based on the value of any equipment ready or delivered, if any, and labor performed through the end of the month less a five percent (5%) retainage and the aggregate of previous payments. The retainage shall be paid when the work is completed. We reserve the right to discontinue our work at any time until payments shall have been made as agreed and we have assurance satisfactory to us that subsequent payments will be made when due. Payments not received within thirty (30) days of the date of invoice shall be subject to interest accrued at the rate of eighteen percent (18%) per annum or at the maximum rate allowed by applicable law, whichever is less. We shall also be entitled to reimbursement from you of the expenses, including attorney's fees, incurred in collecting any overdue payments.

Any material removed by us in the performance of the work shall become our property.

Our performance is conditioned upon your securing any required governmental approvals for the installation of any equipment provided hereunder and your providing our workmen with adequate electrical power at no cost to us with a safe place in which to work, and we reserve the right to discontinue our work in the building whenever in our opinion working conditions are unsafe. If overtime work is mutually agreed upon and performed, an additional charge thereof, at our usual rates for such work, shall be added to the contract price. The performance of our work hereunder is conditioned on your performing the preparatory work and supplying the necessary data specified on the front of this proposal or in the attached specification, if any. Should we be required to make an unscheduled return to your site to begin or complete the work due to your request, acts or omissions, then such return visits shall be subject to additional charges at our current labor rates.

We shall retain a security interest in all material furnished hereunder and not paid for in full. You agree that a copy of this Agreement may be used as a financing statement for the purpose of placing upon public record our interest in any material furnished hereunder, and you agree to execute a UCC-1 form or any other document reasonably requested by us for that purpose.

Except insofar as your equipment may be covered by an Otis maintenance or service contract, it is agreed that we will make no examination of your equipment other than that necessary to do the work described in this contract and assume no responsibility for any part of your equipment except that upon which work has been done under this contract.

Neither party shall be liable to the other for any loss, damage or delay due to any cause beyond either parties reasonable control, including but not limited to acts of government, strikes, lockouts, other labor disputes, fire, explosion, theft, weather damage, flood, earthquake, riot, civil commotion, war, mischief or act of God. We do not agree under our warranty to bear the cost of repairs or replacements due to vandalism, abuse, misuse, neglect, normal wear and tear, modifications not performed by us, improper or insufficient maintenance by others, or any cause beyond our control.

We shall conduct, at our own expense, the entire defense of any claim, suit or action alleging that, without further combination, the use by you of any equipment provided hereunder directly infringes any patent, but only on the conditions that (a) we receive prompt written notice of such claim, suit or action and full opportunity to assume the sole defense thereof, including settlement and appeals, and all information available to you for such defense; (b) said equipment is made according to a specification or design furnished by us; and (c) the claim, suit or action is brought against you. Provided all of the foregoing conditions have been met, we shall, at our own expense, either settle said claim, suit or action or shall pay all damages excluding consequential damages and costs awarded by the court therein and, if the use or resale of such equipment is finally enjoined, we shall at our option, (i) procure for you the right use of the equipment, (ii) replace the equipment with equivalent noninfringing equipment, (iii) modify the equipment so it becomes noninfringing but equivalent, or (iv) remove the equipment and refund the purchase price (if any) less a reasonable allowance for use, damage or obsolescence.

THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT ARE THE EXCLUSIVE WARRANTIES GIVEN: WE MAKE NO OTHER WARRANTIES EXPRESS OR IMPLIED, AND SPECIFICALLY MAKE NO WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE; AND THE EXPRESS WARRANTIES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ANY SUCH WARRANTIES AND ANY OTHER OBLIGATION OR LIABILITY ON OUR PART.

Under no circumstances shall either party be liable for special, indirect, liquidated, or consequential damages in contract, tort, including negligence, warranty or otherwise, notwithstanding any indemnity provision to the contrary. Notwithstanding any provision in any contract document to the contrary, our acceptance is conditioned on being allowed additional time for the performance of the Work due to delays beyond our reasonable control.

Your remedies set forth herein are exclusive and our liability with respect to any contract, or anything done in connection therewith such as performance or breach thereof, or from the manufacture, sale, delivery, installation, repair or use of any equipment furnished under this contract, whether in contract, in tort, in warranty or otherwise, shall not exceed the price for the equipment or services rendered.

It is agreed that after completion of our work, you shall be responsible for ensuring that the operation of any equipment furnished hereunder is periodically inspected. The interval between such inspections shall not be longer than what may be required by the applicable governing safety code.

By accepting delivery of parts incorporating software you agree that the transaction is not a sale of such software but merely a license to use such software solely for operating the unit(s) for which the part was provided, not to copy or let others copy such software for any purpose whatsoever, to keep such software in confidence as a trade secret, and not to transfer possession of such part to others except as a part of a transfer of ownership of the equipment in which such part is installed, provided that you inform us in writing about such ownership transfer and the transferee agrees in writing to abide by the above license terms prior to any such transfer.

Our work shall not include the identification, detection, abatement, encapsulation or removal of asbestos, polychlorinated biphenyl (PCB), or products or materials containing asbestos, PCB's or other hazardous substances. In the event we encounter any such product or materials in the course of performing work, we shall have the right to discontinue our work and remove our employees from the project until you have taken the appropriate action to abate, encapsulate or remove such products or materials, and any hazards connected therewith, or until it is determined that no hazard exists (as the case may require). We shall receive an extension of time to complete the work hereunder and compensation for delays encountered as a result of such situation.

This Agreement constitutes the entire understanding between the parties regarding the subject matter hereof and may not be modified by any terms on your order form or any other document, and supersedes any prior written or oral communication relating to the same subject. Any amendment or modifications to this Agreement shall not be binding upon either party unless agreed to in writing by an authorized representative of each party. Both parties agree that any form issued by you that contains any terms that are inconsistent with those contained herein shall not modify this Agreement, nor shall it constitute an acceptance of any additional terms.

Salinas Valley Memorial Healthcare System

Project Cost Model: Elevator Modernization

Architect: Smith Karng

Subject: 50% CD's

Date Printed:

11/29/2021

Budget Amount:

\$2,600,000

Budget Approved Date:

PENDING

Version 1

Anticipated Completion:

12/1/2022

Budget Summary				
		A	A1	A2
Line Item	Description	Original Budget	Budget Revisions	Current Budget
	1 Construction			
100	Construction - Otis Elevators	\$1,595,650	\$0	\$1,595,650
100	Construction - Enabling Scope	\$304,350	\$0	\$304,350
101	Owner Contingency	\$55,000	\$0	\$55,000
	2 Design			
200	Professional Fees	\$200,000	\$0	\$200,000
	3 Inspections and Consultation			
300	Inspector of Record	\$31,500	\$0	\$31,500
301	Special Inspections - ProTech and Kleinfelder	\$9,800	\$0	\$9,800
	4 AHJ Fees			
400	HCAI Fees	\$33,000	\$0	\$33,000
	5 Soft Costs			
502	Construction Management - Construction	\$304,000	\$0	\$304,000
503	Abatement	\$0	\$0	\$0
504	Soft Cost Contingency	\$15,000	\$0	\$15,000
	7 FF&E			
702	Medical & Non-Medical Equipment	\$0	\$0	\$0
703	Data & Phone Equipment	\$0	\$0	\$0
704	Furnishings	\$0	\$0	\$0
704	Signage	\$1,700	\$0	\$1,700
	9			
9900	Project Contingency	\$50,000	\$0	\$50,000
Totals		\$2,600,000	\$0	\$2,600,000

Justification for Sole Source Form

To: Contract Review Committee

From: Dave Sullivan, Facilities Management
Earl Strotman, Facilities Management

Type of Purchase:

- Non-Medical, Non-Surgical Equipment/Supplies >= \$25,000
- Data Processing/Telecommunication Goods >= \$25,000
- Medical/Surgical – Supplies/Equipment >= \$25,000
- Purchased Services >= \$350,000

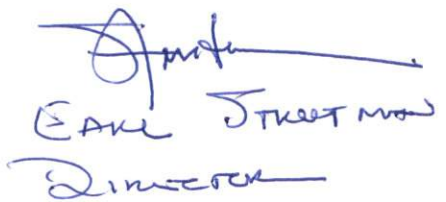
Total Cost \$:	\$1,595,650
Vendor Name:	Otis Elevators
Agenda Item:	SVMH Elevator Modernization

Statement of Need: My department’s recommendation for sole source is based upon an objective review of the product/service required and appears to be in the best interest of SVMHS. The procurements proposed for acquisition through sole source are the only ones that can meet the district’s need. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favors or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence on my request to sole source this purchase when there are other known suppliers to exist.

Licensed or patented product or service. No other vendor provides this. Warranty or defect correction service obligations of the consultant. **Elevator systems are a custom-built assembly that is not possible to bid in a prescriptive environment. An RFP was issued to qualify the best value vertical transportation system, which is heavily weighted on service and performance of elevator vendor to maintain the most reliable system for patients and building occupants. Two qualified vendors competed for the modernization scope of work. Otis Elevators is the highest-ranking proposer/vendor to perform the scope of work and service maintenance post-construction.**

By signing below, I am attesting to the accuracy and completeness of this form.

Submitter Signature David Sullivan Digitally signed by David Sullivan
DN: cn=David Sullivan, o=Engineering Construction, email=dsullivan@ecconstruction.com, c=US Date: _____


EARL STROTMAN
DIRECTOR

12/02/2021

Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board of Directors Approval to Award Construction Contract to Avila Construction Company for the Monterey Bay Endoscopy Center and Monterey Bay G.I. Consultants Medical Group office space at 212 San Jose Street Suites 100 and 201**

Executive Sponsor: Clint Hoffman, Chief Administrative Officer, Physician Integration & Business Development / Chief Operating Officer, SVMC

Date: December 1, 2021

Executive Summary

SVMHS has been a partner in Monterey Bay Endoscopy, LLC since February of 2018. At the inception of our partnership we agreed to expansion of endoscopy services to a suitable location in Salinas. In July of 2019 SVMHS acquired 212 San Jose Street which has ambulatory surgery suites on the first floor in suite 100 and administrative office space that can be reconfigured into medical office space on the second floor in suite 201. The SVMHS executive team secured Board approval for a total project budget of three million eight hundred twenty five thousand two hundred eighty one dollars (\$3,825,281.00) to complete the necessary improvements to suite 100 and 201 for their intended uses as an ambulatory endoscopy center and medical office. Suite 100 will be leased to Monterey Bay Endoscopy, LLC and Suite 201 will be leased to Monterey Bay GI Consultants Medical Group, Inc.

Background/Situation/Rationale

The project includes tenant improvements and alterations to an existing building located at 212 San Jose, Street, Salinas CA for new tenant spaces for the Monterey Bay Endoscopy Center on the first level and Monterey Bay G.I. Consultants Medical Group office space on the second level. The first level (Suite 100) improvements consist of two occupancy types (I-2.1 and B) with the entire Suite being improved to OSHPD-3 building standards under the ambulatory surgery center requirements. The Suite will be required to meet CDPH standards and requirements to obtain Medicare certification from the Centers for Medicare and Medicaid Services. The improvements for the second level (Suite 201) consist of a B occupancy type and do not have any special regulatory agencies involving beyond the City of Salinas planning and building departments.

SVMHS publicly advertised a request for contractor bids to complete the construction services required for the project. The advertisement was circulated in the Californian and Central Coast Builder's Exchange. In addition, SVMHS performed a bid outreach to attract all qualified general contractors and subcontractors in the local and regional area. At the close of bid period on November 18, 2021, two bids from general contractors were received and publicly opened (Attachment 1). After staff review of the bid packages submitted, SVMHS identified Avila Construction Company as the lowest responsible, responsive bidder.

Timeline/Review Process to Date

January 2022 - Anticipated construction commencement

July 2022 - Project completion

Meeting our Mission, Vision, Goals

Strategic Plan Alignment

This transaction is aligned with the strategic initiatives outlined in our most recent strategic planning work for growth, in developing partnerships that drive value for our patients.

Pillar/Goal Alignment

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

Key Contract Terms	Vendor: Avila Construction Company
1. Proposed effective date	Issuance of Notice to Proceed anticipated on January 10, 2022
2. Term of agreement	120 calendar days
3. Renewal terms	Not Applicable
4. Termination provision(s)	Provided in Bid Specifications-Part 12 of General Conditions- Section 007000
5. Payment Terms	Lump Sum
6. Annual cost	Contract Sum of \$2,554,985.53
7. Cost over life of agreement	Not Applicable
8. Budgeted (indicate y/n)	Yes. Reference project budget estimate information.

Recommendation

Consider recommendation for Board Approval to Award Avila Construction Company the contract for construction of the Monterey Bay Endoscopy Center and Monterey Bay G.I. Consultants Medical Group office space at 212 San Jose Street Suites 100 and 201 in the amount of \$2,554,985.53.

Attachments

- Attachment 1: Bid Results November 18, 2021
- Attachment 2: Estimated Project Cost December 1, 2021

SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM
 PROJECT: MONTEREY BAY ENDOSCOPY & MONTEREY BAY G.I. CLINIC PROJECT
 PROJECT CIP: 01.1250.3542
 PROJECT LOCATION: 212 San Jose Street, Salinas 93901
 BID RESULT SUMMARY

Single Prime Bid Package

DATE: November 18, 2021

BID TIME: 2:00PM

BID OPENING: 535 E Romie (SUITE 6), Salinas, CA 93901

	CONTRACTOR	CONTACT	EMAIL	PHONE	BASE BID + ALLOWANCES	COMMENTS
1	**Avila Construction Company 12 Thomas Owens Way, Monterey, CA 93940	Mike Avila	mike@avilaconst.com	831-382-2830	\$2,554,985.53	
2	DMC Commercial Inc. 194 Skypark Drive Monterey, CA 93940	Dan McAweeney	dan@dmcmp.com	831.656-1600	\$2,606,000	
	**Apparent Low Bidder					
	SVMHS reserves the right to reject any or all bids and to waive any informalities in the bidding, or in any bid received.					

	Documents Accompanying Bid	Contractor 1	Contractor 2
a	Bid Letter	✓	✓
b	Addenda	✓	✓
c	List of Subcontractors	✓	✓
d	Disqualification Questionnaire	✓	✓
e	Insurance Requirements	✓	✓
f	Non-Collusion Affidavit	✓	✓
g	Bid Bond (Security)	✓	✓
h	Alternate Bid Item Proposal	✗	✗

Salinas Valley Memorial Healthcare System

Project Cost Model: 212 San Jose - ASC Endo Center + GI Clinic (212 San Jose Space Planning 01.1250.3542)

Architect: WRD Architects

Subject: Cost Model prepared at Unapproved 100% CD Set

Date Printed: 12/1/2021

Budget Amount: \$3,825,281

Budget Approved Date:

Version 1

Anticipated Completion: Varies (See Comments)

Prepared by: DS

Budget Summary			
Line Item	Description	A Budget	NOTES
1	Construction		
100	Construction - Tenant Improvements First Level	\$2,554,985	ASC + Office TI - Avila Construction
101	Owner Contingency (Construction)	\$226,191	7% of Construction Costs
2	Design		
200	Professional Fees - Fixed	\$229,925	Design Fees
201	Professional Fees - T+M	\$9,500	Hazardous Material Survey (Lead + ACM)
3	Inspections and Consultation		
301	Special Inspections	\$50,000	Survey, Soils, Concrete, Misc Metals
4	AHJ Fees		
401	City Fees	\$113,649	4% of Construction Costs
401	TAMC Fees	\$50,000	Regional Circulation Fees
401	Monterey One Fees	\$25,000	(N) Plumbing Fixture Impact Fees
5	Soft Costs		
502	Program Management	\$319,000	11 Months
6	Site Work		
601	Exterior Access Points + Signage	\$0	Provided for in Construction Line Item
7	FF&E		
701	Furniture	\$0	Furnished by Tenant (Staff Lounge, MA Station, MD Offices)
702	Equipment	\$60,000	Furnished by Vals Plumbing and Heating
703	Data & Phone - Comcast	\$0	Furnished by Tenant
703	Data & Phone Equipment - Switches + MPOE + Wiring + Phones + WAP + Access Control	\$0	Furnished by Tenant
704	Furnishings	\$0	Furnished by Tenant
705	Signage - Exterior	\$15,000	Monument + Building Signage
99	Contingency		
9900	Project Contingency	\$172,031	5% of Project Costs
Totals		\$3,825,281	

Board Paper: Finance Committee

Board Resolution 2018-10, delegation of authority up to \$350,000

Request: Consider Recommendation for Board Approval of Microsoft Licensing Renewal for Salinas Valley Memorial Healthcare System Through CDW Government, a Supplier of SVMHS's Group Purchasing Organization and Contract Award

Executive Sponsor: Audrey Parks, CIO

Date: December 6, 2021

Executive Summary

Salinas Valley Memorial Healthcare System (SVMHS) annually renews Microsoft licenses through our Microsoft Enterprise Agreement. The agreements renew in 3-year terms and we are currently in year 2 of 3. SVMHS combined our licensing commitments for Salinas Valley Medical Clinic with Salinas Valley Memorial Hospital in the recent 3-year renewal (July 2020 – June 2023). In addition to the baseline licensing fee, we also pay any additional licensing fees owed as a result of growth such as additional servers, desktops, Office and other Microsoft licenses. This is called a true-up. We paid the true-up in June 2021 and owe the baseline licensing in the amount of \$641,650.37.

Financial/Quality/Safety/Regulatory Implications: Service and Finance

Key Contract Terms	Vendor: CDW-Government
1. Proposed effective date	July 1, 2021
2. Term of agreement	July 1, 2021 – June 30, 2023
3. Renewal terms	3-year renewal option in June 2023
4. Termination provision(s)	We may discontinue use of software but remain obligated to the baseline commitment in the amount of \$641,650.37 during the term of the contract.
5. Payment Terms	\$1,283,300.74 \$641,650.37 paid annually for two years Net 30 per Vizient (group purchasing organization, GPO) terms
6. Annual cost(s)	\$641,650.37
7. Cost over life of agreement	\$1,924,951.11 (In July 2020, SVMH paid \$641,650.37 in year 1 of 3)
8. Budgeted (indicate y/n)	Yes, 8540.6600
9. Contract	1001.2533

Recommendation

Consider Recommendation for Board Approval of Microsoft Licensing Renewal for Salinas Valley Memorial Healthcare System Through CDW Government, a supplier of SVMHS's Group Purchasing Organization, and Contract Award for \$1,283,300.74 over two years.

