



April 13, 2023

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 HEALTH<sup>1</sup>** will be held **MONDAY, APRIL 17, 2023, AT 12:00 P.M., HEART CENTER TELECONFERENCE ROOM, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA** or via **TELECONFERENCE** (*visit [SalinasValleyHealth.com/virtualboardmeeting](https://www.SalinasValleyHealth.com/virtualboardmeeting) for Access Information*).

A handwritten signature in black ink, appearing to read "Pete Delgado", written in a cursive style.

Pete Delgado  
President/Chief Executive Officer

Committee Members: Joel Hernandez Laguna, Chair; Juan Cabrera, Vice Chair; Pete Delgado, President/CEO; Augustine Lopez, Chief Financial Officer; Clement Miller, Chief Operating Officer; Tarun Bajaj, M.D. Medical Staff Member; Sanjeev Tandon, Community Member Harry; Wardwell, Community Member

**FINANCE COMMITTEE  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY HEALTH<sup>1</sup>**

**MONDAY, APRIL 17, 2023, 12:00 P.M.  
HEART CENTER TELECONFERENCE ROOM**

**Salinas Valley Medical Center  
450 E. Romie Lane, Salinas, California  
or via Teleconference**

**(Visit [svmh.com/virtualboardmeeting](http://svmh.com/virtualboardmeeting) for Access Information)**

**AGENDA**

1. Call to Order / Roll Call
2. Approve Minutes of the Finance Committee Meeting of March 20, 2023 (DELGADO)
  - Motion/Second
  - Action by Committee/Roll Call Vote
3. Consider Recommendation for Board of Directors Approval of Seventh Amendment California Commercial Property Management Agreement (MILLER/RAY/STROTMAN)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
4. Consider Recommendation for Board Approval of Change Healthcare Stratus Imaging Proposal as Sole Source and Contract Award (MILLER/LOPEZ/PARKS)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
5. Review Balanced Scorecard (LOPEZ)
6. Financial and Statistical Review (LOPEZ)
7. FY23 Capital Spending Update (LOPEZ/NORMAN/SULLIVAN)
8. 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.

9. Closed Session
10. Reconvene Open Session/Report on Closed Session
11. Consider Recommendation for Board Approval of Human Capital Management Project as Competitive Solicitation and Contract Award (LOPEZ/CHILDS/PARKS)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote

12. Adjournment

The next Finance Committee Meeting is scheduled for **Wednesday, May 22, 2023 at 12:00 p.m.**

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.

The Committee packet is available at the Committee Meeting, at [www.svmh.com](http://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.

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 Board Clerk during regular business hours at 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**FINANCE COMMITTEE MEETING  
BOARD OF DIRECTORS – COMMITTEE OF THE WHOLE  
SALINAS VALLEY HEALTH**

**AGENDA FOR CLOSED SESSION**

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

**CLOSED SESSION AGENDA ITEMS**

**REPORT INVOLVING TRADE SECRET**

(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): Trade secrets, strategic planning/proposed new programs and services

**Estimated date of public disclosure:** (Specify month and year): Unknown

**ADJOURN TO OPEN SESSION**

**SALINAS VALLEY HEALTH<sup>1</sup>  
FINANCE COMMITTEE  
COMMITTEE OF THE WHOLE  
MEETING MINUTES MARCH 20, 2023**

Committee Members Present:

Joel Hernandez Laguna, Chair, Juan Cabrera (*Via Teleconference*), Vice-Chair, Pete Delgado, Augustine Lopez, Clement Miller, Tarun Bajaj, MD, Sanjeev Tandon (*Via Teleconference*), Harry Wardwell (*Via Teleconference*).

Other Board Members Present, Constituting Committee of the Whole:

Rolando Cabrera, MD and Victor Rey.

*Dr. Bajaj and Juan Cabrera joined the meeting at 12:07 Victor Rey joined the meeting at 12:10.*

**CALL TO ORDER/ROLL CALL**

A quorum was present and Victor Rey called the meeting to order at 12:05 p.m. in the Downing Resource Center, Rooms A, B, and C.

**APPROVE THE MINUTES FEBRUARY 22, 2023**

Approve the minutes of the Finance Committee meeting for February 22, 2023. This information was included in the Committee packet.

No public comment received.

**MOTION:**

Upon motion by Committee member Delgado, and second by Committee member Lopez, the minutes of the Finance Committee for February 22, 2023 approved as presented.

Ayes: Committee members: Bajaj, J. Cabrera, Delgado, Hernandez Laguna, Lopez, Miller, Tandon, Wardwell; Noes: None; Abstentions: None; Absent: None; Motion carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE NUANCE DRAGON MEDICAL ONE AGREEMENT RENEWAL AS SOLE SOURCE AND CONTRACT AWARD**

Augustine Lopez, CFO, David Kasting, MD, CMIO and Audrey Parks, CIO, reported Salinas Valley Health currently utilizes Dragon Medical One (DMO) software as the voice recognition tool for physician documentation in our electronic medical record. Voice recognition is an important tool used by physicians to create reports in our electronic medical records (EMRs) both Meditech and Epic. It is a proven, time saving documentation tool enabling the use of macros for standardized report content and greater speed for those providers with limited typing skills. Nuance DMO is an essential productivity tool for nearly eliminating the need for dictation and transcription services, improving documentation accuracy and use of macros to improve provider productivity for clinical documentation. This solution is utilized enterprise wide, including our mobile environment. Dr. Kasting was complimented for his leadership in this technology. The background/situation/rationale and financial implications of the agreement were included in the packet.

No public comment was received.

<sup>1</sup>Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

**MOTION:**

Upon motion by Committee member J. Cabrera, and second by Committee member Delgado, the Finance Committee recommends the Board of Directors consider approval of the Nuance Dragon Medical One agreement renewal as sole source and contract award in the estimated amount of \$362,337.36 over a 5-year term.

Ayes: Committee members: Bajaj, J. Cabrera, Delgado, Hernandez Laguna, Lopez, Miller, Tandon, Wardwell; Noes: None; Abstentions: None; Absent: None; Motion carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE AMENDMENT TO THE TIGERCONNECT MASTER AGREEMENT AND CONTRACT RENEWAL AS SOLE SOURCE AND CONTRACT AWARD**

Augustine Lopez, CFO, David Kasting, MD, CMIO, and Audrey Parks, CIO, reported TigerText was implemented in May of 2018 through a competitive solicitation process. TigerConnect, as the vendor is now called, offers a secure texting solution. It is being utilized across our entire Salinas Valley Health system. Since its implementation we have experienced explosive growth of the application with 2,200 provisioned providers and staff sending over 500,000 messages per month. The immediacy of communication has undoubtedly had a positive impact on direct patient care. An 80% decrease in overhead paging has been documented as a result of physicians now being notified via texting from our Telephone Operators which also contributed to our ‘quiet at night’ initiative. Additional enhancements have been implemented TigerConnect to continue to improve efficient, secure communication impacting patient care. For example, benefits include staff/physician rapid communication, role identification (e.g., Code STEMI), physicians requesting a bed for a patient expediting admissions. The most recent update is a patient engagement platform assisting patients with scheduling appointments, confirming follow-up, providing educational materials and offering support; the patient engagement platform has been successfully piloted in the Cancer Resource Center. The background/situation/rationale and financial implications of the master agreement were included in the packet.

Discussion: Director Hernandez Laguna asked about feedback on TigerConnet? Feedback has been positive with focus on ease of use and speed of communication. Enrollment has increased. There are currently no challenges. It has been very popular and easy to use however it has become relational. It was recommended there be some communication with users to educate on intended use. This is a one-year contract but we plan to continue this relationship for the foreseeable future.

No public comment was received.

**MOTION:**

Upon motion by Committee member Miller, and second by Committee member Lopez, the Finance Committee recommends the Board of Directors consider approval of the Amendment to the TigerConnect Master Agreement and Contract Renewal as sole source and contract award in the amount of \$394,185 over a one-year coverage period.

Ayes: Committee members: Bajaj, J. Cabrera, Delgado, Hernandez Laguna, Lopez, Miller, Tandon, Wardwell; Noes: None; Abstentions: None; Absent: None; Motion carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE PRINTER MANAGEMENT SERVICES AGREEMENT RENEWAL AS SOLE SOURCE AND CONTRACT AWARD**

Augustine Lopez, CFO, and Audrey Parks, CIO, reported that since August 2019 TotalPrint USA (a Staples company) has been used for printer management services. By doing so, better service has been provided to our staff and providers for support and maintenance of printers, including consumables such as toner. Additionally, the fleet of multi-function devices (print, copy, scan, fax) have been refreshed as needed. Approval is requested to renew the existing agreement under the same cost schedule and terms as originally signed in 2019 for a four-year term from September 2023 through August 2027. The annualized expense is \$380,858. Efforts continue to reduce the quantity of printers. The contract has moderate decreases year over year.\ and IT leadership will meet monthly to review expenses and manage to projected budget. The background/situation/rationale and financial implications of the services agreement were included in the packet.

No public comment was received.

**MOTION:**

Upon motion by Committee member J. Cabrera, and second by Committee member Delgado, the Finance Committee recommends the Board of Directors consider approval of the TotalPrint USA, a printer management services agreement renewal as sole source and contract award in the estimated amount of \$1,405,760 over a 4-year term.

Ayes: Committee members: Bajaj, J. Cabrera, Delgado, Hernandez Laguna, Lopez, Miller, Tandon, Wardwell; Noes: None; Abstentions: None; Absent: None; Motion carried.

**CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF PRESS GANEY MASTER SERVICES AGREEMENT**

Lisa Paulo, CNO, reported Salinas Valley Health works to provide an exceptional experience for patients and their families with every interaction. Press Ganey solutions provide feedback and benchmarking data regarding our patients' perceptions of their experience and our employee's engagement level. Press Ganey is our partner in measuring our success in meeting and exceeding the expectations of our patients and staff to perform as a top healthcare system among our peers. Inpatient Patient Experience Surveys are mandated for Value Based Purchasing incentives through the Centers for Medicare and Medicaid Services.

Salinas Valley Health has utilized Press Ganey for patient experience and employee engagement surveys since 2014. In recent years the reputation management solution & nurse excellence solutions were implemented. Each of these solutions meet internal business needs. The patient experience surveys meet external regulatory requirements by the Centers for Medicare and Medicaid Services by allowing patients to communicate opportunities for improvement and areas of excellence.

The Master Service Agreement will accomplish two needs: (1) Leverage cost savings by pulling all services into 1 agreement versus three. (2) Add additional services of value and cost savings:

- a. Narrative DX will enhance the ability to address areas of opportunities from survey comments. Currently this is a manual process and not robust at theme identification.
- b. iRound will support the transition of the patient, leader and quality rounding/audit solution. This will facilitate cost savings and alignment of in-process metric measuring to survey outcomes.

- c. Pulse Survey solution will facilitate real time feedback to enhance our employee engagement efforts.

There are a net savings including a decrease cost for rounds, cost savings for employee survey and cost savings for length of contract. The background/situation/rationale and financial implications of the construction contract were included in the packet.

Discussion: Michelle Childs, Chief HR Officer, clarified we don't normally survey travelers but we could consider this.

No public comment was received.

#### **MOTION:**

Upon motion by Committee member Miller, and second by Committee member Bajaj, the Finance Committee recommends the Board of Directors consider approval of Press Ganey Master Services Agreement in the amount of \$1,839,744 for 5 year term with an effective date of April 1, 2023.

Ayes: Committee members: Bajaj, J. Cabrera, Delgado, Hernandez Laguna, Lopez, Miller, Tandon, Wardwell; Noes: None; Abstentions: None; Absent: None; Motion carried.

#### **BALANCED SCORECARD**

Augustine Lopez, Chief Financial Officer and team, reviewed the Balanced Scorecard Summary for fiscal year 2023, year-to-date January 2023, which provided an overview of the metrics and performance of the Salinas Valley Health organizational goals for Service, People, Quality, Finance, Growth, and Community. This information was included in the Committee packet.

Discussion: There was discussion surrounding the targets and if they should re-evaluated. Individual goals and activities surrounding each goal were reviewed in detail. The overall goal is to move to the upper quartile.

#### **FINANCIAL AND STATISTICAL REVIEW**

Augustine Lopez, Chief Financial Officer, provided a financial and statistical performance review for the month ending February 2023. A full report was included in the Committee packet.

Key highlights of the financial summary for February 2023 include: (1) Income from operations was -\$1.4M with an operating margin of -2.5%, (2) Net income was -\$0.5M with a net income margin of -.9%; (3) Gross revenues were 30% favorable to budget; (4) Inpatient gross revenues were 19% favorable to budget (5) Payor mix was unfavorable to budget due to Medicaid 24% and Medicare 27% above budget; (6) Average daily census was at 136, 19% above budget of 115 and total admissions were 20% above budget; (7) COVID cases were 41 with a ALOS of 4.2 days; (8) Medicare Traditional ALOS CMI adjusted was 4% unfavorable at 2.42 days with a Case Mix of 1.84; (9) Operating Margin 3.7%, Total margin 5.0%, Days cash on hand was 324; and days of net accounts receivable is 48; (10) Contract labor utilization 12 month ending February 2023 was \$26.1M.

Discussion: In January the ratio of governmental business to total cases was higher. Commercial business has declined over several years due to a shift to outpatient business. Commercial business fluctuates monthly. Mr. Delgado reported these are state-wide issues and efforts are being made to make legislation aware of this situation.

## **PUBLIC INPUT**

No public comment received.

## **ADJOURNMENT**

There being no other business, the meeting was adjourned at 1:27 p.m. The next Finance Committee Meeting is scheduled for **Monday, April 17, 2023 at 12:00 p.m.**

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Joel Hernandez Laguna, Chair

*/KmH*



## Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board of Directors Approval of Seventh Amendment California Commercial Property Management Agreement

Executive Sponsor: Clement Miller, Chief Operating Officer  
Gary Ray, Chief Administrative Officer  
Earl Strotman, Director Facilities Management & Construction

Date: April 11, 2023

### Executive Summary

Salinas Valley Health requires Property Management services for a number of off-site locations servicing the needs of patients, visitors and staff served under the Salinas Valley Health umbrella.

### Background/Situation/Rationale

Salinas Valley Health initially entered into a Property Management Services agreement with California Commercial Real Estate Services in 2015 with a contract servicing the property management needs of 17 buildings; 3 of which were owned and occupied, 6 owned and shared occupation, and 8 leased properties. Six subsequent amendments have added an additional 19 buildings of various usages while eliminating 1 building from this roster (Totaling 35 buildings).

Property Management services remain required for these properties. Owned properties require routine and unforeseen maintenance, housekeeping and fire life safety services as well as timely payments of taxes, fees and other operating expenses required for commercial occupancy and use. Owned and shared occupation buildings require lease administration, customer service, housekeeping and fire life safety services required for commercial occupancy and use. Leased properties require lease administration to ensure we are receiving services provided per contract stipulations.

Present vendor for Property Management services meets expectations and has a good rapport with both owner's representative and building stakeholders of all Salinas Valley Health properties. Vendors Schedule of Compensation(s) for both Administrative fees and Direct expenses fall within the Median projectile (West/Northwest) of the 2022 Real Estate Compensation survey and as such is considered a good value for services rendered.

### Pillar/Goal Alignment:

Service  People  Quality  Finance  Growth  Community

## Financial Implications

The essential terms of the proposed Lease are as follows:

<b>Key Contract Terms</b>	<b>California Commercial Real Estate Services</b>																				
1. Proposed effective date	June 1, 2023																				
2. Term of agreement	Three (3) years commencing June 1, 2023 <ul style="list-style-type: none"> <li>• Collect rents, security deposits, and other charges due Owner.</li> <li>• Establish tenant relationships, renew expiring leases, and negotiate tenant expansions.</li> <li>• Prepare disbursements for loan payments, operating expenses including Agents' reasonable expenses.</li> <li>• Receive tenant communications on behalf of Owner.</li> <li>• Ensure tenant compliance with lease provisions.</li> <li>• Other duties assigned by Owner and agreed upon by Property Manager.</li> </ul>																				
3. Renewal terms	Direct Labor up to 5% annually																				
4. Termination	30 days written notice with or without cause by either party.																				
5. Cost	<table border="1"> <thead> <tr> <th></th> <th>Management Fee</th> <th>Labor Expense (5% Incr. Yr2/3)</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Year 1</td> <td>132,000</td> <td>401,515</td> <td>533,515</td> </tr> <tr> <td>Year 2</td> <td>132,000</td> <td>421,591</td> <td>553,591</td> </tr> <tr> <td>Year 3</td> <td>132,000</td> <td>442,670</td> <td>574,670</td> </tr> <tr> <td><b>Total</b></td> <td><b>396,000</b></td> <td><b>1,265,776</b></td> <td><b>1,661,776</b></td> </tr> </tbody> </table>		Management Fee	Labor Expense (5% Incr. Yr2/3)	Total	Year 1	132,000	401,515	533,515	Year 2	132,000	421,591	553,591	Year 3	132,000	442,670	574,670	<b>Total</b>	<b>396,000</b>	<b>1,265,776</b>	<b>1,661,776</b>
	Management Fee	Labor Expense (5% Incr. Yr2/3)	Total																		
Year 1	132,000	401,515	533,515																		
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Year 3	132,000	442,670	574,670																		
<b>Total</b>	<b>396,000</b>	<b>1,265,776</b>	<b>1,661,776</b>																		
6. Budgeted (indicate y/n)	Yes																				

Schedule: April XX, 2023 – Anticipate Board Approval for Lease.

## Recommendation

Consider recommendation for Board of Directors to approve Seventh Amendment to Management Agreement between Salinas Valley Health and California Commercial Real Estate Services for a 3 (three) year term commercial property services contract in the amount of \$1,661,776.00.

## Attachments

- Attachment 1: Seventh Amendment to Management Agreement

## SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT

THIS SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT ("Seventh Amendment") is made and entered into March 1, 2023 ("Effective Date"), between SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM, a local health care district, operating as Salinas Valley Health, maintaining an office at 450 East Romie Lane, Salinas, California (hereinafter referred to as "Owner"), and CALIFORNIA COMMERCIAL REAL ESTATE SERVICES, a California corporation, maintaining an office at 1800 Quail St., Suite 100, Newport Beach, California (hereinafter referred to as "Agent"). Owner designates Agent as the exclusive managing Agent for Owner's real property listed on Schedule 1 – Property List (the "Property List"), each property on the list hereinafter referred to as the "Building" or the "Property").

### RECITALS

- A. Owner and Agent entered into that certain Management Agreement dated June 1, 2018, First Amendment dated November 30, 2018, Second Amendment dated March 27, 2019, Third Amendment dated May 22, 2019, Fourth Amendment dated July 1, 2019, Fifth Amendment dated August 11, 2020, and Sixth Amendment dated June 1, 2021 executed thereafter (said agreement, including any other addenda or amendments thereto are collectively referred to as the "Agreement") to operate and manage the Property List.
- B. The parties desire to clarify Leasing Commissions.
- C. Owner desires to add one (1) property, remove one (1) property, and amend the square footage of one (1) property on the Property List and Agent agrees to such changes.
- D. Parties agree to amend the schedule of compensation and direct expense reimbursements on the terms and conditions set forth.
- E. The Term of the Agreement expires on May 31, 2023. The parties desire to renew the Agreement for three (3) years.

For good and valuable consideration, Owner and Agent agree as follows:

## AGREEMENT

1. **Definitions.** All capitalized terms in this Seventh Amendment that are not defined herein shall have the meanings provided in the Agreement.
  
2. **Term.** The Term of the Agreement shall be extended by an additional thirty-six (36) month period, commencing June 1, 2023 and shall expire on May 31, 2026 (the “Extension Term”).
  
3. **Schedule 2.1 – Schedule of Compensation.** Effective June 1, 2023, ‘Section 2.1.1 – Property Administration Fee’ on Schedule 2.1 is deleted in its entirety and replaced with the following:

“2.1.1. Property Administration Fee

	<b>Description</b>	<b>Annual Fee</b>
1	Management Fee	\$132,000.00

Agent’s annual compensation for its property management services shall be paid in twelve (12) equal installments of \$11,000.00 per month.

4. **Schedule 2.2 – Agent’s Direct Expenses.** Effective June 1, 2023, ‘Schedule 2.2 – Agent’s Direct Expenses’ is deleted in its entirety and replaced with the following:

2.2.1 Agent’s estimated direct reimbursement for Agent’s cost to perform the on-site property management and building engineering services for the properties listed on Schedule 1 is listed below:

	<b>Description</b>	<b>Wage</b>	<b>Burden</b>	<b>Annual Fee</b>
1	Property Manager – Labor	\$105,000.00	\$36,750.00	\$141,750.00
2	Building Engineers – Labor	\$118,000.00	\$41,300.00	\$159,300.00
3	Administrative Assistant – Labor	\$47,750.00	\$16,715.00	\$64,465.00
4	Service Van(s)			\$36,000.00
	<b>Total</b>	<b>\$270,750.00</b>	<b>\$94,765.00</b>	<b>\$401,515.00</b>

2.2.2 Agent's estimated labor cost is based on a forty (40) hour work week and does not include premium time. The labor rate for after-hour emergency response shall be invoiced at the appropriate rate pursuant to Section 2.5.2 of Schedule 2.5.

2.2.3 Agent's annual compensation for the above payroll costs shall be invoiced and paid every two (2) weeks, or twenty-six (26) payroll installments. The Service Van shall be invoiced and paid in twelve (12) equal installments.

2.2.4 Agent may increase Agent's direct labor expenses by up to five percent (5.0%) for merit and performance increases on each anniversary of this Agreement's Term.

2.2.5 Owner and Agent recognize the value and importance of Agent's on-site personnel. To facilitate retention of Agent's on-site personnel, with Owner's written approval, on an annual basis Agent may adjust the on-site's staff cash compensation (wage and performance bonus) to reflect current market conditions. Agent's cash compensation program shall target the 25th to 75th percentile for each position as reported in CEL's Annual National Real Estate Compensation and Benefit Survey for the West/Northwest geographic region. If the CEL Benefit Survey shall cease to exist for a particular year, Owner and Agent shall agree to utilize a comparable report or survey published for the geographic region.

5. **Schedule 2.3 – Commissions.** Effective June 1, 2023, the following shall be added to the end of 'Section 2.3.1' on Schedule 2.3:

“For new leases or renewals that Agent negotiates on behalf of Owner whereby Owner is the tenant, Agent shall make reasonable efforts to collect from the landlord the brokers' leasing commission, pursuant to the Leasing Commissions table above (“Commission”). In the event a landlord is not willing to pay some or all of the Commission, Owner shall pay to Agent the difference, or all, of the Commission pursuant to the table above. (Examples for clarification purposes: (1) on a new lease agreement, a landlord agrees to pay 3% commission, then Owner shall pay the difference, or 2% commission to Agent; or (2) on a renewal agreement, a landlord agrees to pay 2.5% commission, then Owner shall not pay Agent a commission).”

