

July 15, 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, JULY 19, 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 Executive Order N-25-20 issued by the Governor of the State of California 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 Orlando Rodriguez, M.D. – Medical Staff Member

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

**MONDAY, JULY 19, 2021
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
0450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR BY PHONE OR VIDEO
(Visit svmh.com/virtualboardmeeting for Access Information)**

Please note: Pursuant to Executive Order N-25-20 issued by the Governor of the State of California 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 June 28, 2021 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
2. Consider Recommendation for Board Approval of Updated Project Cost Estimate and Award Contract to C. Overaa & Co. for the SVMH Downing Resource Center Parking Garage Annex (DELGADO)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
3. Consider Recommendation to Board of Directors to Authorize the SVMHS President/Chief Executive Officer to Approve Certain Change Orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements (DELGADO/LOPEZ/RAY)
 - Staff Report
 - Committee Questions to Staff
 - Motion/Second
 - Public Comment
 - Committee Discussion/Deliberation
 - Action by Committee/Roll Call Vote
4. Review Balanced Scorecard – May 2021 (LOPEZ)
5. Financial and Statistical Review (LOPEZ)

6. 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.

7. No Closed Session

8. Adjournment – The August 2021 Finance Committee Meeting is scheduled for **Monday, August 23, 2021, 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.

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

**MONDAY, JUNE 28, 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
(Visit svmh.com/virtualboardmeeting for Access Information)**

Pursuant to Executive Order N-25-20 issued by the Governor of the State of California 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; Michael Wilson by teleconference, Pete Delgado, Clement Miller, Augustine Lopez, and Harry Wardwell in person.

Committee Members Absent: Orlando Rodriguez, MD.

Other Board Members Present, Constituting Committee of the Whole: Regina M. Gage, and Victor Rey, Jr., by teleconference, constituting Committee of the Whole.

Also Present: Allen Radner, MD, Adrienne Laurent, Lisa Paulo, Clint Hoffman, Judi Melton, Dave Sullivan, Renee Jaenicke, Mark Danek, Ellen Gallagher Parsons, Lindsey Parnell, Derek Bogaard, Emma Gould, Karen Schroeder, Derek Ames, Ruby Lopez, in person; Michelle Childs, Audrey Parks, John Choi, Rolf Norman, Alfred Kollerbohm, by teleconference.

A quorum was present and the meeting was called to order at 12:03 p.m. by Richard Turner, Committee Chair.

**APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF
MAY 24, 2021**

Pete Delgado, President/Chief Executive Officer, recommended the Finance Committee approve the minutes of the Finance Committee Meeting of May 24, 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 May 24, 2021, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF PROJECT FUNDING AND AWARD CONTRACT TO OMNICELL FOR THE SVMH PHARMACY AUTOMATION UPGRADE AND SERVICE

Mark Danek, Pharmacy Manager, reported on the recommendation for Board approval of project funding and award of contract to Omnicell for the SVMH Pharmacy Automation Upgrade and Service. This information was included in the Committee packet.

SVMHS is required to replace and upgrade its computerized automated medication storage and dispensing cabinets in the next twelve months. This upgrade will address Microsoft Windows 10 upgrade in aging cabinets throughout the Hospital, and will also replace end-of-life medication carousels in the pharmacy. An evaluation of the upgrade proposal from the current vendor and from Omnicell was conducted by nursing, information technology, anesthesia and pharmacy which resulted in overwhelming support to convert to Omnicell which has a 50% larger storage capacity and enhanced analytics software to improve nursing services.

Executive Leadership is requesting that the Finance Committee recommend Board approval of the total estimated 5-year project cost for the Pharmacy Automation Upgrade in the amount of \$4,283,025, and award a contract to Omnicell in the amount of \$3,356,254.

No Public Comment.

There was discussion among the Committee and Hospital Leadership regarding Microsoft Windows, including the upgrade from Windows 7 to Windows 10, how the Omnicell system uses Windows 10, and the Hospital's standard operating system. It was noted that BD-Pyxis units in the hospital and outpatient units will be replaced with the Omnicell system. One of the main advantages of Omnicell is that an additional 50% of the medications can be stored in cabinets throughout the Hospital with the goal of 100% of medications stocked in the cabinets and readily available to nurses. The Hospital's standard operating system is Windows 10 and work will continue with vendors to move to this system.

MOTION: The Finance Committee recommends that the Board of Directors (i) approve the total estimated 5-year project cost for the SVMH Pharmacy Automation Upgrade in the amount of \$4,283,025; and (ii) award contract to Omnicell for the SVMH Pharmacy Automation Upgrade and Service in the amount of \$3,356,254, as presented.

Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

Allen Radner, MD, Chief Medical Officer, briefly reviewed the draft recently modified masking and social distancing guideline requirements that will be implemented by the Hospital related to protecting its patients, staff and the community as the COVID-19 pandemic evolves. .

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF PROJECT FUNDING AND AWARD CONSTRUCTION CONTRACT TO BEST CONTRACTING SERVICES, INC. FOR THE SVMH TOWER BUILDING ROOF REPLACEMENT PROJECT

Earl Strotman, Sr. Administrative Director of Facilities and Construction, reported on the recommendation for Board approval of project funding and award of construction contract to

Best Contracting Services, Inc. for the SVMH Tower Building Roof Replacement. This information was included in the Committee packet.

Facilities Management is pursuing activities to replace the existing roofing assemblies at the main hospital's tower building with a new, conventional thermoplastic polyolefin single-ply roofing system. Executive Leadership is requesting the Finance Committee recommend Board approval for comprehensive project funding in the total estimated amount of \$905,000, and award of construction contract to Best Contracting Services, Inc., in the amount of \$594,555.

No Public Comment.

There was brief discussion among the Committee and Dave Sullivan, Facilities Management, regarding the detailed components of the project.

MOTION: The Finance Committee recommends that the Board of Directors approve (i) the total estimated project cost for the SVMH Tower Building Roof Replacement Project in the amount of \$905,000; and (ii) award construction contract to Best Contracting Services, Inc. for the SVMH Tower Building Roof Replacement Project in the amount of \$594,555, as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

REVIEW BALANCED SCORECARD – APRIL 2021

Augustine Lopez, Chief Financial Officer, reviewed the Balanced Scorecard Summary for fiscal year 2021, year-to-date April 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 May 31, 2021. This information was included in the Committee packet.

Key highlights of the financial summary for May were: (1) consolidated income from operations was \$3.0 million with an operating margin of 5.6%, including \$5.1 million total normalizing items (net); (2) overall, SVMH gross revenues were unfavorable to budget; (3) SVMH payor mix was unfavorable to budget; (4) SVMH total normalized net patient revenues were unfavorable to budget; (5) patient volumes in infusion therapy, cardiology and surgery were stronger than expected; (6) average daily census and total admissions were below budget; (7) total acute average length of stay was favorable to budget; (8) inpatient surgeries were below budget; (9) worked FTEs and paid FTE were unfavorable to budget; (10) management continues to address opportunities to flex staff relative to patient volumes and managers will be trained on API tools; and (11) total capital expenditures were \$996,196.

The case mix index for all discharges (with and without COVID) based on discharges for July 2020 thru May 2021 was also reviewed.

There was extensive discussion among the Committee and Executive Leadership regarding the negative operating income and cost containment initiatives Hospital Administration is implementing to improve operational performance. The Committee also discussed the decline in patient volume, including comparison to other hospitals, and preliminary data for June.

PUBLIC INPUT

None.

CLOSED SESSION

Richard Turner, Committee Chair, announced that the item to be discussed in Closed Session is Report Involving Trade Secret – strategic planning/proposed new services and programs. The meeting was recessed into Closed Session under the Closed Session protocol at 12:53 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 1:40 p.m. Mr. Turner reported that in Closed Session, the Committee discussed: Report Involving Trade Secret – strategic planning/proposed new services and programs. No action was taken in the Closed Session.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE TERMS AND CONDITIONS OF AGREEMENT FOR PATHOLOGY SERVICES WITH SALINAS PATHOLOGY SERVICES MEDICAL GROUP, INC.

Pete Delgado, President/Chief Executive Officer, recommended that the Finance Committee recommend Board approval of the contract terms and conditions for the Agreement for Pathology Services with Salinas Pathology Services Medical Group, Inc. The estimated costs to SVMHS will not exceed \$495,000 annually and \$930,000 for the two-year term.

No Public Comment.

MOTION: The Finance Committee recommends that the Board of Directors approve the contract terms and conditions of the Agreement for Pathology Services with Salinas Pathology Services Medical Group, Inc., as presented. Moved/Seconded/Roll Call Vote: Ayes: Turner, Cabrera, Delgado, Lopez, Miller, Wilson, Wardwell; Noes: None; Abstentions: None; Absent: Rodriguez; Motion Carried.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:42 p.m. The July 2021 Finance Committee Meeting is scheduled for **Monday, July 19, at 12:00 p.m.**

Richard Turner
Chair, Finance Committee

**RECOMMENDATIONS OF THE JUNE 2021
FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**June Committee Meeting
Meeting of June 28, 2021
To the Board of Directors**

1. **RECOMMEND BOARD APPROVAL OF PROJECT FUNDING AND AWARD CONTRACT TO OMNICELL FOR THE SVMH PHARMACY AUTOMATION UPGRADE AND SERVICE**

RECOMMENDATION: Recommends that the Board of Directors (i) approve the total estimated 5-year project cost for the SVMH Pharmacy Automation Upgrade in the amount of \$4,283,025; and (ii) award contract to Omnicell for the SVMH Pharmacy Automation Upgrade and Service in the amount of \$3,356,254, as presented.

2. **RECOMMEND BOARD APPROVAL OF PROJECT FUNDING AND AWARD CONSTRUCTION CONTRACT TO BEST CONTRACTING SERVICES, INC. FOR THE SVMH TOWER BUILDING ROOF REPLACEMENT PROJECT**

RECOMMENDATION: Recommends that the Board of Directors approve (i) the total estimated project cost for the SVMH Tower Building Roof Replacement Project in the amount of \$905,000; and (ii) award construction contract to Best Contracting Services, Inc. for the SVMH Tower Building Roof Replacement Project in the amount of \$594,555, as presented.

3. **RECOMMEND BOARD APPROVAL OF THE TERMS AND CONDITIONS OF AGREEMENT FOR PATHOLOGY SERVICES WITH SALINAS PATHOLOGY SERVICES MEDICAL GROUP, INC.**

RECOMMENDATION: Recommends that the Board of Directors approve the contract terms and conditions of the Agreement for Pathology Services with Salinas Pathology Services Medical Group, Inc., as presented.

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval of Updated Project Cost Estimate and Award Contract to C. Overaa & Co. for the SVMH Downing Resource Center Parking Garage Annex

Executive Sponsor: Pete Delgado, President/Chief Executive Officer

Date: July 19, 2021

Executive Summary

The Downing Resource Center Parking Garage Annex and Ancillary Improvements (“DRC Annex”) project calls for the design and construction of a new 4-level parking structure immediately adjacent to the existing Downing Resource Center parking structure (“DRC”) which will serve as an extension, or annex to the DRC. The new garage will provide a net increase of approximately 166 parking stalls and will connect to the existing structure’s circulation system, functioning as a single larger garage. A new south entrance/exit will be provided along San Jose Street. New exterior stairways and pedestrian access will be provided to direct garage users to the main hospital entrance. The lowest (basement) level will allow a future build-out of approximately 20,000 square feet of office and hospital support uses, connecting to the basement uses in the existing DRC structure. The total estimated cost of the entire DRC Annex project is \$36,000,000 which includes the Design-Build costs of **\$28,003,257**, of which **\$7,996,743** is the estimated amount for indirect construction costs.

Background/Situation/Rationale

The DRC Annex project would amend the Salinas Valley Memorial Healthcare System (SVMHS) Master Plan to relocate a planned parking structure along Los Palos Drive to the northeast corner of San Jose Street and Wilgart Way. The new parking structure would serve as an extension, or annex, to the existing DRC parking structure, and upon completion would provide a net increase of approximately 166 parking spaces. The new structure will be designed to have a similar height and appearance to the existing structure. The basement level of the DRC Annex will include space for a future build-out for hospital office and support space. Above the basement will be four levels of parking.

The project will include ancillary improvements (Make-Ready work) such as the relocation of certain hospital waste management functions (interim and permanent). These improvements include temporary relocation of general waste to 120 Wilgart Way, temporary on-site relocation hazardous and biohazardous waste yard, permanent relocation and consolidation of all waste streams, and pedestrian wayfinding/ADA improvements near the hospital entrance. Make ready work will also include the relocation of certain utility services provided by AT&T and Comcast as the existing pathway for these fall within the parking garage building footprint.

The Administration selected the Design-Build procurement method for delivery of the DRC Parking Garage Annex for its many benefits among which is generally a more streamline design and fast-track construction process. Unlike a traditional Design, Bid, Build (DBB), the Design-Build model allows for a single contract where the contractor and design team work together as a single entity leveraging the experience of each to deliver the best possible project given a certain set of parameters. Over the last several months, the Administration generated criteria documents outlining the parameters and goals for the project. Upon completion, the annex would be the similar height and appearance as the DRC and provide much needed parking for both staff and visitors.

The Administration understands the risks that come with construction as such, the Administration will obtain and maintain in force during performance of the construction work a builder's risk insurance policy separate from Design Builder's other insurance, which will insure against physical loss and/or damage on an "all risks" replacement cost basis to all buildings, structures, materials and real property on site, offsite, and in transit, which are intended to be, or have already been incorporated into and forming part of the Project. Damages caused by the peril or perils of an earthquake will not be covered. The builder's risk policy will be in place from commencement of the construction work until final completion.

Timeline/Review Process to Date:

In accordance with Public Contract Code, the Administration followed a two-step process for Design-Builder selection. The first step began on March 1, 2021 with the issuance of a Request for Qualifications (“RFQ”). On March 30, 2021, the administration received a total of eight (8) submissions in response to the RFQ. The RFQ review committee evaluated all eight (8) submissions based on best value scoring criteria and completed a scoring matrix to determine the three (3) highest scoring Design-Build teams. Upon completion of the evaluation of all received responses the three highest scoring Design-Build teams were given the opportunity to proceed onto the next step and provide a formal proposal for the project. The Request for Proposals (“RFP”) process began on April 19, 2021 and proposals were received on June 10, 2021. The RFP selection committee conducted interviews with each of the three (3) Design-Build teams on June 17, 2021 and completed a best value scoring matrix on June 30, 2021 to determine the highest-ranking team. The Administration then proceeded to negotiate with C. Overaa & Co., the top ranked firm to provide design and construction services for the project.

As part of the negotiation, the Administration included the following Best Value Recommendations to better align project to budget in addition to incorporating various improvements/ project enhancements to the overall design that greatly increase the value of the project. The following is a list of Best Value Recommendations incorporated into contract. The value of the Best Value Recommendations taken is \$712,000 (reducing cost):

- a. Design-Builder to provide downturned beams, perforated metal panels & a Cast-in-Place crash walls on levels 1 & 4 (in lieu of precast panels).
- b. Design-Builder to provide translucent colored panels in lieu of curtain wall.
- c. Design-Builder to eliminate plaster finish from elevator shaft and provide a split face block finish.
- d. Design-Builder to provide sealed concrete in lieu of concrete floor tiles at ground floor elevator lobby.
- e. Design-Builder to modify the stair tower rooftop structure at Annex, minimize structure but maintain weather protection.
- f. Design-Builder to modify the stair tower rooftop structure at DRC, minimize structure but maintain weather protection.
- g. Design-Builder to modify the ramp entry drive barriers along San Jose Street and end railing further from sidewalk.
- h. Design-Builder to reduce the elevator overrun canopy size.
- i. Design-Builder to remove flooring scope at the Annex, to provide polished concrete in basement.
- j. Design-Builder to utilize an alternate elevator maker (Schindler in lieu of Otis).
- k. Design-Builder to provide a 3,500-lb elevator in lieu of a 4,000-lb elevator.

Upon Board approval and execution of the design-build agreement, C. Overaa & Co. team will proceed with completing the design documents necessary to acquire the required regulatory approvals and permits from the local jurisdictions and agencies. The design and approval process are expected to be completed by May 2022. Construction of the project is anticipated to commence in June 2022 and be complete by September 2023. Make ready work, which includes relocation of the waste management, hazardous material storage, biomedical waste collection bins to interim locations and the relocation of IT infrastructure work is anticipated to begin in January 2022 and last through May 2022. This work is a precursor to the start of construction for the Parking Garage Annex anticipated to begin in June 2022.

Meeting our Mission, Vision, Goals

It is the mission of Salinas Valley Memorial Healthcare System (SVMHS) to provide quality healthcare to our patients and to improve the health and well-being of our community. The proposed DRC parking annex will increase the number of available parking stalls, improve the operations of valet, address American with Disabilities Act (ADA) deficiencies, improved wayfinding, and provide improved lighting among other smaller improvements all set out to increase overall user experience both internally and externally. In addition, the project will provide room for expansion of hospital office and support space in the basement serving as an extension to the existing DRC basement operations.

Pillar/Goal Alignment:

- Service
- People
- Quality
- Finance
- Growth
- Community

Financial Implications

The essential terms of the proposed Contract are as follows:

Design/Construction Cost: \$28,003,257

- *Design-Builder - Design and pre-construction costs:* \$1,283,297
- *Design-Builder – Direct construction costs:* \$26,719,960 (inclusive of Best Value options taken)

Indirect Construction Cost: \$7,996,743 (*Includes 7.5% contingency)

- **The contingency shall be reserved for use by SVMHS. In the event that contingency reserves remain at the completion of the project, all reserve contingency funds shall be returned to the SVMHS.*
- *A total of \$1,128,979 is included in the Indirect Construction Cost budget for execution of Make-Ready work necessary to make way for main project construction.*

Total: \$36,000,000.00

Schedule: July 2021 - Anticipated Notice to Proceed
August 2021 – Design Commencement
January 2022 – Construction Commencement of Make Ready Work
June 2022 - Construction Commencement of Parking Garage Annex
August 2023 – Construction Substantial Completion
September 2023 – Construction Completion, facility placed in service

Budget: Current project cost estimate is \$36,000,000, which aligns with prior approved project cost estimate. A summary of the project cost estimate is included with this Board Paper as Attachment 2. Current actual expenditure to date on the planning and design of the project is \$252,638 as of end of June 2021.

Improvements: The Project consists of a new parking structure that would serve as an extension/annex to the existing DRC parking garage. The annex would be very similar to the existing structure and would provide much needed parking capacity for the hospital and improve overall patient/visitor experience. The structure will be built to comply with City of Salinas and other local/applicable jurisdictions.

Procurement: SVMHS circulated a Request for Qualifications (“RFQ”) for design-build services to qualified local and regional design-build firms. An advertisement was also posted in the local paper and builder’s exchange. Eight Statements of Qualifications (SOQ’s) were received by SVMHS. Each of the responses were scored utilizing a tiered scoring structure. Following that evaluation, the top three design-build teams were invited to submit proposals pursuant to the instructions in the Request for Proposal (“RFP”). After evaluating all proposals in accordance with the criteria set forth in the RFP, the evaluation committee determined that C. Overaa & Co. was as the highest-ranking proposer. As part of the response to the RFP, the proposers were required to submit a separately sealed cost proposal identifying the proposed design and construction costs for the requested scope of services. In accordance with the RFP procedures, SVMHS negotiated the terms and conditions of the Agreement with the highest-ranking proposer.

Recommendation

Consider recommendation for Board approval of (i) the total estimated project cost for the SVMHS DRC Parking Garage Annex in the budgeted amount of \$36,000,000 and (ii) award contract for \$28,003,257 to C. Overaa & Co. for design-build services for the SVMH DRC Parking Garage Annex at the corner of San Jose Street and Wilgart Way.

Attachments

- Attachment 1: Design-Build Agreement between Salinas Valley Memorial Healthcare System and C. Overaa & Co.
- Attachment 2: Estimated Project Cost at Schematic Design, July 2021

DESIGN BUILD AGREEMENT

Parking Garage Annex

This Design Build Contract ("Contract") is made as of **July 23, 2021** ("Effective Date") by and between Salinas Valley Memorial Healthcare Services, a public entity, located at 535 E Romie, Salinas, CA 93901 and **C. Overaa & Co.** ("Design Builder"), a corporation with a principal place of business located at **200 Parr Boulevard, Richmond, CA 94801** for design, construction, and commissioning ("Work") of the Parking Garage Annex ("Project") in accordance with the Contract Documents. The following Exhibits are incorporated into this Contract by reference.

Exhibit 1	Definitions
Exhibit 2	Supplemental Conditions
Exhibit 3	Plans, Specifications, and Project Documents
Exhibit 3A	Project Documents
Exhibit 3B	Construction Documents
Exhibit 4	Compensation
Exhibit 4A	Lump Sum Price Breakdown With Qualifications and Assumptions
Exhibit 4B	Staffing, Billing Rates, and Key Personnel
Exhibit 4C	Schedule of Values
Exhibit 5	Project Execution
Exhibit 5A	Project Schedule
Exhibit 5B	Design Build Team
Exhibit 6	Insurance and Bonding
Exhibit 6A	Design Builder's Insurance Requirements
Exhibit 6B	Payment and Performance Bond
Exhibit 6C	Owner's Insurance Requirements
Exhibit 6D	Non-Collusion Affidavit
Exhibit 7	SVMHS Provided Information
Exhibit 7A	Site Description
Exhibit 7B	Separate Consultants and Separate Contractors
Exhibit 7C	Conflict of Interest Policy

By executing this Contract, each of the signatories represents that he or she has the authority to bind the Party on whose behalf his or her execution is made.

<p>Salinas Valley Memorial Healthcare Services 535 E Romie Salinas, CA 93901</p> <p>By: _____ Pete Delgado, President/CEO</p> <p>Email. pdelgado@svmh.com</p>	<p>C. Overaa & Co. 200 Parr Boulevard Richmond, CA 94801</p> <p>By: _____ Carl Overaa, Vice President</p> <p>Email. carlo@overaa.com CA License No.: 106793</p>
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THE PARTIES AGREE TO THE FOLLOWING TERMS AND CONDITIONS.



BUSINESS TERMS SHEET

Personnel		
SVMHS's Authorized Representative	Pete Delgado email: pdelgado@svmh.com	
SVMHS's Program Manager	Dave Sullivan Bogard Construction phone: 831-246-2073 email: dsullivan@bogardconstruction.com	
SVMHS's Construction Manager	Bob Parks Kitchell CEM phone: 415-716-9798 email: bparks@kitchell.com	
Design Builder's Representative	Colby Powell phone: 510-719-3913 email: colbyp@overaa.com	
Design Professional of Record	Michelle Wendler, AIA phone: 833-917-7275 email: mwendler@watrydesign.com	
Design Builder's Project Manager	Ben Evans phone: 510-719-0497 email: bene@overaa.com	
Design Builder's Superintendent	Danny Sawyer phone: 510-719-3925 email: dannys@overaa.com	
Other Personnel	See, Tab 1, Project Manual	
Compensation		
Contract Price	\$28,003,257.00	
Design Services	\$1,194,100.00	
Preconstruction Services	\$89,197.00	
Direct Construction Costs	\$19,892,886.00	
General Conditions and General Requirements	\$2,376,575.00	
Design and Construction Contingency	\$238,028.00	
Insurance	1.0%	\$238,028.00
Payment and Performance Bond	0.506%	\$136,581.00
Overhead and Profit	4.96%	\$1,049,862.00
Change Order Mark-Up		
Design Builder's Overhead and Profit	7.5%	
Average Daily Rate	\$7,000.00/work day for extended general conditions due to adjustments in Contract Time	
General Requirements	actual cost for extended general requirements due to adjustments in Contract Time	
Subcontractor Adjustments	15% overhead and profit on subcontracted self-performed Work. 5%	



	profit on top of tier-subcontracted work. Tier-subcontractor overhead and profit also cannot exceed 15%.
Accepted Best Value Recommendations	
Provide downturned beams, perforated metal panels & a Cast-in-Place crash walls on levels 1 & 4 (in lieu of precast panels).	\$337,000.00 (cost reduction)
Provide translucent colored panels in lieu of curtain wall.	\$134,000.00 (cost reduction)
Eliminate plaster finish from elevator shaft and provide a split face block finish.	\$55,00.00 (cost reduction)
Provide sealed concrete in lieu of concrete floor tiles at ground floor elevator lobby.	\$30,000.00 (cost reduction)
Modify the stair tower rooftop structure at Annex, minimize structure but maintain weather protection.	\$15,000.00 (cost reduction)
Modify the stair tower rooftop structure at DRC, minimize structure but maintain weather protection.	\$15,000.00 (cost reduction)
Modify the ramp entry drive barriers along San Jose Street and end railing further from sidewalk.	\$20,000.00 (cost reduction)
Reduce the elevator overrun canopy size.	\$18,000.00 (cost reduction)
Remove flooring scope at the Annex, to provide polished concrete in basement.	\$18,000.00 (cost reduction)
Utilize an alternate elevator maker (Schindler in lieu of Otis).	\$50,000.00 (cost reduction)
Provide a 3,500-lb elevator in lieu of a 4,000-lb elevator.	\$2,000.00 (cost reduction)
Schedule	
Substantial Completion Date ("Contract Time")	July 30, 2023
Final Completion Date	August 29, 2023
Adverse Weather Days Included in Schedule	18 calendar days per 12 month period
Liquidated Damages	
0-15 days past Contract Time	\$0/day (grace period)
16-45 days past Contract Time	\$500/day
46 days past Contract Time and beyond	\$2,000/day
Design Builder's Minimum Insurance Limits	
Workers Compensation/Employers' Liability	Statutory Limits Employers' Liability \$1,000,000 each accident
Commercial General Liability	\$2,000,000 per occurrence \$10,000,000 in aggregate \$1,000,000 personal/advertising injury \$10,000,000 products/completed operations coverage
Contractor Professional Liability	\$1,000,000 per claim \$2,000,000 in aggregate
Contractor Pollution Liability	\$1,000,000 per claim \$2,000,000 in aggregate
Automobile Liability	\$2,000,000 each accident



Excess Liability	\$10,000,000
Tools and Equipment	Fair Market Value
Design Professional of Record's Minimum Insurance Limits	
Workers' Compensation Employers' Liability	Statutory Limits Employers' Liability \$1,000,000 each accident
Commercial General Liability	\$1,000,000 each occurrence \$2,000,000 aggregate \$3,000,000 excess liability
Automobile Liability)	\$2,000,000 each accident
Professional Liability	\$1,000,000 per claim \$5,000,000 in aggregate
Valuable Papers	\$500,000
Additional Insureds	SVMHS and its officers, board members, directors, employees, special inspectors, the Program Manager, and Construction Manager



PROJECT MANUAL

The following forms and information will be included in the Project Manual and posted to the Project's web based portal or ftp site. Certain forms may be developed by the Project Team Members after execution of the Contract. All content is subject to approval by SVMHS's Construction Manager before incorporation into the Project Manual. Design Builder and its Design Professionals, Subcontractors, suppliers, and equipment vendors will adhere to the Project protocol and procedures while performing their respective portions of the Work. The most current approved Project Manual is incorporated into this Contract by reference as though set forth in full.

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2B	California Lien Waivers and Releases
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2D	Request for Information Form
2E	Submittal Form
2F	Daily Construction Report Form
2G	Construction Change Directive Form
2H	Change Order Forms
2I	Certificate of Substantial Completion
Tab 3	Site Logistics Plan
Tab 4	Design Builder's Safety Program
Tab 5	Traffic Control Plan
Tab 6	Quality Control Plan
Tab 7	Environmental Control Plan
Tab 8	Storm Water Pollution Prevention Plan



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1. GENERAL

1.1 Defined Terms. Defined terms and titles of Exhibits are capitalized throughout the Contract and Exhibits. The definitions for this Contract are set forth in alphabetical order in Exhibit 1. Salinas Valley Memorial Healthcare Services ("SVMHS") and Design Builder will be individually referred to as a Party and may be collectively referred to as the Parties.

1.2 Project Description. The Project is located on the main hospital campus at 450 East Romie Lane in Salinas, CA. The Work includes design and construction of a new 4-level parking garage immediately adjacent to the existing Downing Resource Center parking structure ("DRC") which will serve as an extension, or annex to the DRC. Construction will require extensive excavation for the new parking structure. The new garage will provide a net increase of 166 parking stalls and will connect to the existing structure's circulation system, functioning as a single larger garage. A new south entrance/exit will be provided from San Jose Street. New exterior stairways and pedestrian access will be provided to direct garage users to the main hospital entrance. Upon completion the annex will be the same height as the DRC, 37 feet above existing grade including a 5-foot parapet, and will be designed to have a consistent appearance. The lowest (basement) level will include 20,000 square feet of warm shell space connecting to the basement uses in the existing DRC structure.

1.3 Enabling Statute. The Project will be delivered using a design-build delivery method per California Public Contract Code section 22160, et seq.

1.4 Licensing. Design Builder must be a California state licensed general contractor. Design Professionals must all possess the appropriate California state design licenses for their particular discipline. Subcontractors must all possess the appropriate California state specialty license for their particular trade. Nothing in this Contract will require a Design Build Team Member, or any of their respective Design Professionals or Subcontractors, to perform any portion of the Work outside of their respective licenses or contrary to Applicable Law.

1.5 Standard of Care. Design Builder will perform the Work using its best skill and attention and in a timely, workman-like manner consistent with the degree of care and skill customarily exercised by prudent licensed general contractors performing design and construction services for projects of similar size, scope, quality, and complexity within the State of California. Design Services will be performed by licensed Design Professionals or Design Build Subcontractors who will be tied to the standard of care set forth in Section 6.9.1(b).

