



November 15, 2024

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 **BOARD OF DIRECTORS OF SALINAS VALLEY HEALTH¹** will be held **THURSDAY, NOVEMBER 21, 2024, AT 4:00 P.M., DOWNING RESOURCE CENTER, ROOMS A, B, & C, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.** (Visit <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/board-committee-meetings-virtual-link/> for Public Access Information).

A handwritten signature in dark ink, appearing to read "Allen Radner", written in a cursive style.

Allen Radner, MD
President/Chief Executive Officer

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

**REGULAR MEETING OF THE BOARD OF DIRECTORS
SALINAS VALLEY HEALTH¹**

**THURSDAY, NOVEMBER 21, 2024, 4:00 P.M.
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Health Medical Center
450 E. Romie Lane, Salinas, California**

(Visit salinasvalleyhealth.com/virtualboardmeeting for Public Access Information)

AGENDA

Presented By

1. CALL TO ORDER / ROLL CALL	<i>Victor Rey, Jr.</i>
2. CLOSED SESSION <i>(See Attached Closed Session Sheet Information)</i>	<i>Victor Rey, Jr.</i>
3. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION <i>(Estimated time 4:30 pm)</i>	<i>Victor Rey, Jr.</i>
4. AWARDS & RECOGNITION	<i>Allen Radner, M.D.</i>
5. PUBLIC COMMENT 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.	<i>Victor Rey, Jr.</i>
6. BOARD MEMBER COMMENTS AND REFERRALS	<i>Board Members</i>
7. CONSENT AGENDA - GENERAL BUSINESS <i>(Board Member may pull an item from the Consent Agenda for discussion.)</i> A. Minutes of the Regular Meeting of the Board of Directors October 24, 2024 B. Policies Requiring Approval 1. Care for the Caregiver 2. Fair Market Value 3. Inpatient Nutrition Assessment for Adults and Pediatric Patients 4. Management of Breast Engorgement 5. Nasal Pharyngeal Wash Out 6. Neonatal Peripherally Inserted Central Catheters 7. Nutrition Screening 8. Outpatient Nutrition Screening and Assessment 9. Scope of Service: Outpatient Infusion Center 10. Vent Mobilization for Critically Ill Patients in the Intensive Care Unit: Multidisciplinary Mobilization Guidelines	<i>Victor Rey, Jr.</i>

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

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

8. REPORTS ON STANDING AND SPECIAL COMMITTEES

A. QUALITY AND EFFICIENT PRACTICES COMMITTEE

Catherine Carson

Minutes of the November 11, 2024 Quality and Efficient Practices Committee meeting have been provided to the Board for their review. Additional Report from Committee Chair, if any.

B. FINANCE COMMITTEE

*Joel Hernandez
Laguna*

Minutes of the November 18, 2024 Finance Committee meeting have been provided to the Board for their review. The Financial Report of the October 21, 2024 Finance Committee has been provided for review (informational) The following recommendations have been made to the Board.

1. Consider Recommendation for Board Approval of Preliminary Project Budget and Awarding Contract for Design and Engineering Services in conjunction with the Chiller and Lab Air Handling Unit Replacement Projects
 - Questions to Committee Chair/Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote
2. Board Ratification and Approval of Competitive Solicitation and Contract Award for Epic Acute Project Consultant Engagement with Huron Consulting Services, LLC
 - Questions to Committee Chair/Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote
3. Consider Recommendation for Board Approval for the lease of an Intuitive, Da Vinci 5 Surgical Robotics System
 - Questions to Committee Chair/Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote

C. CORPORATE COMPLIANCE AND AUDIT COMMITTEE

Juan Cabrera

Minutes of the November 11, 2024 Corporate Compliance and Audit Committee meeting have been provided to the Board for their review. The following recommendations have been made to the Board.

1. Consider Recommendation for Board of Directors Approval of the Years Ended 2024 and 2023 Draft Audited Financial Statements for Salinas Valley Memorial Healthcare System.
 - Questions to Committee Chair/Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote
2. Consider Recommendation for Board of Directors Approval of the Years Ended 2023 and 2022 Draft Audited Financial Statements for the Salinas Valley Memorial Healthcare District Employee's Pension Plan.
 - Questions to Committee Chair/Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote

D. COMMUNITY ADVOCACY COMMITTEE

Rolando Cabrera, M.D.

Minutes of the November 13, 2024 Community Advocacy Committee meeting have been provided to the Board for their review. Additional Report from Committee Chair, if any.

9. CONSIDER APPROVAL OF (i) FINDINGS SUPPORTING RECRUITMENT OF DANIEL YOUNG SHIN, M.D., (ii) CONTRACT TERMS FOR DR. SHIN'S RECRUITMENT AGREEMENT, AND (iii) CONTRACT TERMS FOR DR. SHIN'S MAMMOGRAPHY AND DIAGNOSTIC IMAGING PROFESSIONAL SERVICES AGREEMENT

Tim Albert, M.D.
Orlando Rodriguez, M.D.

1. The Findings Supporting Recruitment of Daniel Young Shin, M.D.:
 - That the recruitment of a radiologist specializing in mammography and diagnostic imaging to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
2. The Contract Terms of the Recruitment Agreement for Dr. Shin; and

3. The Contract Terms of the Mammography and Diagnostic Imaging Professional Services Agreement for Dr. Shin.

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

10. CONSIDER APPROVAL OF (i) FINDINGS SUPPORTING RECRUITMENT OF JIWAN “JIM” TOOR, D.O., (ii) CONTRACT TERMS FOR DR. TOOR’S RECRUITMENT AGREEMENT, AND (iii) CONTRACT TERMS FOR DR. TOOR’S FAMILY MEDICINE PROFESSIONAL SERVICES AGREEMENT

Tim Albert, M.D.

Orlando Rodriguez, M.D.

1. The Findings Supporting Recruitment of Jiwan “Jim” Toor, D.O.:

- That the recruitment of a family medicine physician to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
- That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;

2. The Contract Terms of the Recruitment Agreement for Dr. Toor; and

3. The Contract Terms of the Family Medicine Professional Services Agreement for Dr. Shin.

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

11. CONSIDER APPROVAL OF (i) FINDINGS SUPPORTING RECRUITMENT OF PHYSICIANS TO SALINAS VALLEY EMERGENCY MEDICAL GROUP (SVEMG) AND APPROVAL OF RECRUITMENT INCENTIVES

Tim Albert, M.D.

Orlando Rodriguez, M.D.

1. The Findings Supporting Recruitment of Emergency Medicine Physicians:

- The the assistance by Salinas Valley Health (SVH) in the recruitment of emergency medicine physicians is in the best interest of the public health of the communities served by the District; and
- That the recruitment incentives requested are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District;

2. Approve the recruitment incentives for Emergency Medicine Physicians in the amount of \$25,000 for each physician up to a maximum of three recruited physicians to be set forth in Recruitment Agreements among SVH, SVEMG and each physician.

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

12. REPORT ON BEHALF OF THE MEDICAL EXECUTIVE COMMITTEE (MEC) MEETING OF NOVEMBER 7, 2024, AND RECOMMENDATIONS FOR BOARD APPROVAL OF THE FOLLOWING:

Rakesh Singh, M.D.

A. Reports

1. Credentials Committee Report
2. Interdisciplinary Practice Committee Report

B. Policies/Procedures/Plans and Agreements Recommended for Approval:

1. Code Stroke
 2. Event Related Sterilization Maintenance
 3. Infection Prevention Program Plan
 4. Laboratory Critical Call Values
 5. Pain Management
 6. Physician Assistant – Clinical Privileges/Practice Agreement
 7. Vaginal Bleeding Nursing Standardized Procedure
- Questions to Chief of Staff
 - Motion/Second
 - Public Comment
 - Board Discussion/Deliberation
 - Action by Board/Roll Call Vote

13. EXTENDED CLOSED SESSION *(if necessary)*

Victor Rey, Jr.

14. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

Victor Rey, Jr.

15. CONSIDERATION FOR APPROVAL OF REORGANIZATIONAL PLAN FOR BLUE ZONE PROGRAMS AND SERVICES

Allen Radner, M.D.

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

16. ADJOURNMENT

Victor Rey, Jr.

The next Annual Meeting of the Board of Directors is scheduled for
Thursday, December 19, 2024, at 4:00 p.m.

The Board packet is available at the Board Meeting, at <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/meeting-agendas-packets/2024/>, and in the Human Resources Department of the District located at 611 Abbott Street, Suite 201, Salinas, California, 93901. 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 831-759-3050. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

SALINAS VALLEY HEALTH BOARD OF DIRECTORS
NOVEMBER 21, 2024
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

HEARINGS/REPORTS

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

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

1. Report of the Medical Staff Quality and Safety Committee
 - Lab Utilization Report
 - Care Continuum Support
 - Health Equity
 - Leapfrog
2. Consent Agenda:
 - Laboratory services
 - Sepsis
 - Service Excellence/Patient Experience
 - Organ/Tissue Procurement
 - Code Blue
 - Community/Volunteer Services
 - Outpatient Cardiology Cardiovascular Diagnostics (formerly CDOC)
 - Taylor Farms Family Health & Wellness Center
 - Sleep Medicine
 - Critical Care/Progressive Care Service Line
 - Pharmacy & Therapeutics/Infection Prevention – Includes MERP Plan update

CONFERENCE WITH LABOR NEGOTIATOR

(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session): Allen Radner, M.D.

Employee organization: (Specify name of organization representing employee or employees in question): California Nurses Association, or

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

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 Secret, Strategic Planning, Proposed New Programs and Services

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

CONFERENCE WITH LEGAL COUNSEL-ANTICIPATED LITIGATION

(Government Code §54956.9(d)(2))

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

Additional information required pursuant to Section 54956.9(e): Attorney General of California, Office of HealthCare Affordability

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

Under Consultation With Alysha Hyland, Chief Administrative Officer.

ADJOURN TO OPEN SESSION

CALL TO ORDER/ROLL CALL

(VICTOR REY, JR.)

CLOSED SESSION

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

(VICTOR REY, JR.)

*RECONVENE OPEN SESSION/
CLOSED SESSION REPORT*

(VICTOR REY, JR.)

AWARDS AND RECOGNITION

(Verbal)

(DR. RADNER)

PUBLIC COMMENT

BOARD MEMBER COMMENTS

AND REFERRALS

(VERBAL)

DRAFT SALINAS VALLEY HEALTH¹
REGULAR MEETING OF THE BOARD OF DIRECTORS
MEETING MINUTES
OCTOBER 24, 2024

Board Members Present: President Victor Rey, Jr., appearing via videoconference pursuant to Government Code Section 54953(b)(2); Vice-President Joel Hernandez Laguna, Juan Cabrera, and Catherine Carson;

Absent: Rolando Cabrera, M.D.;

Also Present:

Allen Radner, MD, President/Chief Executive Officer

Rakesh Singh, MD, Chief of Staff

Matthew Ottone, Esq., District Legal Counsel, via teleconference

Hanna Hitchcock, Office of Ottone and Leach

Kathie Haines, Executive Support

Victor Rey, Jr., left the meeting at 4:25 p.m.

1. CALL TO ORDER/ROLL CALL

A quorum was present and Vice-President Hernandez Laguna called the meeting to order at 4:02 p.m. in the Downing Resource Center, Rooms A, B, and C.

2. CLOSED SESSION

Vice-President Hernandez Laguna announced items to be discussed in Closed Session as listed on the posted Agenda are *(1) Hearings and Reports, (2) Conference with Labor Negotiator-California Nurses Association, (3) Reports Involving Trade Secret-Trade Secret, Strategic Planning, Proposed New Programs and Services, (4) Conference with Legal Counsel Anticipated Litigation, and (5) Public Employee Performance Evaluation*. The meeting recessed into Closed Session under the Closed Session Protocol at 4:03 p.m. The Board completed its business of the Closed Session at 4:24 p.m.

3. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Board reconvened Open Session at 4:34 p.m. Vice-President Hernandez Laguna reported that in Closed Session, the Board discussed *(1) Hearings and Reports, and (2) Conference with Labor Negotiator-California Nurses Association*. The Board received and accepted the reports listed on the Closed Session agenda.

Vice-President Hernandez Laguna announced there is a need for an extended closed session. The items to be discussed in Extended Closed Session will be *(1) Reports Involving Trade Secret-Trade Secret, Strategic Planning, Proposed New Programs and Services, (2) Conference with Legal Counsel Anticipated Litigation and (3) Public Employee Performance Evaluation*.

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4. AWARDS AND RECOGNITION

Dr. Radner announced it was his pleasure to open the Awards and Recognition portion of the Board of Directors. The following was presented:

- **STAR Award: Juana Ponce, Environmental Services Aide:** Clement Miller, COO, stated Juana Ponce was not able to attend. Juana has been with SVH for 19 years. She was nominated by nurse Rachel Wiley who shared, “Juana Ponce is an amazing asset to our team here on 1 Main. She not only keeps the unit immaculately clean, but she also has a warm and positive demeanor that lifts the staff and patients. She goes above and beyond her duty of keeping the unit tidy, and it is obvious that she truly cares about her job, her coworkers, the patients, and this institution. Juana makes real connection with the patients. she works so hard and is valued by the staff.” Clement said SVH is very proud of her.
- **Hope Warriors Relay for Life:** Agnes Lalata, Director Med/Surg and Jessica Valero, Cancer Resource Center Manager, recognized the Relay for Life Team who made the event successful. There was so much success, with a lot of support the day of the event. Hope Team Warriors thanked the Board for the recognition.
- **Community Health Day/Gonzales:** Claudia Pizzaro Villalobos, Director Marketing and Communications, reported the Community Health Day in Gonzales was held on October 12th in Gonzales Central Park. It was a huge success. Flu vaccines were offered (185). There were 16 resource tables, diaper distribution and a Mixteco interpreter. The Monterey County Food bank provided free tacos and produce.

Board Comments: Director Hernandez Laguna stated it was a great family event.

5. PUBLIC COMMENT:

None.

6. BOARD MEMBER COMMENTS AND REFERRALS

Director Juan Cabrera: None.

Director Catherine Carson: None

Director Joel Hernandez Laguna: He has watched a great podcast on new physicians in Gonzales. He has received feedback from constituents of great care at the hospital.

7. CONSENT AGENDA – GENERAL BUSINESS

Recommend Board Approval of the Following:

- A. Minutes of the Regular Meeting of the Board of Directors September 26, 2024
- B. Policies Requiring Approval
 1. AB 1234 Ethics Training
 2. Financial Assistance Program/Full Charity Care & Discount Partial Charity Care
 3. Insertion of Peripherally Inserted Central Catheters (PICC) Using Ultrasound Guidance for Adult Patients
 4. IV Therapy: Peripheral
 5. Meditech System Access
 6. Paid Time Off (PTO) - Affiliated Employees

7. Paid Time Off (PTO) - Non-Affiliated
8. Phototherapy
9. Skin Assessment, Pressure Injury - Identification, Prevention and Treatment
10. Standards of Ethical Business Practices

PUBLIC COMMENT:

None.

BOARD MEMBER DISCUSSION: The Board Members are up to date on their ethics training.

MOTION:

Upon motion by Director Cabrera, second by Director Carson, the Board of Directors approved the Consent Agenda, Items (A) and (B), as listed above.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

8. REPORTS ON STANDING AND SPECIAL COMMITTEES

A. QUALITY AND EFFICIENT PRACTICES COMMITTEE

A report was received from Director Catherine Carson regarding the Quality and Efficient Practices Committee. The minutes were provided for Board review.

B. FINANCE COMMITTEE

A report was received from Director Joel Hernandez Laguna regarding the Finance Committee. The minutes were provided for Board review. The following recommendations have been made to the Board of Directors.

1. Consider Recommendation for Board Approval of Stryker Power Upgrade.

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: None; the item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Carson, and second by Director Cabrera the Board of Directors approves the purchase of the Stryker Power 9 in the amount of \$708,113.00. Capital purchase cost of the Stryker Power 9 is \$550,562.00 with two (2) months prorated service in the amount of \$12,119.00 and a two (2) year service agreement in the amount of \$157,551.00 with ProCare.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

2. **Consider Recommendation for Board Approval of Amendment Number One to Lease Agreement to Expand the Space for Epic Inpatient Training Space at 928 East Blanco Road, Salinas Between SVH and Rancho Llano Development, LLC.**

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: None; the item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Cabrera, and second by Director Carson, the Board of Directors approves Amendment Number One to Lease Agreement to Expand the Space for Epic Inpatient Training Space at 928 East Blanco Road, Salinas Between SVH and Rancho Llano Development, LLC.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

3. **Consider Recommendation for Board Approval of the MetTel Carrier Services Contract for Three Years as Sole Source Justification and Contract Award.**

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: None; the item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Carson, and second by Director Cabrera, the Board of Directors approves the MetTel contract in the amount of \$496,800 over a three-year term as sole source and contract award.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

4. **Consider Recommendation for Board Approval of the Artificial Intelligence Empowered Clinical Documentation for Epic Solution through Competitive Solicitation and Contract Award to Abridge AI, Inc.**

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: Is the contract for a set number of physicians? We will buy a certain number of licenses at a time. This is currently under negotiation and the goal is increments of 20-25. The item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Cabrera, and second by Director Carson, the Board of Directors approves the artificial intelligence empowered clinical documentation for Epic solution through competitive solicitation and contract award to Abridge AI, Inc., in the amount of \$808,000 for a 15-month term.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

5. Consider Recommendation for Board Approval of Preliminary Project Budget and Awarding Contract to Treanor for Design and Engineering Services in conjunction with the MRI Installation Project.

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: None; the item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Carson, and second by Director Cabrera, the Board of Directors approves the overall preliminary project budget for MRI Installation in the amount of \$8,000,000. In addition, we recommend approving the award of the professional services agreement to Treanor, Inc., for the design and engineering of the MRI Installation Project, in the amount of \$522,425, as presented.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

6. Consider Recommendation for Board of Directors Approval of Construction Budget to furnish, install, and activate a temporary emergency department overflow trailer facility to replace ‘covid-era’ tents at 450 E. Romie.

PUBLIC COMMENT: None.

BOARD MEMBER DISCUSSION: Director Hernandez Laguna reported the Board brought this project to administration after touring the ED with staff. Administration and Clement Miller were thanked for leading the effort with an aggressive timeline. The item was fully vetted in the Finance Committee meeting, which was attended by all Board members present at the Board meeting.

MOTION:

Upon motion by Director Cabrera, and second by Director Carson, the Board of Directors approves funding the temporary two-trailer ‘mobile unit’ emergency department facility at 450 E. Romie in an amount Not-To-Exceed \$1,783,683.00.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

C. TRANSFORMATION, STRATEGIC PLANNING AND GOVERNANCE COMMITTEE

The minutes were provided for Board review. No actions were taken.

9. CONSIDER APPROVAL OF (i) FINDINGS SUPPORTING RECRUITMENT OF LIOR TAICH, MD, (ii) CONTRACT TERMS FOR DR. TAICH'S RECRUITMENT AGREEMENT, AND (iii) CONTRACT TERMS FOR DR. TAICH'S UROLOGY PROFESSIONAL SERVICES AGREEMENT

PUBLIC COMMENT: None.

BOARD DISCUSSION: Dr. Taich is a Uro-Oncologist, well trained and we are excited to have him and his training will improve services available to our patients locally.

MOTION:

Upon motion by Director Carson, and second by Director Cabrera, the Board of Directors approves

1. The Findings Supporting Recruitment of Lior Taich, M.D.:
 - That the recruitment of a urologist to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
2. The Contract Terms of the Recruitment Agreement for Dr. Taich; and
3. The Contract Terms of the Urology Professional Services Agreement for Dr. Taich.

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

10. REPORT ON BEHALF OF THE MEDICAL EXECUTIVE COMMITTEE (MEC) MEETING ON OCTOBER 10, 2024, AND RECOMMENDATION FOR BOARD APPROVAL OF THE FOLLOWING:

Rakesh Singh, MD, Chief of Staff, reviewed the reports of the Medical Executive Committee (MEC) meeting of October 10, 2024, and Policies/Procedures/Plans revisions. A full report was provided in the Board packet.

Recommend Board Approval of the Reports and Policies/Procedures/Plans as listed on the Agenda.

PUBLIC COMMENT: None.

BOARD DISCUSSION: None.

MOTION:

Upon motion by Director Cabrera, second by Director Carson, the Board of Directors receives and accepts the Medical Executive Committee Credentials Committee Report, and approves the Policies, Procedures, Plans, as follows:

A. Reports

1. Credentials Committee Report (Including the following)
 - Otolaryngology -Clinical Privileges Delineation
2. Interdisciplinary Practice Committee Report (Including the following)
 - Chest Pain/Cardiovascular Nursing Standardized Procedure

B. Policies/Procedures/Plans:

1. Emergency Management Program Plan
2. Sedation Guidelines

ROLL CALL VOTE:

Ayes: J. Cabrera, Carson, Hernandez Laguna;

Noes: None;

Abstentions: None;

Absent: R. Cabrera, M.D., Rey.

Motion Carried

11. EXTENDED CLOSED SESSION

Vice-President Hernandez Laguna announced items to be discussed in Extended Closed Session are *(1) Reports Involving Trade Secret-Trade Secret, Strategic Planning, Proposed New Programs and Services, (2) Conference with Legal Counsel Anticipated Litigation, and (3) Public Employee Performance Evaluation*. The meeting recessed into Closed Session under the Closed Session Protocol at 5:05 p.m. The Board completed its business of the Closed Session at 6:25 p.m.

12. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Board reconvened Open Session at 6:26 p.m. Vice-President Hernandez Laguna reported that in Extended Closed Session, the Board discussed *(1) Reports Involving Trade Secret-Trade Secret, Strategic Planning, Proposed New Programs and Services, (2) Conference with Legal Counsel Anticipated Litigation, and (3) Public Employee Performance Evaluation*.

No action was taken.

13. ADJOURNMENT

The next Regular Meeting of the Board of Directors is scheduled for **Thursday, November 21, 2024, at 4:00 p.m.** There being no further business, the meeting was adjourned at 6:28 p.m.

Rolando Cabrera, MD
Secretary, Board of Directors

Memorandum

To: Board of Directors

From: Clement Miller, COO

Date: November 21, 2024

Re: Policies Requiring Approval

As required under Title 22, CMS, and The Joint Commission (TJC), please find below a list of regulatory required policies with summary of changes that require Board of Directors approval.

	Policy Title	Summary of Changes	Responsible Exec
Consent Agenda Policies			
1.	Care for the Caregiver	No changes. Regularly scheduled update.	Carla Spencer, CNO
2.	Fair Market Value	Update policy to address broader considerations for determining FMV analysis	Gary Ray, CLO
3.	Inpatient Nutrition Assessment for Adults and Pediatric Patients	Updated policy to include pediatric assessment criteria (this was omitted previously). Updated assessment and follow-up procedures based on new Aramark policies (new priority points to assign risk levels and follow-up dates- added the Nutrition Care Process); added Nutrition Focused Physical Exam and Malnutrition procedures along with reference from ASPEN/Academy of Nutrition and Dietetics. Attachments added: Adult Priority Points, Pediatric Priority Points, Nutrition Risk Flow Chart, and ASPEN/Academy of Nutrition and Dietetics Malnutrition article.	Clement Miller, COO
4.	Management of Breast Engorgement	References updated	Carla Spencer, CNO
5.	Nasal Pharyngeal Wash Out	No changes. Regularly scheduled update.	Clement Miller, COO
6.	Neonatal Peripherally Inserted Central Catheters	Updated reference and made a few minor changes to the securement practices per the updated guideline.	Carla Spencer, CNO
7.	Nutrition Screening	Added new, evidence-based pediatric screening tool, PNST (previously omitted). Added continuous monitoring criteria (table) per new Aramark policy for screening patients.	Clement Miller, COO
8.	Outpatient Nutrition Screening and Assessment	Created separate Outpatient Nutrition Assessment policy (previously combined with Inpatient Nutrition Assessment policy) outlining procedures for the Oncology Outpatient Infusion Center and the Outpatient Cardiac Rehabilitation Program.	Clement Miller, COO

	Policy Title	Summary of Changes	Responsible Exec
9.	Scope of Service: Outpatient Infusion Center	Updates from SVMH to Salinas Valley Health and Outpatient Infusion Center where applicable. Update to age of patients and visitors in treatment areas and lobby. Update to organizational structure.	Carla Spencer, CNO
10.	Vent Mobilization for Critically Ill Patients in the Intensive Care Unit: Multidisciplinary Mobilization Guidelines	Replaced Table 1 due to two changes as well as a numerical edit to B (under all patients admitted to ICU).	Clement Miller, COO
MEC Policies			
1.	Code Stroke	References updated	Tim Albert, CCO
2.	Event Related Sterilization Maintenance	Changed to procedure. Updated referenced.	Clement Miller, COO
3.	Infection Prevention Program Plan	Formatting updated. Edits made to align with current practice.	Tim Albert, CCO
4.	Laboratory Critical Call Values	Changed critical threshold values for new Gentamicin/Vancomycin (random/trough/peak) tests based on Pharmacy and Infectious Disease request. Previously Gentamicin/Vancomycin orderable tests did not distinguish between type (random/trough/peak). Gentamicin critical values unchanged. Previous Vancomycin critical value was >80ug/mL. Added critical threshold value for Tobramycin (previously not present).	Clement Miller, COO
5.	Pain Management	Added CPOT language and attachment to capture pain scale used by ICU for critically ill pts. Added the new CPOT pain scale that ICU will begin using for identifying pain in critically ill patients. Also added a few lines under b. in body of policy for CPOT language. Updated references, already approved at P&P committee pending references.	Carla Spencer, CNO
6.	Vaginal Bleeding Nursing Standardized Procedure	Orders initiated prior to physician evaluation removed.	Carla Spencer, CNO



Last Approved N/A
Next Review 3 years after approval

Owner Carla Spencer:
Chief Nursing Officer
Area Administration

Care for the Caregiver

I. POLICY STATEMENT

A. NA

II. PURPOSE

- A. To provide guidelines and structure for offering emotional first aid and support for staff and physicians after an unanticipated/adverse harm or traumatic event.
- B. To develop and implement a 24/7 support system inclusive of all staff, providers and contracted staff of Salinas Valley Health Medical Center (SVHMC), which acknowledges and identifies difficult situations.
- C. To develop a program that is grounded in a philosophy of healing, empathy, support, compassion, trust and confidentiality that respects and maintains the integrity of those impacted.

III. DEFINITIONS

- A. **Adverse/Harm event:** An unanticipated event that may have, or did result in, harm.
- B. **Care for caregiver:** Emotional first aid provided to a person who is involved in an unexpected health care or other emotionally traumatic event.
- C. **Debriefing:** Process of holding a post-event discussion about what happened during the event. The discussion may include input from participants regarding what occurred, what worked well, what could be improved, or personal feelings associated with the event. The scope and purpose of the debriefing should be established in the opening comments. A debriefing is not an investigation and is separate and apart from a peer supporter interaction.
- D. **Harm:** Any measurable amount of physical, discernable, or financial injury
- E. **Peer supporter:** A trained member of the Care for the Caregiver Peer Support Team who is available to respond to physicians or personnel to offer and provide emotional first aid

following a harm, adverse, or emotionally traumatic event

- F. **Traumatic event:** An experience in the workplace that causes emotional upheaval or has the potential to impact the well-being of staff in the work environment. Examples of a traumatic event include but are not limited to, the following:
- Workplace violence event
 - Severe injury or death to a patient, staff, or visitor
 - Medical error
 - Unanticipated patient harm or death (especially when the age or other characteristics remind the individual of a family member or loved one)
 - Sudden loss of a co-worker
 - Collective, significant personal loss
 - Multiple deaths in a clinical area
 - Seriously troubled staff creating havoc with multiple staff members
 - Actual suicidal or homicidal attempts by a patient, staff, or visitor
 - Unanticipated patient death (Pediatric)
- G. **Triggering event:** An adverse, unanticipated, or traumatic event.

IV. GENERAL INFORMATION

- A. SVHMC recognizes the potential emotional and psychological impact that harm and emotionally traumatic events can have on persons. To that end, this organization is committed to providing support and care for our caregivers; staff and physicians, impacted by emotionally traumatic events.
- B. The Care for the Caregiver process is part of the Beta HEART program. As such, all program related referrals and encounters are maintained in a confidential manner and as part of the patient safety work product. The effectiveness and evaluation of the Care for the Caregiver program is reported in accordance with the Quality Oversight Structure

V. PROCEDURE

- A. Care for the Caregiver program can be activated by anyone in response to a harm or emotionally traumatic event that triggers the need for emotional support.
- B. Activation of the program will be accomplished through communication to the Care for Caregiver Intake Coordinator.
1. The Critical Care and Emergency Department Director functions as Care for Caregiver Intake Coordinator. The Care for the Caregiver Intake Coordinator can be reached via telephone and/or secure texting. In the event the Intake Coordinator is unavailable, the Patient Experience Team should be contacted. After hours, contact should go to the Administrative Supervisor who will then contact the appropriate people for response.
 2. Upon activation, the Care for Caregiver Intake Coordinator may need to contact the

involved individual or their Director/Manager to determine the level of post event support and resources needed. Resources and referrals may include but are not limited to Care for the Caregiver Peer Support Team member, Staff Assistance Program, Chaplain/Pastoral Services, or external access to a higher level of psychological support.

3. **Tier One Activation:** Department/Unit level support will be provided by unit Director/Manager, fellow team member/colleague, supervisor, or department chair. Support includes:
 - a. Connect with affected individual(s)
 - b. Provide one-on-one reassurance and/or professional support
 - c. Reaffirm confidence in individual
 - d. Assist with contacting the Care for Caregiver Intake Coordinator, to determine if additional resources are needed
 - e. Assist individual to temporarily leave unit and go to the designated 'Safe Space' or other suitable area to process the event.
 - f. Consider relieving involved individuals of duties for balance of shift and longer if necessary through collaboration with Administrative Nursing Supervisor and Department Leader.
 - g. Check on staff member regularly after initial interaction
 - h. Notify individual of next steps, if any
4. **Tier Two Activation:** Upon receipt of notification, the Intake Coordinator will gather initial information, triage the call, and provide a handoff report to a trained peer supporter or resource as needed.
 - a. Intake information includes: Date and time of request, name of involved staff member, unit, type of event, effectiveness of tier one support, any special concerns, etc.
 - b. Trained peer supporter may receive request for peer support from anyone; however, the peer supporter should notify the Intake Coordinator if the request is made outside of the formal activation process,
 - c. The peer supporter will respond by phone to provide support to involved staff/physician; and be prepared to respond to the unit if immediate personal response is needed
5. Peer supporter will (in addition to support provided in Tier One):
 - a. Provide one-on-one crisis intervention
 - b. Demonstrate active listening techniques
 - c. Offer support
 - d. Redirect conversation as needed to focus on individual rather than event
 - e. "Be there" for the staff member
 - f. Evaluate and determine the need for referral to Tier 3 support for

- additional assistance as needed
 - g. Document on the Peer Support Encounter form
 - h. Participate in ongoing team meetings and education
6. **Tier Three Support** may be triggered by the peer supporter, Director/Manager, a colleague or the individual when needed. Additional resources include but are not limited to:
- a. Staff Assistance Program
 - b. Social Work
 - c. Chaplain
 - d. Clinical Psychologist
 - e. Other as designated by organization
7. Individuals manifesting signs consistent with impairment will be managed according to the organization's process for evaluating potentially impaired physicians/staff. The peer supporter shall notify Director/Manager immediately when it is believed the individual may be affected to the point of impairment regardless of when the concern arises in the recovery process

VI. PROGRAM EVALUATION

- A. Peer supporters will complete a confidential Peer Support Encounter form and submit to the Care for the Caregiver Intake Coordinator within 72 hours of interaction.
- B. Staffs and physicians participating in Care for the Caregiver program interactions will be asked to complete a confidential program evaluation
- C. Evaluation of the Care for the Caregiver program will be achieved through volume statistics (number and frequency of encounters) as well as qualitative analysis through post-event surveys.
- D. Program statistics will be reported up through the Quality Oversight Structure.
- E. Data detailing the effectiveness of the Care for the Caregiver program will be shared within the Care for The Caregiver Steering Committee and Quality Oversight Structure. Overall program effectiveness will be shared as appropriate at Leadership and Staff Venues.

VII. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VIII. REFERENCES

- A. N/A

Approval Signatures

Step Description	Approver	Date
Board Approval	Kathryn Haines: Administrative Assistant - PD	Pending
Board Approval	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
ELG	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Owner	Carla Spencer: Chief Nursing Officer	10/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Gary Ray: Chief Legal Officer
Area Administration

Fair Market Value

I. POLICY STATEMENT

- A. Salinas Valley Health (SVH) compensation to any physician (or physician's immediately family member who is a potential referral source) is consistent with fair market value and is commercially reasonable.

II. PURPOSE

- A. To ensure that compensation provided to physicians who may be the source of referrals does not exceed fair market value and is commercially reasonable, as required by the Federal Stark and anti-kickback statutes. As such, it is part of the broader SVH Physician Services Contract Policy and Procedure setting forth the process for entering into agreements with physicians.

III. DEFINITIONS

- A. "Fair Market Value" or "FMV" means the value in an arm's-length transaction as the result of bona fide bargaining between well-informed parties who are not otherwise in a position to generate business for one another.
- B. "Commercially reasonable" means that the particular arrangement furthers a legitimate business purpose of the parties to the arrangement and is sensible, considering the characteristics of the parties, including their size, type, scope, and specialty. An arrangement may be commercially reasonable even if it does not result in profit for one or more of the parties.
- C. "Immediate Family Member" means a physician's spouse, birth or adoptive parent, child, sibling, stepparent, stepchild, stepsibling, father/mother in law, sibling-in law, son/daughter in law, grandparent, or grandchild.
- D. "Potential referral source" means the physician or physician's immediate family member has the ability to request or order designated health services, as defined under the Stark Law, at a facility at which the physician or physician's immediate family member has a financial

relationship.

IV. GENERAL INFORMATION

A. N/A

V. PROCEDURE

A. Prior to entering into any financial transaction with a physician (or a physician's immediately family member who may be a potential referral source), SVH will determine that the contract compensation and total compensation (including cash compensation and benefits) are at fair market value and that entering into the contract is commercially reasonable. Documentation of this determination will be prepared and maintained with the contract.

B. Fair Market Value Analysis

1. Determining FMV

- a. The Physician & Business Development Department is responsible for obtaining the benchmark data from nationally recognized surveys (e.g., MGMA, AMGA, MD Ranger, and/or Sullivan and Cotter) to determine the range of rates for the specialty or service in the appropriate geographical area (regional or nation-wide).
- b. The Contract Management and Compliance Department in collaboration with the Physician & Business Development Department is responsible for reviewing the benchmark data and proposed contract. If the proposed compensation is at or lower than the 75th percentile, Physician & Business Development shall prepare an internal FMV report (which will include information from the applicable benchmark source) setting forth the relevant data and summarizing its analysis.
- c. If the proposed compensation is above the 75th percentile or involves a complex mix of services (e.g., administrative, professional, and on-call) for which no reliable data is available, an external FMV opinion may be required.
- d. An internal FMV analysis may take into account (i) the wRVU productivity of the individual physician, (ii) unique call schedule requirements, (iii) specific market factor and competition for certain medical specialties, and (iv) fluctuations over time in reported benchmark data from the nationally recognized surveys. In some cases, compensation above the 75th percentile can be supported by an internal FMV report.
- e. Internal or external FMV reports for compensation over the 75th percentile will be review and approved by the Chief Legal Officer.

2. Guidance on Specific Arrangements

Below are additional guidance and considerations on reviewing FMV and commercial reasonableness for specific types of common physician arrangements:

- a. Administrative services – most agreements for medical director and other

administrative services can be assessed on the basis of the approach set forth in Sections above. However, in some cases special factors may need to be considered, such as the degree to which the services require the physician to forego opportunities in private practice, or when a physician devotes a substantial part of his or her practice to administrative duties.

- b. Professional services – These agreements will require a case-by-case review, using an internal FMV report or an external FMV opinion in accordance with Section B1 above. The Medicare compensation rates can be used as benchmarks for certain professional services, as appropriate.
- c. On-call coverage – Agreements for on-call coverage may require a more in-depth evaluation of the data if compensation above the 75th percentile is being considered, since a number of factors will play a role, such as the number of specialists available, the reimbursement mix, whether the physician is required to be on-site during the on-call period, and, if the physician is off-site, the frequency of being called and the physician's obligations when called (*i.e.*, the likelihood of having to come into the hospital after being called and the time within which the physician must arrive). External opinion may be helpful in such situations.
- d. Hospital-based physician agreements – These agreements involve a mix of administrative and professional services, and perhaps on-call services as well.
- e. Recruitment – Physician recruitment arrangements (other than income guarantees) must be Stark Law compliant but are not specifically subject to an FMV analysis under Stark or the anti-kickback statute. Nonetheless, available data will be used in determining reasonable and appropriate recruitment terms. Amounts paid under a recruitment arrangement shall not be determined in a manner that considers the volume or value of actual or anticipated referrals or other business generated between the parties.
- f. Other agreements – FMV issues surrounding other agreements (*e.g.*, agreements providing reimbursement for uncompensated care) will be dealt with on a case-by-case basis, using benchmark data as available to provide an internal FMV memorandum or referring the matter for an outside FMV opinion.

3. Documentation

Documentation substantiating the FMV analysis will be maintained. Where SVHMC has done the analysis on its own on the basis of general data available, an internal FMV report setting forth the relevant data and summarizing its analysis will be prepared. The report will specify the data sources used to determine the valuation and will explain the choice of the compensation rate in terms of the permissible compensation range and the factors applicable to the particular transaction, as applicable. Where SVHMC has obtained an FMV opinion from an outside consultant, that opinion will be provided as substantiation of FMV. The documentation will be maintained in the physician contract tracking database during the term of the

agreement and for at least five (5) years following its expiration.

4. **Timing**

FMV analysis will be completed prior to entering into the agreement with the physician, and prior to any change in compensation.

5. **Term**

Internal FMV calculation will be performed prior to entering into a new contract with a physician and when a change in compensation is contemplated, but in any event at least once every four (4) years in parallel with a normal contract cycle. Obtaining an external report will be performed in accordance with Section B.2. An FMV report by an external consultant will be considered to be valid for the time period specified in the report, or if no time period is specified, for a period of no longer than four (4) years.

C. **Commercial Reasonableness Review**

In addition to the FMV assessment, each internal FMV determination or external FMV opinion will address the commercial reasonableness of the proposed arrangement.

1. **Necessary Services.** To be commercially reasonable, the services covered by a physician agreement must be necessary for the operations of SVH and must be for the benefit of an SVH program. A written statement of commercial reasonableness shall be included in each agreement. Regulatory and/or accreditation support, industry standards, and benchmark data are generally available and shall be maintained with the contract file.
2. At the time of agreement renewal, SVH shall reassess its need for the services and the appropriateness of the physician's duties, time commitments, reporting, and compensation.

- D. **Overlapping/Multiple Service Contracts.** Confirmation will be made that no other party is being compensated for providing the same services. Any multiple medical directorships or other administrative service contracts for the same department or service line must be supported with written justification, including clear detail about the duties and responsibilities required for each position.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VII. REFERENCES

- A. 42 U.S.C. § 1395nn and 42 C.F.R. §§ 411.350-389 (Federal Stark)
- B. 42 U.S.C. §§ 1302a-7b and 42 C.F.R. § 1001.952 (Federal Anti-Kickback)

Approval Signatures

Step Description	Approver	Date
Board Approval	Kathryn Haines: Administrative Assistant - PD	Pending
Board Approval	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
ELG	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Owner	Gary Ray: Chief Legal Officer	10/2024

Standards

No standards are associated with this document



Last Approved N/A
Next Review 3 years after
approval

Owner Nina Brooks:
Manager
Nutrition
Services

Area Nutritional
Services

Inpatient Nutrition Assessment for Adults and Pediatric Patients

I. POLICY STATEMENT

- A. All patients will be prioritized and appropriate nutrition intervention provided utilizing the Nutrition Care Process.

II. PURPOSE

- A. To provide a standardized process for pro-actively identifying and prioritizing patients who may benefit from nutrition intervention.
- B. To allocate nutrition resources to patients based on nutrition care level.
- C. To provide standards for initiating the Nutrition Care Process (NCP), which provides nutrition professionals a framework to recognize, diagnose, and intervene upon nutrition-related health concerns.
- D. To provide guidelines for reassessment and follow-up.
- E. To promote an interdisciplinary approach to patient care in which patients' nutritional needs are communicated to all appropriate disciplines.

III. DEFINITIONS

- A. **Nutrition Risk/Care levels (acuity)** see attachment A (Adults) and attachment B (Pediatrics):
 - 1. High: 11 or more points from Nutrition Care Priority Points
 - 2. Moderate: 7-10 points from Nutrition Care Priority Points.
 - 3. Low: 2-6 points from Nutrition Care Priority Points.
 - 4. No Nutrition Needs Identified: 0-1 points from Nutrition Care Priority Points.

IV. GENERAL INFORMATION

- A. A patient needing nutrition intervention as identified by a physician consult, nursing nutrition screening, or continuous nutrition monitoring will be seen within 24-48 hours of referral by the clinical nutrition staff (Registered Dietitian/dietetic intern supervised by the Registered Dietitian).
- B. Timelines for completion of the follow-up nutrition assessment:
 - 1. **High Risk:** 1-4 days
 - a. Patients on TPN Protocol are considered high risk and will be documented daily. See separate TPN Policy.
 - 2. **Moderate Risk:** 3-5 days
 - 3. **Low Risk:** 5-7 days
 - 4. No Nutrition Needs Identified: Re-evaluate if LOS parameters are met
- C. Nutrition assessment for the NICU is located in the NICU [NUTRITION SERVICES NICU SCREENING AND ASSESSMENT PROCEDURE](#) Policy.

V. PROCEDURE

- A. **Nurse**
 - 1. Completes in electronic health record (EHR) the admission history to include nutrition risk screen, identification of food allergies, medications and supplements used prior to admission. Completes nursing physical assessment to include gastrointestinal symptoms noting swallowing problems, weight changes, intake/output, home tube feeding or parenteral nutrition, and pressure injury documentation.
 - 2. Patients' weights are obtained upon admission and then:
 - a. As ordered by MD.
 - b. Daily for nutrition support patients (enteral and parenteral nutrition) and based on MD order.
 - c. Twice weekly for all other patients or as ordered.
 - d. Additional weights obtained pre- and post-dialysis for renal patients.
- B. **Diet Clerk:**
 - 1. Assist with confirmation of allergies and notifies RD if an allergy has been documented in error.
 - 2. Assists patients with meal selections via On-demand Room Service system.
- C. **Dietitian:**
 - I. Prioritizing Patients for Nutrition Intervention in Acute Care
 - a. Gathers information pertinent to the patient's nutrition status via patient interview and/or chart review. Obtain information and/or discuss patient with Nursing, MD or other ancillary personal as appropriate.
 - b. A patient needing nutrition intervention as identified by a physician consult, nursing nutrition screening, or continuous nutrition monitoring will be seen

within 24-48 hours of referral by the Registered Dietitian.

- c. The clinical nutrition staff will execute the nutrition care process and classify the patient's nutrition care level during the nutrition assessment using the age-appropriate nutrition care indicator categories and assessment sheet. Any patient classified as nutrition care level moderate or high risk will receive a nutrition-focused physical exam.
- d. The priority points assigned for each nutrition care indicator will be the highest point rated in that category.
- e. In order to assess nutrition care level all categories should be used. However, a minimum of three nutrition care indicator categories will be assessed and assigned points. If unable to assess at least three categories, then the Registered Dietitian will use clinical judgment to assign a nutrition care level.
- f. If, during the screening and on-going monitoring process, the patient was falsely identified as having a nutrition need, a note will be placed in the medical record indicating no nutrition need was identified and no intervention is warranted at this time.
- g. If the patient nutrition risk criteria require assignment of a new and higher acuity level than was previously entered for a patient, the new acuity level drives the completion of an assessment based on the revised timeline
- h. Time frames for patient reassessment and follow-up will be based on the patient's nutrition care level or the Registered Dietitian's clinical judgment. Reassessments will be documented in the medical record. (refer to NUTRITION CARE FLOW CHART, Attachment C). During reassessment and follow-up, the Registered Dietitian may re-evaluate the patient's nutrition care level. See follow-up time frames below:

Determine nutrition care as follows:

Nutrition Care Level	Priority Points	Time Frames for Reassessment/Follow-up
		Re-evaluate if LOS parameters are met
No Nutrition Needs Identified	0-1	Re-evaluate if LOS parameters are met
Low Level Care	2-6	5-7 days
Moderate Care Level	7-10	3-5 days
High Care Level	≥ 11	1-4 days

- i. If, during the patient's hospitalization, orders for hospice or comfort care due to terminal illness are active, the clinical nutrition staff will sign off as directed by the physician's order. A clinician may not sign off if active orders for enteral and parenteral nutrition are in place. A physician may order a nutrition consult, re-initiating the nutrition care process, at any time after the nutrition staff have signed off.
- j. An initial nutrition-focused physical exam will be completed by the Registered

Dietitian when a patient is identified as moderate or high nutrition care level.

- k. The Registered Dietitian may use clinical judgement to include an additional nutrition-focused physical exam during nutrition monitoring and evaluation.
- l. Nutrition-focused physical exam will include the examination and evaluation of body fat, muscle mass, fluid accumulation and micronutrient deficiencies in conjunction with energy intake and weight loss.
- m. For adult patients, a minimum of two nutritional characteristics should be obtained to support a diagnosis of malnutrition.
- n. For the pediatric population, NFPE may include Mid-upper arm circumference in conjunction with anthropometric measurements.
- o. For pediatric patients, when only one single data point is available use table 2 for criteria for identification of malnutrition, when two or more data points are available use table 3 for criteria for identification of malnutrition.
- p. When nutritional parameters are consistent with malnutrition, the Registered Dietitian classifies the malnutrition according to the Academy of Nutrition and Dietetics / American Society of Parenteral and Enteral Nutrition Consensus Statements.
- q. Each step of the Nutrition Care Process will be documented in the medical record with appropriate medical nutrition therapy recommendation to the medical team. A multidisciplinary plan of care including criteria used to classify a patient with malnutrition will be developed and documented.

II. The Steps of the Nutrition Care Process (NCP) are as follows:

- a. **Step 1: Nutrition Assessment** – obtains, verifies, and interprets data needed to identify nutrition-related problems, their causes, and significance related to food/nutrition-related history; anthropometric measurements; biochemical data, medical test, and procedures; nutrition-focused physical findings; and client history. The nutrition assessment will also include identifying nutrient/drug interactions, cultural, religious, ethnic food preferences, and age related nutrition issues.

Step 2: Nutrition Diagnosis - identifies and describes a specific nutrition problem(s) that can be resolved or improved through treatment/nutrition intervention by the clinical nutrition staff. A nutrition diagnosis is not a medical diagnosis, and can include one or more nutrition problems. The results of the nutrition diagnosis, including any conclusion that no nutrition problem exists, will be documented in the medical record.

Step 3: Nutrition Intervention – resolves or improves the identified nutrition problem by planning and implementing appropriate nutrition interventions that are tailored to the patient needs related to food and/or nutrition delivery; nutrition education; nutrition counseling; and/or coordination of nutrition care.

Step 4: Nutrition Monitoring and Evaluation - determines the amount of progress made and whether goals/expected outcomes are being met as it relates to food/nutrition-related history outcomes; anthropometric measurement outcomes; biochemical data, medical tests, and procedure outcomes; and/or nutrition-focused physical finding outcomes.

- i. An initial nutrition-focused physical exam will be completed by the

Registered Dietitian when a patient is identified as moderate or high nutrition care level.

- ii. The Registered Dietitian may use clinical judgement to include an additional nutrition-focused physical exam during nutrition monitoring and evaluation.
- iii. Nutrition-focused physical exam will include the examination and evaluation of body fat, muscle mass, fluid accumulation and micronutrient deficiencies in conjunction with energy intake and weight loss.
For adult patients, a minimum of two nutritional characteristics should be obtained to support a diagnosis of malnutrition.
- iv. For the pediatric population, NFPE may include Mid-upper arm circumference in conjunction with anthropometric measurements.
- v. For pediatric patients, when only one single data point is available use table 2 for criteria for identification of malnutrition, when two or more data points are available use table 3 for criteria for identification of malnutrition.
- vi. When nutritional parameters are consistent with malnutrition, the Registered Dietitian classifies the malnutrition according to the Academy of Nutrition and Dietetics / American Society of Parenteral and Enteral Nutrition Consensus Statements. See Attachment D.
- vii. Each step of the Nutrition Care Process will be documented in the medical record with appropriate medical nutrition therapy recommendation to the medical team. A multidisciplinary plan of care including criteria used to classify a patient with malnutrition will be developed and documented.

D. Documentation:

1. Assessments

- a. The comprehensive nutrition assessment is documented into the electronic health record.
- b. Documents nutrition risk level in header line and associated nutrition goals/ interventions into the computerized interdisciplinary care plan for low, moderate and high-risk patients and upon change in condition for any risk level.

2. Interdisciplinary Plan of Care

- a. Documented in the EHR interdisciplinary care plan to include:
 - Nutrition Risk Level (Low/Level 1, Moderate/Level 2, High Risk/Level 3, Or No Nutrition Needs Identified).
 - Patient goals and estimated target dates.
 - Interventions to reach goals.
 - RDs enter interventions for all moderate and high nutrition risk patients and for all low-risk follow-ups.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VII. REFERENCES

- A. The Joint Commission.
- B. CDPH Title 22 Division 5 Chapter 1, 70273.
- C. Academy of Nutrition and Dietetics.
- D. American Society for Parenteral and Enteral Nutrition.
- E. Nutrition and Diagnosis-Related Care, Escott-Stump, 9th Edition, 2022
- F. White, J. V., Guenter, P., Jensen, G., Malone, A., & Schofield, M. (2012). Consensus Statement: Academy of Nutrition and Dietetics and American Society for Parenteral and Enteral Nutrition. Journal of Parenteral and Enteral Nutrition, 36(3), 275–283. <https://doi.org/10.1177/0148607112440285>

Attachments

[Attachment C-Nutrition Care Flow Chart.docx](#)

[Attachment D-Malnutrition.pdf](#)

[AttachmentA-Adult Points.docx](#)

[AttachmentB-Pediatric Points.docx](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
P&T Committee	Genevieve delos Santos: Director Pharmacy	10/2024
P&T Committee	Kiri Golleher: Pharmacy Clinical Coordinator	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Julie Vasher:
Director Women's
& Children's
Services
Area Women's and
Children's
Services

Management of Breast Engorgement

I. POLICY STATEMENT

A. N/A

II. PURPOSE

A. To provide guidance for the nurse to assist the mother in relieving breast engorgement in the postpartum period.

III. DEFINITIONS

- A. Engorgement is swelling and distention of the breasts, usually in the early days of initiation of lactation, caused by vascular dilation as well as the arrival of the early milk.
- B. Areolar engorgement is when the areola is engorged and obliterates the nipple and makes properly grasping the areola difficult or impossible for the infant.
- C. Peripheral engorgement is the breasts beginning to swell with increased vascularity which usually starts on the second 24-hours period after delivery.
- D. Mastitis is inflammation of the breast (not infection of the breast milk) characterized by pain, swelling, redness, fever, malaise.

IV. GENERAL INFORMATION

- A. Education to prevent or relieve breast engorgement will be provided to postpartum mothers.
- B. Refer to; [Breast Milk Storage, Freezing, and Defrosting](#) Policy and [Breast Massage, Hand Expression](#) as needed.
- C. The RN may refer the patient to Lactation Services based in the Perinatal Services Department as appropriate.

- D. Consult with Mother/Baby nursing staff as needed if patient admitted to a medical unit.

V. PROCEDURE

- A. Treatment is directed toward reducing the engorgement so that the infant can breastfeed effectively, which will further reduce the over distended ducts.
- B. Massaging breasts and manually expressing milk to relieve engorgement or use of an electric breast pump to reduce build-up of milk is acceptable. See [BREAST MILK, DONOR HUMAN MILK, CONCENTRATED HUMAN MILK FORTIFIER STORAGE, FREEZING AND DEFROSTING](#) and [BREAST MASSAGE, HAND EXPRESSION CLINICAL PROCEDURE](#).
- C. Applying warm wash cloths to breast before feeding or hand expression may facilitate milk flow.
- D. Wear well-fitted supportive bra as much as possible.
- E. Ice packs or cool compresses to breast, areola, and nipples after feedings if desired by mother.
- F. Watch for signs of mastitis and/or sore nipples.
- G. Analgesics, if ordered, for the discomfort as needed.
- H. It is important to maintain drainage during this period of engorgement to prevent back pressure in the ducts from developing and eventually depressing milk production.
- I. Documentation:
 - 1. Document patient education in the electronic medical record (EMR).
 - 2. Each shift documents breast engorgement, infant at breast, and any interventions utilized.
 - 3. Lactation services referral as needed.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed.

VII. REFERENCES

- A. Lawrence, R.A.,and Lawrence, R. M. (2022). *Breastfeeding a guide for the medical professional*. (9th ed.) Philadelphia: Elsevier.
- B. Walker, M. (2023) *Breastfeeding management for the clinician using the evidence*. (5th ed.). Burlington: Jones & Bartlett Learning.