Attachments

- QUOTE CDW for years 1 – 3 of our Microsoft Enterprise Licensing Agreement
- CDW membership in Vizient, our GPO



**Enterprise Quote
for**

VSL Specialist Aubrey Styles

Channel Price Sheet Month JUNE

Salinas Valley Memorial Healthcare System

Unless otherwise noted, All Quotes expire upon current month's end

EA Renewal As-Is

Customer to make three annual payments to CDW*G

Microsoft Part #	Clinical	Level	Quantity	Year 1		Year 2		Year 3	
				Price	Extended	Price	Extended	Price	Extended
W06-00021	CoreCAL ALNG SA MVL DvcCAL	D	633	\$ 36.69	\$ 23,224.77	\$ 36.69	\$ 23,224.77	\$ 36.69	\$ 23,224.77
KV3-00368	WINENTperDVC ALNG SA MVL	D	633	\$ 44.35	\$ 28,073.55	\$ 44.35	\$ 28,073.55	\$ 44.35	\$ 28,073.55
Knowledge									
W06-01069	CoreCAL ALNG SA MVL Pltfrm DvcCAL	D	2119	\$ 34.75	\$ 73,635.25	\$ 34.75	\$ 73,635.25	\$ 34.75	\$ 73,635.25
269-12442	OfficeProPlus ALNG SA MVL Pltfrm	D	1768	\$ 95.01	\$ 167,977.68	\$ 95.01	\$ 167,977.68	\$ 95.01	\$ 167,977.68
KV3-00353	WINENTperDVC ALNG SA MVL Pltfrm	D	1596	\$ 42.16	\$ 67,287.36	\$ 42.16	\$ 67,287.36	\$ 42.16	\$ 67,287.36
Additional Products									
395-02504	ExchgSvrEnt ALNG SA MVL	D	2	\$ 724.75	\$ 1,449.50	\$ 724.75	\$ 1,449.50	\$ 724.75	\$ 1,449.50
312-02257	ExchgSvrStd ALNG SA MVL	D	7	\$ 126.48	\$ 885.36	\$ 126.48	\$ 885.36	\$ 126.48	\$ 885.36
076-01912	Prjct Std ALNG SA MVL	D	35	\$ 116.88	\$ 4,090.80	\$ 116.88	\$ 4,090.80	\$ 116.88	\$ 4,090.80
H30-00238	PrjctPro ALNG SA MVL w1PrjctSvrCAL	D	21	\$ 192.70	\$ 4,046.70	\$ 192.70	\$ 4,046.70	\$ 192.70	\$ 4,046.70
5HU-00216	SfBSvr ALNG SA MVL	D	1	\$ 652.33	\$ 652.33	\$ 652.33	\$ 652.33	\$ 652.33	\$ 652.33
H04-00268	SharePointSvr ALNG SA MVL	D	3	\$ 1,215.36	\$ 3,646.08	\$ 1,215.36	\$ 3,646.08	\$ 1,215.36	\$ 3,646.08
359-00792	SQLCAL ALNG SA MVL DvcCAL	D	2218	\$ 34.14	\$ 75,722.52	\$ 34.14	\$ 75,722.52	\$ 34.14	\$ 75,722.52
810-04760	SQLSvrEnt ALNG SA MVL	D	2	\$ 1,404.78	\$ 2,809.56	\$ 1,404.78	\$ 2,809.56	\$ 1,404.78	\$ 2,809.56
7JQ-00343	SQLSvrEntCore ALNG SA MVL 2Lic CoreLic	D	17	\$ 2,247.99	\$ 38,215.83	\$ 2,247.99	\$ 38,215.83	\$ 2,247.99	\$ 38,215.83
228-04433	SQLSvrStd ALNG SA MVL	D	65	\$ 146.77	\$ 9,540.05	\$ 146.77	\$ 9,540.05	\$ 146.77	\$ 9,540.05
7NQ-00292	SQLSvrStdCore ALNG SA MVL 2Lic CoreLic	D	10	\$ 586.24	\$ 5,862.40	\$ 586.24	\$ 5,862.40	\$ 586.24	\$ 5,862.40
9EP-00208	SysCtrDatactrCore ALNG SA MVL 2Lic CoreLic	D	390	\$ 49.09	\$ 19,145.10	\$ 49.09	\$ 19,145.10	\$ 49.09	\$ 19,145.10
9EN-00198	SysCtrStdCore ALNG SA MVL 2Lic CoreLic	D	556	\$ 17.98	\$ 9,996.88	\$ 17.98	\$ 9,996.88	\$ 17.98	\$ 9,996.88
D87-01159	VisioPro ALNG SA MVL	D	62	\$ 100.12	\$ 6,207.44	\$ 100.12	\$ 6,207.44	\$ 100.12	\$ 6,207.44
D86-01253	VisioStd ALNG SA MVL	D	95	\$ 51.64	\$ 4,905.80	\$ 51.64	\$ 4,905.80	\$ 51.64	\$ 4,905.80
MX3-00117	VSEntSubMSDN ALNG SA MVL	D	2	\$ 1,072.12	\$ 2,144.24	\$ 1,072.12	\$ 2,144.24	\$ 1,072.12	\$ 2,144.24
6VC-01254	WinRmtDsktpSrvcsCAL ALNG SA MVL UsrCAL	D	735	\$ 21.63	\$ 15,898.05	\$ 21.63	\$ 15,898.05	\$ 21.63	\$ 15,898.05
6XC-00299	WinRmtDsktpSrvcsExtConn ALNG SA MVL	D	6	\$ 1,820.07	\$ 10,920.42	\$ 1,820.07	\$ 10,920.42	\$ 1,820.07	\$ 10,920.42
9EA-00278	WinSvrDCCore ALNG SA MVL 2Lic CoreLic	D	378	\$ 125.87	\$ 47,578.86	\$ 125.87	\$ 47,578.86	\$ 125.87	\$ 47,578.86
R39-00396	WinSvrExtConn ALNG SA MVL	D	6	\$ 330.12	\$ 1,980.72	\$ 330.12	\$ 1,980.72	\$ 330.12	\$ 1,980.72
9EM-00270	WinSvrSTDCore ALNG SA MVL 2Lic CoreLic	D	888	\$ 17.74	\$ 15,753.12	\$ 17.74	\$ 15,753.12	\$ 17.74	\$ 15,753.12

Year 1 Total \$ 641,650.37

Year 2 Total \$ 641,650.37

Year 3 Total \$ 641,650.37

Three Year Total \$ 1,924,951.11

Notes

NO TAX referenced

Riverside Contract: Participating agreement No. PSA-0001522

General Information

Contract Effective Date	1/1/2014	Contract Expiration Date	12/31/2021
Contracting Discipline	Information Technology	Contract Source	Multi-Source
Form Required	No		
Class of Trade	340B/DSH Inpatient, 340B/Non-DSH Inpatient, Ambulatory Care Center, Home Health Care, Hospital, Long Term Care, Managed Care, Oncology/Cancer Center, Physician Clinic and Office, Surgery Center		

Terms & Conditions

Commitment Requirements
Purchasing Commitments. Novation’s award of this Agreement to Supplier shall not constitute a commitment by any Member (or other person) to purchase any of the Products from or through Supplier. Supplier shall not require any Member to purchase or lease any specific quantity (other than the smallest available unit) or combination of Products, or impose any other purchasing commitment on a Member as a condition to the Member’s purchase or lease of any Products pursuant to this Agreement.

Guaranteed Supply
In the event of Supplier's failure to perform its supply obligations in accordance with the terms of this SIn the event of Supplier's failure to perform its supply obligations in accordance with the terms of this Section 5.

(1) Member(s) may purchase or lease products equivalent to the Products from other sources after Member has provided notice to Supplier and the Member’s Account Manager has had an opportunity to resolve the identified issue related to the failure to supply, and Supplier will be liable to the Member for all reasonable costs in excess of the prices listed in Exhibits A and/or A.1,

(2) Any Member purchases from an alternative source will not affect the Member(s) pricing (e.g., purchases from an alternative source will be considered contracted sales for purposes of calculating Members’ tiered pricing compliance) for the duration of the failure to supply, plus ninety (90) days,

(3) If Supplier fails to perform its obligations under Section 5.I. (Product Fill Rates), then as liquidated damages, and not as a penalty, Supplier will pay to Novation an amount equal to the average Administrative Fee payable hereunder over the prior twelve (12)-month period (or the actual operative Term of the Agreement if less than 12 months), prorated on a daily basis for each minus one percent (-1%) variance from the stated commitment therein for the duration of the failure to supply, and

Supplier shall be in Material Breach of this Agreement.

The remedies set forth in this Section are in addition to any other rights and remedies Novation, the Clients, and the Members may have resulting from such failure.

Fill Rate:

Product Fill Rates Confirmation and Delivery Times. Supplier agrees to provide raw Product fill rates to the Members of at least ninety-seven percent (97%), each calculated as line items filled complete divided by line items ordered, less items not shipped by Supplier due to manufacturer backorder, manufacturer limiting supply, manufacturer discontinuing the Product, or manufacturer Product recall, first truck (in no event later than ten (10) days from the date of order) unless otherwise mutually agreed upon between both Parties. Supplier’s breach of this Section shall constitute a Material Breach of this Agreement.

Warranty

(4) Product Quality. Supplier represents and warrants to Novation, the Clients, and the Members as follows, which representations and warranties shall survive the expiration or earlier termination of this Agreement.

i. The Products shall be distributed, sold, and priced by Supplier in compliance with applicable Federal, state, and local laws.

ii. Supplier shall not adulter or misbrand Products, nor shall Supplier sell any Products which it knows or has reason to know violate or cause a violation of any applicable Federal, state, or local law, ordinance, rule, regulation, or order.

iii. Product Condition. Unless otherwise agreed upon by a Member, all Products shall be new. Products shall not be delivered to a Member that are demonstrators, used, obsolete, or seconds, or which have been discontinued, unless such Member either specifically requests Products which are in such condition or accepts delivery after receiving prior written notice from Supplier of the condition of such Products.

iv. Product Integrity; Source of Products. Supplier shall purchase Products directly from a manufacturer, or a manufacturer's officially designated third-party logistics provider ("3PL") when the 3PL is the sole means of acquiring the Product, and not from any alternate source, with the exception of re-saleable returns from Supplier's customers where, after Supplier has used its best efforts to verify, the original source of the Product is not verifiable.

(2) Compatibility. Supplier represents and warrants that to the best of its knowledge, (i) the Equipment, Software and other component items sold by Supplier to Members conform in design, materials, workmanship, and performance and operational characteristics in accordance with all of the Specifications, (ii) each component item in the Equipment is fully and completely compatible with all of the other component items comprising the Equipment, and (iii) the Equipment will operate fully and completely as an integrated system.

(3) Licensing Authority. Supplier represents and warrants that it has full power, authority and all necessary rights to enter into and perform according to the terms of this Agreement, including the right to sell a Software license to Members. Supplier further represents and warrants that to the best of its knowledge after due inquiry, there is no action, suit, claim, investigation or other proceeding pending, threatened against or affecting Supplier or the Products which, if adversely decided, may adversely affect Supplier's ability to enter into or fully perform this Agreement.

(4) Services; Work Product. Supplier represents and warrants that the Services performed by Supplier shall be performed (a) in a timely, competent and professional manner consistent with industry standards, and (b) in compliance with applicable known Legal Requirements (as defined herein), by qualified persons, fully familiar with the Equipment and the Software, the requirements for the Services, and the materials and technology to be used to perform the same.

(5) Non-Infringement. Supplier represents and warrants to the best of its knowledge after due inquiry, that Products shall not violate or in any way infringe upon the rights of third parties, including property, contractual, employment, trade secrets, proprietary information and non-disclosure rights, or any trademark, copyright, patent or other intellectual property rights.

(6) No Worms, Bombs or Backdoors. Supplier represents and warrants to the best of its knowledge after due inquiry, that the Products do not include any virus or any feature or function that may enable Supplier or any third party: (i) to discontinue effective use of the Products, (ii) to erase, destroy, corrupt or modify any data of without the consent of the Member, or (iii) to bypass any internal or external security measure to obtain access to any hardware or software without the consent or knowledge of the Member. Additionally, to the best of Supplier's knowledge, subject to any additional restrictions imposed by the licensor of the applicable Software, Software shall not include or contain any routine which would cause the Software to malfunction or fail to perform after being used or copied any number of times or after a lapse of any triggering factor or event or because the Software have been installed on or moved to a CPU, a system, or any hardware which

has a serial number, model number or other identification different from that on which the Software were originally installed.

B. Pass-Through. Supplier hereby assigns, to the Members all warranties, representations, covenants and indemnities of Equipment and/or Software manufacturers made or assigned to Supplier or the intended end users of the same, and all remedies for breaches of any of the foregoing. Supplier shall execute all documents and obtain all consents and approvals necessary to effectuate such assignment. If and to the extent that Supplier, despite its best efforts, is unable to effectuate such assignment (or any portion thereof), Supplier shall use its best efforts to pursue any warranty or other claims against the applicable Equipment and/or Software manufacturers and shall provide to the Member all recoveries obtained on behalf of such Member.

Returned Goods

Please refer to http://webobjects.cdw.com/webobjects/docs/PDFs/Return_Policy.pdf .

Products & Pricing

Product Line A - VAR - No Line Item Pricing

Tier Number	Description
1	Tier 1: Purchase \$1 to \$499,999 OR Commitment of 80% Annually (No LOC Required)
2	Tier 2: Purchase \$500,000 to \$1,999,999 Annually (No LOC Required)
3	Tier 3: Purchase \$2,000,000 or more Annually (No LOC Required)
4	Tier 4: AGGREGATION/IDN/UMC - Base Price (No LOC Required)
5	Tier 5: AGGREGATION/IDN/UMC - Purchase \$6,000,000 to \$14,999,999 Annually (No LOC Required)
6	Tier 6: AGGREGATION/IDN/UMC - Purchase \$15,000,000 or more Annually (No LOC Required)

Product Line B - Government VAR - No Line Item Pricing

Tier Number	Description
1	Tier 1: Purchase \$1 to \$499,999 OR Commitment of 80% Annually (No LOC Required)
2	Tier 2: Purchase \$500,000 to \$1,999,999 Annually (No LOC Required)
3	Tier 3: Purchase \$2,000,000 or more Annually (No LOC Required)
4	Tier 4: AGGREGATION/IDN/UMC - Base Price (No LOC Required)
5	Tier 5: AGGREGATION/IDN/UMC - Purchase \$6,000,000 to \$14,999,999 Annually (No LOC Required)
6	Tier 6: AGGREGATION/IDN/UMC - Purchase \$15,000,000 or more Annually (No LOC Required)

Price Protection Terms

Firm for Duration of Contract

Price Protection Fields

Net Price

Price Protection Dates

1/1/2014 - 12/31/2021

Clarification Price Protection is fixed for the Term.

Payment Terms Net 30 Days

Freight

FOB Point FOB Destination

Freight Payment Terms Freight Prepaid and Added to Invoice

Delivery Delivery and Invoicing. Supplier agrees to promptly deliver Equipment ordered by Members to Members, FOB destination prepaid and added to invoice, and shall, for all Products, direct its invoices to the Members in accordance with this Agreement. Orders will not be considered accepted by Supplier until approved based on Supplier's standard credit policy. Supplier will immediately notify Member if any order is being held based upon approval of Member's credit according to Supplier's credit policy. Once determined, Supplier shall immediately notify Member of approval or decline of credit approval and shall process any held orders if approved. Within five (5) business days after receipt of a purchase or lease order from a Member, Supplier will provide estimated lead time from the date of such purchase or lease order until delivery of the Product at the Member's location. If the Supplier's estimated lead time is greater than thirty (30) days, Member may cancel the order without penalty. The actual delivery lead times may be increased by the ordering Member based on its needs

Freight Prices listed do not include any distributor markup or applicable freight charges. For applicable freight charges, see below: Terms of sale by F.O.B. point: destination Freight cost borne by: buyer. Freight payment method: prepaid and added to invoice.

Shipping Details Prepaid and added to invoice.

Contact Information

MedAssets Contact Please contact your client representative.

Supplier Representatives

Program Manager
John Johnsen
jjohnsen@cdw.com
312-705-0909

Program Manager
John Johnsen
psp@cdw.com
312-705-0909

Business Development Manager
Angela Gosz
angedos@cdw.com
877-823-5927

National Sales Manager
Kim Krisik
novation@cdw.com
877.845.5743

SVMH Balanced Scorecard



FY 2022 YTD October

Monthly Scorecard Service (30%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %		FY 2021 Baseline	
I. Service										
Average of Inpatient HCAHPS Scores	72.4	78.8	75.6	77.4	76.1	75.1	1.3%		74.6	
Emergency Room Press Ganey Score (*)	60.6	58.2	60.0	61.7	60.1	64.8	-7.3%		61.4	
Average of Ambulatory HCAHPS Scores	88.0	91.3	87.6	94.7	90.4	91.6	-1.3%		91.1	

Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2021 Baseline was 74.6. Rationale: Baseline = Threshold is based on FY 2021 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.
- ER HCAHPS Score FY 2021 Baseline was 61.4. Rationale: Baseline = Threshold is based on FY 2021 Actuals. The Target at 64.8 is the midpoint between Threshold & Max. The Max Goal at 68.27 is the 50th percentile rank.
(* **Measurement period will be Quarter 4 for Fiscal Year 2022.**)
- Ambulatory HCAHPS Score FY 2021 Baseline was 91.1. Rationale: Baseline = Threshold is based on FY 2021 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.

Monthly Scorecard

Quality & Safety Processes – ER (8%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %		FY 2021 Baseline	
Emergency Room Efficiencies										
Median length of stay for non-admits (in minutes)	171.0	162.0	162.0	168.0	166.0	162.0	-2.5%		163.0	
Median time from admit decision to time of admission to nursing unit (in minutes)	81.0	79.0	82.0	78.0	80.0	89.0	10.1%		90.0	

Source: Meditech

ER - LOS for Non-Admits in Minutes: Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) Rationale: Baseline = Threshold is based on FY 2021 Actuals. The Target is a 1 minute improvement from the Baseline, and the Max is a 2 minute improvement from the Baseline.

ER - Time to Admit in Minutes: Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Rationale: Baseline = Threshold is based on FY 2021 Actuals. The Target is a 1 minute improvement from the Baseline, and the Max is a 2 minute improvement from the Baseline.

Monthly Scorecard

Quality & Safety Processes – OR (8%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %	FY 2021 Baseline
Operating Room Efficiencies								
Turnover Time (Wheels out / Wheels in) (in minutes)	28.2	27.5	28.1	28.2	28.0	29.5	5.2%	29.6
Percentage of 1st Case On Time Start Time	93.3%	97.7%	95.5%	95.6%	95.5%	89.0%	7.3%	91.6%

Turnover Time Measurement: Source is from the PICIS OR Nurse Record, calculate minutes elapsed between the wheels out & wheels in of the next case. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partitioned by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 2022 Goals are the same as prior year to continue high efficiency performance and strive to maintain sustainability at these levels. Planning to reduce minutes may cause patient safety risks and other concerns, especially considering the Covid-19 ongoing pandemic and the impact it has had in our hospital capacity as well as in our perioperative operations.

Percentage of 1st case On Time Start Time

- Source is from PICIS for 1st scheduled case of the day in each OR room where the scheduled time is between 07:00 AM and 08:59 AM
- Cases in which the patient is Wheeled In at least zero minutes prior to the case
- **National benchmark goals range from 70% to 80%**
- FY 2022 Goals are the same as prior year to continue high efficiency performance and strive to maintain sustainability.