1.6 Financing. SVMHS is self-funding this Project through its own capital.

2. PROJECT TEAM AND RELATIONSHIP OF PARTIES

2.1 Project Team. The Project Team includes SVMHS, its Program Manager, Construction Manager, and Separate Contractors and Separate Consultants, the Design Build Team Members set forth in Exhibit 5B, and each of their respective Design Professionals and Subcontractors, inclusive of tiers.



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2.2 SVMHS. SVMHS is the owner of the Project. SVMHS's representative is the Program Manager identified in the Business Terms Sheet and the Project Roster (Project Manual, **Tab 1**). SVMHS's Separate Contractors and Separate Consultants are identified in Exhibit 7B. SVMHS's role and responsibilities are described in Article 4.

2.3 Program Manager's Representative. The Program Manager's Representative is identified in the Business Terms Sheet and the Project Roster (Project Manual, **Tab 1**). The Program Manager is generally responsible for facilitation and administration of campus wide projects on behalf of SVMHS and will coordinate with the Construction Manager with respect to this Project but does not have the authority to bind SVMHS or authorize changes in the Work or schedule that impact the Contract Price and/or Contract Time.

2.4 Construction Manager's Representative. The Construction Manager's Representative is identified in the Business Terms Sheet and the Project Roster (Project Manual, **Tab 1**). The Construction Manager is an advisor to SVMHS and does not have the authority to bind SVMHS or authorize changes in the Work or schedule that impact the Contract Price and/or Contract Time. The Construction Manager is the Design Builder's day-to-day contact and is responsible for facilitating and administering the design and construction process throughout the Project. The Construction Manager is the liaison between the Design Build Team and SVMHS or the Program Manager and will help coordinate other related work that is not included in Design Builder's Work, and will provide the services further described in Article 5.

2.5 Design Build Team. The Design Builder will lead the Design Build Team and is solely responsible to SVMHS for the sufficiency, quality, adequacy, and completeness of the Work in accordance with the Contract Documents. All Design Services will be performed by licensed Design Professionals or through Design Build Subcontractors. The Design Build Team is set forth in Exhibit 5B.

2.6 Collaboration. Design Builder and its Design Professionals, Subcontractors, suppliers, and equipment vendors will perform their respective portions of the Work using integrated processes and tools in accordance with the Contract Documents. The Design Build Team will actively participate and collaborate with other Project Team Members to achieve best value in further developing the Project Documents (Exhibit 3A) into Construction Documents (Exhibit 3B), optimal design, increased labor efficiency, and elimination of waste and re-work through utilization of Lean Project Delivery Methods as further described in this Contract and Article 16 of the Supplemental Conditions (Exhibit 2). The Design Build Team Members will make meaningful commitments to the SVMHS and the Construction Manager, and will honor their respective commitments, regarding timely and proper performance of all Work as required by the Contract Documents.

2.7 Communications. All communications with SVMHS will be through the Construction Manager. However, the Program Manager must be copied on all written communications to the Construction Manager. Design Builder may communicate directly with other Project Team Members in furthering the best interests of the Project but the Construction Manager must be kept apprised and copied on all written communications with other Project Team Members. Design Builder does not however have to copy Construction Manager on



correspondence between Design Builder and the Design Build Team unless such communications are about potential cost or schedule impacts.

2.8 Relationship of the Parties. Design Builder's relationship with SVMHS is that of an independent contractor whose involvement in the Project is to act solely in the capacity of a California state licensed general contractor performing design-build services and not as an agent, fiduciary, partner, member of, subsidiary of, or otherwise affiliated with SVMHS.

2.9 Good Faith and Fair Dealing. Design Builder will collaborate with SVMHS and other Project Team Members in delivering the best value to SVMHS and furthering the best interests of the Project throughout the design, construction, and commissioning process. Design Builder will: (i) use its best skill and judgment in furthering the interests of SVMHS and the Project; (ii) furnish effective and efficient design, construction management, administration, and supervision; (iii) furnish at all times an adequate supply of competent management personnel and skilled labor, and an adequate supply of materials and equipment; and (iv) perform the Work in an efficient manner using Lean Project Delivery Methods.

2.10 Responsibility. Design Builder acknowledges and agrees that it is solely responsible to SVMHS for the sufficiency, quality, adequacy and completeness of the Work, and that Design Builder is responsible for any acts, errors, or omissions of the Design Builder's principals, employees, agents, and/or any other parties either directly or indirectly in privity of contract with Design Builder including, but not limited to, Design Professionals, Subcontractors, suppliers, equipment vendors, and their agents and employees, and other persons performing any portion of the Work on behalf of Design Builder.

3. CONTRACT DOCUMENTS

3.1 Defined. The Contract Documents are defined in Exhibit 1. The Construction Documents and portions of the Building Information Model (if applicable) prepared by Design Professionals or Design Build Subcontractors are Contract Documents. The portions of the Building Information Model ("BIM") prepared by the Design Builder or its Subcontractors to illustrate means and methods for constructing, fabricating, or installing portions of the Construction Work are Submittals, which are not Contract Documents or Construction Documents. The Contract Documents are intended to be complementary and what is required by one will be construed as being required by all.

3.2 Inconsistencies. If there are conflicting requirements within or between the various Contract Documents, the Design Builder's Representative as well as representatives from the necessary Design Professionals and Design Build Subcontractors will meet with the Program Manager and Construction Manager to determine which requirements will better achieve the criteria set forth in the Project Documents (Exhibit 3A). If the group cannot reach an agreement by consensus, the order of precedence set forth in Sections 3.2.1 through 3.2.14 will apply. If a conflict exists between the terms set forth in the Contract Documents or any Applicable Law, the Applicable Law will control. Varying degrees of stringency among the Contract Document terms and conditions and Applicable Law are not deemed conflicts, and the most stringent requirement will govern.



- 3.2.1 Most recent executed Change Order and Amendment
- 3.2.2 Contract
- 3.2.3 Supplemental Conditions
- 3.2.4 Specifications
- 3.2.5 Drawings
- 3.2.6 Building Information Model (if applicable)
- 3.2.7 Lump Sum Price, Qualifications and Assumptions (Exhibit 4A)
- 3.2.8 Project Documents
- 3.2.9 Written numbers over figures, unless obviously incorrect
- 3.2.10 Figured dimensions over scaled dimensions
- 3.2.11 Specific details over standard or typical details
- 3.2.12 Large-scale Drawings over small-scale Drawings
- 3.2.13 Other Exhibits to the Contract
- 3.2.14 Project Manual

3.3 Acknowledgment. Design Builder acknowledges it has carefully examined and understands this Contract and the other Contract Documents; has investigated the nature, locality, and visually observable features of the Project site and the conditions and difficulties under which the Work is to be performed; and enters into this Contract on the basis of its own examination, investigation, and evaluation of all such matters and not in reliance upon any opinions or representations of SVMHS, its Separate Consultants (including but not limited to the Program Manager and Construction Manager), or Separate Contractors other than those that are expressly set forth in the Contract Documents. Design Builder will immediately report any error, inconsistency, or omission it may discover to the Construction Manager with a copy to the Program Manager. If Design Builder observes that any of the Contract Documents are at variance with any Applicable Law in any respect, or are internally inconsistent, it will promptly notify the Construction Manager in writing with a copy to the Program Manager. If Design Builder performs any Work without having adequately reviewed the Contract Documents, knowing the Contract Documents to be contrary to Applicable Law, or knowing the Contract Documents to be internally inconsistent, and without providing written notice to the Construction Manager, it will assume full responsibility and bear all costs attributable to the violation.



4. SVMHS'S OBLIGATIONS

4.1 SVMHS's Authorized Representative. SVMHS's Authorized Representative is set forth in the Business Terms Sheet. SVMHS's Authorized Representative is authorized to approve changes in the Work that impact the Contract Price and/or affect the Contract Time established in the Project Schedule up to an amount of \$350,000 per occurrence with a total cumulative amount of \$900,000. Any request exceeding a cumulative amount of \$900,000 will require board of directors approval and must be timely submitted to the Construction Manager and Program Manager by the Design Builder in order to allow proper consideration during the board's regularly scheduled meetings. SVMHS's Authorized Representative will render decisions in a timely manner pertaining to documents submitted by the Design Builder and recommended by the Construction Manager in order to avoid unreasonable delay in the progress of the Work. The TBD amounts will be amended into the Contract before execution.

4.2 Project Documents. SVMHS provided the Project Documents set forth in Exhibit 3A, as the basis for development of the Construction Documents. Design Builder may rely on the information provided in the Project Documents but has performed its own independent site investigation in accordance with Section 3.3.

4.3 Surveying. SVMHS provided a utility survey and topographical map as part of the Project Documents. Surveying required for building layout is part of Design Builder's Work per Article 13 of the Supplemental Conditions (Exhibit 2).

4.4 Permits and Fees. SVMHS will pay the fees for the City of Salinas general building permit, required governmental approvals, easements, assessments and fees required for the development, construction, use or occupancy of the Project.

4.5 Third Party Testing and Inspections. SVMHS will be responsible for hiring and paying for all third party testing and inspections. However, Design Builder will make arrangements for third party testing and inspection per Article 5 of the Supplemental Conditions (Exhibit 2). Design Builder is responsible for all other inspections and reports required by Applicable Law or by the Contract Documents, and the costs of these inspections or reports are included in the Contract Price.

4.6 Stop Payment Notice. SVMHS is the entity that Subcontractors and Design Professionals may serve a stop payment notice for non-payment in accordance with California law governing public work projects.

4.7 Separate Consultants and Separate Contractors. SVMHS reserves the right to perform work or services related to the Project with SVMHS's own forces, and to award separate contracts in connection with the Project that are not part of the Design Builder's Work. Design Builder will notify SVMHS if any such independent action will interfere with the Design Builder's ability to perform the Work under this Contract. When performing separate work or services, SVMHS agrees that its Separate Consultants and Separate Contractors will be subject to similar obligations as the Design Builder with respect to insurance, indemnification, safety, protection, inspections, and non-conforming work or services. SVMHS will remain responsible



to the Design Builder for any delays to the Contract Time or cost impacts resulting from work or services performed by Separate Consultants or Separate Contractors. SVMHS's Separate Consultants and Separate Contractors are set forth in Exhibit 7B. Any cost and/or time impacts will be addressed through the Change Order process set forth in Article 11.

5. CONSTRUCTION MANAGER'S ROLE

5.1 Services. The Construction Manager's role is to assist and advise SVMHS and its Program Manager during completion of the Construction Documents in accordance with the requirements in the Project Documents, assist SVMHS with procurement of the Design Builder and other necessary Separate Consultants and Separate Contractors, and to help SVMHS oversee, facilitate, and manage the design and construction process during all phases of the Project, including commissioning. Construction Manager is responsible for coordination with the Program Manager with respect to ancillary projects that may impact the Work, and between Separate Consultants and Separate Contractors and the Design Builder.

5.2 On-Site Presence and Weekly Meetings. During the design phase, the Construction Manager will be on-site for weekly Project meetings. During the construction phase, Construction Manager will be on-site no less than Mondays, Wednesdays, and Fridays of each week. Construction Manager will facilitate weekly Project meetings with the Design Build Team to ensure open, clear, and direct communications and to help address any issues that may arise during design or construction. The Project meetings are the venue for the Design Build Team to identify and discuss potential risks, critical issues and actions to be taken, and to review overall progress of the Work and schedule, as well as any discuss any outstanding Submittals or Change Orders.

5.3 Design Review. During the design phase, Construction Manager will review the Drawings and Specifications in its capacity as a licensed general contractor to help ensure that the Construction Documents are being developed in conformance with the design intent and criteria described in the Project Documents. Construction Manager may also review and comment on any value engineering proposals or cost estimates. Notwithstanding the above, Design Builder remains solely responsible for designing and construction the Project in conformance with the Contract Documents.

5.4 Approvals, Clarifications, Changes, and Claims. The Construction Manager will evaluate requests for approvals and clarifications, Claims, Construction Change Directives, and Change Order Requests from Design Builder, and make recommendations to SVMHS. Construction Manager will assist SVMHS in resolving Change Order disputes and other Claims (that do not involve Construction Manager), including documentation of the rationale for resolution.

5.5 Payment Application Review. Construction Manager will review applications for progress payment and final payment from Design Builder, and make recommendations to SVMHS regarding payment.



5.6 Schedule Review. Construction Manager will monitor Design Builder's progress against the Design Builder's current work plans and Project Schedule, review and analyze all delay and impact requests and make recommendations to SVMHS regarding same, collaborate with the Design Builder regarding recovery plans if required, and meet with the Project Team to determine when critical decisions are needed from SVMHS or others to maintain the Project Schedule.

5.7 Quality Monitoring. Construction Manager may periodically participate in inspections, track inspection reports, and direct Design Builder in resolving compliance issues. Construction Manager will monitor and verify correction of non-conforming Work on behalf of SVMHS as further discussed in Exhibit 2. However, Construction Manager is not required to make exhaustive or continuous on-site inspections to check the quality or quantity of the Construction Work, and Construction Manager will not have control over, charge or, or responsibility for, Design Builder's construction means, methods, techniques, sequences or procedures, or for the safety precautions and programs in connection with the Work as these are solely the Design Builder's responsibilities under the Contract Documents.

5.8 Completion and Close-Out. Construction Manager determine whether the Work is substantially complete and will track punch-list activity, participate in start-up and commissioning, collect all required close-out documentation and record documents (including but not limited to collecting and reviewing as-built Drawings submitted by Design Builder).

6. DESIGN BUILDER'S OBLIGATIONS

6.1 Work. Design Builder will perform all necessary design, construction, and commissioning required for the Project, and will provide all services, labor, materials, equipment, tools, and appurtenances necessary to complete the Work in accordance with the Contract Documents. Design Builder's obligations for Design Services are more specifically described in Article 7 and Design Builder's obligations for performance of the Construction Work are described in Article 8 and Exhibit 2.

6.2 Legal Compliance. Design Builder represents that it is aware of regulations and laws applicable to its operations and the performance of the Work. At its sole cost and expense, Design Builder will give all notices required by, and comply with, all Applicable Law related to the Work, including those relating to safety, Hazardous Materials, and equal employment opportunities. Design Builder will pay all local, state, and federal taxes, and all employee benefits, insurance, and contributions for Social Security and Unemployment which are measured by wages, salaries, or other remunerations paid to Design Builder's employees.

6.3 Enabling Statutes. The Project is governed by California Public Contract Code section 22160, et seq. Design Builder acknowledges that it has reviewed the statute and is familiar with all provisions and the applicable duties required by the Design Builder and has included all costs associated with compliance in its Contract Price.

6.4 Staffing Plan and Key Personnel. The staffing plan and key personnel for Design Build Team Members will be included in Exhibit 4B. Unless otherwise requested by



SVMHS or Construction Manager, key personnel may not be removed from, or added to, the Project without prior written consent of the SVMHS's Authorized Representative except in the instance of death, disability, or departure of person from employment, or other relationship with the Design Build Team. If a replacement is necessary, the proposed key personnel will have substantially equivalent or better qualifications than the former key personnel, and all candidates are subject to final approval by SVMHS. SVMHS reserves the right to remove any Design Build Team Member personnel who is considered incompetent, uncooperative, rude, or disruptive to the overall harmony of the Project Team.

6.5 Permits, Fees, and Approvals. Design Builder will assist the Construction Manager with verification that SVMHS has applied for and paid applicable fees and assessments, and Design Builder will file all documents, required for the approvals by Governmental Authorities for design and construction of the Project, including any required Project completion filings. Design Builder will secure and provide copies to the Construction Manager of all permits and approvals required by Governmental Authorities for execution and inspection of the Construction Work. The cost and fees associated with the general building permit(s) and third party inspection will be paid by the SVMHS per Sections 4.4 and 4.5. All Subcontractor required specialty permits will be procured and paid for by the Design Builder and its Subcontractors and are included in the Contract Price.

6.6 Taxes and Fees. Design Builder will pay all sales, consumer, use, gross receipts, and other similar taxes legally enacted at the time of commencement of the Construction Work, and such taxes and fees are included in the Contract Price.

6.7 Consultants and Laboratories. Design Builder will make recommendations to the Construction Manager regarding selecting, retaining, and coordinating any additional professional services, special consultants, and testing laboratories required for the Project.

6.8 Subcontract Bidding Process. Design Builder represents that it has complied with the bidding requirements set forth in Public Contract Code sections 22166 (a) and will comply with the bidding requirements of Public Contract Code section 4100, et seq., for procuring any subcontracts where Subcontractor was not listed by Design Builder in its statement of qualifications and response to the request for proposal. In addition, the Design Builder will: (i) develop bidders' interest in the Project and endeavor to have at least 3 bids for all trades; (ii) establish bidding schedules in accordance with the procurement requirements set forth in the Project Schedule (Exhibit 5A); (iii) develop Subcontractor scopes of work, and package and issue bidding documents to pre-qualified, interested bidders; (iv) evaluate bidder prequalification and bids to determine the best subcontractor suited for the Project in accordance with Public Contract Code section 22166 (b) (3); and (v) enter written subcontract with the most responsive, responsible bidder based on the bid criteria and pursuant to this Sections 6.8 and 6.9. Design Builder may not knowingly subcontract with a Subcontractor or supplier that prepared portions of the Project Documents (Exhibit 3A).

6.9 Design Professionals and Subcontractors. All agreements between Design Builder and its Design Professionals and Subcontractors will be in writing and must bind each Design Professional and Subcontractor to the Design Builder by the terms and conditions of the



Contract Documents and require that each Design Professional and Subcontractor assume toward the Design Builder all obligations and responsibilities that the Design Builder assumes toward the SVMHS under the Contract Documents. Each Design Professional agreement and subcontract will preserve and protect the rights of the SVMHS and Design Builder under the Contract Documents with respect to the portion of the Work performed by the party so that subcontracting portions of the Work does not prejudice the SVMHS's rights or remedies.

6.9.1 At a minimum, Design Builder will pass through the provisions set forth in subsections (a) through (l) to its Design Professionals and Subcontractors, as applicable.

(a) License. All Design Professionals and Design Build Subcontractors performing Design Services will be properly licensed for their respective portion of the Design Services, and all Subcontractors performing portions of the Construction Work will be properly licensed for their respective trade.

(b) Standard of Care. Design Professionals and Design Build Subcontractors will timely perform their portions of the Design Services using the degree of care ordinarily used by other competent licensed architects and engineers designing projects of similar size, scope, quality and complexity within the State of California. Design Professionals and Design Build Subcontractors will sign and affix their respective professional seal on their respective portions of the Construction Documents to the extent required by Governmental Authorities. Subcontractors will timely perform its respective portion of the Construction Work using its best skill and attention in a workman-like manner consistent with the degree of care customarily exercised by prudent licensed specialty contractors performing similar trade work on projects of similar size, scope, and complexity within the State of California.

(c) Third Party Beneficiary. SVMHS will be a third party beneficiary with respect to the portion of Design Services provided by a Design Professional or with respect to a portion of the Work provided by a Design Build Subcontractor.

(d) Liability and Indemnity. To the fullest extent permitted by law, each design agreement must include similar defense and indemnification obligations to Design Builder, SVMHS, and the Indemnitees identified in Section 13.2 arising or resulting from its negligent acts or omissions, recklessness, or willful misconduct of the Design Professional, its tier-consultants, or anyone directly or indirectly employed by any of them for whose acts Design Professional may be liable. Each subcontract must include the same defense and indemnification obligations as set forth in Section 13.2 that Design Builder is providing to SVMHS. Subcontractor defense and indemnification obligations must include Design Builder, SVMHS and other Indemnitees identified in Section 13.2.

(e) Insurance. Design Builder will cause, through written design agreement, Design Professionals insurance as required by the Business Terms Sheet and Exhibit 6A. Subcontractors must carry the same types of coverages as those provided by Design Builder and included in Exhibit 6A at appropriate limits for their specific trade.

(f) Subcontracts must include a warranty provision similar to the one set forth in Article 15.

(g) Ownership of Documents. The provisions in Article 16 must be included.

(h) Claims and Disputes. The dispute resolution procedures set forth in Article 17 must be included.

(i) Assignment. Each design agreement and subcontract must include an assignment provision. The assignment provision will allow for assignment of the design agreement or subcontract (as applicable) to the SVMHS if Design Builder is terminated, and provided that the SVMHS accepts assignment by written notification to the Design Professional or Subcontractor (as applicable) and Design Builder.

(j) Miscellaneous Provisions. The miscellaneous provisions set forth in Sections 19.1, 19.2, 19.7, and 19.14.

(k) Conflicting Terms. All conflicts arising out of any design agreement will be resolved in accordance with the order of precedence set forth in Section 3.2, and this Contract (inclusive of Exhibits) will take precedence over any conflicting terms and provisions in the design agreement other than terms and conditions regarding scope of service and amount of compensation.

(l) Exhibits. The following Exhibits must be included in each design agreement and subcontract: Exhibit 1 through Exhibit 3, relevant portions of Exhibit 4B, Exhibit 5, Exhibit 7.

7. DESIGN PHASE

7.1 Completion of Design. Design Builder will timely prepare 100% Design Development Documents and Construction Documents per Article 7.

7.1.1 Constructability Reviews. Design Builder and its Subcontractors will provide constructability reviews during completion of the 100% Design Development Documents and the Construction Documents to provide clarity, consistency, constructability, and coordination among the various design disciplines' Drawings and the Subcontractors. Design Professionals and other necessary Project Team Members will review and respond in writing to each constructability review comment, either by recommending changes in the design or explaining why such action is unnecessary.

7.1.2 Cost Evaluation. The Design Builder and its Subcontractors will provide estimating services as often as necessary to support decisions regarding scope, functionality, and design and to help ensure that the Project design is being developed within the Contract Price. Consistent cost evaluation will assist the Design Build Team, Construction Manager, and SVMHS in making decisions to the extent there are design alternatives.



7.1.3 Life Cycle Analysis. The Design Build Team will provide a 15 year life cycle analysis for mechanical, electrical, and plumbing ("MEP") equipment using the Federal Energy Management Program's Building Life Cycle Cost Program Model BLCC 5.3-16 as applicable. The analysis will include projected initial cost of the system, projected yearly operational and maintenance costs, projected life expectancy, estimated replacement cost, and anticipated levels of performance.

7.2 Design Development Documents. Design Builder will cause its Design Professionals to prepare 100% Design Development Documents based on the Project Documents set forth in Exhibit 3A. The Design Development Documents must include detailed Drawings and Specifications necessary to fix and describe the size and character of the entire Project as to design, structural, mechanical, and electrical systems, materials, and such other elements as may be appropriate to allow the Construction Manager to initiate scope compliance review(s).

7.2.1 Reconciliation. Before completing the 100% Design Development Documents, Design Builder will cause its Design Professionals to evaluate the programmatic requirements and note any discrepancies between the Project requirements reflected in the Project Documents, and the 100% Design Development Documents, and request approval and direction from SVMHS and the Construction Manager. Design Builder will also prepare a cost estimate per Section 7.1.2 confirming that the design is still within the Contract Price and will note any slippage in the Project Schedule (Exhibit 5A) before the Design Build Team can proceed to Construction Documents. To the extent that there has been a slippage in the Project Schedule, the Design Builder will prepare and submit a detailed recovery plan as required by Section 10.6 as part of the reconciliation.

7.2.2 Design Review. Design Builder will cause its Design Professionals to prepare the necessary documentation for back-check and code compliance from necessary Governmental Authorities, and to attend all meetings as required to obtain SVMHS, and Governmental Authority approval.

7.2.3 Approval Process. The Design Builder will submit and present the following materials for review and approval by the Construction Manager and SVMHS: (i) detailed floor plans; (ii) site plan with larger Project site context; (iii) building sections and elevations; (iv) detailed Specifications. The Design Development Documents submittal will either incorporate changes and corrections required by Governmental Authority under Section 7.2.2, or be accompanied by a written statement from the Design Build Team as to why such changes were not incorporated. SVMHS may reject the Design Build Team's explanation if the documents do not comply with the requirements set forth in the Project Documents, and the Governmental Authority may reject the Design Build Team's explanation and require that changes or corrections to the Design Development Documents as previously requested be made based on code compliance or back-check review comments.

7.3 Construction Documents. Upon approval of the 100% Design Development Documents, Design Builder will cause its Design Professionals to prepare Drawings and Specifications to be issued for permit. The Construction Documents will consist of Drawings



and Specifications setting forth in detail all necessary requirements for proper construction of the Project, as well as any subsequent approved revisions, and taking into account applicable building codes. The Construction Documents will describe the quality, configuration, size, and relationships of all materials, equipment, and components to be incorporated into the Project, and will be the Drawings and Specifications submitted to all necessary Governmental Authorities for approval and permit. Design Builder will not submit the Construction Documents for permit until receipt of approval by SVMHS and the Construction Manager.

7.3.1 Submission of Signed and Stamped Drawings and Specifications. In order to obtain necessary permits and to comply with professional registration statutes, 2D Drawings, calculations and Specifications must be generated, reviewed, sealed, and submitted to reviewing Governmental Authorities, SVMHS, and the Construction Manager. The responsible member of the Design Build Team will sign and stamp their respective Drawings, Specifications, and calculations. By signing and sealing the Drawings and Specifications, each Design Professional and Design Build Subcontractor agrees that its portion of the Design Services are complete, coordinated, accurate, and contain directions that will enable the Design Builder and its Subcontractors to construct the Project.

7.3.2 Permits and Approval. Design Builder will submit the Drawings and Specifications, a summary of the calculations, and detailed calculations for the structural, HVAC, electrical, plumbing, and other specialized building systems. The applicable Governmental Authorities will be final interpreter of all code requirements, and all such decisions will be final. The Construction Documents will not be considered 100% complete until Governmental Authorities' approval has been received. Upon approval, the Design Builder will provide a copy of the permitted Drawings and Specifications for the Project to the Construction Manager, and will maintain the original permitted Drawings and Specifications at the Project site. A list of the Drawings and Specifications included in the Construction Documents will be amended into this Contract as Exhibit 3B.

7.3.3 Substitutions. Once Construction Documents are approved, no substitutions will be accepted on the Project unless: (i) the specified materials or equipment have been discontinued; or (ii) there is a cost savings to SVMHS. Substitutions that are included in the Work but not approved will be deemed non-conforming Construction Work and subject to correction under Section 5.5 of the Supplemental Conditions (Exhibit 2).

8. CONSTRUCTION PHASE

8.1 Construction Work. Design Builder is solely responsible for all construction means, methods, techniques, sequences, and procedures and for safety precautions and programs in connection with the Construction Work. Those portions of the Construction Work that Design Builder does not customarily perform with its own personnel will be performed by a Subcontractor under written subcontract pursuant to Section 6.9.

8.2 Existing Site Conditions Survey. Before commencement of the Construction Work, Design Builder will walk the site with Construction Manager and make a video recording of all existing site conditions including, but not limited to, sidewalk, roadway, utilities,



landscaping, hardscaping, signage, etc. and provide video record to Construction Manager and Program Manager. This video recording will serve as a record of existing condition before commencement of the Construction Work and provide evidence of damage to any existing site conditions that require restoration.

8.3 Supervision. Design Builder will supervise and direct the Construction Work using its best skill and judgment. Design Builder will be solely responsible for all design, fabrication, shipment, delivery and coordination of all portions of the Work under the Construction Documents and all Construction Work will be performed in accordance with the Contract Documents. The Design Builder will provide a qualified superintendent at the Project site to properly supervise all of Design Builder's employees, Subcontractors and their agents and employees, and other persons performing Construction Work and to ensure that the Construction Work is carried out in strict accordance with the Contract Documents. Design Builder's superintendent is key personnel and may not be changed without SVMHS written consent.

8.4 Discipline. Design Builder will enforce strict discipline and order at all times among Design Builder's employees, Design Professionals and Subcontractors and will not employ or contract with any unfit or unskilled person(s) or entities on this Project. Any person in the employ of the Design Builder or any of its Design Professionals or Subcontractors whom Program Manager, Construction Manager or SVMHS believes may be incompetent or unfit will be dismissed from the Project and will not be re-employed on this Project.

8.5 Coordination. All Construction Work will be coordinated and performed in accordance with the Contract Documents. The Supplemental Conditions (Exhibit 2) include additional information and requirements for field operations. Before starting each portion of the Construction Work, the Design Builder will: (i) review and compare the various Construction Documents relative to that portion of the Construction Work as well as other information furnished by SVMHS, Construction Manager, Design Professionals and Subcontractors that may affect proper installation of the Construction Work; (ii) field measure existing conditions related to that portion of the Construction Work; and (iii) observe any conditions at the site directly affecting that portion of the Construction Work.

8.5.1 Field Measurements. Design Builder will take field measurements to ensure proper matching and fitting of new construction with construction performed by SVMHS Separate Contractors and existing conditions at the Project site.

8.5.2 Submittals. All Submittals will be properly and timely submitted in accordance with Article 3 of the Supplemental Conditions (Exhibit 2).

8.6 Site Logistics. Design Builder, in collaboration with the Construction Manager will review the proposed Site Logistics Plan, make adjustments as may be required, submit revisions (if any) to the Construction Manager and Program Manager for approval. The approved Site Logistics Plan will identify areas of the Project site that will be used for trailers, deliveries, staging, ingress, egress, etc. The approved Site Logistics Plan, as updated, will be



incorporated into the Project Manual as **Tab 3** Adjustment to the proposed Site Logistics Plan will not be grounds for an adjustment in the Contract Price.

8.7 Building Layout. Design Builder is responsible for layout of the building, and will employ a licensed surveyor to locate and provide all line and grade staking (including staking north/south and east/west gridlines) and will establish benchmarks for horizontal and vertical control per Section 13.1 of Exhibit 2.

8.8 Materials and Equipment. Storage of equipment and materials will be coordinated through the Construction Manager and in accordance with the most current, approved Site Logistics Plan. Design Builder will maintain, or cause its Subcontractors to maintain, all storage areas and will keep storage areas clean, safe, and secure.