6. **Schedule 2.5 – Optional Services.** Effective June 1, 2023, 'Section 2.5.2' on Schedule 2.5 is deleted in its entirety and replaced with the following:

2.5.2 Each project will be based on a not to exceed proposal based on the following hourly rate schedule:

Principal	\$250.00
Property Manager	\$185.00
Chief Engineer	\$185.00
Building Engineer	\$105.00
Project Manager	\$210.00
Project Engineer	\$175.00
Accountants/Financial Analysis	\$100.00
Administrative/Clerical	\$75.00

7. **Schedule 1 – Property List.** Effective July 22, 2022, the property located at 1260 S. Main Street, Salinas, California containing approximately 2,384 square feet shall be added to Property List – Property Group 3, bolded below for reference.
8. **Schedule 1 – Property List.** Effective March 15, 2022, the square footage measurements for the property located at 241 Abbott Street, Salinas, California shall be increased to be approximately 154,651 square feet, which shall be amended on ‘Schedule 1 – Property List’.
9. **Schedule 1 – Property List.** Effective January 31, 2023, the property located at 535 E. Romie, Salinas, California shall be removed from ‘Schedule 1 – Property List’.
10. **‘Schedule 1 – Property List’** is deleted in its entirety and replaced with the following:

**Schedule 1 – Property List**

**Property Group 1 – SVMH Owned, SVMH Occupied**

<u>Address</u>	<u>Description</u>
355 Abbott Street, Salinas, CA	47,718 SF (SVMC: 1 <sup>st</sup> Floor – PrimeCare, 2 <sup>nd</sup> Floor – Diabetes and Endocrine Center)

240 San Jose Street, Salinas, CA	9,041 SF (SVMH: Nancy Ausonio Mammography Center)
850 Fifth Street, Gonzales, CA	19,458 SF (SVMC: Taylor Family Farms Health and Wellness Center)
440 E. Romie Lane, Salinas, CA	4,848 SF (SVMH: Regional Woundcare Center)
515 E. Romie Lane, Salinas, CA	7,180 SF (SVMH: Infusion Center)

**Property Group 2 – SVMH Owned, SVMH or Third-Party Tenant Occupied**

<u>Address</u>	<u>Description</u>
611 Abbott Street, Salinas, CA	34,051 SF (SVMC: 1 <sup>st</sup> floor: Precision Orthopedic; 2 <sup>nd</sup> floor: SVMH Education)
236 San Jose Street, Salinas, CA	2,825 SF (SVMC: Dr. Neil Rudo, Drs Alul Jani and B Guiroy)
252 San Jose Street, Salinas, CA	3,930 SF (SVMC: Healthcare for Women and Coastal Kids)
120 Wilgart Way, Salinas, CA	11,752 SF (SVMC: Sleep Wake Clinic; SVMH IT Department; SVMH Sleep Center; SCVMH Cardiac Rehabilitation Center)
5 Lower Ragsdale	63,004 SF (SVMC: PrimeCare, SVMC Central Coast Cardiology, SVMH Advanced Diagnostic Imaging Central Coast Visiting Nurse Association – CCVNA)
501 E. Romie Lane, Salinas, CA	3,941 SF (SVMH: Cancer Resources Center, Marketing, Volunteer Services)
321 E. Romie Lane, Salinas, CA	13,716 SF (Plan: SVMC: Wake/Sleep Clinic)

420 E. Romie Lane, Salinas, CA	8,870 SF
212 San Jose Street, Salinas, CA	20,239 SF
559 Abbott Street, Salinas, CA	15,660 SF
626 Brunken Avenue, Salinas, CA	2,936 SF

**Property Group 3 – SVMH Leased**

<u>Address</u>	<u>Description</u>
230 San Jose Street, Salinas, CA	14,200 SF (SVMC: Central Coast Cardiology, Suite B: SVMH: CDOC)
250 San Jose Street, Salinas, CA	5,648 SF (SVMC: Healthcare for Women)
505 E. Romie Lane, Salinas, CA	7,111 SF – Suites A, F, G (SVMC: Pacific Cancer Care, Outpatient Palliative Medicine)
345 Abbott Street, Salinas, CA	3,000 (SVMH Accounting Department)
558 Abbott Street, Salinas, CA	5,871 SF – Suite B (SVMH: Patient Financial Services)
1033 Los Palos Drive, Salinas, CA	7,575 SF – Suite A (SVMC: Multi-specialty Clinic)
590 Work Street, Salinas, CA	17,845 SF – (SVMH: Record Storage)
254 San Jose Street, Salinas, CA	5,600 SF – Suite 254 (SVMC: Healthcare for Women)
241 Abbott Street, Salinas, CA	154,651 SF – Finished parking area
252 Main Street, Salinas, CA	2,677 SF – “Blue Zone” program



232 Monterey Street, Salinas, CA	3,080 SF – Suite 230 (SVMH Human Resources and Marketing)
928 E. Blanco Road, Salinas, CA	11,289 SF – Suite 215 and 235
60 W. Market Street, Salinas, CA	3,920 SF – Suite 250
3 Rossi Circle, Salinas, CA	8,175 SF – Suites C, D & J
451 Washington Street, Monterey, CA	2,100 SF – Blue Zones
1328 Natividad Road, Salinas, CA	4,934 SF – Primecare North Salinas
650 B Work Street, Salinas, CA	13,400 SF – Materials Management Storage
280 Regency Circle, Salinas, CA	2.69 acre lot
<b>1260 S. Main Street, Salinas, CA</b>	<b>2,384 SF – Clinic</b>

Except as modified herein, all terms and conditions of the original Agreement shall remain in full force and effect. In the event of any conflict between this Seventh Amendment and Agreement, this Seventh Amendment shall govern and control.

**OWNER:**

Salinas Valley Memorial Healthcare System, a local health care district, operating as Salinas Valley Health

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**AGENT:**

California Commercial Real Estate Services

By: \_\_\_\_\_  
 Name: George Okita  
 Title: President

## SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT

THIS SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT ("Seventh Amendment") is made and entered into March 1, 2023 ("Effective Date"), between SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM, a local health care district, maintaining an office at 450 East Romie Lane, Salinas, California (hereinafter referred to as "Owner"), and CALIFORNIA COMMERCIAL REAL ESTATE SERVICES, a California corporation, maintaining an office at 1800 Quail St., Suite 100, Newport Beach, California (hereinafter referred to as "Agent"). Owner designates Agent as the exclusive managing Agent for Owner's real property listed on Schedule 1 – Property List (the "Property List"), each property on the list hereinafter referred to as the "Building" or the "Property").

### RECITALS

- A. Owner and Agent entered into that certain Management Agreement dated June 1, 2018, First Amendment dated November 30, 2018, Second Amendment dated March 27, 2019, Third Amendment dated May 22, 2019, Fourth Amendment dated July 1, 2019, Fifth Amendment dated August 11, 2020, and Sixth Amendment dated June 1, 2021 executed thereafter (said agreement, including any other addenda or amendments thereto are collectively referred to as the "Agreement") to operate and manage the Property List.
- B. The parties desire to clarify Leasing Commissions.
- C. Owner desires to add one (1) property, remove one (1) property, and amend the square footage of one (1) property on the Property List and Agent agrees to such changes.
- D. Parties agree to amend the schedule of compensation and direct expense reimbursements on the terms and conditions set forth.
- E. The Term of the Agreement expires on May 31, 2023. The parties desire to renew the Agreement for three (3) years.

For good and valuable consideration, Owner and Agent agree as follows:

## AGREEMENT

1. **Definitions.** All capitalized terms in this Seventh Amendment that are not defined herein shall have the meanings provided in the Agreement.
2. **Term.** The Term of the Agreement shall be extended by an additional thirty-six (36) month period, commencing June 1, 2023 and shall expire on May 31, 2026 (the “Extension Term”).
3. **Schedule 2.1 – Schedule of Compensation.** Effective June 1, 2023, ‘Section 2.1.1 – Property Administration Fee’ on Schedule 2.1 is deleted in its entirety and replaced with the following:

“2.1.1. Property Administration Fee

	Description	Annual Fee
1	Management Fee	\$132,000.00

Agent’s annual compensation for its property management services shall be paid in twelve (12) equal installments of \$11,000.00 per month.

4. **Schedule 2.2 – Agent’s Direct Expenses.** Effective June 1, 2023, ‘Schedule 2.2 – Agent’s Direct Expenses’ is deleted in its entirety and replaced with the following:

2.2.1 Agent’s estimated direct reimbursement for Agent’s cost to perform the on-site property management and building engineering services for the properties listed on Schedule 1 is listed below:

	Description	Wage	Burden	Annual Fee
1	Property Manager – Labor	\$105,000.00	\$36,750.00	\$141,750.00
2	Building Engineers – Labor	\$118,000.00	\$41,300.00	\$159,300.00
3	Administrative Assistant – Labor	\$47,750.00	\$16,715.00	\$64,465.00
4	Service Van(s)			\$36,000.00
	<b>Total</b>	<b>\$270,750.00</b>	<b>\$94,765.00</b>	<b>\$401,515.00</b>

2.2.2 Agent's estimated labor cost is based on a forty (40) hour work week and does not include premium time. The labor rate for after-hour emergency response shall be invoiced at the appropriate rate pursuant to Section 2.5.2 of Schedule 2.5.

2.2.3 Agent's annual compensation for the above payroll costs shall be invoiced and paid every two (2) weeks, or twenty-six (26) payroll installments. The Service Van shall be invoiced and paid in twelve (12) equal installments.

2.2.4 Agent may increase Agent's direct labor expenses by up to five percent (5.0%) for merit and performance increases on each anniversary of this Agreement's Term.

2.2.5 Owner and Agent recognize the value and importance of Agent's on-site personnel. To facilitate retention of Agent's on-site personnel, with Owner's written approval, on an annual basis Agent may adjust the on-site's staff cash compensation (wage and performance bonus) to reflect current market conditions. Agent's cash compensation program shall target the 25th to 75th percentile for each position as reported in CEL's Annual National Real Estate Compensation and Benefit Survey for the West/Northwest geographic region. If the CEL Benefit Survey shall cease to exist for a particular year, Owner and Agent shall agree to utilize a comparable report or survey published for the geographic region.

5. **Schedule 2.3 – Commissions.** Effective June 1, 2023, the following shall be added to the end of 'Section 2.3.1' on Schedule 2.3:

“For new leases or renewals that Agent negotiates on behalf of Owner whereby Owner is the tenant, Agent shall make reasonable efforts to collect from the landlord the brokers' leasing commission, pursuant to the Leasing Commissions table above (“Commission”). In the event a landlord is not willing to pay some or all of the Commission, Owner shall pay to Agent the difference, or all, of the Commission pursuant to the table above. (Examples for clarification purposes: (1) on a new lease agreement, a landlord agrees to pay 3% commission, then Owner shall pay the difference, or 2% commission to Agent; or (2) on a renewal agreement, a landlord agrees to pay 2.5% commission, then Owner shall not pay Agent a commission).”

6. **Schedule 2.5 – Optional Services.** Effective June 1, 2023, 'Section 2.5.2' on Schedule 2.5 is deleted in its entirety and replaced with the following:

2.5.2 Each project will be based on a not to exceed proposal based on the following hourly rate schedule:

Principal	\$250.00
Property Manager	\$185.00
Chief Engineer	\$185.00
Building Engineer	\$105.00
Project Manager	\$210.00
Project Engineer	\$175.00
Accountants/Financial Analysis	\$100.00
Administrative/Clerical	\$75.00

7. **Schedule 1 – Property List.** Effective July 22, 2022, the property located at 1260 S. Main Street, Salinas, California containing approximately 2,384 square feet shall be added to Property List – Property Group 3, bolded below for reference.
8. **Schedule 1 – Property List.** Effective March 15, 2022, the square footage measurements for the property located at 241 Abbott Street, Salinas, California shall be increased to be approximately 154,651 square feet, which shall be amended on ‘Schedule 1 – Property List’.
9. **Schedule 1 – Property List.** Effective January 31, 2023, the property located at 535 E. Romie, Salinas, California shall be removed from ‘Schedule 1 – Property List’.
10. **‘Schedule 1 – Property List’** is deleted in its entirety and replaced with the following:

**Schedule 1 – Property List**

**Property Group 1 – SVMH Owned, SVMH Occupied**

<u>Address</u>	<u>Description</u>
355 Abbott Street, Salinas, CA	47,718 SF (SVMC: 1 <sup>st</sup> Floor – PrimeCare, 2 <sup>nd</sup> Floor – Diabetes and Endocrine Center)

240 San Jose Street, Salinas, CA	9,041 SF (SVMH: Nancy Ausonio Mammography Center)
850 Fifth Street, Gonzales, CA	19,458 SF (SVMC: Taylor Family Farms Health and Wellness Center)
440 E. Romie Lane, Salinas, CA	4,848 SF (SVMH: Regional Woundcare Center)
515 E. Romie Lane, Salinas, CA	7,180 SF (SVMH: Infusion Center)

**Property Group 2 – SVMH Owned, SVMH or Third-Party Tenant Occupied**

<u>Address</u>	<u>Description</u>
611 Abbott Street, Salinas, CA	34,051 SF (SVMC: 1 <sup>st</sup> floor: Precision Orthopedic; 2 <sup>nd</sup> floor: SVMH Education)
236 San Jose Street, Salinas, CA	2,825 SF (SVMC: Dr. Neil Rudo, Drs Alul Jani and B Guiroy)
252 San Jose Street, Salinas, CA	3,930 SF (SVMC: Healthcare for Women and Coastal Kids)
120 Wilgart Way, Salinas, CA	11,752 SF (SVMC: Sleep Wake Clinic; SVMH IT Department; SVMH Sleep Center; SCVMH Cardiac Rehabilitation Center)
5 Lower Ragsdale	63,004 SF (SVMC: PrimeCare, SVMC Central Coast Cardiology, SVMH Advanced Diagnostic Imaging Central Coast Visiting Nurse Association – CCVNA)
501 E. Romie Lane, Salinas, CA	3,941 SF (SVMH: Cancer Resources Center, Marketing, Volunteer Services)
321 E. Romie Lane, Salinas, CA	13,716 SF (Plan: SVMC: Wake/Sleep Clinic)

420 E. Romie Lane, Salinas, CA	8,870 SF
212 San Jose Street, Salinas, CA	20,239 SF
559 Abbott Street, Salinas, CA	15,660 SF
626 Brunken Avenue, Salinas, CA	2,936 SF

### Property Group 3 – SVMH Leased

<u>Address</u>	<u>Description</u>
230 San Jose Street, Salinas, CA	14,200 SF (SVMC: Central Coast Cardiology, Suite B: SVMH: CDOC)
250 San Jose Street, Salinas, CA	5,648 SF (SVMC: Healthcare for Women)
505 E. Romie Lane, Salinas, CA	7,111 SF – Suites A, F, G (SVMC: Pacific Cancer Care, Outpatient Palliative Medicine)
345 Abbott Street, Salinas, CA	3,000 (SVMH Accounting Department)
558 Abbott Street, Salinas, CA	5,871 SF – Suite B (SVMH: Patient Financial Services)
1033 Los Palos Drive, Salinas, CA	7,575 SF – Suite A (SVMC: Multi-specialty Clinic)
590 Work Street, Salinas, CA	17,845 SF – (SVMH: Record Storage)
254 San Jose Street, Salinas, CA	5,600 SF – Suite 254 (SVMC: Healthcare for Women)
241 Abbott Street, Salinas, CA	154,651 SF – Finished parking area
252 Main Street, Salinas, CA	2,677 SF – “Blue Zone” program

232 Monterey Street, Salinas, CA	3,080 SF – Suite 230 (SVMH Human Resources and Marketing)
928 E. Blanco Road, Salinas, CA	11,289 SF – Suite 215 and 235
60 W. Market Street, Salinas, CA	3,920 SF – Suite 250
3 Rossi Circle, Salinas, CA	8,175 SF – Suites C, D & J
451 Washington Street, Monterey, CA	2,100 SF – Blue Zones
1328 Natividad Road, Salinas, CA	4,934 SF – Primecare North Salinas
650 B Work Street, Salinas, CA	13,400 SF – Medical Records Storage
280 Regency Circle, Salinas, CA	2.69 acre lot
<b>1260 S. Main Street, Salinas, CA</b>	<b>2,384 SF – Clinic</b>

Except as modified herein, all terms and conditions of the original Agreement shall remain in full force and effect. In the event of any conflict between this Seventh Amendment and Agreement, this Seventh Amendment shall govern and control.

**OWNER:**

Salinas Valley Memorial Healthcare System

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**AGENT:**

California Commercial Real Estate Services

By: \_\_\_\_\_  
 Name: George Okita  
 Title: President



**BOARD Packet Submission Checklist**  
**California Commercial Property Management**

The original of this completed/fully signed checklist and all required supporting documents are to be hand-delivered to reviewer listed below:

- BOARD or CEO PAPER – required for all submissions; see attached instructions/sample
- KEY CONTRACT TERMS – required for all submissions – see table in Board/CEO Paper
- CONTRACT – negotiated final contract with vendor signature
- PROCUREMENT PROCESS DOCUMENTATION – required for all submissions requiring Board/CEO review/approval per Procurement Management Policy (see policy for details; indicate which sub-category is applicable):

- If for data processing/telecommunications goods/services of \$25,000 or more, check applicable option and include documentation: **CIO must review.**
  - RFP documentation *unless sole source or GPO applies.*
  - If Sole source – provide detailed justification
  - If GPO, submit qualifying verification from Materials Management

- If for professional/other services or medical/surgical equipment and supplies \$350,000 or more, check applicable option and include documentation:
  - RFP documentation *unless sole source or GPO applies.*
  - If Sole source – provide detailed justification
  - If GPO, submit qualifying verification from Materials Management

- If for non-medical materials/supplies/Public Works \$25,000 or more, check applicable option and include documentation:
  - RFP/Invitation for bids documentation
  - If Sole source – provide detailed justification
  - If GPO, submit qualifying verification from Materials Management

Legal counsel/Contract Administrator reviewed: No \_\_\_ or Yes X By Whom: Natalie James 3-14-2023 \_\_\_

**SUBMITTED BY DEPARTMENT DIRECTOR OR DEPARTMENT ADMINISTRATOR:**

  
\_\_\_\_\_  
Signature

Director, Facilities/Construction  
Title/Dept.

4/03/23  
Date

**REVIEWED BY: (In the following order) – If Capital; Axiom approval in lieu of signature.**

CIO: (if applicable) \_\_\_\_\_

Date: \_\_\_\_\_

Director of Audit/Compliance: \_\_\_\_\_

Date: \_\_\_\_\_

# Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board Approval of Change Healthcare Stratus Imaging Proposal as Sole Source and Contract Award

Executive Sponsor: Clement Miller, Chief Operating Officer  
Gina Rodriguez, Director of Diagnostic Imaging

Date: April 13, 2023

## Executive Summary

Salinas Valley Health currently uses Change Healthcare's picture archiving and communications system (PACS) for both radiology imaging and cardiovascular imaging studies. Once the images are captured, they are reviewed and processed by our providers. PACS securely stores and digitally transmit electronic images and clinically-relevant reports for patient care related activities. We are seeking ways to improve our provider experience by making our image and study access more streamlined for our referring physicians, reduce storage costs by shifting archival storage to the cloud with improved security, and positioning our PACS for improved application performance in the future with a fully cloud-based option.


- **Stratus Imaging Archiving:** We have encountered issues with retrieving archived, older images which results in delays for our radiologists when reading cases and for our technologists when performing procedures. The new solution will improve the rate the studies are retrieved from archive which will help our radiologists and technologists. This module would allow the replication of our studies over 4-5 data centers geo-dispersed across the country allowing for a more seamless disaster recovery. Our current data recovery plan for PACS can range from 8 to 48 hours depending on the severity.
- **Stratus Imaging Viewer:** Our providers who access images throughout the hospital, clinics, and outside Salinas Valley Health will be able to view PACS studies via a client that is locally installed on their workstations or through an image link from Meditech or Epic. The image link directs them to an End of Life product that we still utilize called eJacket which only works with the Microsoft Edge browser and the no longer supported Microsoft Internet Explorer browser. Some physicians have expressed their dissatisfaction with the limitation of Web Browser access and limited advanced functionality. eJacket is no longer supported and we must upgrade our PACS solution to use advanced features and functionality for our providers as the enhancements are not available on the legacy eJacket platform.
  - Cardiology PACS images are only available to users with access and limited to workstations that are within the Salinas Valley Health network. External users must have remote access to view the Cardiology images outside of our network.
  - Non-affiliated referring provider access to PACS: Our current process for our non-affiliated providers to access images involves a requisition and access approval process involving Health Information Management (privacy), Information Technology (security) and PACS system administrators (Radiology and/or Cardiology). This includes issuing each provider/requestor a two-factor authentication license and a remote access

license. The Stratus Imaging solution embeds these functions to facilitate secure, remote access without incurring the existing labor and separate licensing costs. The viewer is web-based which enables more universal access to PACS studies, eliminating the need for additional software to be installed on the user's device(s).

- Story View mode aligns clinical information and imaging data, facilitating seamless progression tracking and quick treatment decisions. Key images and findings from each of the patient's exams are automatically summarized in narrative form, providing a horizontal view of the patient's entire imaging story. The solution is web-based which reduces complexity with only a browser required to access study data. This solution does not replace the advanced software client required for use by radiologists, cardiologists, and technologists.
- Stratus Imaging Share: We currently provide images to our patients and referring physicians (who do not request access to PACS) by burning disks of their images upon request. We also have the ability to share studies directly with other institutions through file sharing solutions such as: Nuance Powershare, LifeImage, and InteleGRID, just to name a few. All these solutions require an institution to pay a per study rate for sharing their images and also requires a gateway installed on various servers on our network to allow the transfer of the images. This solution will allow us to provide patients, remote referring physicians, and other facilities access to the requested images through secure email. This will improve patient care as the patient and their provider can obtain the images faster without the delay of waiting for the disk and also for patients who are at their next appointment and don't have the images available.

Stratus Imaging aides in providing a better accessibility for our patients, providers, and institutions to continue patient care. We are seeking to upgrade our existing Change Healthcare PACS solutions to the latest platform, Stratus Imaging.

Key Contract Terms	Vendor: Change Healthcare
1. Proposed effective date	July 1, 2023
2. Term of agreement	July 1, 2023 – June 30, 2028 (5-year term)
3. Renewal terms	Non-renewing
4. Termination provision(s)	90 days' written notice
5. Payment Terms	Invoiced annually in advance of the service year Net 30

		Archive Storage Expense Offset	Stratus Imaging	Note
2023 - 2024	225,000	\$ 181,135	25% discount on year 1; radiology: 168,917 annual exams (167 MB/study); cardiology: 13,702 annual exams (229 MB/study)	
2024 - 2025	225,000	\$ 241,513	subscription fee capped at 3% increase	
2025 - 2026	300,000	\$ 248,758		
2026 - 2027	300,000	\$ 256,221		
2027 - 2028	300,000	\$ 263,908		
<b>TOTAL: \$ 1,350,000</b>		<b>\$ 1,191,535</b>		
<b>Net SAVINGS through Cost Avoidance:</b>		<b>\$ 158,465</b>		
6. Annual cost(s)	Service fees per estimations in above table			
7. Cost over life of agreement	\$1,191,535 (estimated based on above projections)			
8. Budgeted (yes or no)	Yes, 8540.6600			
9. Contract	1001.1023			

## Recommendation

Consider recommendation for Board approval of Change Healthcare Stratus Imaging proposal as sole source and contract award in the estimated amount of \$1,191,535 over a 5-year term.