Monthly Scorecard

Quality & Safety Processes – HAC & Hand Hygiene(4%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %	FY 2021 Baseline
Hospital Acquired Conditions								
CLABSI SIR (Standard Infection Ratio)	0.00				0.00	0.30	100.0%	0.11
# of CLABSI EVENTS	0	0	0					1
CAUTI SIR (Standard Infection Ratio)	0.00				0.00	0.47	100.0%	0.57
# of CAUTI EVENTS	0	0	0					5
CDI SIR (Standard Infection Ratio)	0.51				0.51	0.45	-12.4%	0.19
# of CDI EVENTS	0	2	1					4
Hospital Acquired Conditions Average	0.17				0.17	0.41	58.6%	0.29
Hand Hygiene (Percentage of successful Hand Hygiene observations)	80.1%	79.7%	90.9%	81.0%	82.9%	75.0%	10.5%	78.0%

Hospital Acquired Conditions

- > Source: National Healthcare Safety Network (NHSN) & Medline Interface
- > Hospital Acquired Conditions will be measured **quarterly**
- > **Rationale for Targets:** The FY 2022 Target (0.41) is set to be an improvement from the prior year target (0.49)
- > Acronyms:
 1. CLABSI (Central Line Associated Bloodstream Infection)
 2. CAUTI (Catheter Associated Urinary Tract Infection)
 3. CDI (Clostridium Difficile Infection)

Hand Hygiene

- > Source: MyRounding Tool populated by SVMHS staff / leaders direct observations
- > Hand Hygiene will be measured **monthly**
- > **Rationale for Targets:** Improve Hand Hygiene performance and meet recommended metrics by Leapfrog and JC/CMS

Monthly Scorecard

Finance (20%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %
IV. Finance							
Income from Operations (Normalized) (\$ in Millions)	\$7,939	\$9,298	\$5,782	\$4,561	\$82,738	\$68,853	20.2%
Operating Margin (Normalized)	16.3%	18.1%	12.3%	10.1%	14.2%	12.5%	13.8%



FY 2021 Baseline
\$86,392
15.1%



- Target Methodology is based on SVMH's 100% of FY 2022 Board Approved Annual Operating Budget

Monthly Scorecard

Growth (10%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %	FY 2021 Baseline
V. Growth								
Increase % of patients adopting of EPIC MyChart to →	37.1%	37.6%	38.2%	39.1%	39.1%	40.0%	-2.4%	36.5%
Implement eConsult in a Number of Specialties	0	0	0	0	0	2	-100.0%	-
eConsult Patient Utilization	0	0	0	0	0	100	-100.0%	-



- **I. MyChart adoption for SVMC:** Source is the EPIC SVMC system. Increasing from 36.5% to 40% - this continues to be a significant focus as we expand functionality for patient engagement and develop MyChart as our digital front door for the clinic. Measurement will be based on 12 months ending June 30, 2022. Monthly reporting will be based on a rolling 12 month period.
- **II. & III. SVMC eConsult development (Number of Specialties & Patient Volume):** Source is the EPIC SVMC system. Increasing access to specialty services by providing a mechanism for our specialty care physicians to support primary care through electronic consults facilitated through Epic. Primary care MDs submit specified data to a specialist through Epic and receive a plan/recommendation for care that they can implement or the specialist will request to see the patient. The first specialty we are targeting is **Dermatology**, followed by **Orthopedics** and **Cardiology**. The functionality exists in Epic to support the workflows but it will require program and protocol development that we will begin in the next several weeks.

Monthly Scorecard

Community (5%)



Organizational Goals by Pillar	Jul-21	Aug-21	Sep-21	Oct-21	FY 2022 Act/Proj	TARGET	Var %	FY 2021 Baseline
VI. Community								
Improve the patient experience and increase access to hospital services as measured by the number of hospital-based clinical departments that accommodate online appointment scheduling					0	2	-100.0%	-



Targeted Goals for online based scheduling:

- Creation/adaptation of technology tailored to the needs of the SVMHS department that is implementing online scheduling
- Successful implementation and launch of system
- Marketing campaign regarding the ability to schedule appointments online
- Ongoing monitoring of system
- Monthly reporting on usage rates, customer satisfaction, and other data collected by the system
- Source is based on management reporting of final results for each clinical department



Organizational Goals by Pillar		FY 2022 Act/Proj	TARGET	Var %		FY 2021 Baseline	
30%	I. Service						
	Average of Inpatient HCAHPS Scores	76.1	75.1	1.3%		74.6	
	Emergency Room Press Ganey Score	60.1	64.8	-7.3%		61.4	
	Average of Ambulatory HCAHPS Scores	90.4	91.6	-1.3%		91.1	
15%	II. People						
	Annual Employee Indicator Survey	-	4.39			4.36	
20%	III. Quality & Safety Processes						
	Emergency Room Efficiencies						
	Median length of stay for non-admits (in minutes)	166.0	162.0	-2.5%		163.0	
	Median time from admit decision to time of admission to nursing unit (in minutes)	80.0	89.0	10.1%		90.0	
	Operating Room Efficiencies						
	Turnover Time (Wheels out / Wheels in) (in minutes)	28.0	29.5	5.2%		29.6	
	Percentage of 1st Case On Time Start Time	95.5%	89.0%	7.3%		91.6%	
	Hospital Acquired Conditions Average						
	Hand Hygiene (Percentage of successful Hand Hygiene observations)	82.9%	75.0%	10.5%		78.0%	
20%	IV. Finance						
	Income from Operations (Normalized) (\$ in Millions)	\$82,738	\$68,853	20.2%		\$86,392	
	Operating Margin (Normalized)	14.2%	12.5%	13.8%		15.1%	
10%	V. Growth						
	Increase % of patients adopting of EPIC MyChart to →	39.1%	40.0%	-2.4%		36.5%	
	Implement eConsult in a Number of Specialties	0	2	-100.0%		-	
	eConsult Patient Utilization	0	100	-100.0%		-	
5%	VI. Community						
	Improve the patient experience and increase access to hospital services as measured by the number of hospital-based clinical departments that accommodate online appointment scheduling	0	2	-100.0%		-	

Questions / Comments?



Financial Performance Review

November 2021

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of November 2021

Profit/Loss Statement

\$ in Millions	For the Month of November 2021					
			Variance fav (unfav)			
	Actual	Budget	\$VAR	%VAR		
Operating Revenue	\$ 55.5	\$ 51.3	\$ 4.2	8.2%		
Operating Expense	\$ 51.8	\$ 49.9	\$ (1.9)	-3.8%		
Income from Operations*	\$ 3.7	\$ 1.4	\$ 2.3	164.3%		
<i>Operating Margin %</i>	6.6%	2.7%	3.9%	144.44%		
Non Operating Income	\$ 1.7	\$ 1.1	\$ 0.6	54.5%		
Net Income	\$ 5.4	\$ 2.5	\$ 2.9	116.0%		
<i>Net Income Margin %</i>	9.7%	4.8%	4.9%	102.1%		

***No Normalizing items in November**

Provider Relief Fund - Phase 4

\$2.4M was received related to Provider Relief Funding – Phase 4, which was recorded at this time as deferred revenue in accordance with guidance from our financial auditors.

Favorable results predominantly due to:

- 5% higher than expected inpatient volumes
- Stronger than expected outpatient volumes in several programs
- Inpatient surgeries were on target
- Well managed length of stay in all payors
- Cost Saving Initiatives: material improvement in labor productivity
- The above was partially offset by an unfavorable payor mix for the month

Consolidated Financial Summary

Year-to-Date November 2021

Profit/Loss Statement

\$ in Millions	FY 2021 YTD November				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 279.4	\$ 263.2	\$ 16.2	6.2%	
Operating Expense	\$ 261.3	\$ 257.5	\$ (3.8)	-1.5%	
Income from Operations*	\$ 18.1	\$ 5.7	\$ 12.4	217.5%	
Operating Margin %	6.5%	2.2%	4.3%	195.5%	
Non Operating Income**	\$ 3.9	\$ 5.4	\$ (1.5)	-27.8%	
Net Income	\$ 22.0	\$ 11.1	\$ 10.9	98.2%	
Net Income Margin %	7.9%	4.2%	3.7%	88.1%	

*** Income from Operations includes:**

\$0.5M AB113 Intergovernmental Transfer Payment (FY 19-20)

**** Non Operating Income includes:**

\$1.1M Doctors on Duty Forgiven Paycheck Protection Program Loan

\$1.6M Total Normalizing Items, Net

Consolidated Financial Summary

Year-to-Date November 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2021 YTD November				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 278.9	\$ 263.2	\$ 15.7	6.0%	
Operating Expense	\$ 261.3	\$ 257.5	\$ (3.8)	-1.5%	
Income from Operations	\$ 17.6	\$ 5.7	\$ 11.9	208.8%	
<i>Operating Margin %</i>	6.3%	2.2%	4.1%	186.4%	
Non Operating Income	\$ 2.8	\$ 5.4	\$ (2.6)	-48.1%	
Net Income	\$ 20.4	\$ 11.1	\$ 9.3	83.8%	
<i>Net Income Margin %</i>	7.4%	4.2%	3.2%	76.2%	

SVMH Financial Highlights November 2021

Gross Revenues were favorable

- **Gross Revenues** were 6% favorable to budget
- **IP gross revenues** were 3% favorable to budget
 - **ED gross revenues** were 35% above budget

- **OP gross revenues** were 2% favorable to budget in the following areas:

- Cardiology
- Radiology
- Other OP Services

- **Commercial:** 2% below budget
- **Medicaid:** 2% above budget
- **Medicare:** 12% above budget

Payor Mix - unfavorable to budget

Total Net Patient Revenues were \$46.5M, which was favorable to budget by \$2.4M or 5.4%

Financial Summary – November 2021



1) Higher than expected Inpatient business:

- Average daily census was at 121, 5% above budget of 115

2) Total admissions were 13% (110 admits) above budget

- ER admissions were 13% above budget (82 admits)
- ER admissions (including OB ED) were 83% of total acute admissions

3) Strong Outpatient business:


- Stronger than expected patient volumes in Cardiology, Radiology, and Other Outpatient Services

4) ER Outpatient visits were above budget by 36% (1,016 visits)

5) Inpatient Surgeries cases were on target

6) Total Acute ALOS was 10% favorable at 3.9 vs 4.2 days budgeted

7) Medicare Traditional ALOS CMI adjusted 4% favorable at 2.3 days with a Case Mix Index of 1.9



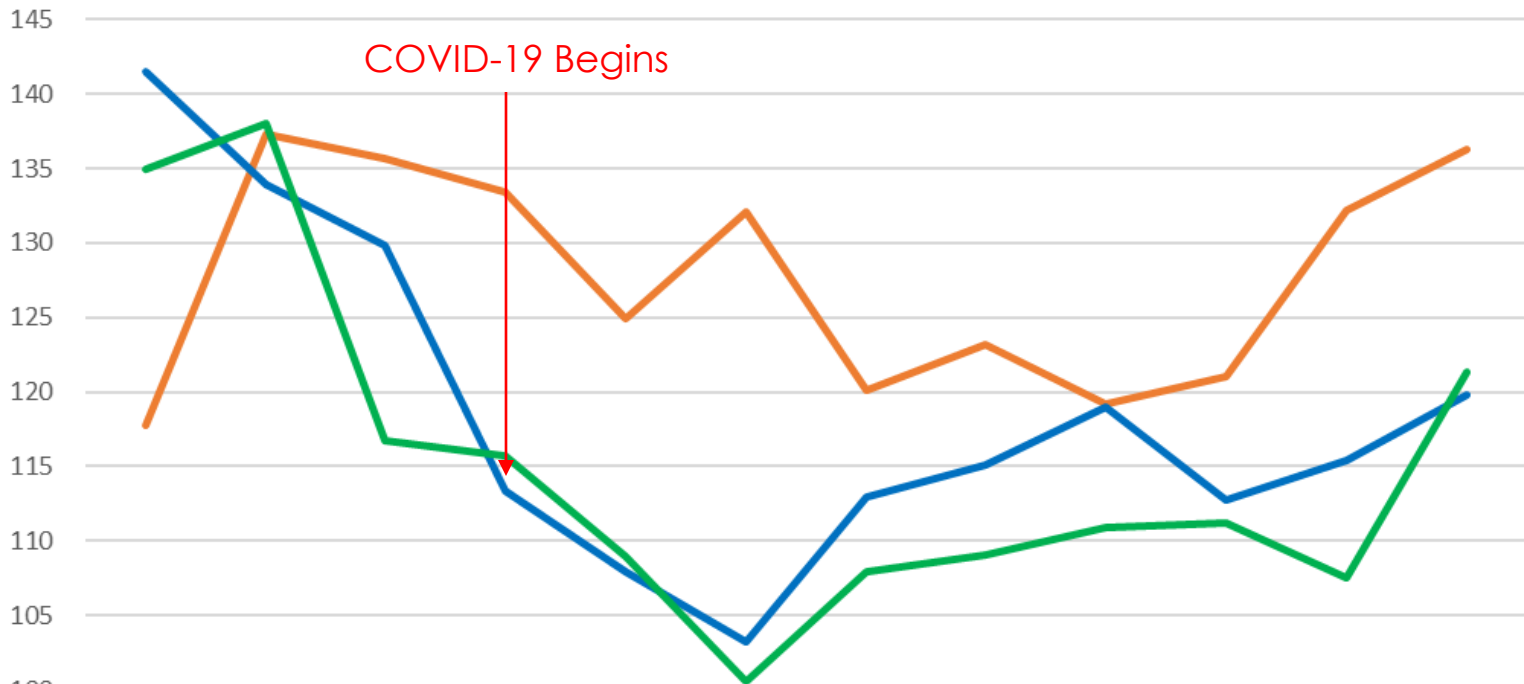
8) Outpatient Surgeries were 13% (38 cases) below budget

9) Deliveries were 4% (6 deliveries) below budget at 134

10) OP Observation cases were 11% (17 cases) above budget at 167

ADC Comparison

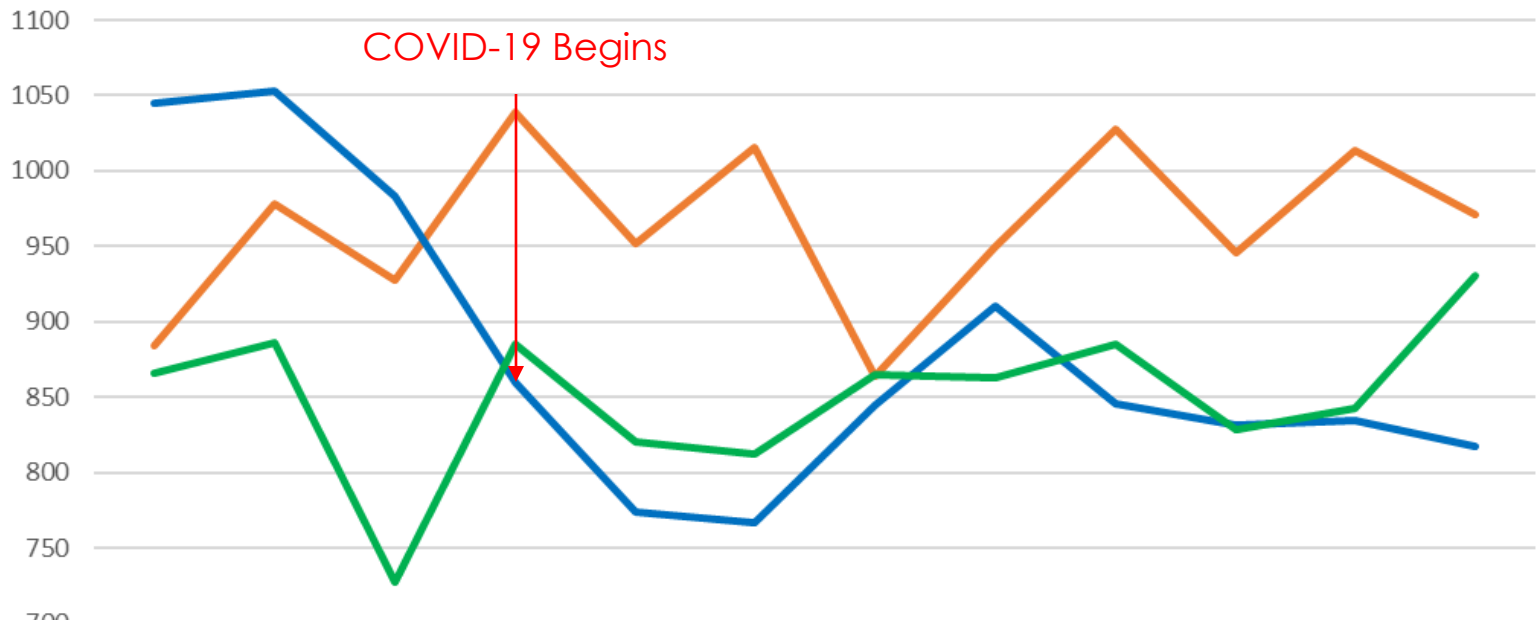
Average Daily Census (ADC)



	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
12 Months Ending Nov-19	118	137	136	133	125	132	120	123	119	121	132	136
12 Months Ending Nov-20	142	134	130	113	108	103	113	115	119	113	115	120
12 Months Ending Nov-21	135	138	117	116	109	101	108	109	111	111	107	121

Admissions Comparison

Admissions



	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
12 Months Ending Nov-19	884	978	927	1039	952	1016	864	950	1028	946	1013	971
12 Months Ending Nov-20	1,045	1,053	983	860	774	767	845	910	846	831	834	817
12 Months Ending Nov-21	866	886	727	885	820	812	865	863	885	828	843	931

12 Months Ending Nov-19 12 Months Ending Nov-20 12 Months Ending Nov-21

COVID Inpatient Discharge Cases Payor Mix Analysis November 2020 thru October 2021

Cases Payor	Month	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	July 21	Aug 21	Sep 21	Oct 21	Nov 21
Medicare		105	150	50	9	2	2	1	1	10	11	12	5
Medi-Cal		62	84	23	12	1	2	8	3	19	11	10	6
Commercial		48	53	13	5	5	2	1	9	14	10	7	9
Other		7	2	3	1	1			1	3	1		3
Grand Total		222	289	89	27	9	6	10	14	46	33	29	23

COVID Inpatient cases decreased during November compared to prior month.