8.8.1 Long Lead Items. The Design Builder will collaborate with the other Project Team Members to establish a program to expedite ordering and delivery of materials and equipment in a timely manner and consistent with the Project Schedule.

8.8.2 Shipment and Deliveries. Before shipment, delivery, and installation of materials and equipment, Design Builder will verify the stage of completion of the applicable Construction Work with the Construction Manager to determine the availability of facilities for access, delivery, transportation, and storage, and to correlate these observations with the requirements of the Contract Documents. All shipments and deliveries will be scheduled and coordinated in accordance with the most current, approved Site Logistics Plan and Project Schedule.

8.8.3 Risk of Loss. All Construction Work stored at the Project site, or work related to the preparation or delivery of materials or equipment to the Project site, is performed exclusively at the risk of the Design Builder and will remain at the risk of the Design Builder until Final Completion. Materials and equipment stored offsite must be securely stored in a third party bonded or insured warehouse, and must be segregated and labeled "Property of Salinas Valley Memorial Healthcare Services" and include the Project name, number, and address. To the extent such storage is not covered under the builder's risk policy, Design Builder will procure insurance covering the stored materials and SVMHS, Design Builder and its Subcontractors will be named as an additional insured under all such policies.

8.9 Maintenance. Design Builder will provide all maintenance and repairs for systems and equipment at its own costs and expense until the Substantial Completion Date.

8.10 Cutting and Patching. Design Builder and its Subcontractors will be responsible for all cutting, fitting, or patching required to complete the Construction Work or to make its parts fit together properly. Design Builder and its Subcontractors will not damage or endanger any portion of the Construction Work, or fully or partially completed Construction Work, by cutting, patching, or otherwise altering the construction. Design Builder and its Subcontractors will not cut or otherwise alter the construction by Separate Contractors except with the prior written consent of the Construction Manager.



8.11 Testing and Inspections. Testing and inspections will be completed in accordance with Article 5 of the Supplemental Conditions (Exhibit 2).

8.12 Substantial Completion. Construction Manager will issue a certificate of Substantial Completion (Project Manual, Tab 2I) per Section 5.7 of the Supplemental Conditions (Exhibit 2) to be signed by SVMHS and Design Builder documenting the date when the Project or portion of the Project achieved Substantial Completion. Upon issuance of the certificate of Substantial Completion, Design Builder and its Subcontractors will diligently complete the remaining Construction Work within 60 days in accordance with the Contract Documents.

8.13 Commissioning. Design Builder will schedule and oversee the final testing and start-up of utilities, operational systems, and equipment, and assist SVMHS with building commissioning in conjunction with Construction Manager and any SVMHS's facility and maintenance personnel, and required Subcontractors. All inspections and testing will be conducted by special inspectors or by other Governmental Authorities (as applicable). During commissioning and before Final Completion, Design Builder, Construction Manager, and SVMHS will oversee Subcontractor operation, adjustment, and balancing of all equipment, and training of SVMHS's employees in the correct operation and maintenance of equipment.

8.14 Final Inspection and Acceptance. Final inspections and acceptance will be in accordance with Section 5.8 of the Supplemental Conditions (Exhibit 2).

8.15 Maintenance of Records. Design Builder will maintain one record copy of the Project Documents (Exhibit 3), the approved Design Development Documents, the Construction Documents, all permits, and all addenda, approved Submittals, Change Orders and other modifications, and RFIs in good order and marked correctly to record changes and selections made to the Construction Documents during design and construction. Design Builder will maintain records, in duplicate, of principal building layout lines, elevations of the bottom of footings, floor levels, and key site elevations certified by a qualified surveyor or professional engineer. All records will be available in the Design Builder's jobsite office and will be delivered to the Construction Manager at the Final Completion along with any other required close-out documentation required by the Contract Documents.

8.16 Close-Out. Before Final Completion, Design Builder will transmit to the Construction Manager an electronic copy and 1 hard copy of all required as-built Drawings, the record model (if BIM was utilized), operation and maintenance manuals, references, warranties, attic stock, keying schedule, etc., as required by the Contract Documents. As Built changes to the Construction Documents will be reflected in the final "As Built" revision of the CAD files and the record BIM (if applicable). Such files and the BIM (if applicable) will be turned over to SVMHS.

9. COMPENSATION AND PAYMENT

9.1 Contract Price. SVMHS will pay Design Builder the Contract Price set forth in the Business Terms Sheet for performance of the Work in accordance with the Contract Documents. The Contract Price includes all costs necessary for proper performance of the



Work and is only subject to adjustment through approved Change Order per Article 11. Design Builder's Lump Sum Breakdown With Qualifications and Assumptions is set forth in Exhibit 4A.

9.1.1 Design Builder's Contract Price includes a line item for design and construction contingency. Design and construction contingency may be used by the Design Builder at its discretion to cover situations such as unanticipated field conditions, scope gaps, correction of design errors or omissions, re-sequencing of the Work, unrecoverable delays, or acceleration in the Project Schedule as may be necessary to meet the date for Substantial Completion Date. Design Builder will track use of design and construction contingency in a transparent manner and include in its monthly budget review per Section 1.10.1 of the Supplemental Conditions (Exhibit 2).

9.2 Payment Applications. Design Builder will prepare and submit certified payment applications for Work performed based on the application for payment form set forth in Tab 2A of the Project Manual. The application for payment will include a Schedule of Values per Exhibit 4C that is based on the line items included in the Lump Sum Price Breakdown With Qualifications and Assumptions (Exhibit 4A). The period covered by each payment application will be one calendar month. The payment will be based on the percentage of Work performed through the payment application date.

9.3 Progress Payments. Payment applications will be submitted by the 25th day of the month for review by Construction Manager and will be evaluated per Section 9.3.1. Design Builder will meet with Construction Manager to resolve any disagreements with respect to amounts requested in the payment application. Upon review and approval, Construction Manager will make a recommendation to SVMHS for payment. Owner will make monthly progress payments on all undisputed Work within 30 calendar days' receipt of Design Builder's submitted application for payment. Payment of approved amounts will be made directly to Design Builder.

9.3.1 Evaluation. Before submitting the certified application for payment to SVMHS, Construction Manager will review and make recommendations for payment based on the supporting documentation provided by Design Builder per Section 9.3.5, and Construction Manager's observations and evaluation of the Work. Based on that review, Construction Manager will forward the certified application for payment to SVMHS for approval with a recommendation that SVMHS pay all undisputed items. An approval of an application for payment is subject to results of subsequent tests and inspections, to correction of minor deviations from the Contract Documents before Final Completion and to specific qualifications expressed by the Construction Manager or SVMHS. Construction Manager and SVMHS are entitled to rely on the accuracy and completeness of the information furnished by the Design Builder and approval will not be deemed to represent that a detailed examination, audit, or arithmetic verification of the documentation submitted with the Design Builder's application for payment has been made or that exhaustive or continuous on-site inspections have been made to verify that the Work is in accordance with the Contract Documents. A recommendation for payment by Construction Manager or payment by SVMHS does not represent that Construction Manager or SVMHS has ascertained how or for what purpose the Design Builder has used money previously paid.



9.3.2 Retention. Pursuant to Public Contract Code section 22300, Design Builder may elect, in lieu of having progress payments retained by SVMHS, to deposit in escrow with SVMHS, or with a bank acceptable to SVMHS, securities eligible for investment under Government Code Section 16430, bank or savings and loan certificates of deposit, interest bearing demand deposit accounts, standby letters of credit, or any other security mutually agreed to by Design Builder and SVMHS. Design Builder must inform SVMHS of its election to submit securities in lieu of a retention within 30 days of the Effective Date of the Design Build Contract. If Design Builder elects to submit securities in lieu of having progress payments retained by SVMHS, Design Builder will, at the request of any Subcontractor performing more than 5% of Design Builder's total Contract Price, make the same option available to the Subcontractor.

9.3.3 Change Orders. Applications for payment may include requests for payment on account of changes in the Work that have been properly authorized.

9.3.4 Deposits, Stored Materials, and Equipment. Payment applications may include required deposits for release of fabrication of long lead items (including release of shop drawings), and materials and equipment delivered and suitably stored on-site for subsequent incorporation into the Construction Work or, suitably stored off-site per Section 8.7.3 and upon verification by Construction Manager that stored materials are secured at the off-site location. Design Builder will not make advanced payments to Subcontractors or suppliers for stored materials and equipment without the SVMHS and Construction Manager's prior approval.

9.3.5 Supporting Documents. Each payment application will be accompanied by a monthly progress report per Section 1.10 of the Supplemental Conditions (Exhibit 2) and sufficient documentation supporting the cost for Work included in the application for payment including, without limitation: (i) proof of compliance with skilled labor and trained workforce requirements and certified payroll compliance; and (ii) executed conditional waiver and release forms complying with California state law covering all Work performed during the billing period by Design Builder, and its Design Professionals, Subcontractors, suppliers, and equipment vendors (Project Manual, Tab 2B); and (iv) certification and unconditional waivers and releases evidencing that Design Builder has paid all Design Professionals, Subcontractors, suppliers, and equipment vendors prior amounts due and owing from amounts previously received from SVMHS and has no knowledge of any recorded stop payment notices with respect to the Work performed, and that all Design Professionals, Subcontractors, suppliers, and equipment vendors will be paid with the proceeds for Work covered under the certified payment application.

9.3.6 No Waiver. Payment by SVMHS will not constitute approval or acceptance of any Work or amount included in the payment application.

9.4 Right to Withhold. The Construction Manager may refuse to recommend payment, and the SVMHS may refuse to approve a payment application or, because of subsequently discovered evidence or subsequent observations, may nullify the whole or any part of a prior payment application to the extent the Construction Manager or SVMHS determines is necessary to protect the public agency from loss due to one or more of the



conditions listed in Sections 9.4.1 through 9.4.12. When and to the extent the reason for withholding payment no longer applies, the withheld amount will be paid without interest.

9.4.1 Deficient Design Services or nonconforming Construction Work not remedied.

9.4.2 Third-party Claims filed against SVMHS or the Project or reasonable evidence indicating probable filing of Claims, unless security acceptable to SVMHS is provided.

9.4.3 Failure of Design Builder to provide supporting documentation as required under Section 9.3.5, or to make timely payments to Design Professionals, Subcontractors, suppliers, and equipment vendors for Design Services, labor, materials, or equipment.

9.4.4 Damage to SVMHS or its Separate Consultants or Separate Contractors if the Design Builder, or any of its Design Professionals, Subcontractors, suppliers, or equipment vendors are potentially liable.

9.4.5 Failure of the Work to progress in accordance with the Project Schedule and reasonable doubt (in SVMHS's sole discretion) that the Work can be completed within the Contract Time and/or for the remaining balance of the Contract Price (taking into account any Liquidated Damages under Section 10.8 that would be due and owing from Design Builder as a result of delay).

9.4.6 Failure to comply with scheduling requirements set forth in Article 10 or provide the SVMHS and the Construction Manager with timely monthly progress reports as required under Section 1.10 of the Supplemental Conditions (Exhibit 2).

9.4.7 Failure of the Design Builder to maintain the BIM (if applicable) or update as-built documentation.

9.4.8 Failure of the Design Builder to maintain the Project Schedule or furnish Project Schedule files as required under Section 10.3.

9.4.9 Disputed amounts included in the application for payment or insufficient documentation, erroneous estimates for value of the Work performed, or other incorrect statements in a payment application.

9.4.10 Failure to keep the site premises clean and safe to the satisfaction of the Construction Manager of SVMHS.

9.4.11 Failure to carry out the Work in accordance with any term or condition in the Contract Documents.

9.4.12 Failure to provide the complete monthly reports required by Public Contract Code 2602 (regarding skilled and trained workforce).



9.5 No Right to Stop Work. If Design Builder disputes any determination with respect to any payment application, Design Builder must nevertheless expeditiously continue to prosecute the Work, provided that undisputed amounts are timely paid. Design Builder may submit unresolved payment disputes for determination under Article 17.

9.6 Payments to Design Professionals, Subcontractors and Suppliers. Design Builder will make payment to its Design Professionals, Subcontractors and suppliers within 7 business days' receipt of a progress payment from SVMHS. Final payment will be made within 10 days of receipt of payment from SVMHS. SVMHS is not obligated to pay, or to see that payment is made to Design Builder's Design Professionals, Subcontractors and suppliers, except as may otherwise be required by Applicable Law. SVMHS reserves the right, in its sole discretion, to issue joint checks to Design Professionals, Subcontractors, suppliers or equipment vendors and Design Builder will cooperate with SVMHS.

9.7 Warranty of Title. Design Builder warrants that title to all Work, materials, and equipment covered by a payment application, whether incorporated into the Project or not, will pass to SVMHS at the time of payment, free and clear of all stop payment notices, Claims, security interests or encumbrances in favor of Design Builder, its Design Professionals, Subcontractors, suppliers, equipment vendors, and other persons and entities entitled to make a Claim by reason of having provided Design Services, or labor, materials, or equipment relating to the Construction Work. If Design Builder has received payment for the Work at issue, Design Builder will defend, indemnify, and hold SVMHS harmless pursuant to Section 13.2.

9.8 Final Payment. Upon Final Completion of the Work, Design Builder will submit a final payment application. As a condition precedent to final payment, Design Builder must provide: (i) an affidavit that payrolls, bills for materials and equipment, and other indebtedness connected with the Work, for which SVMHS or its property might be responsible or encumbered, have been paid or otherwise satisfied; (ii) completion of all punch-list items; (iii) a certificate evidencing that insurance required by the Contract Documents to remain in force after final payment is currently in effect and a written statement that the Design Builder knows of no substantial reason that the insurance will not be renewable to cover the period required by the Construction Documents; (iv) consent of surety; (v) delivery and approval by Construction Manager of all as-built Drawings, manufacturer's warranties, Product Data, and maintenance and operations manuals, and other close-out deliverable as required by the Contract Documents; and (vi) final conditional waivers and releases of stop payment notice rights. Upon Final Completion of the Project, final payment of all undisputed amounts will be paid no later than 30 calendar days after Final Completion of the Project. All disputed amounts will be subject to the dispute resolution process set forth in Article 17.

9.9 Waiver of Claims. Acceptance of final payment by the Design Builder constitutes a waiver of Claims for payment by Design Builder and its Design Professionals, Subcontractors, and suppliers except for those previously made in writing and submitted per Article 17, that are identified as unsettled in the final application for payment.

9.10 Audit Rights. In accordance with Government Code Section 8546.7, records of both SVMHS and the Design Builder are be subject to examination and audit by the State



Auditor General for a period of 3 years after final payment. Upon written notice, Design Builder will produce all Project records required by the State Auditor General. Additionally, upon written request of SVMHS, Change Order Work performed on a time and material basis is subject to audit and Design Builder and its Design Professionals and Subcontractors will provide all Project records as may be required by SVMHS to substantiate costs included in such Change Orders.

10. SCHEDULING

10.1 Contract Time. The Contract Time is the time allotted in the Project Schedule (Exhibit 5A), and the Business Terms Sheet to achieve Substantial Completion of the Work. The Contract Time will only be extended for a permitted delay per Section 10.5, and the Contract Price will be adjusted in accordance with the Change Order process under Article 11.

10.2 Commencement and Prosecution of the Work. Design Services and preconstruction services to be performed under the Contract Documents will commence upon execution of this Contract. Construction will commence upon a written notice to proceed issued by Construction Manager to the Design Builder. Design Builder will diligently prosecute and completion the Work pursuant to the Project Schedule and within the Contract Time.

10.3 Project Schedule. Design Builder's approved critical path method Project Schedule is set forth in Exhibit 5A. The Project Schedule set forth in Exhibit 5A will serve as the baseline schedule. The Project Schedule coordinates and integrates all Design Services with milestone dates for completion of the 100% Design Development Documents, and Construction Documents, submittal deadlines, procurement of long lead items and subcontracts, permit, commencement of Construction Work, as well as commissioning, punch-list, Substantial Completion, Final Completion, as well as any other milestone dates. The Project Schedule will be broken down by phase, activity and duration and will be used to identify the sequence of activities and to track time and manpower for those activities in order to plan, organize, execute, and monitor the Work. The Project Schedule will be Design Builder's master schedule and will be used to record and report actual performance and progress, and to outline how the Design Builder plans to integrate design and construction in order to ensure accurate and timely completion of all Work. The Project Schedule must include sufficient time for design review and approval of Submittals as required under Article 3 of the Supplemental Conditions (Exhibit 2), and should include the number of Adverse Weather days per year as defined in Exhibit 1. The Project will own all Float and unused Adverse Weather days in the Project Schedule. Design Builder will not utilize Float suppression techniques or artificial restraints, constraints, lags or durations to lessen or control the amount of total or free Float contained in the network. All coding included in the Project Schedule must be transferrable and readable by the Construction Manager, and code structure will enable a sort by activity code in the form of a summary schedule. Design Builder will provide Schedule updates with its monthly progress report per Section 1.10.2 of the Supplemental Conditions (Exhibit 2). Upon request by SVMHS or the Construction Manager, Design Builder will produce electronic copies of its Project Schedule (inclusive of updates).



10.4 Work Plans. Design Builder in collaboration with the Design Build Team and Construction Manager will establish work plans that include upcoming performance requirements. The work plan schedules will document all Work performed during the prior week's period and project Work to be performed during the upcoming week(s) (3-week periods). The work plans are to be used as a working tool to reflect commitments made in look ahead meetings, evaluate any upcoming constraints or schedule slippages, identify workable backlog, and collaborate on methods for labor efficiency. Work flow will be scheduled to optimize the flow of Work through the Project and reduce bottlenecks and activities that will not advance the Contract Time or other milestone dates that are included in the Project Schedule.

10.5 Permitted Delays. If the Design Builder is delayed in the commencement, prosecution or completion of the Work by the acts or omissions of SVMHS, its Separate Consultants or Separate Contractors or for one of the conditions set forth in Sections 11.2.1 through 11.2.10, and, as a direct result of the delay, the Substantial Completion Date is extended, then the Contract Time may be extended for the same period of time that the Substantial Completion Date was delayed less the duration, if any, for delays caused by the fault, or neglect, act or, omission of the Design Builder or any of its employees, Design Professionals, Subcontractors, suppliers, or equipment vendors ("concurrent delays"). If the Contract Time is extended, the Contract Price and Contract Time will be adjusted per Article 11. However, no adjustments to Contract Time or Contract Price will be allowed unless written notice was provided to SVMHS and the Construction Manager within 5 business days of commencement of the delay. The notice must briefly describe the circumstance and provide a rough estimate of the delay time per Section 11.3. Before any adjustments in Contract Time or Contract Price, Design Builder must demonstrate the duration of the delay through fragnet analysis after taking into account any concurrent delays, and show that the delay could not have been anticipated or avoided and that commercially available means were taken to mitigate or minimize the consequences of the delay. Delays will be measured from the effective Project Schedule in place at the time of delay. Delays of non-critical path Work will not be a basis for an extension of Contract Time or any additional compensation.

10.6 Schedule Slippage. Design Builder will notify the Construction Manager in writing with a copy to SVMHS's Authorized Representative and Program Manager within 3 business days of any delay in the Project Schedule as a result of its Work and must submit a detailed recovery plan to Construction Manager for evaluation and SVMHS's approval. The detailed recovery plan must be submitted within 2 business days of the notice (so within 5 business days from date of delay). All costs associated with the recovery will be the responsibility of the Design Builder unless the Design Builder is entitled to an extension of time under Section 10.5.

10.7 Acceleration. SVMHS may direct the Design Builder and its Subcontractors and Design Professionals to work overtime. If Design Builder and its Subcontractors and Design Professionals are not in default under any of the terms or provisions of this Contract, their respective subcontracts and/or agreements, or any of the other Contract Documents, SVMHS will pay the Design Builder for additional costs through executed Change Order.



10.8 Liquidated Damages. The Parties acknowledge and agree that if Design Builder fails to achieve Substantial Completion of the Project within the Contract Time, SVMHS will suffer damages that are both extremely difficult and impracticable to ascertain. Therefore, SVMHS and Design Builder agree that, in the event Design Builder fails to achieve Substantial Completion of the Project within the Contract Time and if as a result of that delay the Substantial Completion Date is extended, Design Builder will pay to SVMHS as liquidated damages, and not as a penalty, the applicable amount set forth in the Business Terms Sheet until such time that Substantial Completion of the Project is achieved. Payment of the Liquidated Damages represents a reasonable estimate of fair compensation for the losses that reasonably may be anticipated. The Parties acknowledge and agree that this liquidated damages provision will be SVMHS's only remedy for delay damages caused by Design Builder's failure to achieve Substantial Completion of the Project within the Contract Time. However, nothing contained in this Section 10.8 will preclude Owner from recovery for actual damages caused by reasons other than Design Builder's failure to timely achieve Substantial Completion of the Project within the Contract Time including claims for additional compensation of Construction Manager as a result of the delay, actual losses incurred due to breach of contract, defective or non-conforming Construction Work, injury to persons or property, or third party claims. Design Builder acknowledges and agrees that the Liquidated Damages amount is a reasonable amount for Owner's consequential damages due to delay under the circumstances and existing as of the Effective Date of this Contract.

11. CHANGES

11.1 General. Changes in the Work will only be authorized by a minor change in the Work per Section 11.12, a Construction Change Directive ("CCD") issued per Section 11.11, or executed Change Order, and must be performed under the applicable conditions of the Contract Documents. A Change Order is a mutually agreed written order adjusting the Contract Price, Contract Time, or both. In order to be properly executed, Change Orders must be signed by SVMHS and Design Builder. An executed Change Order fully and completely resolves any Claim by Design Builder, its Design Professionals, Subcontractors, suppliers, and equipment vendors for additional compensation or time arising from or related to the subject of the Change Order. Timely submission of a Change Order Request ("COR") per this Article 11 is a condition precedent to Design Builder's and any of its Design Professionals', Subcontractors', suppliers', and equipment vendors' ability to recover for a changed condition.

11.2 Conditions for Change. Change Orders are limited to the following circumstances:

- 11.2.1 SVMHS Elected Change.
- 11.2.2 SVMHS Caused Delay.
- 11.2.3 Government Authority Caused Delay
- 11.2.4 Adverse Weather.



11.2.5 Force Majeure.

11.2.6 Unforeseen and Differing Site Conditions.

11.2.7 Suspension of the Work by SVMHS under Section 18.1.

11.2.8 Acceleration of the Project Schedule per Section 10.7.

11.2.9 Post Permit Change.

11.2.10 A CCD per Section 11.11.

11.2.11 Reconciliation of allowance items per Section 11.13.

11.3 Change Order Requests ("CORs"). Design Builder will submit a rough order of magnitude of the change to Construction Manager within 5 business days' receipt of the scope of a COR or discovery of facts or circumstances giving rise to a COR. Design Builder will submit a complete cost proposal, including any change in Contract Time under Section 10.5, within an additional 5 business days unless a longer period of time is needed due to design revisions arising from an SVMHS Elected Change or for other reasons agreed to by the Design Builder and Construction Manager in writing. All CORs must be presented to the Construction Manager with a copy to SVMHS's Authorized Representative.

11.4 Review. The Construction Manager will review the COR with SVMHS's Authorized Representative within 10 business days of receipt and may request additional information and back up from the Design Builder or make recommendations to SVMHS for approval or denial. If SVMHS denies the COR, it will provide Design Builder with a written explanation. If the COR is neither accepted or denied within the 10 business day period, it will be deemed denied by SVMHS unless written notice is provided to the Design Builder that the time for review is being extended. If written notice is provided, the notice will expressly state the date by which the review will be completed. All decisions rendered by SVMHS will be final and binding unless a formal Claim is timely noticed per the dispute resolution procedures in Article 17.

11.5 Contract Time. Design Builder will only be entitled to an extension of time and additional compensation for general conditions and general requirements if the Contract Time is extended due to a permitted delay under Section 10.5 and after evaluation of the fragnet analysis as required under Section 10.5. Calculation for additional general conditions as defined in Section 12.3 will be calculated by multiplying the Average Daily Rate set forth in the Business Terms Sheet by the total number of additional work days of extension granted by SVMHS. General requirements as defined in Section 12.7 will be calculated based on the actual cost incurred for the total number of days granted by SVMHS. Design Builder does not reserve a right to assert any delays in the Contract Time, cumulative impact costs, extended job site costs, extended overhead, constructive acceleration, and/or actual acceleration beyond what is allowable under Section 10.5 and timely claimed in a COR.



11.6 Pricing Methods. Allowable Costs for Change Orders are set forth in Article 12. Methods used for determining adjustments to the Contract Price include: (i) mutual acceptance of a lump sum amount properly itemized for labor, services, materials, equipment, and mark-up for insurance, bond, overhead and profit supported by sufficient substantiating data (such as receipts, purchase orders, contracts, time reports, and other documentation reasonably required by the Construction Manager or SVMHS) to permit evaluation of the Allowable Costs; or (ii) time and material with a mutually accepted not-to-exceed amount for additional Work based on the applicable billing rates for additional Design Services set forth in Exhibit 4B, as well as applicable Design Builder field labor rates for self-performed portions of the Work multiplied by the actual time spent, plus the actual cost for materials, equipment, and other Allowable Costs as defined in Article 12, plus overhead and profit. If Work is performed on a time and material basis, Design Builder will keep and present an itemized accounting for the Allowable Costs based on detailed invoices for Design Services and daily time tickets executed by the Construction Manager for Construction Work, material and equipment invoices, and other supporting data (such as receipts, purchase orders, contracts, time reports, and other documentation reasonably required by the Construction Manager or SVMHS) substantiating the amount of the Change Order. All Work will be broken down by Design Services (if any), direct Construction Work for labor, materials, and equipment, as well as indirect costs for general conditions and general requirements (if allowed under Section 11.5), insurance and bonding, and overhead and profit

11.7 Subcontractor Adjustments. Subcontractor adjustments for Change Orders are limited to the Allowable Costs defined under Article 12 multiplied by overhead and profit as determined by subcontract. Design Professionals overhead and profit is included in their respective billing rates set forth in Exhibit 4B. All Subcontractor field labor rates for straight time, over time, and double time must specifically be set forth in their respective subcontract. Under no circumstances will Subcontractor overhead and profit on changes exceed 15% for self-performed portions of the Work plus 5% if Subcontractor has tiers (combined overhead and profit cannot exceed 20%).

11.8 Insurance and Bond. Mark up for Design Builder's insurance and payment and performance bond will be based on the percentages set forth in the Business Terms Sheet multiplied by the cost of the Construction Work as defined Article 12. Insurance and bond mark-up are not taken on top of additional Design Services included in a Change Order.

11.9 Overhead and Profit. Design Builder's mark-up for overhead and profit is set forth in the Business Terms Sheet. Mark-up for overhead and profit is multiplied by the cumulative sum of the Allowable Costs as defined in Article 12.

11.10 Deductive Change Orders. The amount of credit for deductive Change Orders will be the net decrease in the cost of the Work based on the Allowable Costs as defined in Article 12 plus Design Builder's overhead and profit. The amount of credit will be determined based on one of the pricing methods set forth in Section 11.6. When both additions and credits covering related Work are involved in a proposed change, the Change Order will be determined based on the net increase or decrease.



11.11 Construction Change Directives ("CCD"). A CCD may or may not constitute a changed condition as defined under Section 11.2, and may be issued by the Construction Manager when Work must proceed before the COR can be either submitted or approved. The CCD must indicate whether the Construction Manager believes the condition constitutes a change. If the Construction Manager believes that the CCD constitutes a changed condition, the CCD must either include an estimated lump sum amount for the change or an estimate for the Allowable Costs associated with changed condition with a not-to-exceed amount, and an estimate for the number days of adjustment to the Contract Time (if applicable), subject to the conditions set forth in Section 10.5. CCDs must be signed by the Construction Manager, SVMHS's Authorized Representative, and Design Builder in order to be valid. The Design Builder cannot exceed the not-to-exceed estimated adjustment for cost or the estimated number of days' extension of time without providing written notice to the Construction Manager requesting further approval from SVMHS, or submission of COR per Section 11.3. If a CCD states that it does not constitute a changed condition and Design Builder disagrees, the Design Builder must notify the Construction Manager and submit a COR per Section 11.3. Regardless of whether a CCD is issued, failure to provide a COR as required by Section 11.3 constitutes a waiver of Claim.

11.12 Minor Changes in the Work. The Construction Manager may order minor changes in the Work provided such changes do not impact the Contract Price or Contract Time and are consistent with the Construction Documents. Minor changes will be implemented through a CCD per Section 11.11.

11.13 Allowances. Allowances will be reconciled through written Change Order upon procurement of the portion of the Construction Work identified as an allowance in the Lump Sum Price Breakdown With Qualifications and Assumptions (Exhibit 4A). If the cost of the Work exceeds the amount carried in the allowance item, an additive Change Order will be issued increasing the Contract Price per the agreed lump sum amount. If the cost of the Work is less than the amount carried in the allowance item, a deductive Change Order will be issued in accordance with Section 11.10, decreasing the Contract Price, and 100% of all unused funds will accrue to SVMHS.

11.14 Continued Performance. No Work will be allowed to lag pending the adjustment through Change Order, but will be promptly executed as directed, even if a dispute arises. Disputes regarding Change Orders will be resolved in accordance with Article 17. Failure to promptly execute Work as directed by SVMHS or the Construction Manager will constitute a material breach of contract.

11.15 Omitted Work. If Design Builder omits Work that is included in the Contract Documents, SVMHS will have the right to withhold payment in an amount which, in the Construction Manager's or SVMHS's opinion, is equal to the value of Work that was omitted until the Work is performed.