## Attachments

- Sole Source Justification
- Quote dated March 9, 2023

## Board/CEO – Packet Submission Checklist

### Change Healthcare: Stratus Imaging, 2023 - 2028

**The original of this completed/fully signed checklist and all required supporting documents are to be hand-delivered to Assistant to CFO by 4:00 p.m. on the Tuesday that falls three (3) weeks before Board week.**

- BOARD/CEO PAPER** – required for all submissions; see attached instructions/sample
- KEY CONTRACT TERMS** – required for all submissions – see table in Board/CEO Paper
- CONTRACT** – negotiated final with vendor signature **#1001.3683**
- PROCUREMENT PROCESS DOCUMENTATION** – required for all submissions requiring Board review/approval per Procurement Management Policy (see policy for details; indicate which sub-category is applicable):
  - If for **data processing/telecommunications goods/services** of more than \$25,000, check applicable option and include documentation: **CIO must review.**
    - RFP documentation (*see attached RFP responses and scorecard from 3 respondents*)
    - If sole source – provide detailed justification (see attachment)
    - If GPO, submit qualifying verification from Materials Management
  - If for **professional/other services or medical/surgical equipment and supplies** more than \$350,000, check applicable option and include documentation:
    - RFP documentation
    - If GPO, submit qualifying verification from Materials Management
    - If emergency – as designated by Board
  - If for **non-medical materials/supplies** more than \$25,000, check applicable option and include documentation:
    - Invitation for bids documentation
    - If sole source – provide detailed justification (see Attachment 3B)
    - If GPO, submit qualifying verification from Materials Management

**Legal counsel/Contract Administrator reviewed:**  No or  Yes, By Whom: [Natalie James](#)

**SUBMITTED BY DEPARTMENT DIRECTOR OR DEPARTMENT ADMINISTRATOR:**

Signature	Title/Department	Date
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**REVIEWED BY:**

CIO (if applicable): \_\_\_\_\_ Date: \_\_\_\_\_

Materials Management in lieu of Compliance: \_\_\_\_\_ Date: \_\_\_\_\_

## Justification for Sole Source Form

To: Proposal Evaluation Panel

Clement Miller, COO

Audrey Parks, CIO

From: Gina Rodriguez, Director of Diagnostic Imaging

Type of Purchase: (check one)

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

Cost Estimate (\$):	<u>\$1,191,535</u>
Vendor Name:	<u>Change Healthcare</u>
Item Title:	<u>Change Healthcare: Stratus Imaging, 2023 - 2028</u>

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

**Describe how this selection results in the best value to SVMHS. See typical examples below.**

- Licensed or patented product or service. No other vendor provides this. Warranty or defect correction service obligations of the consultant. **Describe why it is mandatory to use this licensed or patented product or service:**
- Existing SVMHS equipment, inventory, custom-built information system, custom built data inventory system, or similar products or programs. **Describe. If product is off-the-shelf, list efforts to find other vendors (i.e. web site search, contacting the manufacturer to see if other dealers are available to service this region, etc.).**  
Stratus Imaging aides in providing a better accessibility for our patients, providers, and institutions to continue patient care. We are seeking to [upgrade our existing](#) Change Healthcare PACS solutions to the latest platform, Stratus Imaging.
- Uniqueness of the service. **Describe.**
- SVMHS has established a standard for this manufacturer, supplier or provider and there is only one vendor. **Attach documentation from manufacturer to confirm that only one dealer provides the product.**
- Factory-authorized warranty service available from only this single dealer. Sole availability at the location required. **Describe.**
- Used item with bargain price (describe what a new item would cost). **Describe.**
- Other -The above reasons are the most common and established causes for an eligible sole source. If you have a different reason, **Describe:**

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

Submitter Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**CONTRACT SUPPLEMENT**

<b>Part I</b>	<b>Administration Section</b>
<b>Part II</b>	<b>General Terms and Conditions Section</b>
<b>Part III</b>	<b>Facility, Fees Summary and Payment Schedule Section</b>
<b>Part IV</b>	<b>Products, Pricing Section and Customer Administration</b>
<b>Part V</b>	<b>Product Specific Terms and Conditions Section</b>

**PART I**

**ADMINISTRATION SECTION**

This Contract Supplement to License Agreement No. C0608685, dated October 24, 2006, (“Agreement”) is effective as of the latest date below (“CS Effective Date”), and consists of all Exhibits, Schedules, and Attachments incorporated by reference (“Contract Supplement”). Unless expressly stated in this Contract Supplement, the terms and conditions of this Contract Supplement apply only to the Facilities, Software, Managed Services and Services in this Contract Supplement. To the extent that this Contract Supplement conflicts with the Agreement, the terms of this Contract Supplement will control. Where not in conflict, all applicable terms in the Agreement are incorporated by reference.

Change Healthcare will include Customer’s purchase order (“PO”) number on Customer invoices if provided by Customer on or before the CS Effective Date. Failure to provide Change Healthcare with a PO number or copy will not relieve Customer of any obligation under this Contract Supplement. Terms on or attached to Customer’s PO will have no effect.

**No Warranty of Future Functionality.** Change Healthcare makes no warranty or commitment regarding any functionality not Generally Available as of the CS Effective Date for any of the Products or Services provided under this Contract Supplement and Customer has not relied on the availability of any future version of the Products or Services or any other future offering from Change Healthcare in its decision to execute this Contract Supplement.

Each signatory represents and warrants that it is duly authorized to sign, execute, and deliver this Contract Supplement on behalf of the party it represents.

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**CHANGE HEALTHCARE TECHNOLOGIES, LLC**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title/Position: \_\_\_\_\_

Title/Position: \_\_\_\_\_

Customer PO. No.: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Submit fully executed contract and a copy of the purchase order to:**

Enterprise Imaging  
 Attn: MIG Sales Contracts  
 10711 Cambie Road, Richmond, BC, Canada V6X 3G5  
 Email: migsalescontracts@changehealthcare.com

## PART II

### GENERAL TERMS AND CONDITIONS SECTION

#### SECTION 1: EXPANDED VOLUME

1.1 The Licensed Volume set forth in this Contract Supplement is shared by all Facilities identified in this Contract Supplement.

1.2 Customer will notify Change Healthcare in writing of any new Facility or new Imaging System using the Products or Services.

1.3 The addition of Facilities or new Imaging System to the Contract Supplement may require that the Customer purchase additional Licensed Volume, as well as additional Software, Services, and Equipment. Change Healthcare's initial invoice for the associated increase in any recurring Services fees will be pro-rated to the end of the current billing period. Upon payment of any additional Software license fees, Customer's license will be expanded to the higher Licensed Volume.

1.4 Change Healthcare will not provide any credit or refund for Software license fees, Equipment fees, or Services fees based upon any decrease in usage.

#### SECTION 2: ANNUAL REVIEW

2.1 Once per year, Change Healthcare may remotely access the Software or Subscription Services to measure the Used Volume.

2.2 If the Used Volume exceeds the Licensed Volume by more than 5%, Change Healthcare will invoice Customer for:

- (a) Software license fees for the additional volume; and,
- (b) the associated increase in any recurring Services fees.

2.3 Change Healthcare Stratus Imaging Annual Review.

2.3.1 "Non-organic Growth" means the addition of any new Facility or new Imaging System, or any Used Volume in excess of 25% of the Licensed Volume during the Initial Term.

2.3.2 During the Initial Term, Change Healthcare will not calculate additional Subscription Services fees for the Facilities identified in this Contract Supplement or Imaging Systems initially connecting to the Subscription Services, except if Customer has Non-organic Growth. Change Healthcare will invoice Customer for the associated increase in any recurring Subscription Services fees due to Non-organic Growth.

2.3.3 After the Initial Term expires, if the Used Volume exceeds the Licensed Volume by more than 5%, Change Healthcare will invoice Customer for the associated increase in the recurring Subscription Services fees.

#### SECTION 3: TERM

3.1 The initial term of the Subscription Service is five years from the earlier of (a) the Installation Date or (b) 12 months from the CS Effective Date ("Initial Term"). Following expiration of the Initial Term, the Initial Term will automatically renew for two-year periods ("Renewal Terms") unless either party provides written notice of non-renewal at least three months prior to the end of the then-current term. If either party provides written notice of non-renewal of the term license, the term license will be terminated. Non-renewal is effective as of the next annual payment due date. No refund or credit will apply in the event of early termination.



#### **SECTION 4: SERVICE EXCLUSIONS**

4.1 Change Healthcare's obligation to provide Maintenance Services or if applicable Managed Services, is contingent upon Customer's proper use of and care of the System. Maintenance Services or Managed Services do not cover any support required due to the following: (i) improper use, abuse, accident, or neglect, including Customer's failure to maintain appropriate environmental conditions for the System; (ii) modifications or additions to the System, or (iii) force majeure conditions. Maintenance Services or Managed Services exclude operating supplies or accessories not provided by Change Healthcare and storage media, such as CDs.

#### **SECTION 5: PROFESSIONAL RESPONSIBILITY; DUTY TO DEFEND**

5.1 Change Healthcare's Products and Services are tools for information management and diagnostic purposes only and must be used by trained individuals. The Products and Services do not have the ability to administer health benefits, diagnose disease, prescribe treatment, render care or payment decisions, or perform any task that constitutes the practice of medicine. Customer will ensure that only properly trained individuals use the Products and Services provided by Change Healthcare. Customer will defend Change Healthcare against any claim, demand, action, or other proceeding brought by a third party to the extent that it results from Customer's care or payment decisions and will pay costs and damages finally awarded against Change Healthcare as a result of the claim.

#### **SECTION 6: INTERNET DISCLAIMER**

6.1 CHANGE HEALTHCARE IS NOT RESPONSIBLE FOR INTERNET OUTAGES OR OTHER FAULTS IN INTERNET SERVICE.

#### **SECTION 7: RETAINED RIGHTS**

7.1 Change Healthcare reserves all rights not expressly granted to Customer in this Contract Supplement including all right, title, and interest to all work developed for or delivered to Customer under this Contract Supplement. Change Healthcare solely owns all changes, modifications, improvements, or new modules to the Products or Services, whether made or developed by Customer, at Customer's request, or in cooperation with Customer. All feedback, statements, suggestions, or ideas given by Customer to Change Healthcare may be used to develop new and existing products and services that will be owned solely by Change Healthcare.

#### **SECTION 8: PRICE INCREASES**

8.1 Change Healthcare may increase its recurring fees once every 12 months upon 60 days' written notice to Customer as set forth in the last sentence of Section 2.2 of the Agreement. Price increases are effective as of the next applicable billing period. For this Contract Supplement, during the Initial Term, the price increase will be the lower of (a) three percent (3%) or (b) the annual percentage increase in the ECI.

#### **SECTION 9: DEFINITIONS**

"Add-On Orders" means Customer's purchase of Products or Services or Managed Services that utilizes an existing Change Healthcare imaging or workflow database.

"Change Healthcare Solution" means any Change Healthcare-owned Product or Change Healthcare-owned Service provided to Customer under a Contract Supplement.

"Change Healthcare Support Manual" means Change Healthcare's written support manual detailing Maintenance Services or support procedures for the applicable Product or Service, which are incorporated by reference and may be reasonably modified from time to time by Change Healthcare.

"Contract Supplement" means Change Healthcare's form addendum to the Agreement, which will be used to process Customer's license or purchase of Products and Services.

"Documentation" means user guides, operating manuals, training materials, terms of use, implementation guides, support guides, policies, procedures, and other materials that apply to or describe the Products

and Services, which are incorporated by reference and may be reasonably modified from time to time by Change Healthcare.

“Equipment” means hardware, computer equipment, and associated Third Party Software identified in a Contract Supplement as Equipment.

“Equipment Maintenance Services” means repair or replacement of any defective Equipment. Change Healthcare may provide Equipment Maintenance Services through its Third Party Vendors. Equipment Maintenance Services do not include updates or upgrades to any firmware.

“Exam” means either (a) a unique number corresponding to an exam order (e.g. accession number) associated with at least one stored image; or (b) a complete procedure with a patient ID, a unique date and time, and a unique Change Healthcare procedure ID. All exams or procedures that meet the criteria in (a) or (b) are Exams, regardless of other factors such as order status or usage.

“Facility” means an establishment that is (a) located in USA, (b) operated by Customer or a Change Healthcare-approved third party, and (c) identified in a Contract Supplement.

“Generally Available” means available as a non-development product, licensed by Change Healthcare in the general commercial marketplace.

“Imaging System” means the Customer imaging system(s) utilizing the Subscription Services.

“Implementation Services” means initial implementation services, configuration, installation, education, training and set-up services listed in a Contract Supplement to be performed by Change Healthcare for Customer and required for Customer to begin use of a Product or Service.

“Installation Date” means the date the Products or Services are available for Customer use.

“Licensed Volume” means the volume of the usage-based variable identified in the Contract Supplement.

“Live Date” means the Installation Date.

“Maintenance Services” means the Software Maintenance Services and the Equipment Maintenance Services, individually or collectively.

“PACS” means any picture archiving and communications system.

“Permitted User” means any individual authorized by Customer to use the Products and Services, whether at a Facility or from a remote location, who is a (a) Customer employee, (b) medical professional authorized to perform services at a Facility, or (c) consultant or independent contractor who has a need to use the Products or Services based upon a contractual relationship with Customer and is not a Change Healthcare competitor. A consultant or independent contractor may be a “Permitted User” only if (i) Customer remains responsible for use of the Products and Services by the individual, and (ii) the individual is subject to confidentiality and use restrictions at least as strict as those contained in the Agreement.

“Products” means any software, equipment, content, or any other product that Change Healthcare provides to Customer under a Contract Supplement. Change Healthcare may provide Products through technological means, including artificial intelligence and machine learning.

“Professional Services” means any Implementation Services, consulting, programming, education, training or other professional services Change Healthcare provides under a Contract Supplement.

“Quotation” or “Quote” means the itemized list of Products and Services.

“Services” means any computing, processing, technology, subscription, hosting, software as a service, implementation, maintenance, professional, consulting, or any other service that Change Healthcare provides to Customer under a Contract Supplement. Change Healthcare may provide Services from any of its business locations through technological means, including artificial intelligence and machine learning.

“Site Preparation Guide” means Change Healthcare’s written guide or written instructions to the preparation of Customer’s Facility prior to System installation and the maintenance of Customer’s Facility following installation.

“Software” means the Change Healthcare software, computer programs, and applications in object code form provided by Change Healthcare to Customer and includes any Software Updates and Software Upgrades.

“Software Maintenance Services” means support services for the Software consisting of telephone support, problem resolution, and updates delivered by Change Healthcare. Software Maintenance Services do not include: (a) development of custom code or customizations for any Software, (b) support of Software modifications generated by anyone other than Change Healthcare, (c) services to implement a new release of the Software, (d) services to correct improper installation or integration of the Software not performed by Change Healthcare-authorized personnel, (e) system administrator functions, (f) support required due to a Force Majeure Event, (g) support of issues caused by Customer’s failure to comply with the Documentation, or (h) enhancements or new releases of the Software or Services that are separately priced and marketed by Change Healthcare.

“Software Updates” or “Updates” means modifications, corrections, improvements, and patches to the existing functionality of Change Healthcare Software (e.g. version 12.1 to 12.3).

“Software Upgrades” or “Upgrades” means Generally Available new releases or versions of the Software (e.g. 12.x to 13.x). Upgrades do not include enhancements.

“Subscription Services” means an on-demand service that allows Customer to have remote access to or use of a software application (including new releases, updates, revisions, improvements, and modifications of that application) that is hosted, managed, or operated by Change Healthcare.

“Subscription Support” means support services for the Subscription Services consisting of telephone support, problem resolution, and updates delivered by Change Healthcare. Subscription Support does not include: (a) development of customizations for any Subscription Service, or (b) services to correct improper integration of a Subscription Service not performed by Change Healthcare-authorized personnel.

“System” means collectively, the medical imaging solutions Software, Equipment, and Third Party Software identified in a Contract Supplement, excluding any Third Party Equipment.

“Test Period” means the period beginning on the Installation Date and ending 30 days after the Installation Date.

“Third Party Software” means any software that is owned by a third party and sublicensed to Customer under a Contract Supplement.

“Used Volume” means the volume of the usage-based variable used by Customer during the relevant period.

## **SECTION 10: RESCHEDULING**

10.1 Change Healthcare will schedule the installation of the applicable Products and Services with Customer, following both parties’ execution of this Contract Supplement. If any Customer initiated rescheduling occurs less than 60 days before the scheduled commencement of the Services, then Change Healthcare may invoice Customer an amount equal to (a) 15% of the total applicable Services fees and (b) the expenses incurred by Change Healthcare in connection with the Customer initiated rescheduling including, without limitation, travel cancellation fees, equipment storage fees, and equipment restocking fees by third party suppliers.

## **SECTION 11: CUSTOMER RESPONSIBILITIES**

11.1 Customer is responsible for any third party license fees or components that are required for integration to the Products and Services to the extent they are not purchased from Change Healthcare.

Change Healthcare will not be responsible for implementation delays in the event the foregoing is not provided in a timely fashion.

11.2 Customer must provide, directly or through a third party, at Customer's own expense, access to the Products located at Customer's Facility in the manner currently prescribed by Change Healthcare prior to the installation of Products or Services. Customer will provide such access in order for Change Healthcare to (a) install Products, and (b) provide technical support, Software Maintenance Services and Upgrades, and, if applicable, Managed Services.

11.3 Use of Products and Services. Customer will, and will cause Permitted Users to, use all Products and Services in accordance with this Contract Supplement and related Documentation, and in compliance with all applicable laws. Customer is responsible for use of the Products and Services by its Permitted Users.

## **SECTION 12: TESTING**

12.1 Customer may test the Software or Subscription Services during the Test Period to ensure that it performs in material accordance with the functional specifications in the Documentation. If Customer provides Change Healthcare in writing of a reproducible material nonconformity with the functional specification in the Documentation during the Test Period, then the Test Period will be extended until Change Healthcare corrects the nonconformity. If Change Healthcare is unable to correct the nonconformity within 180 days of Customer's notice, then either party may terminate the license for the impacted Software or terminate the Subscription Services.

## **SECTION 13: SITE PREPARATION**

13.1 Customer is responsible for preparing and maintaining the Facility in conformance with the Site Preparation Guide provided by the implementation team at the time of implementation.

## **SECTION 14: CUSTOMER INFORMATION**

14.1 Products are configured, and Implementation Services are provided based on information provided by Customer. If the information provided by Customer is inaccurate or incorrect, then Customer may need to purchase additional Products and Implementation Services for the Products to fully function.

## **SECTION 15: DATA RIGHTS**

15.1 Change Healthcare may:

- (a) Use PHI to provide Data Aggregation services for the Health Care Operations of the Customer as permitted by 45 C.F.R § 164.504(e)(2)(i)(B); and
- (b) de-identify PHI in accordance with 45 C.F.R. § 164.514(b) and may Use or Disclose such de-identified data unless prohibited by applicable law.

**PART III  
 FACILITY, FEES SUMMARY AND PAYMENT SCHEDULE**

**FACILITIES:**

<b>Customer No.:</b>	<b>Data Center Facility:</b>	<b>Full Address:</b>
1010302	Salinas Valley Memorial Healthcare System	450 East Romie Lane Salinas, CA 93901-4029

<b>Customer No.:</b>	<b>Facility:</b>	<b>Full Address:</b>
1010302	Salinas Valley Memorial Healthcare System	450 East Romie Lane Salinas, CA 93901-4029

**FEES SUMMARY:**

<b>Year 1</b>	<b>Annual Recurring Fees</b>
Recurring Fees – Subscription Services:	181,134.75
<b>Grand Total:</b>	<b>181,134.75</b>
<b>Year 2 Onwards*</b>	<b>Annual Recurring Fees</b>
Recurring Fees – Subscription Services:	241,513.00
<b>Grand Total:</b>	<b>241,513.00</b>

*\*The Subscription Services fees shown for Year 2 Onwards will be subject to the annual price increase in Section 8 of Part II.*

**PAYMENT SCHEDULE:**

<b>Recurring Fees – Subscription Services:</b>	<p>Year 1: 100% of the Year 1 fee shown above is due on the earlier of (a) the Installation Date or (b) 12 months from the CS Effective Date, and if applicable, pro-rated to the end of the current billing period.</p> <p>Year 2 Onwards: Beginning in Year 2 of the Initial Term, subsequent annual Subscription Services fees will be due on each anniversary of the billing period start date.</p>
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This Contract Supplement and any discounts provided under this Contract Supplement, are intended to comply with the discount safe harbor of the federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b(b). To the extent required by the discount safe harbor of the Anti-Kickback Statute or other similar applicable state laws and regulations, Customer and its affiliates must fully and accurately reflect in cost reports or other submissions to federal healthcare programs all discounts provided under this Contract Supplement and, upon request by the Secretary of the U.S. Department of Health and Human Services or a state agency, make available information provided to Customer by Change Healthcare about the discount.

Change Healthcare’s pricing does not include sales, use, value-added, withholding, or other taxes and duties. Change Healthcare will invoice Customer for applicable taxes and duties unless Customer provides Change Healthcare with satisfactory evidence of an applicable tax exemption (including evidence of renewal if applicable). Customer will promptly pay, and indemnify Change Healthcare against, all taxes and duties (except for taxes on Change Healthcare’s net income).

**PART IV**  
**PRODUCT(S), PRICING AND CUSTOMER ADMINISTRATION**  
**[SEE FOLLOWING PAGES]**

**Customer:** Salinas Valley Memorial Healthcare System  
**Contract:** OPTY-619622  
**Customer No.:** 1010302  
**Project:** Stratus

**Quoted On:** January 24, 2023  
**Quote Expiry Date:** July 23, 2023  
**Quote Number:** 117361

<b>Year One Total Fees</b>			
Quote Ref.	Product	Subscription Services	Net Price
117361-1	Stratus Imaging	181,134.75	181,134.75
Salinas Valley Memorial Healthcare System Subtotal		181,134.75	181,134.75
			Total
Proposal List Price		241,513.00	241,513.00
Proposal Discount		60,378.25	60,378.25
<b>Proposal Net Total</b>		<b>181,134.75</b>	<b>181,134.75</b>

<b>Recurring Annual Fees Summary</b>			
Quote Ref.	Product	Subscription Services	Net Price
117361-1	Stratus Imaging	241,513.00	241,513.00
Salinas Valley Memorial Healthcare System Subtotal		241,513.00	241,513.00
			Total
Proposal List Price		241,513.00	241,513.00
Proposal Discount			
Discount %			
<b>Proposal Net Total</b>		<b>241,513.00</b>	<b>241,513.00</b>

\*Pricing on this quote does NOT include any taxes or duties.

A-1-1

**Customer:** Salinas Valley Memorial Healthcare System  
**Contract:** OPTY-619622  
**Customer No.:** 1010302  
**Project:** Stratus

**Quoted On:** January 24, 2023  
**Quote Expiry Date:** July 23, 2023  
**Quote Number:** 117361

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## Proposal Notes

### Change Healthcare Stratus Imaging

**This quote was created, based on the following data points (Radiology):**

168,917 exams annually, which are approximately 167 MB/study in size  
Radiology archive is currently 193 TB, with each study in the archive being approximately 77MB/study in size  
There are a total of 2,500,204 studies in the Radiology archive

**This quote was created, based on the following data points (Cardiology):**

13,702 exams annually, which are approximately 229 MB/study in size  
Cardiology archive is currently 18.3 TB, with each study in the archive being approximately 132MB/study in size  
There are a total of 142,674 studies in the Cardiology archive

Adequate internet connectivity and network infrastructure, as determined by Change Healthcare, must be online to support the normal operation of EIN.

Customer will enable and configure EHR(s) to support the SMART on FHIR application launcher.