Approval Signatures

Step Description	Approver	Date

Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
CNO	Carla Spencer: Chief Nursing Officer	11/2024
Director Women's & Children's Services	Julie Vasher: Director Women's & Children's Services	11/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Owner	Julie Vasher: Director Women's & Children's Services	11/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Louis Villaneda
Sr.: Respiratory Care Manager
Area Respiratory Care

Nasal Pharyngeal Wash Out

I. POLICY STATEMENT

- A. N/A

II. PURPOSE

- A. To clear Nasal Pharyngeal passages and maintain patent airway when receiving Oxygen Therapy.

III. DEFINITIONS

- A. NS: Normal Saline
B. LPM: Liters per minute

IV. GENERAL INFORMATION

- A. When rinsed through your nasal passages, saline removes allergens, mucus and debris. Simultaneously, the NS hydrates the mucous membranes. It helps improve the function of cilia, and decreases inflammation.

V. PROCEDURE

- A. Ask patient if their Nasal Passages are blocked
B. If the patient indicates there is blockage, ask permission to lavage their nasal passages with saline.
C. Explain the procedure.
D. Gather supplies for the procedure. (see below)
E. Use you NS 10mL flushes

- F. Pour the saline solution slowly into the upper nostril with chin slightly lift,
- G. Allow the solution to pour out the patient other nostril, tell the patient to breathe through their mouth, not their nose, at this time
- H. Ask patient to blow their nose (have small towels in hand)
- I. Repeat until clears
- J. Repeat on the opposite side
- K. **Supplies:**
 - Oxymask 15 LPM to recover possible desaturation.
 - 2-3 of small towels
 - 3-5 NS 10 ml flushes
 - PPE or PAPR

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VII. REFERENCES

- A. Farrell NF, Klatt-Cromwell C, Schneider JS. Benefits and Safety of Nasal Saline Irrigations in a Pandemic—Washing COVID-19 Away. *JAMA Otolaryngol Head Neck Surg.* 2020;146(9):787–788. doi:10.1001/jamaoto.2020.1622
- B. Kanjanawasee D, Seresirikachorn K, Chitsuthipakorn W, Snidvongs K. Hypertonic Saline Versus Isotonic Saline Nasal Irrigation: Systematic Review and Meta-analysis. *Am J Rhinol Allergy.* 2018 Jul;32(4):269-279. doi: 10.1177/1945892418773566. Epub

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
Sr. Admin Director	Christianna Kearns: Associate Chief Operating Officer	10/2024
Respiratory Medical Director	Christianna Kearns: Associate Chief Operating Officer	10/2024

Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	Louis Villaneda Sr.: Respiratory Care Manager	10/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Karina Kessler:
Clinical Manager
Area Women's and
Children's
Services

Neonatal Peripherally Inserted Central Catheters

I. POLICY STATEMENT

A. N/A

II. PURPOSE

- A. To define an appropriate procedure to allow the Registered Nurse (RN) who has successfully completed a Peripherally Inserted Central Catheter (PICC) certification class to safely insert Neonatal PICC's in accordance with established procedure.

III. DEFINITIONS

- A. PICC – A venous access device inserted in the peripheral venous system with the catheter tip located at the junction of the superior vena cava or inferior vena cava preferably for lower body insertions.

IV. GENERAL INFORMATION

- A. The approved certified RN will perform this procedure only by written order and confirmed informed consent is signed. (Also see [CENTRAL VASCULAR ACCESS DEVICES](#))
- B. Clinical indicators for PICC insertion include:
1. Lack of peripheral venous access
 2. Infusion of fluids or medications with hyperosmolar, non-physiologic pH or irritating properties.
 3. Stable access to assure continuous delivery of critical medications (i.e. prostaglandins, dopamine).
 4. Anticipated need for IV access greater than six (6) days.
- C. The PICC certified RN will assess the neonate for access possibilities and attempt PICC

placement when adequate sites exist. If the neonate does not have adequate sites or the PICC certified RN attempts two insertions unsuccessfully, the physician will be notified for case review.

- D. Each attempt is recorded in the electronic health record and in the PICC insertion log by the person attempting the insertion.

V. PROCEDURE

- A. Determine that the physician has written an order for PICC placement. The order should include:
 - 1. Date and request for placement
 - 2. Sedation orders
 - 3. Request for radiographic confirmation
- B. Informed consent is obtained by the physician. Explain the procedure to the family as appropriate.
- C. Standard Precautions
- D. Perform time out prior to start of procedure UNIVERSAL PROTOCOL: PREVENTION OF WRONG PERSON, PROCEDURE, SITE SURGERY OR INVASIVE PROCEDURES POLICY
- E. Assess potential insertion sites. Neonatal preferred insertion sites include:
 - Basilic vein
 - Median cubital vein
 - Greater Saphenous vein
- F. Assess need for administration of medication for pain management; obtain physician order as needed NEWBORN PAIN, AGITATION, AND SEDATION MANAGEMENT
- G. Determine the desired length of catheter insertion.
- H. Maintain aseptic technique during procedure, following CDC recommendations for prevention of intravascular catheter-associated bloodstream infections.
- I. Prepare Equipment
 - 1. Verify total catheter length. Assemble per the manufacturer's instructions.
 - 2. Draw up heparinized saline into 5 ml syringes
 - 3. Flush the connecting set and catheter, observing for any leaks in the catheter or connection sites.
- J. Have an assistant apply the tourniquet (if necessary).
- K. Slowly advance needle until blood return appears
- L. Remove the tourniquet gently after the introducer is well within the vein and blood return is evident.
- M. Thread the catheter into the vein using the iris forceps (DO NOT ADVANCE THE NEEDLE). Continue advancing the catheter until the desired length of catheter is indwelling. Flushing while

- threading may help to advance catheter and avoid clotting.
- N. Check for blood return from the catheter. Some patent peripheral catheters will not draw, but they should flush easily.
 - O. When the catheter is threaded into position, place gentle pressure on the vein just beyond the needle bevel to hold the catheter in place while gently withdrawing the needle. Continue to hold pressure over the insertion site after the needle has been removed, as bleeding is common in the first few minutes.
 - P. Remove the needle per the manufacturers' recommendations.
 - Q. Apply a sterile tape over the catheter hub at its insertion point to temporarily secure it in place.
 - R. Maintain catheter patency by flushing it intermittently until position is verified.
 - S. Measure the amount of catheter outside of the patient to determine the landmark that will be used for ongoing assessment of catheter placement.
 - T. Radiographically verify the location of the catheters tip. X-ray should include extremity/head and chest (for placement in the superior vena cava) or chest/KUB (for placement in the inferior vena cava).
 - Water-soluble contrast instillation into catheter 3-5 secs prior to imaging, may be needed to visualize the catheter on radiographic image.
 - 1. Aspirate contrast agent from catheter after verification.
 - U. A qualified clinician (Neonatologist, Radiologist) will interpret the radiographic image and confirm the location of the catheter tip or determine if adjustment of the catheter is necessary.
 - V. If it is necessary to adjust catheter depth, document the exact length that the catheter was adjusted after the X-ray. A repeat X-ray may be needed to document the catheter tip placement.
 - W. Secure the catheter
 - 1. Carefully remove temporary tape from insertion site
 - 2. Clean the antiseptic solution off the skin with sterile saline wipes.
 - 3. Before applying dressing attempt to stop or decrease any bleeding.
 - 4. Apply the dressing to the catheter and hub in such a way that the catheter and insertion site remain visible to facilitate assessment and promote catheter security. Follow the manufacturer's recommendations. Avoid placing skin-closure tape or strips directly on the catheter tubing because they have been reported to cause catheter damage and fracture.
 - 5. If not specified by manufacture, adhere the hub or disk to the skin with sterile tape or skin-closure strips. Use of central line securement device is recommended.
 - 6. Extension sets should be secured to the skin separately to provide additional stabilization and help prevent catheter dislodgement.
 - X. Documentation:
 - 1. Document in the electronic health record:
 - a. Universal Protocol
 - b. Procedural Note: including type and total length of catheter, indwelling

- length, a insertion site, date and time of insertion
- c. X-ray
- d. As per physician order – where tip is located and whether or not catheter needed repositioning.
- e. Catheter securement (dressing used)
- f. Type and amounts of flush or medications administered and/or any continuous IV fluids infusing.
- g. How infant tolerated procedure.
- h. Complications

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed.

VII. REFERENCES

- A. National Association of Neonatal Nurses.(2022). Peripherally Inserted Central Catheters: Guideline for Practice (4th Ed.) Chicago, Illinois: National Association of Neonatal Nurses.

Attachments

[A: Nurse PICC Insertion Training Program](#)

[NICU Registered Nurse Insertion: Neonatal Peripherally Inserted Central Catheters](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
CNO	Carla Spencer: Chief Nursing Officer	11/2024
Director Women's & Children's Services	Julie Vasher: Director Women's & Children's Services	11/2024

Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Owner	Karina Kessler: Clinical Manager	11/2024

Standards

No standards are associated with this document

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Last Approved N/A
Next Review 3 years after approval

Owner **Nina Brooks:**
Manager
Nutrition
Services

Area **Nutritional**
Services

Nutrition Screening

I. POLICY STATEMENT

- A. All patients will be screened for nutrition risk by nursing within 24 hours of admission using predetermined, hospital-approved nutrition screening triggers. The clinical nutrition staff (Registered Dietitian or a diet clerk/dietetic intern supervised by a Registered Dietitian) will review patients for nutrition risk using predetermined criteria.

II. PURPOSE

- A. To identify patients with potential nutrition risk and initiate the Nutrition Care Process.
B. To identify patients with potential nutrition risk not identified during the initial nutrition screening completed by nursing upon admission.

III. DEFINITIONS

- A. N/A

IV. GENERAL INFORMATION

- A. Nurse:
1. Completes nutrition risk screen in the EHR for all patients within 24 hours.
 2. Completes other components of the nursing admission history to include swallow difficulties, pressure injury documentation, notation of enteral feeding tubes and/or IV lines for parenteral nutrition.
- B. Diet Clerk:
1. Visit with patients to obtain information such as likes, dislikes, preferences, and additional information with regard to allergies. Diet clerks meet with all patients in person or via phone to explain the hospital food service system.

2. Refers patients to RD for follow-up as needed.

C. Dietitian:

1. In addition to the initial admission nutritional risk screening completed by nursing, dietitians will start the Nutrition Care Process utilizing the following criteria for continuous monitoring:

ADULT	PEDIATRICS
Full Liquid Diet > 7 days NPO / Clear Liquid Diet > 4 days Parenteral Nutrition or Enteral Nutrition	Full Liquid Diet > 7 days NPO / Clear Liquid Diet > 4 days Restricted Diet – Diabetic or Renal Specialized Formula Parenteral Nutrition or Enteral Nutrition
PRIMARY DIAGNOSIS/CONTRIBUTING CONDITION	
ADULT	PEDIATRICS
Chronic Kidney Disease Anorexia/Bulimia Aspiration Pneumonia Bariatric Surgery Burns Chronic Diarrhea Cirrhosis Current Organ Transplantation Cystic Fibrosis Diabetes (newly diagnosed, uncontrolled or gestational) Heart Failure Malnutrition Pressure Ulcer (stage II or greater) Severe Acute Pancreatitis Short Bowel Syndrome	Chronic Kidney Disease Anorexia/Bulimia Aspiration Pneumonia Bariatric Surgery Bronchopulmonary Dysplasia Burns Cancer Cardiac Disorders Chronic Diarrhea Cirrhosis Crohn's Disease Cystic Fibrosis Diabetes Inborn Errors of Metabolism Malnutrition/Failure to Thrive Necrotizing Enterocolitis Neurologic Problems that Effect Meal Intake Organ Transplantation (new) Pressure Ulcer (stage II or greater) Severe Acute Pancreatitis Short Bowel Syndrome Trauma

- a.
 - b. Consults/referrals from MD, RN, SLP, or other ancillary departments
 - c. Referral from Diet Clerks regarding concerns of inadequate intake, refusal of meal, or patients' perception of difficulty chewing/swallowing
 - d. Any other issues using clinical judgment.

V. PROCEDURE

- A. All hospitalized inpatients should be screened within 24 hours of admission. The clinical nutrition staff will initiate the Nutrition Care Process for all patients identified at potential nutrition risk via the above nutrition screening mechanism within 24-48 hours of notification.
- B. The initial nutrition screening protocol for the adult population shall be the Malnutrition Screening Tool (MST) for adults and Pediatric Nutrition Screening Tool (PNST) for pediatric patients. See Attachment A.
- C. The Clinical Dietitian team run a daily census report to flag patients possibly at nutrition risk.
- D. There is a separate policy for the neonatal intensive care unit nutrition screening protocol.
- E. The Clinical Dietitian team will initiate the Nutrition Care Process for all patients identified at potential nutrition risk via the above screening mechanism within 24-48 hours.
- F. A multidisciplinary performance improvement monitor will be conducted to evaluate the effectiveness of the nutrition screening process.
- G. The clinical nutrition staff will initiate the Nutrition Care Process for all patients who are not

identified as a nutritional risk when patient's hospitalization extends one day beyond the hospital's average length of stay.

- H. Continuous nutrition monitoring criteria includes review of diet orders, primary diagnosis and/or contributing conditions (See table above) as well as the other criteria outlined in this policy.
- I. Documentation:
 - 1. A patient's Nutrition Risk Level is noted as part of the header preceding each electronic RD note documented in the electronic medical record.
 - 2. Moderate and High Risk patients will have an active care plan with target dates as part of the EHR.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VII. REFERENCES

- A. The Joint Commission Standard Nutrition Services Provision of Care
- B. CDPH Title 22
- C. Academy of Nutrition and Dietetics Nutrition Care Manual
- D. ASPEN Manual – Adult Nutrition Support Curriculum, 2017
- E. Nutrition and Diagnosis-Related Care, Escott-Stump, 9th Edition, 2022

Attachments

[Attachment A-Admission Nutrition Risk Screening Tools.doc](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
P&T Committee	Genevieve delos Santos: Director Pharmacy	10/2024
P&T Committee	Kiri Golleher: Pharmacy Clinical Coordinator	10/2024

Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	Nina Brooks: Manager Nutrition Services	08/2024

Standards

No standards are associated with this document

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Last Approved N/A

Next Review 2 years after approval

Owner **Nina Brooks:**
Manager
Nutrition
Services

Area **Nutritional
Services**

Outpatient Nutrition Screening and Assessment

I. POLICY STATEMENT

- A. Patients seen in the hospital-based outpatient clinics will be screened and assessed as appropriate for nutritional concerns.

II. PURPOSE

- A. To identify patients at nutritional risk so that nutritional intervention may be offered on an outpatient basis and in a timely manner.
- B. To allocate nutrition resources to patients at nutritional risk.

III. DEFINITIONS

- A. N/A

IV. GENERAL INFORMATION

- A. The procedure for Outpatient Nutrition Services will be separated by the two main hospital-based outpatient nutrition services: Cardiac Rehabilitation and Outpatient Oncology Infusion Center.
- B. Any clinic related issues or concerns will be communicated directly to the clinic manager and/or director.
- C. The Outpatient Registered Dietitian directly reports to the Director of Nutritional Services and/or the Clinical Nutrition Manager.
- D. Wound care consults for the Outpatient Wound Care Clinic will be completed by a Registered Dietitian on an as needed basis.

V. PROCEDURE

A. Outpatient Cardiac Rehabilitation

1. Referral Process:

- a. Consults are entered in the EHR for Outpatient Cardiac Rehabilitation during inpatient visits.
- b. The Case Managers at Cardiac Rehabilitation refer patients to the Registered Dietitian.

2. Outpatient Cardiac Rehab Screening and Assessment:

- a. The Cardiac Rehab RD will be scheduled at Cardiac Rehab twice weekly, on Tuesdays and Wednesdays.
- b. The Case Manager performs the intake assessment and informs patient of RD services. During the intake assessment, patients complete a 3-day Food Diary if interested in seeing the RD.
- c. The Registered Dietitian teaches Heart Healthy classes on a rotating basis. Spanish classes are provided. All patients, except for patients with a peripheral artery disease or cognitive impairment diagnosis, will attend a class for 30 minutes prior to exercising.
- d. Nutrition Counseling sessions are scheduled by the Case Manager, and the Registered Dietitian completes one nutrition counseling session per patient.
- e. The Registered Dietitian utilizes the outpatient EHR (EPIC) to assess laboratory values, medications, recent outpatient visits, diet restrictions from the physician (i.e. fluid restrictions, salt restrictions, low fiber, renal, high protein, etc.).
- f. During the nutrition counseling and education session, the Registered Dietitian reviews heart healthy food choices, reading a nutrition facts label, portion/servings sizes, and the structure of balanced meals. Educational handouts are provided from the Nutrition Care Manual.
- g. Nutrition Education notes are documented in the EHR. A hard copy is provided to the Case Manager for the patient's file at Cardiac Rehabilitation.

B. Outpatient Oncology Infusion Center

1. Referral Process:

- a. Dietitian consults are entered in the EHR.
- b. Referrals from Cancer Resource Center or OP INF via email, Tiger Connect, or verbal.

2. Outpatient Oncology Infusion Center Screening and Assessment:

1. The Outpatient Oncology Infusion Center RD will be scheduled at the Infusion Center once weekly, on Thursdays.

2. Nursing completes Oncology Nutrition Screening at Outpatient Infusion Center.
3. The assessment includes the following: PO intake/appetite, Unintentional weight loss, Amount of weight loss, Head/neck cancer, TPN/Tube feeding at home.
4. The Registered Dietitian will attempt an in-person infusion center appointment for patients who score a 3 or higher on the Oncology Nutrition Screening (See Attachment A, adapted from MST). Otherwise, a phone call will be utilized.
5. The Registered Dietitian will provide follow-up assessments as needed based on patients' clinical condition and clinical judgment. Nutrition Support (enteral or parenteral nutrition) patients will be followed more closely if needed.
6. The Registered Dietitian will assess adequacy and tolerance of patients on home tube feeding. If needed, the RD will consult with the home infusion company for more information. If a patient has a newly placed long-term feeding tube, the Registered Dietitian will assist in the referral process for home tube feeding formula coverage or refer to social services/case management.
7. The Registered Dietitian will coordinate care with outpatient nursing and Cancer Resource Center coordinators, social workers, and oncologists to ensure consistency of nutritional care.
8. Appointments for nutritional counseling outside of scheduled day with the outpatient oncology infusion center dietitian will be provided as needed/able based on inpatient coverage.
9. Nutrition counseling and education will include providing educational handouts specific to oncology and chemotherapy side effects, PO supplement coupons, recipes, etc.
10. Nutrition education and counseling will be documented in the EHR.

C. Documentation:

1. Assessments

- a. All patients interactions, including assessments, educational sessions, counseling sessions, and brief check-ins, will be documented in the EMR for Outpatient Nutrition Services.
- b. The notes will be entered at either a Nutrition Education note or RD note.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed.

VII. REFERENCES

- A. The Joint Commission.

- B. Title 22 Division 5 Chapter 1, 70273.
- C. Academy of Nutrition and Dietetics..
- D. American Society for Parenteral and Enteral Nutrition.
- E. Nutrition and Diagnosis-Related Care, Escott-Stump, 9th Edition, 2022

Attachments

[AttachmentA- OncologyScreeningTool.png](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
P&T Committee	Genevieve delos Santos: Director Pharmacy	10/2024
P&T Committee	Kiri Golleher: Pharmacy Clinical Coordinator	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	08/2024
Policy Owner	Nina Brooks: Manager Nutrition Services	08/2024

Standards

No standards are associated with this document



Last Approved N/A
Next Review 1 year after approval

Owner Anthony Duenas:
Manager
Outpatient
Infusion & Wound
Operations
Area Scopes Of
Service

Scope of Service: Outpatient Infusion Center

I. SCOPE OF SERVICE

The Outpatient Infusion Center (OPI) supports the Mission, Vision, Values and Strategic Plan of Salinas Valley Health and has designed services to meet the needs and expectations of patients, families and the community.

The purpose of the OPI is to enhance patient services and health programs that help Salinas Valley Health remain a leading provider of medical care. The goal of the OPI is to ensure that all customers will receive high quality care and service in the most expedient and professional manner possible.

II. GOALS

In addition to the overall Salinas Valley Health goals and objectives, the OPI develops goals to direct short term projects and address opportunities evolving out of quality management activities. These goals will have input from other staff and leaders as appropriate and reflect commitment to annual hospital goals.

The goal of the OPI is:

- A. To provide outpatient services to referred patients who require treatment, including but not limited to, chemotherapy, immunotherapy, biotherapy, antibiotics, and blood products.

III. DEPARTMENT OBJECTIVES

- A. To support Salinas Valley Health and the Department of Nursing objectives.
- B. To support the delivery of safe, effective, and appropriate care and service in a cost effective manner.
- C. To plan for the allocation of human/material resources.

- D. To provide high quality service with a focus on a collaborative, multi-disciplinary approach to minimize the negative physical and psychological effects of the disease processes and surgical interventions through patient/significant other education and to restore the patient to the highest level of wellness possible.
- E. To support the provision of a therapeutic environment appropriate for the patient population in order to promote healing of the whole person.
- F. To provide necessary expertise, technology, instrumentation and equipment for the management of patients.
- G. To provide appropriate staff orientation and development.
- H. To continually evaluate OPI functions, staff performance, care, and service for quality management and continuous quality improvement.

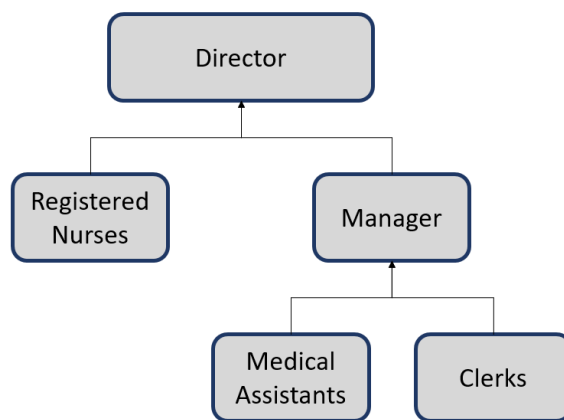
IV. POPULATION SERVED

Clinical:

The OPI provides care for adult patients, 18 years and older.

V. ORGANIZATION OF THE DEPARTMENT

Organizational Chart



- A. Hours of Operation:
The OPI provides services Monday - Friday, between the hours 07:00 -17:30.
- B. Location of Department:
The OPI is located at 515 East Romie Lane in Salinas, Ca.
- C. Admission, Discharge, Transfer Criteria (if applicable):
This is an Outpatient/Ambulatory facility. If the patient requires a higher level of care, 911 is called and patient is transferred to the Emergency Department.
 - Orders are accepted from licensed independent practitioners (LIP) who are determined to be qualified by the health care setting.
 - LIP orders are only valid for a maximum of one year. For continuation of the same

treatment, the referring provider will need to issue new orders to continue the services at the OPI.

- The documentation needed for referral and treatment may differ depending on the medical necessity specified by the insurance.
 - Insurance authorizations for orders are the responsibility of the referring provider's office unless otherwise approved by Outpatient Infusion leadership.
- D. The healthcare setting will evaluate any infectious patient to determine if it is appropriate for them to receive care without causing an increased risk to other patients. The OPI cannot admit anyone with airborne precautions.
- E. Patient visitors are generally limited to one and any exceptions are vetted through infusion leadership.
- F. Children under the age of 16 may be in the waiting area under supervision but are not allowed in the treatment area. No individual under the age of 18 will be allowed in the treatment area.
- G. Services and treatments may include but are not limited to:
 - Chemotherapy
 - Biotherapy
 - Immunotherapy
 - Antibiotic therapy
 - Blood and blood product transfusions
 - Hydration therapy
 - Maintenance of central lines
 - Therapeutic phlebotomy
- H. Patient/Legal Representative Request for Photography / Audio Recording will adhere to Hospital Procedure: [Consent to Photography](#)

VI. DEFINITION OF PRACTICE AND ROLE IN MULTIDISCIPLINARY CARE /SERVICE

- A. Care is delivered by a multidisciplinary team comprised of medical staff, registered nurses and ancillary support according to the needs of the patients. Services are provided based upon patient assessments, patient and/or family preferences, plans of care, and medical staff orders.
- B. The Director and Manager assume responsibility of day to day operations and all care provided in the center.
- C. General supervision for all treatments is required of the referring LIP. ²
 - In a non-emergent event if the LIP is unavailable the orders may be deferred.
- D. The Director of Pharmacy and the manager of Outpatient Pharmacy Services will be

responsible for the pharmacy services in the OPI and will support the staff.

VII. EVALUATION OF CARE

Systems, services and patient care are evaluated to determine their timeliness, appropriateness, clinical necessity and the extent to which the level of care or services provided meets the patient's needs through any one or all of the following quality improvement practices:

- A. Multidisciplinary Performance Improvement Teams
- B. Patient/ Family satisfaction surveys
- C. Focused studies
- D. Patient relation services
- E. Employee forums
- F. Staff meetings and staff input
- G. Nursing Leadership

VIII. REQUIREMENTS FOR STAFF

All individuals who provide patient care services are licensed and/or registered (according to applicable state law and regulation) and have the appropriate training and competence.

The center follows guidelines of national, state, and local regulatory bodies. Standards of practices are consistent with Basic Life Support (BLS), and Oncology Nursing Society (ONS).

A. Licensure / Certifications:

The basic requirements for *Registered Nurses* include:

- Current state licensure
- Current BLS
- Current ONS Chemotherapy and Immunotherapy provider card
- Competency-based orientation
- Annual competency

The basic requirements for *Outpatient Infusion Clerk* include:

- Current BLS
- Competency-based orientation
- Annual competency

The basic requirements for *Medical Assistants* include:

- Current BLS
- Current Phlebotomy Licensure
- Competency-based orientation
- Annual competency

- B. Competency:
Staff are required to have routine competency assessments and annual performance appraisals. The assessment may be in a written, demonstrated, observed, or verbal form. Online education modules are required annually and are defined by the organization. In-services and other educational resources are part of the department's on-going efforts to educate staff and further enhance performance and improve staff competence.
- C. The educational needs of the department are assessed through a variety of means, including:
- STAR Values
 - Quality Assessment and Improvement Initiatives
 - Strategic Planning (Goals & Objectives)
 - New and emerging products and/or technologies
 - Changes in Practice
 - Regulatory Compliance
 - Feedback and requests for future topics are regularly solicited from staff via e-mail, surveys, in-service evaluation forms, and in person
 - Needs assessment completed by Nursing Education

IX. STAFFING PLAN

Staffing is based on patient volume and acuity. Patient assignments are made based on competency and total patient acuity. Continual assessments and adjustments are made throughout the shift as needed. Authorization of overtime will be assessed in collaboration between staff and leadership. The minimum core staffing will include two BLS trained personnel.

X. EVIDENCE-BASED STANDARDS

The OPI will provide individualized care following evidence-based practice, policies and procedures.

In collaboration with leadership, staff will design, implement, and evaluate delivery of care, consistent with a "Patient First" philosophy. Care will be provided:

- With compassion, respect, and dignity for each individual without bias
- In a manner that best meets the individualized needs of the patient
- In a timely manner
- Coordinated through multidisciplinary team collaboration
- In a manner that maximizes the efficient use of financial and human resources.

Salinas Valley Health has developed administrative and clinical standards for staff practice and these are available on the intranet.

XI. CONTRACTED SERVICES

Contracted services under this Scope of Service are maintained in the electronic contract management

system.

XII. PERFORMANCE IMPROVEMENT AND PATIENT SAFETY

The OPI supports Salinas Valley Health's commitment to continuously improving the quality of patient care. Based on opportunities identified through various venues, including Unit Practice Council, Occurrence Reporting, Patient/Employee Rounding, and additional observations, the center will develop process improvement plans in accordance to the strategic initiatives of the organization. Quality improvements within the OPI are developed and implemented with Finance, Regulatory, Quality, Safety, and Administrative guidance.

XIII. REFERENCES

1. "CMS Manual System *Pub 100-02 Medicare Benefit Policy*". January 15, 2020. Department of Health & Human Services; Centers for Medicare & Medicaid Services.

Attachments

[Image 1](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
CNO	Carla Spencer: Chief Nursing Officer	11/2024
Director of OP Infusion/Wound	Thelma Baker: Director Outpatient Oncology & Wound Services	11/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024
Policy Owner	Anthony Duenas: Manager Outpatient Infusion & Wound Operations	10/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Jessica Graziano:
Manager Rehab Services
Area Rehabilitation

Vent Mobilization for Critically Ill Patients in the Intensive Care Unit: Multidisciplinary Mobilization Guidelines

I. POLICY STATEMENT

A. N/A

II. PURPOSE

Research has demonstrated that early mobility with critically ill patients in the Intensive Care Unit (ICU) is safe, feasible, and effective in reducing the severity of weakness and dysfunction. Early mobility and exercise has been associated with fewer adverse physiological events and has been demonstrated to reduce time on mechanical ventilation, length of stay in the ICU, and overall length of stay in the hospital demonstrating improved quality of life. It has been found that those receiving early mobility achieve greater functional capacity upon hospital discharge along with shorter duration of delirium than those who did not receive early mobility interventions.

III. DEFINITIONS

- A. ICU: Intensive Care Unit
- B. CCU: Critical Care Unit
- C. PT: Physical Therapy/ Physical Therapist
- D. OT: Occupational Therapy/ Occupational Therapist
- E. RT: Respiratory Therapy/ Respiratory Therapist
- F. RN: Registered Nurse
- G. ST: Speech Therapy/ Speech Therapist
- H. ROM: Range of Motion

- I. PEEP: Positive End Expiratory Pressure
- J. FIO2: Fraction of Inspired Oxygen
- K. MAP: Mean Arterial Pressure
- L. HR: Heart Rate
- M. RR: Respiratory Rate
- N. WOB: Work of Breathing
- O. MV: Mechanical Ventilation
- P. DVT: Deep Vein Thrombosis
- Q. PE: Pulmonary Embolism
- R. MI: Myocardial Infarction
- S. ECG: Electrocardiogram
- T. SBP: Systolic Blood Pressure
- U. DBP: Diastolic Blood Pressure
- V. ADL: Activities of Daily Living
- W. EOB: Edge of Bed
- X. RASS: Richmond Agitation- Sedation Scale
- Y. DOE: Dyspnea on Exertion
- Z. CVA: Cerebrovascular Accident
- AA. SAH: Subarachnoid Hemorrhage
- AB. ICH: Intracranial Hemorrhage
- AC. CNS: Central Nervous System
- AD. ETT: Endotracheal Tube
- AE. LTAC: Long Term Acute Care
- AF. SNF: Skilled Nursing Facility

IV. GENERAL INFORMATION

- A. (Describe information that might assist persons to understand the processes)

V. PROCEDURE

A Mobilization Guidelines:

1. For patients admitted to the ICU/Progressive Care Unit, orders will be written by the admitting the ICU physician, if indicated for the patient, as follows:
 - A. Mobilization to be initiated by nursing. Nursing will also perform Safety screen using the ABCDEF Bundle.
 - B. Physical therapy (PT) evaluate and treat per mobilization guidelines

- C. Occupational therapy (OT) evaluate and treat per mobilization guidelines
- D. Respiratory therapy (RT) to provide support as needed
- E. Speech therapy swallow evaluate and treat per mobilization guidelines
- F. Activity level orders: "Activity per Mobilization Guidelines"

2. Nursing, RT, and Rehab will discuss patients during ICU Rounds using exclusion criteria to initiate and progress with Mobilization Guidelines. (See Table 1)

3. Nursing will commence (as able) with Level 1 of the guidelines with all appropriate patients and will progress to levels 2, 3 and 4 (as able) per guidelines, and as the patient meets criteria for each level. (See Tables 1 and 2)

- A. Criteria and Interventions by Levels of Activity/ Mobility provided will be discussed in ICU multidisciplinary rounds.

4. Treatment will be initiated by PT, OT, ST, and RT as soon as patient meets criteria specified in guidelines. Advancement into levels 3 and 4 will be initiated based on the patient achieving criteria to progress. (See Tables 1 and 2)

5. The patient will be assessed throughout each exercise and mobility session performed to determine if the patient is medically tolerating the treatment per established criteria. If not, mobility will be terminated. (See Table 3)

6. For patients who are on mechanical ventilation (MV) via ETT or trached, the RT will be present as needed for bed level mobility and present for transfers out of bed to a chair. The RT will be available throughout treatment to assist with respiratory care of the patient. During gait training, the RT will be present throughout the mobility component of the treatments to assist with respiratory care of the patient.

7. If patient is held from rehab services one day due to not meeting criteria, the patient will be re-assessed by nursing and PT/OT the next day and if meets criteria, physical and occupational therapy will resume.

B. All patients admitted to the ICU who are hemodynamically stable receive:

- A. Every two hours turning with PROM
 - Passive ROM is started on Day One (1) as per Levels of Activity/Mobility Guidelines (see Table 1). As patients demonstrate consciousness and stabilize, they move to the next level. In order to progress from Level 1 to Level 2 the patient will have a RASS of +1 to -2. PT and OT are initiated at Level 3.

C. Early Mobilization screening:

- A pre-activity assessment must be completed by nursing and/or PT/OT, which may include information from physician, nursing, and/or RT (Table 1). Activity and/or exercise may commence and progress through the levels of activity and exercise if the patient passes the following exclusion criteria:

D. Documentation of activity will be completed by each discipline in the electronic medical record.

E. Device to be cleaned according to manufacturers guidelines.

VI. EDUCATION/TRAINING

A. Education and/or training is provided as needed.

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Attachments

[Table 2_Interventions by Levels of Activity_Mobility.docx](#)

[Table1.Exclusion Criteria to Initiate and Progress Activity.docx](#)

[Table3. Response to Exercise and Mobility will be Monitored will be Monitored by each discipline and will be terminated pending Criteria.docx](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
CNO	Carla Spencer: Chief Nursing Officer	10/2024
CCU Medical Director	Katherine DeSalvo: Director Medical Staff Services	10/2024
Dir. of Rehab	Christianna Kearns: Associate Chief Operating Officer	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	Jessica Graziano: Manager Rehab Services	10/2024

Standards

No standards are associated with this document

*QUALITY AND EFFICIENT
PRACTICES COMMITTEE*

*Minutes of the
Quality and Efficient Practices Committee
will be distributed at the Board Meeting*

(CATHERINE CARSON)

FINANCE COMMITTEE

*Minutes of the Finance Committee
will be distributed at the Board Meeting*

*The Financial Report (Informational)
is included in the Packet*

*Background information supporting the
proposed recommendations from the
Committee is included in the Board Packet*

(JOEL HERNANDEZ LAGUNA)

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

Financial Performance Review

October 2024

Finance Committee

Augustine Lopez

Chief Financial Officer

Consolidated Financial Summary

For the Month of October 2024

\$ in Millions	For the Month of October 2024			
			Variance fav (unfav)	
	Actual	Budget	\$VAR	%VAR
Operating Revenue	\$ 70.6	\$ 63.1	\$ 7.5	12.0%
Operating Expense	\$ 66.7	\$ 64.2	\$ (2.5)	-3.8%
Income from Operations	\$ 4.0	\$ (1.1)	\$ 5.1	462.9%
Operating Margin %	5.5%	-1.8%	7.3%	405.56%
Non Operating Income **	\$ (3.7)	\$ 3.1	\$ (6.8)	-219.4%
Net Income	\$ 0.3	\$ 2.0	\$ (1.7)	-85.4%
Net Income Margin %	0.4%	3.2%	-2.8%	-87.5%

****Non Operating Income unfavorable variance totaling \$6.8 million was due to the folloing:**

- **\$1.2M** of FEMA Grant funds received in October
- **\$(8.0)M** of Unrealized losses recognized on mark to market adjustments

Consolidated Financial Summary

For the Month of October 2024 - Normalized

\$ in Millions	For the Month of October 2024				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 70.6	\$ 63.1	\$ 7.5	12.0%	
Operating Expense	\$ 66.7	\$ 64.2	\$ (2.5)	-3.8%	
Income from Operations	\$ 4.0	\$ (1.1)	\$ 5.1	462.9%	
Operating Margin %	5.5%	-1.8%	7.3%	405.56%	
Non Operating Income **	\$ (4.9)	\$ 3.1	\$ (8.0)	-258.1%	
Net Income	\$ (0.9)	\$ 2.0	\$ (2.9)	-145.4%	
Net Income Margin %	-1.3%	3.2%	-4.5%	-140.6%	

****Non Operating Income Excludes Normalizing Item of:**

- \$1.2M of FEMA Grant funds received in October

Executive Summary: Financial Performance

Salinas Valley Health Income from Operations was \$4.0 million for the month which was favorable to budget by \$5.1M. The favorable financial performance for the month was driven by the following:

Key Favorable Performance Highlights:

- **Outpatient revenue** was very strong compared to budget by \$20M (14%), due to higher than budgeted patient volumes in the following areas:
 - **OP Surgeries** were over budget by 23% (62 cases).
 - **OP Infusion cases** were over budget by 25% (255 cases).
 - **CT Scans** were over budget by 12% (217 scans).
 - **MRI Scans** were over budget by 5% (11 scans).
- **Inpatient Surgeries** were over budget by 17% (22 cases).
- **Total Inpatient Admissions** were 3% (24 admits) above budget.
- **Average Length of Stay** was 9% favorable to budget at 3.4. Medicare average length of stay CMI adjusted was favorable to budget by 15% at 2.1.

Executive Summary: Financial Performance – Cont'd

■ Key Unfavorable Performance Highlights:

- ✓ **Non-Operating Revenue** was unfavorable by \$6.8M primarily due to unrealized investment losses as the result of the decline in interest rates, this was partially offset with FEMA grant funds received in October.
- ✓ **Average Daily Census** was under budget by 12% predominately driven by a 17% lower than budgeted average length of stay, offset with a 3% higher than budgeted admissions.
- ✓ **Deliveries** were under budget by 14% (16 cases)
- ✓ **Mammography** cases were below budget 4% (88 cases)
- ✓ **Total Case Mix** was under budget by 5% at 1.53

Consolidated Financial Summary

YTD October 2024

\$ in Millions	FY 2024 October YTD			
			Variance fav (unfav)	
	Actual	Budget	\$VAR	%VAR
Operating Revenue	\$ 268.8	\$ 249.7	\$ 19.1	7.7%
Operating Expense	\$ 259.1	\$ 253.9	\$ (5.2)	-2.0%
Income from Operations *	\$ 9.8	\$ (4.2)	\$ 14.0	333.1%
Operating Margin %	3.6%	-1.7%	5.3%	311.8%
Non Operating Income **	\$ 15.2	\$ 12.2	\$ 3.0	24.6%
Net Income	\$ 25.0	\$ 8.0	\$ 17.0	212.4%
Net Income Margin %	9.3%	3.2%	6.1%	190.6%

**Non Operating Income includes:

- \$1.2M of FEMA Grant funds received in October
- \$1.8M Favorable Investment Income

Consolidated Financial Summary

YTD October 2024 - Normalized

\$ in Millions	FY 2024 October YTD				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 268.8	\$ 249.7	\$ 19.1	7.6%	
Operating Expense	\$ 259.1	\$ 253.9	\$ (5.2)	-2.0%	
Income from Operations	\$ 9.7	\$ (4.2)	\$ 13.9	331.0%	
Operating Margin %	3.6%	-1.7%	5.3%	311.8%	
Non Operating Income **	\$ 14.0	\$ 12.2	\$ 1.8	14.8%	
Net Income	\$ 23.7	\$ 8.0	\$ 15.7	196.3%	
Net Income Margin %	8.8%	3.2%	5.6%	175.0%	

****Non Operating Income Excludes Normalizing Item of:**

- \$1.2M of FEMA Grant funds received in October

****Non Operating Income favorable budget impact includes**
\$2.6M Favorable Investment Income

SVHMC Revenue Highlights October 2024

Gross Revenues
were 8.1%
favorable to
budget

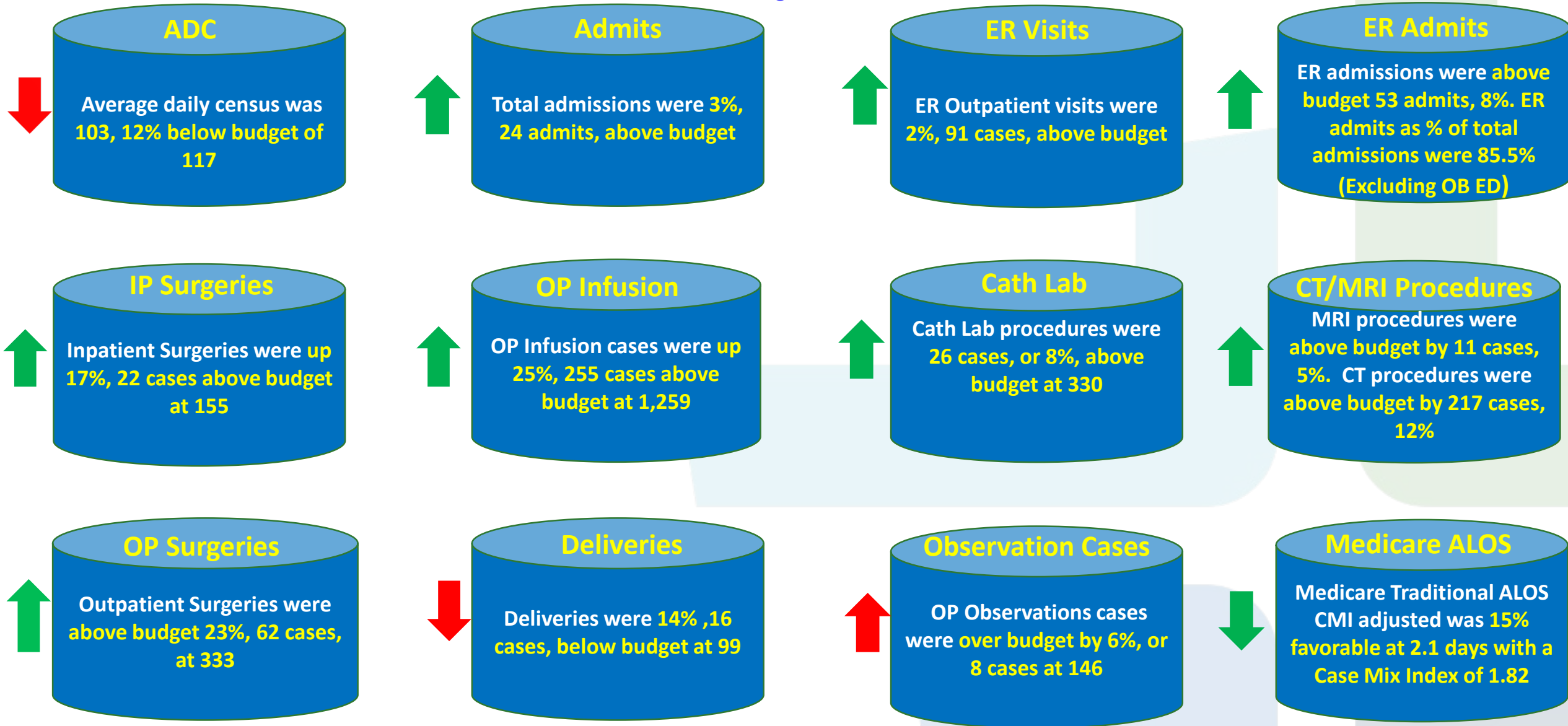
- IP Gross Revenues were 9.0% *unfavorable* to budget
- ED Gross Revenues were 4.7% *favorable* to budget
- OP Gross Revenues were 32.9% *favorable* to budget in the following areas:
 - OP Infusion
 - OP Surgery
 - CT & MRI

- Commercial: 9% *above* budget
- Medicaid: 14% *above* budget
- Medicare: 4% *above* budget

Payor Mix –Neutral

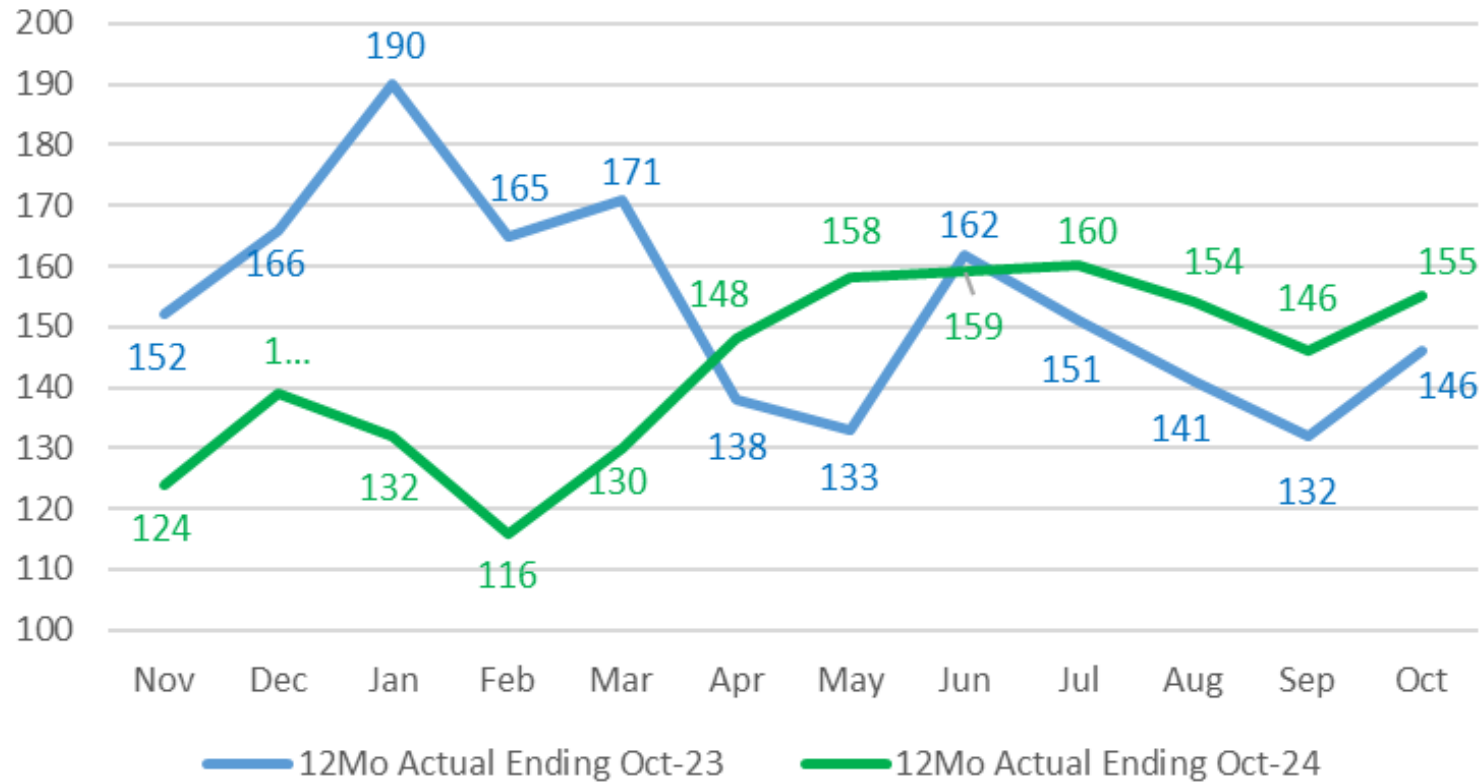
Total Net Patient
Revenues were \$59.7M,
which was *favorable* to
budget by \$8.1M or
15.7%

Financial Summary – October 2024



IP Surgery Cases – October 2024

IP Surgery Cases



IP Surgery Cases – month variance from prior year – 9 cases higher:

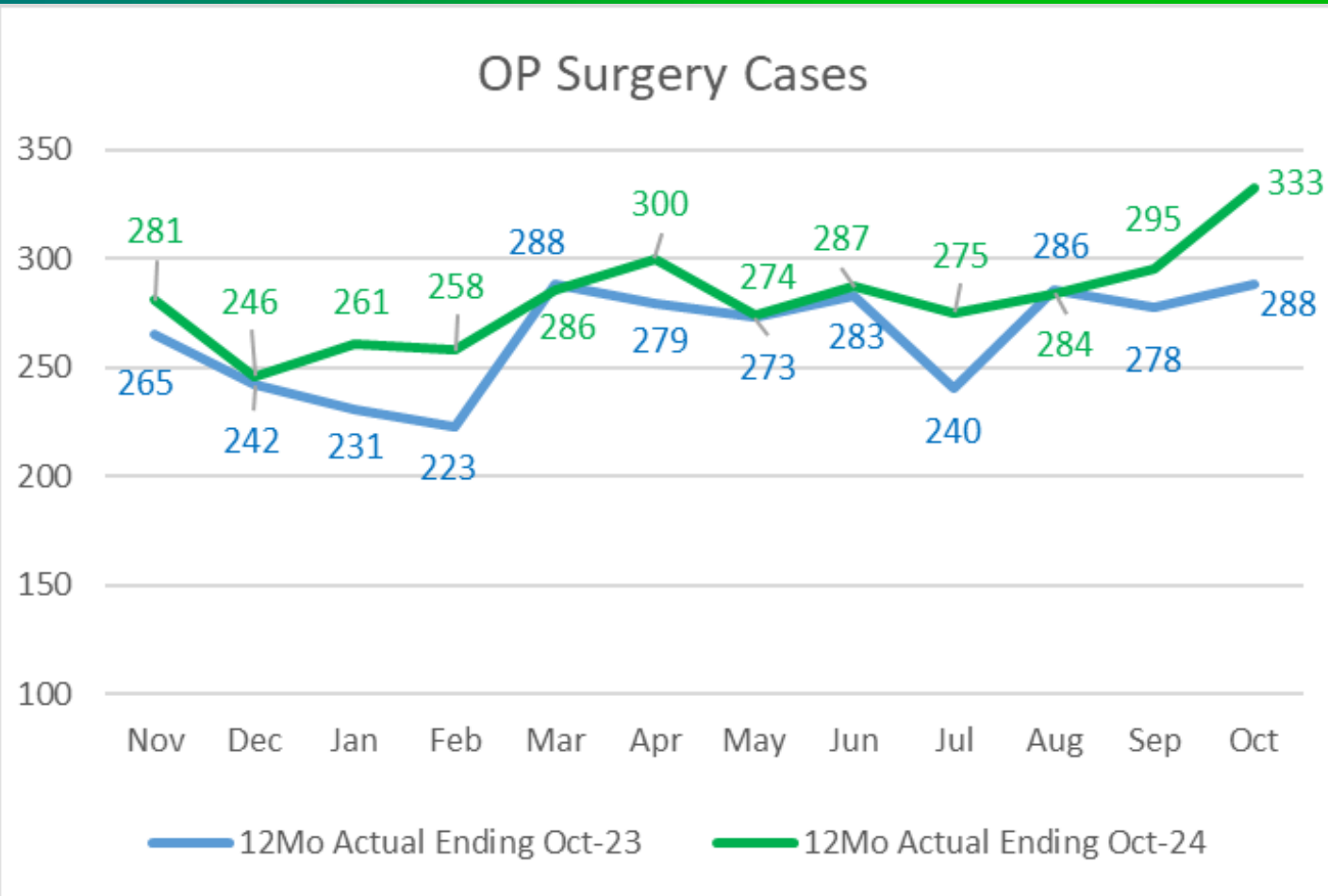
Increases:

- General Surgery up 31 cases (new surgeon in Oct)

Decreases:

- Orthopedics down 15 cases
- Vascular and Thoracic down 7 cases (surgeon resigned in December)

OP Surgery Cases – October 2024



OP Surgery Cases – month variance from prior year – 45 cases higher:

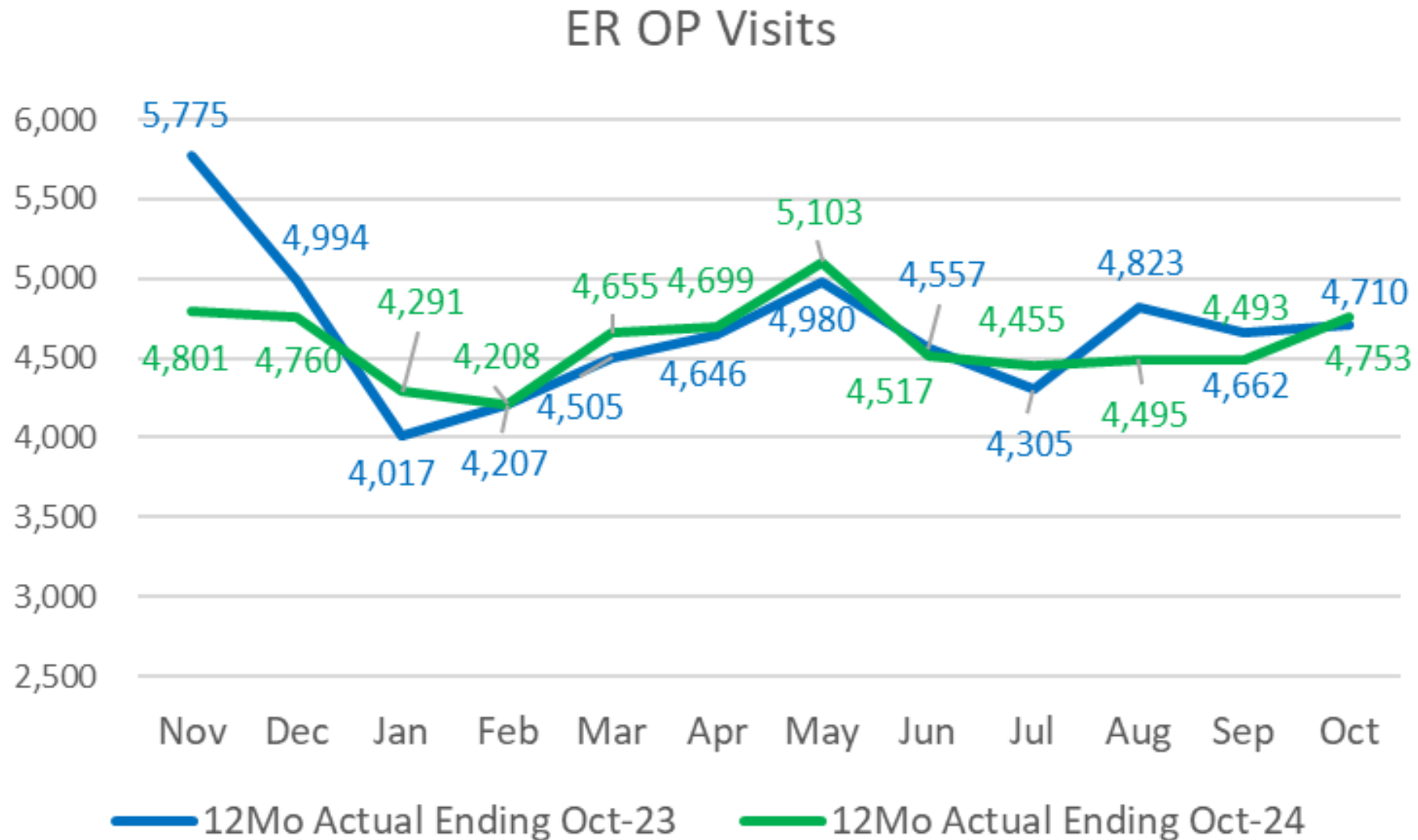
Increases:

- General Surgery up 33 (new surgeon in Oct)
- Orthopedics up 16 cases (surgeon started in Nov 2023)

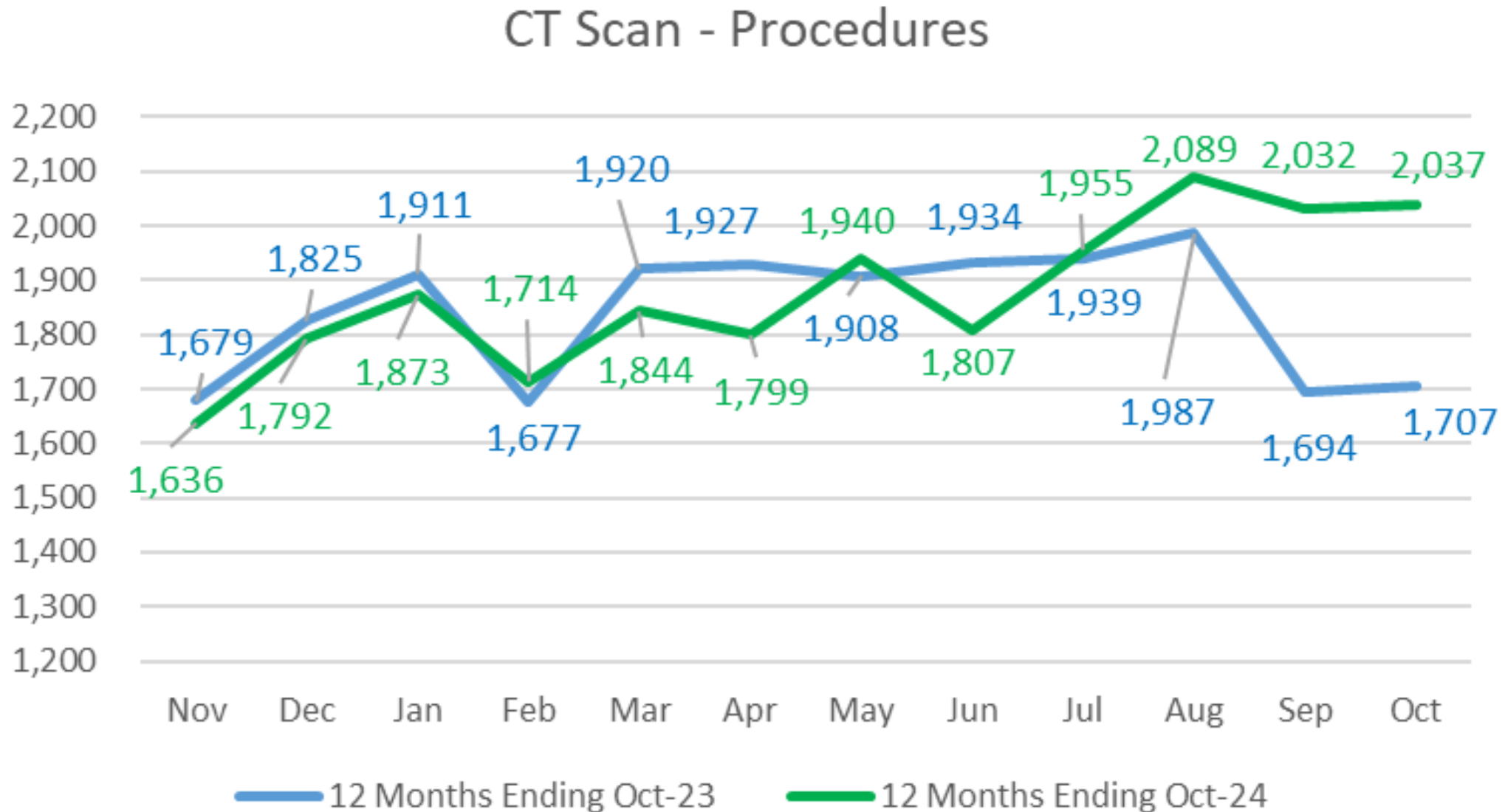
Decreases:

- Urology down 7 cases (surgeon resigned in Aug 2024)

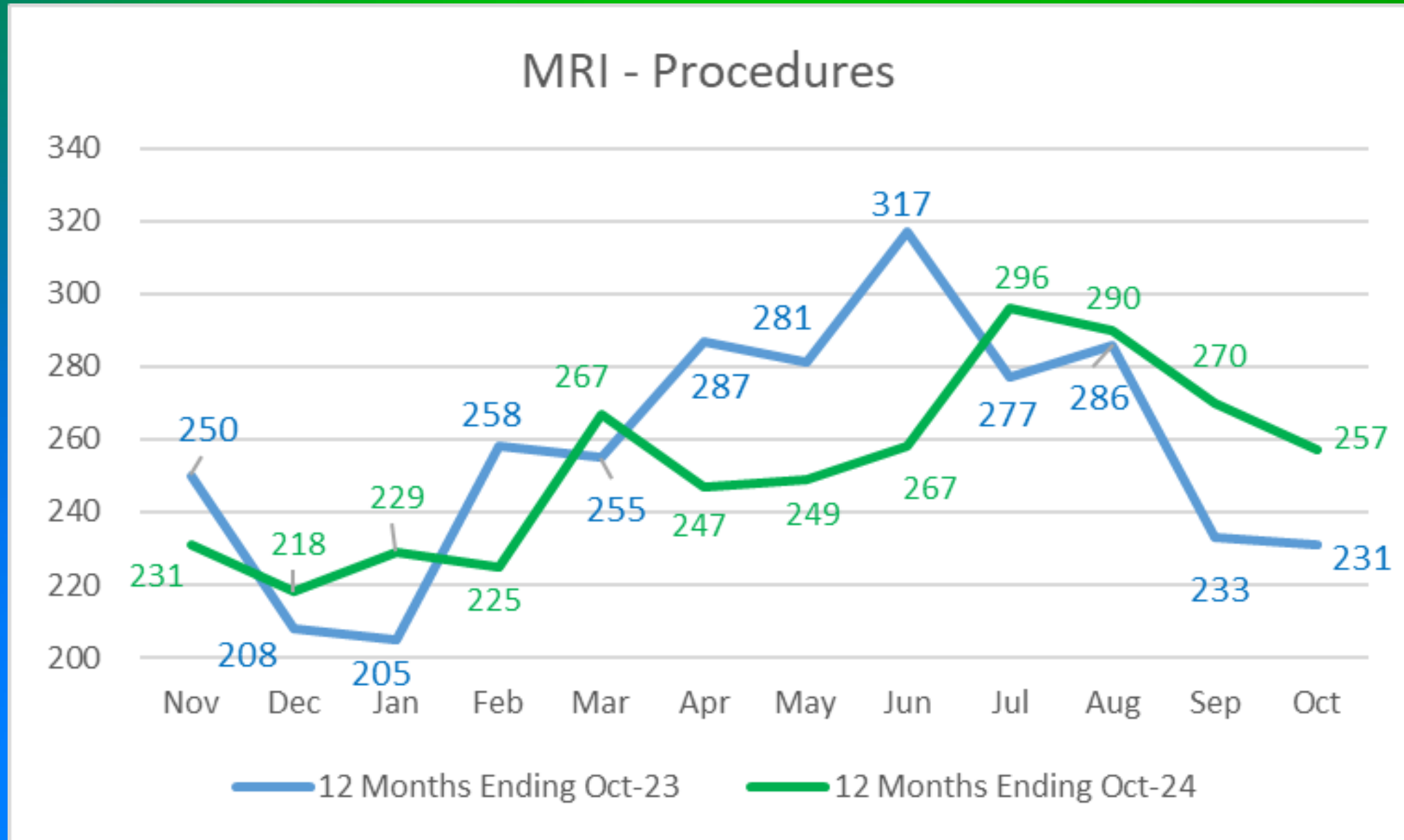
ER OP Visits – October 2024



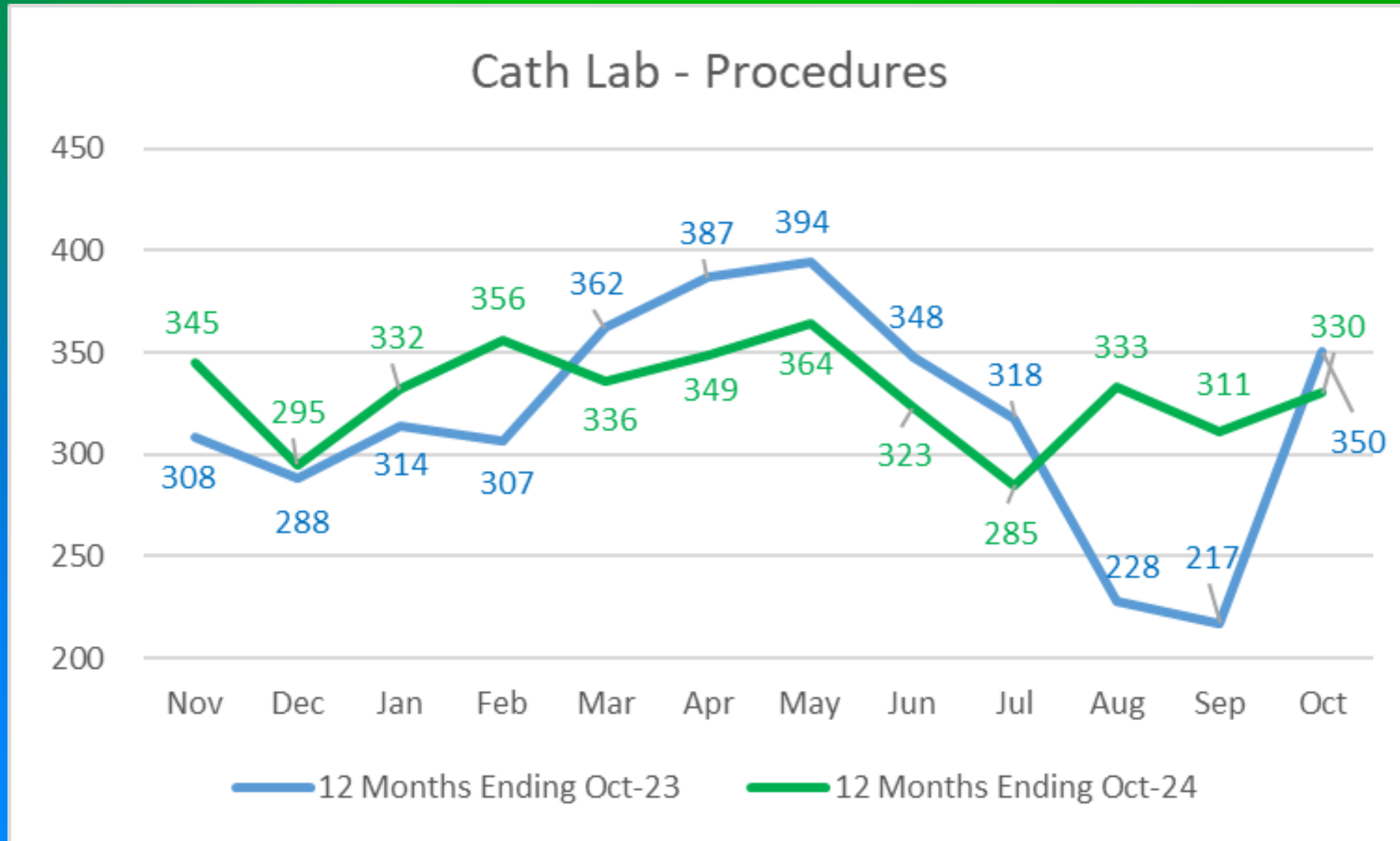
CT Scans – October 2024



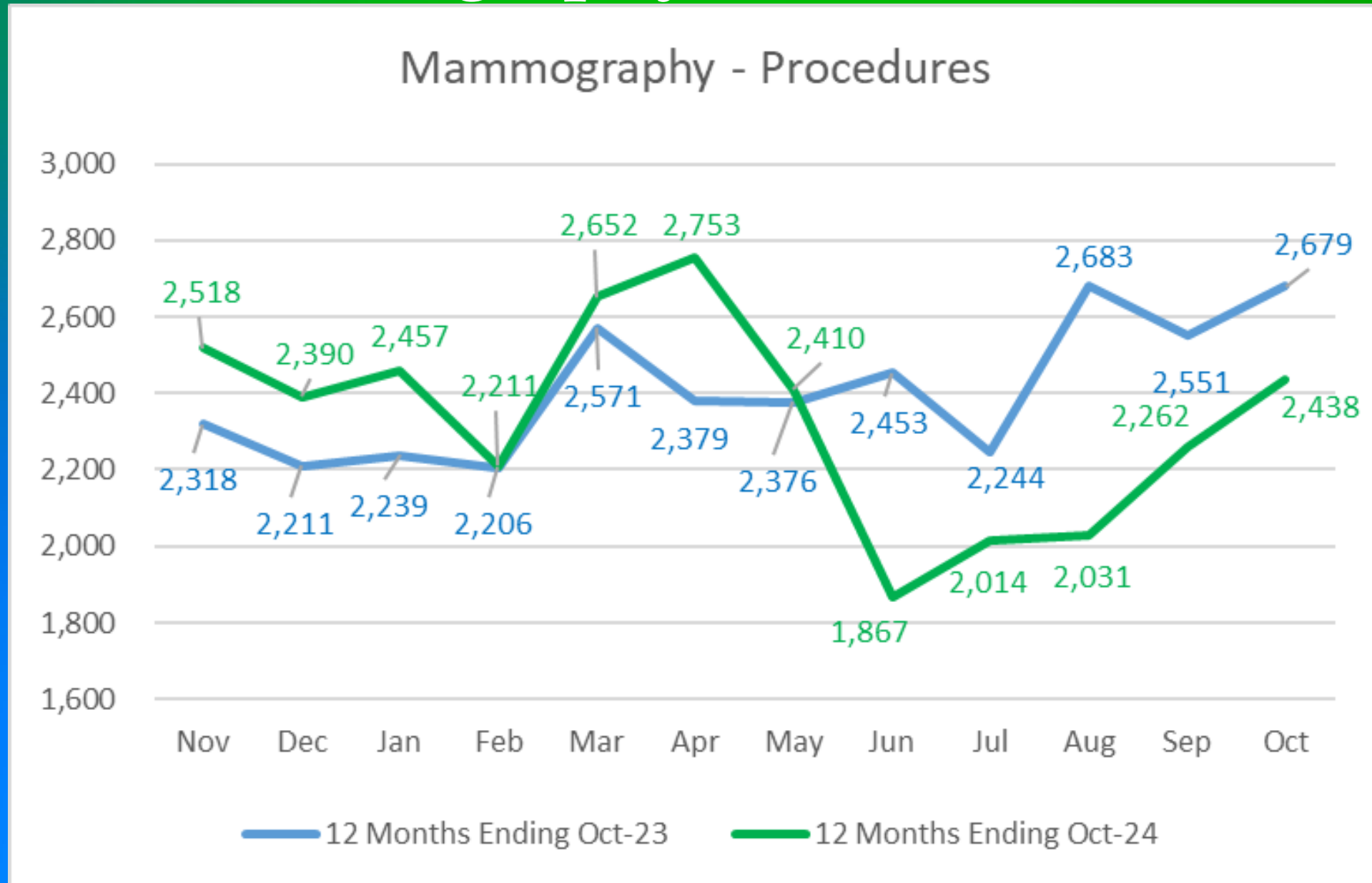
MRI – October 2024



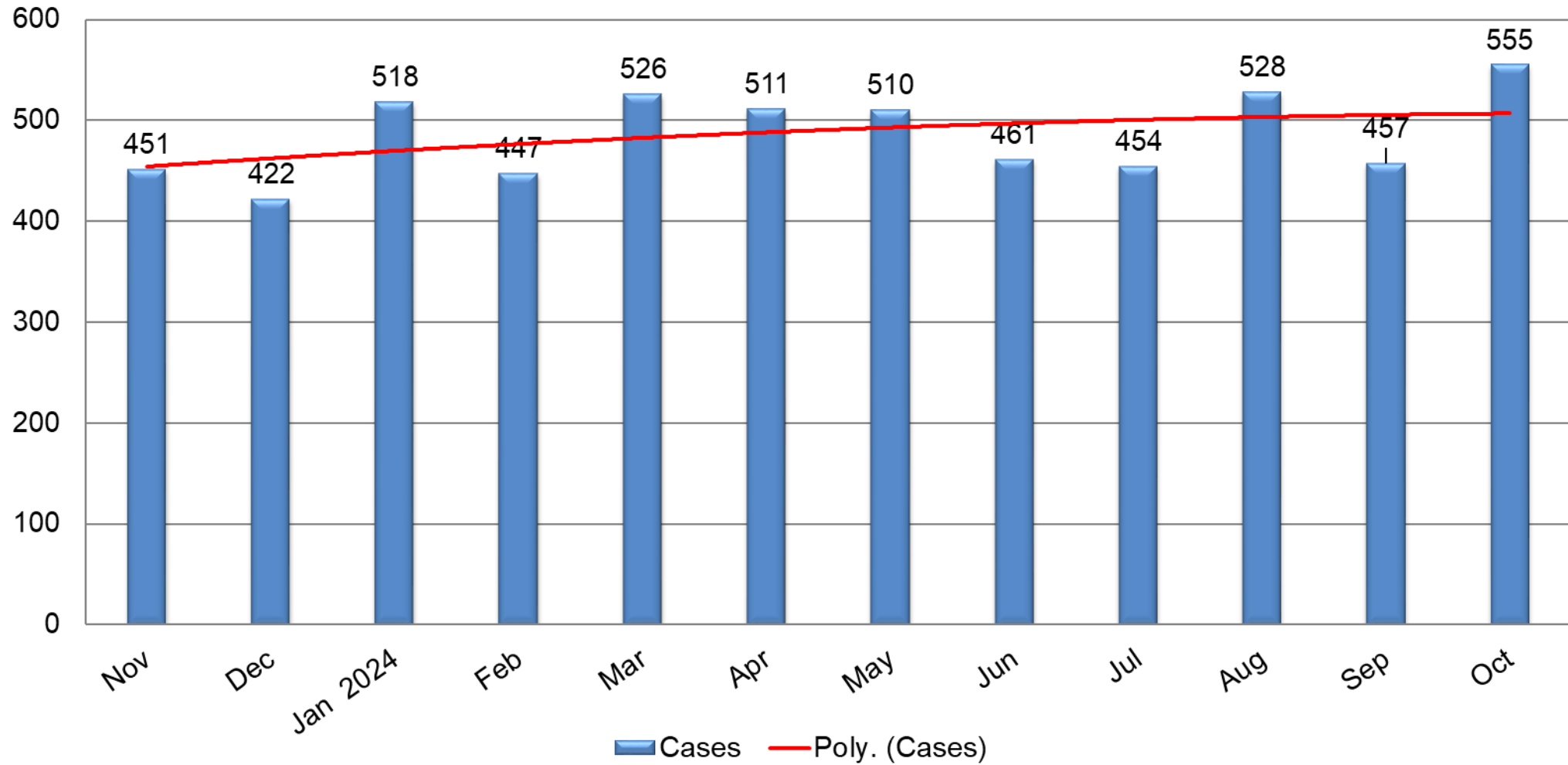
Cath Lab – October 2024



Mammography – October 2024



CDOC Cases - Rolling 12 Month Trend Nov 2023 thru Oct 2024

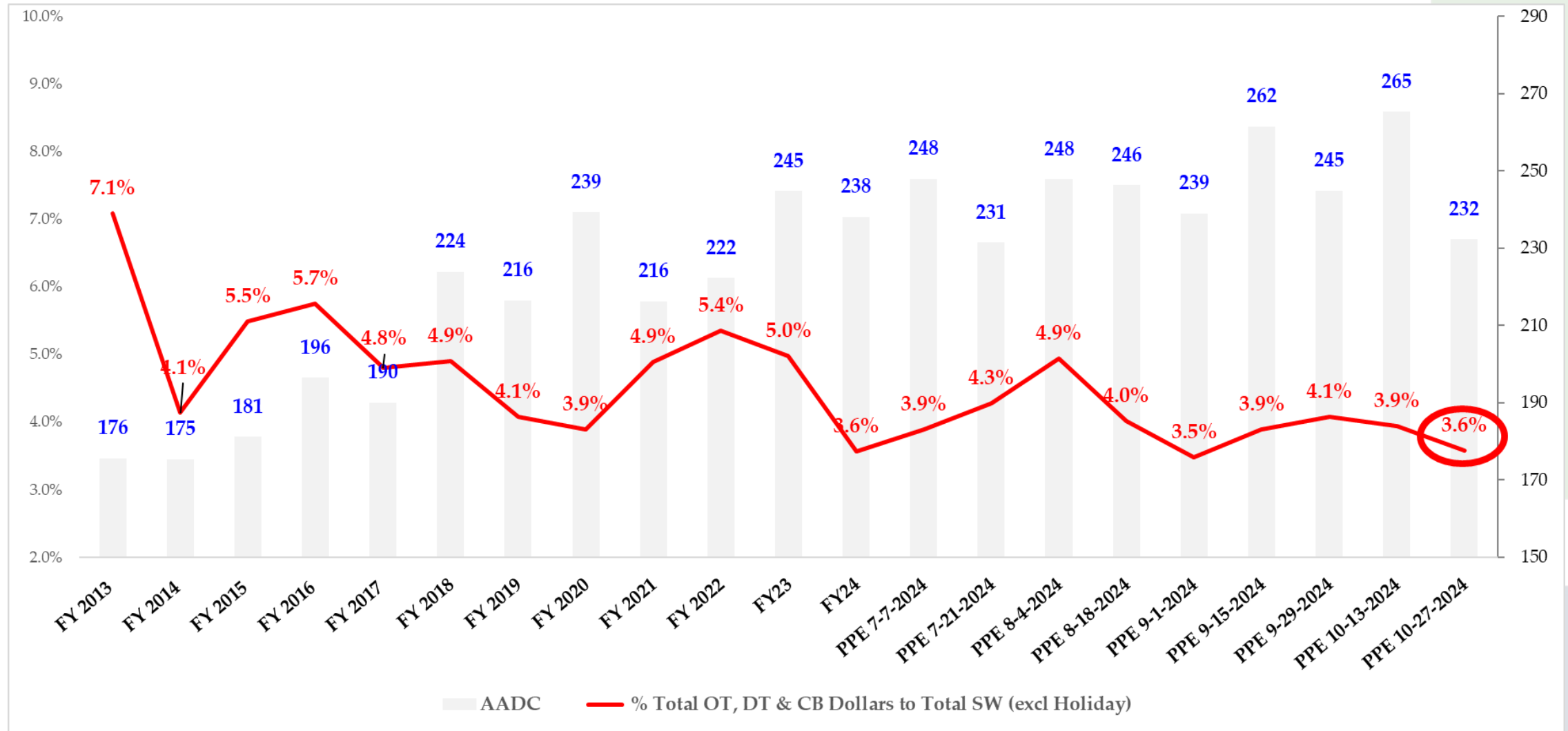


Labor Productivity – October 2024

- 1. Worked FTEs:** During the month of October, worked FTEs on a PAADC basis were 2.2% favorable at **6.5** with a target of **6.6**. *When reviewed on a unit-by-unit level, the variance was **23.3 FTEs negative (\$342k)**. The variance occurred as volume dropped from a FY25 high AADC of 265 in the first pay period of the month to a low of 232 in the second pay period of the month (12.5%). The sudden drop drove significant variances in inpatient adult nursing units and other departments that use patient day or inpatient procedure related metrics.*
- 2. Worked FTEs** decreased from 1,536 in September to 1,549 in October. Average daily census decreased by 15 compared to prior month at 103 (12% below budget).
- 3. Paid FTEs:** On a PAADC basis, paid FTEs were **3.5%** favorable to budget at **7.5 actual vs. 7.8 budget**. Paid FTE increased from 1,814 in September to 1,807 in October.

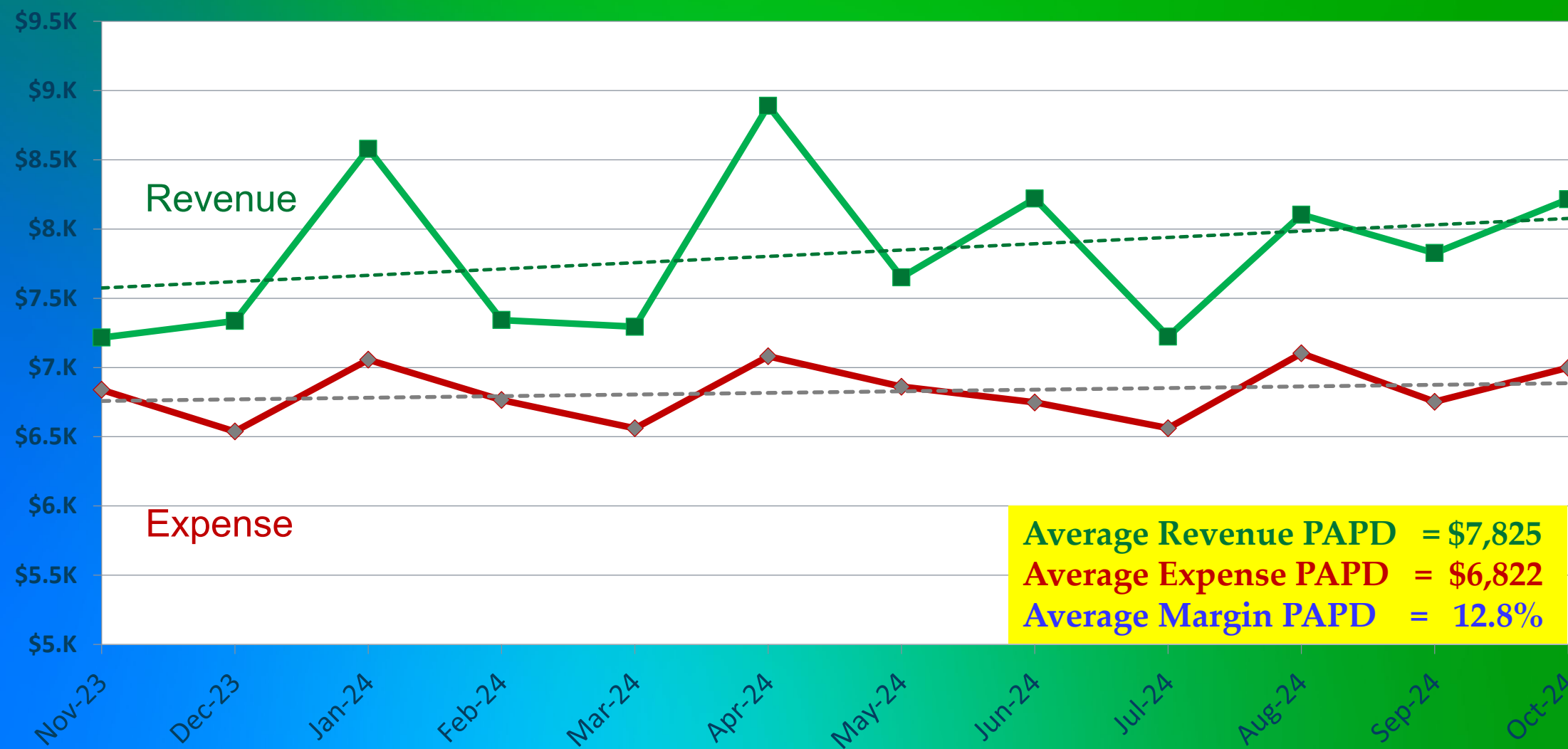
% of Total OT, DT & CB Dollars to Total S&W

Updated Thru PPE 10-27-24



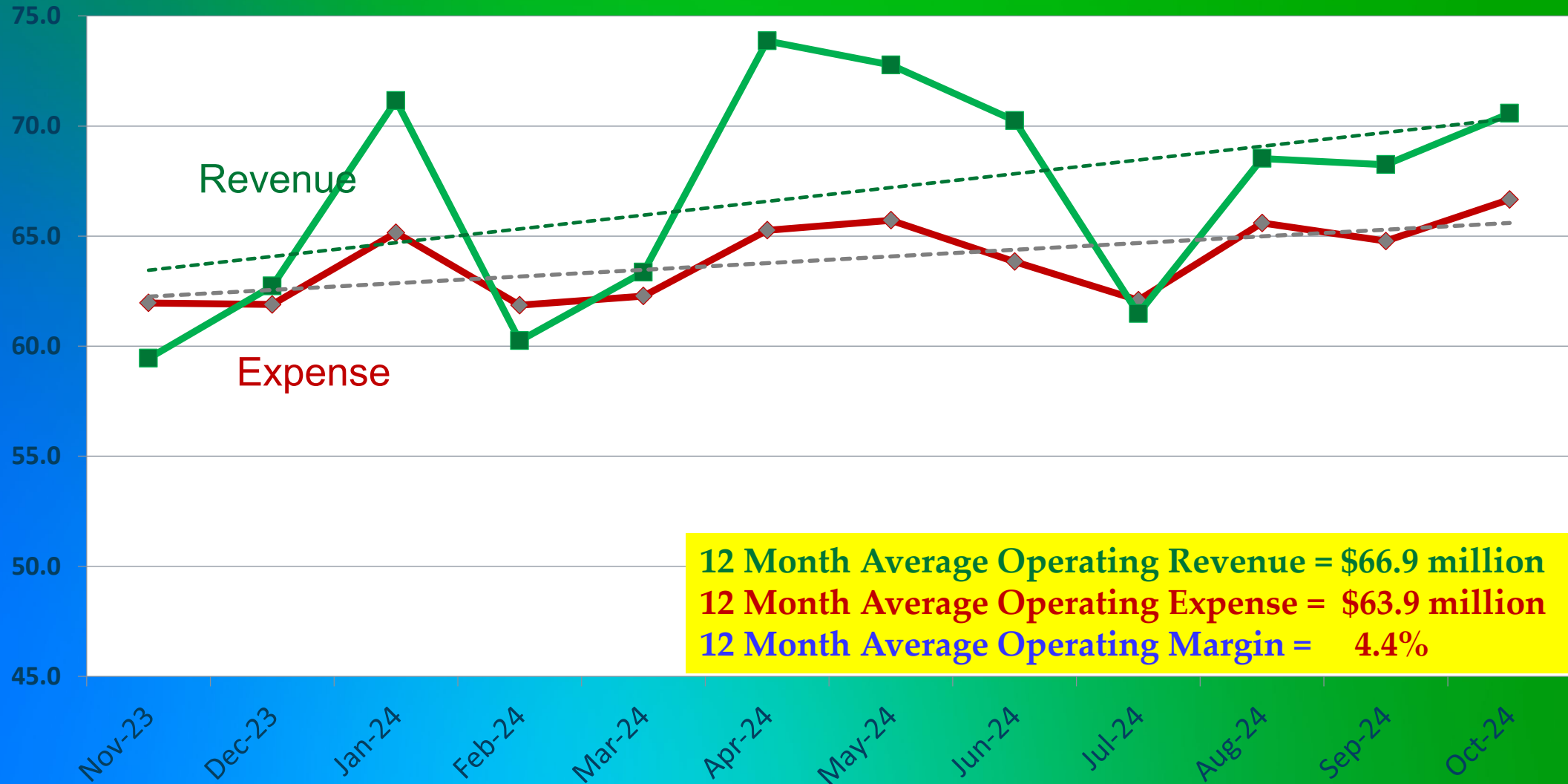
SVHMC Revenues & Expenses Per Adjusted Patient Day

Rolling 12 Months: Nov 23 to Oct 24



SVH Consolidated Revenues & Expenses

Rolling 12 Months: Nov 23 to Oct 24



Salinas Valley Health Key Financial Indicators

	YTD	SVH		S&P A+ Rated		YTD	
Statistic	10/31/24	Target	+/-	Hospitals	+/-	10/31/23	+/-
Operating Margin*	3.6%	5.0%		4.0%		-5.6%	
Total Margin*	8.8%	6.0%		6.6%		5.7%	
EBITDA Margin**	8.0%	7.4%		13.6%		-0.9%	
Days of Cash*	365	305		249		337	
Days of Accounts Payable*	45	45		-		46	
Days of Net Accounts Receivable***	61	45		49		53	
Supply Expense as % NPR	14.3%	14.0%		-		14.3%	
SWB Expense as % NPR	53.0%	53.0%		53.7%		58.7%	
Operating Expense per APD*	6,778	6,739		-		6,782	

All metrics above are consolidated for SVH except Operating Expense per APD

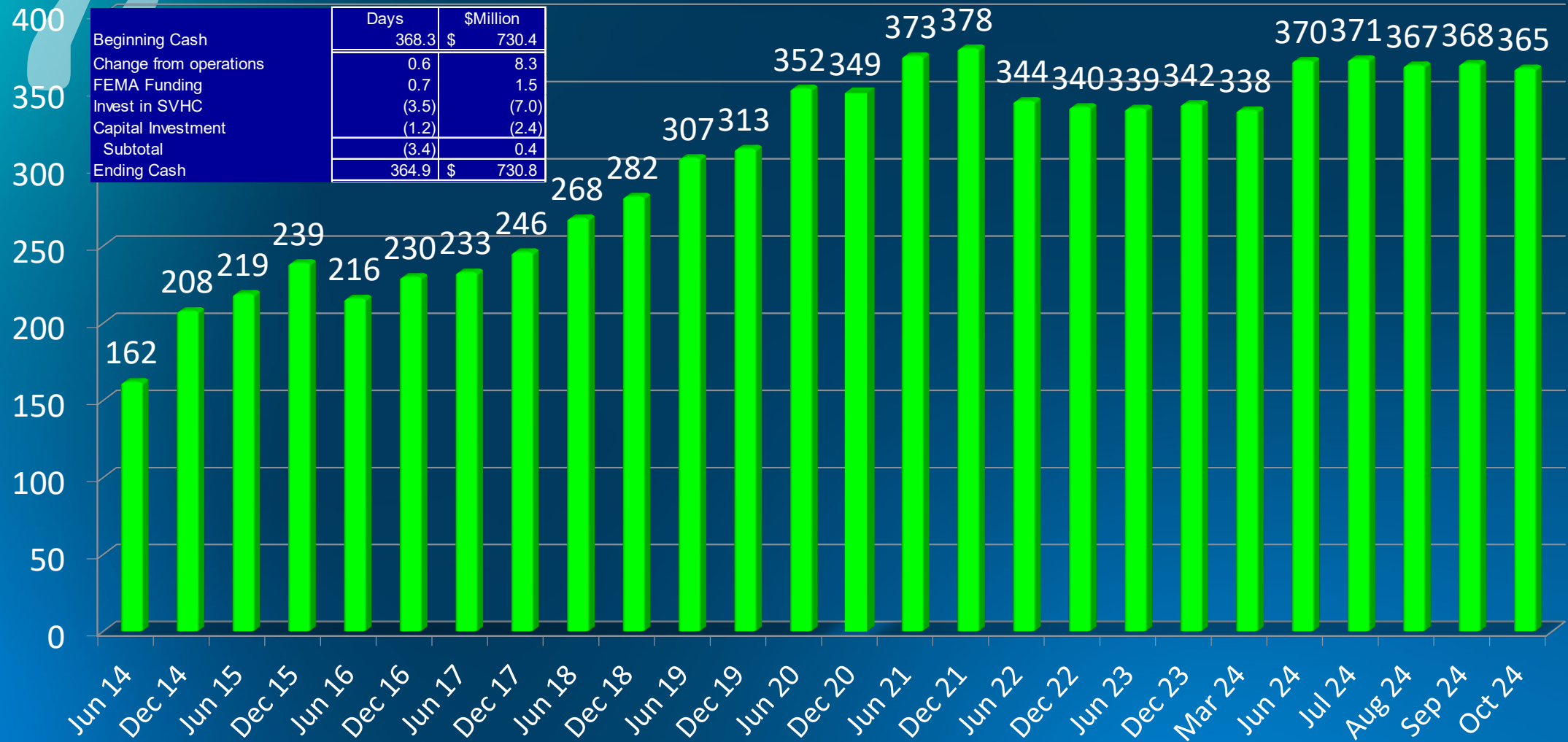
*These metrics have been adjusted for normalizing items

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

***Metric based on 365 days average net revenue (consistent with industry standard)

Salinas Valley Health

Days Cash on Hand = 365 Days (\$731M) - October 2024



Routine Capital Expenditures Through October 2024

Fiscal Month	FY 2025 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,916,667	712,780	1,203,887	Angio Equipment Replacement	22,566
August	1,916,667	1,382,572	1,737,981	Cath Lab Equipment Replacement	19,675
September	1,916,667	729,309	2,925,338	ED Expansion	15,022
October	1,916,667	1,191,148	3,650,857	Nurse Call System	8,801
November	1,916,667		5,567,524	Xray Rooms Equipment Replacement	3,177
December	1,916,667		7,484,191	Total Improvements	69,241
January	1,916,667		9,400,857	Computed Tomography (CT) System	217,866
February	1,916,667		11,317,524	Ultrasound Image Guided Therapy	197,380
March	1,916,667		13,234,191	Surgery Mako Robotic Arm System Trays	180,668
April	1,916,667		15,150,857	Nuclear Med D-Spect Camera	87,115
May	1,916,667		17,067,524	Miscellaneous	438,878
June	1,916,667		18,984,191	Total Equipment	1,121,907
YTD TOTAL	23,000,000	4,015,809	18,984,191	Grand Total	1,191,148

Questions/Comments

SALINAS VALLEY HEALTH MEDICAL CENTER
SUMMARY INCOME STATEMENT
October 31, 2024

	<u>Month of October,</u>		<u>Four months ended October 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 59,686,015	\$ 45,775,024	\$ 224,212,113	\$ 187,298,780
Other operating revenue	<u>1,384,449</u>	<u>1,164,498</u>	<u>5,835,367</u>	<u>4,485,356</u>
Total operating revenue	<u>61,070,464</u>	<u>46,939,522</u>	<u>230,047,480</u>	<u>191,784,136</u>
Total operating expenses	52,020,721	46,591,831	200,980,108	187,903,965
Total non-operating income	<u>(9,085,204)</u>	<u>(2,820,446)</u>	<u>(5,215,178)</u>	<u>(6,919,489)</u>
Operating and non-operating income	<u>\$ (35,461)</u>	<u>\$ (2,472,754)</u>	<u>\$ 23,852,194</u>	<u>\$ (3,039,318)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
October 31, 2024

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 408,152,387	\$ 333,136,641
Assets whose use is limited or restricted by board	169,484,998	159,428,816
Capital assets	251,735,690	249,059,774
Other assets	304,327,504	287,204,788
Deferred pension outflows	<u>85,734,219</u>	<u>116,911,125</u>
	<u>\$ 1,219,434,798</u>	<u>\$ 1,145,741,144</u>
LIABILITIES AND EQUITY:		
Current liabilities	90,203,089	88,330,726
Long term liabilities	19,269,855	20,095,669
Lease deferred inflows	1,597,633	2,236,413
Pension liability	90,863,576	118,792,064
Net assets	<u>1,017,500,645</u>	<u>916,286,272</u>
	<u>\$ 1,219,434,798</u>	<u>\$ 1,145,741,144</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF NET PATIENT REVENUE
October 31, 2024

	<u>Month of October,</u>		<u>Four months ended October 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,512	1,770	6,621	6,981
Medi-Cal	1,072	1,062	4,140	3,943
Commercial insurance	447	618	2,172	2,617
Other patient	96	41	453	416
Total patient days	<u>3,127</u>	<u>3,491</u>	<u>13,386</u>	<u>13,957</u>
Gross revenue:				
Medicare	\$ 124,948,897	\$ 111,861,110	\$ 496,429,257	\$ 435,016,498
Medi-Cal	84,090,174	72,269,584	321,301,717	265,522,537
Commercial insurance	59,843,842	50,764,131	232,866,679	207,746,023
Other patient	9,958,979	5,945,542	43,182,825	34,985,267
Gross revenue	<u>278,841,892</u>	<u>240,840,366</u>	<u>1,093,780,478</u>	<u>943,270,326</u>
Deductions from revenue:				
Administrative adjustment	306,461	345,030	1,414,000	995,072
Charity care	285,450	1,137,235	1,699,263	3,339,493
Contractual adjustments:				
Medicare outpatient	43,549,472	32,370,856	168,870,756	135,005,458
Medicare inpatient	43,110,669	45,454,280	183,056,641	180,714,692
Medi-Cal traditional outpatient	1,384,951	3,079,984	6,096,229	10,995,770
Medi-Cal traditional inpatient	5,298,827	5,121,884	25,255,236	18,224,509
Medi-Cal managed care outpatient	42,614,473	30,889,399	157,159,906	117,574,636
Medi-Cal managed care inpatient	25,980,646	23,804,305	100,822,144	89,909,016
Commercial insurance outpatient	29,500,251	28,092,912	106,814,458	93,807,839
Commercial insurance inpatient	20,017,265	21,742,113	89,446,075	84,674,506
Uncollectible accounts expense	5,936,342	4,256,551	21,776,842	16,977,482
Other payors	1,171,070	(1,229,206)	7,156,815	3,753,072
Deductions from revenue	<u>219,155,877</u>	<u>195,065,342</u>	<u>869,568,365</u>	<u>755,971,545</u>
Net patient revenue	<u>\$ 59,686,015</u>	<u>\$ 45,775,024</u>	<u>\$ 224,212,113</u>	<u>\$ 187,298,780</u>
Gross billed charges by patient type:				
Inpatient	\$ 119,609,803	\$ 119,490,021	\$ 507,184,524	\$ 474,132,357
Outpatient	126,291,443	91,663,337	457,191,955	349,820,626
Emergency room	32,940,646	29,687,009	129,403,999	119,317,343
Total	<u>\$ 278,841,892</u>	<u>\$ 240,840,366</u>	<u>\$ 1,093,780,478</u>	<u>\$ 943,270,326</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES
October 31, 2024

	<u>Month of October,</u>		<u>Four months ended October 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 59,686,015	\$ 45,775,024	\$ 224,212,113	\$ 187,298,780
Other operating revenue	<u>1,384,449</u>	<u>1,164,498</u>	<u>5,835,367</u>	<u>4,485,356</u>
Total operating revenue	<u>61,070,464</u>	<u>46,939,522</u>	<u>230,047,480</u>	<u>191,784,136</u>
Operating expenses:				
Salaries and wages	17,840,445	17,316,172	69,910,189	65,709,240
Compensated absences	3,199,695	3,733,512	12,892,793	12,440,217
Employee benefits	9,686,002	7,406,798	35,034,970	33,344,319
Supplies, food, and linen	8,766,666	7,420,540	33,856,578	27,987,266
Purchased department functions	3,976,874	2,141,107	15,473,276	14,500,016
Medical fees	2,526,919	2,025,614	9,678,784	9,695,478
Other fees	2,053,422	1,990,310	7,074,053	8,412,234
Depreciation	2,510,650	3,565,600	9,968,547	9,409,010
All other expense	<u>1,460,048</u>	<u>992,178</u>	<u>7,090,918</u>	<u>6,406,185</u>
Total operating expenses	<u>52,020,721</u>	<u>46,591,831</u>	<u>200,980,108</u>	<u>187,903,965</u>
Income from operations	<u>9,049,743</u>	<u>347,691</u>	<u>29,067,372</u>	<u>3,880,171</u>
Non-operating income:				
Donations	1,290,259	54,244	2,336,771	1,186,931
Property taxes	476,714	333,333	1,906,857	1,333,333
Investment income	(5,849,629)	1,326,514	9,172,943	7,015,808
Taxes and licenses	0	0	0	0
Income from subsidiaries	<u>(5,002,548)</u>	<u>(4,534,537)</u>	<u>(18,631,749)</u>	<u>(16,455,561)</u>
Total non-operating income	<u>(9,085,204)</u>	<u>(2,820,446)</u>	<u>(5,215,178)</u>	<u>(6,919,489)</u>
Operating and non-operating income	<u>(35,461)</u>	<u>(2,472,754)</u>	<u>23,852,194</u>	<u>(3,039,318)</u>
Net assets to begin	<u>1,017,536,106</u>	<u>918,759,027</u>	<u>993,648,451</u>	<u>919,325,589</u>
Net assets to end	<u>\$ 1,017,500,645</u>	<u>\$ 916,286,272</u>	<u>\$ 1,017,500,645</u>	<u>\$ 916,286,272</u>
Net income excluding non-recurring items	\$ (35,461)	\$ (2,472,754)	\$ 23,852,194	\$ (3,039,318)
Non-recurring income (expense) from cost report settlements and re-openings and other non-recurring items	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Operating and non-operating income	<u>\$ (35,461)</u>	<u>\$ (2,472,754)</u>	<u>\$ 23,852,194</u>	<u>\$ (3,039,318)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF INVESTMENT INCOME
October 31, 2024

	<u>Month of October,</u>		<u>Four months ended October 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of income from subsidiaries:				
Salinas Valley Health Clinics				
Pulmonary Medicine Center	\$ (138,205)	\$ (190,308)	\$ (732,059)	\$ (756,288)
Neurological Clinic	(81,009)	(75,925)	(261,261)	(271,408)
Palliative Care Clinic	(105,397)	(91,337)	(451,874)	(324,335)
Surgery Clinic	(243,593)	(150,672)	(741,961)	(727,228)
Infectious Disease Clinic	(51,038)	(30,130)	(159,447)	(124,674)
Endocrinology Clinic	(259,093)	(186,720)	(895,568)	(816,873)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(864,639)	(507,023)	(2,206,962)	(2,099,420)
OB/GYN Clinic	(365,301)	(392,482)	(1,609,219)	(1,444,125)
PrimeCare Medical Group	(913,154)	(779,642)	(3,537,137)	(3,289,907)
Oncology Clinic	(351,019)	(294,875)	(1,522,349)	(1,217,149)
Cardiac Surgery	(344,795)	(348,814)	(1,384,939)	(1,267,006)
Sleep Center	(89,300)	(43,679)	(343,300)	(162,110)
Rheumatology	(75,112)	(66,637)	(300,665)	(255,402)
Precision Ortho MDs	(527,473)	(520,151)	(1,754,024)	(1,726,403)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(65,494)	(35,268)	(304,722)	(166,527)
Vaccine Clinic	0	0	0	0
Dermatology	(42,221)	(55,310)	(175,966)	(159,760)
Hospitalists	0	0	0	0
Behavioral Health	(35,145)	(55,202)	(160,409)	(165,387)
Pediatric Diabetes	(36,519)	(49,616)	(182,453)	(192,882)
Neurosurgery	(124,456)	(30,859)	(478,428)	(112,813)
Multi-Specialty-RR	13,255	5,202	46,972	20,834
Radiology	(337,638)	(347,064)	(1,337,982)	(877,791)
Salinas Family Practice	(130,928)	(150,620)	(443,648)	(535,775)
Urology	(199,451)	(182,444)	(808,779)	(671,721)
Total SVHC	(5,367,725)	(4,579,576)	(19,746,180)	(17,344,150)
Doctors on Duty	195,615	(113,284)	319,176	187,029
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	95,268	73,090	622,717	429,379
Coastal	0	38,901	(101,474)	147,588
Apex	29,076	0	29,076	0
21st Century Oncology	0	6,892	0	(14,709)
Monterey Bay Endoscopy Center	45,219	39,440	244,936	139,302
Total	<u>\$ (5,002,548)</u>	<u>\$ (4,534,537)</u>	<u>\$ (18,631,749)</u>	<u>\$ (16,455,561)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
October 31, 2024

	<u>Current year</u>	<u>Prior year</u>
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 270,021,236	\$ 221,048,651
Patient accounts receivable, net of estimated uncollectibles of \$49,225,892	112,900,273	87,188,314
Supplies inventory at cost	9,846,357	8,001,510
Current portion of lease receivable	1,289,074	1,538,727
Other current assets	<u>14,095,447</u>	<u>15,359,439</u>
Total current assets	<u>408,152,387</u>	<u>333,136,641</u>
Assets whose use is limited or restricted by board	<u>169,484,998</u>	<u>159,428,816</u>
Capital assets:		
Land and construction in process	48,502,455	68,332,034
Other capital assets, net of depreciation	<u>203,233,235</u>	<u>180,727,740</u>
Total capital assets	<u>251,735,690</u>	<u>249,059,774</u>
Other assets:		
Right of use assets, net of amortization	6,786,470	5,043,074
Long term lease receivable	340,754	854,047
Subscription assets, net of amortization	8,533,482	9,131,508
Investment in Securities	262,705,786	247,644,024
Investment in SVMC	2,798,047	11,488,106
Investment in Coastal	1,804,972	1,829,229
Investment in other affiliates	21,870,092	15,964,426
Net pension asset	<u>(512,099)</u>	<u>(4,749,626)</u>
Total other assets	<u>304,327,504</u>	<u>287,204,788</u>
Deferred pension outflows	<u>85,734,219</u>	<u>116,911,125</u>
	<u><u>\$ 1,219,434,798</u></u>	<u><u>\$ 1,145,741,144</u></u>
L I A B I L I T I E S A N D N E T A S S E T S		
Current liabilities:		
Accounts payable and accrued expenses	\$ 58,133,799	\$ 58,871,640
Due to third party payers	3,689,071	5,308,933
Current portion of self-insurance liability	22,468,642	17,862,738
Current subscription liability	3,374,059	4,465,124
Current portion of lease liability	<u>2,537,518</u>	<u>1,822,291</u>
Total current liabilities	90,203,089	88,330,726
Long term portion of workers comp liability	12,078,720	13,027,333
Long term portion of lease liability	4,315,611	3,418,351
Long term subscription liability	<u>2,875,524</u>	<u>3,649,985</u>
Total liabilities	<u>109,472,944</u>	<u>108,426,395</u>
Lease deferred inflows	1,597,633	2,236,413
Pension liability	<u>90,863,576</u>	<u>118,792,064</u>
Net assets:		
Invested in capital assets, net of related debt	251,735,690	249,059,774
Unrestricted	<u>765,764,955</u>	<u>667,226,498</u>
Total net assets	<u>1,017,500,645</u>	<u>916,286,272</u>
	<u><u>\$ 1,219,434,798</u></u>	<u><u>\$ 1,145,741,144</u></u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
October 31, 2024