11.16 Surety. All changes, additions, or omissions in the Work ordered through a CCD or Change Order are part of the Work and will be performed and furnished in strict accordance with all of the terms and provisions of the Contract Documents. Design Builder will keep its



surety informed of all modifications to this Contract. The obligations of Design Builder's surety are not to be reduced, waived, or adversely affected by the issuance of Change Orders even if the Design Builder fails to inform the surety of the Change Order(s), and SVMHS will not be required to obtain consent of the surety.

12. ALLOWABLE COSTS FOR CHANGE ORDERS

12.1 Allowable Costs. The cost for Change Order Work includes the Allowable Costs set forth in this Article 12 plus Change Order adjustments for overhead and profit per the Business Terms Sheet without any duplicative charge for items that fit into more than one category, and subject to the audit provisions set forth in Section 9.10. These same provisions will also apply to subcontract change orders and additional Design Services. For the purpose of Change Orders, "direct costs" includes additional Design Services and the cost of all subcontracted work or self-performed Construction Work but does not include Design Builder's general conditions, general requirements, insurance, bond, overhead or profit.

12.2 Design Professionals. Additional Design Services will be billed in accordance with the billable rates set forth in Exhibit 4B unless Design Professionals' additional cost is provided on a lump sum basis. Billing rates include any and all costs necessary for performance of Design Services provided by Design Professionals including basic wages, payroll taxes, and employer benefit payments for health and welfare (net of employee contribution withholding), pensions, vacations/holidays, supplemental dues, training, 401K benefits, and other benefits or payments required by law, and include the Design Professionals' overhead and profit. The billable rates can not include annual bonuses or salary adjustments that include annual bonuses. Billing rates are subject to audit at SVMHS's discretion. Additional Design Services are subject to the terms and conditions set forth in Article 11.

12.3 General Conditions. General conditions include Design Builder's employee costs for preconstruction services, project management, superintending, project engineering, safety, accounting, planning and scheduling, purchasing, estimating, and BIM modeler(s) (if applicable) who are specifically assigned to the Project, but only for that portion of employee time required for performance of the Work. Design Builder's staffing plan is set forth in Exhibit 4B. The staffing plan must include all Design Builder employees performing Work on the Project, their position, the percentage of time assigned to the Project, and indicate whether the person is key personnel. Design Builder has provided an Average Daily Rate that is inclusive of Design Builder's general condition costs, which will be used for extensions in Contract Time as may be permitted under Articles 10 and subject to the terms and conditions in Article 11. Design Builder's Average Daily Rate is set forth in Business Terms Sheet. Additional general conditions are not allowed unless there is an extension in Contract Time per Section 11.5.

12.4 Field Labor Costs. Additional wages of construction workers directly employed by the Design Builder or its Subcontractors performing Construction Work at the site or at off-site workshops. Labor rates will be inclusive of basic hourly wages, payroll taxes, and employer benefit payments for health and welfare, pensions, vacations/holidays, supplemental dues, and training, plus any other benefits or payments required by Applicable Law or applicable collective bargaining agreements. The labor costs associated with foremen and lead-men are included in



field labor. All field labor is subject to the skill and trained workforce requirements. To the extent field labor is union labor, field labor rates will be paid in accordance with local union agreements. If Design Builder is self-performing Work, any Change Order Work performed on a time and material basis will be per the billable rates included in Exhibit 4A.

12.5 Subcontractor Costs. All labor, materials, equipment, and appurtenances necessary for performance of the additional portion of the Work pursuant to the terms and conditions of the subcontract and subject to the limitations on Subcontractor mark-up set forth in the Business Terms Sheet.

12.6 Cost of Materials and Equipment Incorporated Into the Work. Costs, including transportation and storage, of all materials and equipment incorporated or to be incorporated into the construction Work by Change Order, including materials and equipment suitably stored off-site at a mutually acceptable location.

12.7 General Requirements. Design Builder's general requirements include costs incurred for temporary facilities that are due to an extension in Contract Time under Section 11.5. Additional general requirement costs are limited to additional costs incurred for rental of jobsite trailers, rental of furniture, and office equipment (other than equipment and devices included in overhead per Section 12.9), security and fencing, temporary protection, barricades (if rented), traffic control personnel, temporary utilities and sanitary facilities, construction equipment rental charges, dust control, rented storage trailers, temporary stairs, personnel/material hoist, and the cost of Design Builder's field labor employees (e.g. carpenters and laborers) that are maintaining the site but not self-performing Work. Field labor employees will be charged at the billable rates set forth in Exhibit 4A.

12.8 Miscellaneous Costs. Design Builder's miscellaneous costs must be incurred as a result of the Change Order. Miscellaneous costs are limited to: (i) fees of laboratories for tests required by the Change Order; (ii) cost for reproducing or printing Project documents; (iii) sales, use, gross receipts, or similar taxes imposed by a Governmental Authority; (iv) additional fees and assessments for plan check, permits, licenses and inspections, and laboratory tests required by the Change Order and that are not paid directly by SVMHS; and (v) royalties and license fees paid for the use of a particular process or product required by the Change Order.

12.9 Overhead and Profit. Design Builder's amount for overhead and profit is set forth in the Business Terms Sheet. Overhead includes full compensation for any home office personnel who are not directly assigned to the Project and included in the general conditions, as well as all overhead expenses such as rent or mortgage and utilities for home office; costs related to blueprinting, computers, software, applications, systems, data processing, and support, laptops, devices, servers, printers, copiers, plotters, cell phones, facsimile transmissions and long-distance telephone calls, postage and parcel delivery charges, telephone service at the site, digital cameras, technology fees, electronic mail, and computer time; small tools, equipment, and consumables used by Design Builder or its Subcontractors with a value less than \$1,500; and all costs of business and/or operating permits, licenses, fees and taxes, required by any Governmental Authorities or labor agreements to enable the Design Builder to be qualified to do business and perform the Work.



13. LIABILITY, DEFENSE, AND INDEMNIFICATION

13.1 Negligent Design. Design Builder is liable for all damages to the extent proximately caused by design errors and omissions that do not meet the standard of care and will be liable to the same extent for any bodily injury or physical property damage caused by the defect(s). Design Builder and its Design Professionals will correct deficiencies in the design development or Construction Documents without charge to SVMHS. If correction in the Construction Documents are performed after the Construction Work is completed, the statute of limitations for causes of action arising out of negligent Design Services will recommence upon completion of the corrective Design Services but only for that portion of the Work required to correct the negligent design errors or omissions. Correction for deficient Design Services will not limit any other legal remedies that may be available to SVMHS to recover damages arising out of, or resulting from deficient Design Services.

13.2 Indemnification. To the fullest extent permitted by law, Design Builder will defend (with counsel acceptable to SVMHS), indemnify and hold the SVMHS and its officers, board members, agents, directors, partners, members, employees, affiliates, parents and subsidiaries, and the Program Manager, and Construction Manager ("Indemnitees") harmless from and against any and all Claims, demands, causes of action, damages, costs, expenses (including legal, expert witness, and consulting fees and costs), losses or liabilities, in law or equity, arising out of, or resulting from, negligent acts or omissions in the performance of the Work by the Design Builder, its employees, Design Professionals, Subcontractors, suppliers, equipment vendors, or anyone for whom any of them may be liable. The indemnification obligations set forth in this Section will not be limited in any way by the amount or type of damages, compensation, or benefits payable by or for Design Builder under the workers' compensation acts, disability benefit acts, or other employee benefit acts. Design Builder's indemnification and defense obligations will survive termination of the Contract and include, but are not limited to, the following types of Claims:

13.2.1 Personal Injury and Property Damage. Personal injury, including bodily injury, sickness or disease, or death to any persons, employees, or agents of Indemnitees or any third parties and/or damage to tangible property of anyone (other than the Construction Work itself and including loss of use) caused or alleged to be caused by strict liability or any actual or alleged negligent act or omission of the Design Builder, its Design Professionals, Subcontractors, or suppliers, equipment vendors, or anyone directly or indirectly employed by any of them for whose acts Design Builder may be liable except to the extent that the personal injury or property damage is caused by the active negligence or willful misconduct of any of the Indemnitees.

13.2.2 Breach of Contract. Breach of any material term or condition of the Contract Documents that causes damage, cost, or expense to SVMHS.

13.2.3 Violations of the Law. Penalties, fees, and costs imposed on account of the violation of any Applicable Law and caused by the act or omission of the Design Builder, its Design Professionals, Subcontractors, suppliers, equipment vendors, or anyone directly or indirectly employed by any of them for whose acts they may be liable.



13.2.4 Safety. Bodily injury, sickness, disease, death, injury, or tangible property damage (other than to the Construction Work itself) caused, in whole or in part, from actual or alleged failure to train, initiate, maintain, or supervise safety precautions and programs in connection with the Construction Work.

13.2.5 Infringement of Intellectual Property. Infringement of any intellectual property right including patents, copyrights, or license, which may be brought against Indemnitees as a result of the Work.

13.2.6 Stop Payment Notice. Stop payment notice Claims for Work performed on the Project, including incidental or consequential damages suffered by SVMHS as a result of the Claim, and provided SVMHS has paid Design Builder for the portion of the Work at issue.

13.2.7 Insurance. Failure of Design Builder or its Design Professionals, Subcontractors, or equipment vendors to comply with the insurance provisions under this Contract and Exhibit 6A.

13.2.8 Hazardous Materials. Claims, liability, or damages arising out of, or resulting from, Design Builder's or its Design Professionals', Subcontractors', suppliers', or equipment vendors' negligent acts or omissions that cause or permit any Hazardous Materials to be generated, released, disposed, discharged, exacerbated (if pre-existing condition), or brought onto, or stored at, the Project site or used in the Work unless specified, and only if there is not a reasonable substitute for the specified material.

13.3 Duty to Defend. Design Builder will immediately upon tender defend all Claims (with counsel acceptable to SVMHS) as defined in Section 13.2 at its own cost and expense and satisfy any judgment or decree that may be rendered against any Indemnitee arising out of a Claim, and reimburse Indemnitee(s) for any and all attorney's, expert witness, and consulting fees and expenses incurred in connection with the Claim or in enforcing the indemnity and defense granted by Sections 13.2 and 13.3.

13.4 Stop Payment Notice Free Obligation. If any of Design Builder's Design Professionals, Subcontractors, supplier, or equipment vendors serves, or maintains any action on or respecting, a Claim of stop payment notice relating to the Work, the Design Builder will immediately procure, furnish, and record appropriate statutory release bonds that extinguish or expunge the stop payment notice provided that SVMHS has paid the Design Builder for that portion of the Work. If Design Builder does not timely pay its Design Professionals, Subcontractors, suppliers, or equipment vendors as required, then SVMHS may notify Design Builder's surety, settle or bond over those Claims, or take other actions necessary to prevent a default under any other agreement affecting the Project, and SVMHS will withhold payment to Design Builder or demand reimbursement for any substantiated amounts that were necessary to satisfy Design Builder's obligation to satisfy, discharge, or defend against the Claim. Nothing contained in this Section requires the Design Builder to provide release bonds for any valid stop payment notice or other Claim due to SVMHS's non-payment or a valid dispute between SVMHS and Design Builder.



13.5 Enforcement. Nothing contained in this Article 13 will be construed to impose any obligation in conflict with current California state law. In the event of a conflict with Civil Code section 2782, et seq., as may be amended, this Contract will be modified to allow indemnification and defense by Design Builder to the greatest extent permitted by law.

13.6 SVMHS's Indemnification. SVMHS will defend, indemnify and hold the Design Builder, and its respective employees, Design Professionals, Subcontractors, and equipment vendors harmless from any claims or liability, including future exposure claims made by third parties, arising out of, or resulting from pre-existing Hazardous Materials or Hazardous Materials brought onto the site by SVMHS's Separate Contractors, Separate Consultants, or anyone directly or indirectly employed by any of them but only to the extent that liability did not arise from any negligent acts, errors, or omissions of, or Work performed by, Design Builder, its employees, Design Professionals, Subcontractors, suppliers, or equipment vendors, or anyone directly or indirectly employed by any of them for whom Design Builder may be liable.

14. INSURANCE AND BONDING

14.1 Design Builder's Required Insurance. Design Builder will carry the insurance required in Exhibit 6A. Design Builder will require through written agreement that its Design Professionals carry insurance per the Business Terms Sheet and in accordance with Exhibit 6A, and that Subcontractors carry similar types of insurance coverage as Design Builder at appropriate limits for their portion of the Work, as submitted and approved by the Construction Manager. Proof of appropriate insurance, including endorsements of additional insureds for all separate policies, except for workers compensation and professional liability policies, must be submitted to the Construction Manager before commencement of the Work. Design Builder and its Design Professionals and Subcontractors will provide additional insured as required under Exhibit 6A.

14.2 SVMHS Required Insurance. SVMHS will carry the insurance required in Exhibit 6C.

14.3 Payment and Performance Bond. Design Builder will execute and furnish to SVMHS a payment and performance bond for one hundred percent (100%) of the cost of the Construction Work (minus the cost of preconstruction services) in accordance with Public Contract Code section 22165, before commencement of construction. The bonds will be in accordance with the forms set forth in Exhibit 6B, and will be amended into this Contract. The surety providing the payment and performance bonds must be an admitted surety insurer, as defined in Code of Civil Procedure section 995.120, authorized to do business in the State of California, and named on the current list of "Surety Companies Acceptable on Federal Bonds" as published by the Treasury Department Circular Number 570. Failure to provide the required payment and performance bonds will constitute a default under the Contract. The cost of the bonds will be included in the Contract Price. All changes, additions, or omissions in the construction portions of the Work ordered through a Change Order under Article 11 are part of the Construction Work and will be performed and furnished in strict accordance with all of the terms and provisions of the executed Change Order and other Contract Documents. Design Builder will keep its surety informed of all modifications to this Contract. The obligations of



Design Builder's surety are not to be reduced, waived, or adversely affected by the issuance of Change Orders even if Design Builder fails to inform the surety of the Change Order(s), and SVMHS will not be required to obtain consent of the surety on behalf of Design Builder. Bonds must remain in place until all disputes are resolved between the Parties and through the Design Builder's warranty period, whichever is later.

14.4 Payment of Subcontractors and Suppliers. Without limiting the responsibilities of Design Builder and its surety under the terms of this Contract, Design Builder and its surety agree to promptly pay all lawful claims of Subcontractors, materialmen, laborers, persons, firms or corporations for labor or services performed or materials, supplies, machinery equipment, rentals, fuels, oils, tools, appliances, insurance and other items furnished, used, or consumed in connection with the prosecution of the Construction Work including Change Orders, and will indemnify and hold harmless SVMHS from and against all liability loss, damage and expense, including interest, costs, attorneys' fees, and expert witness fees, which the SVMHS and Program Manager may sustain by reason of Design Builder's or its surety's failure to do so.

15. WARRANTY

15.1 Warranty and Correction of Work. Design Builder warrants that the Construction Work will be of good quality, free from defects, and conforming to the Construction Documents, applicable building codes, and Applicable Law. For a period of 1 year commencing from the Substantial Completion Date, and for longer periods specified in the Contract Documents for certain equipment manufacturers or suppliers, Design Builder will repair or replace at its own expense any and all deficient or defective Construction Work together with any other work that is damaged during repair or replacement. If the SVMHS's operations or use are impaired by the nonconforming Construction Work or its correction, Design Builder and its Subcontractors will use off-hours labor and timesaving procedures as SVMHS may request. The warranty excludes improper or insufficient maintenance, improper operation, normal wear and tear, and normal usage. Design Builder will procure Subcontractors' and manufacturers' express warranties required under the Contract Documents on the SVMHS's behalf and will transmit the warranties to SVMHS through the Construction Manager before Final Completion of the Work and Project close-out. Establishment of the 1 year express warranty period for correction of Construction Work relates only to the Design Builder and its Subcontractors specific obligation to correct defective or non-conforming Construction Work, and has no relationship to statute of limitations periods for legal claims arising from the Contract Documents. All warranties for workmanship must be submitted and approved by Construction Manager.

16. OWNERSHIP OF DOCUMENTS

16.1 Design Development Documents and Construction Documents. The Design Development Documents and Construction Documents are being developed and furnished for use solely with respect to this Project. As such, provided that SVMHS has complied with the payment provisions set forth in Article 9, SVMHS will own and have all rights, title, and interests under Applicable Law in the Project's overall design, including the Design Development



Documents, and Construction Documents ("Design Documents"). The Design Builder, Design Professionals and Design Build Subcontractors will not own or claim a copyright in the Design Documents prepared for the Project, and may not use such documents on other projects outside the scope of the Work without written consent of SVMHS. Design Builder, Design Professionals, and Design Build Subcontractors may each retain a record set of each of the approved Design Documents for the purpose of defense of any subsequent Claims or disputes involving the Project.

16.2 Building Information Model. If BIM is utilized on the Project, the BIM and subsidiary models used for design and construction are the property of SVMHS. Design Builder and its other Design Build Team Members agree to provide the Construction Manager, as a deliverable before Final Completion, the record BIM and any other BIM files that Construction Manager deems necessary. Despite the above, design elements that were created by any Design Build Team Member, before execution of this Contract, as extensions to commercially available BIM software will remain the property of the respective party that created the extension, regardless of whether it was used in the BIM for Work performed under this Contract, and SVMHS will hold a perpetual, non-exclusive, royalty-free license to those design elements for purposes of designing, constructing, renovating, operating, and maintaining the Project for which the BIM was created.

16.3 Licensing. The Design Build Team Members are each granted a limited, non-exclusive, royalty-free license to use and reproduce applicable portions of the Design Documents and other documents prepared for use in the performance of the Work. SVMHS grants the Design Builder, Design Professionals, and Design Build Subcontractors a non-exclusive, royalty-free, perpetual license for use or display of the Model or 2-D information solely for educational purposes.

16.4 Copies. All copies made under the license will bear the statutory copyright notice of SVMHS shown on the Construction Documents as well as any other Design Documents prepared by the Design Builder, Design Professionals, and Design Build Subcontractors. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with a Project will not be construed as publication in derogation of the SVMHS's copyright or other reserved rights and interests.

16.5 Exception. Nothing contained in Article 16 limits the ownership, rights, title, and interest of the Design Builder, Design Professionals, or Design Build Subcontractors to their respective general design details, layouts, and general concepts that each of them uses or has used on multiple projects, or to use new standard design details that were developed during design under this Contract on other projects.

16.6 Termination. Termination of the Design Builder or other member of the Design Build Team does not affect the rights of the SVMHS under this Article 16. If Design Builder is terminated before the Design Services are completed, SVMHS will either: (i) take assignment of the Design Professionals and Design Build Subcontractors; or (ii) hire another design professional of record who will over-stamp the Design Documents and become the architect or



engineer of record. To the extent either should occur, all parties involved in the assignment or transition of the design will cooperate with SVMHS.

17. CLAIMS AND DISPUTES

17.1 Disputes. Disputes, Claims, or other matters in question between the Design Builder and SVMHS arising out of the Contract Documents, including breach of contract, will be subject to Public Contract Code sections 9204 and 20104-20104.6. Compliance with all Change Order procedures is a condition precedent to filing a Public Contract Code Claim pursuant to this Article 17. Notice of Claim must be made within 10 business days, as well as any statutory requirements. Any Claim submitted by Design Builder will be in writing and include the documents necessary to substantiate the Claim. All Claims must be submitted by certified mail to SVMHS's Authorized Representative with return receipt requested, with a copy to Construction Manager. Failure to timely or properly submit a Claim per this Article 17 will be deemed a waiver of all rights to do so.

17.2 Required Documentation. Design Builder's reasonable documentation in support of the Claim must, at a minimum include: (i) a clear, concise recital of the basis of the Claim asserted, including a designation of the provisions of the Contract Documents upon which the Claim is based; a statement as to the amount of time and/or compensation sought pursuant to the Claim; (ii) a statement regarding whether the Claim arises from an ongoing occurrence, and if so a description of the specific Work activities affected by the Claim; (iii) a fragnet analysis as required under Article 10 if Design Builder is requesting a time extension in the Contract Time; (iv) full and complete cost records supporting the amount of any Claim for additional compensation; (v) a notarized certification by the Design Builder and each Design Professional and Subcontractor included in the Claim as follows: "Under the penalty of law for perjury or falsification and with specific reference to the California False Claims Act, Government Code Section 12650 et seq., the undersigned hereby certifies that the information contained herein is a true, accurate, and complete statement of all features relating to the Claim asserted." Failure by the Design Builder and its Design Professionals and Subcontractors included in the Claim to provide sufficient documentation will result in denial of the Claim. SVMHS reserves the right to request additional documentation, or clarification of the documentation provided.

17.3 SVMHS's Response. Upon receipt of a Claim, SVMHS will conduct a reasonable review and provide a written statement to the Design Builder identifying what portion of the Claim is disputed and what portion is undisputed within 45 days of receipt of the Claim. SVMHS and Design Builder may, by mutual agreement, extend the 45 day time period. For any undisputed portion of a Claim, SVMHS will make payment within 60 days of SVMHS issuance of the written statement. Failure of SVMHS to respond to a Claim from Design Builder within the time periods described in this Section will result in the Claim being deemed rejected in its entirety.

17.4 Dispute SVMHS's Response. If Design Builder disputes SVMHS's response, or if SVMHS fails to respond within the time prescribed, Design Builder may demand an informal conference to meet and confer for settlement of the issues in dispute within 30 days of the SVMHS's response or failure to respond. Within 10 business days following the meet and



confer conference, SVMHS will provide a written statement identifying the portion of the Claim that remains in dispute. Any payment due on an undisputed portion of the Claim will be made within 60 days of the meet and confer conference. In the event that the meet and confer conference is unsuccessful, the matter will be submitted to nonbinding mediation within 60 days unless the Parties mutually agree to a later date

17.4.1 Failure of the SVMHS to respond to a Claim within the time periods described above will result in the Claim being deemed rejected in its entirety.

17.5 Mediation. Unless the Parties mutually agree to waive mediation and proceed straight to litigation, the Parties will mutually agree to a mediator within 10 business days after the disputed portion of the Claim has been identified in writing. If the Parties cannot agree upon a mediator, each Party will select a mediator and those mediators will select a qualified neutral third party to mediate with regard to the disputed portion of the Claim. Each party participating in the mediation will share in the fees and costs in connection with the mediation.

17.6 Litigation. If mediation is unsuccessful, Design Builder must file a government claim pursuant to Government Code section 910 et seq. in order to initiate a civil action.

17.7 Joinder. Design Builder acknowledges that the Project is being constructed under a design-build project delivery method where the Design Builder is under direct contract with SVMHS. The Parties consent to the joinder of other necessary Project Team Members in any dispute resolution procedure, if Claims for or against the Design Builder or SVMHS arise from the same, substantially the same, or interrelated facts, issues, or incidents relating to the Project, or where separate dispute resolution processes create a risk of inconsistent awards or results.

18. TERMINATION AND SUSPENSION

18.1 Suspension. The Project may be suspended upon written notice from SVMHS. The written notice of suspension will set forth the reason for suspension and the effective date of suspension. If the Project is suspended by SVMHS and not due to any fault of the Design Builder or any of its Design Professionals, Subcontractors, suppliers, or equipment vendors, the Design Builder will be compensated per the compensation and payment terms set forth in Article 9 for all Work properly performed through the effective date of the suspension. If Construction Work has commenced by the effective date of suspension and the suspension requires demobilization of the Design Builder, the Design Builder will also be entitled to an additional 10 work days to cease all operations and secure the Project site. The Design Builder will be compensated for its general conditions per the Average Daily Rate set forth in the Business Terms Sheet, and for actual general requirements costs incurred for the additional 10 work days. If the Project is resumed, and provided that the suspension was not caused or due to any fault or neglect of the Design Builder or any of its Design Professionals, Subcontractors, suppliers, or equipment vendors, then Design Builder's compensation will be equitably adjusted through Change Order under Article 11 and the Contract Time will be equitably adjusted for the additional time required to achieve Substantial Completion of the Work. If the Project has ceased for more than 120 consecutive calendar days or if all Construction Work has ceased for



a period of 60 consecutive calendar days, Design Builder may terminate the Contract under Section 18.4.

18.2 SVMHS's Termination for Convenience. SVMHS may terminate this Contract for convenience upon 10 business days' written notice. The notice will state the extent and effective date of termination. Design Builder will be entitled to receive payment for all Work properly performed as of the effective date of termination based on the compensation and payment provisions set forth in Article 9. If Construction Work has commenced as of the effective date of termination, Design Builder will also be entitled to an additional 10 work days of general conditions and general requirements to cease all operations and secure the site. General conditions will be billed per the Average Daily Rate set for in the Business Terms Sheet and general requirements will be bill for actual costs incurred. The additional general conditions and general requirements will not apply if the SVMHS already suspended the Work under Section 18.1 and the Design Builder already received compensation for demobilization and securing the site. Design Builder expressly waives any Claims for consequential damages, including anticipated lost profits and unabsorbed overhead. Any dispute over the amount to be paid upon termination will be resolved in accordance with the dispute resolution procedures set forth in Article 17.

18.3 SVMHS's Termination for Cause. SVMHS may terminate this Contract upon not less than 10 calendar days' written notice if Design Builder is in breach of any term or provision of the Contract Documents and Design Builder does not cure its breach within the same 10 calendar day time frame. The notice will set forth the reason for termination and the effective date of termination. If SVMHS terminates this Contract for cause, Design Builder will not be entitled to any further payments until after Final Completion of the Work. Nothing stated in this Section will prevent SVMHS from pursuing and recovering any damages allowed by Applicable Law from Design Builder arising out of a breach of the Contract Documents. If a court deems that termination of the Design Builder was wrongful or otherwise improper, the termination will be deemed a termination for convenience under Section 18.2.

18.4 Design Builder's Termination for Cause. Design Builder may terminate this Contract upon 15 days' written notice and an additional 15 days' opportunity to commence curing, if SVMHS fails to make payment to the Design Builder in accordance with Article 9, and cannot provide evidence substantiating that financial arrangements have been made to make payment, or if the Project is suspended for more than 120 consecutive calendar days, or if all Construction Work has ceased for a period of 60 consecutive calendar days. Design Builder will be compensated for all Work properly performed through the effective date of termination in accordance with the compensation and payment provisions set forth in Article 9. If the Contract is being terminated due to failure to make payment and provided that the Construction Work has commenced before the effective date of termination, Design Builder will also be entitled to additional general conditions and general requirements for 10 work days to cease all operations, demobilize, and secure the site. General conditions will be charged at the Average Daily Rate set forth in the Business Terms Sheet, and general requirements will be paid based on actual costs incurred by Design Builder.



19. MISCELLANEOUS PROVISIONS

19.1 Confidentiality. Design Builder will keep information provided by SVMHS or made available to Design Builder during performance of the Work confidential, and will not disclose confidential information to persons or entities other than as necessary to perform the Work.

19.2 Governing Law. This Contract will be governed and construed under the laws of the State of California without giving effect to any choice of law or rule of conflict that would cause the application of the laws of any other jurisdiction. Each of the Parties agrees that the exclusive venue for any dispute resolution proceeding or action will be in Monterey, California.

19.3 Assignment. SVMHS and Design Builder respectively bind themselves, their partners, successors, assignees, and legal representatives to the other Party to this Contract. Design Builder may not assign this Contract. Upon notice, SVMHS may assign this Contract to any lender in obtaining Project financing, and Design Builder and its Design Professionals, Subcontractors, suppliers, and equipment vendors will cooperate with SVMHS and execute required assignment and subordination agreements.

19.4 Notices. Any notice required to be given by this Contract will be in writing and deemed effective upon: (i) the date of personal delivery if received by the addressee before 5:00 p.m. local time on a business day; (ii) 3 business days after being sent via registered or certified mail with a return receipt requested; or (iii) 1 business day after being sent by overnight commercial courier providing next-business-day delivery. Note that notice of Claims must be sent via certified mail return receipt requested. Notices will be addressed to the following respective parties with a copy to Construction Manager:

SVMHS

Pete Delgado
President/CEO
450 E. Romie Lane
Salinas, CA 93901
Email:pdelgado@svmh.com

Design Builder

[insert name]
[insert address]
[insert city, CA zip
Email:

19.5 Interpretation and Severability. This Contract's terms and conditions will be interpreted according to their plain meaning, and not strictly for or against either SVMHS or Design Builder. Any contrary rule of construction or interpretation will be of no force or effect with respect to this Contract. If a court of competent jurisdiction finds any term or provision of this Contract to be void or unenforceable for any reason, the term or provision will be amended to comply with Applicable Law. If a term or condition is severed, the remainder of the Contract will remain in full force and effect to the maximum extent permitted by law and consistent with SVMHS's and Design Builder's overall intent.

19.6 Third Party Beneficiaries. The Parties acknowledge and agree that the obligations of the Design Builder are solely for the benefit of SVMHS and are not intended in



any respect to benefit any third parties. SVMHS, however, is a third party beneficiary to all Design Professional agreements and subcontracts. There are no other third party beneficiaries to this Contract.

19.7 Time is of the Essence. Time is of the essence with respect to each and every provision of the Contract Documents and any subsequent Change Orders.

19.8 Rights and Remedies. All rights and remedies under the Contract Documents will be cumulative and in addition to, and not in limitation of, all other rights and remedies of the Parties under the Contract Documents or otherwise available at law or in equity.

19.9 Survival. The following provisions will survive termination of this Contract or completion of the Work: Sections 1.4, 1.5, 10.8, Articles 9, and 13 through 19.

19.10 Waiver. Unless otherwise indicated in this Contract, SVMHS's and Design Builder's action or failure to act will not waive any right or duty it has under the Contract, and such action or failure to act will not be an approval of or acquiescence in a breach of the Contract unless specifically agreed to in writing by the Party.

19.11 Counterparts. This Contract may be executed in counterparts, each of which will be deemed an original. When proving this Contract, it will only be necessary to produce or account for the counterpart signed by the Party against whom enforcement is sought. Electronic copies or photocopies of this Contract showing the true signatures may be used for all purposes as originals.