Note: COVID Criteria is based on any DX U07.1 diagnosis code

CMI – All Discharges (with & without COVID)

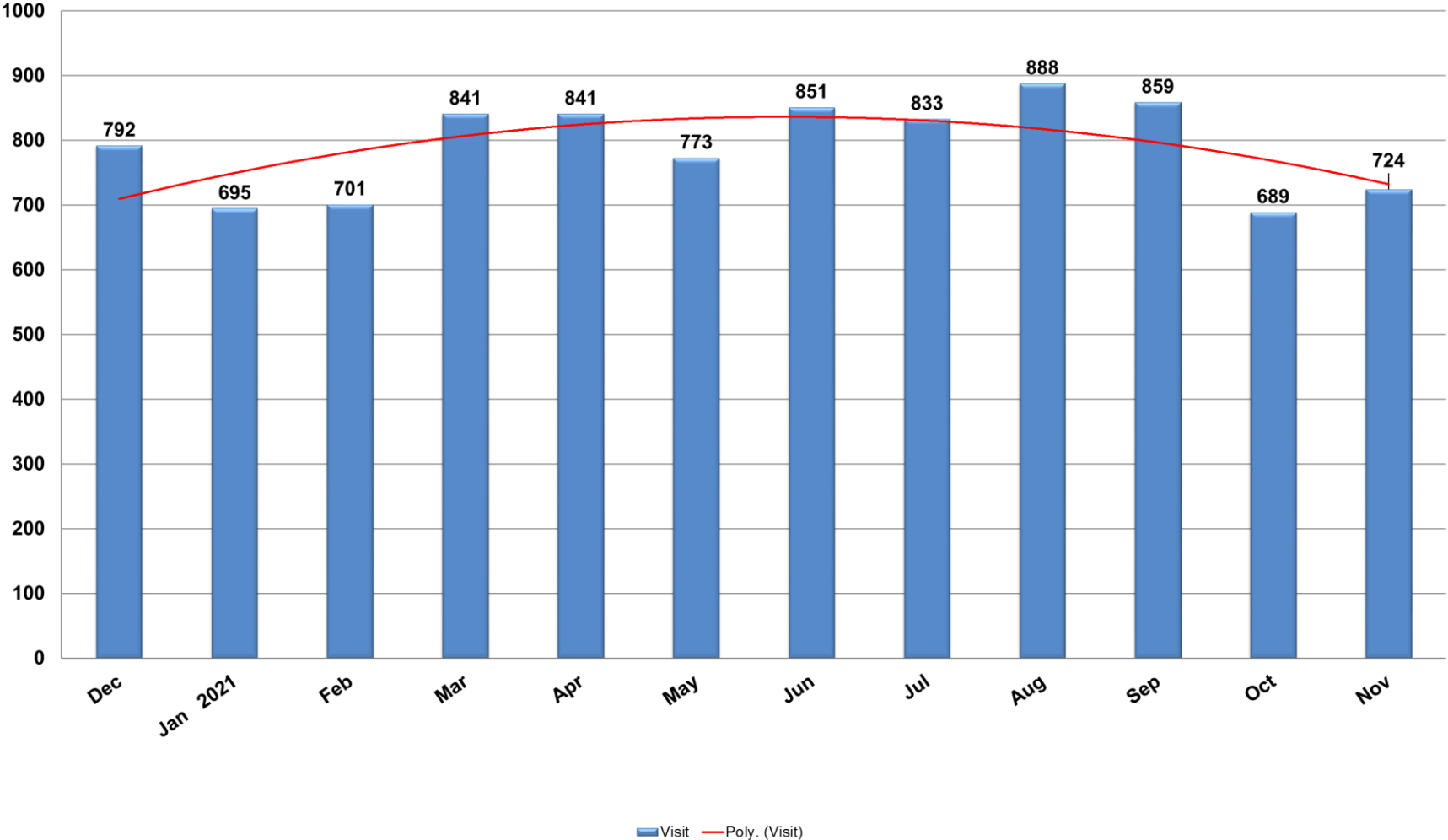
Based on Discharges

December 2020 thru November 2021

All Payors Month	All Discharges				COVID Discharges Only				Discharges Excluding COVID			
	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS	All Payor CMI	Discharges	ADC	ALOS
12/31/2020	1.76	853	121	4.4	2.15	222	45	6.2	1.63	631	77	3.8
1/31/2021	1.81	890	139	4.8	2.33	289	65	7.0	1.56	601	74	3.8
2/28/2021	1.77	767	119	4.4	2.36	89	27	8.4	1.70	678	92	3.8
3/31/2021	1.74	875	116	4.1	3.11	27	11	12.8	1.69	848	105	3.8
4/30/2021	1.59	824	104	3.8	1.92	9	1	3.7	1.59	815	103	3.8
5/31/2021	1.70	816	100	3.8	2.19	7	1	5.1	1.69	809	99	3.8
6/30/2021	1.64	826	100	3.6	2.04	10	2	5.9	1.63	816	98	3.6
7/31/2021	1.66	892	108	3.8	2.04	14	2	3.4	1.65	878	107	3.8
8/31/2021	1.67	867	107	3.8	2.12	46	8	5.4	1.64	821	99	3.7
9/30/2021	1.60	844	109	3.9	2.88	33	13	11.5	1.54	811	96	3.6
10/31/2021	1.65	829	100	3.7	2.46	29	6	6.8	1.62	800	93	3.6
11/30/2021	1.60	917	121	4.0	2.15	23	4	5.0	1.58	894	117	3.9
Total	1.68	10,200	112	4.0	2.31	798	15	7.1	1.63	9,402	97	3.8

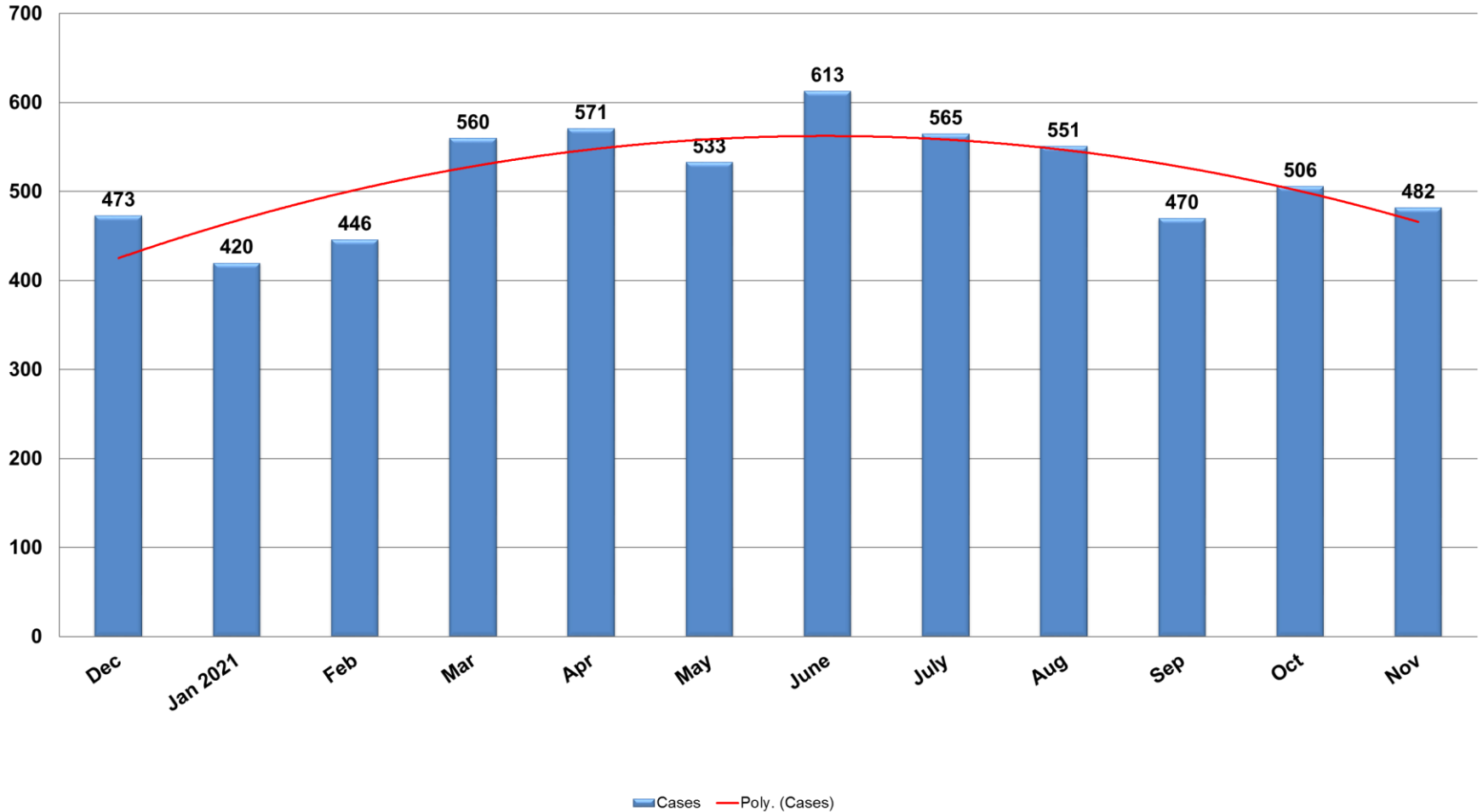
OP Infusion Service Line

OP Infusion - Rolling 12 Month Trend
(Includes Botox)
Dec 2020 thru Nov 2021



Cardiac Diagnostic O/P Center (CDOC)

CDOC Cases - Rolling 12 Month Trend
Dec 2020 thru Nov 2021



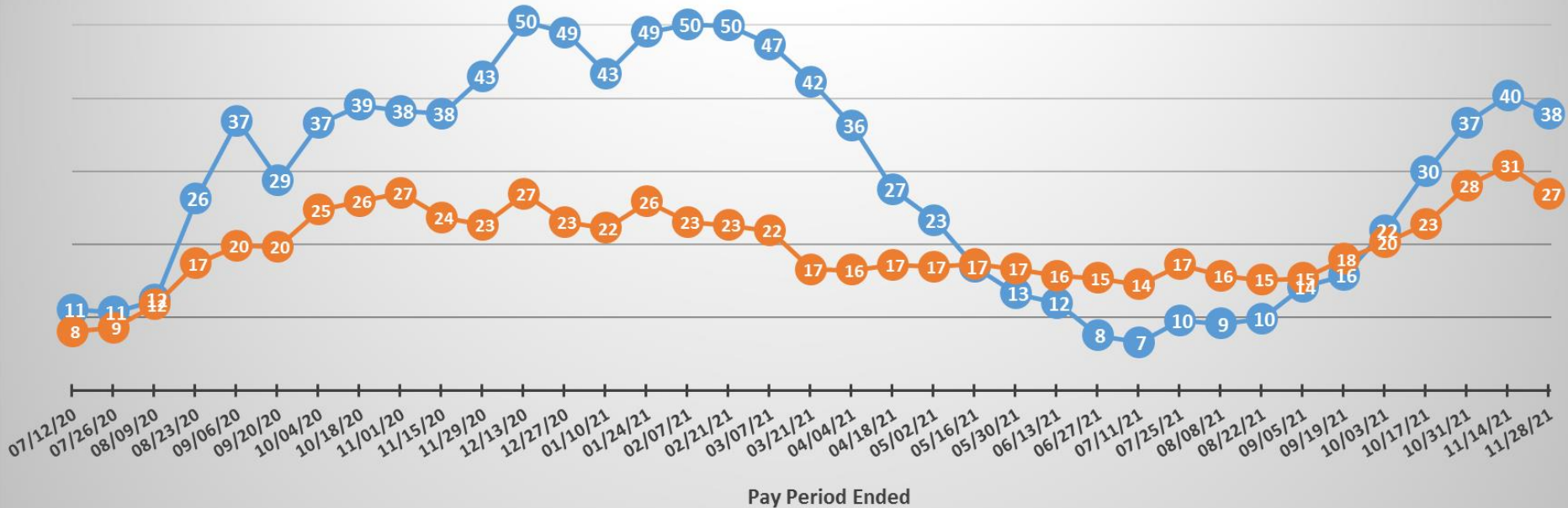
Labor Productivity – November 2021

- 1. Worked FTEs:** During the month of November, worked FTEs on a PAADC basis were **6%** favorable at **6.16** with a target of **6.58**. *When reviewed on a unit by unit level, the variance was 65 FTEs positive with the variance for salaries, wages and benefits valued at \$780k positive.* The key driver was increased volume as Average Daily Census increased to 121 in November from 107 in October (a 13% increase, AADC increased 12%) while worked FTE dropped to 1,407 in November from 1,443 in October (a 2% decrease).
- 2. Paid FTEs:** On a PAADC basis paid FTEs were **8%** favorable to budget at **7.38 actual vs. 8.05 budget**. The key driver being high volumes, as paid FTE stayed flat from prior months. In addition Non-Productive time dropped to a six-month low in the first pay period of November before increasing over the Thanksgiving holiday as expected.

Contract Labor FTE By Pay Period

Contract Labor - FTE By Pay Period

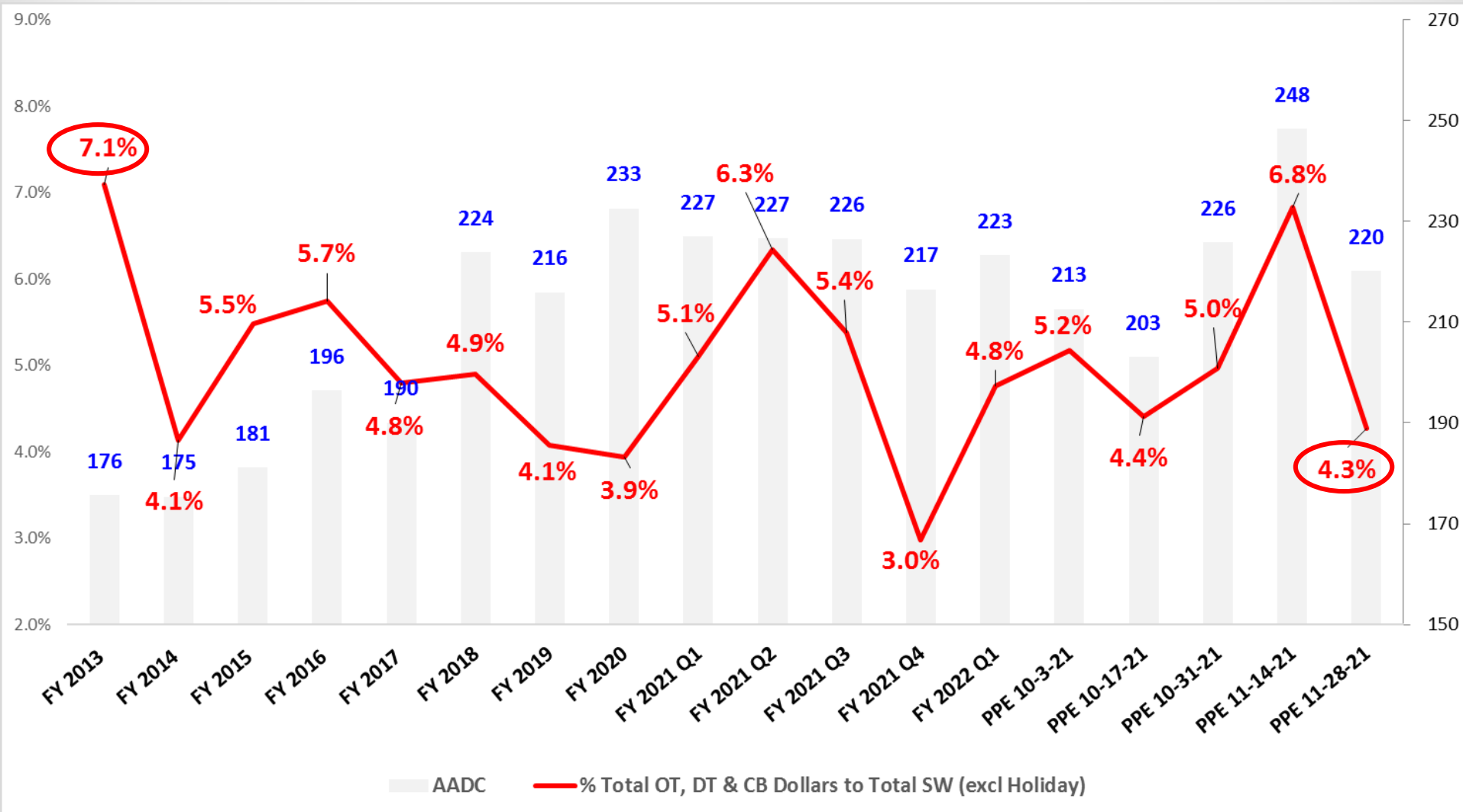
Traveler RN Non-RN Contract Labor



Contract labor remained high as contract staffing has been increased to offset the loss of staff from the Covid vaccine deadline at the end of September and the volume growth.

% of Total OT, DT & CB Dollars to Total S&W

Updated Thru PPE 11-28-21



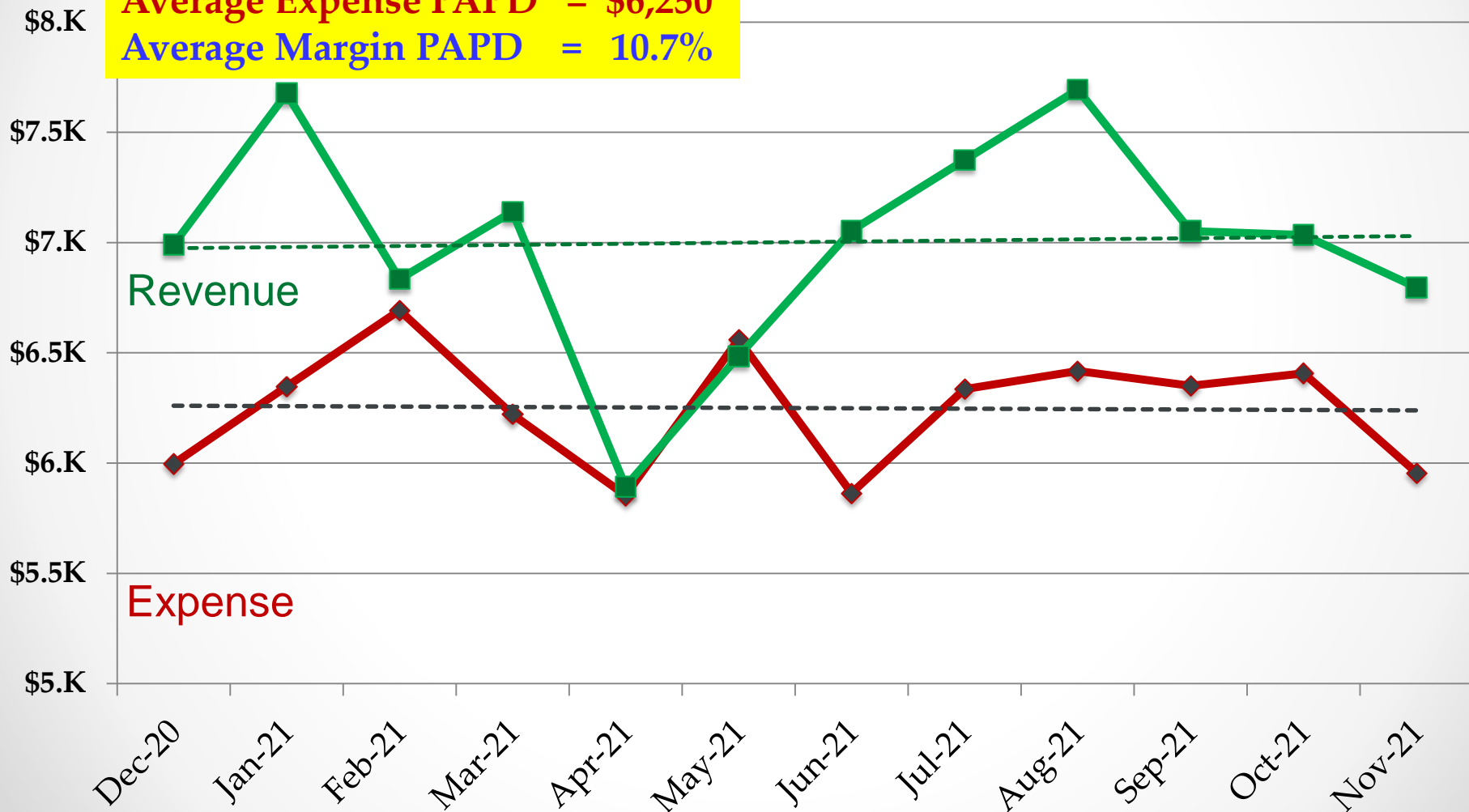
SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized)