	Month of October,			Four months ended October 31,			
	Actual	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:							
Gross billed charges	\$ 278,841,892	\$ 20,929,304	8.11%	\$ 1,093,780,478	\$ 1,023,354,151	70,426,327	6.88%
Deductions from revenue	219,155,877	12,703,305	6.15%	869,568,365	818,771,617	50,796,748	6.20%
Net patient revenue	59,686,015	8,225,999	15.99%	224,212,113	204,582,535	19,629,578	9.59%
Other operating revenue	1,384,449	(68,220)	-4.70%	5,835,367	5,810,676	24,691	0.42%
Total operating revenue	61,070,464	8,157,779	15.42%	230,047,480	210,393,211	19,654,269	9.34%
Operating expenses:							
Salaries and wages	17,840,445	177,094	1.00%	69,910,189	69,115,528	794,661	1.15%
Compensated absences	3,199,695	98,232	3.17%	12,892,793	13,221,987	(329,194)	-2.49%
Employee benefits	9,686,002	1,569,475	19.34%	35,034,970	32,359,470	2,675,500	8.27%
Supplies, food, and linen	8,766,666	1,464,390	20.05%	33,856,578	28,973,012	4,883,566	16.86%
Purchased department functions	3,976,874	151,590	3.96%	15,473,276	15,301,133	172,143	1.13%
Medical fees	2,526,919	41,282	1.66%	9,678,784	9,942,549	(263,765)	-2.65%
Other fees	2,053,422	296,994	16.91%	7,074,053	6,991,652	82,401	1.18%
Depreciation	2,510,650	157,074	6.67%	9,968,547	9,403,140	565,407	6.01%
All other expense	1,460,048	(533,292)	-26.75%	7,090,918	7,964,712	(873,794)	-10.97%
Total operating expenses	52,020,721	3,422,840	7.04%	200,980,108	193,273,183	7,706,925	3.99%
Income from operations	9,049,743	4,734,939	109.74%	29,067,372	17,120,028	11,947,344	69.79%
Non-operating income:							
Donations	1,290,259	1,081,926	519.32%	2,336,771	833,333	1,503,438	180.41%
Property taxes	476,714	(0)	0.00%	1,906,857	1,906,857	(0)	0.00%
Investment income	(5,849,629)	(7,740,802)	-409.31%	9,172,943	7,564,693	1,608,250	21.26%
Income from subsidiaries	(5,002,548)	120,674	-2.36%	(18,631,749)	(20,492,888)	1,861,139	-9.08%
Total non-operating income	(9,085,204)	(6,538,203)	256.70%	(5,215,178)	(10,188,005)	4,972,827	-48.81%
Operating and non-operating income \$	(35,461) \$	(1,803,263)	-102.01%	23,852,194 \$	6,932,023	16,920,171	244.09%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	Month of October		Four months to date		
	2023	2024	2023-24	2024-25	Variance
<u>NEWBORN STATISTICS</u>					
Medi-Cal Admissions	35	31	136	142	6
Other Admissions	79	76	329	320	(9)
Total Admissions	114	107	465	462	(3)
Medi-Cal Patient Days	59	120	221	304	83
Other Patient Days	141	54	556	438	(118)
Total Patient Days of Care	200	174	777	742	(35)
Average Daily Census	6.5	5.6	6.3	6.0	(0.3)
Medi-Cal Average Days	1.7	3.9	1.7	2.3	0.6
Other Average Days	1.3	0.7	1.7	1.4	(0.4)
Total Average Days Stay	1.8	1.6	1.7	1.6	(0.1)
<u>ADULTS & PEDIATRICS</u>					
Medicare Admissions	361	391	1,459	1,454	(5)
Medi-Cal Admissions	289	280	977	1,149	172
Other Admissions	371	303	1,153	1,279	126
Total Admissions	1,021	974	3,589	3,882	293
Medicare Patient Days	1,486	1,496	5,942	5,479	(463)
Medi-Cal Patient Days	1,058	981	4,053	4,411	358
Other Patient Days	856	714	3,658	2,981	(677)
Total Patient Days of Care	3,400	3,191	13,653	12,871	(782)
Average Daily Census	109.7	102.9	111.0	104.6	(6.4)
Medicare Average Length of Stay	4.2	3.8	4.1	3.8	(0.4)
Medi-Cal Average Length of Stay	3.5	3.2	3.6	3.4	(0.2)
Other Average Length of Stay	2.4	1.9	2.5	1.9	(0.6)
Total Average Length of Stay	3.4	2.9	3.4	2.9	(0.4)
Deaths	31	37	100	99	(1)
Total Patient Days	3,600	3,365	14,430	13,613	(817)
Medi-Cal Administrative Days	0	0	5	0	(5)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	0	0	5	0	(5)
Percent Non-Acute	0.00%	0.00%	0.03%	0.00%	-0.03%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	Month of October		Four months to date		Variance
	2023	2024	2023-24	2024-25	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	232	271	941	938	(3)
Heart Center	312	313	1,308	1,288	(20)
Monitored Beds	583	570	2,422	2,191	(231)
Single Room Maternity/Obstetrics	307	303	1,257	1,371	114
Med/Surg - Cardiovascular	843	820	3,217	3,320	103
Med/Surg - Oncology	264	271	1,082	1,035	(47)
Med/Surg - Rehab	462	469	1,732	1,825	93
Pediatrics	127	98	498	444	(54)
Nursery	200	174	777	742	(35)
Neonatal Intensive Care	148	76	534	459	(75)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	57.57%	67.25%	58.85%	58.66%	
Heart Center	67.10%	67.31%	70.89%	69.81%	
Monitored Beds	69.65%	68.10%	72.93%	65.97%	
Single Room Maternity/Obstetrics	26.77%	26.42%	27.62%	30.13%	
Med/Surg - Cardiovascular	60.43%	58.78%	58.12%	59.98%	
Med/Surg - Oncology	65.51%	67.25%	67.67%	64.73%	
Med/Surg - Rehab	57.32%	58.19%	54.16%	57.07%	
Med/Surg - Observation Care Unit	0.00%	0.00%	0.00%	0.00%	
Pediatrics	22.76%	17.56%	22.49%	20.05%	
Nursery	39.10%	34.02%	19.14%	18.28%	
Neonatal Intensive Care	43.40%	22.29%	39.47%	33.92%	

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	<u>Month of October</u>		<u>Four months to date</u>		
	<u>2023</u>	<u>2024</u>	<u>2023-24</u>	<u>2024-25</u>	<u>Variance</u>
<u>DELIVERY ROOM</u>					
Total deliveries	111	123	452	471	19
C-Section deliveries	38	31	147	143	(4)
Percent of C-section deliveries	34.23%	25.20%	32.52%	30.36%	-2.16%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	16,214	20,885	64,377	76,043	11,666
Out-Patient Operating Minutes	31,511	29,584	120,790	135,112	14,322
Total	47,725	50,469	185,167	211,155	25,988
Open Heart Surgeries	9	12	39	50	11
In-Patient Cases	127	134	478	501	23
Out-Patient Cases	307	301	1,184	1,301	117
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	36	31	147	124	(23)
High Risk	677	838	2,774	3,486	712
More Than One Resource	2,842	2,736	11,384	11,144	(240)
One Resource	2,054	1,672	7,642	6,908	(734)
No Resources	123	62	452	283	(169)
Total	<u>5,732</u>	<u>5,339</u>	<u>22,399</u>	<u>21,945</u>	<u>(454)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	Month of October		Four months to date		
	2023	2024	2023-24	2024-25	Variance
CENTRAL SUPPLY					
In-patient requisitions	12,414	11,683	52,341	50,899	-1,442
Out-patient requisitions	10,555	12,306	41,856	45,100	3,244
Emergency room requisitions	632	500	3,273	2,997	-276
Interdepartmental requisitions	6,572	6,214	25,495	26,069	574
Total requisitions	30,173	30,703	122,965	125,065	2,100
LABORATORY					
In-patient procedures	34,762	32,821	140,091	138,599	-1,492
Out-patient procedures	21,788	47,796	55,171	179,366	124,195
Emergency room procedures	12,989	12,405	52,069	49,949	-2,120
Total patient procedures	69,539	93,022	247,331	367,914	120,583
BLOOD BANK					
Units processed	298	398	1,236	1,204	-32
ELECTROCARDIOLOGY					
In-patient procedures	1,037	1,049	4,130	4,366	236
Out-patient procedures	398	432	1,564	1,605	41
Emergency room procedures	1,139	1,252	4,808	5,064	256
Total procedures	2,574	2,733	10,502	11,035	533
CATH LAB					
In-patient procedures	142	129	479	518	39
Out-patient procedures	123	132	413	521	108
Emergency room procedures	0	1	0	1	1
Total procedures	265	262	892	1,040	148
ECHO-CARDIOLOGY					
In-patient studies	381	370	1,401	1,599	198
Out-patient studies	296	327	1,022	1,333	311
Emergency room studies	6	2	6	6	0
Total studies	683	699	2,429	2,938	509
NEURODIAGNOSTIC					
In-patient procedures	135	123	511	537	26
Out-patient procedures	23	27	78	95	17
Emergency room procedures	0	0	0	0	0
Total procedures	158	150	589	632	43

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	Month of October		Four months to date		
	2023	2024	2023-24	2024-25	Variance
SLEEP CENTER					
In-patient procedures	0	0	0	0	0
Out-patient procedures	273	311	909	1,136	227
Emergency room procedures	0	0	0	0	0
Total procedures	273	311	909	1,136	227
RADIOLOGY					
In-patient procedures	1,233	1,184	4,979	5,007	28
Out-patient procedures	387	448	1,622	1,686	64
Emergency room procedures	1,492	1,545	5,970	6,255	285
Total patient procedures	3,112	3,177	12,571	12,948	377
MAGNETIC RESONANCE IMAGING					
In-patient procedures	130	160	571	725	154
Out-patient procedures	108	116	499	454	-45
Emergency room procedures	5	6	30	26	-4
Total procedures	243	282	1,100	1,205	105
MAMMOGRAPHY CENTER					
In-patient procedures	4,470	3,948	16,704	13,906	-2,798
Out-patient procedures	4,381	3,944	16,517	13,867	-2,650
Emergency room procedures	2	0	6	3	-3
Total procedures	8,853	7,892	33,227	27,776	-5,451
NUCLEAR MEDICINE					
In-patient procedures	17	15	73	70	-3
Out-patient procedures	102	157	419	540	121
Emergency room procedures	0	0	0	2	2
Total procedures	119	172	492	612	120
PHARMACY					
In-patient prescriptions	82,059	72,090	322,819	314,261	-8,558
Out-patient prescriptions	15,743	18,313	63,803	67,787	3,984
Emergency room prescriptions	9,423	10,295	36,752	39,621	2,869
Total prescriptions	107,225	100,698	423,374	421,669	-1,705
RESPIRATORY THERAPY					
In-patient treatments	14,275	12,719	59,355	55,929	-3,426
Out-patient treatments	471	908	4,385	3,571	-814
Emergency room treatments	831	459	2,067	1,747	-320
Total patient treatments	15,577	14,086	65,807	61,247	-4,560
PHYSICAL THERAPY					
In-patient treatments	2,606	2,129	9,951	9,324	-627
Out-patient treatments	248	245	1,015	991	-24
Emergency room treatments	0	0	0	0	0
Total treatments	2,854	2,374	10,966	10,315	-651

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of October and four months to date

	Month of October		Four months to date		
	2023	2024	2023-24	2024-25	Variance
OCCUPATIONAL THERAPY					
In-patient procedures	1,520	1,263	6,031	5,660	-371
Out-patient procedures	239	204	926	808	-118
Emergency room procedures	0	0	0	0	0
Total procedures	1,759	1,467	6,957	6,468	-489
SPEECH THERAPY					
In-patient treatments	531	478	1,926	1,911	-15
Out-patient treatments	55	31	143	130	-13
Emergency room treatments	0	0	0	0	0
Total treatments	586	509	2,069	2,041	-28
CARDIAC REHABILITATION					
In-patient treatments	1	1	3	3	0
Out-patient treatments	499	691	2,007	2,618	611
Emergency room treatments	0	0	0	1	1
Total treatments	500	692	2,010	2,622	612
CRITICAL DECISION UNIT					
Observation hours	260	234	1,151	991	-160
ENDOSCOPY					
In-patient procedures	65	77	274	346	72
Out-patient procedures	73	54	224	218	-6
Emergency room procedures	0	0	0	0	0
Total procedures	138	131	498	564	66
C.T. SCAN					
In-patient procedures	667	690	2,742	2,967	225
Out-patient procedures	271	552	1,558	2,004	446
Emergency room procedures	774	794	3,032	3,146	114
Total procedures	1,712	2,036	7,332	8,117	785
DIETARY					
Routine patient diets	13,508	15,596	77,157	61,790	-15,367
Meals to personnel	28,135	33,520	112,526	133,595	21,069
Total diets and meals	41,643	49,116	189,683	195,385	5,702
LAUNDRY AND LINEN					
Total pounds laundered	97,871	96,315	385,464	382,371	-3,093

Board Paper: Finance Committee

Agenda Item: **Consider Recommendation for Board Approval of Preliminary Project Budget and Awarding Contract for Design and Engineering Services in conjunction with the Chiller and Lab Air Handling Unit Replacement Projects**

Executive Sponsor: Clement Miller, Chief Operating Officer
Laura Zerbe, Manager of Facilities, Construction and Plant Operations

Date: November 7, 2024

Executive Summary

There are multiple infrastructure replacement projects Salinas Valley Health Facilities Management Staff has evaluated and prioritized for commencement of design, permitting and construction activities. Currently, the highest priority infrastructure projects are the following: (A) replacement of an existing 200-ton centrifugal chiller, cooling tower and supporting equipment in the medical center's energy yard zone and mechanical room and (B) replacement of an existing air handling unit and various distribution system components primarily servicing the lab and other various critical care areas within the hospital buildings. All planned renovations require plan approval and building permits from California's Department of Health Care Access and Information (HCAI). Facilities management circulated a request for proposal from qualified design and engineering firms to provide comprehensive services necessary to complete construction documents and specifications for securing agency approvals and construction services from general contractors.

Background/Situation/Rationale

Chiller Replacement

The existing 200-ton chiller and corresponding cooling tower in the Energy Yard provides critical cooling functions for chilled water throughout the medical center's mechanical systems. The existing 20+ year old chiller operates continuously due to issues with shutting down and being able to restart. The chiller then becomes the lead chiller at part load conditions, and the more efficient chillers in the Energy Plant are not operated. A new air-cooled chiller has improved efficiency at part load and can operate in parallel with the more efficient chiller in the Energy Plant. Moreover, the smaller 175-ton water cooled chiller could be used more frequently resulting in approximately \$40,000 in annual energy savings to Salinas Valley Health based on current electricity rates.

Lab Air Handler Unit Replacement

The existing air handling unit primarily serving the medical center's laboratory department is over 40+ years old and at the end of its useful life. With the age and size of the air handler, the unit is running at full capacity and cannot keep up with the current demands of the various areas to maintain appropriate air balances and pressurization. With the installation of a new custom rooftop air handler to service the lab department and adjacent zones, the existing air handler can be completely replaced with a new efficient air handling unit to adequately serve the lab operations. Notable scope for the installation of the new rooftop air handler unit will include (A) new electrical service and hydronic piping distribution, (B) structural anchorage and service platform, (C) fire alarm integration, variable frequency drives and integrated controls to the medical center's building management system (D) roofing patch back and (E) testing and air balancing at the affected duct distribution systems and (F) demolition of the existing basement unit equipment package.

The capital improvement budget has funding to commence design in the current 2025 fiscal year and commence the construction work in fiscal year 2026. Following solicitation for construction services, Facilities Management will return to the Board for consideration of full project funding to execute the project(s) and recommendation for construction contract award. Current project planning contemplates design, permitting and bidding for both infrastructure projects simultaneously with one general contractor, but under two separate HCAI project permits. There will be two design services work authorizations issued to the design team, controlled by the terms and conditions of the professional services agreement. The design team fees and invoices will be tracked separately for the air handling unit and chiller replacement projects respectively.

During the RFP process, two (2) complete proposals were received by Salinas Valley Health. Each of the proposals were scored utilizing a tiered scoring structure. A core evaluation committee comprised of Salinas Valley Health clinical leadership and facilities management conducted a scoring of the written proposals. The three primary categories utilized in the evaluation process were:

- (a) Qualifications and experience of firm
- (b) Approach to providing services and project management
- (c) Qualifications and experience of key personnel.

After evaluating all proposals in accordance with the criteria set forth in the RFP, the evaluation committee determined that Interface Engineering was the highest-ranking proposer. As part of the response to the RFP and consistent with the Mini-Brooks Act qualification-based selection criteria, the proposers were required to submit a separately sealed cost proposal identifying the proposed fee for the requested scope of services. In accordance with the RFP procedures, Salinas Valley Health opened the cost proposal and negotiated the terms and conditions of the Professional Services Agreement. The current fee proposal is consistent with industry standards of similar projects of same size and complexity within the San Francisco Bay Area.

Timeline/Review Process to Date:

December 2024	Design and Construction Document Preparation
June 2025	Complete Construction Documents/Bid Set
September 2025	Complete Regulatory Agencies Review
October 2025	Bid and Award for Construction Services
November 2025	Start Construction (~6 month project) Chiller Replacement
November 2025	Start Construction (~1 year project) AHU-3 Replacement

** Current schedule indicated is preliminary project estimates at a pre-design stage of the project planning process. Following selection of HVAC equipment manufacturer, mechanical and rooftop configurations, an updated project schedule will be presented to the Board in a subsequent meeting for review.*

Pillar/Goal Alignment:

☒ Service ☐ People ☒ Quality ☐ Finance ☒ Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications:

The fiscal years 2025 through 2026 plant operations capital budget allocated funding for planning, design and construction activities required to complete the design and construction process. Following completion of the design documents and bidding for construction services, we will return to the Board for consideration of approval for construction services contract(s). The following summarizes the design and engineering fees for schematic design, design documentation, permitting process, contractor bidding support and construction administration services:

Total Planned Capital Budget

Latest Chiller Replacement Project Forecast

\$5,159,838 Fiscal Year 2026

Latest Lab Air Handling Unit Replacement Project Forecast

\$450,000 over Fiscal Year 2025
\$2,000,000 over Fiscal Year 2026

** Current budget figures indicated are preliminary project estimates at a pre-design stage of the project planning process. Following completion of the design and construction bidding process, an updated project budget will be presented to the Board in a subsequent meeting for review.*

DESIGN PHASE

Chiller Replacement	
Design Services Fee	\$443,670
<u>Reimbursable Allowance</u>	<u>\$10,250</u>
Total Design Services Fee	\$453,920

Lab Air Handler Unit Replacement	
Design Services Fee	\$328,895
<u>Reimbursable Allowance</u>	<u>\$7,500</u>
Total Design Services Fee	\$336,395

Recommendation

Consider recommendation to Board of Directors to approve the overall project budgets for Chiller and Air Handling Unit Replacement in the amount of \$7,609,838. In addition, we recommend approving the award of the professional services agreement to Interface Engineering for the design and engineering of the Chiller and Air Handling Unit Replacement projects, in the amount of \$790,315, as presented.

Attachments

- (A) Professional Services Agreement
- (B) Interface Response prepared October 11, 2024

AGREEMENT FOR PROFESSIONAL SERVICES

THIS AGREEMENT IS MADE as of the ____ day of _____, 2024, by and between the Salinas Valley Health (hereinafter referred to as "DISTRICT") and _____ (hereinafter referred to as "CONSULTANT").

WHEREAS, DISTRICT desires to obtain professional engineering design services in conjunction with the DISTRICT's Infrastructure Equipment Replacement ("Project"), and has issued a Request for Proposals dated _____, 2024, attached as **Exhibit A** and incorporated herein by this reference; and

WHEREAS, CONSULTANT has represented that it is experienced and skilled in performing such services and has submitted a proposal dated _____, 2024, including a cost proposal dated _____, 2024, attached as **Exhibit B** and incorporated herein by this reference,

WHEREAS, on _____, 2024, the DISTRICT'S Board of Directors, awarded a Professional Services Agreement (AGREEMENT), to CONSULTANT, for design services related to the Project.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. RENDITION OF SERVICES

CONSULTANT agrees to provide professional services to DISTRICT in accordance with the terms and conditions of this AGREEMENT. In the performance of its work, CONSULTANT represents that it has and will exercise that degree of professional care, skill, efficiency and judgment ordinarily employed by engineering consultants with expertise in designing hospital infrastructure utility distribution systems; and preparing design plans, technical specifications and engineer's estimates for construction contracts. CONSULTANT further represents and warrants that it holds currently in effect all licenses, registrations, and certifications in good standing that may be required under applicable law or regulations to perform these services and agrees to retain such licenses, registrations, and certifications in active status throughout the duration of this engagement.

2. SCOPE OF SERVICES

2.1 The scope of services to be provided under this AGREEMENT shall consist of specific Services as generally described in the RFP, **Exhibit A**, and CONSULTANT's Scope of Services and Cost Proposal, attached as **Exhibit B**.

2.2 CONSULTANT's final plans and specifications prepared under this AGREEMENT shall be in accordance with the following design standards:

- 2022 California Electrical Code
- 2022 California Mechanical Code
- 2022 California Plumbing Code
- 2022 California Building Code
- 2022 California Fire Code

2.3 CONSULTANT shall cooperate with representatives of the State of California, and all other DISTRICT consultants working on Project. CONSULTANT shall provide the services for Project in close liaison with DISTRICT. All personnel acting on

behalf of CONSULTANT shall cooperate with DISTRICT staff during the course of this AGREEMENT. To ensure that CONSULTANT understands the requirements of this AGREEMENT, representatives of DISTRICT and CONSULTANT shall communicate as often as deemed necessary.

- 2.4 Throughout its performance of services under this AGREEMENT, CONSULTANT shall serve as an independent contractor to DISTRICT. Neither CONSULTANT nor any party contracting with CONSULTANT shall be deemed to be an agent or employee of DISTRICT.
- 2.5 CONSULTANT understands and agrees that it is solely responsible for the sufficiency, adequacy and completeness of all plans, specifications, calculations, and estimates prepared by CONSULTANT under this Agreement. CONSULTANT's final plans and specifications shall set forth the requirements for the construction of the Project in a clear, complete and accurate manner. CONSULTANT shall undertake all reasonable quality control measures to review, coordinate, and otherwise check its plans, specifications, calculations, and estimates for sufficiency, adequacy and completeness.
- 2.6 CONSULTANT's plans, specifications, calculations, and estimates shall be subject to DISTRICT's review. CONSULTANT acknowledges that DISTRICT will not be undertaking a detailed or comprehensive quality review of CONSULTANT's work product. DISTRICT will notify CONSULTANT of any errors or omissions that DISTRICT discovers in CONSULTANT's work product, but CONSULTANT shall not depend on DISTRICT to discover any errors or omissions in CONSULTANT's work product. Attention is directed to Section 2.5 of this Agreement.
- 2.7 CONSULTANT and its subconsultants shall not incorporate into the design any materials or equipment of single or sole-source origin without written approval of DISTRICT.
- 2.8 CONSULTANT's personnel shall keep accurate records and document the work as it progresses.
- 2.9 CONSULTANT's personnel shall become knowledgeable of all applicable local, state, and federal laws and regulations, and CONSULTANT's design shall comply therewith.
- 2.10 The Project Manager for CONSULTANT will be _____. The Project Manager for DISTRICT will be Bogard Construction Inc. CONSULTANT shall cooperate with and coordinate all of its activities with DISTRICT's Project Manager.

3. SCHEDULE AND TIME OF COMPLETION

- 3.1 The effective date of this AGREEMENT is_____, 2024. No work under this AGREEMENT shall begin prior to DISTRICT's issuance of a Notice to Proceed to CONSULTANT.
- 3.2 Time is of the essence in the performance of CONSULTANT's services under this AGREEMENT. All services to be provided pursuant to this AGREEMENT shall

be performed in a timely manner so as not to delay construction of Project. In the event that CONSULTANT incurs delays in completing the services within the aforementioned timeframe for reasons beyond the reasonable control of CONSULTANT, an appropriate extension of time may be granted by DISTRICT, at its sole discretion, following the timely submission of a written request by CONSULTANT

- 3.3 **Exhibit A** includes a schedule for CONSULTANT's performance of activities under this Agreement. CONSULTANT shall endeavor to complete each of the tasks set forth in the schedule in accordance with this schedule. The schedule shall be subject to revision as mutually agreed upon by DISTRICT and CONSULTANT.

4. DELIVERABLES

THE DELIVERABLES TO BE PROVIDED UNDER THIS AGREEMENT SHALL CONSIST OF SPECIFIC DELIVERABLES AS GENERALLY DESCRIBED IN THE RFP UNDER THE SUMMARY OF ESTIMATED SCOPE OF WORK.

4.1 Interim Milestone Deliverables

During the performance of its services under this Agreement, CONSULTANT shall deliver three (3) sets of documents and electronic files for the following milestone submittals:

A. 35%-Completion Submittal

CONSULTANT shall submit for DISTRICT's review 35%-completion design plans.

B. 65%-Completion Submittal

CONSULTANT shall submit for DISTRICT's review 65%-completion design plans and Technical Special Provisions. CONSULTANT shall include in this package a list of responses to DISTRICT comments on the 35% submittal.

C. 95% Completion Submittal

CONSULTANT shall submit for DISTRICT's review electronic files of the 95%-completion design plans and Technical Special Provisions, list of bid items, construction estimate and bar chart representing estimated construction schedule for all portions of the design in the following formats:

- 95%-completion design plans – Adobe PDF files
- Technical Special Provisions - Adobe PDF and Microsoft Word files
- List of bid items - Adobe PDF and Microsoft Word files
- Bar chart representing estimated construction schedule - Adobe PDF files.

CONSULTANT shall include in this package a list of responses to DISTRICT comments on the 65% submittal.

D. Draft 100% Completion Submittal

CONSULTANT shall submit for DISTRICT's review electronic files of the 100%-completion unsigned design plans, Technical Special Provisions, list of bid items, construction estimate and bar chart representing construction schedule in the electronic file formats indicated in Section 4.1.C.

CONSULTANT shall include in this package a list of responses to the comments received from DISTRICT on the 95%-completion submittal.

Drawings shall be submitted on 11-inch by 17-inch paper size.

4.2 Final Deliverables

Prior to completion of its services under AGREEMENT, CONSULTANT shall deliver the following final deliverables to DISTRICT:

- A. One (1) set of final stamped and signed design drawings in non-fading, non-smearing ink on 22-inch by 34-inch reproducible (4-mil) vellum with images in a right-reading format;
- B. Electronic files of design drawings in the format specified below;
- C. One (1) set of half-size (11-inch by 17-inch) final stamped and signed design drawings on vellum of reproducible quality;
- D. One (1) bound set of paper copies and one (1) unbound set of paper copies of reproducible quality of Technical Special Provisions in the format specified below;
- E. An electronic file of Technical Special Provisions in the format specified below;
- F. Two (2) sets of paper copies of the quantity calculations and one (1) set of paper copies of independent check quantity calculations, as set forth below;
- G. Two (2) sets of paper copies of all final design calculations;
- H. One (1) set of paper copies of independent check design calculations;
- I. Two (2) sets of paper copies of the construction cost estimate and one (1) set of all supporting data for the construction cost estimate;
- J. Two (2) sets of paper copies of the estimated construction schedule and one (1) set of all supporting data; and
- K. One (1) set of all other final technical documents produced during the course of this AGREEMENT not listed in Section. 4.2.

4.3 Design Drawings Format

The format of CONSULTANT's design drawings shall be in accordance with the following :

- A. The design drawings (plans) shall be produced on AutoCAD Release 2011. Any other drafting software or third-party add-on software will not be permitted. If a newer version of AutoCAD is available that differs from the version referenced herein, CONSULTANT shall request a written authorization from DISTRICT prior to using the newer version.

- B. The format of the drawings shall be Text Style Font – Simplex with minimum height of 1/8-inch and layering concept for all entities. All drawings shall have a District's Standard Title Block, which will be provided by DISTRICT. The Title block shall identify the project by name and number, subject matter of the drawing, drawing number, and the sequential sheet number with a revision block that contains the original issue date and date and number of each revision. All drawings shall have a graphic scale or scales and shall bear the signatures and seals of the Engineer of Record.
- C. The final design drawings shall be complete, signed and sealed by CONSULTANT.
- D. CONSULTANT shall furnish to DISTRICT uncompressed electronic files of the final signed design drawings.

4.4 Design and Quantity Calculations

Design calculations and independent design check calculations shall be prepared for all work indicated in CONSULTANT's design drawings and specifications. The design calculations shall be signed and stamped by the individual responsible for their preparation and who is licensed to practice their professional Engineering services in the State of California. The names of the engineers who prepared the calculations shall be identified on the calculations.

CONSULTANT's quantity calculations and independent check quantity calculations shall be signed by the engineers that prepared the calculations.

All calculations shall be organized and indexed with volumes and pages numbered.

4.5 Special Provisions Format

CONSULTANT shall furnish Technical Special Provisions, typed single-spaced on white bond paper. CONSULTANT shall also furnish the Technical Special Provisions to DISTRICT on Compact Discs (CDs). The format shall be in Microsoft Word file format with left and right margins of one and one-tenth inches (1.1"), top and bottom margins of one inch (1.0"), Text Style Font: Times Arial 12, tabs set at 0.5".

CONSULTANT shall furnish with the final Technical Specifications a signature page(s) with professional stamps and signatures of each of the professional engineers responsible for preparation of specific engineering field of the specifications, e.g., civil, traffic, mechanical, electrical, etc.

4.6 Other Documents

CONSULTANT shall obtain DISTRICT's formatting instructions for other documents to be submitted to DISTRICT.

4.7 General Requirements

- A. When CONSULTANT is required under this AGREEMENT to prepare and submit its studies, reports, plans, specifications, and other documents to

DISTRICT, said documents shall be submitted in a draft form as scheduled, with the opportunity for the DISTRICT to review and comment upon said documents prior to final submission.

- B. The plans, designs, estimates, calculations, reports and other documents furnished under this AGREEMENT shall be of a neat appearance, well-organized, technically and grammatically correct, checked and having the preparer and checker specifically identified. Each submittal to DISTRICT shall bear the approval stamp of CONSULTANT's Project Manager, with said approval representing that he/she has verified that the submittal is complete, clear and legible, and complies with the formatting requirements of this AGREEMENT.
- C. The page that identifies the preparers of engineering reports, the title sheet for specifications and each sheet of plans shall bear the professional seal, certificate number, registration classification, expiration date of the certificate, and signature of the professional Engineers responsible for preparation.
- D. DISTRICT's acceptance of any and all documents submitted by CONSULTANT shall not relieve CONSULTANT of its responsibility for any deficiencies, whether latent or patent, contained in said documents. Similarly, the stamp and signature of the District Engineer on CONSULTANT's plans and specifications shall not relieve CONSULTANT of its responsibility for its design.

5. CONSTRUCTION BIDDING PHASE

CONSULTANT's services will be required during the construction bidding stage of the Project as set forth in Exhibits A and B to provide support to DISTRICT during the bidding of the Project.

6. CONSTRUCTION PHASE

CONSULTANT's services will be required during the construction phase of the Project if a construction contract is awarded. During construction, CONSULTANT shall furnish to DISTRICT all corrected and additional drawings and special provisions required by any errors or omissions of CONSULTANT. Such drawings shall be furnished by CONSULTANT at no additional cost to DISTRICT.

CONSULTANT agrees that it will participate in any dispute resolution proceedings provided under the construction contracts covering the Project and will defend any issues asserted concerning the adequacy of CONSULTANT's design. The forum for resolution of disputes shall be as provided for in the construction contract. Upon exhaustion of those procedures, if the parties are unable to resolve the matter successfully, it shall be referred to the next step as outlined in the construction contract. If the construction contracts provide for submitting disputes to mediation under the then-current Construction Industry Mediation Rules of the American Arbitration Association, no party relinquishes or waives any of its procedural or substantive rights or remedies provided under this Agreement, the construction contracts, or applicable law, and expressly reserves such rights, remedies and contentions.

7. OWNERSHIP OF WORK

- 7.1 All communications, deliverables, and records originated, prepared, and in the process of being prepared, for the services to be performed by CONSULTANT under this AGREEMENT, including, but not limited to, findings, analyses, submittals, conclusions, opinions, engineering drawings, specifications, standards, process sheets, photographs, videos, manuals, technical reports and recommendations with respect to the subject matter of this AGREEMENT and raw and underlying data of such materials, regardless of format or media, including software, reports and other documentation (all of the foregoing, collectively, the “Work Product”), shall be delivered to and become the property of DISTRICT. DISTRICT shall be entitled to access and to copy the Work Product during the progress of the Work. Any Work Product remaining in the hands of CONSULTANT or in the hands of any subconsultant upon completion or termination of the work shall be immediately delivered to DISTRICT and not later than within two (2) weeks of completion or termination of the Work. If any materials are lost, damaged or destroyed before final delivery to DISTRICT, CONSULTANT shall replace them at its own expense, and CONSULTANT assumes all risk of loss, damage or destruction of or to such materials. CONSULTANT may retain a copy of such materials for use in its general business activities, subject to the restrictions of Section 16, RELEASE OF INFORMATION.
- 7.2 Any and all copyright, patent rights, and other intellectual property or proprietary rights to Work Product prepared under this AGREEMENT are hereby assigned to DISTRICT. CONSULTANT agrees to execute any additional documents that may be necessary to evidence such assignment. CONSULTANT agrees not to assert any rights at common law or equity and not to establish any claim to statutory copyright in such Work Product. Except for its own internal use as reasonably necessary for its provision of services and work under this AGREEMENT, CONSULTANT shall not publish or reproduce such Work Product in whole or in part, or in any manner or form, nor authorize others to do so, without the written consent of DISTRICT pursuant to Section 16, RELEASE OF INFORMATION, of this AGREEMENT.
- 7.3 Notwithstanding anything herein to the contrary, DISTRICT acknowledges that as part of CONSULTANT’s provision of work hereunder, CONSULTANT may utilize CONSULTANT’s Information. CONSULTANT’s Information is defined as proprietary works of authorship including, without limitation, software, methodologies, tools, specifications, drawings, sketches, models, samples, records and documentation, as well as copyrights, trademarks, service marks, ideas, concepts, know-how, techniques, knowledge or data, that have been originated or developed by CONSULTANT or by third parties before and apart from this AGREEMENT, or which have been purchased by, CONSULTANT for use in the provision of services or work under this AGREEMENT with the DISTRICT’s express written consent; and, copyrights, trademarks, software, methodologies, tools, samples, service marks, ideas, concepts, know-how, techniques, knowledge that have been originated or developed by CONSULTANT or by third parties under AGREEMENT. DISTRICT agrees that CONSULTANT’s Information, as so narrowly defined and identified, is and shall remain the sole property of

CONSULTANT or such third party, except for the exclusions due to provisions of Section 15.7, PATENT RIGHTS, of this AGREEMENT. CONSULTANT agrees that DISTRICT shall be entitled to use CONSULTANT's Information in connection with this AGREEMENT, and shall grant to DISTRICT a perpetual, royalty-free, irrevocable, worldwide, non-exclusive license to use all CONSULTANT's Information and to create and use derivative works of CONSULTANT'S Information in connection with the Project.

- 7.4 CONSULTANT represents and warrants that it has or will have all appropriate licenses, agreements and/or ownership pertaining to all intellectual property, including but not limited to patents and copyrights, used in connection with the performance of its obligations under this AGREEMENT. CONSULTANT further represents and warrants that it will have all necessary rights to patentable and copyrightable materials, equipment, devices or processes not furnished by DISTRICT used on or incorporated in the work and assumes all risks arising from the use of such patentable and copyrightable materials, equipment, devices, or processes.
- 7.5 CONSULTANT shall indemnify, defend and hold harmless DISTRICT, its directors, officers, agents and employees to the maximum extent permitted by law from and against any and all claims, liabilities, losses, damages or expenses (including attorneys' fees and related costs, whether or not litigation has commenced), whether direct or indirect, arising out of, relating to, or in connection with the ownership, possession or use of any materials, equipment, devices, or processes that are protected by intellectual property rights, including patent, copyright and trade secret. In case such materials, equipment, devices or processes are held to constitute an infringement and their use enjoined, CONSULTANT, at CONSULTANT's sole cost and expense, shall: (a) secure for DISTRICT the right to continue using the materials, equipment, devices or processes by suspension of the injunction or by procuring a royalty-free license or licenses, or (b) replace such materials, equipment, devices, or processes with non-infringing materials, equipment, devices or processes that perform the same functions as the infringing item, or (c) modify them so that they become non-infringing or remove the enjoined materials, equipment, devices or processes and refund the sums paid therefore, without prejudice to any other rights of DISTRICT. If the amount of time necessary to proceed with one of these options is deemed excessive by DISTRICT, DISTRICT may direct CONSULTANT to select another option or risk default. The provisions of Section 10, RESPONSIBILITY: INDEMNIFICATION, shall also apply to the matters covered by this Section 6.5, to the maximum extent permitted by law.

8. SUBCONTRACTING

- 8.1 CONSULTANT shall not subcontract any services to be performed by it under this AGREEMENT without the prior written approval of DISTRICT, except for service firms engaged in drawing, reproduction, typing and printing and other firms as herein listed:

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- 8.2 Nothing contained in this Agreement or otherwise, shall create any contractual relation between DISTRICT and any subconsultants/subcontractors, and no subcontract shall relieve CONSULTANT of its responsibilities and obligations hereunder. Neither the CONSULTANT nor any party contracting with CONSULTANT shall be deemed an agent or employee of the DISTRICT. CONSULTANT is an independent entity, and the legal relationship of any person performing services for CONSULTANT shall be one solely between that person and CONSULTANT. CONSULTANT agrees to be as fully responsible to DISTRICT for the acts and omissions of its subconsultants/subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by CONSULTANT. CONSULTANT's obligation to pay its subconsultants/subcontractors is an independent obligation from the DISTRICT'S obligation to make payments to CONSULTANT.
- 8.3 Any subcontract entered into as a result of this Agreement, shall contain all the provisions stipulated in this Agreement to be applicable to subconsultants/subcontractors.
- 8.4 CONSULTANT is referred to Section 18 of this Agreement which includes Federal and State requirements for the prompt payment to subconsultants.
- 8.5 Any substitution of subconsultants/subcontractors must be approved in writing by DISTRICT'S Project Manager in advance of assigning work to a substitute subconsultant/subcontractor.
- 8.6 CONSULTANT shall incorporate Sections 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23 into all agreements with its subconsultants that are over \$25,000.

9. CONSULTANT'S PERSONNEL

- 9.1 All individuals identified on the organizational chart in **Exhibit B** are necessary for the successful performance of services under this AGREEMENT due to their unique expertise, depth and breadth of experience, and knowledge of Project. There shall be no change in CONSULTANT's [Project Manager}, [Engineers of Record], all other engineers and technical staff of the project team as listed in **Exhibit B** without prior written approval by DISTRICT's Project Manager. CONSULTANT recognizes that the composition of this team was instrumental in DISTRICT's decision to award this AGREEMENT to CONSULTANT and that compelling reasons for substituting these individuals must be demonstrated before DISTRICT's approval may be granted. Any substitutes shall be persons of comparable or superior experience and expertise. Failure to comply with the provisions of this section shall constitute a material breach of CONSULTANT's obligations under this AGREEMENT and shall constitute a basis for termination of this AGREEMENT for cause.

- 9.2 All CONSULTANT staff utilized on Project will be subject to qualification review and approval by DISTRICT. DISTRICT reserves the right to reject proposed personnel that, as determined by DISTRICT at its sole discretion, do not meet any or all of the requirements stated in this AGREEMENT. DISTRICT also reserves the right to obtain references regarding previous assignments of CONSULTANT's and subconsultants' personnel assigned to Project.

Architect of Record – List Designated Individual

Structural Engineer of Record - List Designated Individual

Electrical Engineer of Record – List Designated Individual

Civil Engineer of Record - List Designated Individual

Mechanical Engineer of Record - List Designated Individual

9.3 **CONSULTANT's Project Manager**

CONSULTANT shall provide a Project Manager to coordinate CONSULTANT's operations with DISTRICT's Project Manager. CONSULTANT's Project Manager shall be a licensed Professional Engineer in the State of California and shall demonstrate a proven successful track record in the management of design projects for major hospital projects and the production of plans, specifications and estimates of construction costs. CONSULTANT's Project Manager shall become thoroughly familiar with the Project background and design criteria for the Project.

CONSULTANT's Project Manager shall be responsible for the administration and management of CONSULTANT's performance of services under this AGREEMENT, including the assignment and supervision of CONSULTANT's personnel to assure compliance with provisions of this AGREEMENT and the most efficient deployment of resources in view of the fiscal constraints of the Project. He/she shall be responsible for the accuracy and completeness of all submittals to DISTRICT. He/she shall also be responsible for coordination of schedule and efforts between CONSULTANT and its subconsultants to assure the most efficient use of resources. CONSULTANT's Project Manager shall be accessible to DISTRICT's Project Manager at all times during DISTRICT's regular working hours.

9.4 **CONSULTANT'S Project Engineer**

CONSULTANT shall provide a Project Engineer to assist CONSULTANT's Project Manager in coordination of CONSULTANT's operations under this AGREEMENT. CONSULTANT's Project Engineer shall be a licensed Professional Engineer in the State of California and shall demonstrate a proven technical experience with design projects for hospitals, and in the production of plans, specifications and estimates of construction costs. CONSULTANT's Project Engineer shall become thoroughly familiar with the Project background and design

criteria for the Project. CONSULTANT's Project Engineer shall be accessible to DISTRICT's Project Manager at all times during DISTRICT's regular working hours.

9.5 CONSULTANT's Engineers of Record

- A. As used in this AGREEMENT, the term "Engineer of Record" shall mean the individual licensed to practice engineering in the State of California who will sign and stamp the final plans, specifications, calculations, and other technical work product prepared by CONSULTANT under this AGREEMENT. As required under Business & Professions Code Section 6735, the plans, specifications, calculations, and other technical work product shall have been prepared by, or under the responsible charge of, CONSULTANT's Engineer of Record. Attention is directed to Section 404.1 of Title 16, Division 5 of the California Code of Regulations for the definition of "responsible charge" and the Engineer of Record's obligations regarding same.
- B. Each of CONSULTANT's Engineers of Record shall have sufficient and relevant experience and qualifications to serve in such capacity for the applicable portion of CONSULTANT's work. At a minimum, an Engineer of Record shall meet the following levels of experience and qualifications:
 - 1) The Engineer(s) of Record in charge of the electrical engineering design and whose signatures and stamps appear on the final plans shall be licensed Electrical Engineers in the State of California and shall demonstrate extensive experience and proven successful track records in the design of Hospitals as applicable to their assignments of the project, and in production of plans, specifications and estimates. They shall become thoroughly familiar with the Project background and design criteria for the Project.
 - 2) The Engineer(s) of Record in charge of the Mechanical design, if required, and whose signatures and stamps appear on the final plans shall be licensed Mechanical Engineers in the State of California and shall demonstrate experience and proven successful track records in the design of Hospitals, as applicable to their assignments on the project, and production of plans, specifications and estimates. They shall become thoroughly familiar with the Project background and design criteria for the Project.

9.6 CONSULTANT's Design Engineers

The engineering staff assigned to the Project shall be experienced in acute care facility design as required by their assignments on the Project. In addition, all engineering staff utilized shall become thoroughly familiar with the project background and design criteria for the Project.

9.7 Consultant's Drafting Staff

CONSULTANT's drafting staff shall be thoroughly proficient with AutoCAD Release 2011, become thoroughly familiar with project-specific CAD drafting standards and requirements, have experience and a proven successful track record

in contract plan production, and have a good understanding of project final submittal format requirements.

10. CHANGES

- 10.1 DISTRICT may, at any time, by written order, make changes within the general scope of work and services described in this AGREEMENT. If such changes cause an increase to the ceiling price of or the time required for performance of the agreed-upon work or otherwise affect any other terms of this AGREEMENT, an equitable adjustment as mutually agreed shall be made in the limit on compensation as set forth in Section 18, COMPENSATION, or in the time of required performance as set forth in Section 3, SCHEDULE AND TIME OF COMPLETION, or both. In the event that CONSULTANT encounters any unanticipated conditions or contingencies that may affect the scope of work or services and result in an adjustment in the amount of compensation specified herein, CONSULTANT shall so advise DISTRICT immediately upon notice of such condition or contingency. The written notice shall explain the circumstances giving rise to the unforeseen condition or contingency and shall set forth the proposed adjustment in compensation. This notice shall be given to DISTRICT prior to the time that CONSULTANT performs work or services related to the proposed adjustment in compensation. If approved by DISTRICT, the pertinent changes shall be expressed in a written supplement to this AGREEMENT prior to implementation of such changes.

CONSULTANT's failure to timely supply the written notice specified herein shall constitute a waiver of CONSULTANT's entitlement to an adjustment in compensation and/or time based on the unanticipated condition or contingency.

- 10.2 CONSULTANT shall carefully and regularly monitor the deployment of its resources so that the budgeted levels of effort for each task set forth in the Cost Proposal in **Exhibit B** are not exceeded. CONSULTANT shall not exceed the budget for any task without first obtaining the written approval of DISTRICT. Any and all costs of CONSULTANT that exceed the task amounts set forth in **Exhibit B** will not be paid by DISTRICT unless DISTRICT has first provided written approval of the overage. Such approval, if given, may not in any case authorize exceeding the overall not-to-exceed amount set forth in Section 17, COMPENSATION.

11. RESPONSIBILITY: INDEMNIFICATION

CONSULTANT shall indemnify, defend and hold harmless DISTRICT, its directors, officers, agents, and employees to the maximum extent permitted by law from and against any and all claims, demands, actions, causes of action, damages, liability, obligation, costs and expenses of any kind whatsoever, including (without limitation) those for personal injuries (including, but not limited to death, bodily injury, emotional or mental distress and loss of consortium), property damage or pecuniary, financial or economic loss of any kind whatsoever to the extent that they are caused by any breach of CONSULTANT's obligations under this AGREEMENT, willful misconduct, or the negligent provision or omission of services contemplated by this AGREEMENT by CONSULTANT or its employees, or parties contracting with CONSULTANT or agents. CONSULTANT further agrees to defend any such claims, demands, actions, or causes of actions for any damages,

injuries or losses whatsoever, and pay charges of attorneys and other costs and expenses arising therefrom or incurred in connection therewith; and if any judgment be rendered against DISTRICT or any of the other individuals enumerated above in any such action, CONSULTANT shall, at CONSULTANT's expense, satisfy and discharge the same to the extent that they are covered by the above Agreement to indemnify.

To the extent permitted by Civil Code 2782.8, CONSULTANT's duty to defend shall further apply and be enforced even if it is contended the acts, omissions or failures to act of parties other than CONSULTANT, including DISTRICT and the individuals enumerated above, caused or contributed to the losses, injuries or damages claimed.

For the purposes of this Section, the term "losses" means all amounts paid to settle or satisfy any judgments or awards plus reasonable amounts paid on account of attorneys' fees, court costs and other costs and expenses relating to the investigation, defense, satisfaction and/or settlement of such claims.

This provision is intended to be applied to the fullest extent allowed under the law and, if any portion of it is found to be void or unenforceable, the remainder is to be severable and enforceable.

12. INSURANCE PROVISIONS

12.1 Types of Insurance The policies and minimum amount of insurance to be carried by CONSULTANT shall be as follows:

A. Workers' Compensation and Employer's Liability Insurance

- 1) CONSULTANT shall procure and maintain at all times during the performance of such work Workers' Compensation Insurance in conformance with the laws of the State of California and federal laws where applicable. Employer's Liability Insurance shall not be less than One Million Dollars (\$1,000,000) for each accident and One Million Dollars (\$1,000,000) for each disease.
- 2) The policy shall contain a waiver of subrogation in favor of DISTRICT and its officers, directors, employees, volunteers and agents while acting in such capacity and their successors and assignees as they now or as they may hereafter be constituted, singly, jointly or severally.

B. Commercial General and Automobile Liability Insurance

- 1) *Commercial General Liability Insurance.* CONSULTANT shall, at its own cost and expense, also procure and maintain at all times during the performance of this Agreement Commercial General Liability Insurance providing bodily injury and property damage coverage with a combined single limit of at least One Million Dollars (\$1,000,000) each occurrence or claim and a general aggregate limit of at least Two Million Dollars (\$2,000,000). This insurance shall include but not be limited to premises and operations, contractual liability covering the indemnity provisions contained in this Agreement, personal injury, products and completed operations, and broad form property damage, and include a Cross Liability endorsement.

- 2) *Business Automobile Liability.* CONSULTANT shall, at its own cost and expense, procure and maintain at all times during the performance of this Agreement Business Automobile Liability Insurance providing bodily injury and property damage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence for all owned, non-owned and hired automobiles. This insurance shall provide contractual liability covering all motor vehicles and mobile equipment to the extent coverage may be excluded from general liability insurance.

C. Professional Liability Insurance. CONSULTANT shall maintain Professional Liability Insurance covering CONSULTANT's performance of services under this Agreement with a limit of liability of at least Five Million Dollars (\$5,000,000) for any one claim and Five Million Dollars (\$5,000,000) annual aggregate. This insurance shall be applicable to claims arising from the work performed under this Agreement and during construction and construction warranty periods. The insurance shall not include any prior acts exclusion.

12.2 General Insurance Requirements

A. Evidence of Insurance. Prior to commencing work or entering onto the property, CONSULTANT shall file a Certificate of Insurance with DISTRICT evidencing the foregoing coverages with respect to the insurance, including the following endorsements:

- 1) That the insurance company(ies) issuing such policy(ies) shall give written notice to DISTRICT of any material alteration or reduction in aggregate limits, if such limits apply, and provide at least thirty (30) days' notice of cancellation or nonrenewal.
- 2) That the policy(ies) is(are) Primary Insurance and the insurance company(ies) providing such policy(ies) shall be liable thereunder for the full amount of any loss or claim that CONSULTANT is liable for under this section, up to and including the total limit of liability, without right of contribution from any other insurance effected or which may be effected by the DISTRICT.
- 3) That, with respect to coverages described in Section 12.1.A and B above, such insurance shall include as additional insured the DISTRICT and its respective directors, officers, employees and agents while acting in such capacity, and their successors or assignees, as they now or as they may hereafter be constituted, singly, jointly or severally.
- 4) That, with respect to coverages described in Section 12.1.A and B above, the policies shall also contain either a cross liability endorsement or severability of interests clause and stipulate that inclusion of the DISTRICT as additional named insured shall not in any way affect its rights either as respects any claim, demand, suit or judgment made, brought or recovered against CONSULTANT. Said policy shall protect CONSULTANT and DISTRICT in the same manner as though a separate policy had been issued to each, but nothing in said policy shall operate to increase the insurance

company's liability as set forth in its policy beyond the amount or amounts shown or to which the insurance company would have been liable if only one interest had been named as an insured.

- B. Acceptable Insurance. All policies shall be issued by insurers acceptable to DISTRICT. This insurance shall be issued by an insurance company or companies authorized to do business in the State of California with minimum "Best's" rating of B+ and with minimum policyholder surplus of Twenty Five Million (\$25,000,000) or a company acceptable to District in its sole discretion. All policies shall be issued in a form satisfactory to the General Manager of DISTRICT and shall be issued specifically as primary insurance.
- C. Failure to Procure or Maintain Insurance. The failure to procure or maintain required insurance and/or an adequately funded self-insurance program acceptable to DISTRICT will constitute a material breach of this AGREEMENT.
- D. Terms of Policies. All insurance specified above shall remain in force until all work to be performed is satisfactorily completed unless as indicated otherwise in this AGREEMENT.
- E. CONSULTANT shall not violate or permit to be violated any conditions or provisions of said policies of insurance, and at all times shall satisfy requirements of the insurer for the purpose of maintaining said insurance in effect.
- F. If any claim is made by any third person against CONSULTANT on account of any incident, CONSULTANT shall promptly report the fact in writing to DISTRICT, giving full details of the claim.
- G. CONSULTANT shall promptly notify DISTRICT of all professional liability claims asserted against CONSULTANT that have an estimated settlement value in excess of the policy. If the amount of professional liability insurance is reduced by other claims, CONSULTANT shall procure such additional insurance to restate the limits as required under this AGREEMENT.
- H. Claims-Made Insurance. If any insurance specified in Section 11.1 is provided on a claims-made basis, then in addition to the specified coverage requirements, such policy shall provide that:
- 1) Policy retroactive date coincides with or precedes CONSULTANT's start of work (including subsequent policies purchased as renewals or replacements).
 - 2) CONSULTANT will make every effort to maintain similar insurance for at least three (3) years following project completion, including any applicable requirement of including all additional insureds.
 - 3) If insurance is terminated for any reason, CONSULTANT agrees to purchase an extended reporting provision of at least three (3) years to report claims arising from work performed in connection with this AGREEMENT.

- 4) Policy allows for reporting of circumstances or incidents that might give rise to future claims.

13. CONFLICT OF INTEREST

CONSULTANT shall not undertake any work under construction or construction management and inspection support contracts for the Infrastructure Equipment Replacement Project.

CONSULTANT shall comply with the Code of Professional Conduct for Professional Engineers set forth at California Code of Regulations, Title 16, Division 5, Section 475, as said Code may be amended from time to time.

CONSULTANT represents and warrants that it presently has no interest and agrees that it will not acquire any interest that would present a conflict of interest under California Government Code §§ 1090 *et seq.* or §§ 87100 *et seq.* during the performance of services under this AGREEMENT. CONSULTANT shall promptly disclose any actual or potential conflict of interest to DISTRICT as soon as CONSULTANT becomes aware of such conflict. CONSULTANT further covenants that it will not knowingly employ any person having such an interest in the performance of this AGREEMENT. Violation of this provision may result in this AGREEMENT being deemed void and unenforceable.

Depending on the nature of the work performed, CONSULTANT may be required to publicly disclose financial interests under DISTRICT's Conflict of Interest Code. CONSULTANT agrees to promptly submit a Statement of Economic Interest on the form provided by DISTRICT upon receipt.

No person previously in the position of Director, Officer, employee or agent of DISTRICT may act as an agent or attorney for, or otherwise represent, CONSULTANT by making any formal or informal appearance, or any oral or written communication, before DISTRICT or any Officer or employee of DISTRICT for a period of 12 months after leaving office or employment with DISTRICT if the appearance or communication is made for the purpose of influencing any action involving the issuance, amendment, award or revocation of a permit, license, grant or contract.

14. CIVIL RIGHTS REQUIREMENTS

In addition to other nondiscrimination requirements included in this AGREEMENT, CONSULTANT agrees to comply with the following:

14.1 Nondiscrimination

In accordance with Title VI of the Civil Rights Act, as amended, 42 USC §2000 (d), Section 303 of the Age Discrimination Act of 1975, as amended; 42 USC §6102, Section 202 of the Americans with Disabilities Act of 1990; 42 USC §12132; and 49 USC §5332, CONSULTANT agrees that it will not discriminate against any employee or applicant for employment because of race, color, creed, national origin, sex, age, or disability. In addition, CONSULTANT agrees to comply with applicable federal implementing regulations and other implementing requirements the Federal Highway Administration (FHWA) may issue.