### Change Healthcare Stratus Imaging Share

Imaging Share is scoped for 177,330 total enterprise annual studies  
Unlimited sharing by the contracted facility for the duration of the contract  
During the term, the recurring charge covers training and configuration for:  
20 new spoke connection(s) and 30 new standard connection(s)  
HL7 inbound interface to edge server to accept report messages from Customer's EHR systems  
Integration with Customer-supplied Active Directory  
Shared images will be accessible for 60 days.  
Customer supplies virtual environment, antivirus and OS license that meet Change Healthcare specification for the edge servers at Salinas Valley Memorial Healthcare System and the spoke locations.  
Enterprise location is Salinas Valley Memorial Healthcare System.



**Customer:** Salinas Valley Memorial Healthcare System  
**Contract:** OPTY-619622  
**Customer No.:** 1010302  
**Project:** Stratus

**Quoted On:** January 24, 2023  
**Quote Expiry Date:** July 23, 2023  
**Quote Number:** 117361

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**See Statement of Work for Implementation Services for additional terms, if applicable.**

**Customer:** Salinas Valley Memorial Healthcare System  
**Contract:** OPTY-619622  
**Customer No.:** 1010302  
**Project:** Stratus

**Quoted On:** January 24, 2023  
**Quote Expiry Date:** July 23, 2023  
**Quote Number:** 117361

**Line Item Details**

Salinas Valley Memorial Healthcare System				Stratus Imaging		117361-1	
No	Qty	Part	SAP/MNT	Description	Unit Net Price	Extended Net Price	Extended Net Recurring
Subscription Services							
1	1	STR200	72035041 NA	Change Healthcare Stratus Imaging - Archive, Viewer, Core Analytics, Share Subscription Services			241,513.00
2	1	YEAR1DISCT	99999998 NA	Year One discount for Stratus Imaging subscription fee			-60,378.25
Subtotal Subscription Services :							181,134.75
<b>Total:</b>							<b>181,134.75</b>

The pricing set forth in this proposal represents Change Healthcare's complete proposal for the Products and or Customer's Facilities set forth herein (the "Pricing Proposal"), regardless of other proposals made by Change Healthcare either simultaneously with this Pricing

<b>ADMINISTRATION:</b>	
<b>Sold To:</b>	<b>Ship To: *</b>
Salinas Valley Memorial Healthcare System	Salinas Valley Memorial Healthcare System
450 E Romie Ln	450 E Romie Ln
Salinas, CA, 93901-4029	Salinas, CA, 93901-4029
Federal Tax ID No: 94-6004020	Telephone: 831-759-3062
	E-Mail: nsusavee@svmh.com
	*Ship To details can change based on Customer's request or based on PO provided by Customer.
<b>Bill To: *</b>	<b>Paid By:</b>
Salinas Valley Memorial Healthcare System	Salinas Valley Memorial Healthcare System
450 E Romie Ln	450 E Romie Ln
Salinas, CA, 93901-4029	Salinas, CA, 93901-4029
PO Box:	
Attention:	
Telephone:	
Email:	
*If Customer provides a PO with Bill To details different from above, use Bill To details in the PO.	
<b>Maintenance / Recurring Fees Bill To: (If different from above Bill To, please fill in below.)</b>	

**PART V**  
**PRODUCT SPECIFIC TERMS AND CONDITIONS**  
**[SEE EXHIBITS ON FOLLOWING PAGES]**

## EXHIBIT A

### SUBSCRIPTION SERVICES TERMS

#### SECTION 1: SUBSCRIPTION SERVICES

1.1 Use of Subscription Services. Customer and its Permitted Users may use the Subscription Services identified in this Contract Supplement for Customer's internal business purposes during the term specified in this Contract Supplement.

1.2 Restrictions. Customer's use of the Subscription Services is expressly subject to the following restrictions:

- (a) use of the Subscription Services may be limited by Facilities or other usage-based variables specified in this Contract Supplement;
- (b) Customer will not attempt to interfere with or disrupt the Subscription Services;
- (c) Customer will not attempt to gain access to any systems or networks that connect to the Subscription Services except as authorized by Change Healthcare for the express purpose of using the Subscription Services as permitted under this Contract Supplement;
- (d) Customer will not attempt to scan, probe, penetrate, hack, defeat, or compromise any security measures of the Subscription Services, or any systems or networks operated by Change Healthcare; and
- (e) the Subscription Services will not be accessed or used to provide services to third parties unless expressly permitted in this Contract Supplement.

1.3 Subscription Support. Change Healthcare will provide Subscription Support in accordance with the applicable Documentation.

1.4 Subscription Services Warranty. Change Healthcare warrants that the Subscription Services will perform in material accordance with the functional specifications in the applicable Documentation.

1.5 Login Credentials. Customer solely is responsible for issuing login credentials to its Permitted Users. In addition:

- (a) Customer will:
  - (i) limit access to Subscription Services to Permitted Users;
  - (ii) require that each Permitted User use only the unique login credentials assigned to the Permitted User; and
  - (iii) maintain a current directory of its Permitted Users and share the directory with Change Healthcare upon Change Healthcare's request.
- (b) Customer will require each Permitted User to:
  - (i) protect the confidentiality of all login credentials; and
  - (ii) notify Customer immediately of any known or suspected breach of the confidentiality of any login credentials.

1.6 Notice of Unauthorized Access. Customer will notify Change Healthcare immediately of any known or suspected unauthorized access to, or use of, the Subscription Services or breach of the confidentiality of login credentials.

1.7 Modification of Subscription Services. Change Healthcare may, in its reasonable discretion, modify the Subscription Services, provided that the modification does not substantially reduce the functionality set forth in the Documentation.

1.8 Suspension of Subscription Service. Change Healthcare may suspend access to a Subscription Service if the performance, integrity, or security of the Subscription Services is adversely impacted or at risk of being compromised. Change Healthcare may suspend access to Subscription Services for nonpayment of any undisputed sums owed to Change Healthcare that are 90 days or more past due.

1.9 Assumption of Risk. Customer assumes the risk of liability for any and all liabilities, losses, damages, claims and expenses (including legal expenses of any kind and nature) arising out of or relating to directly or indirectly to Customer or Permitted Users:

- (a) negligent use or intentional misuse of the Subscription Services; or
- (b) violation of applicable privacy and security laws.

## **SECTION 2: CHANGE HEALTHCARE STRATUS IMAGING SUBSCRIPTION SERVICES**

2.1 Change Healthcare Stratus Imaging Archive - Return of Customer Data. Promptly following the termination or expiration of this Contract Supplement, Change Healthcare will, at Customer's request, return all Customer data in Change Healthcare's then-standard format and media at a price not to exceed four cents (\$0.04) per study. Change Healthcare will delete all copies of Customer data within 30 days following Customer's written acceptance of the returned Customer data. In the event that Change Healthcare continues to host the Customer data after the termination effective date, Customer will continue to pay the Subscription Services fees plus any applicable increases until Customer's written acceptance of the returned Customer data is received by Change Healthcare.

### **2.2 Change Healthcare Stratus Imaging Share.**

2.2.1 The Subscription Services allows Customers to set up the number of connections identified in the Quote for the purpose of sharing images between Customer and its Permitted Users. Permitted Users are limited to sharing with Customer only.

2.2.2 Customer must have an agreement with Permitted Users that protects Change Healthcare's Confidential Information in a manner that is consistent with all material respects with the applicable master agreement between Change Healthcare and Customer.

2.2.3 Customer must have an agreement with Permitted Users that governs the use of data in connection with the Subscription Services and in accordance with the applicable privacy and security laws.

2.2.4 Customer will be solely responsible for the acts and omissions of its Permitted Users provided access to the Subscription Services, as if they were performed by Customer.

2.2.5 Subscription Support does not include support for Permitted Users that are patients of Customer. Customer is solely responsible for addressing all patient questions regarding use of the Subscription Service.

## **SECTION 3: CHANGE HEALTHCARE STRATUS IMAGING ("STRATUS IMAGING") SERVICE LEVEL OBJECTIVE**

3.1 Service Level Objective. During the Initial Term or any Renewal Term(s), Change Healthcare warrants the "Service Level Objective" or "SLO" for:

3.1.1 Change Healthcare Stratus Imaging Archive will be operational in all material respects for Customer and its participating Facilities at least 99.99% of the time.

3.2 Service Level Objective Formula. The Service Level Objective will be calculated based on the following formula and the definitions set forth herein:

$$\text{SLO} = \frac{\text{Hours of Operation minus Total Downtime}}{\text{Hours of Operation}}$$

3.3 Measurement Period. The Service Level Objective will be calculated separately on a quarterly basis during the Initial Term or any Renewal Term(s) following the installation of the Stratus Imaging solution and Customer's use of the Stratus Imaging solution (each a "Measurement Period"). The total amount of time in a Measurement Period is the hours of operation ("Hours of Operation").

3.4 Calculation of Downtime.

3.4.1 Definition of Downtime. "Downtime" means the period of time during a Measurement Period when (a) for Stratus Imaging, there is a loss of access to or ability to use material functionality within Stratus Imaging APIs preventing data storage or retrieval, and (b) for the Imaging Systems under separate Subscription Services, there is a loss of material functionality and/or external connectivity via DICOM and HL7 interfaces. If there is more than one single period of Downtime within a single Measurement Period, the total Downtime for that period is the sum of the individual continuous periods of Downtime. Each period of Downtime will be calculated 15 minutes from the time of notification of an incident from the Customer to the Change Healthcare call center until Change Healthcare notifies the Customer that the issue is resolved. Each period of Downtime must be reported within three (3) calendar days of the incident occurring.

3.4.2 Exclusions. Downtime excludes any period of inoperability due to the following reasons:

Scheduled downtime for system administration purposes, installation of Software Updates, Software Upgrades, or Add-On Orders, or routine preventative maintenance. Any such scheduled downtime will be mutually scheduled between Change Healthcare and Customer.

Downtime resulting from the loss of external connectivity between the Customer's Imaging System and Stratus Imaging as a result of either (i) the networking unavailability of Customer's infrastructure; (ii) Customer's computer infrastructure that is used for deployment of the on-premises Imaging System that is connected to Stratus Imaging; or (iii) Customer not meeting the minimum network specifications to be provided by Change Healthcare.

Downtime resulting from Customer's misuse of Stratus Imaging, Customer's cybersecurity vulnerabilities, Customer's power failure or supply of power outside of specification, or from force majeure conditions.

Downtime resulting from the inability of Change Healthcare to access any part of Stratus Imaging, either physically or remotely due to Customer's action or inaction, for the purposes of correcting errors.

Downtime reported to the Change Healthcare call center three (3) calendar days after the incident occurred.

3.4.3 The Service Level Objective excludes:

Any features or Services designated Alpha or Beta, unless otherwise set forth in the associated Documentation;

Any features or services excluded from the Service Level Objective in the associated Documentation; or

Any errors (i) caused by factors outside of Change Healthcare's reasonable control; (ii) that resulted from Customer's software or hardware or third party software or hardware, or both; or (iii) that resulted from breach of the Agreement.

3.5 Remedy. If the Service Level Objective is not met during a Measurement Period for the applicable Stratus Imaging product, and Customer notified Change Healthcare within 3 calendar days of the Downtime, then Customer will be entitled to a credit of one percent to the applicable Stratus Imaging Subscription Services fees applicable for that Measurement Period for each one tenth percent (0.1%) or part thereof that the calculation falls below the required Service Level Objective described under Section 3.1, which cumulatively will not exceed the total fees paid for the applicable Stratus Imaging Subscription Services applicable for that Measurement Period.



**EXHIBIT B**  
**STATEMENT OF WORK**  
**[SEE FOLLOWING PAGES]**

## CHANGE HEALTHCARE STRATUS IMAGING (“STRATUS IMAGING”)

### STATEMENT OF WORK

#### Project Specifications

Total size of Exams to migrate: Up to 211.3TB

Number of Exams to retrieve from legacy archive: Up to 2,642,878 Exams (estimated)

Source Archive: NetApp

Destination Archive: Change Healthcare Stratus Imaging

#### Prerequisites

The following prerequisites (“**Prerequisites**”) must be met before implementation of the movement of data can begin and must be in place for the duration of the project:

- The Change Healthcare Radiology Solutions and Change Healthcare Cardiology (“Sources”) must be fully operational and functional.
- Adequate internet connectivity and network infrastructure, as determined by Change Healthcare, must be online to support the normal operation of Stratus Imaging, including a static IP for Customer to connect to the internet.
- Customer will provide virtual infrastructure to host the Change Healthcare on-premise Stratus Imaging gateway appliances and migration servers.
- If required, Customer will provide appropriate rack space and local IT support for the data shuttles (rack space, IP, and rack/de-rack services).
- The storage devices must be connected via Ethernet Network and accessible through TCP-IP protocol.
- The storage devices will be fully operational and functional, and Customer will provide Change Healthcare with read access.
- Customer will provide a copy of HL7 feed currently sent to Source which will be used by the Change Healthcare on-premise Stratus Imaging gateway.
- The Source system must be under a valid support agreement with the applicable vendor.
- The Source system must be configured to allow the Change Healthcare migration server to perform a DICOM Query/Retrieve (CFIND, CMOVE) operations.
- Customer’s EHR system is capable of integrating with Change Healthcare Stratus Imaging Viewer via one of the integration methods that Change Healthcare supports.

#### Scope and Goals

- The goal of this project is to successfully move all the stored DICOM data from the Source Archive to the Destination Archive.
- Data will be moved as stored by PACS without coercion to DICOM image attributes.
- Movement or alteration of data above and beyond the specified scope will require additional charges at Change Healthcare's standard time and materials rate.
- Change Healthcare will make three attempts to migrate Exams to the target after which time it is considered out of scope for the migration.
- Some studies may not be migrated due to reasons beyond the control of Change Healthcare (i.e. corrupted data, non-retrievable data, corrupted media, and image association problems). Data that is non-DICOM or proprietary DICOM or is not a DICOM image object will not be migrated.

Change Healthcare will provide a report to Customer of any Customer data that is not migrated, or which fails to migrate identifying unmigrated data and documents.

- When migrating data from non-Change Healthcare systems, some items may not migrate such as image annotations, measurements, presentation states, key images, scanned documents and reports. These data elements can only be migrated if they are fully compliant DICOM objects.
- If applicable:
  - For radiology systems other than Change Healthcare Radiology PACS, Customer will provide Change Healthcare with a flat file format of report data in accordance with Change Healthcare specification to be loaded into Stratus Imaging.
  - For Change Healthcare Radiology PACS, reports will be migrated by Change Healthcare. Any reports that are not properly stored in the Change Healthcare Radiology PACS will not be migrated.
  - Cardiology reports will be migrated as DICOM encapsulated PDFs. It is expected that cardiology reports that are stored in third party vendor storage are valid DICOM files and available through DICOM transactions. Any reports that are not valid DICOM files will not be migrated.
- Change Healthcare requests that a database extract be obtained from the Source. In the event this is unavailable, Change Healthcare will perform a DICOM CFIND inventory of Source system. Any Exams that are not returned by Source during the CFIND inventory will be considered out of scope for the migration. Customer accepts that out of scope Exams will not be migrated.
- The data migration will be deemed completed when Customer's data within the scope of this SOW has been migrated and a final migration report is delivered to the Customer by Change Healthcare.
- Change Healthcare will install tools to acquire operational imaging data form Source for the purpose of visualizing the data that enables Customer to analyze the data to identify trends and areas of improvement, as needed.
- The following items are out of scope and are not covered by this Statement of Work:
  - Movement of non-DICOM HIPAA event logs, scan documents, and voice clips.
  - In the event faulty archive media is encountered, a third-party data recovery vendor will need to be engaged. Customer is responsible for the costs of this service.

## **Customer Responsibilities**

Customer will:

- Pay for any third-party costs associated with the implementation of Stratus Imaging.
- Pay for any third-party PACS and third party CPACS costs, including but not limited to configuring the third party PACS and third party CPACS to allow the Change Healthcare migration server to Query/Retrieve, providing database extracts from the source system, and updating the archive location (pointers) in the database to the Stratus Imaging gateway.
- If applicable, pay for off-site data storage vendor to move image data to the cloud. This includes the coordinated movement of data to the cloud where it is accessible by Change Healthcare and providing extracts that include updated patient demographics to be applied to the data.
- Configure Customer's EHR(s) HL7 interface to send ADT, ORM, and ORU to Stratus Imaging.
- If applicable, enable and configure Customer's EHR(s) to support the SMART on FHIR application launcher, and be responsible for any transactional EHR costs related to the use of FHIR integration.
- If applicable, update existing EHR links and/or involve the EHR vendor to update existing EHR links to launch Change Healthcare Stratus Imaging Viewer, and be responsible for any costs related to updating existing EHR links.
- If applicable, implement dynamic encryption of URLs or involve EHR vendor to implement dynamic encryption of URLs to launch Change Healthcare Stratus Imaging Viewer, and be responsible for any costs related to implementation of dynamic encryption of URLs.

- Provide the project Prerequisites.
- Assign a technical staff member who will be available during Customer's regular business hours for Change Healthcare to contact.
- Provide Change Healthcare remote VPN access to Source.
- Maintain system access and ensure that the system is operational.
- Physically and virtually protect Stratus Imaging gateway from unauthorized access and malicious attacks.
- Perform all on site media handling. Engage and contract with a third-party vendor in the event that faulty media necessitates third party assistance.
- Maintain and periodically replace Stratus Imaging gateway instances at Change Healthcare direction.  
Provide a list of Customer's application users.

### **Change Healthcare Responsibilities**

Change Healthcare will:

- Assign a project manager for the implementation of Stratus Imaging. This project manager will facilitate Change Healthcare resources to perform the following:
  - Deploy Stratus Imaging gateway and test it with Source.
  - Configuration of the Stratus Imaging inbound HL7 interface to accept ADT and ORM messages from Customer's EHR systems.
  - One-time remote configuration of the Stratus Imaging outbound HL7 interface to send study availability notification messages to Customer's EHR systems, if appropriate.
  - Testing and validation of connectivity to EHR system.
  - Deploy and configure the migration servers and software to interact with Source.
  - One on-site administrator training session for three days for the Stratus Imaging modules that are within the scope of this project.
- Use commercially reasonable efforts to provide advanced notice for interactions with Customer's designated contact that require substantial or prolonged work efforts.
- Assign a project manager who will manage the project and interaction with other Change Healthcare teams.
- Move all studies that are available to be moved in accordance with the guidelines specified in the Scope and Goals section above.
- Coordinate with third party vendors, their support and Customer as needed.
- Update Stratus Imaging in accordance with Change Healthcare development cycle.
- Monitor the project remotely and provide progress reports.
- Provide appropriate project closeout documentation.

### **Mutual Responsibilities**

Both Change Healthcare and Customer will:




- Build a mutually agreed project plan that will include site onboarding schedules, named resources and expected deliverables.
- Conduct project status meetings and conference calls to discuss the progress of the project.
- Create and maintain the project issues list.
- Assign technical staff members as needed to resolve technical problems that may delay the project progress.
- All work is to be performed remotely during regular business hours, 8am-5pm PST, Mon-Fri. If a change in scope requires an on-site visit, it will be billable as time and materials plus actual travel cost per Change Healthcare's travel policy.

# **Salinas Valley Health**

## **Balanced Scorecard**

***YTD February 2023***

# Monthly Scorecard Service (30%)

Organizational Goals by Pillar	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	FY 2023 Act/Proi	TARGET	Var %		FY 2022 Baseline
I. Service													
Average of Inpatient HCAHPS Scores	72.7	72.8	71.6	69.8	72.4	75.6	68.7	72.2	72.0	75.1	-4.1%		74.8
Emergency Room Press Ganey Score	59.7	58.8	60.2	54.6	54.1	54.2	57.9	61.9	57.6	59.7	-3.4%		58.7
Average of Ambulatory HCAHPS Scores	90.6	89.2	92.6	89.5	92.3	91.3	91.5	93.4	91.3	92.0	-0.7%		92.0

## 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 is based on maintaining prior year goals
- ER HCAHPS Score FY 2022 Baseline was 58.7. Rationale: Baseline = Threshold is based on FY 2022 Actuals. Target is +1.0 from baseline. Max is +2.0 from baseline.
- Ambulatory HCAHPS Score FY 2022 Baseline was 92.0. Baseline = Target is based on FY 2022 Actuals. Threshold is -1.0 from the baseline. Max is +1.0 from the baseline.

# Monthly Scorecard

## Quality & Safety Processes – ER (8%)

Organizational Goals by Pillar	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	FY 2023 Act/Proj	TARGET	Var %		FY 2022 Baseline
<b>Emergency Room Efficiencies</b>													
Median length of stay for non-admits (in minutes)	183.0	180.0	173.0	169.0	179.0	182.0	183.0	174.0	178.0	181.0	1.7%	☀️	170.0
Median time from admit decision to time of admission to nursing unit (in minutes)	82.0	80.0	75.0	77.0	76.5	81.0	82.0	79.0	79.0	81.0	2.5%	☀️	79.0

Source: Meditech

**ER - LOS for Non-Admits in Minutes:** Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) Maximum is based on Feb22 thru Aug22 = 177.0. The Target is a 4 minute increase from the Max, and the Threshold is an 8 minute increase from the Max. **Rationale:** SVMH ER has recently experienced a higher volume level, including a surge of patients. According to CMS, the latest available data from 2021 indicates that the State Rate is 196 minutes and the National Rate is 203 minutes for comparable size hospitals.

**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). Baseline = Target is based on FY 2022 Actuals. The Threshold is a 2 minute decrease from the Baseline, and the Max is a 2 minute increase from the Baseline.

**Rationale:** The ER average daily census is currently averaging at about 186 patients a day compared to the baseline period of 128 (Jul21-Jan22), or a 45% increase in ER census. We also have continued challenges with COVID and respiratory isolation. The vast increase of volume leads to limited space availability and delays. We have put forth a new initiative called the “Big 5 Handover Process”, which is a streamline handover process between the ED and progressive care, which may reduce admit time.

# Monthly Scorecard

## Quality & Safety Processes – OR (8%)

Organizational Goals by Pillar	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	FY 2023 Act/Proj	TARGET	Var %	FY 2022 Baseline
Operating Room Efficiencies												
Turnover Time (Wheels out / Wheels in) (in minutes)	29.9	28.5	29.1	29.7	29.3	32.1	31.2	28.7	29.8	29.5	-1.1%	28.3
Percentage of 1st Case On Time Start Time	90.2%	92.2%	93.6%	83.0%	94.7%	90.1%	89.1%	93.3%	90.8%	93.0%	-2.4%	95.0%

**Turnover Time Measurement:** Source is from the **PICIS OR Nurse Record**. Calculate minutes elapsed between the wheels out & wheels in of the next case. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 2023 Goals are the same as prior year to continue high efficiency performance and strive to maintain sustainability at these levels. Planning to reduce minutes may cause patient safety risks and other concerns, especially considering the Covid-19 ongoing pandemic and the impact its had in our hospital capacity as well as in our perioperative operations. Additionally, our OPS department has moved over to the other side of the building into 1 Main, which means the nurse, anesthesiologist and surgeon now have to go that distance to interview and mark the patient. While this isn't a huge distance, it can add 1-2 minutes to each start and/or turnover.

### Percentage of 1<sup>st</sup> case On Time Start Time

- Source is from PICIS for 1st scheduled case of the day in each OR room where the scheduled time is between 07:00 AM and 08:59 AM
- Cases in which the patient is Wheeled In at least zero minutes prior to the case
- **National benchmark goals range from 70% to 80%**
- FY 2023 Max = FY 2022 Baseline = 95.0%. FY 2023 Target is 2% from Max. FY 2023 Threshold is 4% from Max.