Rolling 12 Months: December 20 to November 21

Average Revenue PAPD = \$7,002

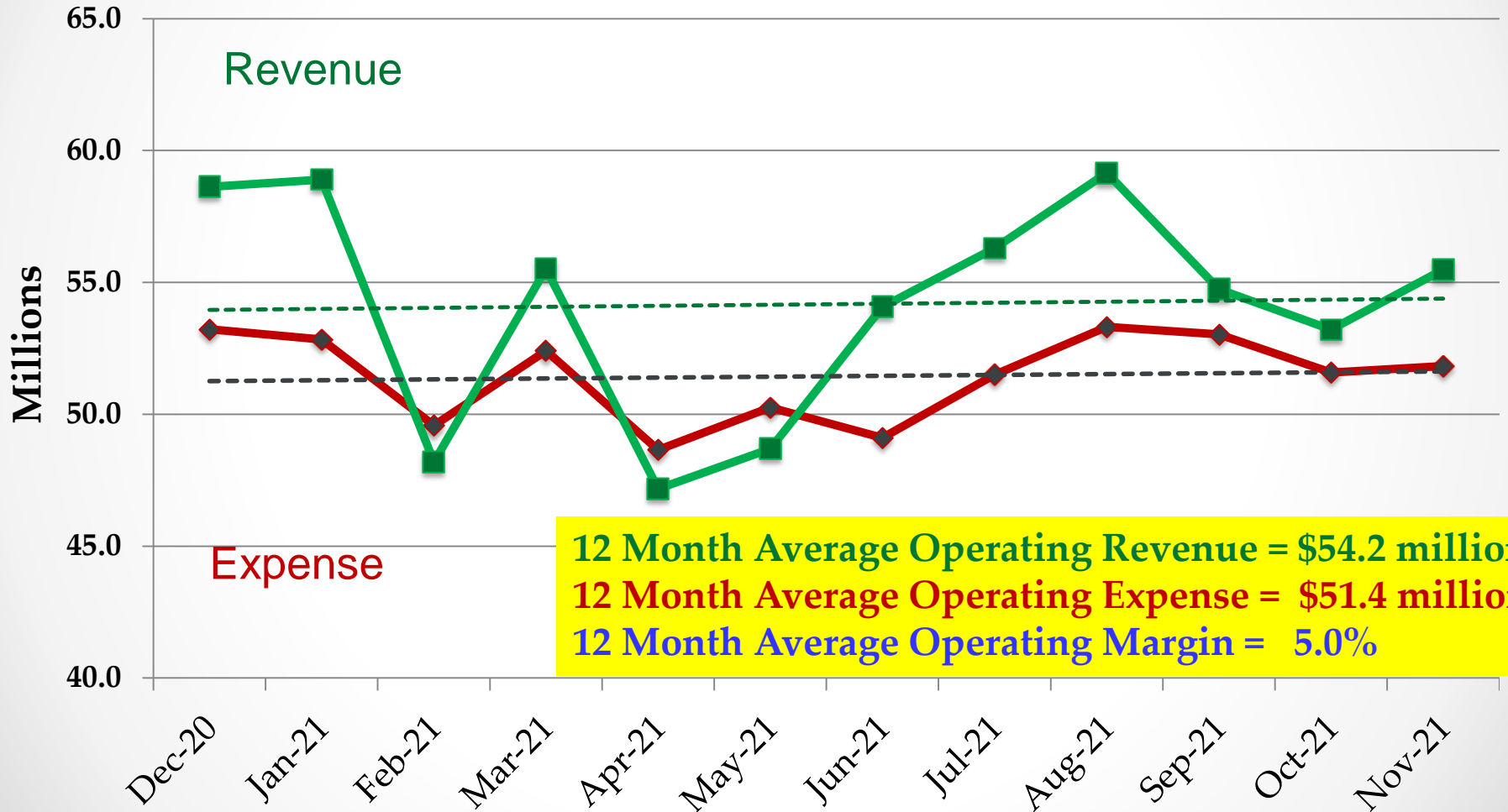
Average Expense PAPD = \$6,250

Average Margin PAPD = 10.7%



SVMHS Operating Revenues & Expenses (Normalized)

Rolling 12 Months: December 20 to November 21



12 Month Average Operating Revenue = \$54.2 million
 12 Month Average Operating Expense = \$51.4 million
 12 Month Average Operating Margin = 5.0%

SVMHS Key Financial Indicators

	YTD	SVMHS		S&P A+ Rated		YTD	
Statistic	Nov-21	Target	+/-	Hospitals	+/-	Nov-20	+/-
Operating Margin*	6.3%	9.0%		4.0%		6.4%	
Total Margin*	7.4%	10.8%		6.6%		8.4%	
EBITDA Margin**	10.5%	13.4%		13.6%		10.5%	
Days of Cash*	373	305		249		340	
Days of Accounts Payable*	44	45		-		46	
Days of Net Accounts Receivable***	52	45		49		55	
Supply Expense as % NPR	13.3%	15.0%		-		13.3%	
SWB Expense as % NPR	52.4%	53.0%		53.7%		54.5%	
Operating Expense per APD*	6,287	4,992		-		6,202	

*These metrics have been adjusted for normalizing items

**Metric based on Operating Income (consistent with industry standard)

***Metric based on 90 days average net revenue (consistent with industry standard)

Days of Cash and Accounts Payable metrics have been adjusted to **exclude** accelerated insurance payments (COVID-19 assistance)

Salinas Valley Memorial Healthcare System

Days Cash on Hand = 373 Days (\$604M)

November 2021



ASSETS WHOSE USE IS LIMITED

	<u>November-21</u>		<u>YTD</u>	
Beginning balance	\$	146,643,318	\$	143,257,278
Investment income or (loss)		(91,943)		(705,903)
Transfer		1,000,000		5,000,000
Ending balance	\$	147,551,375	\$	147,551,375

ROUTINE CAPITAL EXPENDITURES Through November 2021

Fiscal Month	2021-22 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,558,333	764,068	794,265	Heart Center Air Handler Replacement	372,538
August	1,558,333	840,566	1,512,033	High Speed Elevator Upgrade	58,311
September	1,558,333	2,259,376	810,990	Lab Analyzer Replacement	47,824
October	1,558,333	535,000	1,834,323	PBX Relocation	31,189
November	1,558,333	1,388,043	2,004,614	Other CIP	68,397
December	1,558,333		3,562,947	Total Improvements	578,259
January	1,558,333		5,121,281		
February	1,558,333		6,679,614	Computers (278) & IT Equipment	305,704
March	1,558,333		8,237,947	Affinity 4 Birthing Beds (9)	178,253
April	1,558,333		9,796,281	Cisco Phone System Integration	139,404
May	1,558,333		11,354,614	Other Equipment	186,422
June	1,558,333		12,912,947	Total Equipment	809,784
YTD TOTAL	18,700,000	5,787,053	12,912,947	Grand Total	1,388,043

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
November 30, 2021

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 46,536,897	\$ 48,049,134	\$ 235,524,350	\$ 238,936,046
Other operating revenue	839,739	815,104	4,795,603	4,824,104
Total operating revenue	<u>47,376,636</u>	<u>48,864,238</u>	<u>240,319,953</u>	<u>243,760,150</u>
Total operating expenses	40,777,629	40,258,675	205,620,314	205,209,086
Total non-operating income	<u>(1,802,486)</u>	<u>(5,676,437)</u>	<u>(13,757,869)</u>	<u>(15,571,256)</u>
Operating and non-operating income	<u>\$ 4,796,521</u>	<u>\$ 2,929,126</u>	<u>\$ 20,941,770</u>	<u>\$ 22,979,808</u>

SALINAS VALLEY MEMORIAL HOSPITAL
 BALANCE SHEETS
 November 30, 2021

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 432,640,624	\$ 389,666,786
Assets whose use is limited or restricted by board	147,551,374	136,082,503
Capital assets	240,794,799	258,840,190
Other assets	186,297,506	188,697,669
Deferred pension outflows	<u>50,119,236</u>	<u>83,379,890</u>
	<u>\$ 1,057,403,539</u>	<u>\$ 1,056,667,039</u>
LIABILITIES AND EQUITY:		
Current liabilities	127,965,576	146,759,167
Long term liabilities	14,556,513	14,780,831
	83,585,120	126,340,336
Net assets	<u>831,296,330</u>	<u>768,786,705</u>
	<u>\$ 1,057,403,539</u>	<u>\$ 1,056,667,039</u>

SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
November 30, 2021

	Month of November,				Five months ended November 30,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 201,794,014	\$ 190,270,606	11,523,408	6.06%	\$ 1,009,919,330	\$ 970,426,189	39,493,141	4.07%
Deductions from revenue	155,257,117	146,120,402	9,136,715	6.25%	774,394,980	744,787,862	29,607,118	3.98%
Net patient revenue	46,536,897	44,150,204	2,386,693	5.41%	235,524,350	225,638,327	9,886,023	4.38%
Other operating revenue	839,739	783,804	55,935	7.14%	4,795,603	3,909,527	886,076	22.66%
Total operating revenue	47,376,636	44,934,008	2,442,628	5.44%	240,319,953	229,547,854	10,772,099	4.69%
Operating expenses:								
Salaries and wages	14,716,435	14,749,120	(32,685)	-0.22%	77,028,437	77,288,495	(260,058)	-0.34%
Compensated absences	2,577,696	3,147,569	(569,873)	-18.11%	13,614,648	13,788,598	(173,950)	-1.26%
Employee benefits	5,768,821	6,620,934	(852,113)	-12.87%	34,455,397	35,359,638	(904,241)	-2.56%
Supplies, food, and linen	6,639,982	5,748,282	891,700	15.51%	31,244,463	29,313,664	1,930,799	6.59%
Purchased department functions	3,612,486	3,088,546	523,940	16.96%	16,328,796	15,224,257	1,104,539	7.26%
Medical fees	1,964,758	1,820,634	144,124	7.92%	9,800,010	9,137,769	662,241	7.25%
Other fees	2,177,101	943,032	1,234,069	130.86%	7,117,934	4,663,601	2,454,333	52.63%
Depreciation	2,065,950	1,794,427	271,523	15.13%	9,137,765	8,927,861	209,904	2.35%
All other expense	1,254,400	1,410,691	(156,291)	-11.08%	6,892,864	7,187,441	(294,577)	-4.10%
Total operating expenses	40,777,629	39,323,236	1,454,393	3.70%	205,620,314	200,891,324	4,728,990	2.35%
Income from operations	6,599,007	5,610,773	988,234	17.61%	34,699,639	28,656,530	6,043,109	21.09%
Non-operating income:								
Donations	166,667	166,667	0	0.00%	833,333	833,333	(0)	0.00%
Property taxes	333,333	333,333	(0)	0.00%	1,666,667	1,666,667	0	0.00%
Investment income	(539,526)	(63,302)	(476,224)	752.31%	(2,822,087)	(316,508)	(2,505,579)	791.63%
Income from subsidiaries	(1,762,960)	(3,736,552)	1,973,592	-52.82%	(13,435,782)	(20,495,066)	7,059,284	-34.44%
Total non-operating income	(1,802,486)	(3,299,853)	1,497,368	-45.38%	(13,757,869)	(18,311,574)	4,553,705	-24.87%
Operating and non-operating income	\$ 4,796,521	\$ 2,310,919	2,485,602	107.56%	\$ 20,941,770	\$ 10,344,956	10,596,814	102.43%

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF NET PATIENT REVENUE
November 30, 2021**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,682	1,658	7,992	8,003
Medi-Cal	1,026	1,014	4,920	5,306
Commercial insurance	801	777	3,671	3,795
Other patient	135	145	550	710
Total patient days	<u>3,644</u>	<u>3,594</u>	<u>17,133</u>	<u>17,814</u>
Gross revenue:				
Medicare	\$ 89,266,473	\$ 77,057,420	\$ 444,987,880	\$ 393,188,446
Medi-Cal	53,975,563	49,789,537	280,224,223	265,494,625
Commercial insurance	48,816,334	52,685,627	243,762,670	246,458,931
Other patient	<u>9,735,644</u>	<u>7,572,363</u>	<u>40,944,557</u>	<u>45,042,612</u>
Gross revenue	<u>201,794,014</u>	<u>187,104,947</u>	<u>1,009,919,330</u>	<u>950,184,614</u>
Deductions from revenue:				
Administrative adjustment	365,762	239,964	1,527,692	1,335,613
Charity care	857,807	691,865	5,234,927	4,300,379
Contractual adjustments:				
Medicare outpatient	27,301,095	21,951,198	139,564,145	123,258,999
Medicare inpatient	40,105,808	36,588,490	190,007,963	174,225,253
Medi-Cal traditional outpatient	2,970,132	1,990,120	13,166,418	9,741,852
Medi-Cal traditional inpatient	4,370,077	7,621,257	28,868,195	38,162,830
Medi-Cal managed care outpatient	21,856,728	16,797,146	111,326,675	91,371,221
Medi-Cal managed care inpatient	19,534,667	17,819,441	99,250,087	92,788,738
Commercial insurance outpatient	16,386,971	15,812,460	82,623,778	79,462,880
Commercial insurance inpatient	16,954,680	15,308,295	81,231,775	71,320,420
Uncollectible accounts expense	3,669,799	3,560,250	18,717,065	18,211,467
Other payors	<u>883,591</u>	<u>675,329</u>	<u>2,876,260</u>	<u>7,068,915</u>
Deductions from revenue	<u>155,257,117</u>	<u>139,055,813</u>	<u>774,394,980</u>	<u>711,248,568</u>
Net patient revenue	<u>\$ 46,536,897</u>	<u>\$ 48,049,134</u>	<u>\$ 235,524,350</u>	<u>\$ 238,936,046</u>
Gross billed charges by patient type:				
Inpatient	\$ 107,252,158	\$ 105,245,082	\$ 529,016,040	\$ 511,686,991
Outpatient	67,667,817	63,366,611	344,137,199	334,887,738
Emergency room	<u>26,874,037</u>	<u>18,493,253</u>	<u>136,766,091</u>	<u>103,609,885</u>
Total	<u>\$ 201,794,012</u>	<u>\$ 187,104,947</u>	<u>\$ 1,009,919,330</u>	<u>\$ 950,184,614</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
STATEMENTS OF REVENUE AND EXPENSES
November 30, 2021**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 46,536,897	\$ 48,049,134	\$ 235,524,350	\$ 238,936,046
Other operating revenue	839,739	815,104	4,795,603	4,824,104
Total operating revenue	<u>47,376,636</u>	<u>48,864,238</u>	<u>240,319,953</u>	<u>243,760,150</u>
Operating expenses:				
Salaries and wages	14,716,435	15,914,134	77,028,437	79,759,035
Compensated absences	2,577,696	2,843,415	13,614,648	13,415,085
Employee benefits	5,768,821	6,841,575	34,455,397	37,042,661
Supplies, food, and linen	6,639,982	6,188,920	31,244,463	31,216,603
Purchased department functions	3,612,486	2,848,160	16,328,796	15,259,940
Medical fees	1,964,758	1,623,654	9,800,010	8,107,960
Other fees	2,177,101	1,110,512	7,117,934	5,697,623
Depreciation	2,065,950	1,776,800	9,137,765	8,873,057
All other expense	1,254,400	1,111,505	6,892,864	5,837,122
Total operating expenses	<u>40,777,629</u>	<u>40,258,675</u>	<u>205,620,314</u>	<u>205,209,086</u>
Income from operations	<u>6,599,007</u>	<u>8,605,563</u>	<u>34,699,639</u>	<u>38,551,064</u>
Non-operating income:				
Donations	166,667	166,667	833,333	833,333
Property taxes	333,333	333,333	1,666,667	1,666,667
Investment income	(539,526)	143,637	(2,822,087)	1,229,099
Taxes and licenses	0	0	0	0
Income from subsidiaries	(1,762,960)	(6,320,074)	(13,435,782)	(19,300,355)
Total non-operating income	<u>(1,802,486)</u>	<u>(5,676,437)</u>	<u>(13,757,869)</u>	<u>(15,571,256)</u>
Operating and non-operating income	4,796,521	2,929,126	20,941,770	22,979,808
Net assets to begin	<u>826,499,809</u>	<u>765,857,579</u>	<u>810,354,560</u>	<u>745,806,898</u>
Net assets to end	<u>\$ 831,296,330</u>	<u>\$ 768,786,705</u>	<u>\$ 831,296,330</u>	<u>\$ 768,786,706</u>
Net income excluding non-recurring items				
Net income excluding non-recurring items	\$ 4,796,521	\$ 2,929,126	\$ 20,459,992	\$ 22,380,262
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>481,778</u>	<u>599,546</u>
Operating and non-operating income	<u>\$ 4,796,521</u>	<u>\$ 2,929,126</u>	<u>\$ 20,941,770</u>	<u>\$ 22,979,808</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
SCHEDULES OF INVESTMENT INCOME
November 30, 2021**