During performance of this agreement, CONSULTANT and its subconsultants shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), medical history, age (over 40), genetic information, marital status, gender, gender identity, gender expression, and denial of family care leave. CONSULTANT and subconsultants shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. CONSULTANT and subconsultants shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code Section 12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 Title 2 of the California Code of Regulations, are incorporated into this AGREEMENT by reference and made a part hereof as set forth in full. CONSULTANT and its subconsultants shall give written notice of their obligations under this section to labor organizations with which they have a collective bargaining or other agreement. In addition, CONSULTANT agrees to comply with applicable federal implementing regulations and other implementing requirements the Federal Highway Administration (FHWA) may issue.

CONSULTANT shall include the nondiscrimination and compliance provisions of this section in all subcontracts to perform work under this AGREEMENT.

14.2 Equal Employment Opportunity

The following equal employment opportunity requirements apply to this AGREEMENT:

A. Race, Color, Creed, National Origin, Sex. In accordance with Title VII of the Civil Rights Act, as amended, 42 USC §2000(e), CONSULTANT agrees to comply with all applicable equal employment opportunity requirements of U.S. Department of Labor (U.S. DOL) regulations, *Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor*, 41 CFR Parts 60 et seq. (which implement Executive Order No. 11246, *Equal Employment Opportunity*, as amended by Executive Order No. 113 75, *Amending Executive Order 11246 Relating to Equal Employment Opportunity*, 42 USC §2000 (e) note), and with any applicable federal statutes, executive orders, regulations, and federal policies that may in the future affect construction activities undertaken in the course of the Project.

During the performance of this AGREEMENT, CONSULTANT agrees as follows:

- 1) CONSULTANT will not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. CONSULTANT will take affirmative actions to ensure that applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, or national origin. Such actions shall include, but not be limited

to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONSULTANT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

- 2) CONSULTANT will, in all solicitations or advertisements for employees placed by or on behalf of CONSULTANT, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.
- 3) CONSULTANT will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding a notice to be provided advising the said labor union or workers' representatives of CONSULTANT's commitments under this section, and shall post copies of the notices in conspicuous places available to employees and applicants for employment.

15. RELEASE OF INFORMATION

- 15.1 All financial, statistical, personal, technical, or other data and information relative to DISTRICT's operations, and specifically, the improvements contemplated by this AGREEMENT and made available to CONSULTANT in order to carry out this AGREEMENT, shall be protected by CONSULTANT from unauthorized use and disclosure, and shall not be disclosed to any third parties without DISTRICT's express written permission.
- 15.2 Permission by DISTRICT to disclose information on one occasion relating to this AGREEMENT shall not authorize CONSULTANT to further disclose such information or disseminate the same on any other occasion.
- 15.3 CONSULTANT shall not comment publicly to third parties, including the press or any other media, regarding this AGREEMENT or DISTRICT's actions on the same, except to DISTRICT's staff, CONSULTANT's own personnel involved in the performance of this AGREEMENT, at public hearings, or in response to questions from a Legislative committee.

DISTRICT's Public Information Director is the authorized spokesperson for all media inquiries concerning DISTRICT. CONSULTANT shall refer any inquiry of the news media to the Public Information Director. CONSULTANT shall not communicate regarding DISTRICT, the Project and this AGREEMENT with any representatives of the media, including, but not limited to, journalists, reporters, technical writers, and freelance writers, without the prior written authorization of DISTRICT, as exercised in DISTRICT's sole discretion.

It is expressly understood and agreed that the above provisions equally pertain to all subconsultants to CONSULTANT with respect to their receipt of any inquiries from the media pertaining to DISTRICT, the Project or this AGREEMENT.

- 15.4 CONSULTANT shall not refer to DISTRICT, the Project or this AGREEMENT in any advertising or promotional materials without DISTRICT's prior written consent. CONSULTANT shall obtain DISTRICT's written consent prior to the publication of any materials prepared by CONSULTANT or any of its employees and agents pertaining to DISTRICT, the Project, or this AGREEMENT. CONSULTANT agrees that published information regarding such topics shall be factual only and in no way shall imply that DISTRICT endorses CONSULTANT's firm, service or product.

CONSULTANT and its employees and agents shall not use any images of DISTRICT, including its Work, with respect to this AGREEMENT in any current and future media format, including, but not limited to, promotional or business development photographs or videos, website postings, CD-ROMs, and any other form of publication (magazines, annual reports, etc.) without DISTRICT's prior written consent, as exercised in DISTRICT's sole discretion. If consent is granted, CONSULTANT shall comply with all requirements of DISTRICT regarding filming and still photography.

CONSULTANT and its employees and agents shall not make any speeches or presentations that mention Project or include images of Project without DISTRICT's prior written consent.

CONSULTANT and its employees and agents shall not author any technical papers or reports for publication or distribution that discuss the project without DISTRICT's prior written consent.

It is expressly understood and agreed that the above provisions pertain equally to all subconsultants and suppliers to CONSULTANT with respect to DISTRICT, the Project and this AGREEMENT.

- 15.5 All information related to the construction estimate is confidential and shall not be disclosed by CONSULTANT to any entity other than DISTRICT.
- 15.6 Any subcontract entered into as a result of this AGREEMENT shall contain all the provisions of this Section 15.

16. INSPECTION OF WORK

CONSULTANT and any subconsultant shall permit DISTRICT and its representatives to review and inspect the project activities at all reasonable times during the performance period of this AGREEMENT.

17. COMPENSATION

- 17.1 The payment for services under this AGREEMENT will be based on time and materials with a not-to-exceed amount. The CONSULTANT agrees to perform all of the services included in Section 2 for a total all inclusive sum not-to-exceed amount of seven hundred seventy-two thousand five hundred sixty-five dollars (\$772,565.00), in accordance with Exhibits A and B. The total all inclusive sum shall include all labor, materials, taxes, profit, overhead, insurance, subcontractor costs and all other costs and expenses incurred by the Consultant. The not-to-exceed amount is not guaranteed. Rather, payment will be for time actually

worked. The hourly rate by personnel category shall be as set forth in Exhibit B. The DISTRICT will pay the CONSULTANT in accordance with Section 18.

- 17.2 CONSULTANT shall be reimbursed for actual allowable travel expenses incurred in the performance of this work upon submittal of receipts. Only coach class airfare will be reimbursed. Private cars shall be reimbursed at the current reimbursement mileage rate published by the U.S. Internal Revenue Service or, if a rental car is used, at the mid-range rental car rate while traveling away from CONSULTANT's headquarters, which are hereby designated as office locations listed in **Exhibit B**.

Lodging, meal and incidental expense costs shall not exceed the maximum reimbursable allowances published by U.S. General Services Administration (GSA) for each Federal Fiscal Year beginning October 1. The maximum reimbursable allowances published by GSA can be found at <http://www.gsa.gov>.

- 17.3 Total expenses reimbursed made under this AGREEMENT shall not exceed the sum of Seventeen Thousand, Seven Hundred and Fifty Dollars and zero Cents (\$17,750).
- 17.4 CONSULTANT's attention is directed to Section 9, CHANGES, of this AGREEMENT regarding CONSULTANT's obligations with respect to any adjustment of the not-to-exceed maximum with regard to CONSULTANT's compensation for the Project.

18. MANNER OF PAYMENT

- 18.1 By the tenth (10th) working day of the following month, CONSULTANT shall submit invoices and receipts to DISTRICT for services performed and reimbursable expenses incurred during the previous month. DISTRICT shall render payment for all undisputed invoices within thirty (30) days following receipt of approved invoices.

Invoices shall describe in detail the services rendered by CONSULTANT and state the number of hours, and applicable hourly rate of each person. Hourly rates per personnel category shall be in accordance with the CONSULTANT's Cost Proposal in **Exhibit B**. The hourly labor rates set forth in **Exhibit B**, including those of CONSULTANT and subconsultants, shall remain in effect for the duration of this AGREEMENT.

For CONSULTANT's personnel assigned to the project, DISTRICT and CONSULTANT will jointly review, on an annual basis, proposed salary increases. CONSULTANT and its subconsultants shall submit to DISTRICT written justification supporting any proposed labor rate increases and shall obtain DISTRICT approval of such increases prior to billing them in CONSULTANT invoices under this AGREEMENT. Under this AGREEMENT, labor rate increases for CONSULTANT's personnel assigned to the Project, if any, may be made no more frequently than once a year.

- 18.2 Not Applicable.
- 18.3 In the event that DISTRICT disputes an invoice, it will pay only the undisputed amount and will notify CONSULTANT within ten days of receipt of invoice of any

dispute. CONSULTANT must continue work during the pendency of any dispute over an invoice. The parties' Project Managers will meet and confer and attempt to resolve amicably any dispute over an invoice. If they are unable to resolve such a dispute, the matter will be elevated to management. DISTRICT management's determination over a disputed invoice will be final and additional dispute will be resolved pursuant to Section 25.

19. ORDER OF PRECEDENCE

In the event of an inconsistency among the components of this AGREEMENT, the following order of precedence shall apply:

1. Duly executed amendments to this AGREEMENT;
2. This AGREEMENT;
3. Exhibit A, the RFP;
4. Exhibit B, CONSULTANT's Proposal.

20. ASSIGNMENT

CONSULTANT shall not assign any rights or transfer any obligations under this AGREEMENT without the prior written consent of DISTRICT.

21. MAINTENANCE, AUDIT AND INSPECTION OF RECORDS

All CONSULTANT and subconsultant costs incurred in the performance of this AGREEMENT will be subject to audit. CONSULTANT and its subconsultants shall permit DISTRICT, the State Auditor, or their authorized representatives, to inspect, examine, make excerpts from, transcribe, and copy CONSULTANT's books, work, documents, papers, materials, payrolls records, accounts, and any and all data relevant to this AGREEMENT at any reasonable time, and to audit and verify statements, invoices or bills submitted by CONSULTANT pursuant to this AGREEMENT. CONSULTANT shall also provide such assistance as may be required in the course of such audit.

For the purpose of determining compliance with Public Contract Code 10115, et seq., and Title 21, California Code of Regulations, Chapter 21, Section 2500 et seq., when applicable and other matters connected with the performance of the contract pursuant to Government Code 8546.7; CONSULTANT, subconsultants and DISTRICT shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the performance of services under this AGREEMENT, including but not limited to, the costs of administering AGREEMENT. All parties shall make such materials available at their respective offices at all reasonable times during the AGREEMENT period and for four (4) years from the date of final payment under AGREEMENT.

If, as a result of the audit, it is determined by DISTRICT that reimbursement of any costs including profit or fee under this AGREEMENT was in excess of that represented and relied upon during price negotiations or represented as a basis for payment, CONSULTANT agrees to reimburse DISTRICT for those costs within sixty (60) days of written notification by DISTRICT.

22. DISTRICT WARRANTIES

DISTRICT makes no warranties, representations, or agreements, either express or implied, beyond such as are explicitly stated herein.

23. SUSPENSION AND TERMINATION

DISTRICT shall have the right to suspend or to terminate this AGREEMENT at any time by giving written notice to CONSULTANT. In the event of suspension or termination for any reason other than the fault of CONSULTANT, CONSULTANT shall be compensated in accordance with the provisions of Section 19, MANNER OF PAYMENT, for the services performed to date of such suspension or termination, plus any reasonable costs and expenses resulting from such suspension or termination. If, in the event of suspension, the project is resumed after being suspended for more than three months, CONSULTANT's compensation shall be subject to renegotiation. If the project is resumed within the period of three months following notification of suspension, there shall be no change in CONSULTANT's compensation.

In the event of termination for reason of CONSULTANT's breach or default in the performance of any of CONSULTANT's obligations under this AGREEMENT, CONSULTANT shall be compensated in accordance with the provisions of Section 18, COMPENSATION, only for those services already performed and expenses incurred in full accordance with the requirements of this AGREEMENT up to the effective date of termination, less an estimate reasonably made by DISTRICT of the amount of damages DISTRICT has or will suffer as a result of CONSULTANT's breach or default.

Whether terminated for convenience or breach, the DISTRICT shall not in any manner be liable for the CONSULTANT's actual or projected lost profits had the CONSULTANT completed the services required by this Agreement.

24. NOTICES

All communications relating to the day-to-day activities of the Project shall be exchanged between DISTRICT's Project Manager, David Sullivan, and CONSULTANT's Project Manager, _____.

All notices and communications regarding interpretation of the terms of this AGREEMENT and changes thereto shall be in writing and may be given by personal delivery to a representative of the parties or by mailing the same, postage prepaid, addressed as follows:

If to DISTRICT: _____

If to CONSULTANT: _____

The address to which mailings are to be made may be changed from time to time by notice mailed as described above. Any notice given by mail shall be deemed given on the day after that on which it is deposited in the United States Mail as provided above.

25. DISPUTE RESOLUTION

In the event of a dispute between DISTRICT and CONSULTANT concerning any question of fact in connection with the work performed under this AGREEMENT, the parties shall meet and confer and make good faith efforts to resolve the dispute before resorting to any legal action. CONSULTANT must file a Government Claim Form prior to initiating any legal action.

26. ATTORNEYS' FEES

If any legal proceeding should be instituted by either of the parties hereto to enforce the terms of this AGREEMENT or to determine the rights of the parties thereunder, the prevailing party in said proceeding shall recover, in addition to all court costs, reasonable attorneys' fees.

27. BINDING ON SUCCESSORS

All of the terms, provisions, and conditions of this AGREEMENT shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, and legal representatives.

28. APPLICABLE LAW

This AGREEMENT, its interpretation, and all work performed thereunder shall be governed by the laws of the State of California.

29. WAIVER

Any waiver of any breach or covenant of this Agreement must be in a writing executed by a duly authorized representative of the party waiving the breach. A waiver by any of the parties of a breach or covenant of this Agreement shall not be construed to be a waiver of any succeeding breach or any other covenant unless specifically and explicitly stated in such waiver.

30. SEVERABILITY

If any provision of this Agreement shall be deemed invalid or unenforceable, that provision shall be reformed and/or construed consistently with applicable law as nearly as possible to reflect the original intentions of this Agreement; and in any event, the remaining provisions of this Agreement shall remain in full force and effect.

31. NO THIRD PARTY BENEFICIARIES

This Agreement is not for the benefit of any person or entity other than the parties.

32. ENTIRE AGREEMENT; MODIFICATION

This Agreement, including any attachments, constitutes the entire Agreement between the parties with respect to the subject matter hereof, and supersedes any prior understanding or agreement, oral or written, with respect to such subject matter. It may not be amended or modified except by a written amendment executed by authorized representatives by both parties.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT by their duly authorized officers as of the day and year first above written.

DISTRICT:
SALINAS VALLEY HEALTH

CONSULTANT:

By: _____

President, Board of Directors

By*: _____

By*: _____

:

By: _____

SALINAS VALLEY HEALTH, Chief Executive
Officer

** If CONSULTANT is a corporation, this AGREEMENT must be executed by two corporate officers, consisting of: (1) the President, Vice President or Chair of the Board, and (2) the Secretary, Assistant Secretary, Chief Financial Officer or Assistant Treasurer.*

In the alternative, this AGREEMENT may be executed by a single officer or a person other than an officer provided that evidence satisfactory to District is provided demonstrating that such individual is authorized to bind the corporation (e.g., a copy of a certified resolution from the corporation's board or a copy of the corporation's bylaws).

Salinas Valley Health Medical Center

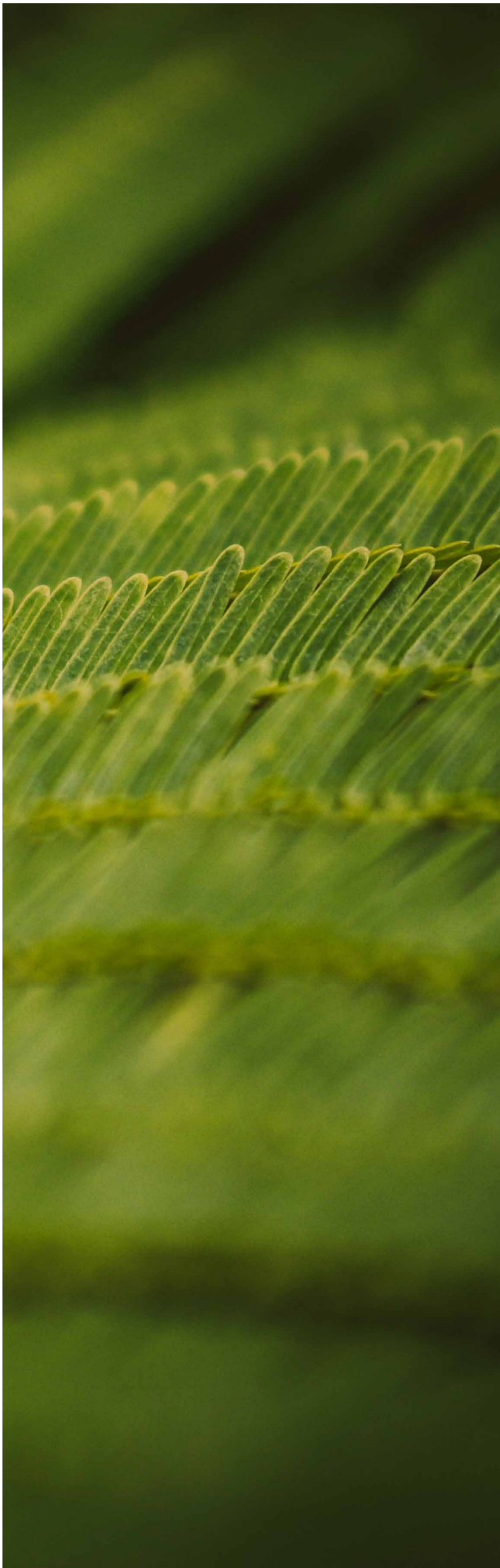
INFRASTRUCTURE EQUIPMENT REPLACEMENT

OCTOBER 11, 2024

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RICK RUSSELL PE, LEED AP, CXA
Principal
rickr@interfaceeng.com
49 Stevenson Street, Suite 660
San Francisco, CA 94105
www.interfaceengineering.com





Interface Engineering Inc
1999 Harrison Street, Suite 550
Oakland, CA 94612
TEL 415.489.7240
www.interfaceengineering.com

October 10, 2024

Dave Sullivan
Bogard Construction, Inc.
535 E Romie, Suite 6
Salinas, CA 93901

Re: Salinas Valley Health – Infrastructure Equipment Replacement

Dear Dave:

Interface Engineering is very pleased to submit our Statement of Qualifications for Salinas Valley Health's Infrastructure Equipment Replacement. We've earned a reputation for creative thinking and deep expertise in mechanical and electrical engineering, and we offer a diverse range of capabilities for almost any MEP engineering project imaginable. To build on that reputation, we invest heavily in professional development and technology, allowing us to remain on the leading edge of design.

Interface Engineering has been in business since 1969 with offices in San Francisco, Oakland, Los Angeles, Honolulu, Portland, Washington DC, Chicago, Denver, San Antonio, and New York City. Interface Engineering is accustomed to acting as the prime consultant on MEP projects. We organize, schedule the stakeholders and its subconsultants. The project team consists of the following:

Prime

- Interface Engineering, Inc. (MEP Engineering)

Sub-Consultants

- Smith-Karng Architecture (Architectural)
- Estructure (Structural)

Interface Engineering is bound to the Scope of Services and cost proposal for 90 calendar days.

Interface Engineering accepts the terms and conditions of the Sample Agreement.

There are **no** conflicts of interest that would limit Interface Engineering's ability to provide the requested services.

Interface Engineering acknowledges the receipt of Addendum A that was issued on September 23, 2024.

Thank you for the opportunity to present our qualifications. We believe the combination of our experience, ability to assemble a cohesive team, broad capabilities, and commitment to sustainable building practices ensures that Salinas Valley Health and Bogard Construction will be well served by choosing Interface Engineering.



If you have any questions, please contact this office.

Sincerely,

A handwritten signature in black ink, appearing to read "RR", with a long, sweeping horizontal line extending to the right.

Rick Russell, PE, LEED AP, CxA
Principal
415.489.7248
rickr@interfaceeng.com

Candidate's Qualifications

02

Firm Profile

Interface Engineering is a multidiscipline mechanical and electrical engineering firm known for innovative resource use, visionary sustainable design and breakthrough engineering solutions for new and existing buildings. Our work demonstrates how integrated design and creative collaboration can produce outstanding results — for our clients, our community and our environment.

From four employees in 1969, our practice has grown into a nationally recognized consultancy with over 250 professionals in ten offices. We focus on high-performance, pragmatic design, and to date have completed several hundred LEED certified projects and Net-Zero buildings. Our diverse market sector activity has allowed us to grow and we consistently

rank high in industry surveys. Today, we are at the forefront of an evolving industry, transforming the concept of what the built environment can be.

With a focus on creative design, Interface Engineering is a model for the mechanical and electrical engineering firm of the future. Our culture is collaborative with a passion for resource sensitivity. We are seasoned engineering consultants who add long-term value as design partners. To serve our clients and our community, we use integrated design to create sustainable solutions that not only perform beyond expectation, but also lead and inspire. **Our mission is simple: to help build optimal environments for life.**

Our Offices

100 SW Main Street
Suite 1600
Portland, OR 97204

100 S Wacker Drive
Suite 1140
Chicago, IL 60606

2000 M Street NW
Suite 270
Washington, DC 20036

1003 Bishop Street
Suite 750
Honolulu, HI 96813

601 S Figueroa Street
Suite 2750
Los Angeles, CA 90017

49 Stevenson Street
Suite 660
San Francisco, CA 94105

1999 Harrison Street
Suite 550
Oakland, CA 94612

13423 Blanco Road
Suite 599
San Antonio, TX 78216

2000 S. Colorado Blvd.
Tower One, Suite 2000
Denver, CO 80222

Interface NYC

17 State Street
Suite 4000
New York, NY 10004



Interface
Washington, DC Office

Our Services



MECHANICAL + ELECTRICAL

Since our founding in 1969, Interface Engineering has earned a reputation for creative thinking and deep expertise in mechanical and electrical engineering, and we offer a diverse range of expertise for almost any MEP project imaginable. To build on that reputation, we invest heavily in professional development and technology, allowing us to remain on the leading edge of design.



FIRE/LIFE SAFETY

The protection of buildings and their occupants is our fire/life safety team's primary focus. From full design services to design/build specification and review, they provide expertise for many critical issues—alarm and sprinkler system design, life-safety code compliance, flow testing, gases suppression and foam system design—and create the right system for each building's unique needs.



LIGHTING + DAYLIGHTING

Architectural lighting extends far beyond the placing of luminaries in a space—light gives form. Our lighting professionals employ creative and functional design elements to express clients' architectural vision. Their diverse experience results in imaginative lighting solutions. Sustainable design plays a major role in our work. We balance innovative design with life cycle cost and efficiency. Using the latest modeling tools, including Diva, Rhino, and AGi32, our designers can convey lighting design intention as well as energy usage. This collaborative process allows us to make faster, integrated design decisions.



ENERGY SERVICES + MODELING

In order to identify appropriate energy and cost saving strategies to inform your design decisions, our energy engineers help design teams create efficient, healthy buildings by developing strategies based on payback, life cycle cost and impact to LEED energy credits. By using modeling tools early in the design process, clients and owners are able to understand the real impact of design decisions through visualization and animation.



BUILDING TECHNOLOGIES SYSTEMS DESIGN

Technology continuously evolves and changes our work and personal lives. Information and Communications Technology incorporates telecommunications, security, and audiovisual design. These are specialized systems and require specialized designers. Vision, innovation and seamless integration are all elements of our comprehensive designs. Your decision to partner with our technology team is a smart and future-focused choice.



COMMISSIONING

Commissioning involves achieving, verifying and documenting the design intent of building systems, assuring owners that systems are functioning at or above required levels. Because of Interface's in-house resources—mechanical, electrical, and energy engineers, lighting designers and thermal imaging services—Interface has a solid foundation for performing primary and third-party commissioning.

Sustainable Design

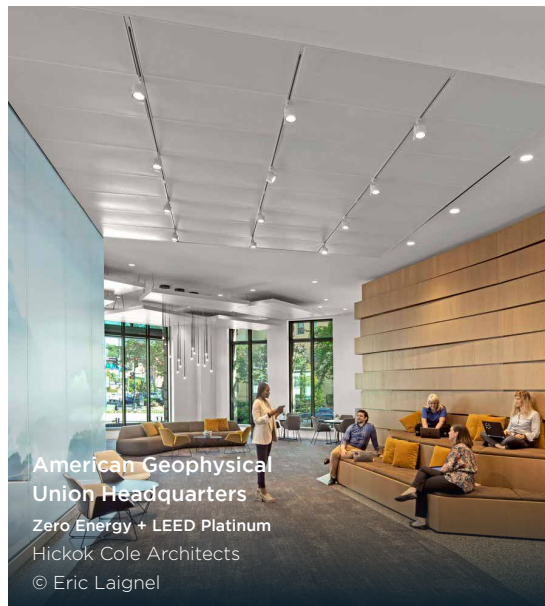
From Zero Energy to Carbon Neutral and beyond.

At Interface, sustainability isn't a buzzword. It's fundamental to our engineering practice and culture. Consulting on overall integrated design, we help reduce demand on natural resources and find sustainable, efficient solutions. Net result: long-term cost savings and less impact on the environment.

Since our first LEED project in 1996, we've designed over **260 LEED buildings** around the world. We participated in US Green Building Council Pilot programs and have experience with multiple sustainability certification programs. Some of the first LEED healthcare, multifamily, and retail projects are part of our portfolio. We are proud that, in 2015, the International Living Future Institute recognized two of our education projects — Hood River Middle School Music & Science Building and Sacred Heart Lower and Middle Schools' Stevens Library — as the **first zero energy certified school facilities in the country**.

Featured Services

Very High Efficiency
HVAC Retrofits
Building Electrification
Passive Design
Strategies
Rainwater Harvesting
Water Treatment System
Design
Computation Fluid
Dynamics Modeling
Building Integrated
PV Design
Building Information
Modeling (BIM)
Building Performance
Simulations
Post-Occupancy Studies
Advanced Building
Technologies
LEED Commissioning



OUR PORTFOLIO of sustainably designed projects in design, under construction, ready, or built.

260

LEED, ALL LEVELS

84

LEED PLATINUM

85

ZERO (ENERGY OR WATER)
PROJECTS

17

LIVING BUILDINGS

4

CARBON NEUTRAL
BUILDINGS

5

WELL BUILDINGS

5

GREEN GLOBES
PROJECTS

Industry Firsts

Interface Engineering is known for innovative, high performance design, and has proudly contributed to multiple engineering firsts in the building industry.

Sonoma Academy Janet Durgin Build and Commons / Zero Carbon & Petal Certified

SONOMA, CALIFORNIA

First project to achieve both Zero Carbon and Petal Certification

First Zero Carbon Certified project in California

University of California, Merced / LEED Platinum

MERCED, CALIFORNIA

First U.S. public research campus to achieve carbon neutrality with all buildings LEED Platinum certified

American Geophysical Union Headquarters / LEED Platinum and Net-Zero Energy Goals

WASHINGTON, DC

First Net-Zero energy existing commercial building in Washington, DC

First municipal waste heat recovery system in the US

Highest rated LEED-NC Project in Washington, DC

The Falk School of Sustainability at Eden Hall Campus at Chatham University / LEED Platinum, Zero Energy Goal

RICHLAND TOWNSHIP, PENNSYLVANIA

First student housing project in the United States to use drywall as a radiant heating and cooling system

Hood River Middle School Music & Science Building / LEED Platinum, NZEB Certified

HOOD RIVER, OREGON

First Net-Zero energy certified public elementary school building in the country

Sacred Heart Lower and Middle School Stevens Library / LEED Platinum, NZEB Certified

ATHERTON, CALIFORNIA

First Net-Zero energy certified library in the country

First Net-Zero school in California

Desert Rain / Living Building

BEND, OREGON

Country's first residential Living Building

San Diego County ARCC / LEED v4 Gold and Net-Zero Energy

SAN DIEGO, CALIFORNIA

Country's first LEED Gold, Net-Zero Energy Archive project

Jean Vollum Natural Capital Center / LEED Gold

PORTLAND, OREGON

First LEED Gold Certified project on the West Coast

178 Townsend / LEED Gold

SAN FRANCISCO, CALIFORNIA

First LEED for Homes mid-rise project

OHSU Center for Health & Healing / LEED Platinum

PORTLAND, OREGON

First LEED Platinum healthcare project of its size and complexity

**San Ysidro US Land Port of Entry / Design Excellence,
LEED Platinum, Net Zero Energy Ready**

Miller Hull Partnership, LLP

© Magnusson Klemencic Associates



**San Ysidro U.S. Land Port
of Entry / LEED Platinum
and Net-Zero Goals**

SAN YSIDRO, CALIFORNIA

Designed innovative systems
that puts vehicles and sunshine
to work for buildings

**University of Oregon John
E. Jaqua Academic Center
for Student Athletes**

EUGENE, OREGON

First double skin, 100% glazed wall
commercial building approved by
the Oregon Department of Energy

White Hall Middle School

FAIRFAX, CALIFORNIA

First variable refrigerant volume heat
pump radiant slab system in the country

**University of California, Davis
Teaching and Research Winery,
Brewery and Food Science
Laboratory / LEED Platinum**

DAVIS, CALIFORNIA

First LEED Platinum winery,
brewery, food processing pilot
plant, and milk-processing lab

Edgewood Tahoe

LAKE TAHOE, NEVADA

First hotel to use the municipal water
supply for 100% of the cooling

**California State University Monterey
Bay Joel & Dena Gambord
Business & Information Technology
Building / LEED Platinum**

SEASIDE, CALIFORNIA

First building to incorporate
radiant heating and cooling
combined with natural ventilation
and dedicated outside air

**Community and Student Services
Center at Chabot Community
College / LEED Platinum**

HAYWARD, CALIFORNIA

Largest switchable glass installation
in the Country at the time

First radiant slab cooling for
a community college

**City College of San Francisco
Multi-Use Building / LEED Gold**

SAN FRANCISCO, CALIFORNIA

Designed a breathing building, using
a central atrium as the lungs for
circulation and natural ventilation

Platinum Center / LEED Platinum

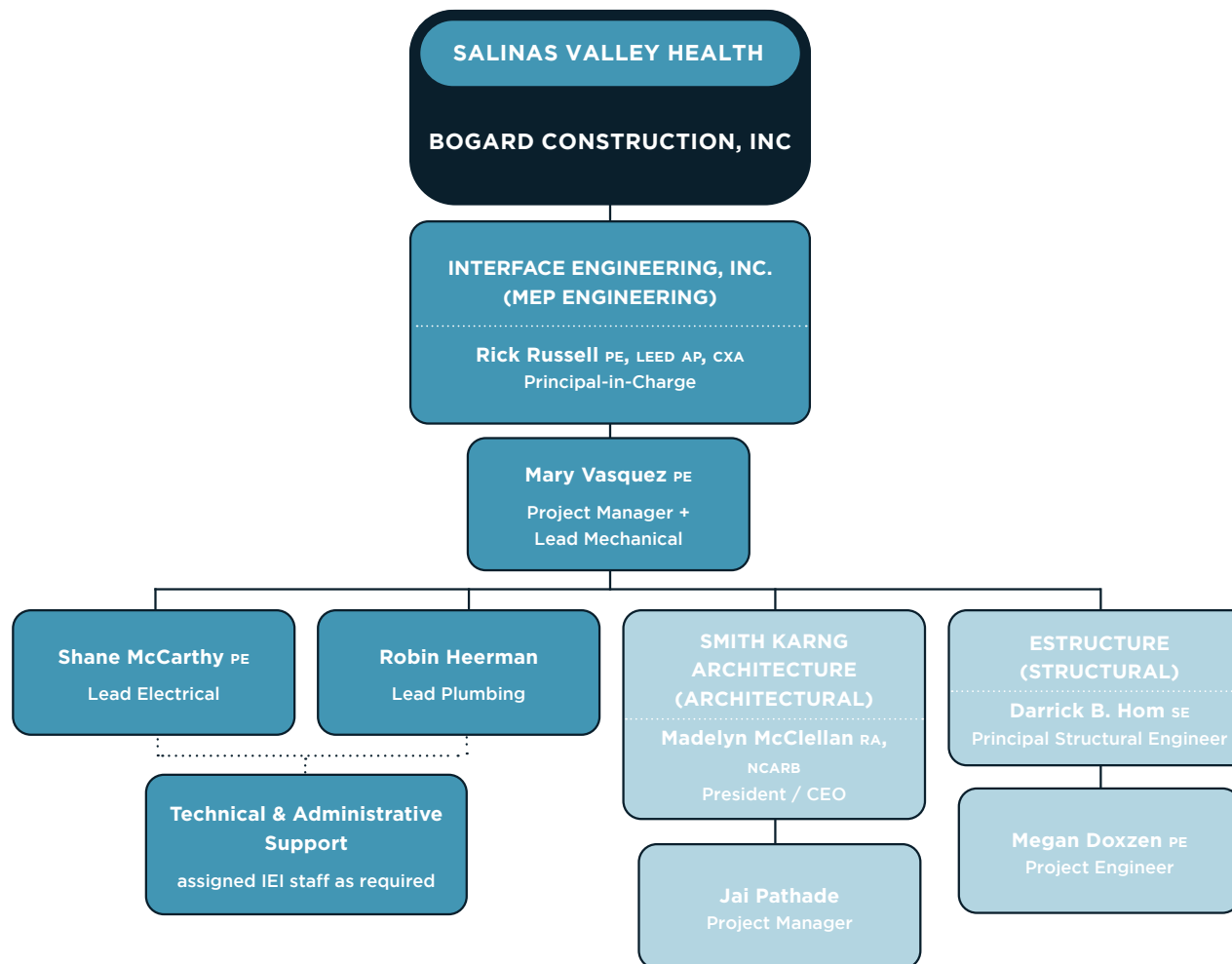
SHANGHAI, CHINA

First project in Shanghai to use
rainwater for flushing fixtures

Organizational Chart

Our dedicated team has the expertise, background, and knowledge to provide engineering services for Salinas Valley Health.

For all our projects, the Project Manager is directly responsible for managing the project, client communication, and multi-disciplinary staff member resources. This Interface structure ensures proactive and consistent project delivery as well as an extraordinary level of vision and innovation through the participation of our Principal leaders, who are afforded the opportunity to influence every project, as a direct result of developing the supporting technical team and expert team structure.



Key Staff Members



RICK RUSSELL PE, LEED AP, CxA | **PRINCIPAL** | INTERFACE ENGINEERING, INC.

ROLE: PRINCIPAL-IN-CHARGE

PERCENTAGE OF COMMITMENT: 10%

As MEP Principal-in-Charge of the project, Rick will review and coordinate contracts as well as monitor the team's performance and project delivery. This includes review and coordination of the design effort, staffing allocation and contracts as well as monitoring the team's performance and project delivery.



MARY VASQUEZ PE | **ASSOCIATE** | INTERFACE ENGINEERING, INC.

ROLE: PROJECT MANAGER + LEAD MECHANICAL

PERCENTAGE OF COMMITMENT: 25%

As Project Manager, Mary will handle all communications between team members and ensure the team is meeting deadlines and deliverables; her role includes the coordination of the design effort and staffing allocation. She will attend all meetings and conference calls and pass information to the relevant team members. She will also manage contracts and billings for the team of LEED, CHPS (Collaborative for High-Performance Schools), and net positive buildings. Also as Lead Mechanical Engineer, Mary is responsible for the day-to-day mechanical design and engineering on the project. She is responsible for the concept development and quality control for all mechanical systems implemented on the project.



SHANE MCCARTHY PE | **ASSOCIATE PRINCIPAL** | INTERFACE ENGINEERING, INC.

ROLE: LEAD ELECTRICAL

PERCENTAGE OF COMMITMENT: 25%

As the Lead Electrical Engineer on the project, Shane is responsible for the day-to-day electrical design and engineering and is also responsible for the concept development and quality control for all electric systems implemented on the project.



ROBIN HEERMAN | **PLUMBING DESIGNER** | INTERFACE ENGINEERING, INC.

ROLE: LEAD PLUMBING

PERCENTAGE OF COMMITMENT: 25%

As Lead Plumbing Designer, Robin is responsible for the day-to-day plumbing design and engineering for the project. Robin's role will lead design on plumbing and piping systems that fit the existing building, matching the overall architectural design and improving the plumbing elements.



MADELYN MCCLELLAN RA, NCARB | PRINCIPAL, CEO | SMITH-KARNG ARCHITECTURE

ROLE: PRINCIPAL

PERCENTAGE OF COMMITMENT: 5%

Madelyn will be providing heavy guidance on the initial scoping and phasing of the project throughout the entirety of Schematic Design and into Design Development. Throughout the remainder of the project, she will be providing direct architectural oversight and quality control of the design documents and overall project direction.



JAI PATHADE RA | SENIOR PROJECT MANAGER | SMITH-KARNG ARCHITECTURE

ROLE: SENIOR PROJECT MANAGER

PERCENTAGE OF COMMITMENT: 30%

Jai will be managing the project for the architectural team and assisting Interface Engineering and SVMH with the success of the project. She will be developing the design documents for each phase and stewarding the project through HCAI review and Construction Administration. In Construction Administration, Jai will be responsible for RFI and Submittal responses as well as NMA and ACD development, review/approval, and distribution.



DARRICK HOM SE, | STRUCTURAL ENGINEER | ESTRUCTURE

ROLE: PRINCIPAL STRUCTURAL ENGINEER

PERCENTAGE OF COMMITMENT: 10%

As the Principal Structural Engineer, Darrick Hom will work closely with the design team in the development of a complete conceptual design that identifies project challenges and opportunities. As the design progresses, Darrick will continue to provide hands-on structural design in addition to supervising other team members.



MEGAN DOXZEN PE | DESIGN ENGINEER | ESTRUCTURE

ROLE: PROJECT ENGINEER

PERCENTAGE OF COMMITMENT: 25%

As the Project Engineer, Megan Doxzen will work together with design team members to coordinate all aspects of the project and translate the coordination into clear, constructible details. Megan will work with all disciplines to address plan review comments in an efficient manner. During construction, Megan will provide a timely response on all submittals and questions that may arise in the field.

ATTACHMENT B
STATEMENT OF QUALIFICATIONS
INFRASTRUCTURE EQUIPMENT REPLACEMENT PROJECT

1. Firm name: Interface Engineering, Inc.

2. Business Address: 49 Stevenson Street, Suite 660, San Francisco, CA 94105

3. Firm Established (year): 1969 Telephone: 415.489.7240
 Fax: N/A
 Email: _____
 Website: https://interfaceengineering.com/

4. Type of Organization: (check one) Sole Proprietorship ()
 Partnership ()
 Corporation (X)
 Joint Venture ()

5. Key Personnel

<u>Name</u>	<u>Title</u>	<u>Degree or Certification</u>	<u>Institution</u>	<u>Registration</u>
Rick Russell	Principal	Master of Science, Mechanical Engineering	CSU Sacramento	Mechanical Engineer: CA - 31923
		Bachelor of Science, Marine Engineering Technology,	CSU Maritime Academy	
Mary Vasquez	Associate	Bachelor of Science, Mechanical Engineering	San Diego State University	Mechanical Engineer: CA - M39720
Shane McCarthy	Associate Principal	Bachelor of Engineering, Electrical Engineering,	University College Cork, Ireland	Electrical Engineer: CA - 23849
Robin Heerman	Plumbing Designer	Associate of Science, Computer-Aided Drafting	ITT Technical Institute	

6. Average staff employed in your home office (average of past 5 years):

Architects: _____
 Structural Engineers: _____
 Mechanical Engineers: 12
 Electrical Engineers: 3
 Civil Engineers: _____
 Drafting Technicians: _____
 Clerical: 7 (Admin + Marketing)
 Other: 28 (Designers)

7. Provide at least three (3) references that SALINAS VALLEY HEALTH may contact:

Derek Bogaard (Sr. Project Manager) @ Bogard Construction Inc.
 831.426.8191, derek@bogardconstruction.com

Mellisa Cherry (Infrastructure Programs Renewal Manager) @ University of California San Francisco
 415.297.9724, Melissa.Cherry@ucsf.edu

Edward To (Senior Project Manager Facilities Projects) @ University of California San Francisco
 415.297.0314, Edward.To@ucsf.edu

8. Provide at least three (3) contractor references that SALINAS VALLEY HEALTH may contact:

Sean Truesdale (Co-Founder / Principal) @ Truebeck Construction
650.227.1957 X7218, Sean.Truesdale@truebeck.com

Tim Cadenasso @ Dome Construction
415.500.1868, tcadenasso@domebuilds.com

Joe Cabral @ Matrix HG Inc.
925.459.9200, jcabral@matrixhginc.com

Signature:  _____

Date: October 11, 2024

Printed Name: Rick Russell

Title: Principal

ATTACHMENT B (CONT.)
PROJECT INFORMATION SHEET
INFRASTRUCTURE EQUIPMENT REPLACEMENT PROJECT

Please complete a Project Information Sheet for each project listed in the Statement of Qualifications. If construction is not complete, give project status instead of completion date.

Project: University of California, San Francisco Mt. Zion Cancer Research Center Chiller + Cooling Tower Replacement **Completion Date:** 8/2024
Location: San Francisco **Gross Sq. Feet:** N/A
Owner: University of California, San Francisco **Number of Spaces:** N/A
Owner's Representative: Bernadette Jimenez **Construction Cost:** Undisclosed

Description: Convert existing chillers and chilled water pumps to variable flow system. Replace the existing cooling tower and to provide a design to add a water economizer heat exchanger to the project to accommodate low load conditions.

Owner/Representative Phone Number: 415.502.0795
Contract Method (lump sum, negotiated, design build, multiple-prime, other):
Lump sum

General Contractor: Peacock Construction

Project Manager: Michael Sandoval **Superintendent:** _____

Architect: Suarez-Kuehne Architecture

Principal: John Suarez **Project Manager:** _____

Structural Engineer: Estructure Inc.

Principal: Maryann Phipps **Project Manager:** Alix Kottke

Mechanical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Electrical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Other (as appropriate): _____

Principal: _____ **Project Manager:** _____
(provide additional sheets if necessary)

ATTACHMENT B (CONT.)
PROJECT INFORMATION SHEET
INFRASTRUCTURE EQUIPMENT REPLACEMENT PROJECT

Please complete a Project Information Sheet for each project listed in the Statement of Qualifications. If construction is not complete, give project status instead of completion date.

Project: <u>University of California, San Francisco Mt. Zion Cancer Research Center VAV Upgrade</u>	Completion Date: <u>On-Going</u>
Location: <u>San Francisco</u>	Gross Sq. Feet: <u>N/A</u>
Owner: <u>University of California, San Francisco</u>	Number of Spaces: <u>N/A</u>
Owner's Representative: <u>Bernadette Jimenez</u>	Construction Cost: <u>Undisclosed</u>

Description: Convert the 4-story plus basement laboratory building from a constant volume system to a variable air volume (VAV) system by adding zone-level VAV terminal units and upgrading all controls for the building. The building is to be partially occupied and operational during the construction.

Owner/Representative Phone Number: 415.502.0795

Contract Method (lump sum, negotiated, design build, multiple-prime, other):
Lump sum

General Contractor: Peacock Construction

Project Manager: Will M. Haynes **Superintendent:** _____

Architect: Suarez-Kuehne Architecture

Principal: John Suarez **Project Manager:** _____

Structural Engineer: Estructure Inc.

Principal: Maryann Phipps **Project Manager:** Alix Kottke

Mechanical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Electrical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Other (as appropriate): _____

Principal: _____ **Project Manager:** _____

(provide additional sheets if necessary)

ATTACHMENT B (CONT.)
PROJECT INFORMATION SHEET
INFRASTRUCTURE EQUIPMENT REPLACEMENT PROJECT

Please complete a Project Information Sheet for each project listed in the Statement of Qualifications. If construction is not complete, give project status instead of completion date.

Project:	<u>University of California, San Francisco Rare Books Vault + Chilled Water System Upgrade</u>	Completion Date:	<u>11/2024</u>
Location:	<u>San Francisco</u>	Gross Sq. Feet:	<u>8,000 sf</u>
Owner:	<u>University of California, San Francisco</u>	Number of Spaces:	<u>N/A</u>
Owner's Representative:	<u>Bernadette Jimenez</u>	Construction Cost:	<u>\$3.5 million</u>

Description: Relocation of the archival and rare books rooms to the 8,000 sf first floor area where the current high-density storage is located. New water-cooled pony chiller on Level E for the library chilled water system.

Owner/Representative Phone Number: 415.502.0795

Contract Method (lump sum, negotiated, design build, multiple-prime, other):
Lump sum

General Contractor: BCCI Construction

Project Manager: Jaclyn Wong **Superintendent:** _____

Architect: Taylor Design

Principal: Kevin Hinrichs **Project Manager:** Tad Costerison

Structural Engineer: Estructure Inc.

Principal: Maryann Phipps **Project Manager:** Alix Kottke

Mechanical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Electrical Engineer: Interface Engineering, Inc.

Principal: Rick Russell **Project Manager:** Eunice Yoon

Other (as appropriate): _____

Principal: _____ **Project Manager:** _____
(provide additional sheets if necessary)

Santa Cruz / Monterey Bay Area Experience (Last 5 Years)

INTERFACE ENGINEERING

Salinas Valley Health Medical Center

SALINAS, CALIFORNIA

- » Angio Equipment Replacement
- » Bulk O2 Temp System
- » Bulk O2 Permanent Replacement System
- » Cath Lab Equipment Replacement

Kaiser Santa Cruz 110 Cooper Primary Care Tenant Improvement / LEED Gold Goal

SANTA CRUZ, CALIFORNIA

Kaiser Scotts Valley

SCOTTS VALLEY, CALIFORNIA

- » Primary Care Expansion
- » Behavioral Health Center Tenant Improvement

University of California Santa Cruz

SANTA CRUZ, CALIFORNIA

- » Hagar Family Student Housing
- » Rachel Carson Dining / LEED Silver Goal
- » Porter Dining
- » Westside Research Park Social Documentation Lab
- » Science Hill Lighting
- » Oakes Academic Generator Replacement
- » Solar PV One Lines

California State University Monterey Bay College of Arts, Humanities, and Social Sciences Building / LEED Gold Goal

SEASIDE, CALIFORNIA

SMITH KARNG ARCHITECTURE

- » Cath Lab #1
- » PBX Relocation
- » Omnicell Replacement
- » SPD Wall Repair & Remodel
- » Tower Reroofing
- » Nurse Call Replacement
- » EndoWasher Replacement
- » CCTV
- » Centrak/Telemetry
- » MTCAP Program
- » Blanket Warmer Installation
- » Heart Center AHU Installation
- » AHU 15
- » AHU 2011
- » Virtuo Block Bank
- » Lab Analyzers Replacement
- » Cesarean Delivery Conversion
- » Elevator Modernization
- » Bulk Oxygen Replacement & Emergency Projects
- » Donor Walls
- » SOC Drawings updates

SALINAS VALLEY HEALTH MEDICAL CENTER

SALINAS VALLEY HEALTH
Salinas, California

ADDENDUM A TO THE RFP FOR INFRASTRUCTURE EQUIPMENT REPLACEMENT

ISSUED: September 23, 2024

This Addendum A must be signed by the proposer and included in the response documents submitted for this Project. Salinas Valley Health reserves the right to disregard any proposal, which does not include this Addendum. Salinas Valley Health may waive this requirement at its sole discretion.

SEE ATTACHED ADDENDUM ITEM

Prepared By:

David Sullivan
Owner's Designated Representative

PROPOSER'S CERTIFICATION

I acknowledge receipt of this Addendum A and accept all conditions contained herein.



Proposer's Signature

October 8, 2024

Date

Interface Engineering, Inc.

Name of Company

Please return this signed page to Dave Sullivan at SVH as soon as possible to confirm receipt of this addendum. Please email as a PDF to dsullivan@bogardconstruction.com.

ISSUED
9/23/2024

ADDENDUM A
INFRASTRUCTURE EQUIPMENT REPLACEMENT

SVH

Resumes

Rick Russell PE, LEED AP, CXA

PRINCIPAL-IN-CHARGE

Education

Master of Science,
Mechanical Engineering,
California State University
Sacramento

Bachelor of Science, Marine
Engineering Technology,
California Maritime Academy

Registration

Mechanical Engineer:
California - 31923
Hawaii - 16006

LEED Accredited
Professional, US Green
Building Council

Certified Energy Manager
(CEM)

Green Building Engineer
(GBE)

ACG, AABC Commissioning
Group, Certified
Commissioning Authority
(CxA)

Professional Affiliations

ASHRAE

Association of Energy
Engineers

International Society for
Pharmaceutical Engineering

Employment History

Interface Engineering, Inc.
2008 - Present
Principal

ACCO Engineered Systems,
2002 - 2008
Project Manager, Project
Engineer, Design Engineer

Mazzetti and Associates
1998 - 2002
Mechanical Engineer



Rick is a Principal with 27 years of operation, design and construction experience. Rick's project experience includes healthcare projects such as hospitals, medical

office buildings, clinics, behavioral health, laboratories and research centers for both new and renovation construction projects. He has engaged in design of sustainable engineering systems such as natural ventilation, radiant heating and cooling, vivarium system design, vav laboratories, lab heat decoupling, lab heat recovery, displacement ventilation, underfloor air distribution and chilled beams. He has also incorporated computational fluid dynamics (CFD) into his design in an effort to use the latest engineering tools to create highly sustainable buildings. Rick combines his knowledge of energy consumption, systems and costs to create designs that exceed client's expectations for performance and efficiency.

PROJECT EXPERIENCE

Salinas Valley Health Medical Center

SALINAS, CALIFORNIA

- » Angio Equipment Replacement
- » Bulk O2 Temp System
- » Bulk O2 Permanent Replacement System
- » Cath Lab Equipment Replacement

University of California, San Francisco
(100+ Projects)

SAN FRANCISCO, CALIFORNIA

- » Rare Books Vault + Chilled Water System Upgrade
- » Mt. Zion Cancer Research Center VAV Upgrade

- » Mt. Zion Cancer Research Center Chiller + Cooling Tower Replacement

Kaiser Mapunapuna

HONOLULU, HAWAII

- » Chilled & Hot Water Systems
- » AHU-1 & AHU-2 Replacement
- » AHU-3 & AHU-4 Replacement
- » AHU-5 Replacement

Kaiser (50+ Projects)

VARIOUS LOCATIONS

- » AHU-5 Cooling Coil Replacement; South San Francisco, California
- » Air Cooled Chiller Addition; South San Francisco, California
- » Cooling Tower Replacement; South San Francisco, California
- » Temporary Chilled Water Capacity Augmentation; South San Francisco, California
- » Cooling for 2nd Floor Cup; South San Francisco, California

Sonoma Valley Hospital (9 Projects)

SONOMA, CALIFORNIA

- » MRI Chiller Relocation
- » East Wing AHUs Replacement Study

Queen of the Valley (24 Projects)

NAPA, CALIFORNIA

- » OSPC Chiller
- » Administration Wing

Alameda Hospital

ALAMEDA, CALIFORNIA

- » Chiller/Boiler Pump, ET, AS
- » Boiler & Chiller Plant Contingency Plan Development
- » Boiler & Chiller Plant Assessment
- » Boiler Chiller Plant Make Ready

Mary Vasquez PE

ASSOCIATE | PROJECT MANAGER + LEAD MECHANICAL

Education

Bachelor of Science,
Mechanical Engineering, San
Diego State University

Registration

Mechanical Engineer:
California - M39720

Employment History

Interface Engineering, Inc.
Associate
Nov 2021 - Present

Tesla
Senior Mechanical Engineer
Jul 2021 - Nov 2021

Interface Engineering, Inc.
Senior Mechanical Engineer
Jan 2018 - Jul 2021

CRB
Mechanical Engineer, LEED
GA
Jun 2016 - Dec 2017



Mary Vasquez has 7 years of professional experience in mechanical engineering. Mary has worked on a wide variety of project types.

In addition to her engineering design experience, she has strong coordination and problem solving skills, as well as project management experience.