# Monthly Scorecard

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

Organizational Goals by Pillar	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	FY 2023 Act/Proj	TARGET	Var %	FY 2022 Baseline
<b>Hospital Acquired Conditions</b>												
CLABSI SIR (Standard Infection Ratio)	0.00			0.65					0.32	0.30	-7.5%	0.16
# of CLABSI EVENTS	0	0	0	1	0	0						
CAUTI SIR (Standard Infection Ratio)	0.61			0.49					0.55	0.47	-16.2%	0.46
# of CAUTI EVENTS	0	1	0	0	0	1						
CDI SIR (Standard Infection Ratio)	0.68			0.75					0.71	0.45	-58.4%	0.48
# of CDI EVENTS	2	1	1	0	2	3						
<b>Hospital Acquired Conditions Average</b>	0.43			0.63					0.53	0.41	-29.6%	0.37
<b>Hand Hygiene</b> (Percentage of successful Hand Hygiene observations)	99.5%	96.9%	97.4%	95.5%	97.5%	97.3%	96.3%	96.7%	97.1%	75.0%	29.5%	89.1%



### Hospital Acquired Conditions

- Source: National Healthcare Safety Network (NHSN) & BD Health Insight Interface
- Hospital Acquired Conditions will be measured **quarterly**
- Rationale for Targets: Utilizing last years FY targets for sustainment and ongoing prevention practices. Process improvement measures for CLABSI, CAUTI for data improvements, and CDI process improvement focusing on expanding our antimicrobial stewardship program**
- Acronyms:
  - CLABSI (Central Line Associated Bloodstream Infection)
  - CAUTI (Catheter Associated Urinary Tract Infection)
  - CDI (Clostridium Difficile Infection)

### Hand Hygiene

- Source: Hand Hygiene Auditing Tool populated by SVMHS staff / leaders direct observations (now on STAR net Main Page)
- Hand Hygiene will be measured **monthly**
- Rationale for Targets:**
  - Sustaining targets from last FY for expansion and on-boarding of hand hygiene goals to all SVMHS departments.
  - Hand Hygiene process improvement measures last FY with Nursing collaboration, expansion to all staff auditing monthly which will directly effect the target goal.
  - Created new interactive Hand Hygiene Dashboard for leaders/staff to view data by department/unit and staff, posted on the StarNet Infection Prevention page

# Monthly Scorecard

## Finance (20%)

Organizational Goals by Pillar	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>FY 2023 Act/Proj</u>	<b>TARGET</b>	<u>Var %</u>	<u>FY 2022 Baseline</u>
<b>IV. Finance</b>												
Income from Operations (Normalized) (\$ in Millions)	\$2,030	\$6,289	\$7,724	\$4,092	\$7,733	\$9,746	\$5,109	\$2,815	\$68,309	\$58,906	16.0%	\$83,662
Operating Margin (Normalized)	4.5%	11.5%	14.1%	8.0%	13.8%	16.5%	9.6%	5.8%	10.5%	10.1%	4.1%	13.9%



- Target Methodology is based on SVMH's 100% of FY 2023 Board Approved Annual Operating Budget
- *FY 2023 Budget is subject to change following final determination of the Plan of Finance for the Master Facility Plan and any material changes resulting from the Final CCAH contract that is under negotiations.*

# Monthly Scorecard

## Growth (10%)

Organizational Goals by Pillar	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	FY 2023 Act/Proj	TARGET	Var %	FY 2022 Baseline
<b>V. Growth</b>												
Grow New Service line Bariatric Surgery	1	1	0	2	0	0	2	1	7	25	-72.0%	-
Implement e-Visits in SVMC	0	0	0	25	31	25	59	35	175	100	75.0%	-
Implement MyChart Inpatient	0	0	0	2,326	2,102	1,927	2,085	1,675	10,115	15,000	-32.6%	-

- **Grow New Service Line Bariatric Surgery:** CDC estimates 42.4% of U.S. adults had obesity and 9.2% had severe obesity in 2017, the highest incidence ever recorded in America. Metabolic/bariatric surgery is the most effective and durable treatment for severe obesity leading to significant weight loss and the improvement, prevention, or resolution of many related diseases. The initial program meeting was conducted during November 2021. The 1<sup>st</sup> surgery was performed successfully on 7/13/22. We are excited about this new service line and medical service to our community.
- **Implement e-Visits in SVMC:** MyChart adoption for SVMC has increased to over 40% over the last year. This continues to be a significant focus as we expand functionality for patient engagement and develop MyChart as our digital front door for the clinic. This was one of our FY'22 organizational goals. As a result of increasing our patient adoption the number of messages to our providers has increased dramatically. Messaging your doctor can be a convenient way to get medical advice. Patients can send a note through MyChart whenever they have time – day or night – and our providers will typically reply in a timely fashion. Depending on the patient needs and schedule, this can be a great alternative to an in-person, video or telephone visit. The issue for our providers is the time involved to engage in more than a simple response can be extensive and is not billed for currently. We are giving our providers the ability to determine whether a message exchange should be billed to insurance. Even if a message is billed to insurance, many patients won't have to pay anything. For those who do, out-of-pocket expenses for this type of care vary by insurance plan and are generally low.
- **Implement MyChart Inpatient in SVMH:** There's a regulatory requirement which goes into effect the first week of October. It is a component of the 21st Century CURES ACT which must provide patient requests of their inpatient record, real time. We are implementing MyChart Inpatient to comply with the requirement. The current patient portal doesn't meet 21st Century CURES requirements so we are at risk of missing the Promoting Interoperability metrics. Each occurrence of patient information blocking as it is termed is fineable up to \$1M. Currently, what is in scope for documentation view to comply is Discharge summaries, Progress notes, Lab and Radiology results. Out of scope are scanned documents, nursing documentation, provider messaging (inpatient), scheduling (hospital departments), bill pay (inpatient), and COVID vaccination status.

# Monthly Scorecard Community (5%)

Organizational Goals by Pillar	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>FY 2023 Act/Proj</u>	<b>TARGET</b>	<b>Var %</b>	<u>FY 2022 Baseline</u>
<b>VI. Community</b>												
Employees Complete the Real Age Test via the SVMHS wellness platform, Wellness Your Way				97	24	50	224	178	573	600	-4.5%	-

- A **New Employee Wellness Platform**, Wellness Your Way, will launch in October 2022. It will serve all SVMHS employees and members of their households who are covered by our health plan.
- All users of Wellness Your Way will be encouraged to complete the Real Age Test. The information provided by the user in the Real Age Test will allow customization of the platform for the user.
- Users will be able to complete the Real Age Test anytime after the launch of the platform. For the purposes of this Pillar Goal metric, all Real Age Tests completed by SVMHS employees between the launch of the platform through June 30, 2023 will count toward the goal.

# *Questions / Comments?*



# **Financial Performance Review**

## **March 2023**

**Augustine Lopez**  
**Chief Financial Officer**

# Consolidated Financial Summary

## For the Month of March 2023

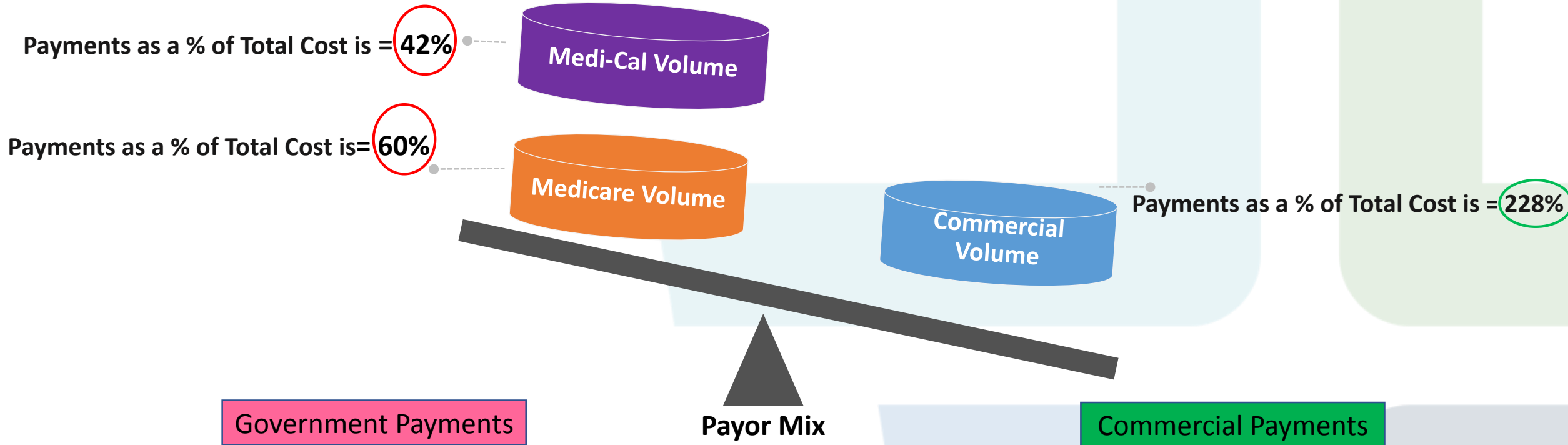
\$ in Millions	For the Month of March 2023				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 59.2	\$ 57.8	\$ 1.4	2.4%	
Operating Expense	\$ 61.4	\$ 56.7	\$ (4.7)	-8.3%	
<b>Income from Operations</b>	<b>\$ (2.2)</b>	<b>\$ 1.1</b>	<b>\$ (3.3)</b>	<b>-300.0%</b>	
<i>Operating Margin %</i>	<i>-3.7%</i>	<i>1.8%</i>	<i>-5.5%</i>	<i>-305.56%</i>	
Non Operating Income*	\$ 4.6	\$ 1.0	\$ 3.6	360.0%	
<b>Net Income</b>	<b>\$ 2.4</b>	<b>\$ 2.1</b>	<b>\$ 0.3</b>	<b>14.3%</b>	
<i>Net Income Margin %</i>	<i>4.0%</i>	<i>3.5%</i>	<i>0.5%</i>	<i>14.3%</i>	

# Executive Summary: Unfavorable Financial Performance

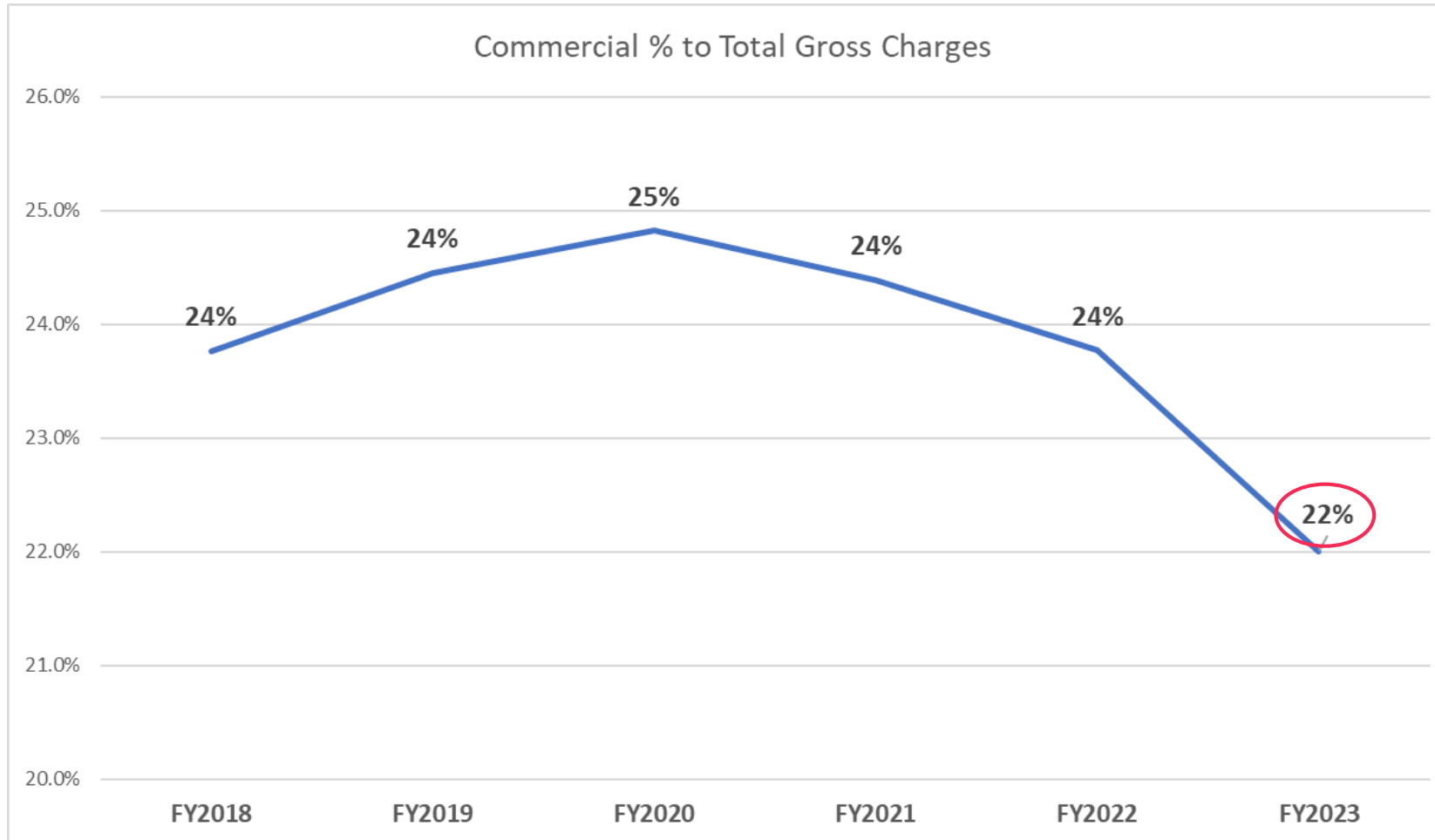
- Total consolidated net revenues did not keep pace with the increased expense level from high patient volumes resulting in an operating loss of \$2.2 million or a 3.7% negative margin
- While hospital gross revenues were over budget by \$39 million (18%), the financial results were adversely impacted by the Commercial payor mix of 19% for the month, below budget 22%, and growth in MediCal volume that accounted for 33% of total gross revenue
- ✓ Hospital Medicare & Medi-Cal gross revenues were over budget by \$40 million (26%), while Commercial revenues were under budget by \$4 million (7%), representing a material unfavorable payor mix
- ✓ Total admissions were 88 admits (10%) above budget, of those 79% were governmental payors
- ✓ Medicare ALOS CMI adjusted, was 2.4 days or 5% longer than expected
- Total consolidated net revenues were \$1.4 million (1.4%) above budget driven by:
  - ✓ IP surgical cases were above budget by 22%, and OP was favorable by 20%
  - ✓ OP infusion cases were 42% (337 cases) above budget; up 220 cases from February
  - ✓ Emergency OP visits totaled 4,505 (11%) above budget, 54% were Medi-Cal cases
- Though consolidated net revenues were up by \$1.4M, operating expenses were up by \$4.7M driven by:
  - ✓ Contract labor was \$2.6M for the month (prior to COVID we ran \$300k per month).
  - ✓ Due to high patient volumes, expenses were higher than budgeted in Medical and Other Fees, Supplies and Purchased Services.
- There was a strong cash collection for the month, at \$53.8 million, with Days in Account Receivable at 48.
- Non-operating income was favorable by \$4 million due to improved investment income earnings



# Payor Mix – Unreimbursed Costs and Increased Volumes from Government Payors Driving Sharp Decline in Our Margins

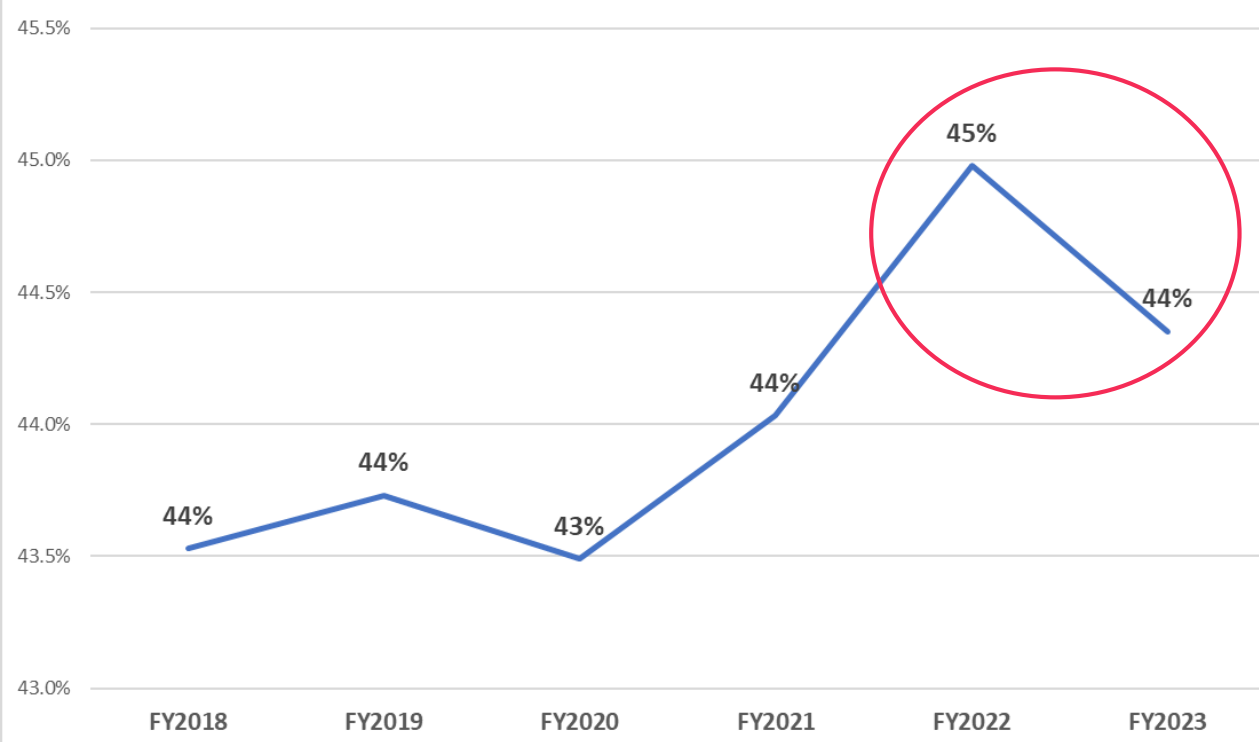


# Commercial Payor Mix Deterioration Percentage to Total Gross Charges

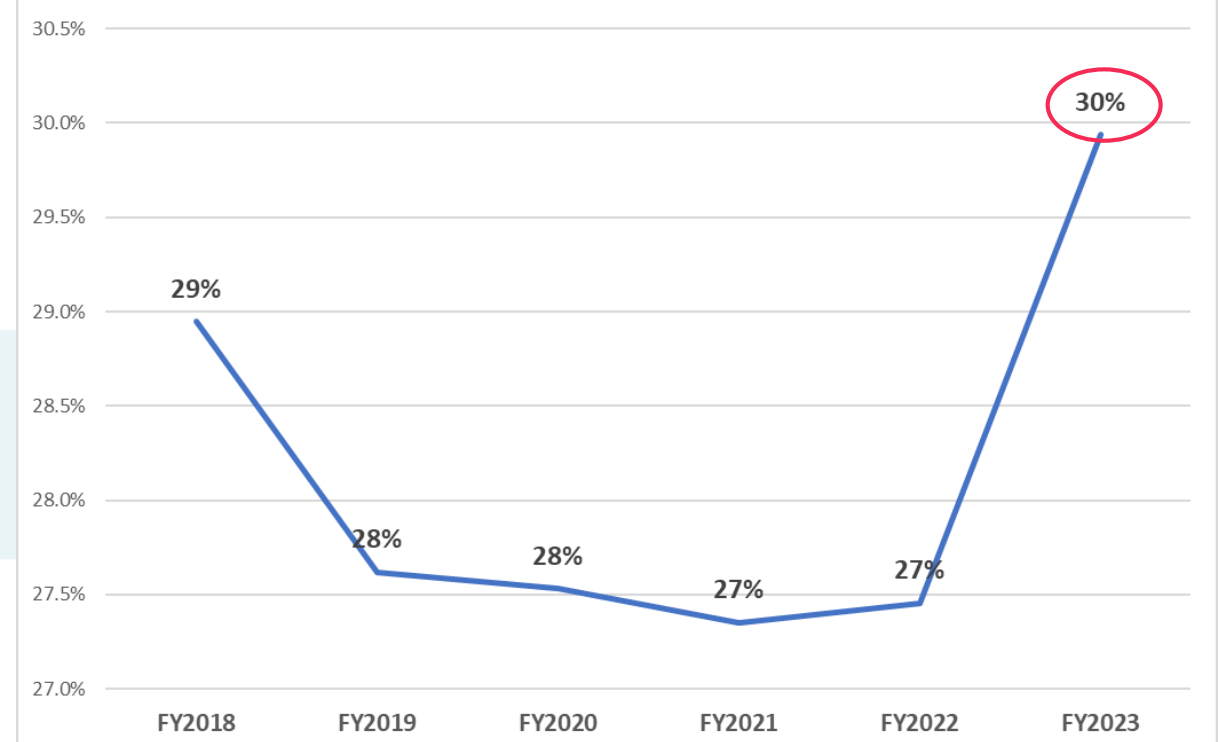


# Shift to Medicare & Medi-Cal % to Total Percentage to Total Gross Charges

Medicare % to Total Gross Charges



Medi-Cal % to Total Gross Charges



# Consolidated Financial Summary

## Year-to-Date March 2023

\$ in Millions	FY 2023 YTD March				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 545.3	\$ 509.4	\$ 35.9	7.0%	
Operating Expense	\$ 529.3	\$ 499.2	\$ (30.1)	-6.0%	
<b>Income from Operations</b>	<b>\$ 16.0</b>	<b>\$ 10.2</b>	<b>\$ 5.8</b>	<b>56.9%</b>	
<i>Operating Margin %</i>	2.9%	2.0%	0.9%	45.0%	
Non Operating Income*	\$ 13.5	\$ 8.7	\$ 4.8	55.2%	
<b>Net Income</b>	<b>\$ 29.5</b>	<b>\$ 18.9</b>	<b>\$ 10.6</b>	<b>56.1%</b>	
<i>Net Income Margin %</i>	5.4%	3.7%	1.7%	45.9%	

\* Non-operating income includes \$4.0 million of FEMA Funds Received

# Consolidated Financial Summary - Normalized Year-to-Date March 2023

\$ in Millions	FY 2023 YTD March				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 545.3	\$ 509.4	\$ 35.9	7.0%	
Operating Expense	\$ 529.3	\$ 499.2	\$ (30.1)	-6.0%	
<b>Income from Operations</b>	<b>\$ 16.0</b>	<b>\$ 10.2</b>	<b>\$ 5.8</b>	<b>56.9%</b>	
<i>Operating Margin %</i>	2.9%	2.0%	0.9%	45.0%	
Non Operating Income	\$ 9.5	\$ 8.7	\$ 0.8	9.2%	
<b>Net Income</b>	<b>\$ 25.5</b>	<b>\$ 18.9</b>	<b>\$ 6.6</b>	<b>34.9%</b>	
<i>Net Income Margin %</i>	4.7%	3.7%	1.0%	27.0%	