19.12 Interest. Payments due and unpaid under this Contract that do not constitute a Claim will bear interest from the date payment is due at the rate prescribed by Applicable Law.

19.13 Attorneys' Fees. If SVMHS or Design Builder commences an action or dispute resolution process in accordance with the terms and provisions of this Contract against the other Party for Claims arising out of or in connection with the Contract Documents, the prevailing Party will be entitled to recover all reasonable attorneys' fees and costs (including charges and expenses related to the suit, expert witness, and consultants' fees) as may be determined by a court with competent jurisdiction.

19.14 Conflict of Interest. Design Builder will comply with the SVMHS's Conflict of Interest Policy and Procedures set forth in Exhibit 7C.

19.15 Electronic Signature. The Parties agree that an electronic signature is an acceptable form of signature for written communications between the Parties and will have the same force and effect as the use of a manual signature provided that the digital signature is: (i) unique to the person using it; (ii) capable of verification; (iii) under the sole control of the person using it; and (iv) linked to the data in such a manner that if the data are changed, the digital signature will be invalidated.



19.16 Legal Citations. Legal citations to statutory requirements are included in the Contract for convenience and an omission of any statutory requirement will not relieve the Design Builder from compliance with Applicable Law.

19.17 Entire Contract. The Contract Documents form the entire contract between the SVMHS and Design Builder and supersede all prior oral and other written negotiations, representations, or agreements between the SVMHS and Design Builder with respect to the Work performed for this Project.



DRC Parking Garage Annex - Design Build Project
RFP No. 01.1250.3271
Budget & Cashflow (7/13/2021)

DRC Parking Garage Annex - Design Build Project	BUDGET	FY 2020/2021 SUBTOTAL	FY 2021/2022 SUBTOTAL	FY 2022/2023 SUBTOTAL	FY 2023/2024 SUBTOTAL
Program & Construction Management	\$ 1,687,885	\$ 183,400	\$ 661,200	\$ 673,200	\$ 170,085
Preliminary Design & Initial Studies	\$ 310,000	\$ 80,000	\$ 95,000	\$ 105,000	\$ 30,000
Make Ready Design & Construction	\$ 1,128,979	\$ 84,000	\$ 1,044,979	\$ -	\$ -
Agency Fees & Inspection	\$ 2,156,000	\$ -	\$ 1,680,000	\$ 434,000	\$ 42,000
Procurement & FF&E	\$ 607,000	\$ 5,000	\$ -	\$ 289,333	\$ 312,667
Contingency	\$ 2,106,879	\$ -	\$ 608,546	\$ 1,208,333	\$ 290,000
Design Builder - PreConstruction	\$ 1,283,297	\$ -	\$ 1,176,356	\$ 106,941	\$ -
Design Builder - Construction	\$ 26,719,960	\$ -	\$ -	\$ 23,480,897	\$ 3,239,063
TOTAL PROJECT BUDGET	\$ 36,000,000	\$ 352,400	\$ 5,266,080	\$ 26,297,706	\$ 4,083,814

Board Paper: Finance Committee

Agenda Item: **Consider Recommendation to Board of Directors to Authorize the SVMHS President/Chief Executive Officer to Approve Certain Change Orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements**

Executive Sponsor: Pete Delgado, President/Chief Executive Officer
Augustine Lopez, Chief Financial Officer
Gary Ray, District Legal Counsel

Date: July 19, 2021

Executive Summary

The Downing Resource Center Parking Garage Annex and Ancillary Improvements (“DRC Annex”) project calls for the design and construction of a new 4-level parking structure immediately adjacent to the existing Downing Resource Center parking structure (“DRC”) which will serve as an extension, or annex to the DRC. The new garage will provide a net increase of 166 parking stalls and will connect to the existing structure’s circulation system, functioning as a single larger garage. A new south entrance/exit will be provided from San Jose Street. New exterior stairways and pedestrian access will be provided to direct garage users to the main hospital entrance. The lowest (basement) level will include 20,000 square feet of office and hospital support uses, connecting to the basement uses in the existing DRC structure. The estimated cost of the project is \$36,000,000.00.

Request for Proposal/Contract Process

Several contractors have been pre-qualified to submit bids in response to a request for proposal (RFP) prepared by Hanson Bridgett under the oversight of David Gehrig. Part of the RFP includes the Design-Build Agreement. It is customary in the Design-Build Agreement to indicate the parameters under which District Administration (in this case, the SVMHS President/CEO, Mr. Delgado) may approve change orders from the contractor on the project in order to avoid delays and increased costs for the project due to the scheduling of District Board Meetings to approve such change orders.

For reference, the California Health and Safety Code (Local Health Care District Law) imposes certain requirements on change order in excess of five percent (5%) of the contract amount. If, however, a contract was made in compliance with the District bidding requirements (which will be the case here), then a change order in an amount up to five percent (5%) of the contract amount which does not materially change the scope of the work as set forth in the construction agreement may be approved by the District without any additional bidding procedure. The District Board is permitted to delegate to the President/CEO of the District the responsibility to review and approve such change orders.

Administration believes that granting this authority to the President/CEO to approve change orders for this project up to a maximum of four hundred fifty thousand dollars (\$450,000.00) per change order not to exceed a cumulative total change order maximum amount of five percent (5%) of the contract amount is in the best interest of the District in order to support the smooth and uninterrupted construction of the DRC Annex project. Any individual change order in excess of four hundred fifty thousand dollars (\$450,000.00), or cumulative change orders totaling more than five percent (5%) of the contract amount, will be presented to the Board for review and shall require Board approval.

Recommendation

The Finance Committee recommends that the SVMHS Board of Directors authorize the SVMHS President/Chief Executive Officer to approve Change Orders for the Downing Resource Center Parking Garage Annex and Ancillary Improvements in amounts not to exceed four hundred fifty thousand dollars (\$450,000.00) per change order up to a total aggregate amount not to exceed five percent (5%) of the contract amount.

SVMH Balanced Scorecard



FY 2021 YTD May



Organizational Goals by Pillar		FY 2021 Act/Proj	TARGET	Var %		FY 2020 Baseline	
Weight 30%	I. Service						
	Average of Inpatient HCAHPS Scores	74.6	74.2	0.6%		73.7	
	Emergency Room Press Ganey Score	61.3	59.7	2.6%		59.2	
	Average of Ambulatory HCAHPS Scores	90.7	91.8	-1.2%		91.3	
20%	II. People						
	Annual Employee Indicator Survey	4.36	4.32	0.9%		4.34	
20%	III. Quality & Safety Processes						
	Emergency Room Efficiencies						
	Median length of stay for non-admits (in minutes)	162.0	153.0	-5.9%		154.0	
	Median time from admit decision to time of admission to nursing unit (in minutes)	91.0	85.0	-7.1%		88.0	
	Operating Room Efficiencies						
	Turnover Time (Wheels out / Wheels in) (in minutes)	29.8	29.5	-0.9%		29.0	
	Percentage of 1st Case On Time Start Time	90.9%	89.0%	2.1%		90.4%	
	Hospital Acquired Conditions Average	0.30	0.49	38.2%		0.44	
20%	IV. Finance						
	Income from Operations (Normalized) (\$ in Millions)	\$74,767	\$50,933	46.8%		\$113,306	
	Operating Margin (Normalized)	12.6%	9.9%	27.4%		19.2%	
10%	V. Growth						
	I. Increase Aspire Health Plan Medicare Advantage membership to →	5,771	6,069	-4.9%		5,459	
	II. Increase % of patients adopting of EPIC MyChart to →	36.5%	30.0%	21.8%		14.7%	
0%	VI. Community						
	Community activity hours by SVMHS Staff	1,303	-			12,644	
	Increase participation in the Blue Zones Project	2,558	844	203.1%		744	

Monthly Scorecard

IP Service (15%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var. %
I. Service														
1. Communication with Nurses	81.7	80.1	75.3	81.6	82.2	86.2	84.1	81.8	77.9	82.9	85.1	81.7	82.6	-1.0%
# of Reponses	161	145	138	125	115	155	113	95	159	148	134			
2. Communication with Doctors	79.6	82.0	78.5	81.1	80.1	82.6	87.7	86.6	81.6	86.5	85.4	82.9	81.8	1.3%
# of Reponses	159	145	137	125	115	155	112	95	158	147	135			
3. Responsiveness of Hospital Staff	69.9	63.8	68.4	75.3	67.2	72.1	72.0	65.9	65.5	73.3	75.6	69.9	68.2	2.4%
# of Reponses	156	134	135	114	108	148	109	89	150	142	132			
4. Communication About Medicines	68.8	66.9	64.9	71.6	71.7	67.4	69.2	70.5	66.9	65.0	72.7	68.7	69.7	-1.5%
# of Reponses	107	98	88	83	78	98	88	60	100	99	80			
5a. Cleanliness of hospital environment	86.1	73.4	75.7	79.2	77.7	85.0	78.6	77.9	80.5	81.0	79.9	79.5	81.5	-2.4%
# of Reponses	158	143	136	125	112	153	112	95	159	147	134			
5b. Quietness of hospital environment	58.2	59.6	53.6	55.3	50.0	50.0	52.3	52.6	50.0	45.6	50.7	52.5	48.7	7.9%
# of Reponses	158	141	138	123	112	152	111	95	158	147	136			
6. Discharge Information	86.1	89.8	89.2	91.8	89.6	91.6	92.2	88.7	91.3	91.1	92.8	90.4	90.3	0.1%
# of Reponses	153	136	127	116	107	151	110	93	153	141	127			
7. Care Transitions	54.1	61.3	53.9	56.0	56.2	62.2	65.0	60.5	56.9	61.5	58.5	58.7	57.0	3.1%
# of Reponses	162	144	137	125	115	154	112	95	158	149	136			
8. Overall Rating of Hospital	78.2	73.6	74.8	76.8	77.2	79.6	77.7	85.4	79.3	82.4	79.1	78.6	78.6	-0.1%
# of Reponses	156	140	135	125	114	152	112	96	159	148	134			
Average of Inpatient HCAHPS Scores	73.8	73.0	71.2	75.2	73.5	76.1	76.7	75.6	73.1	75.8	76.8	74.6	74.2	0.6%
# of Total Reponses - IP	162	145	138	125	115	155	113	96	159	149	136			

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 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

ER Service (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
I. Service														
Emergency Room Press Ganey Score	56.4	57.9	59.7	64.5	57.7	60.6	62.0	63.7	63.0	64.7	63.8	61.3	59.7	2.6%
# of Total Responses - ER	269	204	201	177	110	194	207	144	201	196	210			

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 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

Ambulatory Service (5%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
I. Service														
1. Communication	81.1	87.6	82.9	93.6	91.5	86.5	87.5	90.1	92.9	86.2	92.0	88.4	90.3	-2.1%
# of Reponses	65	66	52	64	63	55	40	33	64	51	43			
2. Discharge	91.9	94.0	91.4	95.9	92.2	93.2	92.1	94.0	96.1	93.4	92.8	93.4	94.6	-1.3%
# of Reponses	64	66	53	64	62	55	39	33	64	51	43			
3. Facility rating	72.3	87.3	86.8	96.8	82.3	80.0	89.5	78.8	88.9	84.0	90.7	85.2	85.6	-0.5%
# of Reponses	65	63	53	62	62	55	38	33	63	50	43			
4. Facility/Personal Treatment	89.7	97.2	97.5	98.4	96.2	96.3	93.1	97.0	98.7	95.1	96.5	96.0	96.8	-0.9%
# of Reponses	65	66	53	64	62	55	39	33	64	51	43			
Average of Ambulatory HCAHPS Scores	83.7	91.5	89.6	96.2	90.5	89.0	90.5	90.0	94.2	89.7	93.0	90.7	91.8	-1.2%
# of Total Reponses - Ambulatory	65	66	53	64	63	55	40	33	64	51	43			

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)
- Includes Departments: Cath Lab, Endoscopy, Angio/Special Procedures Radiology, Outpatient Surgery
- IP HCAHPS Score FY 2020 Baseline was 73.7. Rationale: Baseline = Threshold is based on 7 month Pre-Covid Average (Aug19 to Feb20; Jul19 not included due to sterilizer event) = 73.7. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline.
- ER Press Ganey Score FY 2020 Baseline was 59.2. Rationale: Baseline = Threshold is based on average of July 2020 Actual, MTD August 18, 2020 Actual, September estimated Average of Jul and Aug, and remainder of the year using 8 month Pre-Covid Average (Jul19 to Feb20) = 59.2. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline
- Ambulatory HCAHPS Score FY 2020 Baseline was 91.3. Rationale: Baseline = Threshold is based on 8 month Pre-Covid Average excluding August 2019 (anomaly) = 91.3. The Target is 0.5 point improvement from the Baseline, and the Max is 1.0 point improvement from the Baseline

Monthly Scorecard

People (20%)



Organizational Goals by Pillar	FY 2021 Act/Proj	TARGET	Var %
II. People			
Annual Employee Indicator Survey	4.36	4.32	0.9%

Notes / Assumptions:

- **Source: Press Ganey**
- People Pillar goal is set to a maintenance goal as opposed to improvement. The Target is a 0.02 decline opportunity to stay within target.

Monthly Scorecard

Quality & Safety Processes – ER (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes														
Emergency Room Efficiencies														
Median length of stay for non-admits (in minutes)	124.0	141.0	158.0	172.0	167.0	179.0	181.0	176.0	172.0	160.0	162.0	162.0	153.0	-5.9%
Median time from admit decision to time of admission to nursing unit (in minutes)	87.0	87.0	86.0	87.0	94.0	120.0	115.5	98.5	87.0	83.0	76.0	91.0	85.0	-7.1%

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.) The Baseline for FY20 was 154.0 minutes; Rationale: Baseline = Threshold is based on FY 2020 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). Actuals for FY 2020 was 81.0 minutes. However, Baseline used to determine Threshold for FY 2021 is 88.0, based on July 2020 Actual and MTD 8-18-20 Actual. Rationale: It is expected that Flu & Covid will generate more complexity for ER admissions. The isolation rooms in the ER are limited. When a patient leaves the isolation room, there is a need for terminal cleaning for at least 1 hour which causes a delay to flow of patients. The admission process has become more complicated with patients going to COVID & isolation rooms because of the need for more resources for transport depending on patient's need. Also, COVID testing can take up to an hour so a patient cannot leave ER until COVID results are available to place a patient in proper rooms. FY21 Threshold is a 2.0 minutes improvement from Baseline = 86.0 minutes; FY21 Target = 85.0 minutes; FY21 Max = 84.0 minutes.

Monthly Scorecard

Quality & Safety Processes – OR (8%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var. %
III. Quality & Safety Processes														
Operating Room Efficiencies														
Turnover Time (Wheels out / Wheels in) (in minutes)	30.7	28.7	29.3	30.3	31.3	33.1	31.6	29.9	28.9	27.1	26.6	29.8	29.5	-0.9%
Percentage of 1st Case On Time Start Time	92.2%	86.7%	94.2%	83.5%	89.5%	75.9%	87.0%	98.1%	97.8%	97.9%	96.8%	90.9%	89.0%	2.1%

Turnover Time Measurement: New Methodology FY 2021 - Calculate minutes elapsed between the PICIS OR Nurse Record wheels out & wheels in of the next case. Historically based on predictive anesthesia end time by the circulating RN in the OR record, this metric was updated to use the anesthesia actual documented end time as a more precise variable to capture and measure data more accurately. The PICIS 8.6 Upgrade in March 2020 prevents modification of time in the Nurse Record and requires the Anesthesia End Time to be documented in the PACU as the patient begins the recovery process rendering it no longer an accurate capture of the TOT wheels out data point. 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 partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 20 Baseline = 29.0 under the new methodology. Rationale: FY 2021 Goals are: Threshold = 30.5, Target = 29.5, Max = 28.5 in order to achieve sustainability.

Percentage of 1st case On Time Start Time

- 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
- FY20 Baseline was 90.4%. FY 2021 Goals are: Threshold = 87.0%. Target = 89.0%. Max = 91.0%. Rationale: Increased targets from prior year by 1 percentage point in order to achieve sustainability and maintain patient safety as the priority focus for Perioperative Services.
- **National benchmark goals range from 70% to 80%**

Monthly Scorecard

Quality & Safety Processes – HAC (4%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	FY 2021 Act/Proj	TARGET	Var %
III. Quality & Safety Processes												
Hospital Acquired Conditions												
CLABSI SIR (Standard Infection Ratio)	0.00			0.44			0.00			0.15	0.41	64.2%
# of CLABSI EVENTS	0	0	0	0	1	0	0	0	0	1		
CAUTI SIR (Standard Infection Ratio)	0.91			0.81			0.00			0.57	0.43	-34.5%
# of CAUTI EVENTS	1	0	1	1	0	1	0	0	0	4		
CDI SIR (Standard Infection Ratio)	0.54			0.00			0.00			0.18	0.62	70.8%
# of CDI EVENTS	0	2	1	0	0	0	0	0	0	3		
Hospital Acquired Conditions Average	0.49			0.42			0.00			0.30	0.49	38.2%

- **Source:** NHSN & Medline Interface
- Hospital Acquired Conditions will be measured **quarterly**
- **Rationale for Targets:** The FY 2021 Target is set to meet Leapfrog requirements, which will then align with CMS requirements.
- **Acronyms:**
 1. **CLABSI (Central Line Associated Bloodstream Infection).**
 2. **CAUTI (Catheter Associated Urinary Tract Infection).**
 3. **CDI (Clostridium Difficile Infection).**

Monthly Scorecard

Finance (20%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
IV. Finance														
Income from Operations (Normalized) (\$ in Millions)	\$7,663	\$8,131	\$7,328	\$6,224	\$8,606	\$10,189	\$10,275	\$1,670	\$6,566	\$1,241	\$645	\$74,767	\$50,933	46.8%
Operating Margin (Normalized)	15.3%	16.7%	15.4%	12.9%	17.6%	19.3%	19.3%	4.1%	13.7%	3.2%	1.6%	12.6%	9.9%	27.4%

- Target Methodology is based on SVMH's 100% of FY 2021 Board Approved Annual Operating Budget

Monthly Scorecard

Growth (10%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
V. Growth														
I. Increase Aspire Health Plan Medicare Advantage membership to →	5,496	5,528	5,544	5,558	5,570	5,590	5,815	5,817	5,802	5,787	5,771	5,771	6,069	-4.9%
II. Increase % of patients adopting of EPIC MyChart to →	-	-	21.1%	21.8%	22.7%	24.7%	28.6%	32.4%	36.5%	36.7%	36.5%	36.5%	30.0%	21.8%

- **Aspire:** Our target for FY21 is based on detail provided by the executive team at Aspire Health Plan. We are using the current Aspire sales goals for the Special Election Period (SEP) and Annual Election Period (AEP) in line with our current business plan and bid targets. The projected increase of 610 members from our baseline of 5,459 in June is less than our prior year target of a 949 member increase. The primary driver behind the reduction in member growth projection is major changes in the plan design (benefits) to all of the plans, but to the Plus Plan in particular. The changes reflect a desire to improve plan profitability and mitigate risk. Our corridor for minimum and maximum thresholds is proportional to our targets last year with a +/- 20% of the targeted increase in members or 122 members over or under the target. The final result will be based on CMS paid members for the month of June in the July report from CMS.
- **Epic MyChart:** Our target for FY21 is based on benchmarks provided by Epic when compared to our peers that are using Epic MyChart and the recommendations from Epic Ambulatory Advisory Council. The middle 50% of Epic installations from our peer group ranges from 28% to 48% with a median of 38%, our current performance is 14.7% and is improving as we continue to push adoption and implement strategies to engage our patients through MyChart as our primary telemedicine platform. The 30% target was set by the Epic Ambulatory Advisory Council on February 20, 2020. The corridor for minimum and maximum thresholds is +/- 5% for a range from 25% to 35%. The final result will be based on patients with visits in FY21 that have an active MyChart account.

Monthly Scorecard

Community (0%)



Organizational Goals by Pillar	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	FY 2021 Act/Proj	TARGET	Var %
VI. Community														
Community activity hours performed by SVMH Staff	164	120	41	264	96	77	109	56	107	104	57	1,303	-	-
Increase participation in the Blue Zones Project												2,558	844	203.1%

Notes / Assumptions:

- **Community Activity Hours Performed by SVMHS Staff:** Source: SVMH Activity Tracker Application. As a result of the challenging times during the pandemic, there will not be an established target for FY 2021 to dismiss the pressures of performing community activity hours.
- Increase participation in the Blue Zones Project by SVMHS staff, volunteers, contractors and physicians to 844 unique engagements. Baseline is 744 as of July 1.
 - Threshold: 804 (increase of 60 unique engagements, 3% over baseline)
 - Target: 844 (increase of 100 unique engagements, 5% over baseline)
 - Stretch: 884 (increase of 140 unique engagements, 7% over baseline)
- *FY 2021 Blue Zone participation: 1,750 people engaged in BZP Healthstream module, and 808 people completed the Real Age Test (1,750 + 808 = 2,558 Unique Engagements)*

Questions / Comments?



Financial Performance Review

June 2021

Augustine Lopez
Chief Financial Officer



Consolidated Financial Summary

For the Month of June 2021

Profit/Loss Statement

\$ in Millions	For the Month of June 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 63.5	\$ 52.8	\$ 10.7		20.3%
Operating Expense	\$ 52.2	\$ 50.9	\$ (1.3)		-2.6%
Income from Operations*	\$ 11.3	\$ 1.9	\$ 9.4		494.7%
<i>Operating Margin %</i>	17.9%	3.5%	14.4%		411.43%
Non Operating Income**	\$ (0.2)	\$ 0.8	\$ (1.0)		-125.0%
Net Income	\$ 11.1	\$ 2.7	\$ 8.4		311.1%
<i>Net Income Margin %</i>	17.6%	5.1%	12.5%		245.1%

*** Income from Operations includes:**

- \$0.7M** AB113 Intergovernmental Transfer (FY 17)
- \$0.4M** AB113 Intergovernmental Transfer (FY 21)
- \$0.9M** PRIME Payment (net) in excess of budget (FY 20)
- \$1.6M** AB915 M-Cal OP Supplemental (FY 20)
- \$3.4M** Prior period Year End Adjustments
(Pension, A/R, AB 915, Old Master Facility Plan)

\$7.0M Total Normalizing Items, Net

**Unfavorable variance in non-operating income is predominantly due to lower than expected returns on investments in subsidiaries

Consolidated Financial Summary

For the Month of June 2021 - Normalized

Profit/Loss Statement

\$ in Millions	For the Month of June 2021				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 54.1	\$ 52.8	\$ 1.3		2.5%
Operating Expense	\$ 49.8	\$ 50.9	\$ 1.1		2.2%
Income from Operations	\$ 4.3	\$ 1.9	\$ 2.4		126.3%
<i>Operating Margin %</i>	8.0%	3.5%	4.5%		128.6%
Non Operating Income	\$ (0.2)	\$ 0.8	\$ (1.0)		-125.0%
Net Income	\$ 4.1	\$ 2.7	\$ 1.4		51.9%
<i>Net Income Margin %</i>	7.7%	5.1%	2.6%		51.0%

Favorable results predominantly due to:

- Much stronger than expected outpatient volumes in several programs
- Outpatient surgeries were (17%) 42 cases above budget
- ER outpatient visits were 455 visits (14%) above budget
- Exceptionally well managed length of stay in all payors
- Cost Saving Initiatives: material improvement in labor productivity was achieved

Consolidated Financial Summary

Year-to-Date June 2021

Profit/Loss Statement

\$ in Millions	FY 2021 YTD June				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue*	\$ 667.1	\$ 595.1	\$ 72.0	12.1%	
Operating Expense	\$ 613.8	\$ 591.3	\$ (22.5)	-3.8%	
Income from Operations	\$ 53.3	\$ 3.8	\$ 49.5	1302.6%	
<i>Operating Margin %</i>	8.0%	0.6%	7.4%	1233.3%	
Non Operating Income**	\$ 14.2	\$ 9.2	\$ 5.0	54.3%	
Net Income	\$ 67.5	\$ 13.0	\$ 54.5	419.2%	
<i>Net Income Margin %</i>	10.1%	2.2%	7.9%	359.1%	

*** Income from Operations includes:**

- \$7.5M AB113 Intergovernmental Transfer Payments (fiscal years ended 2014 through 2021)
- \$5.8M Hospital Quality Assurance Fee, net (18 months ended 12/31/2020)
- \$1.6M AB915 M-Cal OP Supplemental (FY 20)
- \$0.7M Other
- <\$6.2M> Prior Year Adjustments (AB 915, Old Master Facility Plan CIP)

\$9.4M Total Normalizing Items, Net

Favorable performance results due to:

- Higher than expected inpatient and outpatient volumes

**Favorable variance in non-operating income is predominantly due to higher than expected returns on investments in subsidiaries (including realized gain on sale of Salinas Valley Assisted Living)

Consolidated Financial Summary

Year-to-Date June 2021 - Normalized

Profit/Loss Statement

\$ in Millions	FY 2021 YTD June				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 651.7	\$ 595.1	\$ 56.6	9.5%	
Operating Expense	\$ 607.8	\$ 591.3	\$ (16.5)	-2.8%	
Income from Operations	\$ 43.9	\$ 3.8	\$ 40.1	1055.3%	
<i>Operating Margin %</i>	6.8%	0.6%	6.2%	1033.3%	
Non Operating Income	\$ 14.2	\$ 9.2	\$ 5.0	54.3%	
Net Income	\$ 58.1	\$ 13.0	\$ 45.1	346.9%	
<i>Net Income Margin %</i>	8.9%	2.2%	6.7%	304.5%	

SVMH Financial Highlights June 2021

Gross Revenues were favorable

- **Gross Revenues** were **11% favorable** to budget
- **IP gross revenues** were **2% favorable** to budget
 - **ED gross revenues** were **7% favorable** to budget
 - **OP gross revenues** were **26% favorable** to budget in the following areas:
 - Infusion Therapy
 - Other OP Pharmacy
 - Cardiology
 - Surgery
 - Radiology
 - Other OP Services

- **Commercial:** **6% above** budget
- **Medicaid:** **5% above** budget
- **Medicare:** **21% above** budget

Payor Mix - **unfavorable** to budget

Total Normalized Net Patient Revenues were \$45.9M, which was favorable to budget by \$1.5M or 3.3%

COVID Inpatient Discharge Cases Payor Mix Analysis July 2020 thru June 2021

Payor	Jul 20	Aug 20	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
Medicare	42	28	17	21	36	105	150	50	9	2	2	1
Medi-Cal	35	34	19	22	28	62	84	23	12	1	2	8
Commercial	29	22	22	10	27	48	53	13	5	5	2	1
Other	2	5		2	2	7	2	3	1	1		
Grand Total	108	89	58	55	93	222	289	89	27	9	6	10

COVID Inpatient cases
Increase during June
compared to prior
month.