PROJECT EXPERIENCE

Salinas Valley Health Medical Center Bulk O2 Permanent Replacement System Design

SALINAS, CALIFORNIA

University of California San Francisco

SAN FRANCISCO, CALIFORNIA

- » Renewal Program Parnassus Kalmanovitz Library Chilled Water System Renewal
- » RNEW PHTS Campus Library Rare Books & FLS Pony Chiller Test
- » Renewal Program Parnassus Kalmanovitz Library AHU Study
- » Renewal Program Mount Zion Cancer Research Center VAV
- » Nancy Friend Pritzker Psychiatry Building / LEED Platinum Goal

Contra Costa Regional Medical Center Cooling Tower

MARTINEZ, CALIFORNIA

Kaiser Mapunapuna Chilled & Hot Water Systems

HONOLULU, HAWAII

California State University East Bay Concord Campus DMI Chiller, Expansion Tank Replacement

CONCORD, CALIFORNIA

Castilleja School New Classroom Building & Pool Existing Cooling Tower & Boiler Phasing and Relocation

PALO ALTO, CALIFORNIA

Radiative Sky Cooling-Enabled Efficiency Improvements on Commercial Cooling Systems

VARIOUS, CALIFORNIA

Kaiser South San Francisco Cooling Tower Replacement Condenser Piping Redesign

SOUTH SAN FRANCISCO, CALIFORNIA

Kaiser Daly City Elevator Room Cooling

DALY CITY, CALIFORNIA

Kaiser Pleasanton

PLEASANTON, CALIFORNIA

- » B4 & C4
- » Building A Elevator Modernization Due Diligence Study
- » Building B Elevator Modernization Due Diligence Study
- » Building B3
- » Building C3
- » Building D1 Executive Conference Center
- » Building E Whitebox
- » D1 Garfield
- » E1 Command Center Scoping Study
- » Lab Study
- » Cafe Renovation
- » Technology Campus Building A2 Second Floor
- » Technology Campus Building D2 Second Floor

Shane McCarthy PE

ASSOCIATE PRINCIPAL | LEAD ELECTRICAL

Education

Bachelor of Engineering,
Electrical Engineering,
University College Cork,
Ireland

National Diploma in
Electrical Engineering, Cork
Institute of Technology,
Ireland

Registration

Electrical Engineer:
California - 23849

Employment History

Interface Engineering, Inc.
Associate Principal/Senior
Electrical Engineer
Mar 2020 - Present

Cammissa & Wipf Consulting
Engineers
Senior Associate, Electrical
Project Engineer
Feb 2002 - Mar 2020

MPLC Manufacturing Ltd.
Electrical & Instrumentations
Contractors - Cork, Ireland
Electrical Engineer
Jun 1998 - Jun 2001



Shane is an Associate Principal and has over 20 years of experience in electrical engineering design and project management. Shane's has

extensive experience working on healthcare projects ranging from design of a new 116 bed hospital to remodels within existing active hospitals and medical office buildings. Shane focuses on a high level of coordination with the entire design team and client representatives throughout the design and construction process to ensure the clients ends up with a quality, reliable, and maintainable electrical system at the completion of the project. In addition to his engineering design experience, he has very strong team leadership and problem-solving skills.

PROJECT EXPERIENCE

Salinas Valley Health Medical Center Bulk O2 Permanent Replacement System

SALINAS, CALIFORNIA

University of California San Francisco Renewal Program Parnassus Kalmanovitz Library Chilled Water System Renewal

SAN FRANCISCO, CALIFORNIA

California State University, East Bay Concord Campus DMI Chiller

CONCORD, CALIFORNIA

San Jose City College Career Education Building B200 Facade and HVAC Cooling and Exhaust Improvements

SAN JOSE, CALIFORNIA

University of California San Francisco

SAN FRANCISCO, CALIFORNIA

- » RNWL PHTS Library Rare Books
- » Renewal Program Parnassus Kalmanovitz Library Chilled Water System Renewal
- » Moffitt Long Hospital M15 Acute Care Nursing Unit
- » Moffitt-Long Hospital M1230 Cath Lab Equipment Replacement

Kaiser Pleasanton

PLEASANTON, CALIFORNIA

- » Building B2 Full Renovation
- » Building C2 Full Renovation
- » Building C3 Full Renovation
- » Building D1 Executive Conference Center
- » Building E5 Office Renovation
- » E1 Training Classroom to Boardroom
- » D1 Garfield
- » Via Monte Lab B1
- » Via Monte Lab C1

Santa Clara County O'Connor Hospital

SAN JOSE, CALIFORNIA

- » Nuclear Medicine 1 Imaging Equipment Replacement
- » Nuclear Medicine 2 Imaging Equipment Replacement
- » Cath Lab 1 Imaging Equipment Replacement
- » Cath Lab 2 Imaging Equipment Replacement
- » Radiology Room 6 Imaging Equipment Replacement
- » Radiology Room 8 Imaging Equipment Replacement
- » MRI 2 Imaging Equipment Replacement

Marshall Medical Center Nurse Call Upgrade

PLACERVILLE, CALIFORNIA

Robin Heerman

LEAD PLUMBING

Education

Coursework, HVAC & Plumbing Design, University of California, Los Angeles

Associate of Science, Computer-Aided Drafting, ITT Technical Institute

Employment History

Interface Engineering, Inc.
2023 - Present

AMPAM Parks Mechanical
2011 - 2023

Coffman Engineers
2009 - 2011

Antieri & Associates
Consulting Engineers, Inc.
2005 - 2009

Mazzetti & Associates Inc.
2002 - 2005



Robin is a senior Plumbing Designer with over 20 years of experience. She has been involved in all phases of design, from concept through construction, for

mixed-use residential, office buildings, campuses, high-rise buildings, senior living facilities, hospitals, and hotels. She has comprehensive knowledge of California's design codes, as well as PG&E rules and processes and has worked on several sustainable building designs with recycled water systems and LEED certified buildings. Robin is also highly skilled in project management and coordination and works closely with the project team to meet deadlines and budgets while providing high quality sustainable solutions.

PROJECT EXPERIENCE

Salinas Valley Health Medical Center

SALINAS, CALIFORNIA

- » Angio Equipment Replacement
- » Cath Lab & Angio Equipment Replacement

Kaiser Pleasanton

PLEASANTON, CALIFORNIA

- » Building E5 Office Renovation
- » D1 Garfield
- » F1 Media Studio - Studio A / Sound Booth

AHS Highland Hospital K3 Outpatient Pharmacy

OAKLAND, CALIFORNIA

California Pacific Medical Center Van Ness NICU Ice Machine

SAN FRANCISCO, CALIFORNIA

University of California San Francisco

SAN FRANCISCO, CALIFORNIA

- » Parnassus Central Campus Site Improvements (PCCSI)
- » Parnassus Medical Sciences Building Rooms 310 318 334 Admin Renovation
- » PH Library 115 Skills and MSB S645 S657 Lab Renovations
- » 675 18th Street

Kaiser Moanalua Oncology Clinic

HONOLULU, HAWAII

VHC Morgan Hill Children's Advocacy Center

MORGAN HILL, CALIFORNIA

5959 Horton Suite 450 Lab

EMERYVILLE, CALIFORNIA

Meta-Facebook Building NEW0102 Tenant Improvements

NEWARK, CALIFORNIA

San Mateo Medical Center Link Building

SAN MATEO, CALIFORNIA

Chabot College Building 3000 Maintenance Operations Warehouse & Garage

HAYWARD, CALIFORNIA

City of Mountain View 1st Floor TI

MOUNTAIN VIEW, CALIFORNIA

Judicial Council California Sixth Appellate Courthouse Sunnyvale

SUNNYVALE, CALIFORNIA

MADELYN McCLELLAN, RA, NCARB
Principal, CEO



Madelyn McClellan began her career in carpentry and construction and is now a registered Architect in the State of California and Illinois.

Madelyn's prior experience spans across institutional, residential, and commercial and now focuses on Healthcare Architecture and Infrastructure, working at SKA since 2015. Madelyn's approaches architecture with an emphasis on creative solutions to technical problems. As the Principal of SKA since 2020, her role has focused on client stewardship, medical planning, and facility upgrade strategies. She also has a wealth of knowledge in Accessibility and Code compliance.

She has completed project with UCSF, County of San Mateo DPW, CPMC (Sutter Health), Marin Health Medical Center, UCSF, Alameda Health Systems, and Salinas Valley Memorial Hospital many of which required HCAI approval.

NOTEWORTHY PROJECTS

Sutter Alta Bates, Berkley, CA

Cooling Towers Replacement

Salinas Valley Medical Hospital, Salinas Valley, CA

Elevator VABR and Modernization

Heart Center AHU Replacement

Bulk Oxygen Replacement

Alameda Health System

Infrastructure Multi-Phase Masterplan

Boiler-Chiller Replacement Make-Ready

Pumps, Expansion Tanks, Air Separators Replacement

California Pacific Medical Center (Sutter Health) San Francisco, CA

North Tower HVAC Upgrades

SKA
SMITH-KARNG
ARCHITECTURE

EDUCATION

Masters of Architecture,
SUNY University of Buffalo, NY

Bachelor of Science,
University of Illinois, Urbana-Champaign

REGISTRATION

Registered Architect, C37097

CERTIFICATIONS

NCARB

EXERTISE

Facility Infrastructure Upgrades

ADA Compliance

Master Planning & Upgrade Strategy

Medical Labs

Renovations

Hospitals, MOBs

360 Pine Street, Suite 300
San Francisco, CA 94104
415.376.2568

WORK HISTORY

SMITH-KARNG ARCHITECTURE (2015 – present)

- President and CEO (2020-present)
- Architect (2015-2020)

BRUNKOW FELLOW (2013-2015)

- Editor-in-chief of Intersight
 - The annual journal of the School of Architecture and Planning.

CHANTREUIL JENSON STARK ARCHITECTS (2011-2013)

- Intern Architect

EDUCATION

- University of Buffalo – Masters of Architecture (2013-2015)
- University of Illinois Urbana-Champaign – Bachelors of Science in Architectural Studies (2006-2010)

JAI PATHADE

Project Manager

Jai is a project manager at Smith-Karng Architecture, specializing in healthcare projects. With four years of experience in healthcare architecture, working at SKA and a master's degree in architecture, Jai focuses on small to medium-scale initiatives, successfully managing hospital renovations and infrastructure upgrades.

Jai excels in code analysis and crafting innovative design solutions tailored to healthcare facilities. Her unique blend of technical expertise and leadership ensures quality, safety, and innovation in every project. Jai developed design solutions and expertly handled HCAI processes for prominent institutions such as Sutter Health, Marshall Medical Center, Alameda Health Systems, and Salinas Valley Health Medical Center.

NOTEWORTHY PROJECTS

Salinas Valley Health Medical Center, Salinas, CA

Bulk Oxygen Replacement and Emergency Project
Elevators Modernization
Omnicell Replacement
OB Cesarean Conversion
Lab Analyzers Replacement

Marshall Medical Center, Placerville, CA

Lab Analyzers Replacement
UPS Replacement
Generator Breaker Replacement

Alameda Health System, San Leandro, CA

Temporary Generator Installation, John George Psychiatric Hospital
Transformer Replacement, Fairmont Hospital
CT Scan Equipment Replacement, San Leandro Hospital

EDUCATION

Masters of Architecture,
SUNY University of Buffalo, NY

Bachelor of Architecture,
University of Pune, India.

EXERTISE

Facility Infrastructure Upgrades
CBC Code Compliance
NFPA Code Compliance
ADA Code Compliance
Hospital Renovations

WORK HISTORY

SMITH-KARNG ARCHITECTURE (2020 – present)

- Project Manager (2023-present)
- Job Captain (2022-2023)
- Architectural Designer (October 2020-2022)

AU DESIGN STUDIO LLC (July 2020 – October 2020)

- Volunteer Intern Architect

EDUCATION

- University of the Cumberland – Masters of Business (MBA), Project Management (2023-present)
- University of Buffalo – Masters of Architecture (2018-2022)
- Maharshi Karve stree Shikshan Sanstha's Dr. Bhanuben Nanavati College of Architecture for Women – Bachelors of Science in Architectural Studies (2012-2017)



Darrick B. Hom, S.E.
Structural Engineer

dbhom@estruc.com
(510) 982-5006

Darrick Hom has over 26 years of structural engineering experience in seismic evaluation, analysis, design, bracing of nonstructural components and code development. He has worked on numerous infrastructure improvements projects throughout the Bay Area and many UC campuses. Before starting at Estructure in 2014, 2003-2013 Darrick was self-employed under the name Structural Vision. Before that, Darrick worked at Degenkolb Engineers from 1994-2003. He served as technical editor of *ASCE 31-03; Seismic Evaluation of Buildings*. He currently participates on the American Society of Civil Engineers Seismic Rehabilitation Standards committee as a member of the nonstructural elements subcommittee. He has served the Structural Engineers Association of Northern California Board of Directors as President.

Education

B.S. University of California, Berkeley, 1993
M. Eng. University of California, Berkeley, 1994

Registration

Civil Engineer	California, 1996 – License No. 55661
Structural Engineer	California, 2000 – License No. 4460
Civil and Structural Engineer	Oregon, 2005 – License No. 76750
Structural Engineering Certification Board,	2005 – Certification No. 1224-0705

Selected Professional Memberships and Affiliations

Structural Engineers Association of Northern California, President, 2014-2015
Structural Engineers Association of California, Fellow
American Society of Civil Engineers – Structural Engineering Institute
Engineers Alliance for the Arts – Director – 2010-2016

Selected Relevant Experience

- Salinas Valley Memorial Hospital Heart Center Rooftop AHU
- Salinas Valley Memorial Hospital High Speed Elevator Modernization
- Salinas Valley Memorial Hospital AHU Fan Replacement
- Salinas Valley Memorial Hospital Sewer Pipe Repair
- UCSF Long Hospital AHU Replacement
- UCSF Moffitt/Long Hospital Phase 1 & 2 Chiller Replacement
- Kaiser Isolation Rooms HVAC Upgrade
- Lucile Packard Children's Hospital Medical Air and Vacuum System Replacement
- LPCH Electrical Room HVAC
- Crystal Ridge Care Center HVAC Replacement
- UCSF Parnassus Dental Clinics Building HVAC Upgrade
- Alameda Health Fairmont Hospital Nourish/Med HVAC Upgrades Scoping Study



Megan Doxzen, P.E.

Design Engineer

mdoxzen@estruc.com

(510) 982-5011

Megan joined Estructure in 2016 after receiving a master's degree from the University of California, Berkeley. She brings over 10 years of experience in construction management and structural design and readily collaborates with clients to produce effective designs. Megan has experience on multiple assignments with UCSF, John Muir Health, Kaiser and other clients which has included designing for hospital projects under HCAI jurisdiction. In 2015 she worked for Tarantino Engineering Consultants (TED), Fulton, MD. From 2009 to 2012 she was a construction and maintenance engineer for ExxonMobil, Fairfax, VA. Megan is actively involved with Engineers Alliance of the Arts, a program that engages high school students in both the technical and creative aspects of structural engineering.

Education

B.S. Civil Engineering	University of Maryland, 2009
M.S. Civil Engineering (Structural)	University of California, Berkeley, 2016

Registration

Civil Engineer	California, 2017 – Registration No. 87797

Selected Professional Memberships and Affiliations

Structural Engineer Association of Northern California, Member, 2017-Present
Engineers' Alliance for the Arts, Engineering Assistant, 2017-Present

Selected Relevant Experience

- Kaiser San Leandro Electrical Panels
- Kaiser San Jose Security Cameras
- UCSF Koret Vision Center Domestic Water Heater Replacement
- UCSF HSIR Supply Fan Motor Replacements
- UCSF Medical Sciences Building AC Replacement
- John Muir BayHealth Third Floor Imaging Suite
- John Muir BayHealth Outpatient Center ASC
- John Muir Brentwood Outpatient Center
- John Muir Concord Hoffman 5th Fl Buildout
- UCSF Moffitt/Long BMT Lab Remodel
- UCSF Moffitt Chemo Hazardous Compounding Pharmacy Renovation
- UCSF Moffitt/Long Room 316 MRI and PET/CT Suite
- Dignity Health Sequoia Hospital Radiology Room
- CPMC Davies ASU Recovery Unit and Hand Therapy Relocation

04

Response to Selection Criteria Form (Attachment A)

1. QUALIFICATIONS AND EXPERIENCE OF FIRM

Items for Consideration:

- **Experience in the design of Hospital Energy Plants and supporting infrastructure.**

Interface Engineering has been trusted with the design of many central plant projects in operational facilities. A few examples would be Kaiser Permanente which has trusted us with the replacement of its heating hot water plant, steam plant, central AHU system serving the operating rooms as well as the replacement of its cooling tower serving the chilled water plant. Alameda Health System has trusted Interface with the replacement of its chiller plants at the Alameda and San Leandro campuses. The Alameda campus central boiler plant replacement is currently being designed by Interface. The bulk liquid oxygen tank replacement at Salinas Valley Health was designed by Interface Engineering as well. At Marshall Medical Center, Interface has been trusted with the design of the OR booster chiller after supplanting the previous design team. New AHUs are also being designed to serve the functioning operating rooms. In all cases, temporary systems and phasing were considered to allow the facility to remain functional. Careful planning occurred to minimize issues during construction such as site visits and documenting existing conditions as well as interviewing key stake holders with the facility to obtain any anecdotal information that would affect the design and construction.

- **Demonstrated design expertise working within an operating facility.**

Most of our healthcare facility renovation and remodel projects involve phase construction schedules due to the 24/7 operation of the facilities. We have a great deal of experience planning for this kind of challenge in engineering design and construction administration. We provide the engineering and design support necessary to the client, building users and facility engineers so that space programming can be properly scheduled and construction properly phased. This allows for continued operation during construction with minimal disruptions to the facility. We understand the importance that all parties involved in the project communicate effectively during the design phase and prior to implementation for a successful phased project.

- **Experience with projects of similar program, magnitude, and scope, in particular within the same geographical areas, Monterey and San Francisco Bay areas.**

Interface Engineering has experience throughout the Monterey and San Francisco Bay areas with chillers, cooling towers, AHUs, and other HVAC systems and infrastructure including central utility plants. In addition to the projects listed in Attachment B, other select projects include:

- » El Camino Hospital Cooling Tower Replacement; Mountain View, California
- » Alameda Health System (AHS) San Leandro Chiller #1 and #2 Replacement; San Leandro, California
- » Queen of the Valley OSPC Chiller; Napa, California
- » AHS San Leandro Chiller Replacement; San Leandro, California
- » AHS Fairmont Building B Chiller Replacement; San Leandro, California
- » AHS San Leandro Cooling Tower Replacement; San Leandro, California
- » Marshall Medical Center 1st Floor New Air Handling Units; Placerville, California

- » San Francisco Federal Reserve Bank Chiller and AHU S-6; San Francisco, California
- » Sonoma Valley Hospital East Wing AHUs Replacement Study; Sonoma, California

• Experience with HCAI Level I.

Interface Engineering has a long history of working with leading healthcare organizations in the development of new facilities and the upgrades needed over time at existing locations. Our engineers are equipped with the skills needed to design for the systems specific to healthcare facilities. We have extensive HCAI experience and have successfully engineered various healthcare projects, clinics and facilities ranging from small remodeling to large renovations and backfill projects. We also have created relationships with HCAI plan reviewers, ACOs and IORs that have allowed the team to work together collaboratively to successfully complete projects. Select [HCAI Level I](#) projects include [El Camino Health Integrated Medical Sobrato Pavilion \(LEED Gold\)](#) and [Behavioral Health Services Taube Pavilion \(LEED Gold for Healthcare\)](#) in Mountain View, California.

• Experience during construction and contract administration phases of projects.

The construction administration phase will include internal detailed tracking of field questions and product submittals in order to assure the quick and timely turn around of this information. One part that differentiates Interface from others is that we set our own standard for Construction Administration responsiveness in lieu of letting the client tell us. We have a very strict turnaround standard of five days for submittals. We have always felt that being responsive and timely with the contractor assists in developing a strong working relationship as well as trust in our partnership to build a great project for our clients.

It is critical to ensure that the contractor is providing a quality installation that is compliant with the construction drawings and specifications. To that end, Interface is a local firm that is able to provide thorough and timely site visits during construction. We are also available to come to the field to address issues that may be inefficient and ineffective to address through remote tools.

2. APPROACH TO PROVIDING SERVICES AND PROJECT MANAGEMENT

Items for Consideration:

• Summary of approach to work.

The proposed team for this project is highly experienced in leading infrastructure initiatives and is currently overseeing multiple projects for Salinas Valley Health (SVH) under the guidance of Derek Bogaard from Bogard Construction. Our management team is accustomed to coordinating the efforts of the owner and the consultants to Interface Engineering.

Interface will work collaboratively with SVH to schedule appropriate meetings, maintain meeting minutes, and develop and update the project schedule as required. The team will first start by leading a kickoff meeting to discuss the scope as described in the RFQ and also take this opportunity to glean any anecdotal information from the various stakeholders, which includes the facility engineering team.

Afterward, the Interface team will review as-built drawings and any available air and hydronic balance and electrical reports. When it is fully understood the areas that are affected by the project, then Interface will refine the cursory concept outlined in the RFQ and develop a strategy to replace the air handling unit (AHU-3), 200-ton chiller, and cooling tower. A schematic narrative with sketches and a presentation will be developed and presented to the various stakeholders, including the department heads to receive initial input on phasing timelines that will help inform the design process. As part of the schematic design process, existing conditions such as locations, routings, structural feasibility, and adjacencies to sound-sensitive spaces will be reviewed. The project will then proceed to construction documents, permits, and issued for construction drawings.

When replacing a fan system in an HCAI facility, it is important to know what airflows are required per the current code, since it is likely that the work in the RFQ will trigger the system to be balanced to the current code. Duct sizes and pressure relationships must be reviewed to provide the proper design. Remedial work to correct any known deficiencies will need to occur to execute a successful project. Pre-air balance readings will need to be taken of the airflows and pressures in the current project areas as well as adjacent areas to set a baseline for the design. Meetings with the users of the adjacent areas will occur to understand any anecdotal issues with airflow, temperature, humidity, and pressure. If it is a problem, then this will be discussed with the SVH project manager of this project to discuss whether areas outside of the

project will be included and how this affects the project budget. Electrical meter readings will also be taken, reviewed, analyzed, and discussed with SVH.

Interface will lead the design team with weekly or bi-weekly meetings, maintaining meeting minutes and tracking progress to ensure deadlines are met. We will establish clear milestones and hold team members accountable. Key milestones will include page-turn reviews with SVH, followed by Bluebeam sessions for comments. Interface will verify that all feedback is incorporated into the design. Interface has also had a good longstanding relationship with HCAI and will work with SVH to include the IOR, ACO, and HCAI Sacramento review staff. This will reduce the amount of backchecks and will avoid any surprise comments during construction.

Additionally, Interface has implemented a Risk Mitigation Matrix, a dynamic tool reviewed at every meeting to identify potential risks to functionality, budget, and schedule. Each risk is evaluated for impact, and mitigation strategies are proposed, with decisions made in collaboration with SVH.

This team is accustomed to being the primary consultant on projects such as these and has the skill set to actively lead the effort to a successful conclusion.

- **Understanding the opportunities and constraints of the SALINAS VALLEY HEALTH site.**

Interface Engineering has an in-depth understanding of both the opportunities and constraints unique to Salinas Valley Health (SVH), due to its involvement in multiple ongoing projects across the hospital. This firsthand experience gives the team valuable insights into SVH's long-term vision, allowing them to anticipate potential challenges and align designs accordingly. The team will be proactive in addressing construction phase concerns by thinking ahead and integrating knowledge gained from current and past projects. Additionally, the team will conduct thorough reviews of existing as-builts and perform comprehensive site visits to fully grasp the installed conditions, ensuring that the designs are tailored to the real environment. This approach not only minimizes surprises during construction but also enhances the overall efficiency and success of the project by ensuring that every design decision is grounded in practical site realities.

- **Identification of particular challenges involved in this project and approach to addressing them.**

One of the key challenges in this project is maintaining the full operational functionality of all equipment during the construction phases. For the replacement of AHU-3, complicating matters is the unit's location within a congested mechanical room that features a hot deck and cold deck duct design. To address this, we will explore relocating the new AHU-3 to avoid placing it in the same overcrowded location, ensuring the existing unit can remain operational during installation. We will also review opportunities to consolidate and clean up the hot deck/cold deck system, freeing up mechanical space and optimizing efficiency. For the replacement of the chiller and cooling tower, the challenge will be to maintain continuous cooling for the hospital at the required capacity. To meet this requirement, a temporary chilled water system will be installed near the chilled water system site. In collaboration with SVH, this temporary system will be strategically located to ensure seamless cooling throughout construction, preventing any system downtime.

- **Approach to working in partnership with Hospital's staff and their consultants, during both design and construction.**

We are well versed in collaborating with large teams. Our anticipation is to not work with the team but work as part of the team. We do not see ourselves separately from the Owner's Users, Design, Construction, and Maintenance Teams. We look at ourselves as an extension of the Owner and we will be active participants of all meetings and assignments. We will take ownership of the project. We practice a team approach to problem solving and work with you to come up with innovative, cost-conscious solutions to design, construction and permitting issues. Mechanical and electrical design team members work together on many projects, making collaboration and coordination easier.

- **Demonstrated experience in conducting and participating in meetings and work sessions with diverse groups of consultants, SALINAS VALLEY HEALTH Board of Directors, and administrative staff.**

We understand that open and responsive communication is one of the most important services we can provide to our clients. To this end, each project is assigned a Project Manager that is responsible for overseeing all aspects of delivery of our projects. This ensures that our clients have a single point of contact for project updates and questions. At the same time, our clients have direct access to the vast knowledge our engineers possess, by being able to call them at any time.

We are experienced working on large project teams with many stakeholders. We value the input of each stakeholder and are experienced presenting to and receiving information from various parties. We understand that the needs of Facilities,

Planning, and Operational groups can be different and sometimes in tension, but we work to make sure the needs of all groups are met and properly balanced.

Our meetings are tailored for specific the audiences. The granularity of the meetings are appropriate for the attendees. They will be more high level for the board of directors and very granular for the facility engineers. IEI prides itself on translating E-speak.

- **Capabilities to undertake appropriate project management efforts, and anticipate and resolve problems specific to the needs of the project under consideration.**

Interface Engineering has had a strong working relationship with clients, owners and consultants for over 50 years. We are experienced in providing the MEP support necessary to the client, architect teams and other consultants so that utility spaces can be properly sized, and construction properly phased to allow for continued operation during construction and minimal interruptions to utilities where required. We have an internal QA/QC process which allows us to coordinate more effectively with other consultants.

Interface's design approach is based in the philosophy of integrated design. Effective communication between all team members is essential in this philosophy. The integrated design process used, in which goal setting for design challenges starts early in the process, during programming and conceptual design and involves the entire design team and allows the most of the innovated strategies to develop when it is the most economical to integrate them into the building design. Interface Engineering has been very effective in fulfilling its clients' goals by using the integrated design process.

Availability

Interface works for a variety of public and private sector clients. We understand the need for some projects to move more quickly, on accelerated schedules, and the need to have our project managers available on short notice. Interface is committed to bringing Salinas Valley Health a quality team that is responsive and sensitive to the facilities desires.

Budget & Schedule Control

We pride ourselves on our lengthy track record of excellent client satisfaction. A satisfied client is not only one who approves of the quality of our work, but has experienced our sensitivity to budget constraints. We understand that project parameters must change at times, and we accommodate. Our first goal for each project is to meet the goals for timely completion, functionality and budget. Budget control is achieved through:

- » Focus on reducing material consumption throughout the design, from placing electrical rooms to shorten feeder runs to giving lighting control options that reduce wiring while not sacrificing function, and "real" sizing rather than "over" sizing equipment; Creating a living Basis of Design Document with Value Engineering incorporated at the Schematic Design Phase;
- » Utilizing an integrated design philosophy;
- » Incorporating additive and deductive alternates into the project's Construction and Bid Documents;
- » Avoiding costly change orders through our QC program;
- » Avoiding costly delays through our Construction Administration protocols.

3. QUALIFICATIONS AND EXPERIENCE OF KEY PERSONNEL

Items for Consideration:

- **Proposed staffing level for this project.**

Interface Engineer's staffing of the project can accommodate the schedule given our current projected workload. The teams meet twice a week to discuss workload and upcoming deadlines, so we can anticipate upcoming spikes and either work share amongst our 250 employees or hire one of the candidates that we have in our continuous interviewing pool, should the increased projected workload be more than just a short term blip.

- **Qualifications and experience of proposed team in the design of similar projects.**

Interface Engineering has worked on projects at [Salinas Valley Health Medical Center with Bogard Construction](#) and our proposed subconsultants, Smith-Karrig Architecture and Estructure, were also part of the project team. The projects include:

- » Angio Equipment Replacement
- » Bulk O2 Permanent Replacement System
- » Bulk O2 Temp System
- » Cath Lab Equipment Replacement

Request for Supplemental Information: Claims (Attachment C)

ATTACHMENT C REQUEST FOR SUPPLEMENTAL INFORMATION - CLAIMS INFRASTRUCTURE EQUIPMENT REPLACEMENT PROJECT

Please submit the following information. Failure to respond may affect consideration of your firm for this project. If the firm has more than one office or division, please provide this information for the office proposed for this project. Responses may be listed on separate pages.

1. Separately list each pending unresolved claim for construction disputes and each current arbitration(s), mediation or litigation in which construction disputes or breach of contract is alleged or indemnity is being sought (because of such alleged disputes or breach of contract) using the following claimant categories:

- a. SALINAS VALLEY HEALTH against your firm or any principal of your firm (indicate project, location and Owner). If none, indicate none.

None

- b. Any Owner, person or entity against your firm or any principal of your firm (indicate project, location and Owner). If none, indicate none.

Please refer to list on subsequent pages.

- c. SALINAS VALLEY HEALTH against any of your proposed consultant (i.e. structural, mechanical, electrical, and any other consultant). If none, indicate none.

None

- d. Any Owner, person or entity against any of your proposed consultants (indicate project, location and Owner). If none, indicate none.

None

2. Separately list each resolved (settled, arbitrated, and litigated) claim for professional negligence or breach of professional services agreement or for indemnity (because of such alleged negligence or breach of contract) during the last five (5) years using the following categories:

- a. SALINAS VALLEY HEALTH and your firm or any principal of your firm (indicate project, location and Owner). If none, indicate none.

None

- b. Any Owner, person, or entity, and your firm or any principal of your firm (indicate project, location and Owner). If none, indicate none.

Please refer to list on subsequent page.

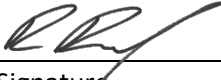
DECLARATION:

The undersigned declares under penalty of perjury that all of the information submitted is true and correct, and that this declaration was executed in

San Francisco County, California, on October 9, 2024.
(County) (Date)

Rick Russell, Principal

Name and Title –Printed or Typed



Signature

Firm Name –if a joint venture,
state name of joint venture entity

49 Stevenson Street, Suite 660

Address

San Francisco, CA 94105

City, State and Zip Code

415.489.7240

Telephone Number

N/A

Facsimile Telephone Number

Claims or Litigation

Interface is not aware of current or impending judgments that would affect our ability to perform work for Salinas Valley Health and Bogard Construction. In the normal course of business, Interface has claims that we have paid through our insurer, and we have been involved in arbitration, as have companies of any size which work in the construction industry. According to insurance standards, Interface's percentage of errors and omissions claims is well below the industry average. Because of this, we are considered a low-risk firm.

LEGAL ACTIONS LAST 5 YEARS

2020

Project: Edith Green Wendell Wyatt building
Client: SERA Architects PC
Location: Portland, Oregon
Closed: No payout for claim but legal costs were incurred.

Project: Forest Theatre Renovation SD E&O

Client: Cody Anderson Wasney Architects
Location: Carmel, California
Closed: \$25,000 Paid

Project: Prestige Carson City ALF 213220

Client: LRS Architects
Location: Carson City, Nevada
Closed: \$57,508.19 Paid

Project: Bethany Silver Lake Skilled Nursing

Client: Shoemsmith Cix Architects
Location: Everett, Washington
Closed: \$11,085 Paid

Project: Kaiser Pleasanton - Café Renovation

Client: Huntsman Architectural Group
Location: Pleasanton, California
Closed: \$20,000 Paid

Project: 320 Florida Avenue

Client: Eric Colbert & Associates PC
Location: Washington, DC
Closed: \$50,000 Paid

Project: ZOM Maizon Bethesda

Client: SKI + I Architecture
Location: Washington, DC
Closed: \$173,000 Paid

Project: 711 Van Ness Surgery Center

Client: Boulder Associates
Location: San Francisco, California
Closed: \$177,881 Paid

2021

Project: San Mateo Med Center

Client: Meeks, Coates + Eaton Architects, Inc.
Location: San Mateo, California
Closed: \$100,993.48 Paid

Project: University of Oregon HUUTC Expansion & Renovation

Client: Clark Kjos Architects
Location: Eugene, Oregon
Closed: \$27,500 Paid

Project: CCPUD Rock Island

Client: TCF Architecture
Location: Wenatchee, Washington
Closed: \$27,518 Paid

2022

Project: Peninsula Surgery Center

Client: Hawley Peterson
Location: Redwood City, California
Closed: \$81,044 Paid

Project: Scotia Bank Headquarters

Client: Jamaica Property Company Limited
Location: Kingston, Jamaica
Closed: \$30,139 Paid

Project: US Riverside Dundee-Glasgow

Client: Solomon Cordwell Buenz
Location: Riverside, California
Closed: Paid \$48,349.33

Project: Ward Block I Koula Residential Tower

Client: Studio Gang

Location: Honolulu, Hawaii

Status: In Discovery

Project: Land Bay "D" East

Client: Davis Carter Scott
Location: Arlington, Virginia
Status: In Discovery

Project: ACS Processing Facility

Client: C2K Architecture
Location: Bridgewater, Massachusetts
Status: In Discovery

2023

Project: Chehalem Aquatic Center

Client: Scott/Edward Architecture
Location: Newberg, Oregon
Closed: \$50,000 Paid

Project: Astoria VA CBOC

Client: Astoria VA, LLC
Location: Astoria, Oregon
Status: In Discovery

06

Acceptance of Terms and Conditions (Attachment D)

Interface Engineering, Inc. and its subconsultants accept the terms and conditions set in the RFP and sample Agreement for Services.



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

9/27/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER JD Fulwiler & Co., Insurance 5727 S Macadam Ave Portland OR 97239	CONTACT NAME: Jennifer Abernethy PHONE (A/C, No, Ext): 503-977-5617 FAX (A/C, No): 503-977-5617 E-MAIL ADDRESS: jabernethy@jdfulwiler.com
INSURED Interface Engineering PLLC 17 State Street, Suite 4000 New York ny 10004	INSURER(S) AFFORDING COVERAGE INSURER A : Hartford Underwriters Insurance Company INSURER B : Pacific Insurance Company INSURER C : INSURER D : INSURER E : INSURER F :
	NAIC # 30104 10046

COVERAGES

CERTIFICATE NUMBER: 1146335603

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	☒ COMMERCIAL GENERAL LIABILITY ☐ CLAIMS-MADE ☒ OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: ☐ POLICY ☒ PRO-JECT ☒ LOC OTHER:			52SBMBC1D8K	10/1/2024	10/1/2025	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
A	☒ AUTOMOBILE LIABILITY ☐ ANY AUTO ☐ OWNED AUTOS ONLY ☒ HIRED AUTOS ONLY ☐ SCHEDULED AUTOS ☒ NON-OWNED AUTOS ONLY			52SBMBC1D8K	10/1/2024	10/1/2025	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	☒ UMBRELLA LIAB ☒ OCCUR ☐ EXCESS LIAB ☐ CLAIMS-MADE ☐ DED ☒ RETENTION \$ 10,000			52SBMBC1D8K	10/1/2024	10/1/2025	EACH OCCURRENCE \$ 8,000,000 AGGREGATE \$ 8,000,000 GL & AL Only \$ PER STATUTE ☐ OTH-ER ☐
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	☐ Y ☒ N	N/A				E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
B	Prof Liability w/Pollution Claims-Made			52OH056295124	10/1/2024	10/1/2025	Per Claim Aggregate Deductible/Retention 5,000,000 5,000,000 200,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

WE WILL ADD REQUIRED ADDITIONAL WORDING ONCE AWARDED THE PROJECT. All operations of the named insured subject to policy terms, conditions, and exclusions.

CERTIFICATE HOLDER

CANCELLATION

~Sample Certificate~ USA	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Nicole Lovette</i>

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Cost Proposal: Chiller & Cooling Tower Replacement



Interface Engineering, Inc
49 Stevenson Street, Suite 660
San Francisco, CA 94105
TEL 415.489.7240
www.interfaceengineering.com

October 10, 2024

Dave Sullivan
Bogard Construction, Inc.
350-A Coral Street
Santa Cruz, CA 95060

Re: Salinas Valley Health - Existing 200 Ton Chiller & Cooling Tower Replacement
Professional Services Proposal

Dear Dave:

Thank you for the opportunity to provide you with our proposal for the referenced project.

This proposal is based on our Standard Provisions of Agreement for Professional Services, which is attached and incorporated by this reference.

PROJECT DESCRIPTION

Project Owner

Salina Valley Health

Project Location

450 E Romie Lane, Salinas, California 93901

Project Description

The scope of the project is to replace the existing 200-ton centrifugal chiller, CH-1, and cooling tower in the medical center's energy yard electrical and mechanical room. The chilled water services to the hospital must be operational during the construction phase. The project team will coordinate with the Facility, Clinical team, and owner's representative for possible temporary chiller/cooling tower location options for the construction phase.

The project will be designed in accordance with the 2022 California Code under the jurisdiction of HCAI.

Sustainable Design Requirements

Project is not anticipated to pursue LEED® certification or any other third-party green building certifications/incentive programs. We will include energy efficiency designs where feasible and cost effective.

INFORMATION SOURCE

Based on RFP/email from Dave Sullivan dated August 30, 2024.

ASSUMPTIONS

Based on our conversation and information received, we understand that this project:

- Will have a single bid/construction packet.
- Will have a single document/construction phase.
- Existing EP/FLS systems are adequate to serve the project area.
- Project will not be a LEED® project.

- Project Funding: We have assumed and understand that funding for this project has been secured or will be in place when project design starts. We have not assumed that payment for services will be held or delayed due to any funding delays or issues.

PROJECT SCHEDULE

- December 2024 Design and Construction Document Preparation
- June 2025 Complete Construction Document/Bid Set
- September 2025 Complete Regulatory Agencies Review
- October 2025 Bid and Award for Construction Services
- November 2025 Start Construction on (180 day project) Chiller Replacement

Note: Dates listed above are approximate based on information provided. However, substantial changes to the schedule above, and start/stops to project progress may result in additional services and fees.

MEETINGS AND DESIGN SITE VISITS

- Virtual meetings and conference calls as required.
- Up to two (2) In person meetings with design team, Owner representative, and construction team during design and documentation for coordination.
- Up to two (2) Site Visits during design.

DESIGN SUBMITTALS

- Schematic Design (Basis of Design Narrative, PDF Concept Sketches, and MEP cutsheets for major equipment as required)
- 50 Percent Construction Documents, (CD Drawings and Specifications)
- 90 Percent Construction Documents/Permit (CD Drawings, Specifications and Code Forms)
- Final Construction Documents (CD Drawings and Specifications)

CONSTRUCTION COSTS

Total Construction Cost: \$3.4 Millions

ENGINEERING SERVICES DESCRIPTION

Our scope of services is limited to the following. Services not included are additional services.

Mechanical Engineering Services**Heating, Ventilating, and Air Conditioning Systems**

1. New chiller and cooling tower replacement mechanical design. It is assumed that the new chiller and cooling tower will be replaced in the current location. A temporary system location will be near the current location and will be designated during design.
2. Performance specifications for temperature control or building energy management system.
3. State Energy Code calculations for building mechanical systems.

Mechanical Investigation

1. Review of the existing building mechanical and plumbing systems to determine adequacy and feasibility of reuse and needs for system improvement.
2. We understand that record drawings may be available for this existing facility. We will review the existing mechanical and plumbing systems, to the extent visible, so that we may complete our design.

Mechanical Demolition

Demolition drawings will be provided in a schematic format only with demolition notes. We will review available drawings and observe existing conditions to note major demolition items and areas.

Electrical Engineering Services**Electrical Utilities Coordination**

We have assumed existing electrical service has adequate capacity and we have not assumed new service and coordination with utility.

Building Power Distribution

1. Design for connection of mechanical systems.
2. PIN 70 required coordination study for level 1 and level 2 breakers in the emergency panels being utilized for new homerun circuits. Our assumption is that field investigation of existing breaker type and settings shall be performed by electrical contractor and furnished to Interface for use in compiling the selective coordination study.

Electrical Investigation

1. Review of the existing building electrical system to determine adequacy and feasibility of reuse and needs for system improvement.
2. We understand that record drawings may be available for this existing facility. We will review the existing electrical system so that we may complete our design.

Electrical Demolition

Demolition drawings will be provided in a schematic format only with demolition notes. We will review available drawings and observe existing conditions to note major demolition items and areas.

Architectural Services

1. Field survey of project site to verify existing conditions shown in drawings provided to us. Document existing conditions not included in the CAD drawing provided to us.
2. Evaluate project related information provided to us.
3. Attend a Project Kick-off meeting with Stakeholder to ensure a common understanding of the project. (1 meeting)
4. Request preliminary information and coordinate with equipment vendors as needed.
5. Prepare SD design and documents for Stakeholder review, comment, and approval: 100% SD. (1 submittal)
6. Conduct 100% SD review meeting and collaborate design with Stakeholders. (1 meeting)

7. Revise selected SD design based on Stakeholder feedback for Stakeholder approval to proceed.
8. Request and attend pre-application meeting with AHJ to review proposed work and seeking official interpretation on code related issues, if needed.
9. Prepare design documents for Stakeholder review and approval.
10. Prepare construction drawings based on approved Schematic Design documents.
11. Prepare project manual and technical specifications.
12. Prepare and submit CD for Stakeholder review: 50% CD. (1 submittal)
13. Conduct 50% CD review meeting with Stakeholders. (1 meeting)
14. Prepare and submit CD for Stakeholder review: 100% CD. (1 submittal)
15. Conduct 100% CD review meeting with Stakeholders. (1 meeting)
16. Revise construction documents based on Stakeholder review comments.
17. Prepare plan review submittal drawings and documents.

Structural Services

1. Review available existing drawings and equipment cutsheets.
2. Conduct a site visit to observe existing conditions.
3. Prepare written report describing the scope and nature of structural work required to replace the equipment.
4. Review and comment on AMEP drawings and coordinate required detailing.
5. Prepare structural drawings showing support and bracing for new equipment, piping, and conduit.
6. Complete design of equipment support and anchorage.
7. Prepare structural specifications in the form of general notes to be included on the structural drawings.
8. Participate in web-based project design meetings as required.
9. Prepare structural calculations as required by HCAI.

BIDDING/NEGOTIATIONS AND PERMITTING

1. Answer questions during bidding phase.
2. Issue (1) addenda as may be required under the original design scope during the bidding phase.
3. Review of substitution requests. Maximum of two reviews per vendor.
4. Respond to jurisdiction permit comments and issue addenda as required to address comments. Maximum of two responses and addenda issuances. Meetings with code officials can be provided as a supplemental service.
5. Prepare required post-approval paperwork (Building Permit, TIO field review, Notice of Start of Construction).

CONSTRUCTION ADMINISTRATION

1. Two reviews of the submittals for each Division are included; additional reviews will be billed at our hourly rates with prior written approval. Fee is based on submittals being provided per Interface standard specifications.
2. Answer RFIs, DCVRs, and construction questions.
3. Construction observation site visits:
 - a. Up to two (2) site visits (includes final punch) during construction.
4. Issue of ASIs, change orders, plan revisions, etc. generated by others is not included. Additional fees will be submitted for prior approval for these services.

5. Review of change order costs initiated by others is not included.
6. Coordinate and conduct HCAI off site construction kick-off meeting. (1 meeting)
7. Attend Owner-Architect-Contractor virtual meetings once per week during the construction period. (45 virtual meetings)
8. Conduct milestone walk-through and review; prepare compliance verify reports as required for HCAI sign-off at milestones. (8 milestones)
 - a. Temporary Chiller Trailer
 - b. New chiller installation
 - c. Miscellaneous electrical tie-in for chiller
 - d. Temporary Cooling Tower Trailer
 - e. New cooling tower installation
 - f. Miscellaneous electrical tie-in for cooling tower
 - g. Miscellaneous utility sign-off
 - h. Substantial Compliance
9. Review of testing and Special Inspection reports.
10. Attendance at prebid and preconstruction meetings.
11. Preparation of Final Verified Reports.
12. Coordinate efforts with stakeholders and the contractor for HCAI sign-off of project.

EXCLUSIONS AND CLARIFICATIONS

1. It is assumed that final bidding of the project will not be done until receipt of permit and issuance of 100 Percent CD. Bidding prior to the completion of the documents is done at the Owner's risk.
2. Substantial cost reduction requiring redesign after 50% Construction Document is not included.
3. Redesign work associated with substantial floor plan changes after 50% Construction Document is not included.
4. Preparation of construction record drawings from contractor's field drawings is not included.
5. Assumes the existing utility pipe and conduit routing will be acceptable and a new route will not be required.
6. Building as-built drawing, including Fire and Life Safety (FLS) drawing and building accessibility information, in PDF and CAD format will be provided to us. Time to prepare FLS and accessibility drawing for agency review based on CAD provided is included. Time to survey or draw up existing FLS and accessibility conditions is not included.
7. The Authority of Jurisdiction (AHJ) on this project is HCAI. This project will be submitted as a regular project submission. Review by Local Fire Department for the temporary trailers is. Additional review by other agencies or community groups are not included and will be submitted as additional services as required.
8. No service interruption/shut-down is included. Preparation and seeking approval of Facility Impact Study (FIS's) will be performed under additional services.
9. Building accessibility upgrade work is not included. The project is expected to fall under Chapter 11B-202.4, Exception 7.
10. Signage/Way Finding is not included.
11. Replacement of the existing wood fencing in the Energy Yard is not included.
12. Detailed analysis of Civil engineering and site planning issues are not included.
13. Changes to the MEP design related to change orders initiated by others, supply chain issues, ASIs, and/or value engineering are not included.

14. Fee assumes that the existing systems are adequate to serve the project area.
15. We assumed the chiller and cooling tower being replaced is currently fed from emergency power. Otherwise, PIN 70 compliance is not required for equipment on normal power. Our assumption is that field investigation of existing breaker type and settings shall be performed by electrical contractor and furnished to Interface for use in compiling the selective coordination study.
16. Construction cost estimates will be by construction cost estimator. We will review cost estimator's pricing and provide comments.
17. Life cycle cost analysis for mechanical/electrical systems are not included.
18. Shop drawings, fabrication drawings, and construction coordination drawings are not included.
19. Design of temporary power for construction will be performed by the contractor or by others.
20. Design of building footing drainage and/or sub-slab groundwater drainage will be performed by others.
21. Acoustical analysis, design of noise attenuation requirements, and special vibration isolation requirements for mechanical systems will be performed by others. We will include modifications to our systems per your acoustical consultants' recommendations within our base fee.
22. Determination/interpretation of egress lighting paths with local officials is not included (based on egress plan as provided by Architect).
23. Commissioning of systems is not included unless proposed and accepted.
24. Commissioning participation unless proposed and accepted.
25. Project related services associated with LEED and/or other third-party Green Building Certification.
26. Project related services associated with utility incentives, including energy modeling for custom track incentives, charrettes and incentive documentation are not included unless proposed and accepted.
27. Lighting and low voltage design is not included.
28. There will be no new architectural features or modifications to existing architectural features such as cladding, canopies, screens or covered walkways requiring structural design.
29. The existing structure is sufficient to support all new loads, and will not require seismic retrofit or strengthening to accommodate the scope of work.
30. Detailed analysis or testing of potential hazardous materials are not included.
31. Development of as-built or record drawings after construction is not included.

FEE

Hourly to a Maximum

Base Services

Project Phase	Mechanical Engineering	Electrical Engineering	Architectural Services	Structural Services	Phase Totals
Schematic Design	\$23,634	\$5,170	\$14,420	\$14,000	\$57,224
Construction Documents	\$84,392	\$13,510	\$42,760	\$84,000	\$224,662
Bid/Negotiation and Permit	\$11,585	\$2,650	\$11,875	\$14,000	\$40,110
Construction Administration	\$33,094	\$6,510	\$54,070	\$28,000	\$121,674
Discipline Totals	\$152,705	\$27,840	\$123,125	\$140,000	\$443,670

Total Fee: \$443,670

*Plus reimbursable expenses noted below.

OPTIONAL SERVICES (ADDITIVE)

Commissioning Services (Cx) | \$15,000

1. Lead, review and oversee the completion of all commissioning process activities.
2. Prepare commissioning specifications to incorporate in the construction documents (Divisions 01, 22, 23, and 26).
3. Perform a review of the Owners Project Requirements (OPR) and the engineers Basis of Design (BOD).
4. Perform a review of the design documents at 50% CD submission.
5. Coordinate and lead commissioning meetings as part of the commissioning process.
6. Assist construction manager and contractors with interpreting and achieving intent of commissioning activities specified in the contract documents.
7. Develop a Commissioning Plan
8. Develop Pre-Functional Checklists
9. Develop Functional Performance Tests
10. Perform periodic site visits throughout the construction phase to review the Contractor's installation, pressure testing, flushing, startup, and testing of systems.
11. Perform Functional Performance testing of mechanical, electrical and plumbing systems with cooperation of the Contractor to verify systems perform in accordance with the design intent, Owners Project Requirements, and Basis of Design.
12. Submit weekly issues/resolution log to the design and construction team.
13. Confirm factory testing and observe field testing of specified equipment.
14. Prepare a final commissioning report that includes the OPR, BOD, Executive Summary, Cx Plan, startup reports, construction checklists, functional performance tests, submittals, design review log, and issues/resolutions log.
15. Develop a Current Facility Requirements and Operations Plan and Maintenance Plan that provides future operating staff information needed to understand and optimally operate the commissioned systems.

Systems to be Commissioned

1. New Chiller and Cooling Tower Equipment
2. New Chiller and Cooling Tower Controls

PAYMENT TERMS

Standard reimbursable expenses include, but are not limited to: final plots, project mileage to jobsite or meeting locations, parking, shipping, and messenger services.

Fixed Fee: \$10,250

We will bill fees and reimbursable expenses monthly as services are performed. Payment is due within 60 days of receipt of invoice. Finance charges may be added after that time at a rate of 1.5 percent per month (annual rate of 18 percent). Finance charges will be applied to delayed payments resulting from lack of project funding. Upon aging of fees and reimbursable expenses beyond 90 days, Interface reserves the right to meet with Architect and holder of Prime Contract to determine resolution prior to continuation of services.

This proposal is valid for 90 days from the date first written above. Interface Engineering, Inc (Interface) reserves the right to modify or update this proposal after that date.

ADDITIONAL SERVICES

Services requested beyond those included in this proposal will be considered extra services and will be billed either at hourly rates listed below or will be estimated on a lump sum basis. Interface may decline to perform additional work until authorization is received in writing.

Additional services will be billed at our standard hourly rates at the time the work is performed*. Our current standard hourly rates (2024) are:

Senior Principal:	\$375/Hour
Principal:	\$325/Hour
Associate Principal:	\$265/Hour
Associate/Project Manager:	\$250/Hour
Sr. Engineer-Designer:	\$220/Hour
Engineer-Designer:	\$175/Hour
Project Designer-Drafter:	\$155/Hour
Administrative:	\$125/Hour

*Annual rate changes are expected to be 4% per year.

DESIGN-BUILD SERVICES

If design-build services are provided, Client acknowledges that Interface will provide performance specifications. In the event that drawings are provided, they will be conceptual drawings only. Conceptual drawings and performance specifications are intended as guidelines for the design of system(s) by the design-build contractor. Conceptual drawings and performance specifications are not intended for use to obtain a building permit or as bid documents. The design-build contractor is responsible for complete design, engineering, permit documents, construction documents, and coordination with architectural, all trades and utilities, and governing jurisdictions and licensing agencies. The design-build contractor is responsible for system quantities, capacities, routing, and installation adequate for its intended use. All detailing by design builder. Client agrees that Interface is not responsible for the design and will indemnify and hold harmless Interface for any and all claims, damages, allegations, and costs, including attorneys' fees at trial, arbitration and on appeal, arising out of the design and installation of design-build systems.

Client acknowledges that Interface's review of submittals by design-build contractor is for the limited purpose of checking for conformance with the performance concept expressed in the contract documents. Interface's review does not constitute approval of safety precautions, means and methods, approval of an assembly, or approval of a component.

Attached is our Standard Provisions of Agreement for Professional Services. If this Proposal and the Standard Provisions of Agreement meet with your approval, please sign below, initial the Standard Provisions, and return to us. By your signature, you acknowledge that you have read the Standard Provisions of Agreement and that you read and agree to the Limitation of Liability paragraph. We will not proceed with the work until this signed Agreement is returned to us. In addition, you represent that you



Interface Engineering, Inc
Salinas Valley Health - Existing 200 Ton Chiller
& Cooling Tower Replacement
October 10, 2024

have authority to bind Bogard Construction, Inc.. If you have modified this proposal, we will review your modifications. This Agreement shall not be in effect until we sign, accepting your modifications.

If you have any questions, please contact this office.

Sincerely,


Eunice Yoon
Principal


Rick Russell, PE, LEED AP, CxA
Principal

EY:shc

Enclosures: Standard Provisions;

COMPANY: Bogard Construction, Inc.