# SVHMC Revenue Highlights March 2023

Gross Revenues were 18% Favorable to budget

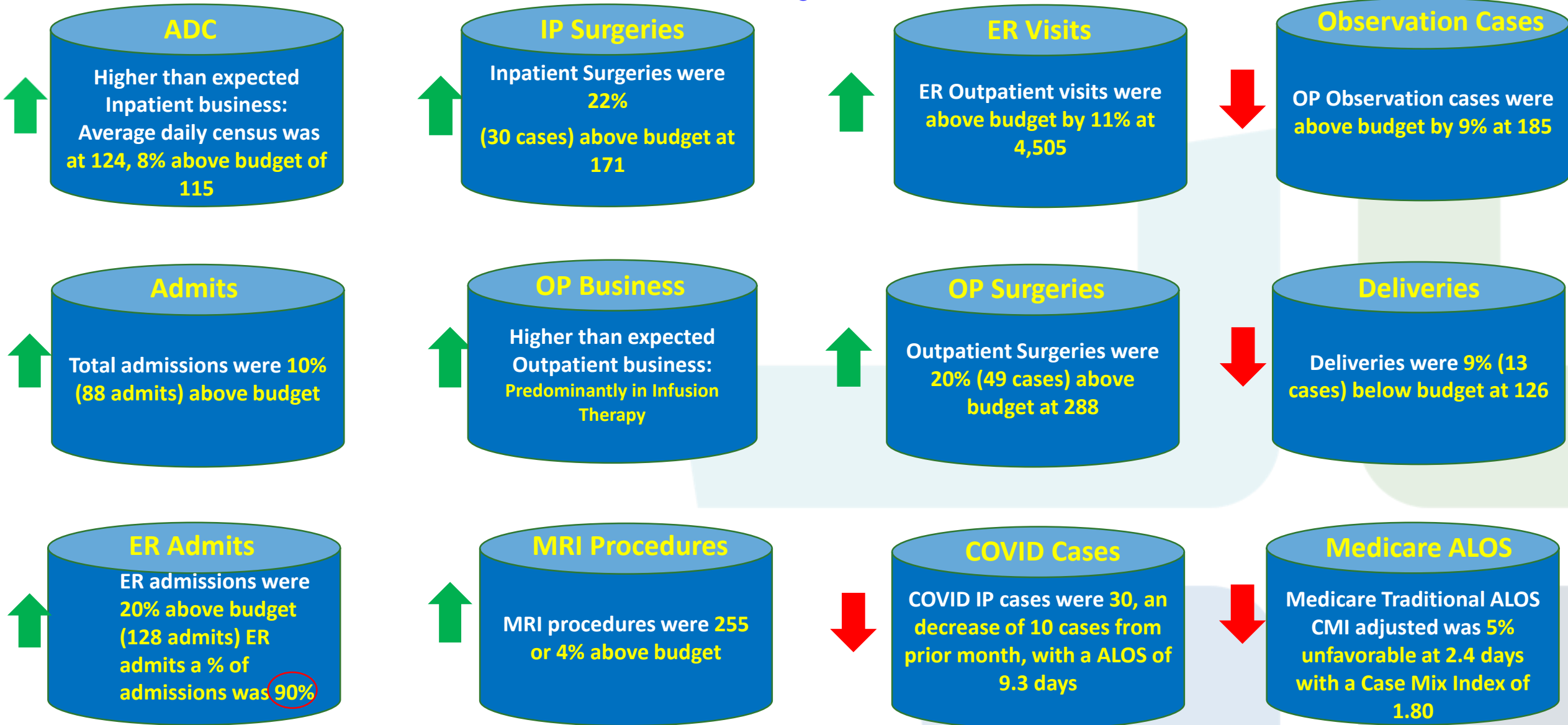
- IP Gross Revenues were 15% favorable to budget
- ED Gross Revenues were 9% favorable to budget
- OP Gross Revenues were 26% favorable to budget in the following areas:
  - Infusion Therapy

- Commercial: 7% below budget
- Medicaid: 40% above budget
- Medicare: 17% above budget

**Payor Mix –  
materially  
unfavorable**

Total Normalized Net Patient Revenues were \$49.8M, which was Favorable to budget by \$1.8M or 3.8%

# Financial Summary – March 2023



# COVID Inpatient Discharge Cases Payor Mix Analysis Jul 2021 thru Mar 2023

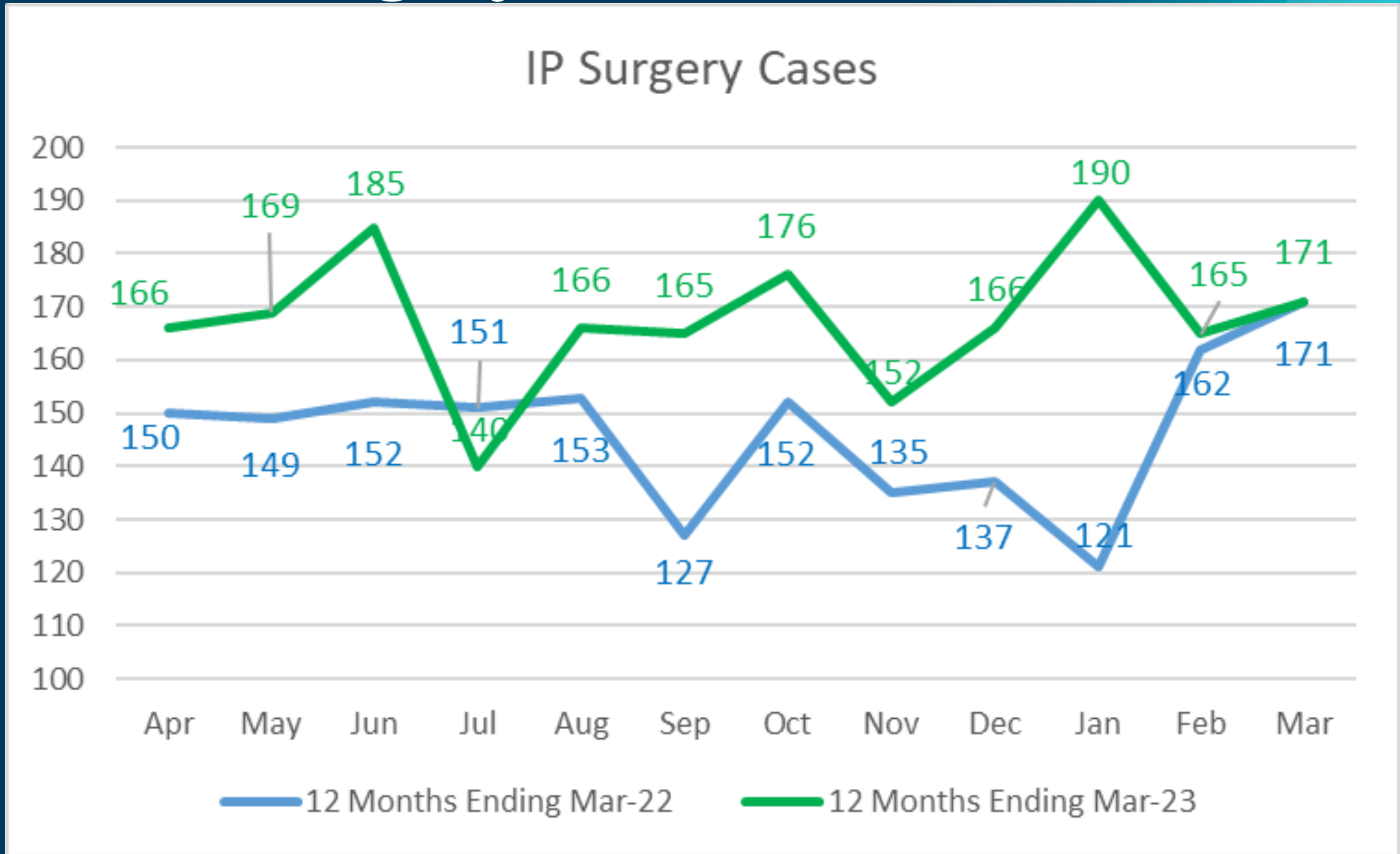


COVID Inpatient cases decreased during March compared to prior month.

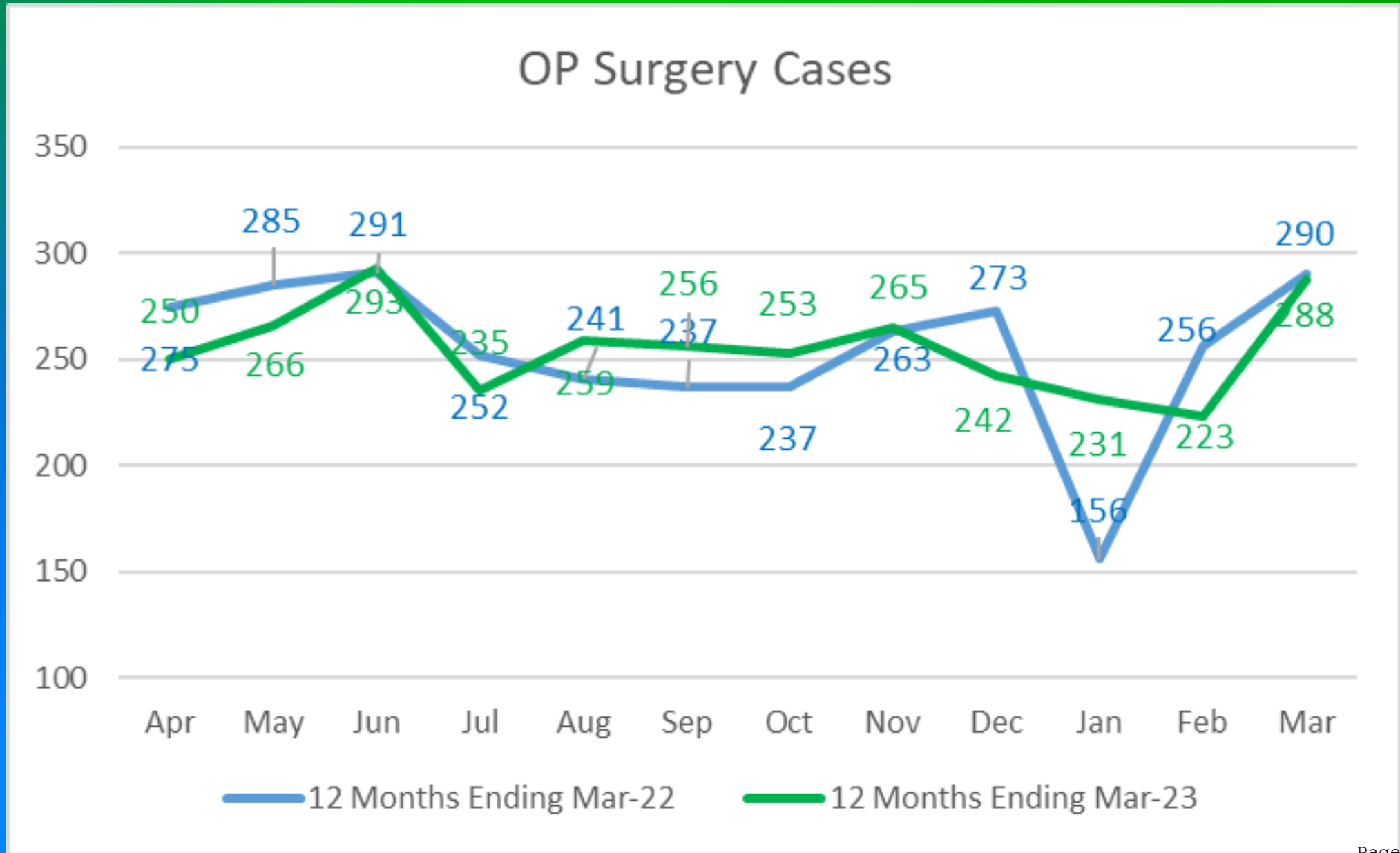
Cases		Month												Mar 23									
Payor	Health Plan	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22	Dec 22	Jan 23	Feb 23	Mar 23	
Medicare	CHOMP Aspire Medicare Advantage		2	3	3	2	3	4	10		2	2	3	4	1		1	2		2			1
	Medicare Traditional	1	7	8	8	3	15	69	49	9	6	15	20	38	25	7	11	12	11	14	31	18	
	Medicare-Managed Care		1		1			9		1	1	2	2	5		1				3	1		
<b>Medicare Total</b>		<b>1</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>5</b>	<b>18</b>	<b>82</b>	<b>59</b>	<b>9</b>	<b>9</b>	<b>18</b>	<b>25</b>	<b>44</b>	<b>31</b>	<b>7</b>	<b>13</b>	<b>14</b>	<b>11</b>	<b>19</b>	<b>32</b>	<b>19</b>	
Medi-Cal	Medi-Cal Traditional		10	3	4	1	4	12	9			2	1	2		2							1
	Central California Alliance for Health	3	9	8	6	5	8	32	18	2	1	2	4	23	10	2	3	5	5	8	5	9	
<b>Medi-Cal Total</b>		<b>3</b>	<b>19</b>	<b>11</b>	<b>10</b>	<b>6</b>	<b>12</b>	<b>44</b>	<b>27</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>5</b>	<b>25</b>	<b>10</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>5</b>	<b>8</b>	<b>5</b>	<b>10</b>	
Commercial	Aetna	1	2						1				1	1									
	Blue Cross Anthem	3	6	5	2	5	5	13	4	3		1	6	2	1		2			2			
	Blue Shield	4	4	2	2	3	3	14	5				2	3	3					2	1		
	Cigna			1			2	2	1				1		1								
	United Health		2	1		1		3	1							1				1		1	
	Other HMO/PPO Comerical	1		1	3	2	1	6	2				1	1		1							
<b>Commercial Total</b>		<b>9</b>	<b>14</b>	<b>10</b>	<b>7</b>	<b>11</b>	<b>11</b>	<b>38</b>	<b>14</b>	<b>3</b>		<b>1</b>	<b>11</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>2</b>			<b>5</b>	<b>1</b>	<b>1</b>	
Other	Other			1		1		2			1			2	2				1	1	1		
	SVMH Employees	1	2					1							1				1	1	1		
	Workers Comp		1																1				
	Other HMO/PPO Comerical																		1				
<b>Other Total</b>		<b>1</b>	<b>3</b>	<b>1</b>		<b>1</b>		<b>3</b>			<b>1</b>			<b>2</b>	<b>3</b>				<b>4</b>	<b>2</b>	<b>2</b>		
<b>Grand Total</b>		<b>14</b>	<b>46</b>	<b>33</b>	<b>29</b>	<b>23</b>	<b>41</b>	<b>167</b>	<b>100</b>	<b>14</b>	<b>11</b>	<b>23</b>	<b>41</b>	<b>78</b>	<b>49</b>	<b>13</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>34</b>	<b>40</b>	<b>30</b>	