	<u>Month of November,</u>		<u>Five months ended November 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (139,471)	\$ (30,727)	\$ (990,900)	\$ (827,773)
Neurological Clinic	(48,543)	(145,597)	(283,581)	(437,379)
Palliative Care Clinic	(82,294)	(98,920)	(439,449)	(397,366)
Surgery Clinic	(115,277)	(287,343)	(641,585)	(809,127)
Infectious Disease Clinic	(30,361)	(74,625)	(143,150)	(157,680)
Endocrinology Clinic	(134,494)	(315,280)	(663,096)	(1,004,434)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(244,442)	(975,148)	(1,997,183)	(2,634,064)
OB/GYN Clinic	(153,594)	(661,039)	(1,559,830)	(1,931,052)
PrimeCare Medical Group	(17,564)	(1,721,162)	(2,017,582)	(4,832,366)
Oncology Clinic	(68,126)	(470,491)	(1,444,774)	(1,632,365)
Cardiac Surgery	(146,980)	(116,531)	(780,474)	(866,323)
Sleep Center	(52,460)	(159,851)	(156,938)	(322,265)
Rheumatology	(68,775)	(97,867)	(264,531)	(291,291)
Precision Ortho MDs	(80,753)	(626,912)	(1,227,787)	(2,081,972)
Precision Ortho-MRI	0	(22,147)	0	(2,526)
Precision Ortho-PT	(36,154)	(63,198)	(254,434)	(248,493)
Vaccine Clinic	(46,471)	0	(82,182)	0
Dermatology	(54,381)	(67,322)	(119,205)	(171,623)
Hospitalists	0	0	0	0
Behavioral Health	(77,246)	(86,949)	(362,524)	(344,345)
Pediatric Diabetes	(59,679)	(42,559)	(234,717)	(160,005)
Neurosurgery	(20,749)	(65,791)	(120,994)	(149,016)
Multi-Specialty-RR	31,976	(32,262)	50,576	12,316
Radiology	(84,842)	(150,370)	(1,196,516)	(943,582)
Salinas Family Practice	13,613	0	(375,839)	0
Total SVMC	(1,717,067)	(6,312,091)	(15,306,695)	(20,232,731)
Doctors on Duty	(311,670)	(198,837)	166,004	94,992
Assisted Living	0	(12,544)	0	(39,619)
Salinas Valley Imaging	0	0	0	(19,974)
Vantage Surgery Center	55,213	34,163	150,516	105,699
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	210,512	53,525	1,245,882	360,677
Aspire/CHI/Coastal	(88,341)	20,873	(120,610)	(176,284)
Apex	7,044	(5,917)	67,042	45,592
21st Century Oncology	37,205	37,826	158,220	(48,771)
Monterey Bay Endoscopy Center	44,144	62,929	203,859	610,063
Total	\$ <u>(1,762,960)</u>	\$ <u>(6,320,074)</u>	\$ <u>(13,435,782)</u>	\$ <u>(19,300,355)</u>

**SALINAS VALLEY MEMORIAL HOSPITAL
BALANCE SHEETS
November 30, 2021**

	Current year	Prior year
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 328,724,105	\$ 281,325,351
Patient accounts receivable, net of estimated uncollectibles of \$21,431,319	83,066,255	87,416,864
Supplies inventory at cost	8,738,670	8,632,901
Other current assets	12,111,594	12,291,670
Total current assets	432,640,624	389,666,786
Assets whose use is limited or restricted by board	147,551,374	136,082,503
Capital assets:		
Land and construction in process	37,065,568	45,944,579
Other capital assets, net of depreciation	203,729,231	212,895,611
Total capital assets	240,794,799	258,840,190
Other assets:		
Investment in Securities	143,928,669	147,489,806
Investment in SVMC	13,674,796	13,466,305
Investment in Aspire/CHI/Coastal	3,656,282	4,085,450
Investment in other affiliates	21,323,595	21,997,976
Net pension asset	3,714,164	1,658,132
Total other assets	186,297,506	188,697,669
Deferred pension outflows	50,119,236	83,379,890
	\$ 1,057,403,539	\$ 1,056,667,039
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 56,318,359	\$ 53,998,939
Due to third party payers	53,987,693	74,834,175
Current portion of self-insurance liability	17,659,524	17,926,053
Total current liabilities	127,965,576	146,759,167
Long term portion of workers comp liability	14,556,513	14,780,831
Total liabilities	142,522,089	161,539,998
Pension liability	83,585,120	126,340,336
Net assets:		
Invested in capital assets, net of related debt	240,794,799	258,840,190
Unrestricted	590,501,531	509,946,515
Total net assets	831,296,330	768,786,705
	\$ 1,057,403,539	\$ 1,056,667,039

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	33	38	226	213	(13)
Other Admissions	85	102	488	475	(13)
Total Admissions	118	140	714	688	(26)
Medi-Cal Patient Days	45	62	334	326	(8)
Other Patient Days	116	152	762	781	19
Total Patient Days of Care	161	214	1,096	1,107	11
Average Daily Census	5.4	7.1	7.2	7.2	0.1
Medi-Cal Average Days	1.5	1.6	1.5	1.6	0.0
Other Average Days	0.9	1.6	1.5	1.6	0.1
Total Average Days Stay	1.4	1.6	1.5	1.6	0.1
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	321	355	1,585	1,594	9
Medi-Cal Admissions	246	241	1,171	1,198	27
Other Admissions	353	316	1,422	1,505	83
Total Admissions	920	912	4,178	4,297	119
Medicare Patient Days	1,513	1,435	7,046	6,886	(160)
Medi-Cal Patient Days	999	1,071	5,414	5,082	(332)
Other Patient Days	897	1,133	4,706	5,158	452
Total Patient Days of Care	3,409	3,639	17,166	17,126	(40)
Average Daily Census	113.6	121.3	112.2	111.9	(0.3)
Medicare Average Length of Stay	5.0	4.1	4.5	4.2	(0.2)
Medi-Cal Average Length of Stay	4.2	3.8	3.9	3.4	(0.4)
Other Average Length of Stay	2.6	2.8	2.4	2.7	0.2
Total Average Length of Stay	3.8	3.5	3.5	3.4	(0.1)
Deaths	25	31	145	131	(14)
Total Patient Days	3,570	3,853	18,262	18,233	(29)
Medi-Cal Administrative Days	0	2	96	76	(20)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	0	2	96	76	(20)
Percent Non-Acute	0.00%	0.05%	0.53%	0.42%	-0.11%

SALINAS VALLEY MEMORIAL HOSPITAL

PATIENT STATISTICAL REPORT

For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	242	286	1,225	1,327	102
Heart Center	341	36	1,707	1,326	(381)
Monitored Beds	918	819	4,459	3,897	(562)
Single Room Maternity/Obstetrics	268	349	1,748	1,760	12
Med/Surg - Cardiovascular	726	778	3,497	3,177	(320)
Med/Surg - Oncology	215	304	705	1,420	715
Med/Surg - Rehab	384	445	1,981	2,059	78
Pediatrics	68	93	349	442	93
Nursery	161	214	1,096	1,107	11
Neonatal Intensive Care	192	122	655	404	(251)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	62.05%	73.33%	61.59%	66.72%	
Heart Center	75.78%	8.00%	74.38%	57.78%	
Monitored Beds	113.33%	101.11%	107.94%	94.34%	
Single Room Maternity/Obstetrics	24.14%	31.44%	30.88%	31.09%	
Med/Surg - Cardiovascular	53.78%	57.63%	50.79%	46.14%	
Med/Surg - Oncology	55.13%	77.95%	35.44%	71.39%	
Med/Surg - Rehab	49.23%	57.05%	49.80%	51.76%	
Med/Surg - Observation Care Unit	0.00%	79.80%	0.00%	50.52%	
Pediatrics	12.59%	17.22%	12.67%	16.05%	
Nursery	32.53%	43.23%	21.71%	21.93%	
Neonatal Intensive Care	58.18%	36.97%	38.92%	24.00%	

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	118	145	713	674	(39)
C-Section deliveries	28	57	214	229	15
Percent of C-section deliveries	23.73%	39.31%	30.01%	33.98%	3.96%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	17,041	15,902	112,408	97,490	(14,918)
Out-Patient Operating Minutes	27,362	26,884	124,128	126,026	1,898
Total	44,403	42,786	236,536	223,516	(13,020)
Open Heart Surgeries	13	9	64	58	(6)
In-Patient Cases	121	133	757	702	(55)
Out-Patient Cases	283	265	1,371	1,246	(125)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	48	35	147	191	44
High Risk	500	467	2,514	2,231	(283)
More Than One Resource	1,926	2,629	10,548	13,142	2,594
One Resource	989	1,542	7,419	8,508	1,089
No Resources	43	83	208	480	272
Total	<u>3,506</u>	<u>4,756</u>	<u>20,836</u>	<u>24,552</u>	<u>3,716</u>

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Nov and five months to date

	Month of Nov		Five months to date		Variance
	2020	2021	2020-21	2021-22	
CENTRAL SUPPLY					
In-patient requisitions	15,713	14,044	70,128	75,624	5,496
Out-patient requisitions	9,854	9,724	52,609	47,015	-5,594
Emergency room requisitions	1,453	862	8,322	6,922	-1,400
Interdepartmental requisitions	6,781	6,434	33,584	30,256	-3,328
Total requisitions	33,801	31,064	164,643	159,817	-4,826
LABORATORY					
In-patient procedures	35,112	33,583	172,183	165,173	-7,010
Out-patient procedures	12,551	11,015	55,555	57,181	1,626
Emergency room procedures	8,169	10,480	42,273	55,112	12,839
Total patient procedures	55,832	55,078	270,011	277,466	7,455
BLOOD BANK					
Units processed	239	278	1,419	1,369	-50
ELECTROCARDIOLOGY					
In-patient procedures	935	1,070	4,597	4,727	130
Out-patient procedures	386	380	1,999	1,971	-28
Emergency room procedures	809	1,004	4,057	4,947	890
Total procedures	2,130	2,454	10,653	11,645	992
CATH LAB					
In-patient procedures	80	91	391	454	63
Out-patient procedures	85	97	442	474	32
Emergency room procedures	0	0	1	0	-1
Total procedures	165	188	834	928	94
ECHO-CARDIOLOGY					
In-patient studies	289	364	1,449	1,689	240
Out-patient studies	180	212	949	1,154	205
Emergency room studies	0	0	11	4	-7
Total studies	469	576	2,409	2,847	438
NEURODIAGNOSTIC					
In-patient procedures	127	151	797	756	-41
Out-patient procedures	16	20	120	120	0
Emergency room procedures	0	0	0	0	0
Total procedures	143	171	917	876	-41

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Nov and five months to date

	Month of Nov		Five months to date		Variance
	2020	2021	2020-21	2021-22	
SLEEP CENTER					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	206	156	964	864	-100
Emergency room procedures	0	0	0	0	0
Total procedures	206	156	965	864	-101
RADIOLOGY					
In-patient procedures	1,361	1,140	6,524	5,959	-565
Out-patient procedures	614	404	3,455	2,178	-1,277
Emergency room procedures	1,083	1,241	5,435	6,285	850
Total patient procedures	3,058	2,785	15,414	14,422	-992
MAGNETIC RESONANCE IMAGING					
In-patient procedures	118	144	631	633	2
Out-patient procedures	150	99	717	589	-128
Emergency room procedures	6	5	56	31	-25
Total procedures	274	248	1,404	1,253	-151
MAMMOGRAPHY CENTER					
In-patient procedures	3,006	3,431	15,158	17,915	2,757
Out-patient procedures	2,992	3,407	15,086	17,766	2,680
Emergency room procedures	0	0	0	8	8
Total procedures	5,998	6,838	30,244	35,689	5,445
NUCLEAR MEDICINE					
In-patient procedures	8	13	67	65	-2
Out-patient procedures	79	78	379	389	10
Emergency room procedures	0	1	3	4	1
Total procedures	87	92	449	458	9
PHARMACY					
In-patient prescriptions	86,933	85,360	420,843	417,383	-3,460
Out-patient prescriptions	14,955	14,778	76,895	77,349	454
Emergency room prescriptions	5,030	7,127	25,983	35,562	9,579
Total prescriptions	106,918	107,265	523,721	530,294	6,573
RESPIRATORY THERAPY					
In-patient treatments	21,297	15,725	94,371	89,583	-4,788
Out-patient treatments	1,105	1,252	2,902	5,526	2,624
Emergency room treatments	181	159	621	1,094	473
Total patient treatments	22,583	17,136	97,894	96,203	-1,691
PHYSICAL THERAPY					
In-patient treatments	2,143	2,324	11,456	11,409	-47
Out-patient treatments	365	313	1,494	1,678	184
Emergency room treatments	0	0	0	0	0
Total treatments	2,508	2,637	12,950	13,087	137

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of Nov and five months to date

	<u>Month of Nov</u>		<u>Five months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2020-21</u>	<u>2021-22</u>	
OCCUPATIONAL THERAPY					
In-patient procedures	1,376	1,359	6,638	7,389	751
Out-patient procedures	170	182	651	857	206
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,546</u>	<u>1,541</u>	<u>7,289</u>	<u>8,246</u>	<u>957</u>
SPEECH THERAPY					
In-patient treatments	354	370	1,904	2,048	144
Out-patient treatments	28	23	125	145	20
Emergency room treatments	0	0	0	0	0
Total treatments	<u>382</u>	<u>393</u>	<u>2,029</u>	<u>2,193</u>	<u>164</u>
CARDIAC REHABILITATION					
In-patient treatments	0	0	0	0	0
Out-patient treatments	359	671	1,750	3,318	1,568
Emergency room treatments	1	0	1	0	-1
Total treatments	<u>360</u>	<u>671</u>	<u>1,751</u>	<u>3,318</u>	<u>1,567</u>
CRITICAL DECISION UNIT					
Observation hours	<u>225</u>	<u>400</u>	<u>1,265</u>	<u>1,504</u>	<u>239</u>
ENDOSCOPY					
In-patient procedures	70	79	458	477	19
Out-patient procedures	25	40	133	177	44
Emergency room procedures	0	0	0	0	0
Total procedures	<u>95</u>	<u>119</u>	<u>591</u>	<u>654</u>	<u>63</u>
C.T. SCAN					
In-patient procedures	577	590	2,768	2,825	57
Out-patient procedures	505	390	2,664	1,943	-721
Emergency room procedures	433	639	2,349	3,047	698
Total procedures	<u>1,515</u>	<u>1,619</u>	<u>7,781</u>	<u>7,815</u>	<u>34</u>
DIETARY					
Routine patient diets	16,047	18,709	80,705	88,406	7,701
Meals to personnel	19,843	21,480	104,619	108,600	3,981
Total diets and meals	<u>35,890</u>	<u>40,189</u>	<u>185,324</u>	<u>197,006</u>	<u>11,682</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>100,852</u>	<u>96,567</u>	<u>515,812</u>	<u>487,254</u>	<u>-28,558</u>

PUBLIC INPUT

CLOSED SESSION

*(Report on Item to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

Agenda Item: Consider Recommendation for Approval of Contract Terms and Agreements Necessary for the Transition of Leonard Renfer, MD to Salinas Valley Medical Clinic and the Program Budget for Salinas Valley Medical Clinic Urology Expansion:

1. Contract Terms for Professional Services Agreement for Urology Services with Leonard Renfer, MD
2. Contract Terms for Purchase and Sale of Real Property with Sweet, Renfer & Milanese, A Medical Partnership
3. Agreement for Purchase and Sale of Assets with Sweet, Renfer & Milanese, A Medical Partnership
4. Agreement for Purchase and Sale of Limited Liability Company Interest with Leonard Renfer, MD for interest in Monterey Peninsula Surgery Center, LLC
5. Program Budget for Salinas Valley Medical Clinic Urology Expansion

Executive Sponsors:

Allen Radner, MD, Chief Executive Officer, *Salinas Valley Medical Clinic*
Chief Medical Officer, *Salinas Valley Memorial Healthcare System*

Clint Hoffman, Chief Operating Officer, *Salinas Valley Medical Clinic*
Chief Administrative Officer, Physician Integration & Business Development, *Salinas Valley Memorial Healthcare System*

Date: December 6, 2021

Executive Summary

Salinas Valley Memorial Healthcare System (SVMHS) executive leadership has been working in partnership with the physicians of Sweet, Renfer & Milanese, A Medical Partnership (Urology Group) to transition their practice into Salinas Valley Medical Clinic (SVMC) as part of our expansion to include urology services. The transition of the Urology Group's practice to SVMC will provide a platform for stabilizing the service as we recruit new urologists to the community following recent notification of the departure of two of the four physicians that cover urology services in Salinas and at SVMHS.

Proposed Agreements

Contract Terms for Professional Services Agreement for Urology Services with Leonard Renfer, MD:

- Professional Services Agreement that provides W-2 relationship for IRS reporting
- Two (2) year agreement
- 1.0 Full-Time Equivalent (FTE)
- Productivity compensation of sixty nine dollars and twenty two cents (\$69.22) per work Relative Value Unit (wRVU) based on 2020 CMS wRVU Values
- Required to cover SVMH ER Call, up to five (5) days of call compensation included in wRVU Productivity Compensation, days in excess of five (5) paid at current call rates for SVMH Medical Staff coverage
- Access to SVMHS Health Plan. Physician premium is projected based on 15% of SVMHS cost
- Access to SVMHS 403(b) and 457 retirement plans, 5% base contribution to 403b plan that vests after three years
 - Based on federal contribution limits this contribution is capped at fourteen thousand five hundred dollars (\$14,500) annually
- Ten (10) weeks off for vacation
- One (1) week off for Continuing Medical Education (CME)
- Two thousand dollars (\$2,000) annual stipend for CME
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group retroactive to May 1, 1995

Contract Terms for Purchase and Sale of Real Property with Sweet, Renfer & Milanesa, A Medical Partnership

- Purchase of 114 E Romie Lane, Salinas, CA for one million dollars (\$1,000,000.00)
- SVMHS and Urology Group to split applicable closing costs based on customary responsibilities for the purchase and sale of real property in Monterey County
- Closing date of February 1, 2022, contingent on the approval of SVMHS Board of Directors and execution of all of the agreements presented in this memo

Agreement for Purchase and Sale of Assets with Sweet, Renfer & Milanesa, A Medical Partnership

- SVMHS acquires the assets of Urology Group, subject to specific liabilities
- Purchase price of one hundred sixty five thousand twenty eight dollars (\$165,028.00) for assets and forty five thousand four hundred eighty five dollars (\$45,485.00) for inventory (total purchase of \$210,513)
- Closing date of February 1, 2022, contingent on the approval of SVMHS Board of Directors and execution of all of the agreements presented in this memo

Agreement for Purchase and Sale of Limited Liability Company Interest with Leonard Renfer, MD for interest in Monterey Peninsula Surgery Center, LLC

- Purchase of 8.4955 units of membership interest in MPSC, LLC representing approximately 0.425%
- Purchase price of two hundred seventy eight thousand four hundred seventeen dollars (\$278,417.00)
- Requires waiver and consent of MPSC, LLC Board

Program Budget for Salinas Valley Medical Clinic Urology Expansion

- The expected capital expenses related to the Salinas Valley Medical Clinic Urology Expansion include the purchase of \$165,028.00 in assets from the Urology Group and \$335,000 in additional equipment purchases to upgrade clinic fixtures, furniture and equipment (reflected as depreciation in the 5 year budget)
- Five (5) Year Operating Budget (assumes 1 new urologist, in addition to Dr. Renfer, recruited in FY2022 and another in FY2023 with patient volume ramping up as the year progresses and stabilizing in FY2024):

Salinas Valley Medical Clinic						
5 Year Plan						
Urology						
	FY 2022 Projected	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected
Total Patient Encounters	1,364	7,305	8,769	9,032	9,303	9,582
Gross Patient Revenue	1,136,426	6,085,563	7,305,598	7,524,766	7,750,509	7,983,024
Total Deductions	669,760	3,586,563	4,305,598	4,434,766	4,567,809	4,704,843
Net Patient Revenue	466,667	2,499,000	3,000,000	3,090,000	3,182,700	3,278,181
Yield %	41%	41%	41%	41%	41%	41%
Other Revenue	31,000	139,500	139,500	139,500	139,500	139,500
Total Net Revenue	497,667	2,638,500	3,139,500	3,229,500	3,322,200	3,417,681
Operating Expenses						
SW&B	640,422	2,528,218	2,915,947	3,003,425	3,093,528	3,186,334
Supplies	178,973	442,420	455,693	469,364	483,445	497,948
Purchased Services	55,547	137,311	141,431	145,674	150,044	154,545
Other Fees and Services	52,708	270,710	278,831	287,196	295,812	304,686
Utilities and Phones	13,100	32,383	33,355	34,355	35,386	36,448
Property Tax and Insurance	10,415	25,746	26,518	27,314	28,133	28,977
Repair & Maint/Equip Rental	4,400	10,877	11,203	11,539	11,885	12,242
Rent	64,125	158,517	163,272	168,171	173,216	178,412
Depreciation	41,667	100,000	100,000	100,000	58,333	58,333
Total Operating Expenses	1,061,356	3,706,183	4,126,250	4,247,038	4,329,782	4,457,926
Operating Margin	(563,690)	(1,067,683)	(986,750)	(1,017,538)	(1,007,582)	(1,040,245)

**Meeting our Mission, Vision, Goals
Strategic Plan Alignment:**

The agreements and program budget proposed in this memo are aligned with SVMHS’ strategic priorities (pillars) for service, quality, finance and growth. SVMHS administration has determined that proceeding with the proposed agreements enhances the quality and efficiency of critical urology services for District residents and medical staff of SVMHS.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

Agreements contemplated as part of this transaction are supported by appraisals and assessments completed by third party appraisers and compensation evaluators to confirm fair market value and commercial reasonableness.