CONTACT: _____
Dave Sullivan, Executive Vice President Date

L:\Opportunities\2024\Bogard Construction, Inc\Salinas Valley Health Medical Infrastructure Equipment Replacement\Fee Proposal\Chiller & Cooling Tower Replacement\20240925FP - Salinas Valley Health - Existing 200 Ton Chiller & Cooling Tower Replacement.docx

STANDARD PROVISIONS OF AGREEMENT FOR PROFESSIONAL SERVICES

1. **Standard of Care:** The services provided by Interface Engineering, Inc (Interface) under this Agreement will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances. Interface makes no other representations or warranties, whether express or implied, with respect to the services rendered hereunder.
2. **Indemnity:** Client shall, to the fullest extent permitted by law, indemnify and hold harmless Interface, its officers, directors, employees, agents and subconsultants from and against all damages, liability and costs, including reasonable attorneys' fees and costs, at trial, arbitration and on appeal, arising out of or in any way connected with the performance of Client and Interface pursuant to this Agreement, excepting only those damages, liabilities, or costs attributable to the sole negligence or willful misconduct of Interface.
3. **Non-Responsibility:** Interface shall not be responsible for damages and shall not be held in default by reason of events or circumstances beyond Interface's reasonable control; or for delays caused by failure of Client or Client's agents to furnish information or to approve or disapprove Interface's work promptly, or due to late or slow or faulty performance by Client, Client's consultants, contractors, or governmental agencies, in the performance of acts which are precedent to or concurrent with the performance of Interface's services.
4. **Client Information:** Client shall provide all criteria and full information as to Client's requirements for the Project; designate a person to act with authority on Client's behalf in respect of all aspects of the Project; examine Interface's submissions; and respond promptly to Interface; and give prompt written notice to Interface whenever Client observes or otherwise becomes aware of any defect in the work. Interface has a right to rely on the accuracy and completeness of information provided by Client.
5. **Payment:** Fees and reimbursable expenses will be billed monthly as services are performed. Invoices shall be due upon receipt and shall be delinquent if not paid within 60 days of receipt of invoice. Delinquent invoices shall bear interest at the rate of 1.5 percent per month (but not exceeding the maximum amount allowable by law) until paid. Finance charges will be applied to delayed payments resulting from lack of project funding. Upon aging of reimbursable expenses beyond 90 days, Interface reserves the right to meet with Architect and holder of Prime Contract to determine resolution prior to continuation of services. Payments received shall be first applied to interest and then to the unpaid principal balance. Client shall pay Interface's reasonable costs, including staff time, attorneys' fees and costs, incurred in collecting any delinquent amount regardless of whether litigation or arbitration has been filed.
6. **Fees:** Client shall pay the cost of checking and inspection fees, zoning and annexation application fees, assessment fees, soils and engineering fees, soils testing fees, aerial topography fees and all other fees, permits, bond premiums, title company charges, document reproduction costs, and other charges not specifically covered by the terms of this Agreement. Any such fees paid by Interface on behalf of Client shall be reimbursed, along with other reimbursable expenses, as invoiced.
7. **Site Control:** Interface and its personnel shall have no authority or responsibility to exercise any control over any construction contractor or other entity in connection with their work or any health or safety precautions associated with the Project. Client agrees that its contractor shall be solely responsible for job site safety, means and methods, and warrants that this intent shall be made

evident in Client's agreement with its contractor. Client also agrees that Client, Interface, and Interface's consultants shall be indemnified and shall be made additional insureds under the Contractor's General Liability Insurance Policy and Builder's Risk Policy.

8. Document Ownership: All reports, plans, specifications, field data and notes, and other documents including all documents on electronic media, prepared by Interface as instruments of service shall remain the property of Interface. Client may make and retain copies for information and reference in connection with the use and occupancy of the Project; however, such documents are not intended or represented to be suitable for reuse by any person for extension of the Project or for any other project. Any reuse or modification to the documents, without the prior written authorization of Interface shall be at Client's sole risk and without liability to Interface, its independent professional associates or consultants. Client agrees, to the fullest extent permitted by law, to indemnify, defend, and hold Interface harmless from any claim, cause of action, liability, or cost (including reasonable attorneys' fees and defense costs at trial, arbitration and on appeal) arising out or allegedly arising out of any unauthorized reuse or modification of the documents by Client or any person or entity that acquires or obtains the documents from or through Client without Interface's written authorization.
9. Cost Estimates: In providing opinions of probable construction costs, Client understands that Interface has no control over cost or the price of labor, equipment, or materials or over any contractor's method of pricing, and the opinions of probable construction costs provided by Interface are to be made on the basis of Interface's qualifications and experience. Interface makes no warranty, express or implied, as to the accuracy of such opinions as compared to bids or actual costs of the work estimated.
10. Hazardous Materials: Client acknowledges that Interface's scope of services does not include any services related to asbestos, hazardous or toxic materials. In the event Interface, or any other party, encounters these materials at a job site, or it should become known that any such materials may be present at a job site or in adjacent areas which may affect Interface's performance of services, Interface may, at its option and without liability for consequential or any other damages, suspend performance of services on the project until Client retains appropriate specialist(s), consultant(s) or contractor(s) to identify, abate and/or remove the asbestos, hazardous or toxic materials, and warrant that the job site is in full compliance with applicable laws and regulations. Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless Interface, its officers, directors, employees, agents, and subconsultants, from and against any and all claims, allegations, suits, liabilities, damages, and costs, including reasonable attorneys' fees and costs, at trial, arbitration or appeal, arising out of, or in any way connected with the detection, presence or handling, removing, abatement, or disposal of any asbestos, hazardous or toxic substances, products and materials that exist on, about, or adjacent to the job site.
11. Termination - Suspension: Failure by Client to pay any invoice before it becomes delinquent shall constitute a material breach of this Agreement and shall entitle Interface to suspend performance of services until such delinquency is cured or, so long as such delinquency persists, Interface may terminate this Agreement upon five days' written notice without liability. This Agreement may otherwise be terminated by either party upon 30 days' written notice to the other in the event of a material breach by the other. In the event that Client becomes bankrupt or insolvent, Interface may terminate this contract without liability for direct, consequential or any other type of damages. In the event of termination of this Agreement, Client shall promptly pay Interface for all services rendered

and all costs incurred up to the date of termination, in accordance with the compensation provision of this agreement.

12. **Third-Party Beneficiary:** Nothing in this Agreement shall create a contractual relationship with, nor a cause of action in favor of any third party against, either Client or Interface. Interface's services under this Agreement are performed solely for Client's benefit, and no other entity shall have any claim against Interface because of this Agreement or the performance or non-performance of services hereunder.
13. **Mediation:** Should any dispute arise between Client and Interface under this Agreement, it is agreed that such dispute will be submitted to a mediator, agreed to and compensated equally by the parties, prior to commencement of litigation. Mediation will be conducted in San Francisco, CA. Both parties agree to exercise their best efforts and good faith to resolve all disputes in mediation.
14. **California Law:** This Agreement is to be governed by and interpreted under the law of the state of California. Should any provision of this Agreement be found or deemed to be invalid, this Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect.
15. **Assignment:** Neither Client nor Interface shall assign its interest in this Agreement without the prior written consent of the other.
16. **Warranties:** Interface has made no warranties or guaranties except as expressly written within the Agreement.
17. **ADA and Regulatory Compliance:** The American with Disabilities Act ("ADA") requires the removal of architectural barriers. Client acknowledges that requirements of the ADA will be subject to various, and possibly contradictory, interpretations. Client also acknowledges that other laws, codes, rules, ordinances, and regulations may also be subject to contradictory interpretation. Interface will use reasonable professional efforts and judgment to interpret typical ADA requirements, and other federal, state and local laws, rules, codes, ordinances, and regulations, as they apply to the project. Interface cannot and does not warrant or guarantee that Client's project will comply with all interpretations of the ADA requirements, and/or the requirements of other federal, state and local laws, rules, codes, ordinances, and regulations, as they apply to the project. Client agrees that Interface is not obligated for additional costs incurred due to changed interpretations, providing Interface used reasonable professional effort and judgment.
18. **Integration:** This Agreement contains the entire Agreement between Client and Interface, and no other oral or written inducement or promise has been made to or extended from either party as a part of this Agreement.
19. **Waiver:** The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver of that or any other provision.
20. **Limitation of Liability: Professional and Nonprofessional Liability:** To the maximum extent permitted by law, and in recognition of the risks and rewards to Client and Interface, Client agrees to limit Interface's liability for Client's damages arising from Interface's errors and omissions associated with work performed under this Agreement to Interface's fee paid to date. As to all non-professional liability claims, Client Agrees to limit Interface's liability to Interface's available insurance. These limitations shall apply regardless of the cause of action or legal theory pleaded or asserted, including, but not limited to negligence, breach of contract, negligent misrepresentation, and strict liability. Client may negotiate higher limitations of liability for an additional fee.

21. Limitation of Liability - Consequential Damages: Neither Interface nor Interface's directors, agents, employees, representatives, or subconsultants, shall be liable to Client for any indirect, special, incidental, consequential, or exemplary damages arising out of, or in connection with, the performance of services under this Agreement, whether in an action based upon contract, delay, negligence, strict liability, negligent misrepresentation, reckless misrepresentation, or otherwise.
22. Statutes of Limitation: Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statutes of limitations shall commence to run not later than either the date of substantial completion or the date of issuance of the final certificate for payment for acts or failures to act occurring after substantial completion. In no event shall such statutes of limitations commence to run any later than the date when Interface's services are substantially completed.
23. LEED: If the project pursues LEED certification or other similar guidelines, the following applies: The LEED Green Building Rating System and other similar environmental guidelines (collectively "LEED") utilizes certain design and usability recommendations on a project in order to promote an environmentally friendly and energy efficient facility. In addressing these guidelines, Interface shall perform its services in accordance with that degree of skill and care ordinarily exercised by similarly situated members of the same profession involved in the design of similar projects in the same locale as the Project. Client acknowledges and understands, however, that LEED is subject to various and possibly contradictory interpretations. Furthermore, compliance may involve factors beyond the control of Interface including, but not limited to, Client's use and operation of the completed project. Interface does not warrant or represent that the Project will actually achieve LEED certification. Interface shall use reasonable care consistent with the foregoing standard in interpreting and designing in accordance with LEED. Interface shall not be responsible for Contractor's failure to adhere to the Contract Documents and any applicable laws, codes and regulations incorporated therein, nor for any changes to the design made by Client without the direct participation and written approval of Interface. Likewise, Interface shall not be responsible for any environmental or energy issue arising out of Client's use and operation of the completed project.

Client Initials

Cost Proposal: Air Handling Unit Replacement



Interface Engineering, Inc
49 Stevenson Street, Suite 660
San Francisco, CA 94105
TEL 415.489.7240
www.interfaceengineering.com

October 10, 2024

Dave Sullivan
Bogard Construction, Inc.
350-A Coral Street
Santa Cruz, CA 95060

Re: Salina Valley Health - Existing Air Handling Unit 003 Replacement
Professional Services Proposal

Dear Dave:

Thank you for the opportunity to provide you with our proposal for the referenced project.

This proposal is based on our Standard Provisions of Agreement for Professional Services, which is attached and incorporated by this reference.

PROJECT DESCRIPTION

Project Owner

Salina Valley Health

Project Location

450 E Romie Lane, Salinas, California 93901

Project Description

The scope of the project is to replace the existing air handling unit AHU-3 located in the ground floor mechanical room within the Courtyard. The AHU serves various critical care areas within the hospital and will require to be operational during the construction phase. The project team will review possible AHU replacement location options and coordinate with the Facility, Clinical team, and owner's representative to select the final new AHU-3 location. We understand that existing Mechanical Room housing the AHU-3 is very congested with little access to the existing ductwork.

The project will be designed in accordance with the 2022 California Code under the jurisdiction of HCAI.

Sustainable Design Requirements

Project is not anticipated to pursue LEED® certification or any other third-party green building certifications/incentive programs. We will include energy efficiency designs where feasible and cost effective.

INFORMATION SOURCE

Based on RFP/email from Dave Sullivan dated August 30, 2024.

ASSUMPTIONS

Based on our conversation and information received, we understand that this project:

- Will have a single bid/construction packet.
- Will have a single document/construction phase.
- Existing EP/FLS systems are adequate to serve the project area.
- Project will not be a LEED® project.

- **Project Funding:** We have assumed and understand that funding for this project has been secured or will be in place when project design starts. We have not assumed that payment for services will be held or delayed due to any funding delays or issues.

PROJECT SCHEDULE

- December 2024 Design and Construction Document Preparation
- June 2025 Complete Construction Document/Bid Set
- September 2025 Complete Regulatory Agencies Review
- October 2025 Bid and Award for Construction Services
- November 2025 Start Construction on (225 day project) AHU-3 Replacement

Note: Dates listed above are approximate based on information provided. However, substantial changes to the schedule above, and start/stops to project progress may result in additional services and fees.

MEETINGS AND DESIGN SITE VISITS

- Virtual meetings and conference calls as required.
- Up to two (2) In person meetings with design team, Owner representative, and construction team during design and documentation for coordination.
- Up to two (2) Site Visits during design.

DESIGN SUBMITTALS

- Schematic Design (Basis of Design Narrative, PDF Concept Sketches, and MEP cutsheets for major equipment as required)
- 50 Percent Construction Documents, (CD Drawings and Specifications)
- 90 Percent Construction Documents/Permit (CD Drawings, Specifications and Code Forms)
- Final Construction Documents (CD Drawings and Specifications)

CONSTRUCTION COSTS

Total Construction Cost: \$1.5 Millions

SERVICES DESCRIPTION

Our scope of services is limited to the following. Services not included are additional services.

Mechanical Engineering Services**Heating, Ventilating, and Air Conditioning Systems**

1. New AHU-3 replacement mechanical design.
2. Performance specifications for temperature control or building energy management system.
3. State Energy Code calculations for building mechanical systems.
4. Condensate piping from the new AHU-3.

Mechanical Investigation

1. Review of the existing building mechanical and plumbing systems to determine adequacy and feasibility of reuse and needs for system improvement.
2. We understand that record drawings may be available for this existing facility. We will review the existing mechanical and plumbing systems, to the extent visible, so that we may complete our design.

Mechanical Demolition

Demolition drawings will be provided in a schematic format only with demolition notes. We will review available drawings and observe existing conditions to note major demolition items and areas.

Electrical Engineering Services

Electrical Utilities Coordination

We have assumed existing electrical service has adequate capacity and we have not assumed new service and coordination with utility.

Building Power Distribution

1. Design for connection of a new AHU-3.
2. PIN 70 required coordination study for level 1 and level 2 breakers in the emergency panels being utilized for new homerun circuits. Our assumption is that field investigation of existing breaker type and settings shall be performed by electrical contractor and furnished to Interface for use in compiling the selective coordination study.

Electrical Investigation

1. Review of the existing building electrical system to determine adequacy and feasibility of reuse and needs for system improvement.
2. We understand that record drawings may be available for this existing facility. We will review the existing electrical system so that we may complete our design.

Electrical Demolition

Demolition drawings will be provided in a schematic format only with demolition notes. We will review available drawings and observe existing conditions to note major demolition items and areas.

Architectural Services

1. Field survey of project site to verify existing conditions shown in drawings provided to us. Document existing conditions not included in the CAD drawing provided to us.
2. Evaluate project related information provided to us.
3. Attend a Project Kick-off meeting with Stakeholder to ensure a common understanding of the project. (1 meeting)
4. Request preliminary information and coordinate with equipment vendors as needed.
5. Prepare SD design and documents for Stakeholder review, comment, and approval: 100% SD. (1 submittal)
6. Conduct 100% SD review meeting and collaborate design with Stakeholders. (1 meeting)
7. Revise selected SD design based on Stakeholder feedback for Stakeholder approval to proceed.
8. Request and attend pre-application meeting with AHJ to review proposed work and seeking official interpretation on code related issues, if needed.
9. Prepare design documents for Stakeholder review and approval.
10. Prepare construction drawings based on approved Schematic Design documents.
11. Prepare project manual and technical specifications.

12. Prepare and submit CD for Stakeholder review: 50% CD. (1 submittal)
13. Conduct 50% CD review meeting with Stakeholders. (1 meeting)
14. Prepare and submit CD for Stakeholder review: 100% CD. (1 submittal)
15. Conduct 100% CD review meeting with Stakeholders. (1 meeting)
16. Revise construction documents based on Stakeholder review comments.
17. Prepare plan review submittal drawings and documents.

Structural Services

1. Review available existing drawings and equipment cutsheets.
2. Conduct a site visit to observe existing conditions.
3. Evaluate feasibility of relocating equipment to the roof of the 1975 Dietary Addition building.
4. Prepare written report describing the scope and nature of structural work required to replace the air handling unit.
5. Review and comment on AMEP drawings and coordinate required detailing.
6. Prepare structural drawings showing support and bracing for new equipment, piping, and conduit.
7. Complete design of air handling unit support and anchorage.
8. Prepare structural specifications in the form of general notes to be included on the structural drawings.
9. Participate in web-based project design meetings as required.
10. Prepare structural calculations as required by HCAI.

BIDDING/NEGOTIATIONS AND PERMITTING

1. Answer questions during bidding phase.
2. Issue (1) addenda as may be required under the original design scope during the bidding phase.
3. Review of substitution requests. Maximum of two reviews per vendor.
4. Respond to jurisdiction permit comments and issue addenda as required to address comments. Maximum of two responses and addenda issuances. Meetings with code officials can be provided as a supplemental service.
5. Prepare required post-approval paperwork (Building Permit, TIO field review, Notice of Start of Construction).

CONSTRUCTION ADMINISTRATION

1. Two reviews of the submittals for each Division are included; additional reviews will be billed at our hourly rates with prior written approval. Fee is based on submittals being provided per Interface standard specifications.
2. Answer RFIs, DCVRs, and construction questions.
3. Construction observation site visits:
 - a. Up to two (2) site visits (includes final punch) during construction.
4. Issue of ASIs, change orders, plan revisions, etc. generated by others is not included. Additional fees will be submitted for prior approval for these services.
5. Review of change order costs initiated by others is not included.
6. Coordinate and conduct HCAI off site construction kick-off meeting. (1 meeting)
7. Attend Owner-Architect-Contractor virtual meetings once per week during the construction period. (45 virtual meetings)

8. Conduct milestone walk-through and review; prepare compliance verify reports as required for HCAI sign-off at milestones. (5 milestones)
 - a. New AHU Structural Signoff
 - b. New AHU Tie-in and AHU-3 shutdown
 - c. Miscellaneous Electrical tie-in
 - d. Miscellaneous utility sign-off
 - e. Substantial Compliance
9. Review of testing and Special Inspection reports for structural.
10. Attendance at prebid and preconstruction meetings.
11. Preparation of Final Verified Reports.
12. Coordinate efforts with stakeholders and the contractor for HCAI sign-off of project.

EXCLUSIONS AND CLARIFICATIONS

1. It is assumed that final bidding of the project will not be done until receipt of permit and issuance of 100 Percent CD. Bidding prior to the completion of the documents is done at the Owner's risk.
2. Substantial cost reduction requiring redesign after 50% Construction Document is not included.
3. Redesign work associated with substantial floor plan changes after 50% Construction Document is not included.
4. Preparation of construction record drawings from contractor's field drawings is not included.
5. Detailed analysis or testing of potential hazardous materials.
6. Changes to the MEP design related to change orders initiated by others, supply chain issues, ASIs, and/or value engineering are not included.
7. Fee assumes that the existing systems are adequate to serve the project area.
8. We assumed the AHU-3 is currently fed from emergency power. Otherwise, PIN 70 compliance is not required for equipment on normal power. Our assumption is that field investigation of existing breaker type and settings shall be performed by electrical contractor and furnished to Interface for use in compiling the selective coordination study.
9. Building as-built drawing, including Fire and Life Safety (FLS) drawing and building accessibility information, in PDF and CAD format will be provided to us. Time to prepare FLS and accessibility drawing for agency review based on CAD provided is included. Time to survey or draw up existing FLS and accessibility conditions is not included.
10. Building accessibility upgrade work is not included. The project is expected to fall under Chapter 11B-202.4, Exception 7. If the duct routing impacts spaces in the existing Lab, ADA Path of Travel requirements may be triggered, at that time the scope will be defined and an additional service will be provided.
11. Signage/Way Finding is not included.
12. Any replacement/repair of system serving the areas served by AHU-3 is not included.
13. Complete replacement of existing roofing is not included. This proposal assumes patchback of the existing roofing system only.
14. Owner requested design changes and ADA Path of Travel changes within the Cafeteria Courtyard.
15. Construction cost estimates will be by construction cost estimator. We will review cost estimator's pricing and provide comments.
16. Life cycle cost analysis for mechanical/electrical systems are not included.
17. Shop drawings, fabrication drawings, and construction coordination drawings are not included.
18. Design of temporary power for construction will be performed by the contractor or by others.

19. Acoustical analysis, design of noise attenuation requirements, and special vibration isolation requirements for mechanical systems will be performed by others. We will include modifications to our systems per your acoustical consultants' recommendations within our base fee.
20. Determination/interpretation of egress lighting paths with local officials is not included (based on egress plan as provided by Architect).
21. Commissioning of systems is not included unless proposed and accepted.
22. Commissioning participation unless proposed and accepted.
23. Project related services associated with LEED and/or other third-party Green Building Certification.
24. Project related services associated with utility incentives, including energy modeling for custom track incentives, charrettes and incentive documentation are not included unless proposed and accepted.
25. Lighting and low voltage design is not included.
26. We assume that the weight of the new equipment will not increase the roof weight by more than 5% and trigger a seismic evaluation of the 1975 Dietary Addition building.
27. There will be no new architectural features or modifications to existing architectural features such as cladding, canopies, screens or covered walkways requiring structural design.
28. The existing structure is sufficient to support all new loads, and will not require seismic retrofit or strengthening to accommodate the scope of work.
- 29.

FEE

Hourly to a Maximum

Base Services

Project Phase	Mechanical Engineering	Electrical Engineering	Architectural Services	Structural Services	Phase Totals
Schematic Design	\$22,394	\$6,270	\$11,720	\$14,400	\$54,784
Construction Documents	\$44,594	\$12,410	\$34,870	\$45,000	\$136,874
Bid/Negotiation and Permit	\$8,119	\$2,265	\$10,045	\$12,600	\$33,029
Construction Administration	\$27,298	\$5,020	\$53,890	\$18,000	\$104,208
Discipline Totals	\$102,405	\$25,965	\$110,525	\$90,000	\$328,895

Total Fee: \$328,895

*Plus reimbursable expenses noted below.

OPTIONAL SERVICES (ADDITIVE)

Commissioning Services (Cx) | \$7,500

1. Lead, review and oversee the completion of all commissioning process activities.
2. Prepare commissioning specifications to incorporate in the construction documents (Divisions 01, 22, 23, and 26).
3. Perform a review of the Owners Project Requirements (OPR) and the engineers Basis of Design (BOD).
4. Perform a review of the design documents at 50% CD submission.
5. Coordinate and lead commissioning meetings as part of the commissioning process.

6. Assist construction manager and contractors with interpreting and achieving intent of commissioning activities specified in the contract documents.
7. Develop a Commissioning Plan
8. Develop Pre-Functional Checklists
9. Develop Functional Performance Tests
10. Perform periodic site visits throughout the construction phase to review the Contractor's installation, pressure testing, flushing, startup, and testing of systems.
11. Perform Functional Performance testing of mechanical, electrical and plumbing systems with cooperation of the Contractor to verify systems perform in accordance with the design intent, Owners Project Requirements, and Basis of Design.
12. Submit weekly issues/resolution log to the design and construction team.
13. Confirm factory testing and observe field testing of specified equipment.
14. Prepare a final commissioning report that includes the OPR, BOD, Executive Summary, Cx Plan, startup reports, construction checklists, functional performance tests, submittals, design review log, and issues/resolutions log.
15. Develop a Current Facility Requirements and Operations Plan and Maintenance Plan that provides future operating staff information needed to understand and optimally operate the commissioned systems.

Systems to be Commissioned

The building systems identified to be commissioned as part of this proposal include:

1. AHU-3 Equipment
2. AHU-3 Controls

PAYMENT TERMS

Standard reimbursable expenses include, but are not limited to: final plots, project mileage to jobsite or meeting locations, parking, shipping, and messenger services.

Fixed Fee: \$7,500

We will bill fees and reimbursable expenses monthly as services are performed. Payment is due within 60 days of receipt of invoice. Finance charges may be added after that time at a rate of 1.5 percent per month (annual rate of 18 percent). Finance charges will be applied to delayed payments resulting from lack of project funding. Upon aging of fees and reimbursable expenses beyond 90 days, Interface reserves the right to meet with Architect and holder of Prime Contract to determine resolution prior to continuation of services.

This proposal is valid for 90 days from the date first written above. Interface Engineering, Inc (Interface) reserves the right to modify or update this proposal after that date.

ADDITIONAL SERVICES

Services requested beyond those included in this proposal will be considered extra services and will be billed either at hourly rates listed below or will be estimated on a lump sum basis. Interface may decline to perform additional work until authorization is received in writing.

Additional services will be billed at our standard hourly rates at the time the work is performed*. Our current standard hourly rates (2024) are:

Senior Principal:	\$375/Hour
Principal:	\$325/Hour
Associate Principal:	\$265/Hour
Associate/Project Manager:	\$250/Hour
Sr. Engineer-Designer:	\$220/Hour
Engineer-Designer:	\$175/Hour
Project Designer-Drafter:	\$155/Hour
Administrative:	\$125/Hour

*Annual rate changes are expected to be 4% per year.

DESIGN-BUILD SERVICES

If design-build services are provided, Client acknowledges that Interface will provide performance specifications. In the event that drawings are provided, they will be conceptual drawings only. Conceptual drawings and performance specifications are intended as guidelines for the design of system(s) by the design-build contractor. Conceptual drawings and performance specifications are not intended for use to obtain a building permit or as bid documents. The design-build contractor is responsible for complete design, engineering, permit documents, construction documents, and coordination with architectural, all trades and utilities, and governing jurisdictions and licensing agencies. The design-build contractor is responsible for system quantities, capacities, routing, and installation adequate for its intended use. All detailing by design builder. Client agrees that Interface is not responsible for the design and will indemnify and hold harmless Interface for any and all claims, damages, allegations, and costs, including attorneys' fees at trial, arbitration and on appeal, arising out of the design and installation of design-build systems.

Client acknowledges that Interface's review of submittals by design-build contractor is for the limited purpose of checking for conformance with the performance concept expressed in the contract documents. Interface's review does not constitute approval of safety precautions, means and methods, approval of an assembly, or approval of a component.

Attached is our Standard Provisions of Agreement for Professional Services. If this Proposal and the Standard Provisions of Agreement meet with your approval, please sign below, initial the Standard Provisions, and return to us. By your signature, you acknowledge that you have read the Standard Provisions of Agreement and that you read and agree to the Limitation of Liability paragraph. We will not proceed with the work until this signed Agreement is returned to us. In addition, you represent that you have authority to bind Bogard Construction, Inc.. If you have modified this proposal, we will review your modifications. This Agreement shall not be in effect until we sign, accepting your modifications.

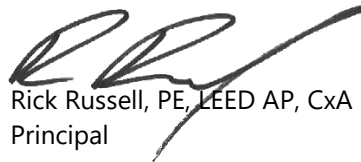


Interface Engineering, Inc
Salina Valley Health -
Existing Air Handling Unit 003 Replacement
October 10, 2024

If you have any questions, please contact this office.

Sincerely,


Eunice Yoon
Principal


Rick Russell, PE, LEED AP, CxA
Principal

EY:shc

Enclosures: Standard Provisions;

COMPANY: Bogard Construction, Inc.

CONTACT: _____
Dave Sullivan, Executive Vice President Date

L:\Opportunities\2024\Bogard Construction, Inc\Salinas Valley Health Medical Infrastructure Equipment Replacement\Fee
Proposal\Air Handling Unit 003 Replacement\20240925FP - Salinas Valley Health - Existing AHU 003 Replacement.docx

STANDARD PROVISIONS OF AGREEMENT FOR PROFESSIONAL SERVICES

1. **Standard of Care:** The services provided by Interface Engineering, Inc (Interface) under this Agreement will be performed in a manner consistent with that degree of care and skill ordinarily exercised by members of the same profession currently practicing under similar circumstances. Interface makes no other representations or warranties, whether express or implied, with respect to the services rendered hereunder.
2. **Indemnity:** Client shall, to the fullest extent permitted by law, indemnify and hold harmless Interface, its officers, directors, employees, agents and subconsultants from and against all damages, liability and costs, including reasonable attorneys' fees and costs, at trial, arbitration and on appeal, arising out of or in any way connected with the performance of Client and Interface pursuant to this Agreement, excepting only those damages, liabilities, or costs attributable to the sole negligence or willful misconduct of Interface.
3. **Non-Responsibility:** Interface shall not be responsible for damages and shall not be held in default by reason of events or circumstances beyond Interface's reasonable control; or for delays caused by failure of Client or Client's agents to furnish information or to approve or disapprove Interface's work promptly, or due to late or slow or faulty performance by Client, Client's consultants, contractors, or governmental agencies, in the performance of acts which are precedent to or concurrent with the performance of Interface's services.
4. **Client Information:** Client shall provide all criteria and full information as to Client's requirements for the Project; designate a person to act with authority on Client's behalf in respect of all aspects of the Project; examine Interface's submissions; and respond promptly to Interface; and give prompt written notice to Interface whenever Client observes or otherwise becomes aware of any defect in the work. Interface has a right to rely on the accuracy and completeness of information provided by Client.
5. **Payment:** Fees and reimbursable expenses will be billed monthly as services are performed. Invoices shall be due upon receipt and shall be delinquent if not paid within 60 days of receipt of invoice. Delinquent invoices shall bear interest at the rate of 1.5 percent per month (but not exceeding the maximum amount allowable by law) until paid. Finance charges will be applied to delayed payments resulting from lack of project funding. Upon aging of reimbursable expenses beyond 90 days, Interface reserves the right to meet with Architect and holder of Prime Contract to determine resolution prior to continuation of services. Payments received shall be first applied to interest and then to the unpaid principal balance. Client shall pay Interface's reasonable costs, including staff time, attorneys' fees and costs, incurred in collecting any delinquent amount regardless of whether litigation or arbitration has been filed.
6. **Fees:** Client shall pay the cost of checking and inspection fees, zoning and annexation application fees, assessment fees, soils and engineering fees, soils testing fees, aerial topography fees and all other fees, permits, bond premiums, title company charges, document reproduction costs, and other charges not specifically covered by the terms of this Agreement. Any such fees paid by Interface on behalf of Client shall be reimbursed, along with other reimbursable expenses, as invoiced.
7. **Site Control:** Interface and its personnel shall have no authority or responsibility to exercise any control over any construction contractor or other entity in connection with their work or any health or safety precautions associated with the Project. Client agrees that its contractor shall be solely responsible for job site safety, means and methods, and warrants that this intent shall be made

evident in Client's agreement with its contractor. Client also agrees that Client, Interface, and Interface's consultants shall be indemnified and shall be made additional insureds under the Contractor's General Liability Insurance Policy and Builder's Risk Policy.

8. Document Ownership: All reports, plans, specifications, field data and notes, and other documents including all documents on electronic media, prepared by Interface as instruments of service shall remain the property of Interface. Client may make and retain copies for information and reference in connection with the use and occupancy of the Project; however, such documents are not intended or represented to be suitable for reuse by any person for extension of the Project or for any other project. Any reuse or modification to the documents, without the prior written authorization of Interface shall be at Client's sole risk and without liability to Interface, its independent professional associates or consultants. Client agrees, to the fullest extent permitted by law, to indemnify, defend, and hold Interface harmless from any claim, cause of action, liability, or cost (including reasonable attorneys' fees and defense costs at trial, arbitration and on appeal) arising out or allegedly arising out of any unauthorized reuse or modification of the documents by Client or any person or entity that acquires or obtains the documents from or through Client without Interface's written authorization.
9. Cost Estimates: In providing opinions of probable construction costs, Client understands that Interface has no control over cost or the price of labor, equipment, or materials or over any contractor's method of pricing, and the opinions of probable construction costs provided by Interface are to be made on the basis of Interface's qualifications and experience. Interface makes no warranty, express or implied, as to the accuracy of such opinions as compared to bids or actual costs of the work estimated.
10. Hazardous Materials: Client acknowledges that Interface's scope of services does not include any services related to asbestos, hazardous or toxic materials. In the event Interface, or any other party, encounters these materials at a job site, or it should become known that any such materials may be present at a job site or in adjacent areas which may affect Interface's performance of services, Interface may, at its option and without liability for consequential or any other damages, suspend performance of services on the project until Client retains appropriate specialist(s), consultant(s) or contractor(s) to identify, abate and/or remove the asbestos, hazardous or toxic materials, and warrant that the job site is in full compliance with applicable laws and regulations. Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless Interface, its officers, directors, employees, agents, and subconsultants, from and against any and all claims, allegations, suits, liabilities, damages, and costs, including reasonable attorneys' fees and costs, at trial, arbitration or appeal, arising out of, or in any way connected with the detection, presence or handling, removing, abatement, or disposal of any asbestos, hazardous or toxic substances, products and materials that exist on, about, or adjacent to the job site.
11. Termination - Suspension: Failure by Client to pay any invoice before it becomes delinquent shall constitute a material breach of this Agreement and shall entitle Interface to suspend performance of services until such delinquency is cured or, so long as such delinquency persists, Interface may terminate this Agreement upon five days' written notice without liability. This Agreement may otherwise be terminated by either party upon 30 days' written notice to the other in the event of a material breach by the other. In the event that Client becomes bankrupt or insolvent, Interface may terminate this contract without liability for direct, consequential or any other type of damages. In the event of termination of this Agreement, Client shall promptly pay Interface for all services rendered

and all costs incurred up to the date of termination, in accordance with the compensation provision of this agreement.

12. **Third-Party Beneficiary:** Nothing in this Agreement shall create a contractual relationship with, nor a cause of action in favor of any third party against, either Client or Interface. Interface's services under this Agreement are performed solely for Client's benefit, and no other entity shall have any claim against Interface because of this Agreement or the performance or non-performance of services hereunder.
13. **Mediation:** Should any dispute arise between Client and Interface under this Agreement, it is agreed that such dispute will be submitted to a mediator, agreed to and compensated equally by the parties, prior to commencement of litigation. Mediation will be conducted in San Francisco, CA. Both parties agree to exercise their best efforts and good faith to resolve all disputes in mediation.
14. **California Law:** This Agreement is to be governed by and interpreted under the law of the state of California. Should any provision of this Agreement be found or deemed to be invalid, this Agreement shall be construed as not containing such provision, and all other provisions which are otherwise lawful shall remain in full force and effect.
15. **Assignment:** Neither Client nor Interface shall assign its interest in this Agreement without the prior written consent of the other.
16. **Warranties:** Interface has made no warranties or guaranties except as expressly written within the Agreement.
17. **ADA and Regulatory Compliance:** The American with Disabilities Act ("ADA") requires the removal of architectural barriers. Client acknowledges that requirements of the ADA will be subject to various, and possibly contradictory, interpretations. Client also acknowledges that other laws, codes, rules, ordinances, and regulations may also be subject to contradictory interpretation. Interface will use reasonable professional efforts and judgment to interpret typical ADA requirements, and other federal, state and local laws, rules, codes, ordinances, and regulations, as they apply to the project. Interface cannot and does not warrant or guarantee that Client's project will comply with all interpretations of the ADA requirements, and/or the requirements of other federal, state and local laws, rules, codes, ordinances, and regulations, as they apply to the project. Client agrees that Interface is not obligated for additional costs incurred due to changed interpretations, providing Interface used reasonable professional effort and judgment.
18. **Integration:** This Agreement contains the entire Agreement between Client and Interface, and no other oral or written inducement or promise has been made to or extended from either party as a part of this Agreement.
19. **Waiver:** The failure of either Party to enforce any provision of this Agreement shall not constitute a waiver of that or any other provision.
20. **Limitation of Liability: Professional and Nonprofessional Liability:** To the maximum extent permitted by law, and in recognition of the risks and rewards to Client and Interface, Client agrees to limit Interface's liability for Client's damages arising from Interface's errors and omissions associated with work performed under this Agreement to Interface's fee paid to date. As to all non-professional liability claims, Client Agrees to limit Interface's liability to Interface's available insurance. These limitations shall apply regardless of the cause of action or legal theory pleaded or asserted, including, but not limited to negligence, breach of contract, negligent misrepresentation, and strict liability. Client may negotiate higher limitations of liability for an additional fee.

21. Limitation of Liability - Consequential Damages: Neither Interface nor Interface's directors, agents, employees, representatives, or subconsultants, shall be liable to Client for any indirect, special, incidental, consequential, or exemplary damages arising out of, or in connection with, the performance of services under this Agreement, whether in an action based upon contract, delay, negligence, strict liability, negligent misrepresentation, reckless misrepresentation, or otherwise.
22. Statutes of Limitation: Causes of action between the parties to this Agreement pertaining to acts or failures to act shall be deemed to have accrued and the applicable statutes of limitations shall commence to run not later than either the date of substantial completion or the date of issuance of the final certificate for payment for acts or failures to act occurring after substantial completion. In no event shall such statutes of limitations commence to run any later than the date when Interface's services are substantially completed.

Client Initials

Interface Engineering
49 Stevenson Street, Suite 660
San Francisco, CA 94105

covers

El Camino Health Behavioral Health Services Taube
Pavilion / LEED Gold for Healthcare
WRNS Studio
© Jeremy Bittermann Photography

UCSF Nancy Friend Pritzker Psychiatry Building /
LEED Platinum Goal
SKS/Prado 2130 Third, LLC (c/o SKS Partners, LLC)
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INTERFACEENGINEERING

Board Paper: Finance Committee

Agenda Item: Board Ratification and Approval of Competitive Solicitation and Contract Award for Epic Acute Project Consultant Engagement with Huron Consulting Services, LLC

Executive Sponsor: Josh Rivera, Director Enterprise Informatics
Alysha Hyland, Chief Administration Officer

Date: 11/18/2024

Executive Summary

Background/Situation

The Salinas Valley Board approved the Epic Acute Project in May 2024. Included in the approval was the Total Cost of Ownership (TCO), which covered all budgeted items associated to the implementation of Epic. The budget for Epic Project consultant fees was set at \$8,118,518.

Timeline/Review Process to Date:

- May 2024:** Salinas Valley Board approves the Epic Acute Project
- Aug 2024:** Salinas Valley Health’s Selection Committee selects Huron Consulting Services for pre-implementation planning engagement.
- Oct 2024:** Salinas Valley Healthy opens Request for Proposal (RFP) for consultant services during the Epic Acute Project.
- Nov 2024:** Salinas Valley Health’s Selection Committee chooses Huron Consulting Services, LLC for the Epic Acute Project consultant engagement.

Strategic Plan Alignment:

Implementation of Epic Acute provides a unified platform for care delivery across our health system. The implementation will improve the service we are able to provide to our patients, enhance patient engagement, raise our quality of care through more robust access to data and allow for financial improvements related to better integration and population health management capabilities.

Pillar/Goal Alignment:

X Service ☐ People X Quality ☐ Finance X Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications: *[fill in table, add any additional pertinent information]*

Key Contract Terms	Vendor:
1. Proposed effective date	12/9/2024
2. Term of agreement	One year engagement

3. Renewal terms	N/A
4. Termination provision(s)	30 day written notice
5. Payment Terms	Payment due 45 day once invoice is issued Twelve monthly instalments of \$306,250
6. Annual cost	\$3,675,000
7. Cost over life of agreement	\$3,675,000 plus travel expenses
8. Budgeted (indicate y/n)	Yes

Recommendation

Consider Recommendation for Board Ratification and Approval of Competitive Solicitation and Contract Award for Epic Acute Project Consultant Engagement with Huron Consulting Services, LLC of approximately \$3,675,000.

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval for the lease of an Intuitive, Da Vinci 5 Surgical Robotics System

Executive Sponsor: Alysha Hyland, Chief Administrative Officer
Allen Radner, MD, President / CEO

Date: November 12, 2024

Executive Summary

Robotic-assisted surgery enables surgeons to carry out complex, minimally invasive procedures with high precision and accuracy. SVMHS aims to offer minimally invasive surgery to local patients who might otherwise have to seek this level of care outside our community. As we work to expand our services it is essential to adopt modern, preferred surgical methods, utilizing tools that allow physicians to do more complex cases while improving patient outcomes.

Background/Situation/Rationale

In 2022, SVMHS began recruiting surgeons trained in robotic-assisted techniques to broaden our surgical offerings with the latest technology. Over the past two years, SVMC has welcomed four new robotic surgeons and provided training for three of our existing surgeons to utilize this advanced technology. Acquiring a second device will enable patients to remain in our community for minimally invasive surgeries across specialties, including urology, urologic oncology, urogynecology, general surgery, colorectal, bariatric, surgical oncology, and gynecologic oncology. The new Da Vinci 5 is also more compact and integrated making it ideal for smaller rooms with limited space.

Timeline/Review Process to Date:

Quarter 4, 2022, Da Vinci Xi Robot arrived and 20 cases were completed

Calendar Year 2023- SVHMC completed 241 Robotic cases

Calendar Year 2024 Quarter 1-3- SVHMC completed 249 Robotic Cases, Run Rate End of Q4 402 Cases

November 2024- New surgical urologic oncologist has onboarded

November 2024, Obtain Board of Directors approval for a 2nd Da Vinci 5 Robot

January 2025- Receive Da Vinci 5

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The acquisition of the Intuitive Da Vinci 5 will enable us to meet the standard of care our community expects, while allowing our organization to deliver high-quality surgical care locally to all members of our community.

Pillar/Goal Alignment:

☒ Service ☐ People ☒ Quality ☐ Finance ☒ Growth ☒ Community

Financial/Quality/Safety/Regulatory Implications:

We are requesting a capital lease for fiscal year 2025

Key Contract Terms	Vendor : Intuitive Surgical Inc
1. Proposed effective date	December 2024
2. Term of agreement	5 years
3. Renewal terms	At the end of the 5 year term, we may purchase the equipment at fair market value or request renewal of the lease.
4. Termination provision(s)	Under review and negotiation
5. Payment Terms	Periodic Lease Payments (due monthly, inclusive of many services): \$42,241.18/month (for 60 months) Annual Service Fee beginning in Year 2: \$195,000/yr (for 4 years) Cloud Services Subscription Package beginning in year 2: \$70,000 (for 4 years) TOTAL OVER FIVE YEARS: \$3,594,471
6. Annual cost	Year 1: \$506,894/yr Years 2-5: \$771,894/yr
7. Cost over life of agreement**	Estimated \$3,594.471
8. Budgeted (indicate y/n)	N

Recommendation

Consider Recommendation for Board of Directors approval for the lease of an Intuitive, Da Vinci 5 Surgical Robotics System at the total cost of \$3,594,471 over a 60 month term, subject to final negotiation and legal review of contract.

Attachments

- (1) Equipment quote
- (2) Sole Source Justification



Intuitive Surgical, Inc.
1020 Kifer Road
Sunnyvale, CA 94086
800-876-1310

Quote Details

Quote ID	Q-00061978
Quote Date	10/1/2024
Valid Until	12/31/2024
Sales Rep	Mike Paris
Phone Number	+1-925-408-3763
Email	mike.paris@intusurg.com

Company Information

Hospital Name	Salinas Valley Memorial Healthcare Systems
SF ID/IDN Affiliation	10801/
Address	450 E Romie Ln
City, State, Zip	Salinas, California, 93901-4098
Contact Name	
Telephone	

Please submit orders electronically via GHX or fax to 408-523-2377

Part Number	Qty	Item	Price	Subtotal
Systems				
	1	Da Vinci 5 Single Console System (Fluorescence Imaging Included): One (1): da Vinci 5® System Console One (1) da Vinci 5® System Tower One (1) Integrated Insufflator One (1) Integrated E-200 Generator One (1) CO2 Tank Kit One (1): da Vinci 5® System Patient Cart One (1) da Vinci 5® Operating System Software Package (including Integrated table motion) Vision Equipment Accessories Training Instruments da Vinci 5 ® System Documentation	\$ 2,500,000.00	\$ 2,500,000.00
Upgrades				
	1	Intuitive Hub containing: - Media Manager - Telepresence	\$ 0.00	\$ 0.00
	1	Da Vinci E-200 Generator (Backup)	\$ 25,000.00	\$ 25,000.00
Freight				
	1	System Freight - West (AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY)	\$ 8,250.00	\$ 8,250.00
Digital Solutions				
	1	INTUITIVE HUB 101,22F+3DCC,BLACK BEZEL,NMD	\$ 0.00	\$ 0.00
Total				\$ 2,533,250.00

Part Number	Months	Item	Price	Annual Service Fee
Service				
	12	da Vinci 5-Single Console-Human Use (Systems)-SERVICE PLAN : DVCOMPLETE CARE-Warranty (Included)	\$ 0.00	\$ 0.00
	48	da Vinci 5-Single Console-Human Use (Systems)-SERVICE PLAN : DVCOMPLETE CARE-After Warranty Service (Annual)	\$ 195,000.00	\$ 195,000.00
	12	SERVICE PLAN : E-200 BACKUP-Warranty (Included)	\$ 0.00	\$ 0.00

	48	SERVICE PLAN : E-200 BACKUP-After Warranty Service (Annual)	\$ 0.00	\$ 0.00

Terms and Conditions

A. System – Legal note

1.1 Each System shipment is subject to a signed agreement which represents the entire agreement between the parties and supersedes all prior agreements, arrangements and understandings between the parties to that subject matter. It is required prior to shipment of the System(s). All site modifications and preparation are the Customer's responsibility and are to be completed with the specification given by INTUITIVE prior to the installation date. Delivery is subject to credit approval.

1.2 Invoicing and VAT for Trade-In System: According to the terms of signed agreement, the customer will issue an invoice to INTUITIVE for the trade-in system in accordance with the applicable VAT regulations.

1.3 Customer acknowledges that the cleaning and sterilization equipment, not provided by INTUITIVE, is required to appropriately reprocess da Vinci instruments and endoscopes. Please refer to the applicable versions of INTUITIVE's Reprocessing Instructions. Customer is responsible for ensuring that its' cleaning and sterilization program comply with all health and safety requirements.

B. System Upgrade – Legal note

1.1 A signed Purchase Order and/or an addendum to the existing signed system agreement according to Section A.1.1 above is required prior to shipment of the System upgrade. All site modifications and preparation are the Customer's responsibility and are to be completed with the specification given by INTUITIVE prior to the installation date.

1.2 All taxes and shipping charges are the responsibility of the Customer and will be added to the invoice, as appropriate. Apart from that, the General Terms and Conditions for the sales of instruments and accessories (see below: D.) shall apply mutatis mutandis for System Upgrades.

C. Intuitive Hub – Legal note Intuitive Hub

Intuitive recommends discussing with your IT department the customer-provided infrastructure requirements prior to purchase:

- Windows Server OS license for Web/Application server
- Microsoft MS-SQL database
- Initial storage allocation of approximately 1-2 TB per system
- Storage allocation may vary with system utilization, procedure volume, and customer-driven retention policy.

D. Instruments and Accessories - General Terms and Conditions

1. Scope

1.1 The sales of Intuitive Surgical's ("INTUITIVE") instruments and accessories (the "**Products**") to customer (the "**Customer**") (together the "**Parties**") are governed by these General Terms and Conditions of Sale (the "**GTCs**").

1.2 By placing a purchase order, Customer declares to be fully aware of the GTCs being an integral part of INTUITIVE's instruments and accessories Quote and the acceptance thereof. No terms stated by Customer in sending, accepting, confirming, or acknowledging a purchase order shall be binding upon INTUITIVE if conflicting or supplementing the terms stated herein unless accepted by INTUITIVE in writing. If a written contract is in place between INTUITIVE and Customer covering the purchase of the Products, the terms of such contract shall prevail.

1.3 The fact that INTUITIVE does not avail itself at a given time of any of the provisions of the GTCs shall not be interpreted by Customer as a waiver by INTUITIVE of its right to avail itself of any of the said terms and conditions at a later date.

2. Personal data

INTUITIVE may process the personal data of certain members of the Customer's staff in connection with the performance of this GTCs and the completion of Purchase Orders. Intuitive's privacy notice is published under: <https://www.intuitive.com/zh-tw/about-us/company/legal/privacy-policy>.

3. No adulteration or remanufacturing

3.1 Instruments and Accessories are subject to a limited license to use those Instruments and Accessories with, and prepare those Instruments and Accessories for use with, the System. Any other use is prohibited, whether before or after the Instrument or Accessory's license expiration, including repair, refurbishment, or reconditioning not approved by Intuitive, and cleaning and sterilization inconsistent with the instructions for use of the Products and/or any further documentation or guidelines provided by

INTUITIVE. This license expires once an Instrument or Accessory is used up to its maximum number of uses specified in the documentation accompanying the Instrument or Accessory. Customer is responsible for reprocessing Instruments in accordance with the instructions for use of the Products and/or any further documentation or guidelines provided by INTUITIVE.

3.2 Out of concern for patient safety, Customer will not, nor will Customer permit any third party to, modify, disassemble, reverse engineer, alter, or misuse the Products, including increasing or attempting to increase the number of lives or uses prescribed by INTUITIVE.

4. Compliance with laws and regulations

4.1 The Parties hereby undertake to strictly comply with any applicable law and regulation and in particular, any law and regulation applicable for the purpose of the purchase of the Products as well as medical devices laws and regulations.

4.2 The Parties hereby undertake to strictly comply with applicable laws, regulations, standards and codes of conduct, including the MedTech Europe Code of Ethical Business Practice, the U.S. Foreign Corrupt Practices Act ("FCPA") and AdvaMed Code of Ethics; the U.K. Bribery Act 2010; Money Laundering Control Act.

5. Severability

If any provision of these GTCs is held by a court of competent jurisdiction to be invalid, then that provision will not affect the validity of the remaining provisions, and the parties will substitute a valid provision for the invalid provision that most closely approximates the intent and economic effect of the invalid provision.

6. Governing Law

Laws of Canada.

7. Written Form

Amendments or changes to these GTCs shall only be valid if made in writing and duly signed by the Parties.

EXHIBIT A
Deliverables, Price and Delivery

da Vinci 5® Single Console System (Firefly® Fluorescence Imaging Enabled)

One (1): da Vinci 5® System Console
One (1): da Vinci 5® System Tower
 One (1): Integrated Insufflator
 One (1): Integrated E-200 Generator
 One (1): CO2 Tank Kit
One (1): da Vinci 5® System Patient Cart
One (1): da Vinci 5® Operating System Software Package (including Integrated Table Motion)
 Warranty period: One (1) year from the Acceptance

Vision Equipment:

 One (1): NIR Handheld Camera Control Unit
 One (1): NIR Handheld Camera Light Source
 One (1): NIR Handheld Camera
 Two (2): da Vinci 5® Endoscope, 0°
 Two (2): da Vinci 5® Endoscope, 30°
 Four (4): da Vinci 5® Endoscope Trays
 Warranty period: One (1) year from the Acceptance

Accessories:

 One (1): Box of 10: Tip Cover Accessory (For use with Endowrist Monopolar Curved Scissors)
 Three (3): Monopolar Cautery Cord
 Three (3): Bipolar Cautery Cord
 Eight (8): 8 mm Hex Cannula, standard
 Two (2): Box of 6: 8 mm Bladeless Obturator
 Four (4): Box of 10: Universal Seal (5-12mm)
 One (1): Box of 3: 8mm Gage Pin
 Two (2): Pack of 20: Instrument Arm Drape
 One (1): Pack of 20: Column Drape
 Three (3): 8mm Instrument Introducer
 Two (2): 12mm Stapler Cannula
 Two (2): Box of 6: Da Vinci Insufflator Tube Set - Smoke Evacuation
 One (1) NIR Handheld Camera Light Guide
 One (1): Light Guide Adapter for Schoelly and Storz endoscopes
 One (1): Laparoscope 10mm, 0°, NIR
 One (1): Laparoscope 10mm, 30°, NIR
 One (1): Laparoscope 5mm, 0°
 One (1): Laparoscope 5mm, 30°
 One (1) NIR Handheld Reprocessing Tray
 Warranty period: 90 days from Acceptance

Training Instruments

 One (1): Monopolar Curved Scissors, Training
 One (1): Force Bipolar, Training
 One (1): Large Needle Driver, Training
 One (1): Mega SutureCut Needle Driver, Training
 One (1): Cadere Forceps, Training
 Warranty period: 90 days from Acceptance

da Vinci 5® System Documentation

 One (1): da Vinci 5 System User Manual
 One (1): E-200 User Manual
 One (1): Insufflator/Tube Set User Manual
 One (1): Force Feedback User Manual
 One (1): Integrated table Motion, Quick Reference Guide: Bedside
 One (1): Integrated Table Motion, Quick Reference Guide: Anesthesia
 One (1): Reprocessing Wall Chart Kit
 One (1): Cleaning and Sterilization Kit
 One (1): US Language Kit
 One (1): Da Vinci 5 Representative Adult Uses System User Manual Addendum
 One (1): Da Vinci 5 SynchroSeal Instruments and Accessories User Manual Addendum
 One (1): SureForm 45 and SureForm 60 Instruments and Accessories User Manual Addendum

One (1): SureForm 45 and SureForm 60 Force Fire, FDA Guidance
One (1): NIR Camera System User Manual Addendum
One (1): Universal Reprocessing Hardware kit
Two (2): Endowrist Instrument Release Kit (IRK)
Warranty period: n/a

Upgrades with Incremental Costs:

One (1): Backup E-200 Kit (plus service)
Warranty period: One (1) year from the Acceptance

(all kits subject to change without notice)

Justification for Sole Source Form

To: Contract Review Committee

From: Aisha Huebener, Surgery

Type of Purchase: (Check One)

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

Total Cost \$:	Pending final contract negotiations
Vendor Name:	Intuitive Surgical Inc.
Agenda Item:	Da Vinci 5 Surgical Robotics System

Statement of Need: The recommendation for a sole-source procurement is based on an objective evaluation of the required product/service and is considered to be in the best interest of SVMHS. The proposed acquisitions through sole-source are the only options that can fulfill the district's needs. I am not aware of any conflict of interest or personal involvement in this request. No gifts, favors, or actions that could be seen as compromising have occurred. Additionally, my familiarity with any specific brands, types of equipment, materials, or companies has not influenced my decision to request a sole-source procurement, despite the existence of other potential suppliers.