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

Financial Summary – June 2021



1) Strong Outpatient business:

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

2) Outpatient Surgeries were 17% (42 cases) above budget at 290

3) ER Outpatient visits were above budget by 14% (455 visits);

- Compared to July, visits decreased from 4,456 to 3,593 (a 19% decline)

4) Total Acute ALOS was 10% favorable at 3.7 vs 4.1 days budgeted

5) Medicare ALOS CMI adjusted was 18% favorable at 2.1 days with a Case Mix Index of 2.0



6) Lower than expected Inpatient business:

- Average daily census was at 108, 9% below budget of 119

7) Total admissions were 1 admit below budget

- ER admissions were 7% below budget (44 admits)
- ER admissions (including OB ED) were 82% of total acute admissions

8) Inpatient Surgeries were 7% (11 cases) below budget at 153

9) Deliveries were 7% (10 deliveries) below budget at 142

10) OP Observation cases were 13% (20 cases) above budget at 179

CMI – All Discharges (with & without COVID)

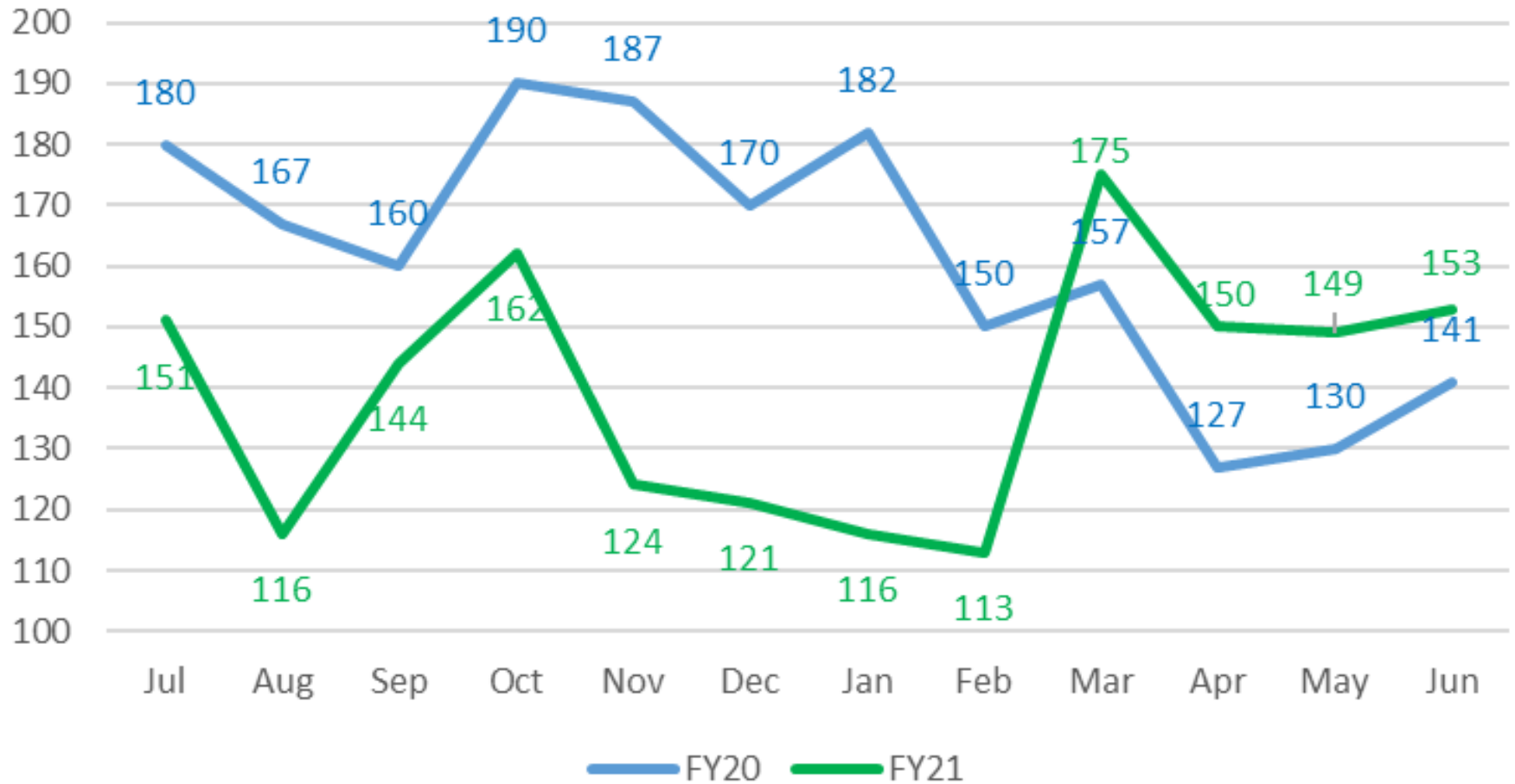
Based on Discharges July 2020 thru June 2021

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
7/31/2020	1.58	906	118	4.0	2.08	108	17	4.8	1.51	798	101	3.9
8/31/2020	1.68	859	117	4.2	2.32	89	18	6.4	1.60	770	99	4.0
9/30/2020	1.71	818	112	4.1	2.27	58	15	7.7	1.66	760	98	3.8
10/31/2020	1.64	864	115	4.1	2.39	55	13	7.5	1.59	809	102	3.9
11/30/2020	1.76	784	110	4.2	2.32	93	18	5.7	1.68	691	92	4.0
12/31/2020	1.76	852	121	4.4	2.15	222	45	6.2	1.62	630	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	1.78	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	828	100	3.6	2.04	10	2	5.9	1.63	818	98	3.6
Total	1.70	10,083	114	4.1	2.29	1,056	20	6.7	1.63	9,027	95	3.8

Medicare Month	Medicare Discharges				Medicare COVID Discharges Only				Medicare Discharges Excluding			
	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS	Medicare CMI	Discharges	ADC	ALOS
7/31/2020	1.70	335	44	4.1	1.82	32	5	5.0	1.69	303	39	4.0
8/31/2020	1.83	317	52	5.1	2.41	27	7	8.1	1.78	290	45	4.8
9/30/2020	1.90	285	45	4.8	2.11	16	4	7.9	1.89	269	41	4.6
10/31/2020	1.79	333	47	4.4	2.45	19	4	7.1	1.75	314	43	4.2
11/30/2020	1.88	302	47	4.7	2.29	30	8	7.9	1.83	272	39	4.3
12/31/2020	1.96	324	52	5.0	1.97	95	16	5.3	1.96	229	36	4.8
1/31/2021	1.97	360	65	5.6	2.31	133	30	6.9	1.77	227	35	4.8
2/28/2021	1.98	276	50	5.0	2.42	40	12	8.7	1.91	236	37	4.4
3/31/2021	1.84	338	50	4.6	4.62	7	5	22.9	1.78	331	45	4.2
4/30/2021	1.71	324	44	4.1	1.86	2	0	6.5	1.71	322	44	4.1
5/31/2021	1.96	326	46	4.3	3.95	2	1	9.0	1.95	324	45	4.3
6/30/2021	1.97	315	43	4.1		0	0		1.97	315	43	4.1
Total	1.87	3,835	49	4.6	2.56	403	8	7.0	1.83	3,432	41	4.4