Recommendation

Consider recommendation from the Finance Committee to the SVMHS Board for approval of terms and agreements necessary for the transition of Leonard Renfer, MD to Salinas Valley Medical Clinic and the Program Budget for Salinas Valley Medical Clinic Urology Expansion:

1. Contract Terms for Professional Services Agreement for Urology Services with Leonard Renfer, MD
2. Contract Terms for Purchase and Sale of Real Property with Sweet, Renfer & Milanese, A Medical Partnership
3. Agreement for Purchase and Sale of Assets with Sweet, Renfer & Milanese, A Medical Partnership
4. Agreement for Purchase and Sale of Limited Liability Company Interest with Leonard Renfer, MD for interest in Monterey Peninsula Surgery Center, LLC
5. Program Budget for Salinas Valley Medical Clinic Urology Expansion

Attachments

1. Agreement for Purchase and Sale of Assets with Sweet, Renfer & Milanese, A Medical Partnership
2. Agreement for Purchase and Sale of Limited Liability Company Interest with Leonard Renfer, MD for interest in Monterey Peninsula Surgery Center, LLC

**AGREEMENT FOR PURCHASE AND SALE OF ASSETS BETWEEN
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM AND
SWEET RENFER & MILANESA, A MEDICAL PARTNERSHIP**

This Agreement for Purchase and Sale of Assets (“Agreement”) is entered into and effective on **January 1, 2022** (“Effective Date”), by and between **Salinas Valley Memorial Healthcare System**, a local health care district organized and operated pursuant to Division 23 of the California Health & Safety Code (“SVMHS”), and **Sweet Renfer & Milanesa, A Medical Partnership**, a California general partnership (“SRM”), individually a “Party” or collectively the “Parties.”

RECITALS

- A. SVMHS owns and operates Salinas Valley Memorial Hospital, an acute care facility, and Salinas Valley Medical Clinics, a system of clinics providing outpatient medical and health care services within the SVMHS service area.
- B. SRM owns and operates a medical clinic located at 114 East Romie Lane in Salinas, California which provides urology medical services (“SRM Clinic”).
- C. Pursuant to the terms and conditions of this Agreement, SVMHS desires to purchase from SRM, and SRM desires to sell to SVMHS, certain assets owned by SRM and used in connection with the healthcare services provided at SRM Clinic (“Assets”).
- D. The Parties acknowledge and agree that the transactions described in this Agreement are expressly limited to the purchase of the Assets as defined in this Agreement. The Parties further acknowledge and agree that SVMHS shall not assume any liability of any nature of SRM arising prior to the Closing.

SVMHS and SRM hereby agree as follows:

ARTICLE 1. PURCHASE/SALE OF ASSETS

- 1.1 Purchase and Sale. SVMHS agrees to purchase from SRM and SRM agrees to sell to SVMHS the Assets listed on Exhibit A to this Agreement at the fair market consideration set forth in Section 1.2 of this Agreement. The sale and transfer of Assets to SVMHS and payment to SRM shall occur and be effective on **February 1, 2022**.
 - 1.1.1 AS IS Purchase/Warranties on Assets. SVMHS has had the opportunity to inspect the Assets. SVMHS is purchasing the Assets on an AS IS basis, in reliance on its own investigation and determination. Documentation of warranties or service agreements, if any, pertaining to the Assets shall be provided by SRM to SVMHS at the Closing.
 - 1.1.2 Patient Medical Records. SVMHS and SRM agree that all SRM patient medical records including all records whether in charts, film, electronic, or other media format (collectively, “Medical Records”) are to be considered Assets under this Agreement. Medical Records shall be transferred to and maintained by SVMHS pursuant to terms mutually agreed to by the Parties.
 - 1.1.3 Transfer of Phone and Fax Numbers and Internet Connection. SRM agrees to facilitate the transfer to SVMHS of the phone and facsimile numbers and the internet connection for the SRM Clinic.
 - 1.1.4 Fair Market Value/Taxes. The Parties agree that to the best of their knowledge, the purchase amount set forth in this Agreement for the Assets on Exhibit A represents the fair market value of the Assets. SVMHS shall pay taxes, if any, that may be owed as a result of this transaction.
 - 1.1.5 Excluded Liabilities. The Parties expressly agree the transaction pursuant to this Agreement is strictly limited to the purchase of the Assets, and that SVMHS does not and shall not assume or be liable for any claim, liability, or obligation of or against SRM, whether known or unknown, fixed or contingent, accrued or unaccrued, related to the Assets or to SRM’s medical practice or operations of the SRM Clinic, which is or may be in existence on or before the Closing Date.
- 1.2 Purchase Amount. SVMHS shall (i) pay the amount of **One Hundred Sixty-Five Thousand Twenty-Eight Dollars (\$165,028.00)** to SRM, and (ii) assume all debt or other financing obligations of SRM on the Assets as payment in full for the purchase by SVMHS of the Assets listed on Exhibit A to this Agreement.

- 1.2.1 Inventory. In addition to the payment for the Assets, SVMHS shall pay to SRM the amount of **Forty-Five Thousand Four Hundred Eighty-Five Dollars (\$45,485.00)** for inventory on hand at the SRM Clinic as of the Closing Date.
- 1.2.2 Disclosed Asset Leases/Encumbrances. If any Asset acquired by SVMHS under this Agreement is being financed under a lease, then SVMHS will either assume the obligations under the lease, or terminate the lease and pay any penalties or amounts due as a result of such termination; provided, however, that the obligations of SVMHS to acquire Assets subject to debt, financing arrangements, or leases is limited to those items disclosed in Exhibit B to this Agreement.
- 1.2.3 Undisclosed Asset Leases/Encumbrances. If there are items in Exhibit A that have an undisclosed lease or loan obligations not listed in Exhibit B, SVMHS may, at its sole discretion, determine whether or not it will accept the terms of any applicable loan or lease obligation. Any obligation that is not disclosed on Exhibit B that is rejected by SVMHS shall be the full and sole responsibility of SRM.
- 1.3 Payment. Any of the Assets currently subject to a financing arrangement entered into by SRM and disclosed to SVMHS in Exhibit B as part of this transaction will be transferred to SVMHS, and SVMHS shall either (i) assume all disclosed financial obligations of which SVMHS has been informed of and is aware of under such financing arrangements on the Assets, or (ii) pay off any balances remaining on loans where the Asset is currently held as collateral directly to the financial institution holding the loan. The amounts described in Section 1.2 of this Agreement shall be paid by SVMHS to SRM at the time of the Closing.
- 1.4 Representations and Warranties by SRM.
- 1.4.1 Status. SRM is a duly organized California general partnership composed of duly organized professional medical corporations, validly existing and in good and active status under the laws of the State of California with all requisite power and authority to own its assets and properties, operate its business as it is now being conducted, enter into this Agreement, and consummate the transactions contemplated by this Agreement.
- 1.4.2 Authorization. SRM has all requisite partnership and corporate power and authority to execute and enter into this Agreement and all other agreements and instruments contemplated by this Agreement, and to perform its obligations under this Agreement. The execution, delivery and performance by SRM of this Agreement has been duly authorized by all necessary partnership action, and when this Agreement has been duly executed and delivered it shall be the legal, valid and binding agreement of SRM and enforceable against SRM in accordance with its terms, and is sufficient to transfer to and vest in SVMHS good title to the Assets, subject to all assumed and disclosed financial arrangements and obligations.
- 1.4.3 Clear Title. SRM agrees and warrants to SVMHS that upon Closing and payment by SVMHS to the Assets lienholder, SRM will execute all documents necessary to remove any liens on the Assets and to transfer of clear title to the Assets to SVMHS.
- 1.4.4 No Conflict. The execution, delivery, and performance of this Agreement by SRM does not (i) violate any provision of SRM's Partnership Agreement or other governance documents; (ii) violate, conflict, result in a termination of or create rights of acceleration with any agreements, obligations, or other instrument under which SRM is bound; (iii) violate or conflict with any provision of law, statute, rule or regulation to which SRM is bound; or (iv) violate or conflict with any judgment, order, writ, or decree of any court applicable to SRM.
- 1.4.5 Disclosure of Obligations. SRM represents and warrants to SVMHS that prior to the Closing, SRM has disclosed to SVMHS all of its contracts, obligations, and responsibilities connected with or related to the Assets being purchased by SVMHS under this Agreement.
- 1.5 Conditions to Closing. The respective obligations of the Parties to consummate the transactions set forth in this Agreement shall be subject to the fulfillment at or before the Closing of each of the following conditions, except to the extent any such condition is waived or modified:
- 1.5.1 Representations. Each of the representations and warranties made by a Party in connection with this Agreement shall be true and correct as of Closing in all material respects.

- 1.5.2 No Litigation. No action by any governmental authority or other person or entity shall have been instituted or threatened that questions the validity or legality of the transactions described in this Agreement.
- 1.5.3 Consents and Terminations. All consents and waivers necessary to consummate the transactions described in this Agreement shall have been obtained.
- 1.5.4 SVMHS Board Approval. This transaction and all Contingent Agreements as set forth in Section 1.6 of this Agreement are approved by the SVMHS Board of Directors.
- 1.6 Contingent Agreements. In addition to the requirements of Section 1.5 Conditions to Closing and Section 1.7 Closing of this Agreement, the completion of this transaction and the Closing are contingent on all of the following agreements being completed, approved by the SVMHS Board of Directors, and executed by the respective parties to the agreements:
- a. This Agreement for Purchase and Sale of Assets between Salinas Valley Memorial Healthcare System and Sweet Renfer & Milanese, A Medical Partnership;
 - b. Professional Services Agreements finalized between SVMHS and Sweet Renfer & Milanese, A Medical Partnership physicians who choose to practice with SVMC;
 - c. Agreement for Purchase and Sale of Limited Liability Company Interest finalized between SVMHS and Leonard Renfer, MD for the purchase of interest in Monterey Peninsula Surgery Center, LLC; and
 - d. Real Estate Purchase Agreement for the purchase of 114 E. Romie Lane, Salinas, CA 93901, unless purchased by a 3rd party and not part of transaction.
- 1.7 Closing. The Closing of the sale of the Assets to SVMHS by SRM pursuant to this Agreement shall take place at SVMHS (whether in person or through the delivery of original or pdf executed documents) at 10:00 a.m. (PST) on **February 1, 2022**, or at such other date, time and/or place as may be mutually agreed upon by the Parties (“Closing Date”), provided that all conditions precedent and contingencies required to be completed as of the Closing Date have been or will be completed on such date. The Closing shall be deemed to have occurred and be effective between the Parties as of 12:01 a.m. on February 1, 2022.
- 1.8 Further Assurances. Each Party, both before and after the Closing Date, shall: (i) use all reasonable efforts to take all actions proper or advisable to complete the transaction described in this Agreement; (ii) execute any documents that may be reasonably necessary to carry out the transaction described in this Agreement; and (iii) cooperate with each other in connection with the foregoing.

ARTICLE 2. GENERAL PROVISIONS

- 2.1 No Payment for Referrals. This Agreement shall not be construed to require SVMHS or SRM to make referrals of patients to one another. No payment is made under this Agreement in return for the referral of patients or in return for the ordering, purchasing, or leasing of products or services from SVMHS.
- 2.2 Termination. This Agreement may be terminated prior to the Closing Date: (i) in the event of a material breach of this Agreement by a Party that is not cured within ten (10) days of delivery of written notice to the breaching Party of the breach; or (ii) upon the mutual written consent of SRM and SVMHS.
- 2.3 Records Access and Cooperation. The Parties shall cooperate with and make available to each other during normal business hours, all books and records remaining in existence after the Closing Date that are necessary or useful in connection with any tax inquiry, audit, investigation, dispute, or litigation, or any other matter requiring any such books and records for any reasonable business purpose.
- 2.4 Governing Law/Venue. This Agreement shall be governed, construed, interpreted and the rights of the Parties determined in accordance with the laws of the State of California. Venue shall be in Monterey County, California.
- 2.5 No Third-Party Beneficiaries. This Agreement shall not be construed to confer any rights or benefits to any person, firm, group, corporation, or entity other than the Parties.
- 2.6 Waiver. Waiver of any term or condition in this Agreement must be in writing and signed by the Parties. Waiver of any term or condition shall not be construed as a waiver of any other terms or conditions in this Agreement.

- 2.7 Partial Invalidity. If any provision of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.
- 2.8 Expenses. Each Party shall bear its own expenses in connection with the preparation and execution of this Agreement and in connection with the transactions contemplated by this Agreement.
- 2.9 Amendments. Except as specifically provided in this Agreement, neither this Agreement nor any term of this Agreement may be amended, waived, discharged or terminated orally or by any act or failure to act, but only by a written instrument signed by the Party against whom enforcement of any such amendment, waiver, discharge or termination is sought.
- 2.10 Assignment. Neither this Agreement nor any of the rights or obligations under this Agreement may be assigned by either Party without the prior written consent of the other Party.
- 2.11 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been given when personally delivered, transmitted by telecopy, electronic or digital transmission subject to acknowledgement of receipt by the receiving Party or if mailed, on the third (3rd) day after mailing by first-class mail, postage prepaid, addressed to each Party at the respective addresses set forth in this Agreement.
- 2.12 Entire Agreement. This Agreement and the exhibits and schedules attached to this Agreement constitute the full and entire understanding between the Parties with regard to the subject matter of this Agreement, and supersede all prior and contemporaneous agreements and representations of the Parties.

The Parties have executed this Agreement as of the Effective Date first set forth above.

SVMHS
 Salinas Valley Memorial Healthcare System
 450 East Romie Lane, Salinas, CA 93901

SRM
 Sweet Renfer & Milanese, A Medical Partnership
 114 East Romie Lane, Salinas, CA 93901

Ross Brickley Sweet, M.D., a medical corporation
 A general partner

By: _____
 Pete Delgado, President/CEO

By: _____
 Ross Brickley Sweet, M.D., President/CEO

Date: _____

Date: _____

Leonard G. Renfer, M.D., a medical corporation
 A general partner

By: _____
 Leonard G. Renfer, M.D., President/CEO

Date: _____

Dan M. Milanese M.D. Inc.
 A general partner

By: _____
 Dan M. Milanese, M.D., President/CEO

Date: _____

Exhibit A

Assets

DATA/PHONE-FAX LINES

Included in Assets under this Agreement are the following phone, fax lines, and data services to SVMC which SVMHS shall acquire directly from SRM or SRM shall transition to SVMHS.

Data:

Phone lines

<u>Phone #</u>	<u>Purpose</u>
	Main Line
	Scheduling
	Special Procedures
	Toll free line

Fax lines

<u>Fax #</u>	<u>Location</u>	<u>Office</u>	<u>Model</u>	
	<i>Equipment/Assets</i>	<i>Year of Purchase</i>	32 TABLE DEPOSIT **	2012
			34 OFFICE EQUIPMENT **	2012
2	DESK AND BOOKCASE	1996		
4	TESTING EQUIPMENT	2002		
5	EQUIPMENT	2003	38 COMPUTER EQUIPMENT **	2013
6	CATH, TRANS, CABLE	2003	39 ALLSCRIPTS SOFTWR & EQUIP **	2013
7	TELESCOPE, URETHROTOM	2003	40 COMPUTER EQUIPMENT **	2013
8	CATHETER W/BALLOON	2003	41 PRINTER **	2013
9	FRENCH CATHETER	2003	42 TELEVISION & BRACKET **	2013
10	CYSTOSCOPY TABLE	2004	43 SHREDDER **	2013
11	EQUIPMENT - CITICORP	2005	44 GE ULTRASOUND **	2014
12	LATERAL TELESCOPE	2005	45 DESKS - BILLING OFFICE **	2014
13	TRANSDUCER W/CABLE	2003	46 REBECCA MEIR REIMBURSEMNT	2016
14	ACMI CYSTOSCOPE	2005	*	
15	SOFTWARE - BILLING	2005	47 STORZ ENDOSCOPY **	2016
16	HDFS FILING SYSTEM	2006	48 FLEX CYSTOSCOPE **	2016
17	U/S SYSTEM & NEEDLE GUIDE	2007	49 TELEPHONE SYSTEM **	2016
18	CHAIRS - RECEPTION ROOM	2007	50 FURNITURE	1990
19	CHAIRS - EXAM ROOM	2007	51 WAITING ROOM TABLE	1990
20	ULTRASOUND EQUIPMENT	2008	52 FURNITURE	1990
21	FLEXIBLE CYSTOCOPY/EXCH	2008	53 PAINTING	1990
22	CYSTOCOPY/EXCH HANDLE	2008	54 CONFERENCE TABLE	1990
23	COLOR COPIER-SHARP MXC311	2009	55 PICTURE FRAMES	1990
24	CYSTOSCOPES	2009	56 DESK	1991
25	FILE CABINETS #3	2010	57 OFFICE FURNITURE	1989
26	REFRIGERATOR **	2011	58 FURNITURE	1990
27	EXPEDITOR SYSTEM DEPOSIT **	2012	59 REFRIGERATOR	1993
28	LABORIE INVOICE REIMBURSE **	2012	60 FURNITURE	1993
29	LABORIE INVOICE **	2012	61 FURNITURE	1994
30			62 OFFICE FURNITURE	1994

63	COMPUTER DESK	1995	85	CYSTOSCOPY TABLE	2004
64	FILING CABINETS	1996	86	TRANSDUCER	2004
65	OFFICE CHAIRS	1997	87	EXPEDITOR SYSTEMS UPGRADE	2005
66	2 CYSTO EXAM EQUIPMENT	1998	88	FOROBLIQUE TELESCOPE	2005
67	SAFE	1990	89	MIDMARK CYSTOSCOPY TABLE	2005
68	ULTRASOUND PROCESSOR	1999	90	MIDMARK CYSTOSCOPY TABLE	2005
69	BIOPSY INSTRUMENTS	1990	91	LATERAL TELESCOPE	2005
70	MAALL TELESCOPIC	1990	92	2 CYSTOSCOPE SHEATHS	2005
71	WHEELCHAIR	1990	93	2 CYSTOSCOPE BRIDGES	2005
72	MICROSCOPE	1990	94	2 OPTICAL CUP CUTTING BIO	2005
73	PULSE QXI	1990	95	2 LIGHT SOURCES	2005
74	SURGERY HEADLAMP	1991	96	URODYNAMICS SYSTEM	2005
75	EQUIPMENT LEASE BUYOUT	1994	97	2 XENON LIGHT SOURCES	2005
76	ULTRASOUND EQUIPMENT	1995	98	GE ULTRASOUND	2006
77	LATERAL CYSTO TELESCOPE	1995	99	ACMI CONDUCTIVE PAD	2006
78	AUTOCLAVE	1997	100	UROFLOW TRANSDUCER	2007
79	PELVIC FLOOR EQUIPMENT	1998	101	EVK300 TELESCOPE	2007
80	ACN 2 FLEXIBLE CYSTOSCOPE	2001	102	TRANSDUCER FOR GELOGIC400	2007
81	DEFEBRILLATOR	2001	103	AMP POWER SUPPLIES	2008
82	VAPORTRODE	2001	105	SOFTWARE	2004
83	EDEN COMMUNICATION EQUIP	1998	108	CHAIRS **	1992
84	FOROBLIQUE TELESCOPE	2003			

Exhibit B

Assumed Liabilities for Loans and Leases

Konica Minolta Bizhub C450i Color MFP, US Bank Equipment Finance / MBS

Exhibit C

Bill of Sale

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, **Sweet Renfer & Milanese, A Medical Partnership** (“SRM”), hereby transfers, sells, assigns, and delivers to **Salinas Valley Memorial Healthcare System**, a California local health care district (“SVMHS”), all right, title and interest of SRM in and to the Assets, as defined and set forth in the Agreement for Purchase of Assets with an effective date of January 1, 2022, between SRM and SVMHS (“Agreement”) which provides for a **Closing Date of February 1, 2022**.