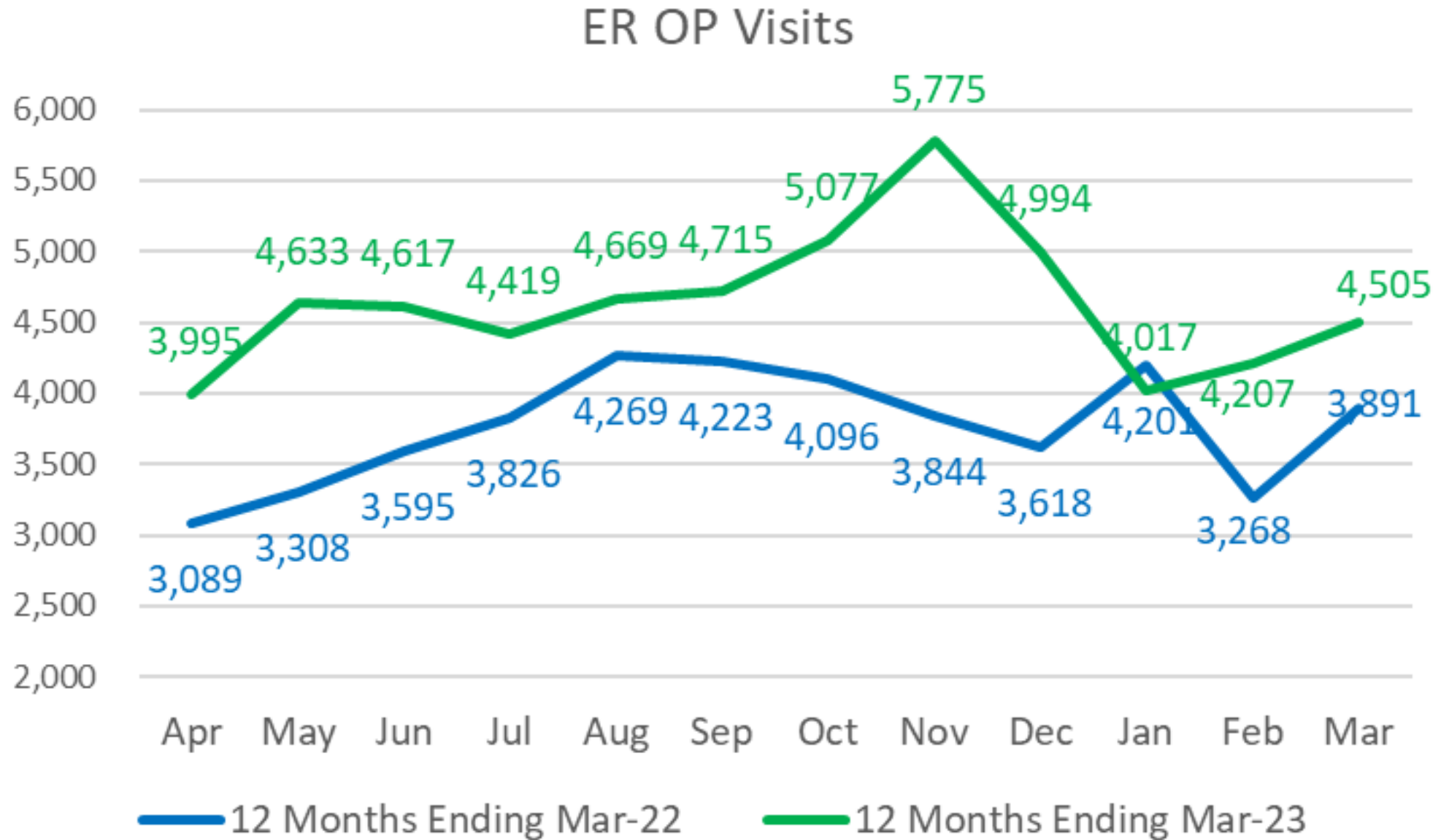
# IP Surgery Cases – March 2023



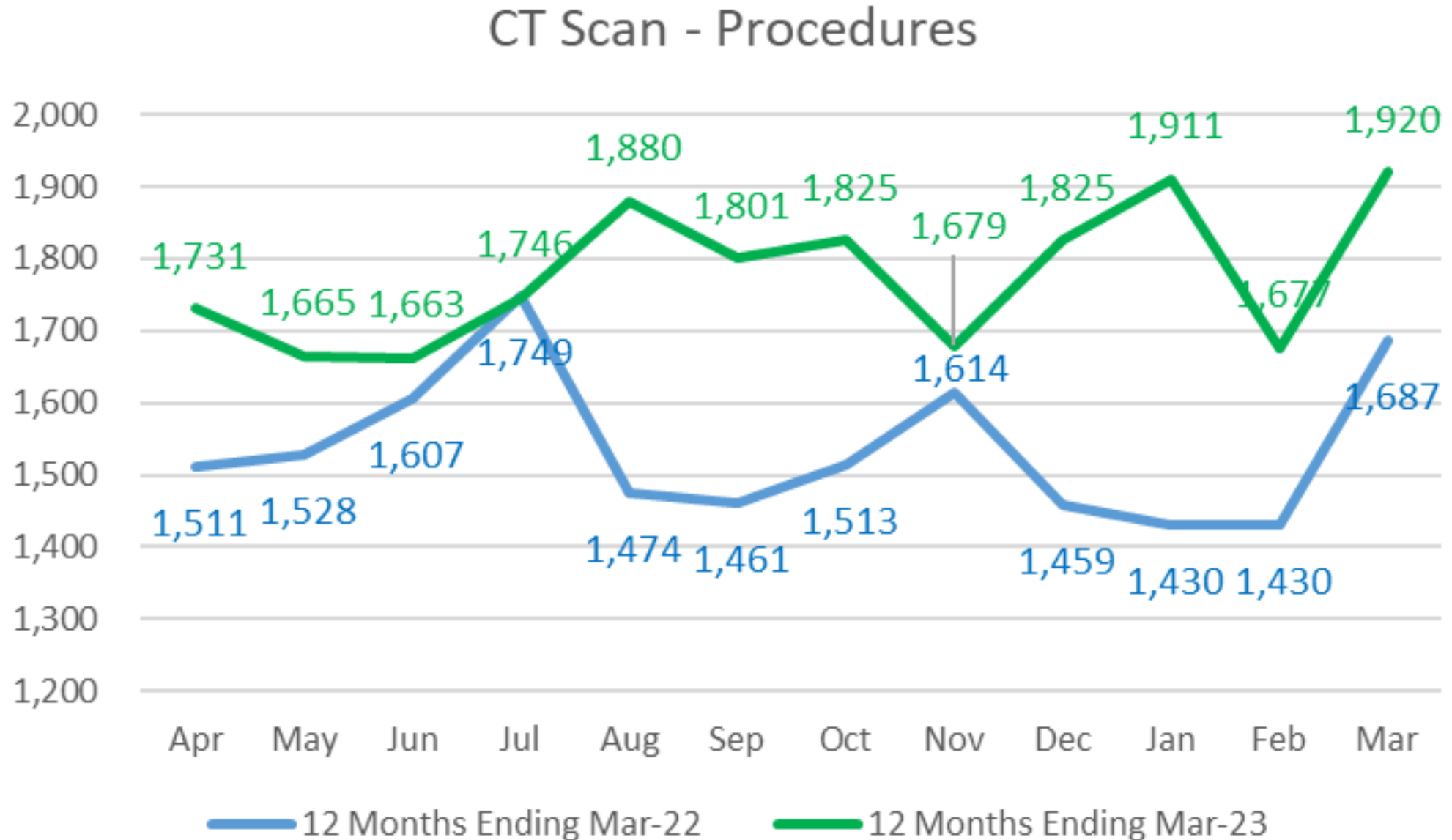
# OP Surgery Cases – March 2023



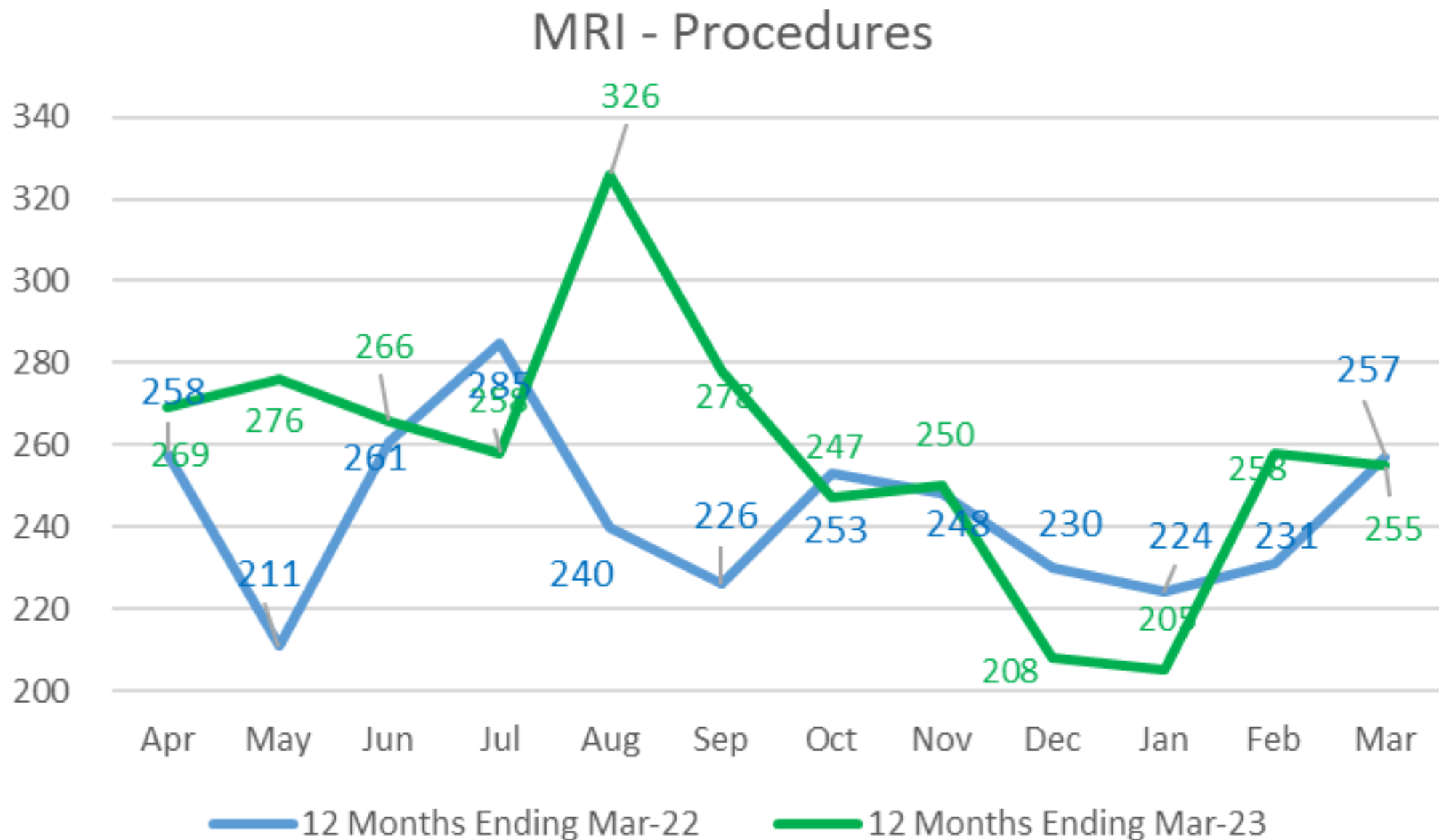
# ER OP Visits – March 2023



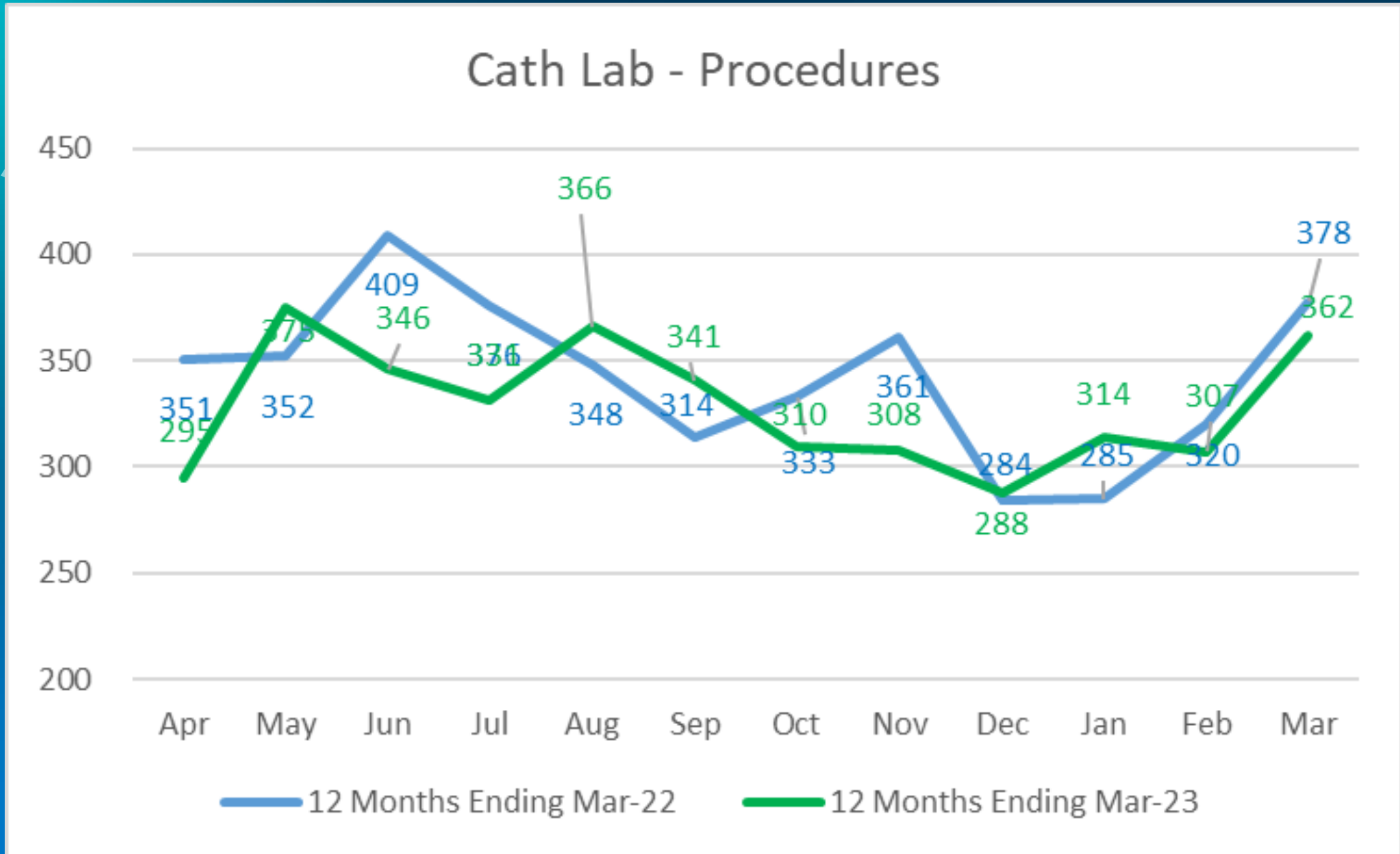
# CT Scans – March 2023



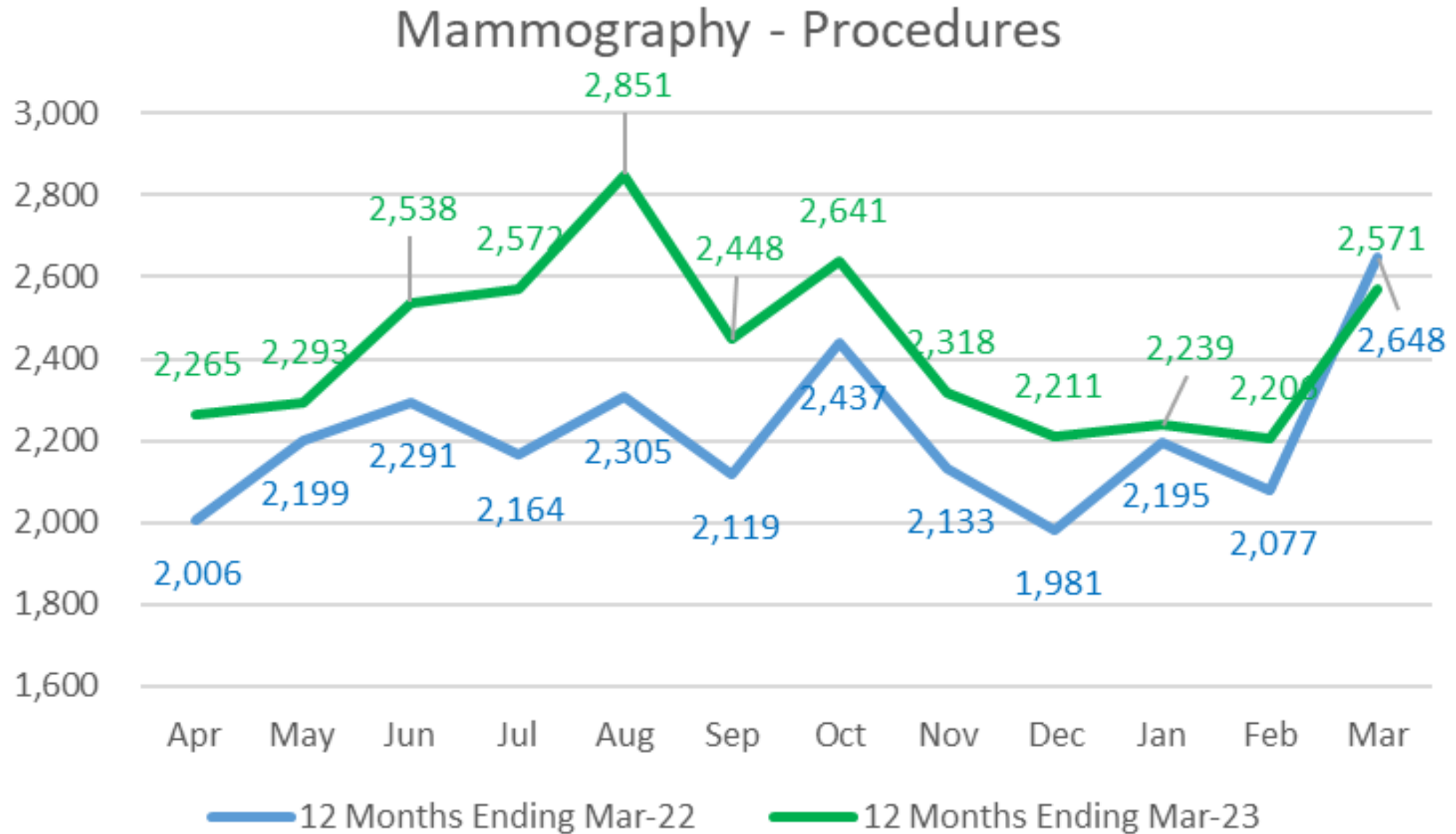
# MRI – March 2023



# Cath Lab – March 2023

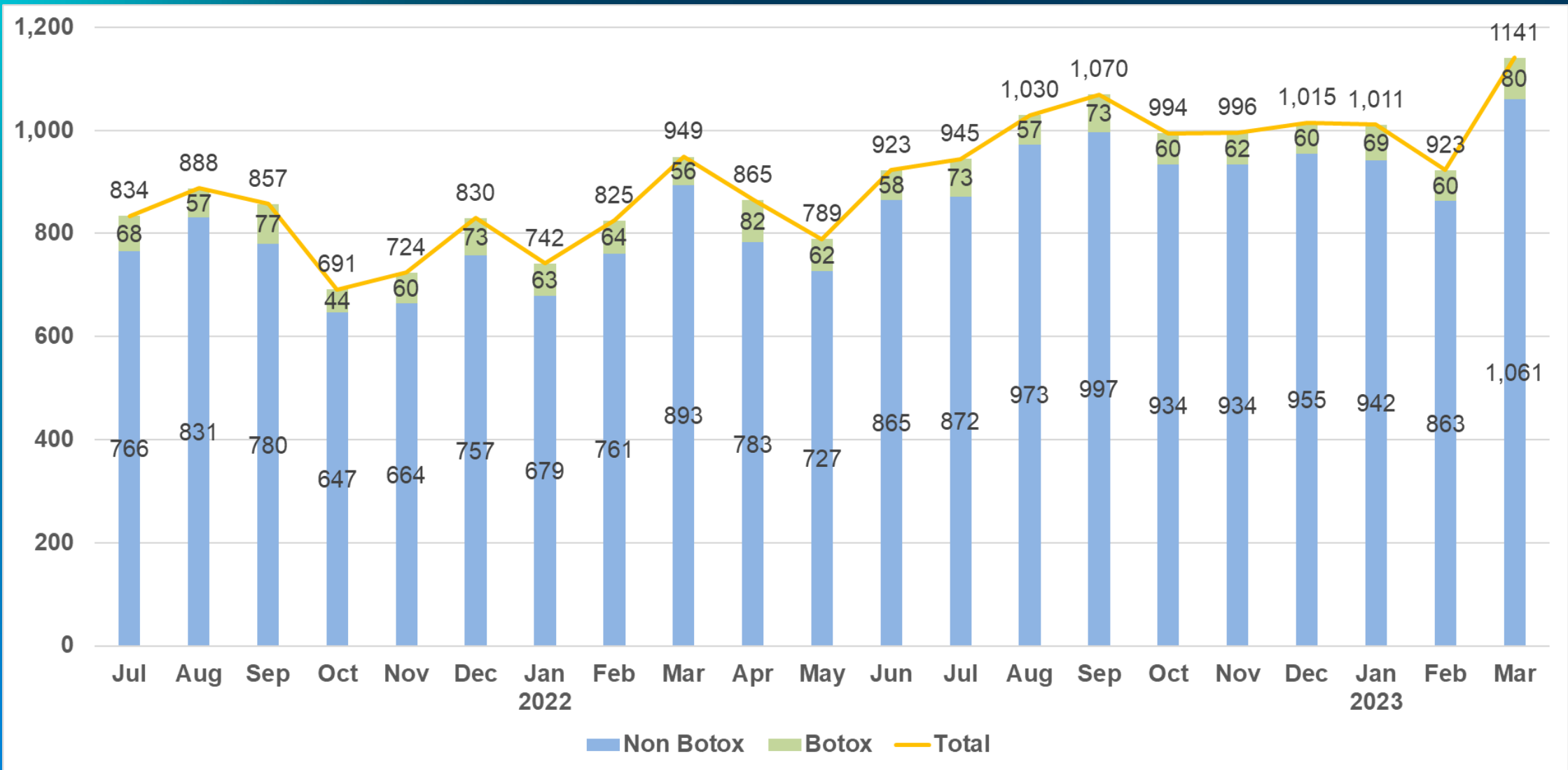


# Mammography – March 2023



# OP Infusion Trend- (Includes Botox)

## July 2021 through – March 2023

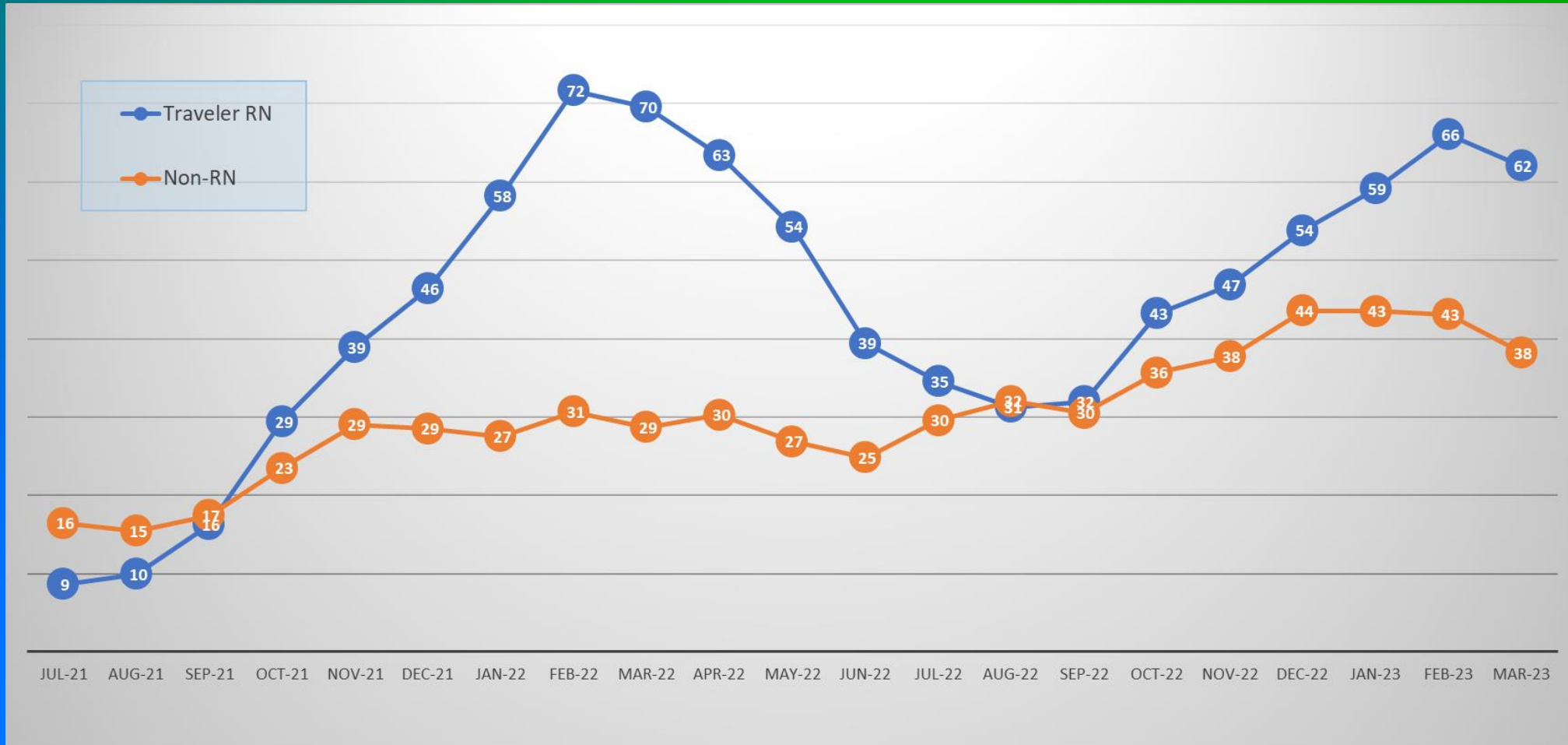




# Labor Productivity – March 2023

- 1. Worked FTEs:** During the month of March, worked FTEs on a PAADC basis were **1.5%** favorable at **6.77** with a target of **6.87**. *However, when reviewed on a unit by unit level, the variance was 5 FTEs Negative (\$-66k).* Average Daily Census decreased to 124 compared to 136 in February and 151 in January, and was 8% above budget. Worked FTE decreased to 1,598 in March (1,621 in February).
- 2. Paid FTEs:** On a PAADC basis paid FTEs were **1.8%** favorable to budget at **7.74 actual vs. 7.88 budget**. Paid FTE decreased slightly from 1,830 in February to 1,827 in March.

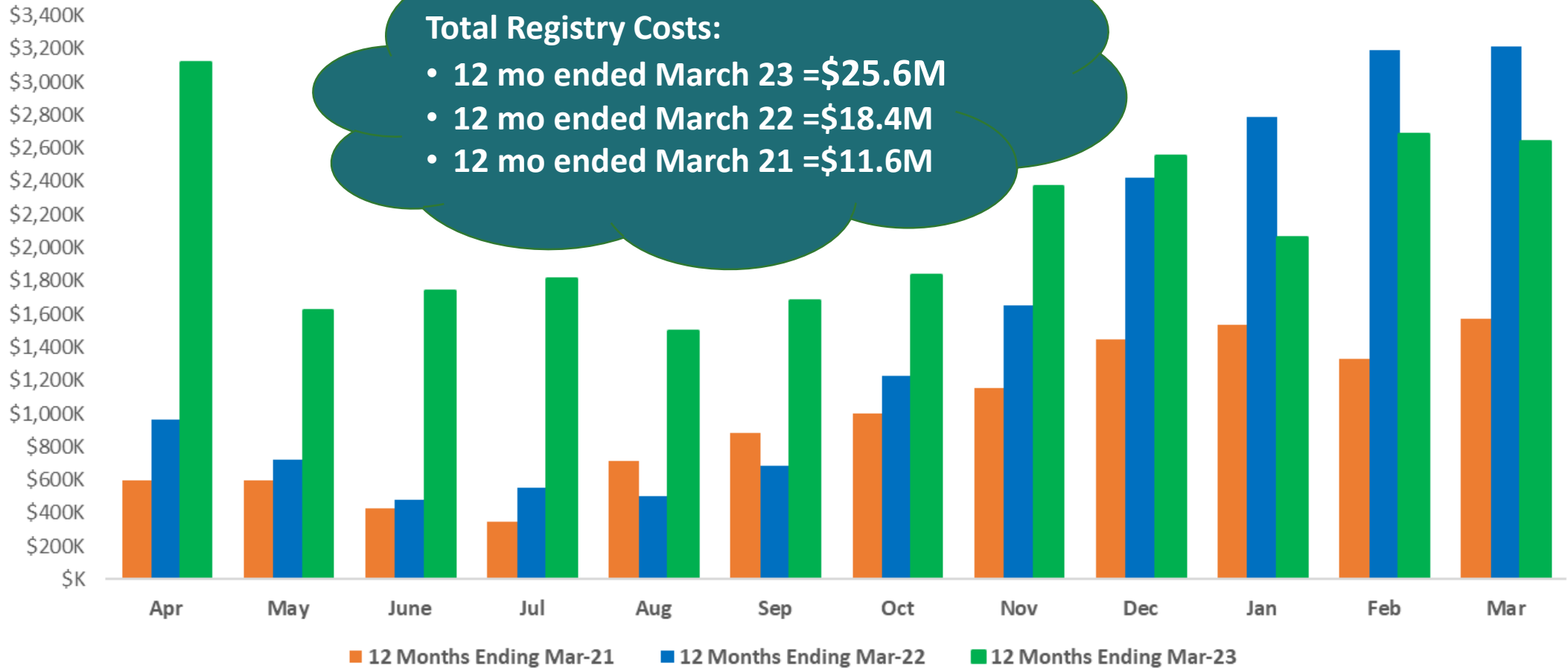
# Contract Labor FTE By Month FY22 and FY23 YTD March



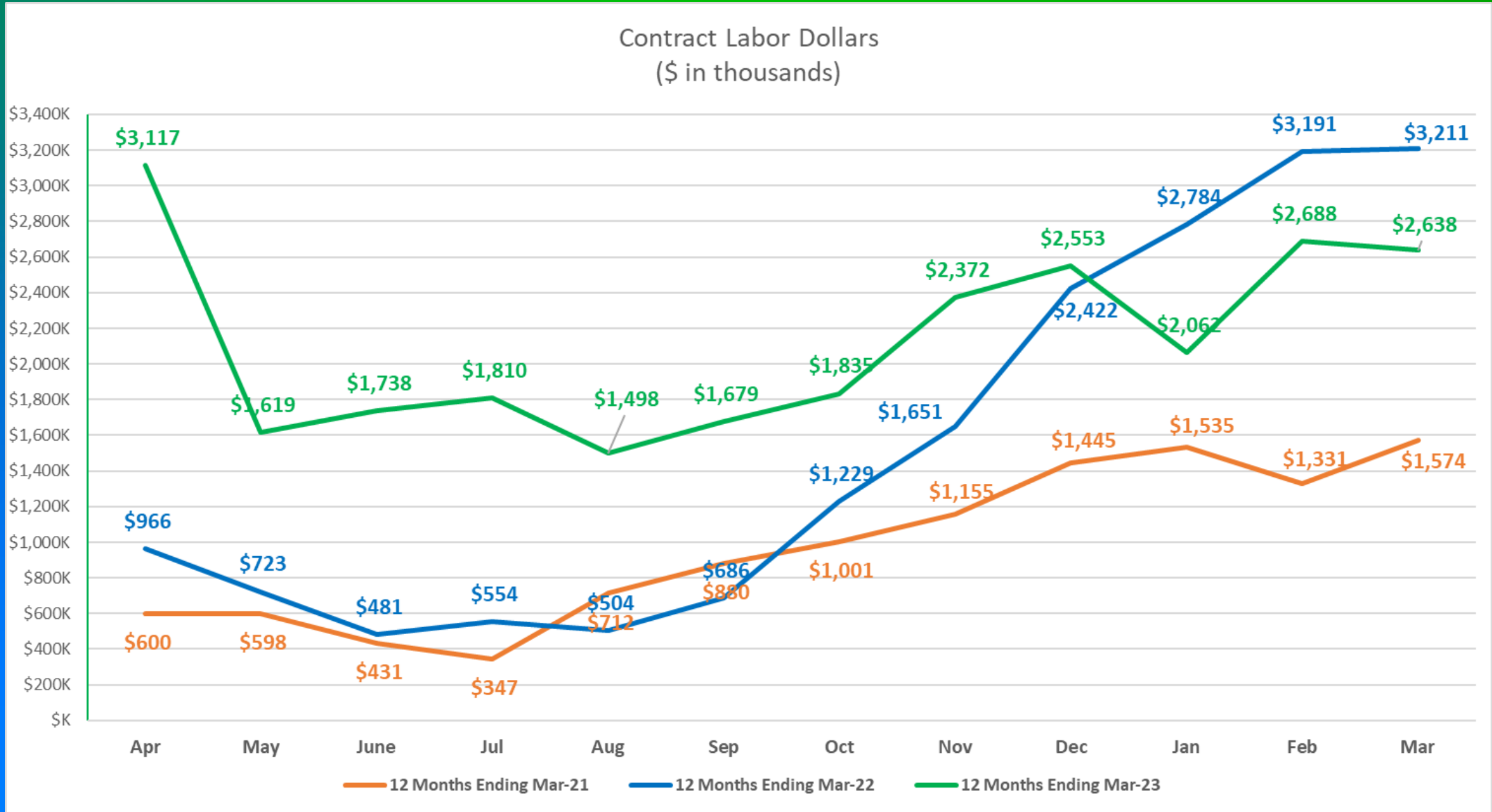
Contract labor continues to be utilized as direct result of staff shortages (national issue), and high volumes. Contract labor was down approximately 9 FTE in March compared to prior months. Both RNs (4 FTEs) and Non-RNs (5 FTEs) contract labor showed a reduction compare to the prior month.