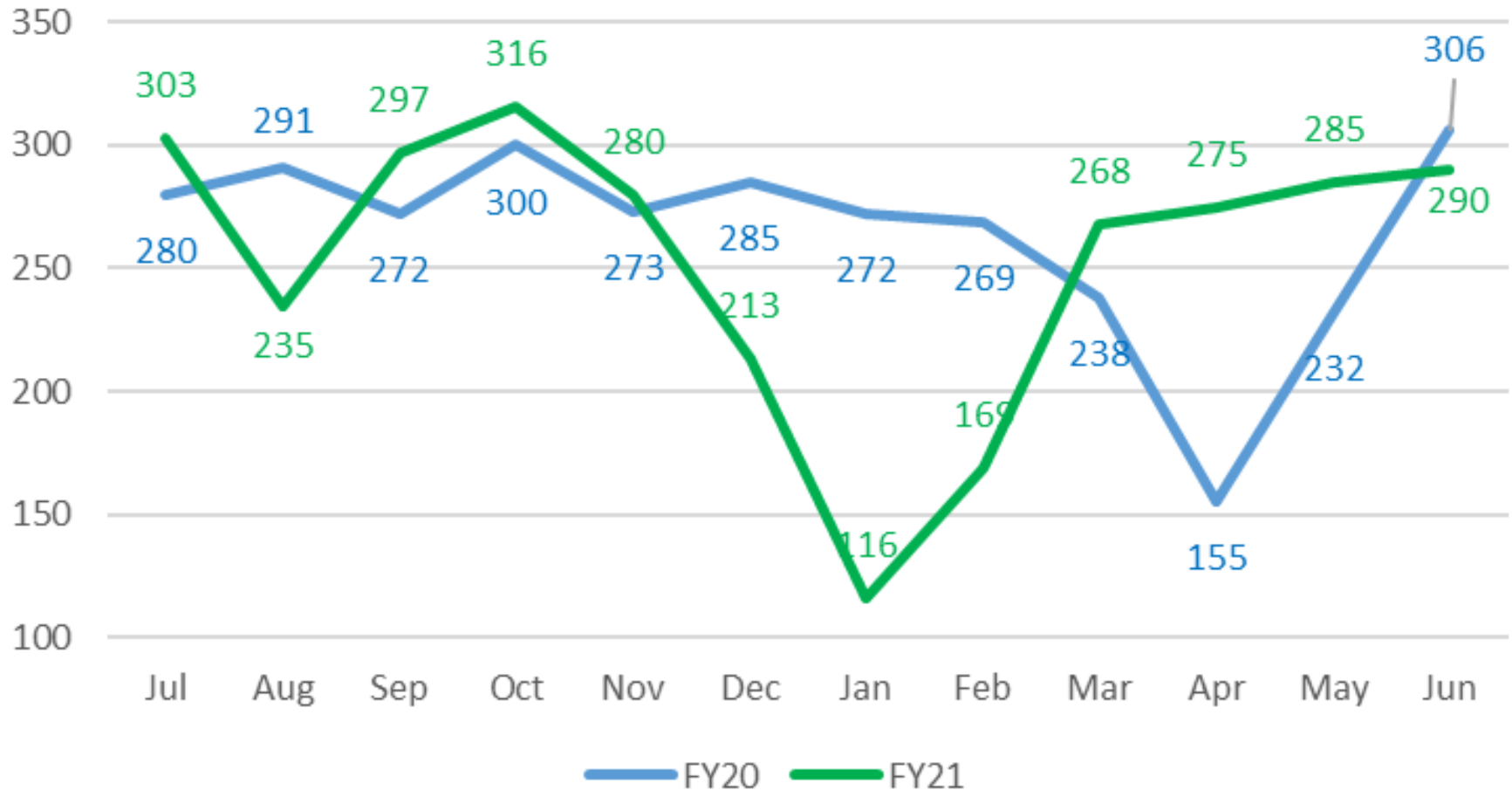
IP Surgery Cases – June 2021

IP Surgery Cases



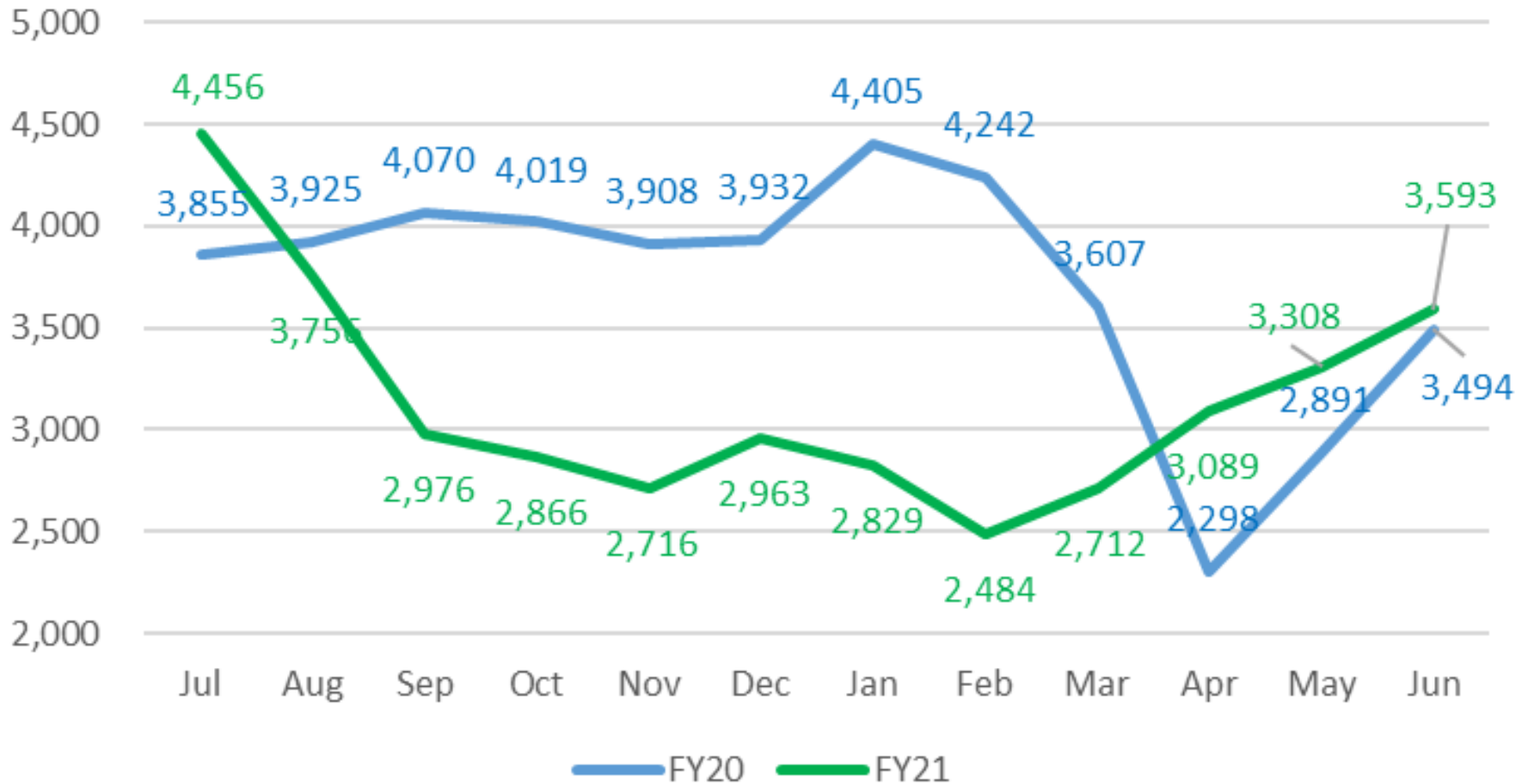
OP Surgery Cases – June 2021

OP Surgery Cases



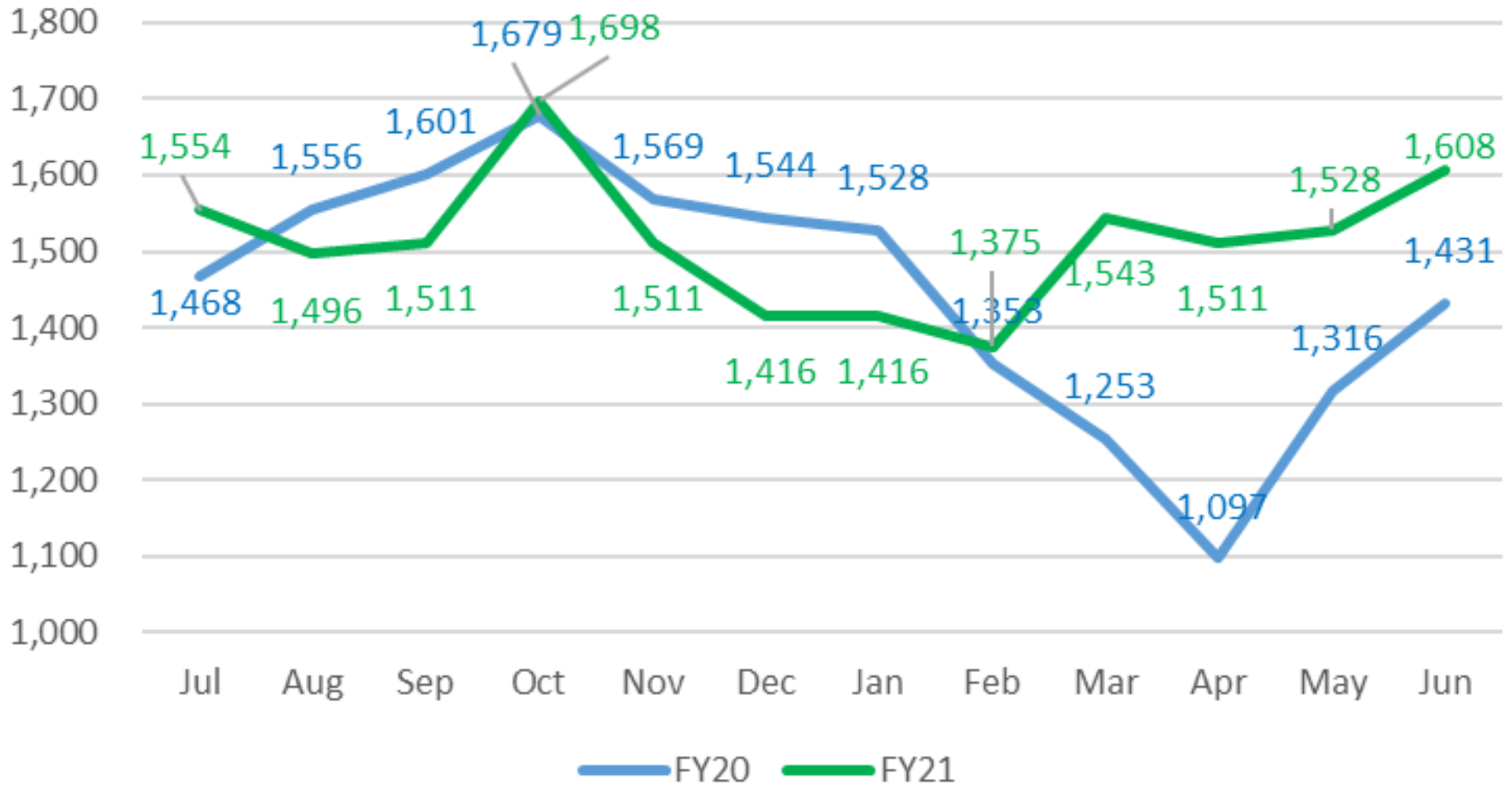
ER OP Visits – June 2021

ER OP Visits



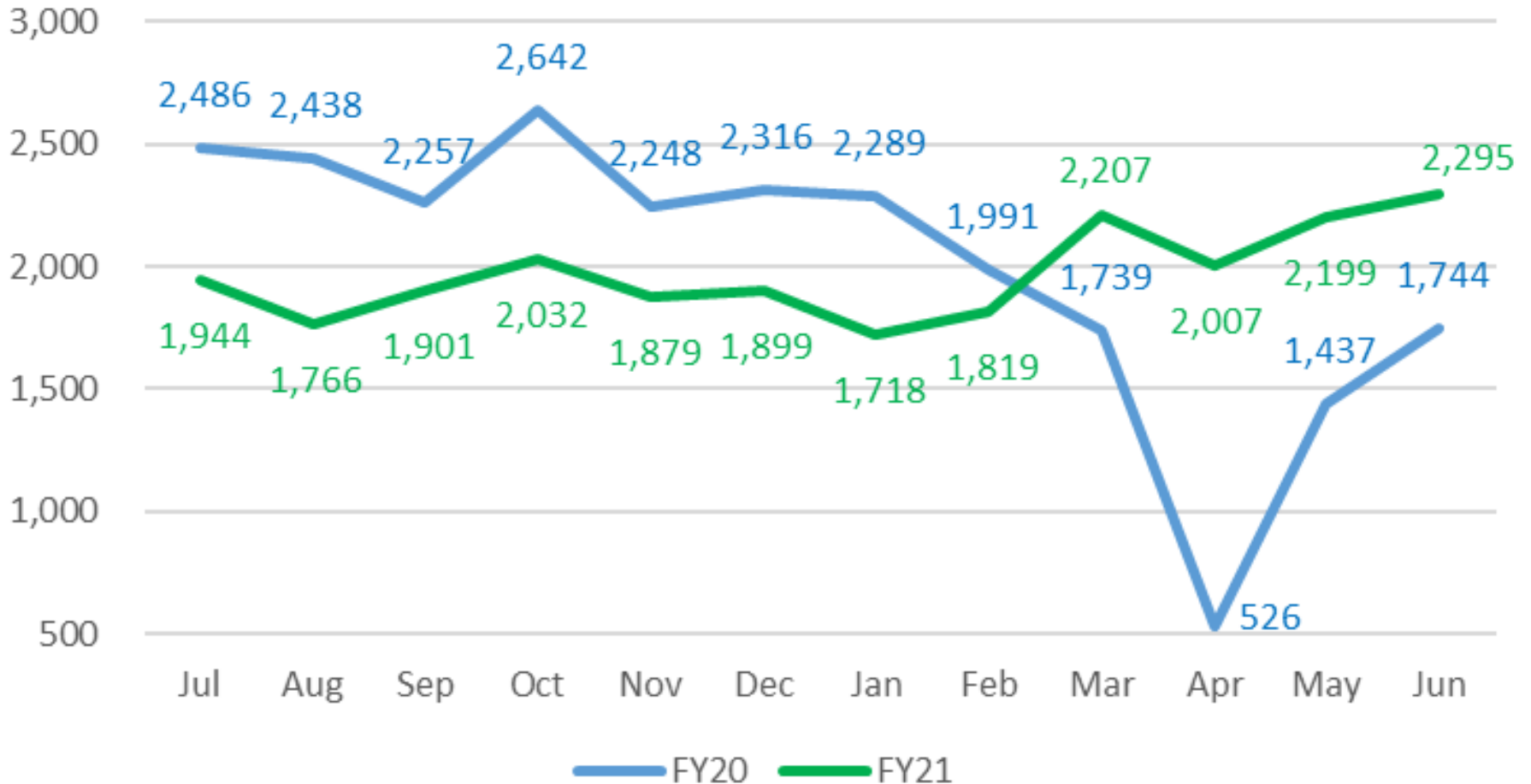
CT Scan Cases – June 2021

CT Scan

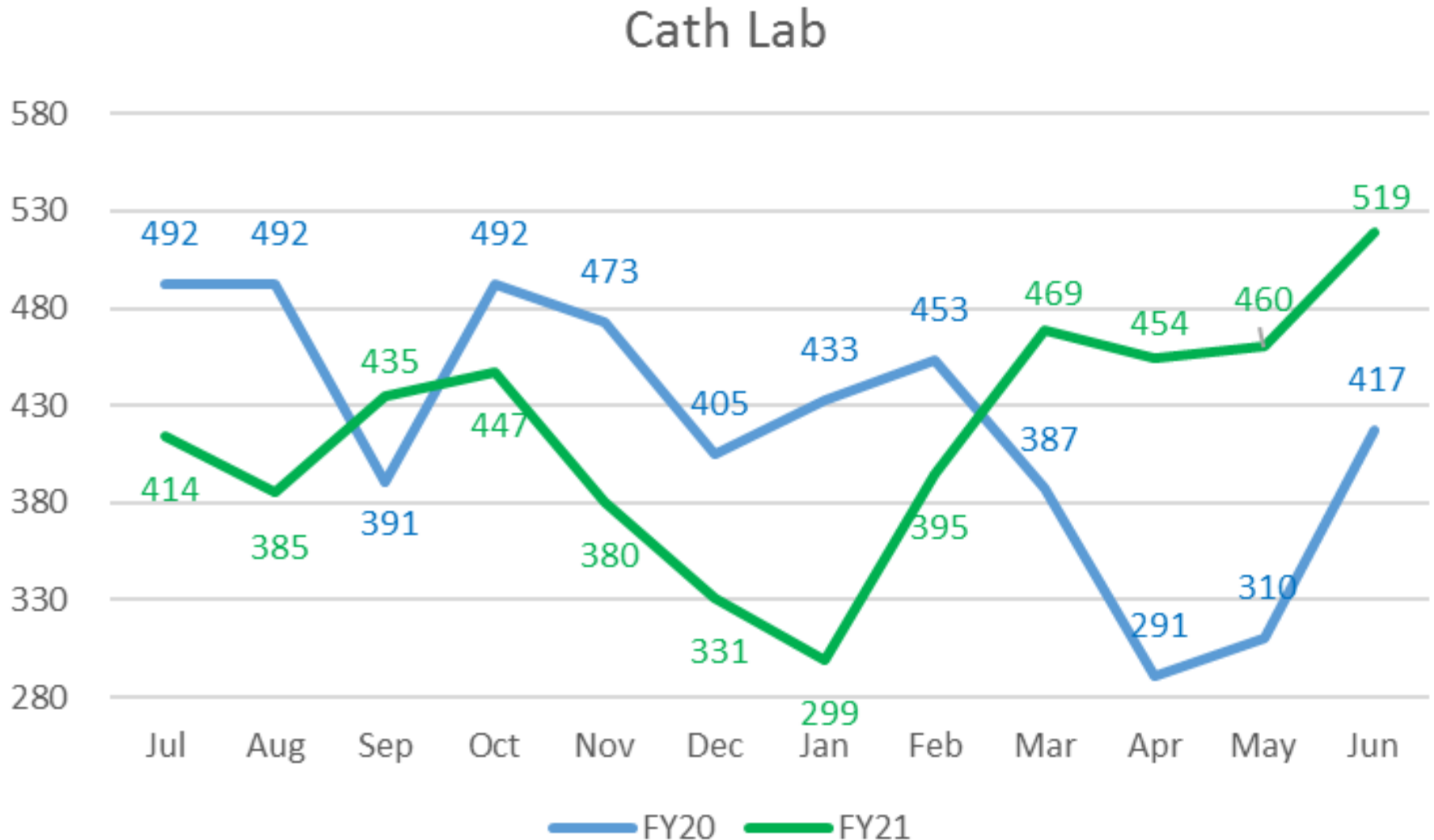


MRI – June 2021

MRI

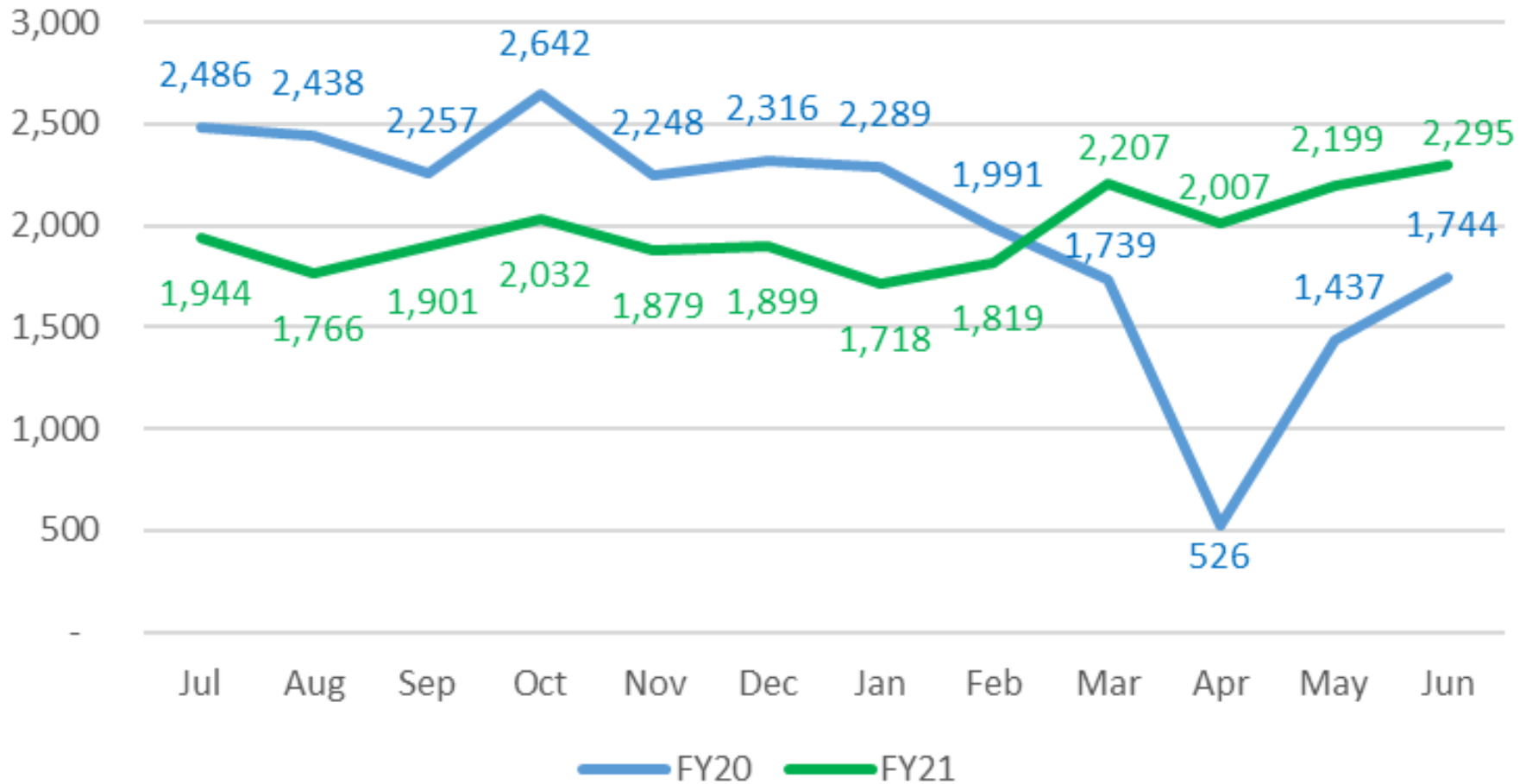


Cath Lab – June 2021



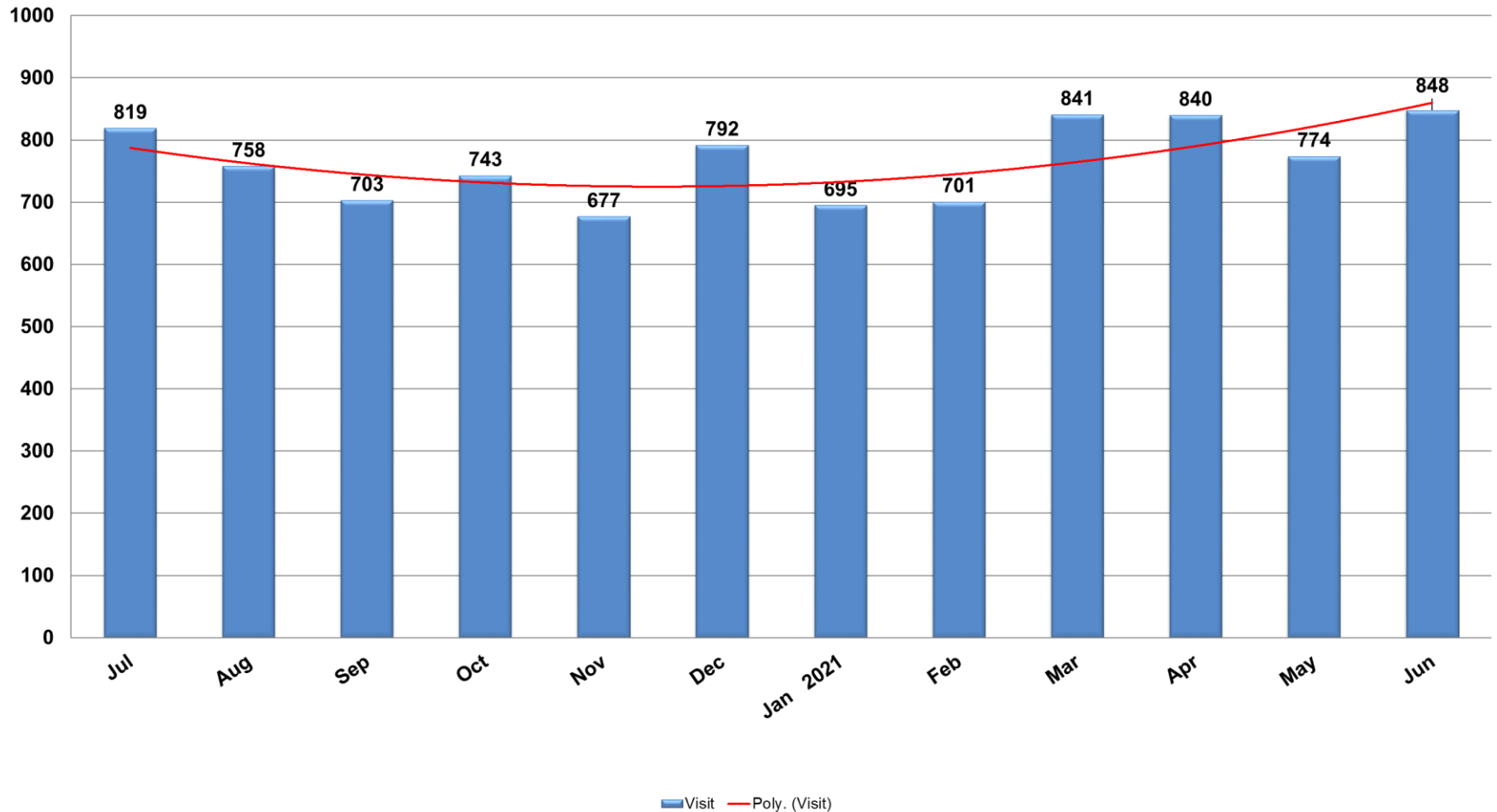
Mammography – June 2021

Mammography



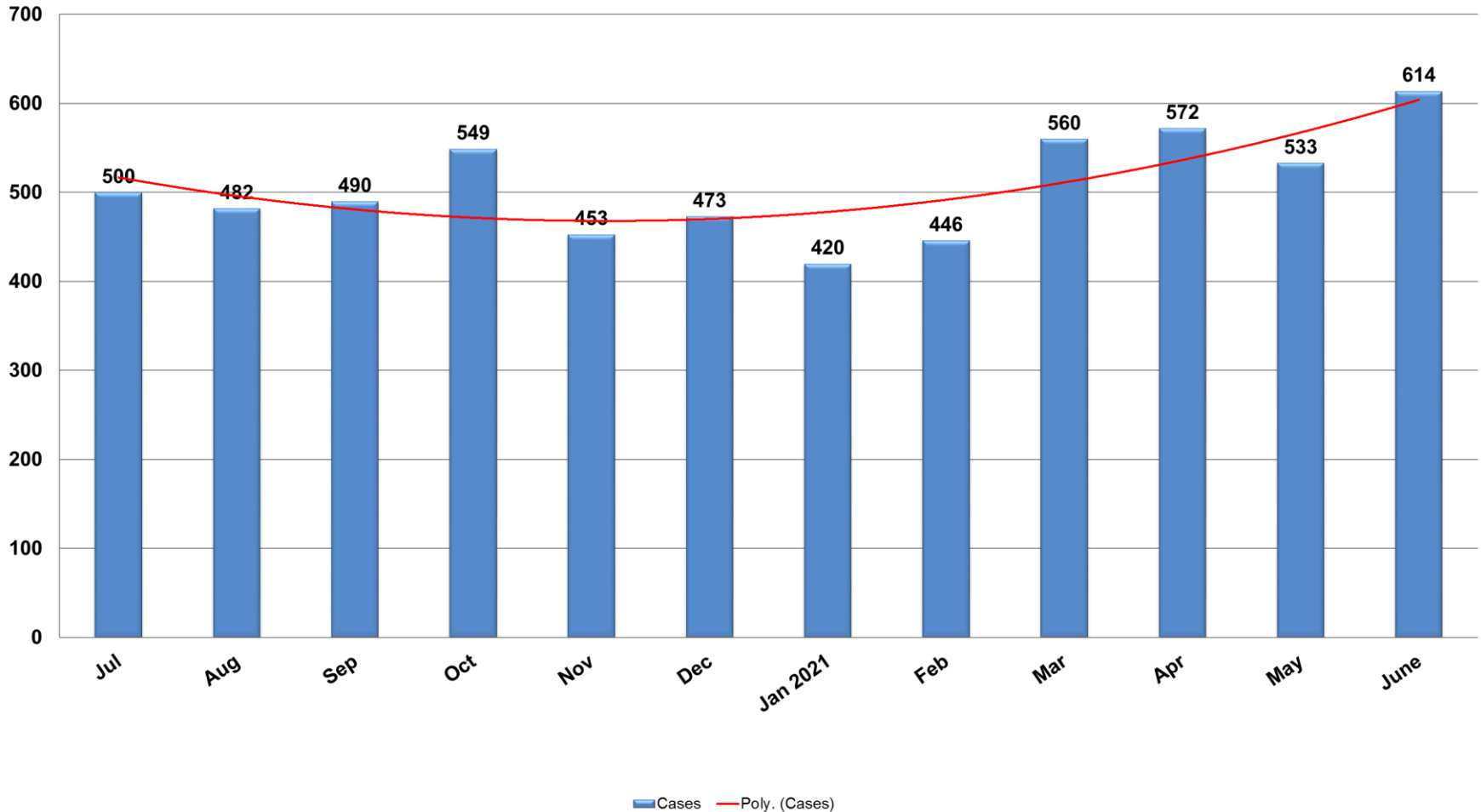
OP Infusion Service Line

OP Infusion - Rolling 12 Month Trend
(Includes Botox)
Jul 2020 thru Jun 2021



Cardiac Diagnostic O/P Center (CDOC)

CDOC Cases - Rolling 12 Month Trend
Jul 2020 thru Jun 2021



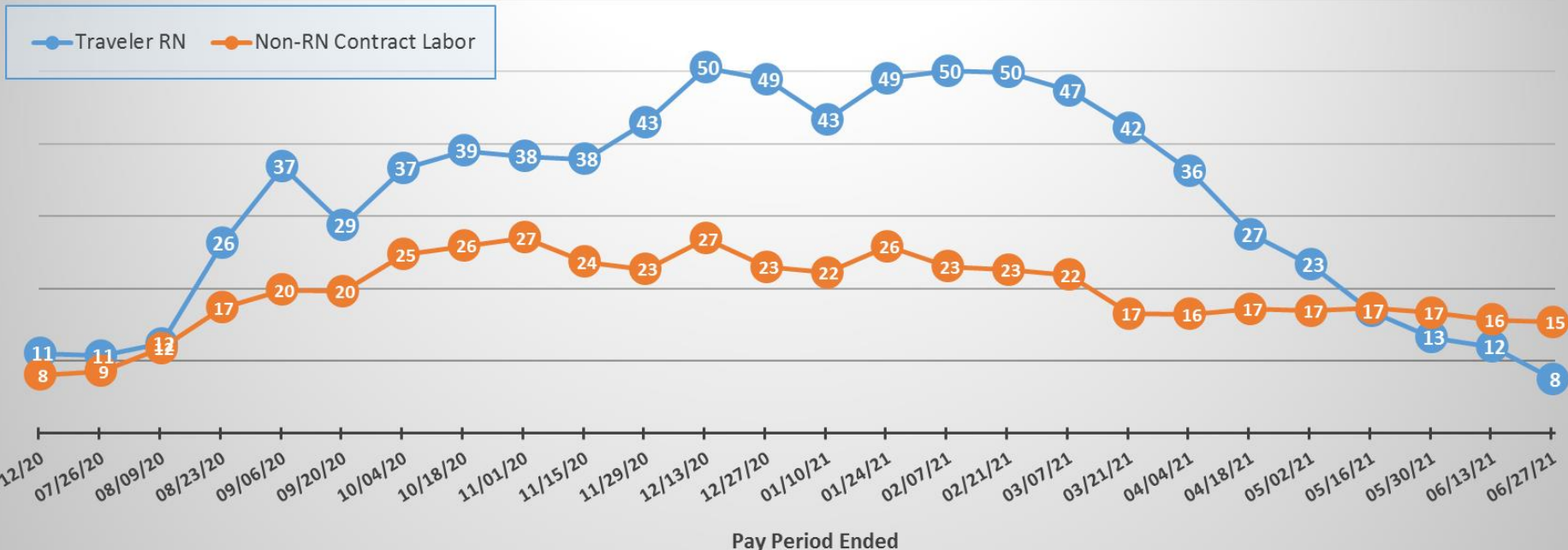
Cost Management - Labor Productivity

June 2021

- 1. Worked FTEs:** During the month of June, the hospital utilized approximately **32 FTEs** for nursing training time that was budget evenly across the year. Adjusting for this, FTE/AADC would have been 6.41 or only **2%** unfavorable. Without this adjustment worked FTEs on a PAADC basis were **4.8%** unfavorable to budget at (**6.59 actual vs. 6.29 budget**).
 - 2. Paid FTEs** on a PAADC basis were **7.7%** unfavorable to budget at (**7.83 actual vs. 7.27 budget**).
 - *This compares favorably to the prior month variance of 10.9%. Adjusting for training FTEs as explained above, the FTE/AADC would have been at 7.67 or 5.4% unfavorable.*
 - *Compared to prior month, paid FTEs represents 10% improvement or cost efficiency of \$2.6M in salaries, wages and benefits for the month.*
- ✓ *Management continues to address the opportunities to flex staff relative to patient volumes, including a continued focus on contracted staff which was reduced by another 6 FTEs in the last pay period of the fiscal year.*
 - ✓ *Open positions are being evaluated for the need to replace, and to the extent possible, being filled by shifting staff between departments as attrition occurs in order to align staffing to reduced volumes. This includes efforts to retrain staff to fill vacant positions.*

Contract Labor FTE By Pay Period

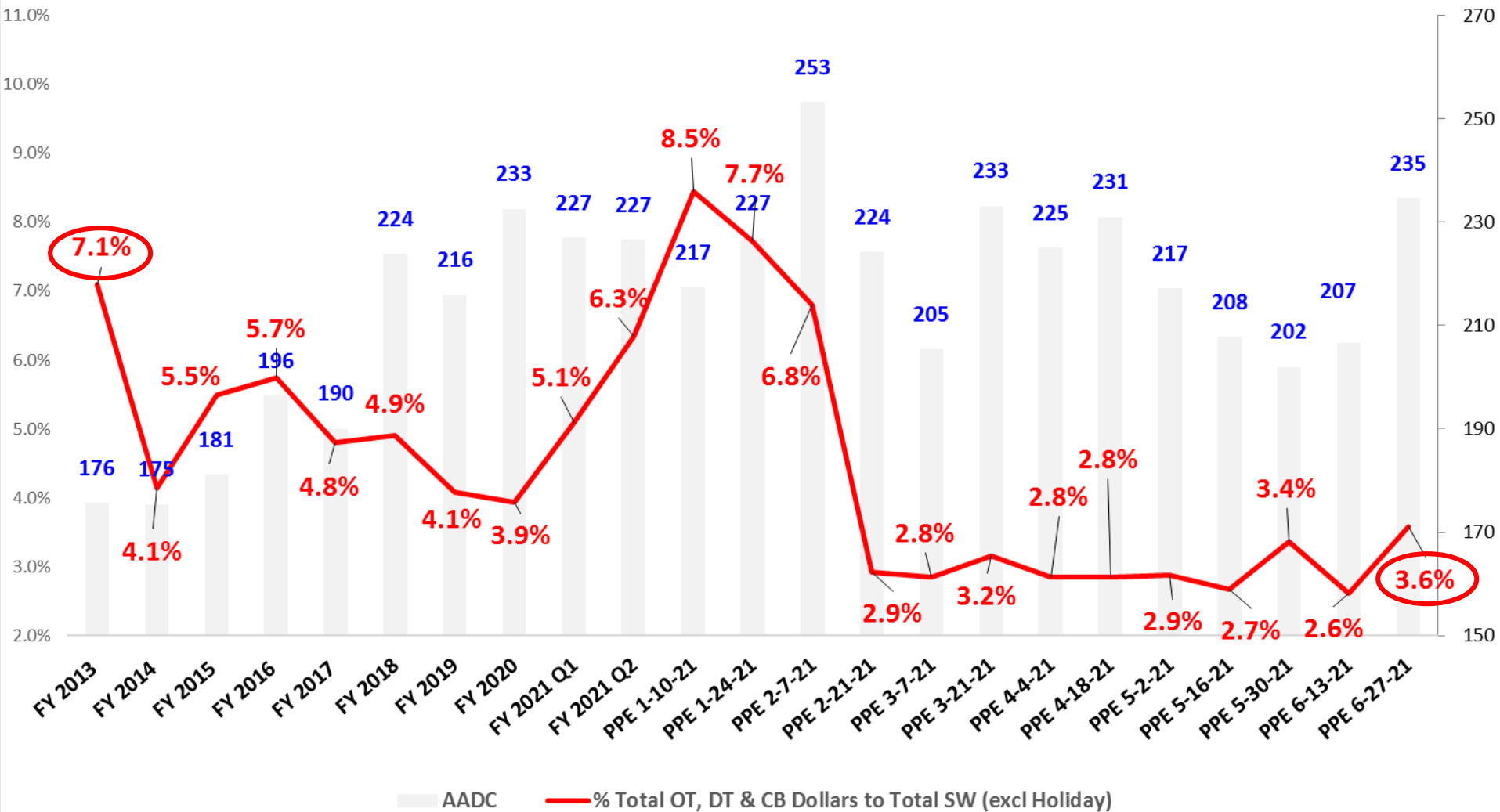
Contract Labor - FTE By Pay Period



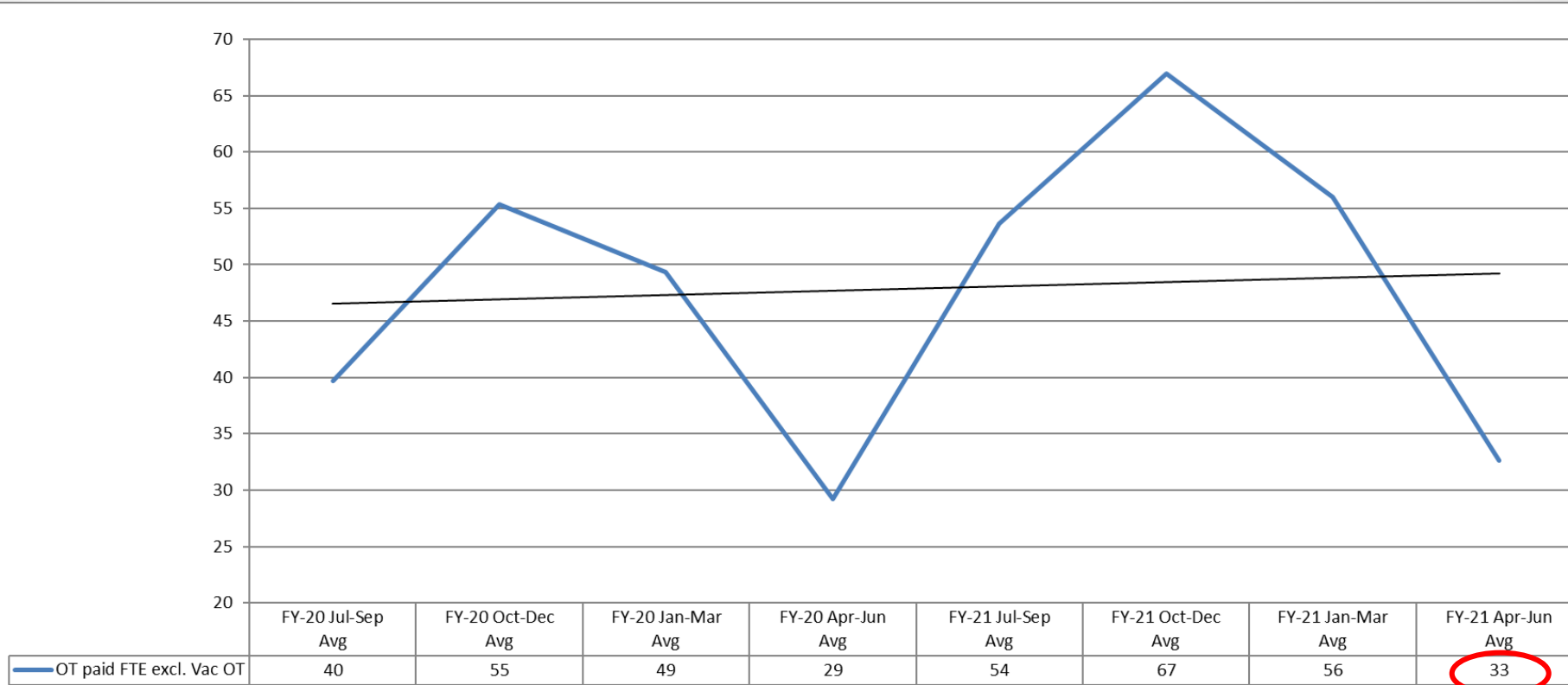
Nursing contract labor FTE has been reduced significantly since the beginning of March, from a high of 50 FTE to 8/FTE last pay period. Non-RN contract labor has also declined significantly, but has been stable (within two FTE) the last 7 pay periods.

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

Updated Thru PPE 6-27-21



Overtime Paid FTEs

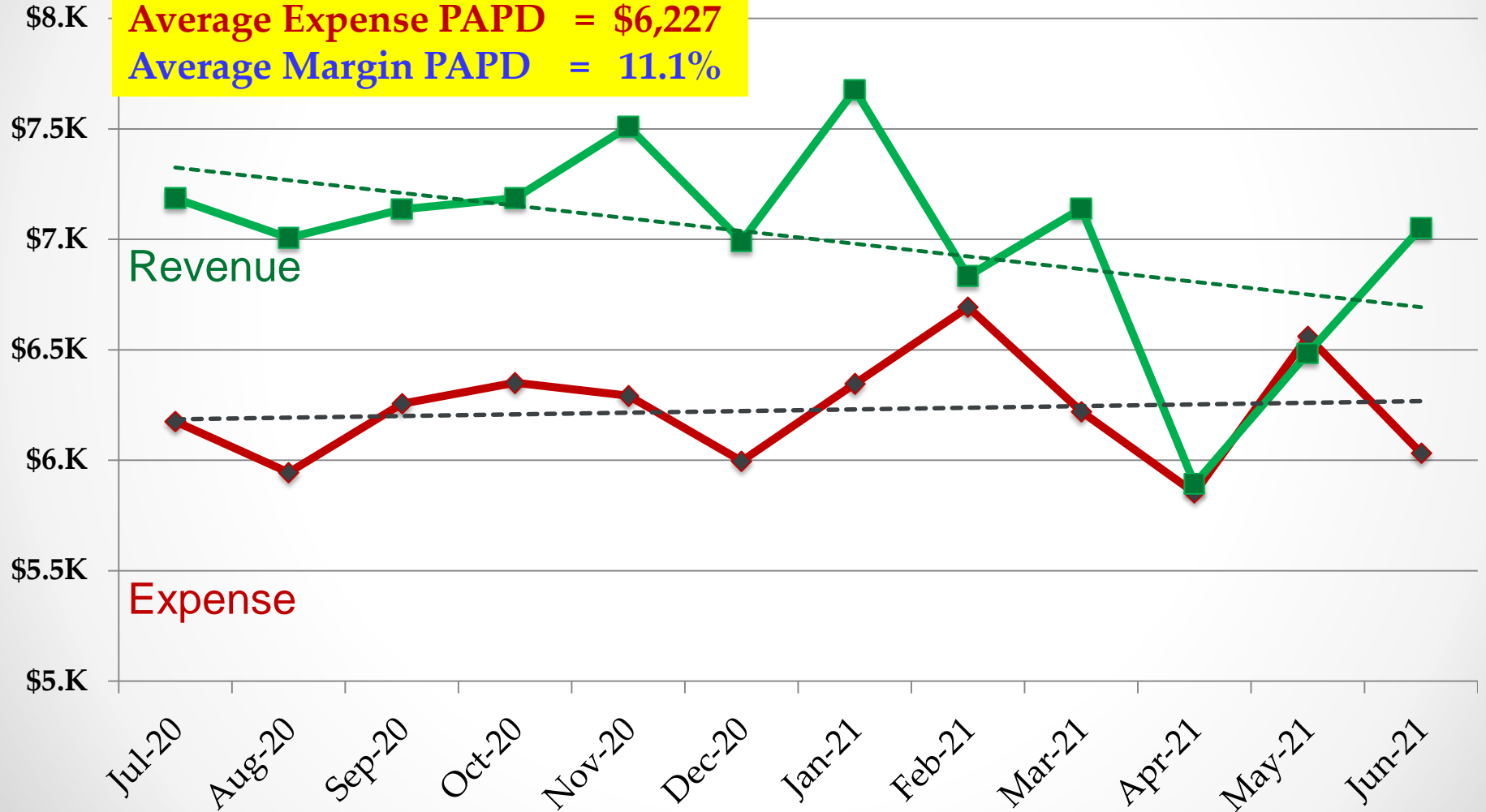


Note that overtime FTEs exclude holiday pay

SVMH Revenues & Expenses Per Adjusted Patient Day (Normalized by month)

Rolling 12 Months: July 20 to June 21

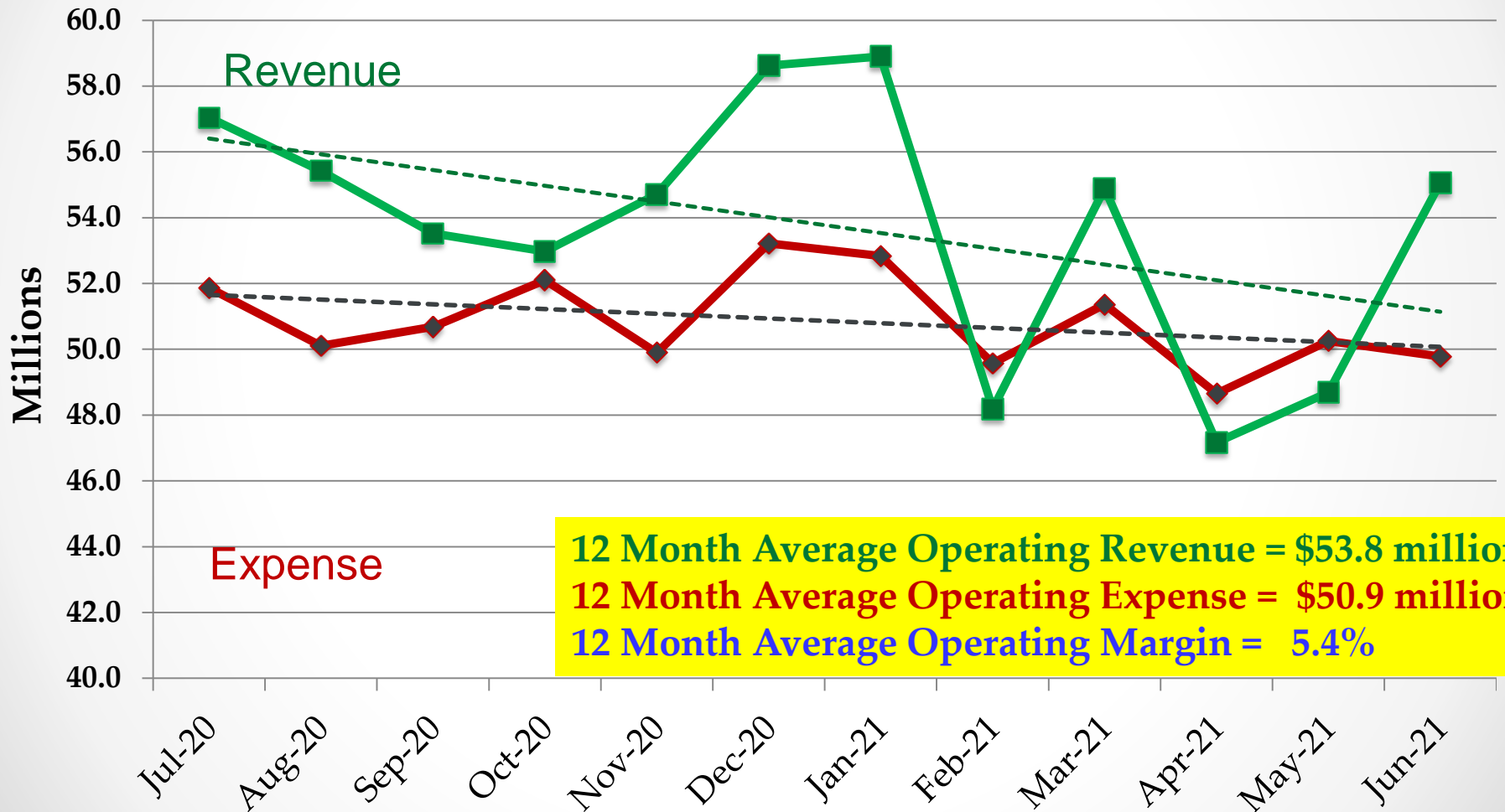
Average Revenue PAPD = \$7,008
Average Expense PAPD = \$6,227
Average Margin PAPD = 11.1%



SVMHS Operating Revenues & Expenses

(Normalized by month)

Rolling 12 Months: July 20 to June 21



SVMHS Key Financial Indicators

June cash collections were \$50.2M

Statistic	YTD	SVMHS		S&P A+ Rated		YTD	
	Jun-21	Target	+/-	Hospitals	+/-	Jun-20	+/-
Operating Margin*	6.8%	9.0%		4.0%		12.4%	
Total Margin*	8.9%	10.8%		6.6%		14.8%	
EBITDA Margin**	11.0%	13.4%		13.6%		15.9%	
Days of Cash*	373	305		249		352	
Days of Accounts Payable*	47	45		-		53	
Days of Net Accounts Receivable***	45	45		49		50	
Supply Expense as % NPR	12.6%	15.0%		-		11.9%	
SWB Expense as % NPR	52.5%	53.0%		53.7%		50.0%	
Operating Expense per APD*	6,241	4,992		-		5,484	

*These metrics have been adjusted for normalizing items

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

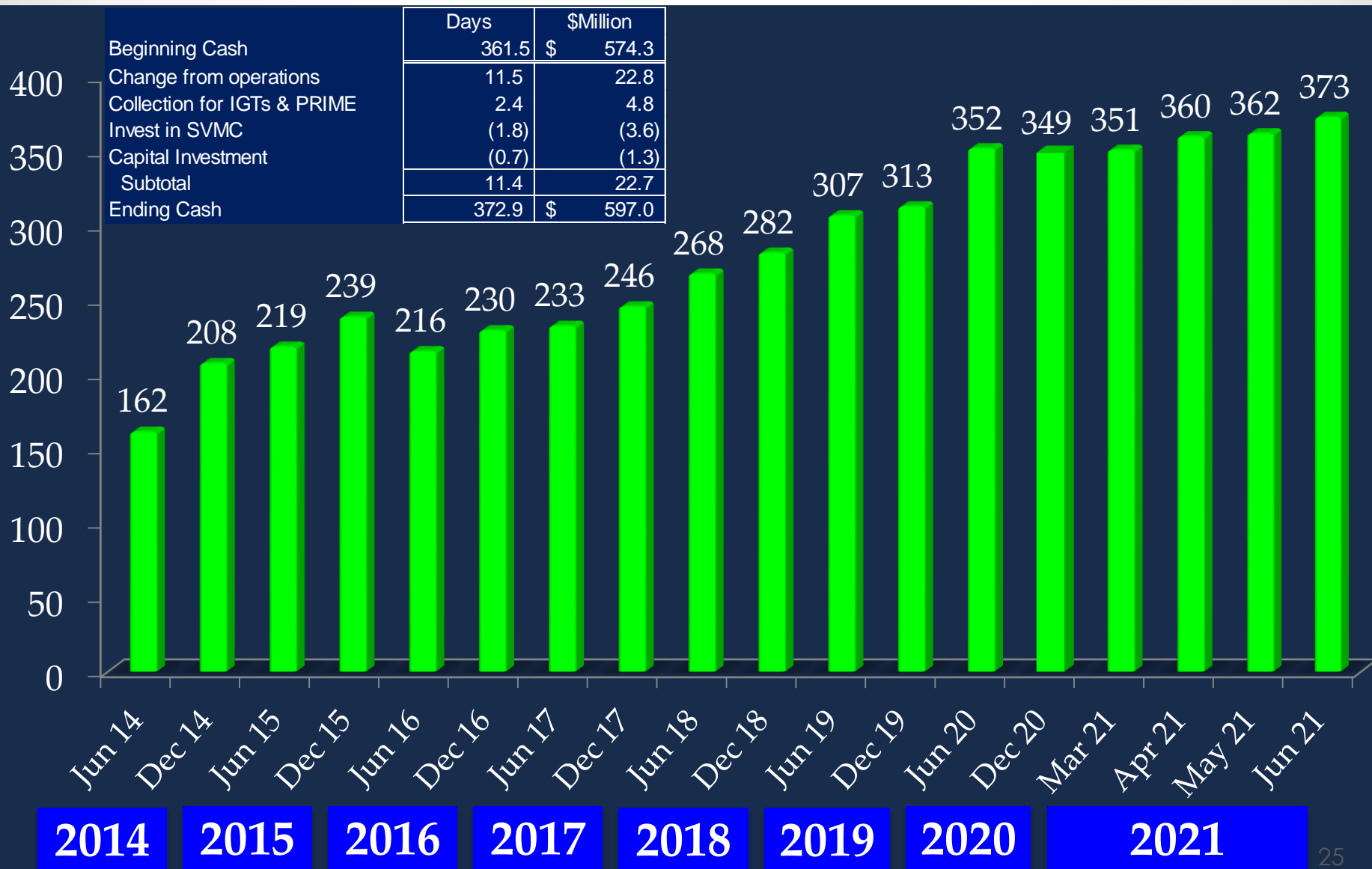
***Metric based on 90 days average net revenue (consistent with industry standard)

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 (\$597M)

June 2021



2014

2015

2016

2017

2018

2019

2020

2021

ASSETS WHOSE USE IS LIMITED

		<u>June-21</u>		<u>YTD</u>
Beginning balance	\$	142,513,464	\$	130,408,693
Investment income or (loss)		(256,186)		848,586
Transfer		1,000,000		12,000,000
Ending balance	\$	143,257,278	\$	143,257,278