SRM hereby covenants and agrees that SRM will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances and assurances as may be necessary in order to assign, transfer, convey, assure and confirm unto and vest in SVMHS, its successors and assigns, title to the Assets sold, conveyed, transferred and delivered by this Bill of Sale.

This Bill of Sale is executed as of the date below and effective as of February 1, 2022.

SVMHS/Buyer

Salinas Valley Memorial Healthcare System
450 East Romie Lane, Salinas, CA 93901

SRM/Seller

Sweet Renfer & Milanese, A Medical Partnership
114 East Romie Lane, Salinas, CA 93901

Ross Brickley Sweet, M.D., a medical corporation

A general partner

By: _____
Pete Delgado, President/CEO

By: _____
Ross Brickley Sweet, M.D., President/CEO

Date: _____

Date: _____

Leonard G. Renfer, M.D., a medical corporation

A general partner

By: _____
Leonard G. Renfer, M.D., President/CEO

Date: _____

Dan M. Milanese M.D. Inc.

A general partner

By: _____
Dan M. Milanese, M.D., President/CEO

Date: _____

**AGREEMENT OF PURCHASE AND SALE
OF LIMITED LIABILITY COMPANY INTEREST**

This Agreement of Purchase and Sale of Limited Liability Company Interest (“Agreement”) is made between **Salinas Valley Memorial Healthcare System**, a local healthcare district organized and operating pursuant to Division 23 of the California Health & Safety Code (“Purchaser”), and **Leonard Renfer, M.D.** (“Seller”). This Agreement is dated for reference purposes February 1, 2022, and is made with reference to the following facts and objectives.

RECITALS

- A. Seller is the owner of an interest in Monterey Peninsula Surgery Center, LLC, a California limited liability company (“MPSC”).
- B. Seller’s interest in MPSC is represented by 8.4955 units of membership issued to Seller by MPSC. All units of membership issued to Seller by MPSC are herein referred to as the “**Renfer Units.**”
- C. Seller and Purchaser desire to agree to the purchase and sale of the Renfer Units in accordance with the terms and for the consideration set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Purchaser and Seller agree as follows.

- 1. **Purchase and Sale of LLC Interest.** On the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell the Renfer Units to Purchaser, and Purchaser shall purchase the Renfer Units from Seller.
- 2. **Purchase Price.** The purchase price payable by Purchaser to Seller for the Renfer Units is the sum of Two Hundred Seventy Eight Thousand Four Hundred Seventeen Dollars (\$278,417.00) (“**Purchase Price**”).
- 3. **Closing and Effective Date.** The closing of the transfer of the Renfer Units from Seller to Purchaser (the “**Closing**”) shall take place on February 1, 2022.
- 4. **Closing Procedure.** Purchaser shall deliver to Seller at the Closing, in immediately available funds, the full amount of the Purchase Price.
- 5. **Post-Closing Distributions.** The parties acknowledge that it is the practice of MPSC to make distributions on a periodic basis. The distributions are determined by the board of MPSC based on cash available for distribution as that relates to the economic condition of MPSC for the period ending on the last day of the month prior to the then-current distribution. The parties further acknowledge that it is expected that MPSC will make distributions after the Closing date

with respect to periods prior to the Closing date. The parties therefore agree that distributions received by Purchaser after the Closing date which are with respect to the economic condition of MPSC before the Closing date shall be paid by Purchaser to Seller, upon receipt.

6. **AS-IS Purchase.** Purchaser is currently the owner of units of membership interest in MPSC, and is fully aware of all matters relating to the business and operation of MPSC. Purchaser therefore covenants and agrees that Seller is selling and Purchaser is purchasing the Renfer Units on an AS-IS, with all faults, basis. Purchaser is not relying on any representations or warranties of any kind whatsoever, express or implied, made by Seller, as to any matter concerning MPSC, except as otherwise expressly set forth in this Agreement.

7. **Representations and Warranties.**

(a) **By Seller:** Seller represents and warrants to Purchaser that (i) this Agreement has been duly executed and delivered by Seller; (ii) this Agreement constitutes a valid and binding obligation of Seller; (iii) Seller owns the Renfer Units free and clear of any liens, security interests, pledges or other encumbrances; and (iv) there are no known claims of which Seller is aware with respect to the Renfer Units which have not been disclosed to Purchaser.

(b) **By Purchaser:** Purchaser represents and warrants to Seller that (i) this Agreement has been duly executed and delivered by Purchaser; (ii) this Agreement constitutes a valid and binding obligation of Purchaser; and (iii) from and after the date of this Agreement, Purchaser shall be responsible for the performance of all covenants and obligations to MPSC or its owners which arise from or relate to the Renfer Units, in accordance with and pursuant to the currently effective Operating Agreement of MPSC.

8. **Cooperation.** Seller and Purchaser shall each execute and deliver such other documents as are required by MPSC, or any other person in order to accomplish the transaction provided in this Agreement in accordance with its terms.

9. **MPSC Consent.** It is an express condition precedent to the obligation of the parties under this Agreement that MPSC shall waive all rights of first refusal in or purchase of the Renfer Units, and shall consent to the transaction described in this Agreement by execution of its waiver and consent as set forth below. This Agreement is of no effect, and is not binding on either Purchaser or Seller, unless and until the waiver and consent of MPSC, as set forth below, is fully executed and delivered.

The parties have executed this Agreement as of the date first set forth above.

PURCHASER
Salinas Valley Memorial Healthcare System

SELLER
Leonard Renfer, M.D.

By: _____
Pete Delgado, President/CEO

Leonard Renfer, M.D.

WAIVER AND CONSENT OF MONTEREY PENINSULA SURGERY CENTER

Monterey Peninsula Surgery Center, LLC hereby consents and agrees to the purchase and sale of the Renfer Units as described in the foregoing Purchase and Sale Agreement, and waives, relinquishes and releases all rights of repurchase and rights of first refusal in the Renfer Units or any portion of them as those rights of repurchase and rights of first refusal are set forth in the Fourth Amended and Restated Operating Agreement for Monterey Peninsula Surgery Center, LLC, a California limited liability company, dated as of January 18, 2012 or in accordance with or pursuant to any other agreement by which the Seller or the Renfer Units are bound.

Monterey Peninsula Surgery Center, LLC,
a California limited liability company

By: _____
Name: _____
Its: _____

Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board Approval of Epic Community Connect Expansion Project and Program Budget.**

Executive Sponsors: Allen Radner, MD, Chief Medical Officer
Augustine Lopez, Chief Financial Officer
Clint Hoffman, Chief Administrative Officer, Physician Integration & Business Development
Audrey Parks, Chief Information Officer
Josh Rivera, Director Ambulatory Informatics

Date: December 6, 2021

Executive Summary

In April of 2020, Salinas Valley Medical Clinic (SVMC) and Taylor Farms Family Health & Wellness Center (TFFHWC) implemented Epic electronic health record (EHR) software. Through this significant investment in a consolidated EMR system, we have the ability to extend our EMR system to community practices affiliated with Salinas Valley Memorial Healthcare System (SVMHS). Our initial introduction of Epic to a community based practice included implementation in our joint venture with Cypress Healthcare Partners at Doctors on Duty and CSUMB Student Health Center locations. We are now in a position to offer Epic to additional independent community practices and SVMHS affiliated clinics.

Adoption of Epic by community practices is made possible, in part, through a Stark Law exception and Anti-Kickback Statute safe harbor that allows for hospitals and health systems to subsidize up to eighty-five percent (85%) of the costs of implementing an interoperable EHR system. This exception has been in place since 2006 as a temporary waiver that has now been made permanent by the US Department of Health and Human Services. Our expansion of Epic will improve alignment between community practices and SVMHS, and will allow for further consolidation of EMR services provided by SVMHS to the Epic platform.

In order to identify and allocate appropriate expenses related to our expansion of Epic and to ensure that community practices cover at least fifteen percent (15%) of the costs related to their use of Epic, SVMHS commissioned Impact Advisors to create a detailed budget and pricing model for our Epic offering. The total project budget for these practices is seven million forty six thousand five hundred twenty-six dollars (\$7,046,526) over five (5) years, inclusive of Epic software licensing fees, necessary third-party software licensing fees, hardware costs and incremental staffing for the project inclusive of training, implementation and ongoing support. Expenses will be offset by revenues related to the practice share of expenses for Epic, budgeted at one million two hundred fourteen thousand four hundred forty-seven dollars (\$1,214,447) over five (5) years. A more detailed breakdown of the projected financial impacts of the Epic Community Connect Expansion project is outlined in the table below.

Timeline/Review Process to Date:

April 2020:	SVMC and TFFHWC Epic Go-Live
January 2021:	Epic Team Develops and Creates Epic Community Connect Cost Model with Impact Advisors
January 2021:	Community Connect Project is Presented and Approved by the SVMHS Board (Sequence 1)
August 2021:	Doctors on Duty/CSUMB Student Health Center Epic Go-live
December 2021:	Community Connect Project Expansion is presented to the SVMHS Board Finance Committee
December 2021:	Community Connect Project Expansion considered by SVMHS Board

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

Implementation of the Epic Community Connect Project provides a unified platform for integrating and standardizing the care of patients across our region – as well as supports and stabilizes EHR and cybersecurity for medical groups within our community. This implementation will also provide significant enhancements to population health management capability, critical to our future financial success.

Pillar/Goal Alignment

- Service
 People
 Quality
 Finance
 Growth
 Community

Financial/Quality/Safety/Regulatory Implications:

SVMHS Community Connect 5 Year Cost Model		SVMHS Cost Summary - Sequence 2			
		Year 1 One-Time Cost	Year 2 One-Time Cost	Annual 5-Year Total	5-Year Total All Costs
Net New Costs	Epic Software	\$ 315,405	\$ 431,488	\$ 686,982	\$ 1,433,876
	Third Party Software	\$ 42,090	\$ 56,730	\$ 235,236	\$ 334,056
	Interfaces and Data Conversion	\$ 10,455	\$ 14,091	\$ 13,046	\$ 37,592
	Epic Hardware and Data Center	\$ 10,469	\$ 14,110	\$ 1,960,875	\$ 1,985,454
	Implementation and Support Services	\$ 689,856	\$ 641,268	\$ 1,558,030	\$ 2,889,154
	Training Costs	\$ 2,617	\$ 3,528	\$ -	\$ 6,145
	5% Contingency	\$ 56,344	\$ 60,722	\$ 243,184	\$ 360,250
Total Net New Costs		\$ 1,127,236	\$ 1,221,938	\$ 4,697,353	\$ 7,046,526
Provider Revenue		\$ 146,565	\$ 197,545	\$ 870,337	\$ 1,214,447
Incremental Cost Net of Provider Revenue		\$ 980,670	\$ 1,024,393	\$ 3,827,016	\$ 5,832,080

Recommendation

Consider Recommendation from Finance Committee for SVMHS Board Approval of Epic Community Connect Project and Program Budget of seven million forty sixty thousand five hundred twenty-six dollars (\$7,046,526) over five (5) years.

Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board for Approval of Grant to Aspire Health Plan for 2022 Community Benefit Activities.**

Executive Sponsors: Allen Radner, MD, Chief Medical Officer
Clint Hoffman, CAO, Physician Integration & Business Development

Date: December 6, 2021

Executive Summary

Following the merger of Community Health Innovations (“CHI”) into Aspire Health Plan, funding of annual operating expenses for agreed upon community benefit activities have been completed through an annual grant process. The funding requested in this grant are for community benefit activities including the Diabetes Collaborative and our Pediatric Wellness Coaching program.

The total budget for community benefit activities in 2021 was one million eight hundred sixty eight thousand seven hundred eighty dollars and twelve cents (\$1,868,780.12) with Salinas Valley Memorial Healthcare System (SVMHS) having responsibility for 49% of this expense up to nine hundred fifteen thousand seven hundred two dollars and twenty six cents (\$915,702.26). Actual payments through November of 2021 totaled seven hundred twenty two thousand six hundred seven dollars (\$722,607.00) and of this amount four hundred fifty thousand dollars (\$450,000.00) was funded by the SVMH Foundation in support of Pediatric Wellness Coaching.

For 2022 the Aspire budget for community benefit activities is two million dollars (\$2,000,000.00) and SVMHS is responsible for 49% totaling nine hundred eighty thousand dollars (\$980,000). Of this total, four hundred fifty thousand dollars (\$450,000.00) has been approved to be funded by the SVMH Foundation to support the Pediatric Wellness Coaching program.

Timeline

December 13, 2021 – Request recommendation from SVMHS Finance Committee

December 16, 2021 – Consideration for approval by SVMHS Board

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The grant payment is aligned with our strategic plan focus on investments in population health management.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The payment to Aspire Health Plan is integrated into our budgeting process for our 49% interest in Aspire.

Recommendation

Consider recommendation from the Finance Committee for SVMHS Board approval of grant payments to Aspire Health Plan in an amount not to exceed nine hundred eighty thousand dollars (\$980,000.00) to support 2022 Aspire Health Community Benefit Activities.

Finance Committee Board Paper

Agenda Item: **Consider Recommendation for Board for Approval of Terms for Central Coast Management Services Organization Participation in Quality Incentive Pool Program Funding**

Executive Sponsors: Allen Radner, MD, Chief Medical Officer
Clint Hoffman, CAO, Physician Integration & Business Development

Date: December 6, 2021

Executive Summary

Salinas Valley Memorial Healthcare System (SVMHS) was an incredibly successful participant in the California Department of Health Care Services (DHCS) Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program collecting nearly \$30M in incentive payments over five and a half years. This program concluded in December of 2020 and was replaced with DHCS Quality Incentive Pool (QIP) that provides an opportunity for SVMHS to earn up to approximately \$6.2M per year for three years (2021-2023).

Population attribution for QIP has changed from inclusion of any Medi-Cal patient with two or more encounters across our health system, to all Medi-Cal members assigned to one of our primary care providers which include Salinas Valley Medical Clinic (SVMC) (5,000 members), Taylor Farms Family Health & Wellness Center (2,700 Members), and Doctors on Duty (DOD) (14,000 members). Recognizing the significant contributions required of the team from Central Coast Management Services Organization (CCMSO), the management company of Doctors on Duty that is owned by SVMHS (85%) and Cypress Healthcare Partners (15%), in supporting activity required to achieve our goals in QIP, we would like to establish an incentive program that includes up to \$500,000.00 in annual performance incentive payments as outlined in more detail below.

In order to achieve full funding for the program, SVMHS is required to meet specific targets and levels of improvement on twenty (20) metrics that are valued at approximately \$310,000 per metric. These metrics may change from time to time based on SVMHS and programmatic requirements. In order to accommodate for potential changes in our list of metrics, SVMHS has created a generic mechanism to incentivize metrics performance for CCMSO that separates payments for each metric that is selected by SVMHS for submission into three tiers. Payments are higher for those metrics selected that we are further from meeting, meaning more effort is required to achieve that particular metric and its achievement is rewarded at a higher rate (i.e. Tier 1 includes the 5 metrics that we are furthest from meeting at any given time and each of those metrics has the highest dollar value of incentive).

Timeline

December 13, 2021 – Request recommendation from SVMHS Finance Committee
December 16, 2021 – Consideration for approval by SVMHS Board

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The incentive payment is aligned with our strategic plan focus on investments in population health management.

Pillar/Goal Alignment:

Service
 People
 Quality
 Finance
 Growth
 Community

Financial/Quality/Safety/Regulatory Implications

The incentive program is structured as outlined in the following table and associated notes:

Metrics Count	Tier	Relative Weight	Total Incentive	Value Per Metric
5	1	40%	\$ 200,000	\$ 40,000
5	2	30%	\$ 150,000	\$ 30,000
10	3	30%	\$ 150,000	\$ 15,000

Total Incentive Pool \$ 500,000

Notes

QIP metrics are assigned to a Tier at the end of the reporting period based on variance to goal. The higher the variance, the lower the ranking such that goals that are not met are weighted higher (negative variance to goal) and assigned to a numerically lower Tier.

Payment for QIP metrics is triggered when the goal for that metric is met at an achievement value of 1. The payment rate for each metric is all or none, i.e. no payment for lower than 1.0 achievement value.

Incentive payment program is based on SVMHS system level reporting.

Patient population for QIP is all assigned CCAH lives to SVMC, Taylor Clinic and DOD.

Payment will be made within 30 days of when funds are received by SVMHS.

Recommendation

Consider recommendation from the Finance Committee for SVMHS Board approval of Terms for Central Coast Management Services Organization Participation in Quality Incentive Pool Program Funding for Calendar Year 2022 and 2023.

*ADJOURNMENT – THE JANUARY 2022
FINANCE COMMITTEE MEETING
IS SCHEDULED FOR MONDAY,
JANUARY 24, 2022, AT 12:00 P.M.*