# Contract Labor Utilization

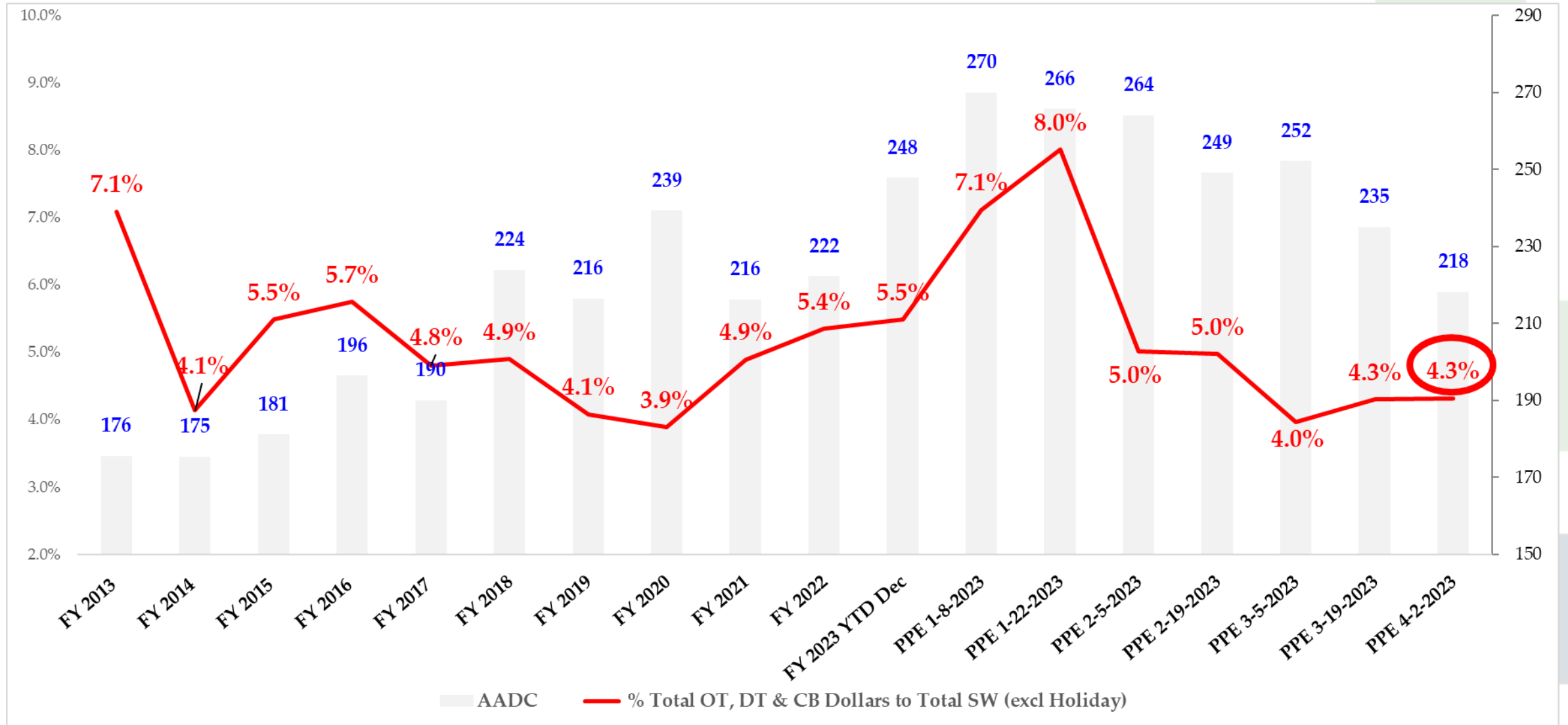
Contract Labor Dollars  
(\$ in thousands)



# Contract Labor – March 2023

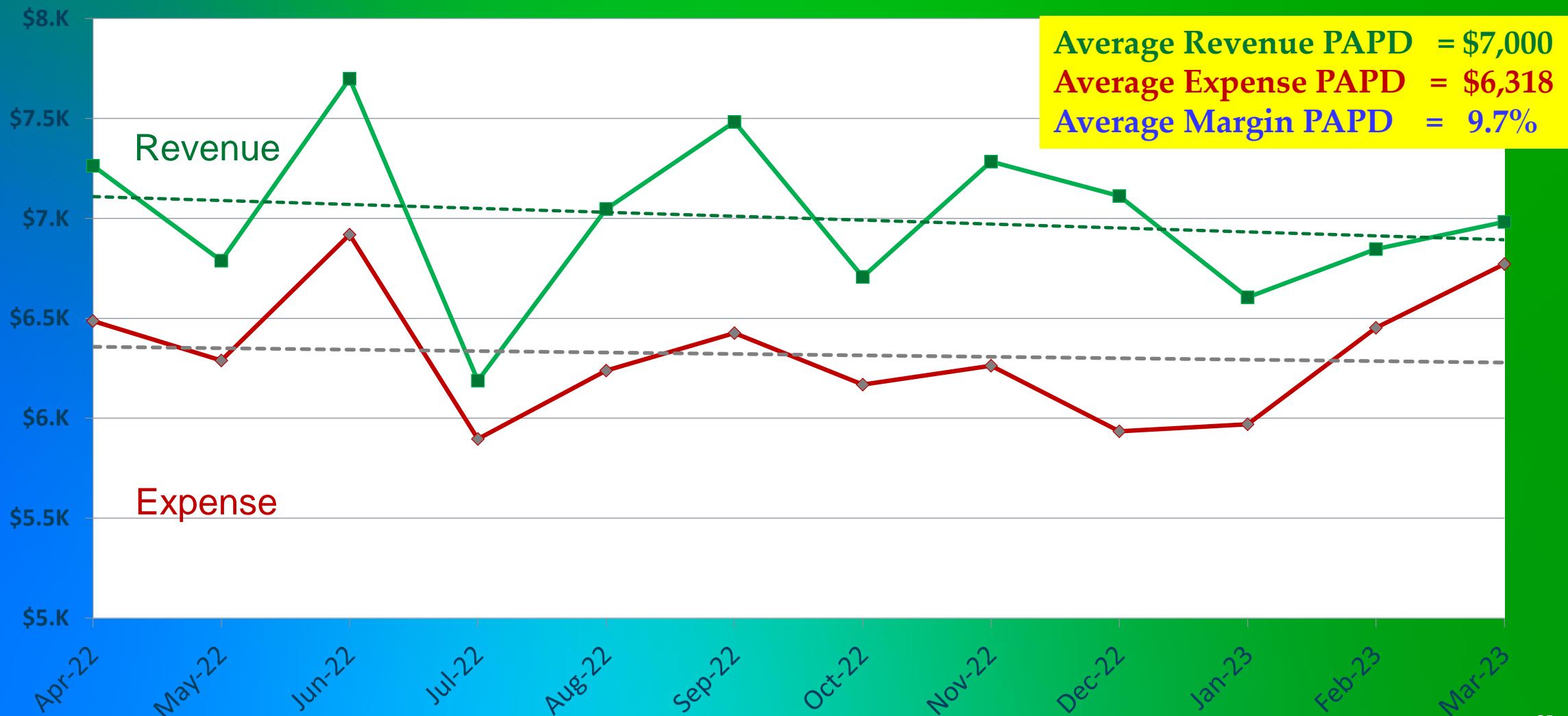


# % of Total OT, DT & CB Dollars to Total S&W Thru PPE 4-2-23



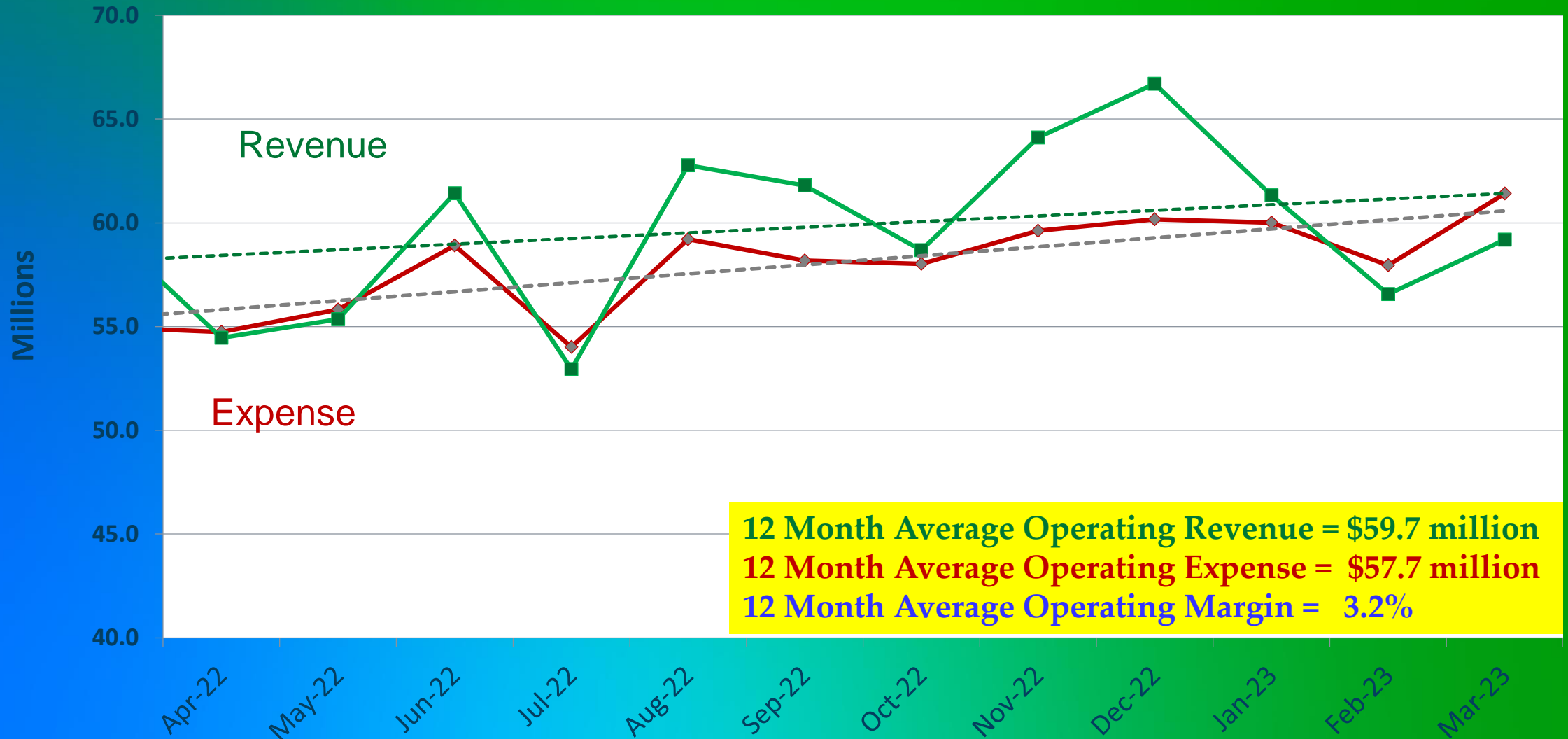
# SVH Revenues & Expenses Per Adjusted Patient Day (Normalized)

Rolling 12 Months: April 22 to March 23



# SVH Revenues & Expenses (Normalized)

Rolling 12 Months: April 22 to March 23



# Salinas Valley Health - Key Financial Indicators

Statistic	YTD 3/31/23	SVMHS Target	+/-	S&P A+ Rated Hospitals	+/-	YTD 3/31/22	+/-
Operating Margin*	2.9%	5.0%		4.0%		7.7%	
Total Margin*	4.7%	6.0%		6.6%		6.8%	
EBITDA Margin**	7.1%	7.4%		13.6%		11.6%	
Days of Cash*	329	305		249		348	
Days of Accounts Payable*	52	45		-		47	
Days of Net Accounts Receivable***	48	45		49		51	
Supply Expense as % NPR (SVHMC)	12.8%	14.0%		-		12.8%	
SWB Expense as % NPR (SVHMC)	53.1%	53.0%		53.7%		50.5%	
Operating Expense per APD* (SVHMC)	6,224	6,739		-		6,323	

\*These metrics have been adjusted for normalizing items

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

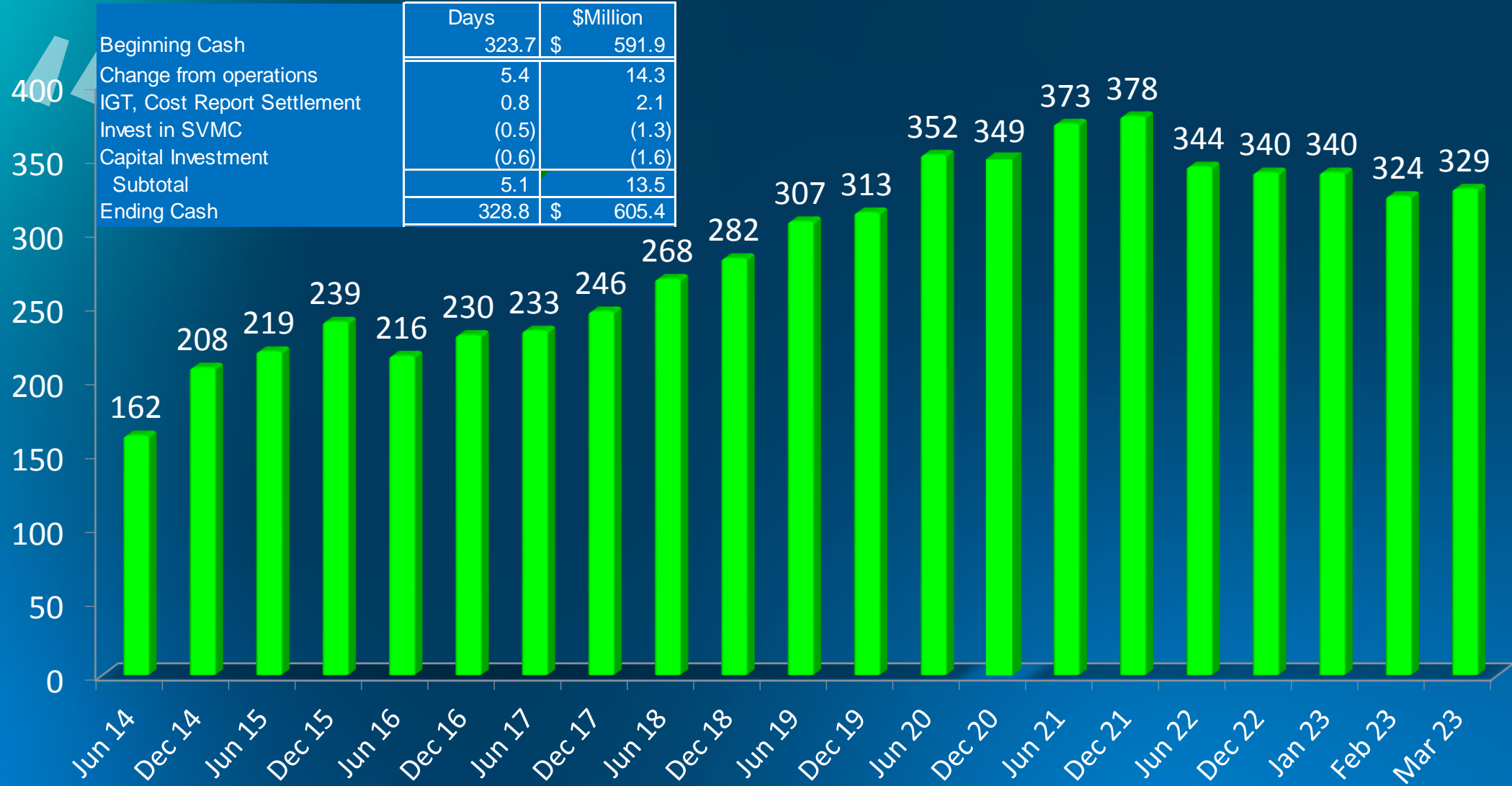
\*\*\*Metric based on 90 days average net revenue (consistent with industry standard)

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



# Salinas Valley Health

**Days Cash on Hand = 329 Days (\$605M) - March 2023**



# Assets Whose Use is Limited

	<u>March-23</u>	<u>YTD</u>
Beginning balance	\$ 155,834,594	\$ 148,632,659
Investment income or (loss)	1,541,435	2,685,393
Transfer	0	7,000,000
Ending balance	\$ 157,376,029	\$ 157,376,029

# Routine Capital Expenditures Through March 2023

Fiscal Month	FY 2023 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,666,667	417,301	1,249,366	Omnicell Conversion for Pharmacy Disbursing System	38,421
August	1,666,667	865,174	2,050,858	OB C-Section OR Room	10,153
September	1,666,667	1,452,278	2,265,247		
October	1,666,667	746,115	3,185,799		
November	1,666,667	704,795	4,147,670	Other Miscellaneous	2,751
December	1,666,667	2,079,034	3,735,303	Total Improvements	51,325
January	1,666,667	609,423	4,792,546	Ultrasound System for Ultrasound Department	149,736
February	1,666,667	981,650	5,477,563	Pharmacy Equipment for Disbursing System	103,567
March	1,666,667	446,191	6,698,038	Info System Network Equipment	69,527
April	1,666,667		8,364,705	Respiratory Ventilator for Intrahospital Patient Transports	60,534
May	1,666,667		10,031,372	Other Miscellaneous	11,501
June	1,666,667		11,698,038	Total Equipment	394,865
<b>YTD TOTAL</b>	<b>20,000,000</b>	<b>8,301,962</b>	<b>11,698,038</b>	<b>Grand Total</b>	<b>446,190</b>

# Questions / Comments

**Capital Spending Update**  
**Active Projects Approved By The Board**  
**FY2023 – March YTD**

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**Rolf Norman & Dave Sullivan**

# FY23 YTD March Capital Spending, Active Projects

Board Approvals Capital Projects From BOD Minutes Through March 2023						
	(1) Project Name	(2) Board Approved Month	(3) Board Approved Amount	(4) FY2023 Spend	(5) Total Project Spend Since Inception	(6) Under / (Over) Spend Since Inception
1	Parking Garage Annex Design/Build	Mar 20, Jan 21, Jul 21, & Jan 22	\$36,000,000	\$10,264,876	\$12,791,752	\$23,208,248
2	Surgery Addition + Seismic Retrofit, Master Plan	Aug 2019 & Sep 2019 & April 2022	\$12,821,264	\$1,420,474	\$6,698,993	\$6,122,271
2a	Surgery Addition/Patient Tower (included in #2)			\$1,006,910	\$1,010,982	
2b	Seismic Retrofit (included in #2)			\$250,482	\$250,482	
2c	Welcome Center (included in #2)			98,079.85	\$98,080	
3	212 San Jose Street Renovation/Development	January 2021 & December 2021	\$3,825,281	\$2,930,855	\$3,562,304	\$262,977
4	Renovations to 559 Abbott Street for Urology Services	Sep. 2022	\$3,379,628	\$169,400	\$169,400	\$3,210,228
5	Pharmacy Automation Upgrade & Service	June 2021	\$3,300,000	\$2,742,954	\$2,957,540	\$342,460
6	CT Equipment Replacement Project,	Aug 2022	\$3,139,050	\$134,544	\$166,432	\$2,972,618
7	Nuclear Medicine Equipment Replacement	Aug 2022	\$3,002,053	\$178,037	\$221,653	\$2,780,400
8	Elevator Modernization	December 2021	\$2,600,000	\$2,241	\$669,150	\$1,930,850
9	OB Cesarean Operating Room Project <b>[Completed]</b>	March 2021	\$1,030,202	\$170,247	\$1,093,997	<b>(\$63,795)</b>
10	Bulk Oxygen tank replacement project	Aug 2022	\$500,000	\$313,404	\$353,855	\$146,145
<b>Total</b>			<b>\$69,597,478</b>	<b>\$18,327,032</b>	<b>\$28,685,076</b>	<b>\$40,912,402</b>
<b>Other projects:</b>						
10	IT Switches, Servers, Network, Computers, AV Upgrades.	N/A		\$1,394,166		
11	All Other SVMH/SVMC Capital Spending	N/A		\$4,177,167		
<b>Grand Total</b>				<b>\$23,898,365</b>		

***QUESTIONS /  
COMMENTS?***

# *PUBLIC INPUT*



*CLOSED SESSION*

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

*RECONVENE OPEN SESSION/  
REPORT ON CLOSED SESSION*

*CONSIDER RECOMMENDATION  
FOR BOARD APPROVAL OF THE  
HUMAN CAPITAL MANAGEMENT  
PROJECT AS COMPETITIVE SOLUTION*

*(VERBAL)*

*(LOPEZ/CHILDS/PARKS)*

# **ADJOURNMENT**