ROUTINE CAPITAL EXPENDITURES Through June 2021

Fiscal Month	2020-21 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,825,000	123,919	1,701,081	Telecom/PBX Relocation Project	208,276
August	1,825,000	1,370,100	2,155,981	Heart Center Air Handler Replacement	181,319
September	1,825,000	306,189	3,674,792	501 E. Romie Roof Replacement	179,135
October	1,825,000	1,048,209	4,451,583	Nurse Call Replacement System	153,231
November	1,825,000	1,731,024	4,545,559	Other CIP	262,344
December	1,825,000	2,282,165	4,088,394	Total Improvements	984,306
January	1,825,000	1,234,713	4,678,681	Video Conferencing System	137,056
February	1,825,000	1,254,714	5,248,967	EKG Cart Replacements	137,047
March	1,825,000	1,231,051	5,842,916	IT Equipment (Computer Lifecycle Replacements)	133,675
April	1,825,000	1,548,148	6,119,768	Myocardial Protection System Replacement	103,323
May	1,825,000	996,196	6,948,572	Other Equipment <\$100K	765,893
June	1,825,000	2,261,299	6,512,273	Total Equipment	1,276,994
YTD TOTAL	21,900,000	15,387,727	6,512,273	Grand Total	2,261,299

QUESTIONS / COMMENTS

SALINAS VALLEY MEMORIAL HOSPITAL
SUMMARY INCOME STATEMENT
June 30, 2021

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 54,346,443	\$ 48,585,682	\$ 572,005,259	\$ 566,355,541
Other operating revenue	1,660,083	645,043	14,604,068	14,656,370
Total operating revenue	<u>56,006,526</u>	<u>49,230,725</u>	<u>586,609,327</u>	<u>581,011,911</u>
Total operating expenses	41,638,956	36,650,380	490,856,433	461,636,279
Total non-operating income	<u>(2,905,703)</u>	<u>690,377</u>	<u>(30,618,754)</u>	<u>(7,254,253)</u>
Operating and non-operating income	<u>\$ 11,461,867</u>	<u>\$ 13,270,721</u>	<u>\$ 65,134,140</u>	<u>\$ 112,121,379</u>

SALINAS VALLEY MEMORIAL HOSPITAL
 BALANCE SHEETS
 June 30, 2021

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 425,957,332	\$ 386,476,087
Assets whose use is limited or restricted by board	143,257,278	130,408,692
Capital assets	244,922,431	266,594,539
Other assets	187,105,312	186,905,448
Deferred pension outflows	<u>49,623,720</u>	<u>83,379,890</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>
LIABILITIES AND EQUITY:		
Current liabilities	141,767,568	166,836,591
Long term liabilities	14,781,121	14,780,831
	83,376,347	126,340,336
Net assets	<u>810,941,037</u>	<u>745,806,898</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>

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

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,585	1,435	20,286	21,257
Medi-Cal	914	1,018	12,355	12,825
Commercial insurance	695	827	8,727	9,618
Other patient	41	109	1,391	1,285
Total patient days	<u>3,235</u>	<u>3,389</u>	<u>42,759</u>	<u>44,985</u>
Gross revenue:				
Medicare	\$ 96,958,943	\$ 78,370,371	\$ 1,026,341,868	\$ 984,365,580
Medi-Cal	54,050,431	51,433,550	637,501,652	623,119,840
Commercial insurance	50,490,984	46,843,398	568,462,088	561,788,308
Other patient	6,160,119	8,569,002	98,523,566	94,118,105
Gross revenue	<u>207,660,477</u>	<u>185,216,322</u>	<u>2,330,829,174</u>	<u>2,263,391,834</u>
Deductions from revenue:				
Administrative adjustment	131,169	452,500	3,502,174	4,500,668
Charity care	1,193,690	413,789	12,808,167	10,484,590
Contractual adjustments:				
Medicare outpatient	30,778,098	25,276,652	306,057,790	297,142,477
Medicare inpatient	42,557,050	30,754,833	454,865,294	446,842,225
Medi-Cal traditional outpatient	2,989,944	2,429,345	26,518,159	32,499,887
Medi-Cal traditional inpatient	2,969,748	7,738,011	76,857,735	76,144,573
Medi-Cal managed care outpatient	22,017,776	18,352,771	225,050,608	230,379,747
Medi-Cal managed care inpatient	17,889,988	17,203,079	219,174,385	202,122,987
Commercial insurance outpatient	17,821,126	17,123,111	193,298,540	175,375,270
Commercial insurance inpatient	12,781,064	11,981,821	189,338,065	170,734,918
Uncollectible accounts expense	4,080,441	3,659,023	43,303,645	40,502,360
Other payors	(1,896,060)	1,245,707	8,049,353	10,306,590
Deductions from revenue	<u>153,314,034</u>	<u>136,630,640</u>	<u>1,758,823,915</u>	<u>1,697,036,293</u>
Net patient revenue	<u>\$ 54,346,443</u>	<u>\$ 48,585,682</u>	<u>\$ 572,005,259</u>	<u>\$ 566,355,541</u>
Gross billed charges by patient type:				
Inpatient	\$ 103,538,117	\$ 94,909,778	\$ 1,267,196,564	\$ 1,208,458,751
Outpatient	77,188,082	69,489,725	802,354,256	764,974,151
Emergency room	26,934,280	20,816,818	261,278,353	289,958,933
Total	<u>\$ 207,660,479</u>	<u>\$ 185,216,322</u>	<u>\$ 2,330,829,173</u>	<u>\$ 2,263,391,834</u>

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

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 54,346,443	\$ 48,585,682	\$ 572,005,259	\$ 566,355,541
Other operating revenue	<u>1,660,083</u>	<u>645,043</u>	<u>14,604,068</u>	<u>14,656,370</u>
Total operating revenue	<u>56,006,526</u>	<u>49,230,725</u>	<u>586,609,327</u>	<u>581,011,911</u>
Operating expenses:				
Salaries and wages	14,905,415	15,074,646	187,979,910	175,692,111
Compensated absences	2,770,858	2,670,666	32,114,313	30,598,525
Employee benefits	3,633,410	4,879,472	82,903,545	82,954,002
Supplies, food, and linen	5,507,039	4,351,170	72,939,727	67,052,147
Purchased department functions	3,160,948	3,204,224	38,823,877	37,001,463
Medical fees	1,355,057	1,959,116	16,411,802	21,124,825
Other fees	7,057,348	1,234,422	23,292,341	12,876,335
Depreciation	1,819,768	1,765,614	21,553,620	20,535,967
All other expense	<u>1,429,113</u>	<u>1,511,050</u>	<u>14,837,298</u>	<u>13,800,904</u>
Total operating expenses	<u>41,638,956</u>	<u>36,650,380</u>	<u>490,856,433</u>	<u>461,636,279</u>
Income from operations	<u>14,367,570</u>	<u>12,580,345</u>	<u>95,752,894</u>	<u>119,375,632</u>
Non-operating income:				
Donations	(461,834)	492,492	2,168,234	13,278,902
Property taxes	1,345,713	915,796	5,012,380	4,582,462
Investment income	(2,113,889)	(1,224,548)	1,008,484	3,896,981
Taxes and licenses	0	0	0	(29,074)
Income from subsidiaries	<u>(1,675,693)</u>	<u>506,637</u>	<u>(38,807,852)</u>	<u>(28,983,524)</u>
Total non-operating income	<u>(2,905,703)</u>	<u>690,377</u>	<u>(30,618,754)</u>	<u>(7,254,253)</u>
Operating and non-operating income	11,461,867	13,270,721	65,134,140	112,121,379
Net assets to begin	<u>799,479,170</u>	<u>732,536,177</u>	<u>745,806,897</u>	<u>633,685,518</u>
Net assets to end	<u>\$ 810,941,037</u>	<u>\$ 745,806,898</u>	<u>\$ 810,941,037</u>	<u>\$ 745,806,898</u>
Net income excluding non-recurring items	\$ 7,807,152	\$ 11,223,277	\$ 48,630,807	\$ 103,242,129
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>3,654,715</u>	<u>2,047,444</u>	<u>16,503,333</u>	<u>8,879,250</u>
Operating and non-operating income	<u>\$ 11,461,867</u>	<u>\$ 13,270,721</u>	<u>\$ 65,134,140</u>	<u>\$ 112,121,379</u>

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

	Month of June,		Twelve months ended June 30,	
	current year	prior year	current year	prior year
Detail of other operating income:				
Dietary revenue	\$ 128,027	\$ 117,994	\$ 1,606,186	\$ 1,772,036
Discounts and scrap sale	2,553	148,629	1,008,907	1,647,870
Sale of products and services	75,040	5,589	408,243	191,943
Clinical trial fees	760	3,174	110,186	3,174
Stimulus Funds	0	0	0	0
Rental income	127,771	92,604	1,951,216	1,835,326
Other	1,325,932	277,053	9,519,330	9,206,021
	<u>\$ 1,660,083</u>	<u>\$ 645,043</u>	<u>\$ 14,604,068</u>	<u>\$ 14,656,370</u>
Detail of investment income:				
Bank and payor interest	\$ 108,124	\$ 217,441	\$ 1,356,658	\$ 3,017,684
Income from investments	(2,201,203)	(1,437,361)	(3,263,480)	877,268
Gain or loss on property and equipment	(20,810)	(4,628)	2,915,307	2,029
	<u>\$ (2,113,889)</u>	<u>\$ (1,224,548)</u>	<u>\$ 1,008,484</u>	<u>\$ 3,896,981</u>
Detail of income from subsidiaries:				
Salinas Valley Medical Center:				
Pulmonary Medicine Center	\$ (128,966)	\$ 1,490,977	\$ (2,219,778)	\$ (1,310,243)
Neurological Clinic	(7,208)	(30,826)	(925,516)	(725,880)
Palliative Care Clinic	(80,974)	(21,997)	(924,013)	(603,916)
Surgery Clinic	(158,110)	(31,094)	(1,927,081)	(1,304,609)
Infectious Disease Clinic	(42,917)	(19,784)	(341,653)	(289,734)
Endocrinology Clinic	(124,731)	54,658	(2,062,837)	(1,534,378)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(586,677)	(272,626)	(5,654,070)	(5,142,957)
OB/GYN Clinic	(373,951)	54,139	(4,353,833)	(2,303,735)
PrimeCare Medical Group	1,210,971	(577,754)	(7,943,506)	(7,079,755)
Oncology Clinic	(233,934)	(303,750)	(3,235,177)	(2,753,651)
Cardiac Surgery	(303,628)	14,324	(2,043,030)	(1,377,995)
Sleep Center	(44,758)	99,058	(661,689)	(721,157)
Rheumatology	(65,803)	83,488	(665,674)	(254,342)
Precision Ortho MDs	(348,134)	(155,058)	(2,945,324)	(3,428,458)
Precision Ortho-MRI	0	(19,451)	(1,492)	(43,282)
Precision Ortho-PT	(68,136)	(2,191)	(609,168)	(115,955)
Dermatology	(22,427)	(3,523)	(351,332)	(83,847)
Hospitalists	0	0	0	0
Behavioral Health	(91,115)	38,235	(913,412)	(581,991)
Pediatric Diabetes	(30,618)	(50,358)	(409,766)	(325,878)
Neurosurgery	(29,191)	(13,343)	(325,650)	(272,732)
Multi-Specialty-RR	6,120	18,408	49,054	124,110
Radiology	2,494	(13,323)	(2,192,773)	(13,323)
Salinas Family Practice	(54,716)	0	(229,907)	0
Total SVMC	(1,576,409)	338,209	(40,887,627)	(30,143,708)
Doctors on Duty	(209,983)	460,731	612,871	546,896
Assisted Living	0	(11,542)	(65,904)	(88,318)
Salinas Valley Imaging	0	(9,659)	(19,974)	14,366
Vantage Surgery Center	9,975	38,770	261,875	187,175
LPCH NICU JV	0	369,588	0	369,588
Central Coast Health Connect	(96,947)	(90,226)	(96,947)	(90,226)
Monterey Peninsula Surgery Center	95,124	(98,352)	1,263,560	1,183,449
Aspire/CHI/Coastal	25,382	(199,002)	(815,691)	(1,332,341)
Apex	59,449	49,970	167,738	104,637
21st Century Oncology	(13,350)	(343,644)	(77,825)	234,363
Monterey Bay Endoscopy Center	31,066	1,794	850,071	30,596
	<u>\$ (1,675,693)</u>	<u>\$ 506,637</u>	<u>\$ (38,807,852)</u>	<u>\$ (28,983,524)</u>

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

	<u>Current year</u>	<u>Prior year</u>
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 340,058,708	\$ 301,810,759
Patient accounts receivable, net of estimated uncollectibles of \$21,318,690	70,975,794	69,081,906
Supplies inventory at cost	8,616,495	8,412,644
Other current assets	<u>6,306,335</u>	<u>7,170,778</u>
Total current assets	<u>425,957,332</u>	<u>386,476,087</u>
Assets whose use is limited or restricted by board	<u>143,257,278</u>	<u>130,408,692</u>
Capital assets:		
Land and construction in process	33,482,774	56,817,097
Other capital assets, net of depreciation	<u>211,439,657</u>	<u>209,777,442</u>
Total capital assets	<u>244,922,431</u>	<u>266,594,539</u>
Other assets:		
Investment in Securities	145,963,160	146,721,917
Investment in SVMC	14,018,873	14,438,120
Investment in Aspire/CHI/Coastal	3,904,049	3,821,881
Investment in other affiliates	22,687,057	21,391,357
Net pension asset	<u>532,173</u>	<u>532,173</u>
Total other assets	<u>187,105,312</u>	<u>186,905,448</u>
Deferred pension outflows	<u>49,623,720</u>	<u>83,379,890</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>
 LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 60,443,616	\$ 61,960,734
Due to third party payers	63,747,156	87,393,325
Current portion of self-insurance liability	<u>17,576,796</u>	<u>17,482,532</u>
Total current liabilities	141,767,568	166,836,591
Long term portion of workers comp liability	<u>14,781,121</u>	<u>14,780,831</u>
Total liabilities	<u>156,548,689</u>	<u>181,617,422</u>
Pension liability	<u>83,376,347</u>	<u>126,340,336</u>
Net assets:		
Invested in capital assets, net of related debt	244,922,431	266,594,539
Unrestricted	<u>566,018,606</u>	<u>479,212,359</u>
Total net assets	<u>810,941,037</u>	<u>745,806,898</u>
	<u>\$ 1,050,866,073</u>	<u>\$ 1,053,764,656</u>

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

	Month of June,				Twelve months ended June 30,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 207,660,477	\$ 187,575,103	20,085,374	10.71%	\$ 2,330,829,174	\$ 2,095,322,007	235,507,167	11.24%
Deductions from revenue	153,314,034	143,167,055	10,146,979	7.09%	1,758,823,915	1,593,337,813	165,486,102	10.39%
Net patient revenue	54,346,443	44,408,047	9,938,396	22.38%	572,005,259	501,984,193	70,021,066	13.95%
Other operating revenue	1,660,083	919,590	740,493	80.52%	14,604,068	11,035,075	3,568,993	32.34%
Total operating revenue	56,006,526	45,327,637	10,678,889	23.56%	586,609,327	513,019,268	73,590,059	14.34%
Operating expenses:								
Salaries and wages	14,905,415	14,795,433	109,982	0.74%	187,979,910	172,459,861	15,520,049	9.00%
Compensated absences	2,770,858	2,593,922	176,936	6.82%	32,114,313	31,733,560	380,753	1.20%
Employee benefits	3,633,410	7,894,746	(4,261,336)	-53.98%	82,903,545	89,966,213	(7,062,668)	-7.85%
Supplies, food, and linen	5,507,039	5,322,395	184,644	3.47%	72,939,727	61,890,026	11,049,701	17.85%
Purchased department functions	3,160,948	3,115,228	45,720	1.47%	38,823,877	37,328,456	1,495,421	4.01%
Medical fees	1,355,057	1,678,265	(323,208)	-19.26%	16,411,802	20,306,659	(3,894,857)	-19.18%
Other fees	7,057,348	824,350	6,232,998	756.11%	23,292,341	10,101,997	13,190,344	130.57%
Depreciation	1,819,768	1,789,255	30,513	1.71%	21,553,620	21,471,064	82,556	0.38%
All other expense	1,429,113	1,388,612	40,501	2.92%	14,837,298	16,828,227	(1,990,929)	-11.83%
Total operating expenses	41,638,956	39,402,207	2,236,749	5.68%	490,856,433	462,086,061	28,770,372	6.23%
Income from operations	14,367,570	5,925,430	8,442,140	142.47%	95,752,894	50,933,207	44,819,687	88.00%
Non-operating income:								
Donations	(461,834)	166,667	(628,501)	-377.10%	2,168,234	2,000,000	168,234	8.41%
Property taxes	1,345,713	333,333	1,012,380	303.71%	5,012,380	4,000,000	1,012,380	25.31%
Investment income	(2,113,889)	160,094	(2,273,983)	-1420.41%	1,008,484	1,921,122	(912,638)	-47.51%
Income from subsidiaries	(1,675,693)	(3,935,149)	2,259,456	-57.42%	(38,807,852)	(46,129,653)	7,321,801	-15.87%
Total non-operating income	(2,905,703)	(3,275,056)	369,352	-11.28%	(30,618,754)	(38,208,531)	7,589,777	-19.86%
Operating and non-operating income	\$ 11,461,867	\$ 2,650,374	8,811,492	332.46%	\$ 65,134,140	\$ 12,724,676	52,409,465	411.87%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of June and twelve months to date

	<u>Month of June</u>		<u>Twelve months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	46	41	547	511	(36)
Other Admissions	97	102	1,295	1,138	(157)
Total Admissions	143	143	1,842	1,649	(193)
Medi-Cal Patient Days	69	65	880	784	(96)
Other Patient Days	155	150	2,168	1,843	(325)
Total Patient Days of Care	224	215	3,048	2,627	(421)
Average Daily Census	7.5	7.2	8.4	7.2	(1.2)
Medi-Cal Average Days	1.6	1.6	1.7	1.6	(0.1)
Other Average Days	0.6	1.4	1.6	1.6	(0.1)
Total Average Days Stay	1.6	1.5	1.7	1.6	(0.1)
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	310	334	4,356	3,844	(512)
Medi-Cal Admissions	280	224	2,940	2,789	(151)
Other Admissions	388	296	3,782	3,325	(457)
Total Admissions	978	854	11,078	9,958	(1,120)
Medicare Patient Days	1,231	1,417	18,919	1,344	(17,575)
Medi-Cal Patient Days	1,047	933	12,942	1,048	(11,894)
Other Patient Days	968	768	11,608	40,349	28,741
Total Patient Days of Care	3,246	3,118	43,469	42,741	(728)
Average Daily Census	108.2	103.9	119.1	117.1	(2.0)
Medicare Average Length of Stay	4.0	4.2	4.3	0.3	(4.0)
Medi-Cal Average Length of Stay	3.9	3.5	3.7	0.3	(3.4)
Other Average Length of Stay	2.6	2.1	2.3	9.2	6.9
Total Average Length of Stay	3.5	3.2	3.4	3.7	0.3
Deaths	32	19	311	432	121
Total Patient Days	3,470	3,333	46,517	45,368	(1,149)
Medi-Cal Administrative Days	8	2	78	178	100
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	8	2	78	178	100
Percent Non-Acute	0.23%	0.06%	0.17%	0.39%	0.22%

SALINAS VALLEY MEMORIAL HOSPITAL
PATIENT STATISTICAL REPORT
For the month of June and twelve months to date

	<u>Month of June</u>		<u>Twelve months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	299	234	3,360	3,166	(194)
Heart Center	336	343	4,232	4,076	(156)
Monitored Beds	792	313	10,249	8,700	(1,549)
Single Room Maternity/Obstetrics	391	378	4,824	4,181	(643)
Med/Surg - Cardiovascular	489	728	8,285	8,857	572
Med/Surg - Oncology	230	221	3,018	2,218	(800)
Med/Surg - Rehab	368	379	4,765	5,064	299
Pediatrics	78	80	1,194	1,129	(65)
Nursery	224	215	3,048	2,627	(421)
Neonatal Intensive Care	143	89	1,504	1,530	26
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	76.67%	60.00%	70.62%	66.54%	
Heart Center	74.67%	76.22%	77.09%	74.24%	
Monitored Beds	97.78%	38.64%	103.71%	88.04%	
Single Room Maternity/Obstetrics	35.23%	34.05%	35.62%	30.87%	
Med/Surg - Cardiovascular	36.22%	53.93%	50.30%	53.78%	
Med/Surg - Oncology	58.97%	56.67%	63.43%	46.62%	
Med/Surg - Rehab	47.18%	48.59%	50.07%	53.22%	
Med/Surg - Observation Care Unit	0.00%	69.22%	0.00%	61.40%	
Pediatrics	14.44%	14.81%	18.12%	17.14%	
Nursery	45.25%	43.43%	25.24%	21.75%	
Neonatal Intensive Care	43.33%	26.97%	37.36%	38.00%	

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	<u>Month of June</u>		<u>Twelve months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
<u>DELIVERY ROOM</u>					
Total deliveries	148	159	1,816	1,628	(188)
C-Section deliveries	46	47	572	512	(60)
Percent of C-section deliveries	31.08%	29.56%	31.50%	31.45%	-0.05%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	27,464	22,559	261,403	243,618	(17,785)
Out-Patient Operating Minutes	22,425	30,077	299,206	285,341	(13,865)
Total	49,889	52,636	560,609	528,959	(31,650)
Open Heart Surgeries	8	16	129	147	18
In-Patient Cases	203	152	1,964	1,720	(244)
Out-Patient Cases	244	291	3,157	3,001	(156)
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	22	27	345	381	36
High Risk	448	496	6,958	5,899	(1,059)
More Than One Resource	2,126	2,503	29,876	26,240	(3,636)
One Resource	1,654	1,298	18,024	14,534	(3,490)
No Resources	55	93	571	510	(61)
Total	<u>4,305</u>	<u>4,417</u>	<u>55,774</u>	<u>47,564</u>	<u>(8,210)</u>

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	<u>Month of June</u>		<u>Twelve months to date</u>		<u>Variance</u>
	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
CENTRAL SUPPLY					
In-patient requisitions	12,553	15,068	172,936	178,842	5,906
Out-patient requisitions	11,132	10,428	122,318	117,126	-5,192
Emergency room requisitions	1,687	1,744	31,597	18,844	-12,753
Interdepartmental requisitions	6,090	5,937	81,820	79,845	-1,975
Total requisitions	<u>31,462</u>	<u>33,177</u>	<u>408,671</u>	<u>394,657</u>	<u>-14,014</u>
LABORATORY					
In-patient procedures	30,975	32,668	402,272	419,915	17,643
Out-patient procedures	9,569	11,941	118,468	134,604	16,136
Emergency room procedures	7,396	10,389	111,602	106,977	-4,625
Total patient procedures	<u>47,940</u>	<u>54,998</u>	<u>632,342</u>	<u>661,496</u>	<u>29,154</u>
BLOOD BANK					
Units processed	<u>237</u>	<u>279</u>	<u>3,339</u>	<u>3,386</u>	<u>47</u>
ELECTROCARDIOLOGY					
In-patient procedures	910	1,009	11,990	11,274	-716
Out-patient procedures	419	513	5,237	4,970	-267
Emergency room procedures	759	1,016	10,598	10,698	100
Total procedures	<u>2,088</u>	<u>2,538</u>	<u>27,825</u>	<u>26,942</u>	<u>-883</u>
CATH LAB					
In-patient procedures	89	92	1,006	942	-64
Out-patient procedures	83	122	984	1,068	84
Emergency room procedures	0	0	0	1	1
Total procedures	<u>172</u>	<u>214</u>	<u>1,990</u>	<u>2,011</u>	<u>21</u>
ECHO-CARDIOLOGY					
In-patient studies	280	353	3,564	3,623	59
Out-patient studies	192	231	2,190	2,234	44
Emergency room studies	0	2	15	20	5
Total studies	<u>472</u>	<u>586</u>	<u>5,769</u>	<u>5,877</u>	<u>108</u>
NEURODIAGNOSTIC					
In-patient procedures	167	159	2,069	1,871	-198
Out-patient procedures	28	24	262	294	32
Emergency room procedures	0	0	1	0	-1
Total procedures	<u>195</u>	<u>183</u>	<u>2,332</u>	<u>2,165</u>	<u>-167</u>

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	Month of June		Twelve months to date		Variance
	2020	2021	2019-20	2020-21	
SLEEP CENTER					
In-patient procedures	0	0	0	2	2
Out-patient procedures	154	202	2,123	2,260	137
Emergency room procedures	0	0	0	0	0
Total procedures	<u>154</u>	<u>202</u>	<u>2,123</u>	<u>2,262</u>	<u>139</u>
RADIOLOGY					
In-patient procedures	1,181	1,297	15,511	15,754	243
Out-patient procedures	809	481	5,766	6,551	785
Emergency room procedures	956	1,242	15,689	13,168	-2,521
Total patient procedures	<u>2,946</u>	<u>3,020</u>	<u>36,966</u>	<u>35,473</u>	<u>-1,493</u>
MAGNETIC RESONANCE IMAGING					
In-patient procedures	118	129	1,558	1,476	-82
Out-patient procedures	138	123	1,062	1,614	552
Emergency room procedures	6	9	111	114	3
Total procedures	<u>262</u>	<u>261</u>	<u>2,731</u>	<u>3,204</u>	<u>473</u>
MAMMOGRAPHY CENTER					
In-patient procedures	2,759	3,758	38,130	37,647	-483
Out-patient procedures	2,742	3,733	37,987	37,402	-585
Emergency room procedures	0	0	7	3	-4
Total procedures	<u>5,501</u>	<u>7,491</u>	<u>76,124</u>	<u>75,052</u>	<u>-1,072</u>
NUCLEAR MEDICINE					
In-patient procedures	16	11	211	151	-60
Out-patient procedures	69	62	946	866	-80
Emergency room procedures	0	1	6	9	3
Total procedures	<u>85</u>	<u>74</u>	<u>1,163</u>	<u>1,026</u>	<u>-137</u>
PHARMACY					
In-patient prescriptions	75,836	77,253	1,027,727	1,032,105	4,378
Out-patient prescriptions	16,951	16,768	190,357	176,902	-13,455
Emergency room prescriptions	4,982	6,665	83,380	65,657	-17,723
Total prescriptions	<u>97,769</u>	<u>100,686</u>	<u>1,301,464</u>	<u>1,274,664</u>	<u>-26,800</u>
RESPIRATORY THERAPY					
In-patient treatments	19,733	15,453	193,401	230,319	36,918
Out-patient treatments	434	945	5,847	5,951	104
Emergency room treatments	45	197	4,061	2,036	-2,025
Total patient treatments	<u>20,212</u>	<u>16,595</u>	<u>203,309</u>	<u>238,306</u>	<u>34,997</u>
PHYSICAL THERAPY					
In-patient treatments	2,154	2,436	28,685	27,986	-699
Out-patient treatments	342	386	3,048	3,321	273
Emergency room treatments	0	0	0	4	4
Total treatments	<u>2,496</u>	<u>2,822</u>	<u>31,733</u>	<u>31,311</u>	<u>-422</u>

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	<u>2020</u>	<u>2021</u>	<u>2019-20</u>	<u>2020-21</u>	
OCCUPATIONAL THERAPY					
In-patient procedures	1,371	1,671	17,269	17,462	193
Out-patient procedures	208	178	1,524	1,653	129
Emergency room procedures	0	0	0	0	0
Total procedures	<u>1,579</u>	<u>1,849</u>	<u>18,793</u>	<u>19,115</u>	<u>322</u>
SPEECH THERAPY					
In-patient treatments	440	463	4,595	4,792	197
Out-patient treatments	52	34	317	348	31
Emergency room treatments	0	0	2	0	-2
Total treatments	<u>492</u>	<u>497</u>	<u>4,914</u>	<u>5,140</u>	<u>226</u>
CARDIAC REHABILITATION					
In-patient treatments	0	0	1	2	1
Out-patient treatments	433	542	5,415	5,302	-113
Emergency room treatments	0	0	0	1	1
Total treatments	<u>433</u>	<u>542</u>	<u>5,416</u>	<u>5,305</u>	<u>-111</u>
CRITICAL DECISION UNIT					
Observation hours	<u>263</u>	<u>332</u>	<u>3,546</u>	<u>3,497</u>	<u>-49</u>
ENDOSCOPY					
In-patient procedures	88	74	1,080	1,108	28
Out-patient procedures	44	26	459	317	-142
Emergency room procedures	0	0	0	0	0
Total procedures	<u>132</u>	<u>100</u>	<u>1,539</u>	<u>1,425</u>	<u>-114</u>
C.T. SCAN					
In-patient procedures	526	593	7,252	6,679	-573
Out-patient procedures	499	412	3,610	5,721	2,111
Emergency room procedures	404	602	6,541	5,778	-763
Total procedures	<u>1,429</u>	<u>1,607</u>	<u>17,403</u>	<u>18,178</u>	<u>775</u>
DIETARY					
Routine patient diets	16,282	17,213	223,724	198,283	-25,441
Meals to personnel	21,283	22,598	287,335	242,951	-44,384
Total diets and meals	<u>37,565</u>	<u>39,811</u>	<u>511,059</u>	<u>441,234</u>	<u>-69,825</u>
LAUNDRY AND LINEN					
Total pounds laundered	<u>89,436</u>	<u>92,016</u>	<u>1,413,705</u>	<u>1,181,422</u>	<u>-232,283</u>

PUBLIC INPUT

NO CLOSED SESSION

*ADJOURNMENT – THE AUGUST 2021
FINANCE COMMITTEE MEETING
IS SCHEDULED FOR MONDAY,
AUGUST 23, 2021, AT 12:00 P.M.*