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.**

☐ Existing SVMHS equipment, inventory, custom-built information system, custom built data inventory system, or similar products or programs. **Describe.**

☒ Uniqueness of the service. SVMHS now has seven specialties and eight surgeons relying on this surgical robotic system to provide their patients with the highest level of surgical care. In order to avoid delays in timely care, a second surgical robot is required.

☐ SVMHS has established a standard for this manufacturer, supplier or provider and there is only one vendor. **Describe.**

☐ 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, please **describe:**

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

Submitter Signature Aisha Huebner Date: 11/11/2024

**CORPORATE COMPLIANCE
AND AUDIT COMMITTEE**

*Minutes of the
Corporate Compliance and Audit Committee
will be distributed at the Board Meeting*

*Background information supporting the
proposed recommendations from the
Committee are included in the Board Packet*

(JUAN CABRERA)



DRAFT

Communications with the Board of Directors

Salinas Valley Memorial Healthcare System

June 30, 2024

Communications with the Board of Directors

The Board of Directors
Salinas Valley Memorial Healthcare System

We have audited the consolidated financial statements of the business-type activities and the aggregate remaining fund information of Salinas Valley Memorial Healthcare System (the "System") as of and for the year ended June 30, 2024, and have issued our report thereon dated November XX, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated January 26, 2024, we are responsible for forming and expressing an opinion about whether the consolidated financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the consolidated financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the California Code of Regulations, Title 2 Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Systems. As part of an audit conducted in accordance with the standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we considered the System's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the consolidated financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

The supplementary information was subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated January 26, 2024 and during our planning meeting with you on June 18, 2024.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the System are described in Note 2 to the consolidated financial statements. In 2024, the System adopted Governmental Accounting Standards Board ("GASB") Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. No other new accounting policies were adopted and there were no changes in the application of existing policies during 2024. We noted no transactions entered into by the System during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the consolidated financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

- Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. We evaluated the key factors and assumptions used to develop the estimated net realizable amounts and determined that it is reasonable in relation to the consolidated financial statements taken as a whole.
- The System provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible. We evaluated the key factors and assumptions used to develop the provision for uncollectible accounts and determined that it is reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the fair market values of investments in the absence of readily-determinable fair values is based on information provided by the fund managers. We have gained an understanding of management's estimate methodology and examined the documentation supporting this methodology. We evaluated the key factors and assumptions used to develop the fair market value of investments. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- The System is self-insured for workers' compensation benefits for employees. An actuarial estimate is accrued based on an expected, undiscounted estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- The System provides eligible employees with health benefits through a self-insured program. The liability for claims arising from this program is estimated based upon historical experience and trending. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.

- The useful lives of capital assets have been estimated based on the intended use and are within accounting principles generally accepted in the United States of America. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimate of the net pension liability is actuarially determined using assumptions on the long-term rate of return on pension plan assets, the discount rate used to determine the present value of benefit obligations. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimated liability for post-retirement medical benefits is actuarially determined using assumptions on the discount rate and the health care cost trend rate used to determine the present value of benefit obligations, and the rate of compensation increases. These assumptions are provided by management. We have evaluated the key factors and assumptions used to develop the estimate. We found management's basis to be reasonable in relation to the consolidated financial statements taken as a whole.
- Management's estimates of the discount rate, useful lives, lease terms related to the System's operating lease right of use assets, lease liabilities, lease receivable, and deferred inflows of resources - leases. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the System's consolidated financial statements taken as a whole.
- Management's estimates of the discount rate, useful lives, and subscription terms related to the System's subscription assets and subscription liabilities. We have gained an understanding of management's key factors and assumptions and examined the documentation supporting the estimates. We found management's basis to be reasonable in relation to the System's consolidated financial statements taken as a whole.

Actual results could differ from these estimates. In accordance with accounting principles generally accepted in the United States of America, any change in these estimates is reflected in the consolidated financial statements in the year of change.

Financial Statement Disclosures

The disclosures in the consolidated financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the consolidated financial statements were disclosures relating to significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, leases, and subscription-based information technology arrangements.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the System's consolidated financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the System's consolidated financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the California Code of Regulations, Title 2 Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Systems. There were no circumstances that affected the form and content of the auditor's report.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no corrected or uncorrected misstatements the effects of which, as determined by management, are material, both individually and in the aggregate, to the consolidated financial statements as a whole.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November XX, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the System's consolidated financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Board of Directors and management of the System, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
November XX, 2024

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upon for any purpose

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

Salinas Valley Memorial Healthcare System

June 30, 2024 and 2023

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Management's Discussion and Analysis

Salinas Valley Memorial Healthcare System

Management's Discussion and Analysis

As of and for the Years Ended June 30, 2024, 2023, and 2022

INTRODUCTION

This section of Salinas Valley Memorial Healthcare System's ("Salinas Valley Health" or "SVH") annual financial report provides an overview of SVH's financial activities as of and for the year ended June 30, 2024, with comparative financial information as of and for the years ended June 30, 2023 and 2022. Additionally, this section provides an overview of the financial activities of the Salinas Valley Memorial Healthcare District Employees Pension Plan (the "Plan" or "Fiduciary") as of and for the year ended June 30, 2024, with comparative financial information as of and for the years ended June 30, 2023 and 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS – Salinas Valley Health

General Salinas Valley Health Description

The Salinas Valley Memorial Hospital, now known as Salinas Valley Health ("SVH"), was formed in 1947 pursuant to California Health and Safety Code Section 32000 and follows Healthcare District Law. The authority and responsibility to govern SVH is vested in a five-member elected Board of Directors from zones within the Hospital District. Opened in 1953, SVH is dedicated as a memorial to those brave men and women who gave their lives in World War II to preserve our American heritage. We honor their memory by our commitment to our mission: "to provide quality healthcare to our patients and to improve the health and well-being of our community."

SVH is anchored by Salinas Valley Health Medical Center (the "Hospital"), an acute care facility licensed for 263 beds. As one of the area's largest employers, the Hospital has a staff of approximately 2,100 people and is recognized as a leader in providing nationally recognized quality care. Principal services include a comprehensive heart program providing advanced diagnostics and treatments such as those in its structural heart program, heart catheterization labs, and heart surgical suites; and orthopedic, perinatal, and oncology services. Collaboration is an important operating principle for SVH in such key areas as:

- SVH's Level III Neonatal Intensive Care Unit and Perinatal Diagnostic Center, which are operated in a joint venture with Stanford Children's Health;
- the Madison Clinic for Pediatric Diabetes, a partnership with UCSF;
- Aspire Health Plan, Monterey County's only Medicare Advantage program;
- Taylor Family Farms Health and Wellness Center (Rural Health Clinic);
- Blue Zones Project Monterey County, dedicated to building a community where people live longer and healthier lives.
- SVH includes Salinas Valley Health Clinics, a multi-location clinic expanding access to primary and specialty care. SVH includes 9 urgent care locations and a system-wide information network.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Overview of the Consolidated Financial Statements

The financial report consists of two parts – management's discussion and analysis (this section), and the consolidated financial statements together with the related notes, as mandated by certain pronouncements of the Governmental Accounting Standards Board ("GASB"). The consolidated financial statements present information about SVH's financial position and results of operations, as well as cash flows for the respective fiscal years, presented on a consolidated basis whereby the consolidated financial statements include the accounts of all affiliates owned 50% or more for which day-to-day operations are managed by SVH. The consolidated financial statements also include explanatory notes, which are an integral part of the consolidated financial statements.

Components of the Basic Consolidated Financial Statements

The consolidated statement of net position displays the assets, deferred outflows, liabilities, deferred inflows, and resulting net position of SVH as of the end of the fiscal year. Separate amounts of net position are reported for each of the classes of net position: (a) restricted – nonexpendable (expendable earnings only), (b) restricted – expendable (expendable by Board action for donor designation), (c) unrestricted net position, and (d) invested in capital assets, net of related debt. Net position classifications are based on the existence or absence of donor-imposed or other third-party restrictions.

Unrestricted net position generally results from providing or agreeing to provide healthcare services, receiving unrestricted contributions and grants, receiving income from investing in income-producing assets minus expenses incurred to provide healthcare services, providing other community benefits, and performing administrative functions. The limits on the use of unrestricted net position are broad, resulting from the California Government Code, which regulates the environment in which SVH operates, as well as limits resulting from contractual agreements with suppliers, creditors, and others in the ordinary course of business. Information about the nature and amounts of different types of restrictions are provided either by reporting the amounts in the consolidated financial statements or by including relevant details in the notes to the consolidated financial statements.

Salinas Valley Memorial Healthcare System

Financial Highlights

The following table illustrates comparable statistics (excluding newborns) for the year ended June 30, 2024, as compared to the years ended June 30, 2023 and 2022:

	Year Ended June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Admissions	11,015	11,808	10,926	(793)	882
Average daily census	117	130	118	(13)	12
Average length of stay	4	4	4	-	-
Patient days:					
Medicare	21,375	23,421	21,162	(2,046)	2,259
Managed care	7,634	8,590	8,763	(956)	(173)
Medi-Cal and CCAH	12,535	13,892	11,895	(1,357)	1,997
Other	1,208	1,435	1,241	(227)	194
Total patient days	<u>42,752</u>	<u>47,338</u>	<u>43,061</u>	<u>(4,586)</u>	<u>4,277</u>
Outpatient visits:					
Hospital outpatients	67,092	60,316	57,830	6,776	2,486
Laboratory	57,619	7,430	8,865	50,189	(1,435)
Emergency room	64,522	65,873	56,626	(1,351)	9,247
Total outpatient visits	<u>189,233</u>	<u>133,619</u>	<u>123,321</u>	<u>55,614</u>	<u>10,298</u>

As shown above, patient days decreased 9.7% during 2024, from the levels of the prior year. Outpatient visits increased 41.6% during 2024, from the levels of the prior year, with an increase in hospital outpatient visits and laboratory visits, and a decrease in emergency room patients. The increase in total outpatient visits in 2024 is largely due to laboratory visits which have increased substantially due to Salinas Valley Health Clinic lab tests being referred to Salinas Valley Health Medical Center which started in October of 2023.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Abbreviated Consolidated Statements of Net Position

The following abbreviated consolidated statements of net position compare the balances as of June 30, 2024, to that of June 30, 2023 and 2022 (in thousands):

	As of June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Current assets:					
Cash and cash equivalents	\$ 273,204	\$ 335,989	\$ 315,889	\$ (62,785)	\$ 20,100
Patient accounts receivable, net	124,912	97,434	94,115	27,478	3,319
Other	151,279	85,886	107,364	65,393	(21,478)
Total current assets	549,395	519,309	517,368	30,086	1,941
Board-designated funds	166,414	157,875	148,633	8,539	9,242
Capital assets, net	259,854	256,235	249,724	3,619	6,511
Other assets, net	197,825	143,852	115,625	53,973	28,227
Total assets	1,173,488	1,077,271	1,031,350	96,217	45,921
Deferred outflows	86,622	118,048	97,245	(31,426)	20,803
Total assets and deferred outflows	\$ 1,260,110	\$ 1,195,319	\$ 1,128,595	\$ 64,791	\$ 66,724
Current liabilities	\$ 120,498	\$ 101,993	\$ 141,390	\$ 18,505	\$ (39,397)
Noncurrent liabilities	51,124	89,839	34,881	(38,715)	54,958
Deferred inflows	72,278	66,000	81,468	6,278	(15,468)
Total liabilities and deferred inflows	243,900	257,832	257,739	(13,932)	93
Net position:					
Invested in capital assets, net	260,205	254,730	236,018	5,475	18,712
Reserved for minority interest	(6,629)	(4,705)	(4,003)	(1,924)	(702)
Restricted - expendable	4,581	5,602	5,900	(1,021)	(298)
Restricted - nonexpendable	1,268	1,205	1,131	63	74
Unrestricted	756,785	680,655	631,810	76,130	48,845
Total net position	1,016,210	937,487	870,856	78,723	66,631
Total liabilities, deferred inflows, and net position	\$ 1,260,110	\$ 1,195,319	\$ 1,128,595	\$ 64,791	\$ 66,724

Analysis – 2024 and 2023

Total current assets increased by \$30.1 million in 2024, compared to 2023, due primarily to an increase in other current assets consisting primarily of the current portion of investments in marketable securities previously held in cash savings and patient accounts receivables attributed to an increase in untimely payments from commercial payers. There are ongoing collection efforts to address this matter.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Board-designated funds increased by \$8.5 million in 2024 as compared to 2023 due to incoming transfers from the operating account. Capital assets, net, increased by \$3.6 million in 2024 as compared to 2023, due primarily to capital asset acquisitions in excess of depreciation expense incurred. Other assets increased by \$54.0 million, primarily due to an increase in long-term investments.

Current liabilities increased by \$18.5 million in 2024, primarily due to increases in accounts payable and accrued expenses partially due to timing of the last major bi-weekly check run for the fiscal year coming 13 days before year end. Noncurrent liabilities decreased by \$38.7 million in 2024, primarily due to a decrease in the net pension liability.

Analysis – 2023 and 2022

Total current assets increased by \$1.9 million in 2023, compared to 2022, due primarily to an increase in cash and cash equivalents partially offset by a decrease in short-term investments within other current assets.

Board-designated funds increased by \$9.2 million in 2023, compared to 2022, due to incoming transfers from the operating account. Capital assets, net, increased by \$6.5 million in 2023 as compared to 2022, due primarily to capital asset acquisitions in excess of depreciation expense incurred. Other assets increased by \$28.2 million, primarily due to an increase in long-term investments.

Current liabilities decreased by \$39.4 million in 2023, primarily due to recoupment in Medicare Advance Payments and release in deferred grants. Noncurrent liabilities increased by \$55.0 million in 2023, primarily due to an increase in the net pension liability.

SVH adopted GASB Statement No. 96, *Subscription-Based IT Arrangements* ("GASB No. 96"), as of July 1, 2022, applied retrospectively. SVH evaluated contracts for subscription-based information technology arrangements ("SBITAs"), and as a result, SVH recognized subscription assets of \$19.4 million and subscription liabilities of \$19.4 million on its consolidated statements of net position, that were formerly accounted for as operating expenses. The impact to beginning net position was not significant.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Abbreviated Consolidated Statements of Revenues, Expenses, and Changes in Net Position

The following abbreviated consolidated statements of revenues, expenses, and changes in net position and detail summary of net patient service revenues compare the activity for the year ended June 30, 2024, to that of the years ended June 30, 2023 and 2022 (in thousands):

	Year Ended June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Net patient service revenues	\$ 752,195	\$ 726,870	\$ 676,259	\$ 25,325	\$ 50,611
Other revenues	22,801	22,478	19,394	323	3,084
Total operating revenues	774,996	749,348	695,653	25,648	53,695
Total operating expenses	(746,544)	(721,916)	(649,641)	(24,628)	(72,275)
Operating income	28,452	27,432	46,012	1,020	(18,580)
Total nonoperating income (loss), net	50,271	39,199	(4,087)	11,072	43,286
Increase in net position	\$ 78,723	\$ 66,631	\$ 41,925	\$ 12,092	24,706

Analysis – 2024 and 2023

Operating revenues increased by 3.4% in 2024 as compared to 2023, driven primarily by net patient service revenues. Net patient service revenues in 2024 increased by \$25.3 million to \$752.2 million from \$726.9 million in 2023. Management attributes the change in net patient service revenues to a return to normalized Hospital operations during 2024 including growth in outpatient volumes.

Operating expenses increased in 2024 by approximately \$24.6 million or 3.4% over 2023 primarily from increases in supplies and medical fees required for services to increased patient volumes. Operating income in 2024 increased by \$1.0 million to \$28.4 million from \$27.4 million for 2023.

Nonoperating income, net, for 2024 was \$50.3 million as compared to \$39.2 million in 2023. An increase in investment income on newly acquired marketable securities drove the change in nonoperating income for 2024 compared to 2023. Increase in net position as a percentage of total operating revenues was 10.2% for 2024, compared to 8.9% for 2023.

Analysis – 2023 and 2022

Operating revenues increased by 7.7% in 2023 as compared to 2022, driven primarily by net patient service revenues. Net patient service revenues in 2023 increased by \$50.6 million to \$726.8 million from \$676.2 million in 2022. Management attributes the change in net patient service revenues to a return to normalized Hospital operations during 2023 including growth in inpatient and outpatient volumes.

Operating expenses increased in 2023 by approximately \$72.3 million or 11.1% over 2022, primarily from increases in salaries, wages, and benefits at the Hospital. Operating income for 2023 decreased by \$18.6 million to \$27.4 million from \$46.0 million for 2022.

Salinas Valley Memorial Healthcare System

Management's Discussion and Analysis

As of and for the Years Ended June 30, 2024, 2023, and 2022

Nonoperating income, net, for 2023 was \$39.2 million as compared to a nonoperating loss, net of \$4.1 million in 2022. An increase in investment income caused by improved market conditions following the COVID pandemic drove the change in nonoperating income for 2023 compared to 2022. Increase in net position as a percentage of total operating revenues was 8.9% for 2023, compared to 6.0% for 2022.

Net Patient Service Revenues

Net patient service revenues by funding source for 2024, 2023, and 2022 (in thousands) were as follows:

	Year Ended June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Payor:					
Hospital operations:					
Medicare	\$ 172,162	\$ 174,595	\$ 135,237	\$ (2,433)	\$ 39,358
Managed care	333,913	322,294	320,067	11,619	2,227
Medi-Cal and CCAH	108,042	104,474	79,771	3,568	24,703
Other	26,664	23,916	43,244	2,748	(19,328)
Consolidated subsidiaries	111,414	101,591	97,940	9,823	3,651
Total net patient service revenues	<u>\$ 752,195</u>	<u>\$ 726,870</u>	<u>\$ 676,259</u>	<u>\$ 25,325</u>	<u>\$ 50,611</u>

Net patient service revenues increased by 3.5% in 2024, compared to 2023. Net patient service revenues increased by 7.5% in 2023, as compared to 2022.

Liquidity and Other Key Ratios

Following is a table showing liquidity and other key ratios for the fiscal year ended June 30, 2024, as compared to June 30, 2023 and 2022:

	Year Ended June 30,		
	2024	2023	2022
Liquidity ratios:			
Current ratio	4.6	5.1	3.7
Days of revenue in patient accounts receivable	60.6	48.9	50.8
Margins:			
Operating income to total operating revenues	3.7%	3.7%	6.6%
Increase in net position (net income)			
to total operating revenues	10.2%	8.9%	6.0%
Return on total net position	7.7%	7.1%	4.8%

SVH's current ratio (ratio of current assets to current liabilities) decreased from 2023 to 2024, while it increased substantially year over year from 2022 and 2023. The decrease in the current ratio in 2024 was attributed to purchase of investments in securities funded by cash previously held in bank savings.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Other Operational Information

Significant operational issues impacting SVH in the near and long term include the following:

Physician Recruitment

Anticipated physician retirement and the growth of the local community have caused SVH to continue its emphasis on physician recruitment in 2024, which will be a continuing issue for SVH in the next several years. In order to keep the facility in the forefront of medical excellence, SVH has adopted a recruitment program to attract physicians in various specialties to the area.

As financial pressures continue to impact SVH and all other healthcare providers in California and the rest of the country, we look for additional investment opportunities in healthcare operations and facilities to supplement and enhance our programs. Through this strategy we are continuing to augment our core activity with partnerships and other forms of alliances with physicians (within the constraints of the law), to continue to have the necessary resources to provide the local community with state-of-the-art healthcare facilities.

Management Focus

It is the mission of Salinas Valley Health to provide quality healthcare to our patients and to improve the health and well-being of our community. Our vision is to be a center of excellence where an inspired team delivers compassionate and culturally sensitive care, outstanding quality, and an exceptional patient experience.

To carry out this mission and vision, we must have the best professionals, personnel, state-of-the-art equipment, facilities, services, supplies, and infrastructure. We focus on the following:

- Investing only in resources and services that enhance or supplement our core mission.
- Managing our resources by utilizing measurable objectives that tie to our core mission and holding management accountable for continuing performance improvements.

Federal and State Net Revenue Estimates

Entities doing business with governmental payors, including Medicare and Medicaid (Medi-Cal in California), are subject to risks unique to the government-contracting environment that are difficult to anticipate and quantify. Revenues are subject to adjustment as a result of examination by government agencies as well as auditors, contractors, and intermediaries retained by the federal, state, or local governments (collectively, "Government Agents"). Resolution of such audits or reviews often extends (and in some cases does not even commence until) several years beyond the year in which services were rendered and/or fees received.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Moreover, different Government Agents frequently interpret government regulations and other requirements differently. For example, Government Agents might disagree on a patient's principal medical diagnosis, the appropriate code for a clinical procedure, or many other matters. Such disagreements might have a significant effect on the ultimate payout due from the government to fully recoup sums already paid. Governmental agencies may make changes in program interpretations, requirements, or "conditions of participation," some of which may have implications for amounts previously estimated. In addition to varying interpretation and evolving codification of the regulations, standards of supporting documentation and required data are subject to wide variation.

In accordance with generally accepted accounting principles, to account for the uncertainty around Medicare and Medicaid revenues, SVH estimates the amount of revenue that will ultimately be received under the Medicare and Medi-Cal programs.

California Intergovernmental Transfers Received

Section 14164 of the California Welfare & Institutions Code provides for transfers between participating hospitals and the State Department of Healthcare Services to be used as a portion of the nonfederal share of providing services to Medi-Cal recipients. SVH received \$23.8 million, \$9.7 million, and \$7.9 million net funding under this program in the years ended June 30, 2024, 2023, and 2022, respectively.

Charity Care and Community Funding

SVH delivered charity care, community benefits, and unreimbursed patient care totaling \$155 million, \$160 million, and \$132 million in the years ended June 30, 2024, 2023, and 2022, respectively. SVH has made additional investments in the community, in alignment with our Community Health Needs Assessment (CHNA), develop collaborative community partnerships that create a lasting impact on the well-being of our community by optimizing the environment in which people live, work, learn, and play.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by SVH, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events, or developments that SVH expects or anticipates will or may occur in the future, contain forward-looking information.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS – FIDUCIARY

Overview

The Salinas Valley Memorial Healthcare District Employees Pension Plan (the "Plan") was established in November 1966 by the Salinas Valley Memorial Healthcare District (now known as Salinas Valley Health or SVH) and has been amended from time to time since that date, as further described below. The Plan provides retirement, disability, and death benefits to permanent employees of SVH with union representation based on the employee's years of service, age, and annual compensation during covered employment.

General Plan Description

The Plan was amended effective January 1, 2004, to provide that the benefit formula be equal to 2.45% of the participant's earnings in a plan year. The benefit formula was previously 2.25% of the participant's earnings in a plan year (for plan years 2000 through 2003).

Participation in the Plan was frozen effective March 31, 2011, for nonunion employees. These employees are entitled to benefits earned before that date but do not accrue further benefits under the Plan.

The Plan was amended effective January 1, 2013, to comply with the applicable provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). These provisions include limitations on pensionable compensation and retirement benefits and contribution provisions, including the establishment of participant contributions, for new participants who are hired on or after January 1, 2013, and meet the eligibility and vesting requirements of the Plan.

The Plan was amended and restated effective January 1, 2016, to update the Plan for legislative changes according to PEPRA and to remove the three-year service requirement to participate in the Plan for eligible employees.

The Plan's policies allow investments consisting of fixed income and equity marketable securities, and money market funds. The Plan's investments are held in a portfolio of registered investment companies ("mutual funds"). Benefit payments to members and beneficiaries continue to increase each year due to the increased number of retirees and beneficiaries receiving benefits.

Plan documents contain a more detailed description of the Plan's provisions and should be referred to for a more complete understanding of the terms of the Plan. Copies of the appropriate documents are available through the administrative offices of SVH.

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Overview of the Basic Fiduciary Financial Statements - Salinas Valley Memorial Healthcare District Employees Pension Plan

The basic fiduciary financial statements present information about the Plan's fiduciary net position and changes in its fiduciary net position. The basic fiduciary financial statements also include notes to explain some of the information in the fiduciary financial statements and to provide more details. The notes are followed by a section of required supplementary information that displays additional detail information not in the basic fiduciary financial statements, but which is required by the pronouncements of the GASB and relate to funding progress and required contributions. The statement of fiduciary net position displays the assets (at fair value), liabilities, and resulting net position of the Plan as of the end of the fiscal year. The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid.

Financial Analysis of the Plan

Total contributions have either matched or exceeded the actuarially determined contribution amounts since 2015, due to decisions made by the SVH's Board of Directors to fund the Plan at amounts equal or above actuarially determined contributions.

Abbreviated Fiduciary Financial Statements - Salinas Valley Memorial Healthcare District Employees Pension Plan

The following are abbreviated statements of fiduciary net position as of June 30, 2024, 2023, and 2022 (in thousands):

	As of June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Cash and investments	\$ 459,539	\$ 403,720	\$ 442,375	\$ 55,819	\$ (38,655)
Net position held in trust for pension benefits	\$ 459,539	\$ 403,720	\$ 442,375	\$ 55,819	\$ (38,655)

The following are abbreviated statements of changes in fiduciary net position as of June 30, 2024, 2023, and 2022 (in thousands):

	Year Ended June 30,			Change	
	2024	2023	2022	2024/2023	2023/2022
Investment income (loss), net	\$ 62,101	\$ (83,746)	\$ 47,033	\$ 145,847	\$ (130,779)
Employer contributions	11,270	61,579	23,127	(50,309)	38,452
Member contributions	2,506	2,578	2,673	(72)	(95)
Benefit payments to members and beneficiaries	(19,961)	(18,961)	(16,352)	(1,000)	(2,609)
Administrative expenses	(97)	(105)	(112)	8	7
Net change in fiduciary net position	\$ 55,819	\$ (38,655)	\$ 56,369	\$ 94,474	\$ (95,024)

Salinas Valley Memorial Healthcare System
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2024, 2023, and 2022

Analysis – 2024 and 2023

During 2024, the net position held in trust for pension benefits increased by approximately 13.8%, compared to 2023. Employer contributions were \$11.3 million in 2024 compared to \$61.6 million in 2023. Benefit payments were \$20.0 million in 2024 compared to \$19.0 million in 2023. Net investment income was \$62.1 million in 2024 compared to net investment loss of \$83.7 million in 2023.

Analysis – 2023 and 2022

During 2023, the net position held in trust for pension benefits decreased by approximately 8.7%, compared to 2022. Employer contributions were \$61.6 million in 2023 compared to \$23.1 million in 2022. Benefit payments were \$19.0 million in 2023 compared to \$16.4 million in 2021. Net investment income was \$83.7 million in 2023 compared to \$47.0 million in 2022.

Report of Independent Auditors

The Board of Directors
Salinas Valley Memorial Healthcare System

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of the business-type activities and the aggregate remaining fund information of Salinas Valley Memorial Healthcare System (the "System") as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the System's consolidated financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the System as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Systems. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 1 to 12 and supplemental pension and post-retirement benefit information on page 63 be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not a part of the consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements that collectively comprise the System's consolidated financial statements. The consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position on pages 58 to 60 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statement of net position and consolidating statement of revenues, expenses, and changes in net position are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The accompanying supplemental schedule of community benefit on page 61 has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

San Francisco, California
November XX, 2024

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upon for any purpose

Consolidated Financial Statements

DRAFT

Salinas Valley Memorial Healthcare System
Consolidated Statements of Net Position
June 30, 2024 and 2023
(in Thousands)

	2024	2023
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 273,204	\$ 335,989
Patient accounts receivable, net of estimated uncollectibles of \$55,096 and \$27,288 at June 30, 2024 and 2023, respectively	124,912	97,434
Short-term investments	127,818	62,285
Supplies inventory	7,763	8,171
Lease receivable, current portion	785	1,267
Other current assets	14,913	14,163
Total current assets	549,395	519,309
BOARD-DESIGNATED FUNDS	166,414	157,875
CAPITAL ASSETS		
Nondepreciable	44,528	60,067
Depreciable, net	215,326	196,168
Total capital assets, net	259,854	256,235
OTHER ASSETS		
Right-of-use assets, net of amortization	14,000	13,922
Subscription assets, net of amortization	10,207	10,755
Lease receivable, net of current portion	467	1,169
Long-term investments	156,598	102,498
Investments in affiliates	14,987	14,067
Other long-term assets	1,566	1,441
Total other assets	197,825	143,852
Total assets	1,173,488	1,077,271
DEFERRED OUTFLOWS - ACTUARIAL	85,734	116,911
DEFERRED OUTFLOWS - GOODWILL	888	1,137
Total deferred outflows	86,622	118,048
Total assets and deferred outflows	\$ 1,260,110	\$ 1,195,319

See accompanying notes.

Salinas Valley Memorial Healthcare System
Consolidated Statements of Net Position (Continued)
June 30, 2024 and 2023
(in Thousands)

	2024	2023
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Notes payable, current portion	\$ 104	\$ 101
Accounts payable	20,037	11,788
Accrued expenses	70,179	63,545
Estimated third-party payor settlements	3,689	5,404
Lease liabilities, current portion	4,336	3,650
Subscription liabilities, current portion	4,228	4,631
Self-insurance liabilities, current portion	17,925	12,874
Total current liabilities	120,498	101,993
NET PENSION LIABILITY	19,697	55,011
NET POST-RETIREMENT MEDICAL BENEFITS LIABILITY	4,160	4,001
NOTES PAYABLE, net of current portion	548	654
LEASE LIABILITIES, net of current portion	11,179	11,431
SUBSCRIPTION LIABILITIES, net of current portion	3,461	5,715
SELF-INSURANCE LIABILITIES, net of current portion	12,079	13,027
Total liabilities	171,622	191,832
DEFERRED INFLOWS - ACTUARIAL	71,166	63,781
DEFERRED INFLOWS - LEASES	1,112	2,219
Total deferred inflows	72,278	66,000
Total liabilities and deferred inflows	243,900	257,832
NET POSITION		
Invested in capital assets, net of related debt	260,205	254,730
Reserved for minority interest	(6,629)	(4,705)
Restricted - expendable	4,581	5,602
Restricted - nonexpendable	1,268	1,205
Unrestricted	756,785	680,655
Total net position	1,016,210	937,487
Total liabilities, deferred inflows, and net position	\$ 1,260,110	\$ 1,195,319

See accompanying notes.

Salinas Valley Memorial Healthcare System
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023
(in Thousands)

	2024	2023
OPERATING REVENUES		
Net patient service revenues	\$ 752,195	\$ 726,870
Other revenues	22,801	22,478
Total operating revenues	774,996	749,348
OPERATING EXPENSES		
Salaries and wages	238,285	233,119
Compensated absences	40,407	37,885
Employee benefits	107,065	112,372
Supplies	101,259	90,793
Purchased services	64,825	60,878
Medical fees	85,854	74,168
Other fees	44,191	49,074
Depreciation and amortization	36,263	35,844
Other expenses	28,395	27,783
Total operating expenses	746,544	721,916
Operating income	28,452	27,432
NONOPERATING REVENUES AND EXPENSES		
Grants and contributions	3,753	20,467
Property tax revenue	5,680	5,721
Investment income, net	39,603	19,282
Provision for credit losses	(5,447)	(5,914)
Gain (loss) on disposal of capital assets	157	(1,042)
Income from investments in affiliates	2,422	2,171
Other	2,374	(2,023)
Nonoperating income, net	48,542	38,662
INCOME BEFORE MINORITY INTEREST	76,994	66,094
MINORITY INTEREST IN INCOME OF CONSOLIDATED AFFILIATES	1,729	537
INCREASE IN NET POSITION	78,723	66,631
NET POSITION, beginning of year	937,487	870,856
NET POSITION, end of year	<u>\$ 1,016,210</u>	<u>\$ 937,487</u>

See accompanying notes.

Salinas Valley Memorial Healthcare System
Consolidated Statements of Cash Flows
Years Ended June 30, 2024 and 2023
(in Thousands)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from patients and third-party payors	\$ 681,638	\$ 676,191
Cash paid to employees for services	(378,918)	(384,270)
Cash paid to suppliers for goods and services	(267,031)	(270,582)
Other receipts from operations	22,801	22,478
Net cash provided by operating activities	58,490	43,817
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from property taxes levied by the County	5,680	5,721
Grants and donations received	3,753	20,467
Net cash provided by noncapital financing activities	9,433	26,188
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(31,819)	(35,346)
Proceeds from sale of capital assets	1,762	352
Proceeds from lease receivable	1,184	21
Payments on lease liabilities	(5,735)	(2,572)
Payments on subscription liabilities	(7,743)	(5,906)
Purchase of subscription assets	-	(360)
Principal payments on notes payable	(103)	(100)
Net cash used in capital and related financing activities	(42,454)	(43,911)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(645,243)	(99,886)
Proceeds from sales of investments	565,213	110,206
Changes in board designated funds	(8,539)	(9,242)
Other nonoperating distribution	(1,711)	(9,110)
Distribution from minority interest in affiliates, net	2,026	2,038
Net cash used in investing activities	(88,254)	(5,994)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(62,785)	20,100
CASH AND CASH EQUIVALENTS, beginning of year	335,989	315,889
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 273,204</u>	<u>\$ 335,989</u>

See accompanying notes.

Salinas Valley Memorial Healthcare System
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023
(in Thousands)

	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 28,452	\$ 27,432
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	36,263	35,844
Provision for doubtful accounts	41,364	47,598
Net loss on disposal of capital and subscription assets	306	1,042
Changes in operating assets and liabilities:		
Patient accounts receivable, net	(68,842)	(50,917)
Supplies and other assets	(467)	3,236
Net pension liability	(35,314)	56,901
Deferred grants	-	(12,237)
Deferred outflows	31,426	(20,803)
Deferred inflows	6,278	(15,468)
Accounts payable and accrued expenses	14,883	(7,174)
Advance payments - Medicare	-	(21,045)
Self-insurance liabilities	4,262	(1,505)
Estimated third-party payor settlements	(1,715)	238
Right-of-use assets/lease liabilities	1,594	(143)
Subscription liabilities/assets	-	818
Net cash provided by operating activities	<u>\$ 58,490</u>	<u>\$ 43,817</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Noncash acquisition of ROU assets	<u>\$ 4,575</u>	<u>\$ 10,176</u>
Noncash acquisition of subscription assets	<u>\$ 5,086</u>	<u>\$ -</u>

See accompanying notes.

Salinas Valley Memorial Healthcare System
Employees' Pension Plan – Statements of Fiduciary Net Position
June 30, 2024 and 2023
(in Thousands)

	<u>2024</u>	<u>2023</u>
ASSETS		
Investments, at fair value:		
Mutual funds	\$ 459,539	\$ 403,720
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u>\$ 459,539</u>	<u>\$ 403,720</u>

See accompanying notes.

Salinas Valley Memorial Healthcare System
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2024 and 2023
(in Thousands)

	2024	2023
ADDITIONS		
Investment income:		
Net appreciation (depreciation) in fair value of investments	\$ 50,748	\$ (93,981)
Dividends	11,353	10,235
Net investment income (loss)	62,101	(83,746)
Contributions:		
Employer	11,270	61,579
Members	2,506	2,578
Total contributions	13,776	64,157
Total additions (reductions)	75,877	(19,589)
DEDUCTIONS		
Benefit payments	19,962	18,961
Administrative expenses	96	105
Total deductions	20,058	19,066
NET CHANGE IN NET POSITION	55,819	(38,655)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Beginning of the year	403,720	442,375
End of the year	\$ 459,539	\$ 403,720

See accompanying notes.

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Note 1 – Organization

The Salinas Valley Memorial Healthcare System (“Salinas Valley Health” or “SVH”) is a special district created in 1947, administered by a Board of Directors elected by the registered voters of the Hospital District (the “District”). SVH is a political subdivision of the State of California and operates the Salinas Valley Memorial Hospital (“Salinas Valley Health Medical Center” or “SVHMC” or the “Hospital”) and Subsidiaries.

The consolidated SVH includes an 85% interest in a partnership, Central Coast Medical Service Organization (“CCMSO”), an outpatient medical clinic organization; 100% of Salinas Valley Memorial Hospital Foundation (the “Foundation”), which is authorized to solicit contributions on the Hospital’s behalf; 100% of Salinas Valley Health Clinics (“SVHC”), a multi-specialty physician practice; and 50% of a joint venture with Lucille Packard Children’s Hospital to operate the Neonatal Intensive Care Unit in the Hospital (“SVMH-LPCH NICU JV”).

Fiduciary plan description – The Plan is a single-employer noncontributory employee retirement system established by SVH. SVH is a political subdivision that was organized under the provisions of the Health and Safety Code of the State of California. Permanent employees of SVH with union representation are eligible to participate in the Plan upon the later of their employment commencement date or reaching the age of 21.

The Plan provides retirement, disability, and death benefits based on the employee’s years of service, age, and annual compensation during covered employment. Plan provisions and all other requirements are established by SVH’s five-member Board of Directors (the “Board”), which has been elected by the registered voters of the District.

Effective March 31, 2011, participation of nonunion employees in the Plan was frozen. Nonunion employees are entitled to benefits earned before March 31, 2011, but do not accrue further benefits under the Plan.

Effective January 1, 2013, the Plan was amended to adopt the applicable provisions of the California Public Employees’ Pension Reform Act of 2013 (“PEPRA”).

The following description of Salinas Valley Memorial Healthcare District Employees Pension Plan (the “Plan”) provides only general information. Participants should refer to the plan document for a more complete description of the Plan’s provisions.

Note 2 – Summary of Significant Accounting Policies

Principles of consolidation – The consolidated financial statements include the accounts of SVHMC and all subsidiaries that are controlled and owned more than 50% for which day-to-day operations are managed by SVH. All intercompany accounts and transactions are eliminated upon consolidation. Investments for which SVH has 50% or less ownership and over which SVH does not have control are recorded using the equity method. Minority interest represents the proportionate share of the equity in affiliates that is attributable to the minority owners.

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Acquired businesses are included in the consolidated financial statements from the date of acquisition.

Basis of accounting – The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (“GASB”) using the “economic resources measurement focus”; the accrual basis of accounting; the California Code of Regulations, Title 2, Section 1131, State Controller’s *Minimum Audit Requirements* for California Special Districts; and the State Controller’s Office prescribed reporting guidelines. In addition, these statements follow generally accepted accounting principles applicable to the healthcare industry, which are included in the American Institute of Certified Public Accountants’ *Audit and Accounting Guide, Healthcare Entities*, to the extent that these principles do not contradict GASB standards.

SVH utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and financial statements are prepared using the economic resources measurement focus.

New accounting pronouncements – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. It defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity. This statement requires that (1) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (2) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (3) changes in accounting estimates be reported prospectively by recognizing the change in the current period. SVH adopted this standard in the current fiscal year. The adoption did not result in a material impact to the SVH’s consolidated financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The statement updates the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used, and (2) leave that has been used but not yet paid, provided the services have occurred, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or noncash means. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. The statement amends the existing requirements to disclose only the net change in the liability instead of the gross additions and deductions to the liability. This statement is effective for fiscal years beginning after December 15, 2023. SVH is currently evaluating the potential impact of this statement on its consolidated financial statements.

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In January 2024, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The purpose of the statement is to inform users of financial statements about risks associated with specific concentrations or constraints that the user might assess as making the government subject to certain vulnerabilities to loss. Concentrations and constraints may limit a government's ability to acquire resources or control spending. The statement defines a concentration as a lack of diversity related to a significant inflow or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This statement is effective for fiscal years beginning after June 15, 2024. SVH is currently assessing the potential impact of this statement on its consolidated financial statements.

In May 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which enhances the effectiveness of financial reporting models for governments. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This statement is effective for fiscal years beginning after June 15, 2025. SVH is currently assessing the potential impact of this statement on its consolidated financial statements.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. The most significant estimates relate to patient accounts receivable allowances, amounts due to third-party payors, self-insurance liabilities, and employee benefit costs including pension. Actual results could differ from those estimates.

Fair value of financial instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities that represents financial instruments approximates their carrying values. SVH's policy is to recognize transfers in and transfers out of Levels 1, 2, and 3 as of the end of the reporting period. See Note 5 for further discussion of fair value measurements in the consolidated financial statements.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an initial maturity of three months or less, excluding amounts whose use is limited by Board designation or other arrangements. Cash and cash equivalents also include investments in the Local Agency Investment Fund ("LAIF"), the State Treasurer's pooled investment program, and values participants' shares on an amortized cost basis.

Supplies inventory – Supply inventories are valued at the lower of cost (first-in, first-out method) or market.

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Lease receivable – SVH's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, SVH may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized using the effective-interest method over the term of each lease.

Investments – U.S. Treasury securities, federal agency debt securities, corporate notes, and equity securities, which are reported as board-designated funds and investments, are carried at fair value based on published market values, as quoted on a recognized exchange or an industry standard pricing service. Short-term investments in commercial paper, certificates of deposit, and money market accounts are recorded at amortized cost, which approximates market value. Mutual funds are carried at fair value based on the fund's current share price. These investments are subject to various risks, such as interest rate, market, and credit risks.

Investment transactions are recorded on the date the investments are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the cost of the investment sold.

Board-designated funds – Board-designated funds include assets set aside by the Board of Directors for future capital improvements or for certain contingencies, over which the Board retains control and may at its discretion subsequently use for other purposes, and assets held by trustees under agreements with third parties.

Capital assets – Capital asset acquisitions are recorded at cost. Capital assets donated for SVH operations are recorded at fair value at the date of receipt. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed on the straight-line method. Equipment under capital lease is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. SVH capitalizes all purchases of computers and copiers over \$1 thousand, general acquisitions over \$2 thousand, and group purchases over \$10 thousand. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Land improvements	20 to 40 years
Buildings and improvements	20 to 40 years
Moveable equipment	3 to 20 years

Upon disposition or retirement of capital assets, the undepreciated cost basis less proceeds from sale, if any, are reflected in nonoperating gains and losses in the period of disposition.

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Notes to Consolidated Financial Statements

SVH evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Impairment losses on capital assets are measured using the method that best reflects the diminished service utility of the capital asset. Management evaluates prominent events or changes in circumstances to determine whether an impairment loss should be recognized. There were no impairment losses during the years ended June 30, 2024 and 2023.

Right-of-use assets – SVH has recorded right-of-use assets in accordance with GASB Statement No. 87, *Leases* (“GASB No. 87”). The right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability, plus any lease payments made prior to the lease term and ancillary charges necessary to place the lease into service, less any lease incentives received. The right-of-use assets are amortized on a straight-line basis over the life of the related lease. See Note 13 for further discussion of right-of-use assets.

Subscription assets – SVH has recorded subscription assets in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB No. 96”). The subscription assets are initially measured at an amount equal to the initial measurement of the sum of the related subscription liability, any contract payments made to the subscription-based IT arrangement (“SBITA”) vendor at subscription term commencement, and any capitalizable initial implementation costs, less any incentive payments received from the vendor at the subscription term commencement. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets. See Note 14 for further discussion of subscription assets.

Deferred outflows and inflows – SVH records deferred outflows or inflows of resources in its consolidated financial statements for consumption or acquisition of its consolidated net position that is applicable to future reporting periods. These consolidated financial statement elements are distinct from assets and liabilities. The table below reflects the components of deferred outflows and inflows as of June 30, in thousands:

	2024	2023
Deferred outflows - actuarial:		
Pension	\$ 84,902	\$ 116,122
Post-retirement medical plans	832	789
Total deferred outflows - actuarial	85,734	116,911
Deferred outflows - goodwill	888	1,137
Total deferred outflows	<u>\$ 86,622</u>	<u>\$ 118,048</u>
Deferred inflows - actuarial:		
Pension	\$ 69,533	\$ 62,029
Post-retirement medical plans	1,633	1,752
Total deferred inflows - actuarial	71,166	63,781
Deferred inflows - leases	1,112	2,219
Total deferred inflows	<u>\$ 72,278</u>	<u>\$ 66,000</u>

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Lease liabilities – SVH recognizes lease contracts or equivalents that have a term exceeding one year and the cumulative undiscounted future payments on the contract exceeding \$50 thousand that meet the definition of an other-than-short-term lease. Lease liabilities are recorded as the present value of the undiscounted future lease payments. SVH uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using SVH's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments for leases with an original term of one year or less are expensed as incurred. See Note 13 for further discussion of lease liabilities.

Subscription liabilities – SVH has recorded subscription liabilities in accordance with GASB No. 96. SVH recognizes SBITA contracts or equivalents that have a term exceeding one year and the cumulative future payments on the contract exceeding \$50 thousand that meet the definition of an other-than-short-term SBITA. Subscription liabilities are initially measured at an amount equal to the present value of the undiscounted future payments under the SBITA. SVH uses a discount rate that is explicitly stated or implicit in the contract to determine the value of the subscription liability. When a readily determinable discount rate is not available, the discount rate is determined using SVH's incremental borrowing rate at start of the subscription term for a similar asset type and term length to the contract. As variable payments based upon the use of the underlying subscription asset are not fixed in nature, such amounts are excluded from subscription liabilities. Short-term subscription payments with an original subscription term of one year or less are expensed as incurred. See Note 14 for further discussion of subscription liabilities.

Risk management – SVH is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health and accident benefits; and medical malpractice. SVH utilizes both commercial insurance and self-insurance for claims arising from such matters. SVH is self-insured for workers' compensation claims, professional liability, and health benefits. Settled claims have not exceeded SVH's policy limits in any of the past three fiscal years.

Self-insurance plans – SVH is self-insured for workers' compensation benefits for employees. An actuarial estimate is accrued based on an expected, undiscounted estimate as of June 30, 2024 and 2023.

SVH is a member of and participates in a professional liability self-insurance program through BETA Healthcare Group ("BETA"), a joint powers authority whose members include district and private not-for-profit hospitals and county facilities in California. Amounts paid by each member to BETA represent actuarially determined assessments of claims payable and estimated incurred-but-not-reported claims that are adjusted periodically based on the claims experience for each member at each hospital. Claims in excess of specified amounts are the responsibility of individual program participants.

SVH provides eligible employees with health benefits through a self-insured program. The liability for claims arising from this program is estimated based upon historical experience and trending information.

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Net position – Net position is required to be classified for accounting and reporting purposes in the following categories:

- *Invested in capital assets, net of related debt* – Capital assets, net of accumulated depreciation, subscription assets and right of use assets, net, reduced by outstanding principal balances of debt (including subscription and lease liabilities) attributable to the acquisition, construction, or improvement of those assets.
- *Reserved for minority interest* – Net position of legally separate organization attributable to other participants.
- *Restricted* – SVH classifies net position resulting from transactions with purpose restrictions as restricted net assets until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact.
 - *Expendable* – Net position whose use by SVH is subject to externally imposed restrictions that can be fulfilled by actions of SVH pursuant to those restrictions or that expire by the passage of time.
 - *Nonexpendable* – Net position that includes donor restricted requirements to invest the principal portion in perpetuity.
- *Unrestricted* – Net position that is neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by management or the Board of Directors.

Statements of revenues, expenses, and changes in net position – For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses. Peripheral or incidental transactions, including investment income, interest expense, and gains or losses on the disposal of capital assets, are reported as nonoperating income and expense.

Net patient service revenues – Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors including Medicare and Medi-Cal, and others for services rendered, including estimated retroactive audit adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Laws and regulations governing the Medicare and Medi-Cal programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term.

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Grants and contributions – On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. The Centers for Medicare & Medicaid Services (“CMS”) distributed \$50 billion of the \$100 billion in the form of grants to hospitals. For the year ended June 30, 2022, SVH received approximately \$12.2 million of provider relief funds. SVH did not receive additional funds in the fiscal years ended June 30, 2024 and 2023. SVH recognized \$0 and \$12.2 million for the fiscal years ended June 30, 2024 and 2023, respectively, included as grants and contributions in the consolidated statement of revenues, expenses, and changes in net position. SVH submitted reports documenting lost revenue and expenses incurred to support the grant funds, among other terms and conditions for the year ended June 30, 2023.

Separately, CMS initiated an Accelerated Payment Program (“Medicare Accelerated Payments”) to hospitals. The Medicare Accelerated Payments represent advance payments for services to be provided and were based on a hospital’s historical Medicare volume. In April 2020, SVH received approximately \$66 million in Medicare Accelerated Payments. CMS began recoupment of these payments in April 2021 and continued to recoup the accelerated payments from billings for services rendered until they were fully repaid. During the year ended June 30, 2024 and 2023, the remaining outstanding amount of \$21.0 million was fully recouped.

For the years ended June 30, 2024 and 2023, SVH was obligated and received approximately \$254,000 and \$5,643,000, respectively, in Disaster Relief Funds from the Federal Emergency Management Agency and has recognized this in grant and contribution revenue in the consolidated statements of revenues, expenses and changes in net position.

Charity care – SVH provides care without charge or at less than its established rates to patients who meet certain criteria under its charity care policy. Because SVH does not pursue collection of amounts determined to qualify as charity care, such amounts are not included in net patient service revenues. Cost of services rendered to patients who qualified for financial assistance under SVH’s charity care policy, calculated using the cost-to-charge ratio, totaled \$1.4 million and \$1.5 million for the years ended June 30, 2024 and 2023, respectively.

Property taxes – SVH, as part of a California special district, receives property taxes that are assessed by Monterey County. Such amounts are recorded within nonoperating income in the consolidated statements of revenues, expenses, and changes in net position.

Aspire Health Plan – SVH provided funding to Aspire Health Plan, a California nonprofit mutual benefit corporation that operates a Medicare Advantage plan, in exchange for a 49% membership voting interest. Initial funding of \$1.5 million was reported as other long-term assets in the consolidated statement of net position as of June 30, 2017. Additional funding of \$5.8 million and \$6.4 million was included within nonoperating expenses in the consolidated statements of revenue, expense, and changes in net position, for the years ended June 30, 2024 and 2023, respectively, due to the uncertain nature of repayments of ongoing funding.

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Notes to Consolidated Financial Statements

Concentration of credit risk – SVH is highly dependent upon government programs and nongovernmental third-party payors for its revenues. Net patient service revenue from Medicare amounted to 23% and 24% and negotiated third-party payors amounted to 44% and 44% of total net patient service revenues for the years ended June 30, 2024 and 2023, respectively. Significant concentrations of net patient accounts receivable include Medicare at 13% and 14% and negotiated third-party payors at 71% and 67% at June 30, 2024 and 2023, respectively.

Income taxes – SVH, being a governmental entity, is therefore tax-exempt. All of its consolidated subsidiaries are either not-for-profit corporations or partnerships and are, therefore, not subject to income taxes.

Reclassifications – Certain reclassifications of prior years' balances have been made to conform with the current year presentations. Such reclassifications did not affect the total increase in net position or total current or long-term assets or liabilities.

Note 3 – Net Patient Service Revenues

Net patient service revenues for the years ended June 30 consisted of the following, in thousands:

	2024	2023
Gross patient service revenues:		
Routine inpatient services	\$ 439,283	\$ 448,297
Ancillary services	2,198,393	2,017,083
Outpatient services	580,622	553,109
Total gross patient service revenues	<u>3,218,298</u>	<u>3,018,489</u>
Deductions from gross patient service revenues:		
Contractual allowance for statutory and negotiated rates	(2,417,329)	(2,236,297)
Provision for doubtful accounts	(41,364)	(47,598)
Charity care	(7,410)	(7,724)
Net patient service revenues	<u>\$ 752,195</u>	<u>\$ 726,870</u>

SVHMC has agreements with third-party payors that provide for payments to SVHMC at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare – Medicare patient revenues include traditional reimbursement under Title XVIII of the Social Security Act. Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based upon ambulatory payment classifications.

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Certain inpatient and outpatient pass-through costs related to Medicare beneficiaries are paid based on a cost reimbursement methodology. SVHMC is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by SVHMC and audits thereof by the Medicare administrative contractor. SVHMC's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with SVHMC. SVHMC's Medicare cost reports have been audited by the Medicare administrative contractor through June 30, 2021.

Medi-Cal – Medi-Cal patient revenues include traditional reimbursement under the California State Department of Health Services for patients covered under Title XIX of the Social Security Act. Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed under a contract at prospectively determined negotiated per diem rates. Outpatient services are reimbursed based on a schedule of maximum allowances. For certain inpatient services, SVHMC is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by SVHMC and audits thereof by Medi-Cal. SVHMC's Medi-Cal cost reports have been audited by Medi-Cal through June 30, 2020.

Other – SVHMC has entered into agreements with numerous nongovernment third-party payors to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with commercial insurance companies, including workers' compensation plans, which reimburse SVHMC at a percentage of SVHMC's charges.

Billings relating to services rendered are recorded as net patient service revenues in the period in which the service is performed, net of contractual and other allowances that represent differences between gross charges and the estimated receipts under such programs. Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Receivables for patient care are also reduced for allowances for uncollectible accounts.

The process for estimating the ultimate collection of receivables involves significant assumptions and judgments. Account balances are written off against the allowance when management determines it is probable the receivable will not be recovered. The use of historical collection and payor reimbursement experience is an integral part of the estimation of reserves for uncollectible accounts. Revisions in reserves for uncollectible accounts estimates are recorded as an adjustment to the provision for bad debts.

At the current time there is uncertainty about reimbursements from government programs. The Centers for Medicare & Medicaid Services has proposed reductions in rates, which would result in a decrease in Medicare reimbursements. The state budget contains healthcare budget cuts that may affect reimbursements for noncontracted Medi-Cal services. The ultimate outcome of these proposals and other market changes cannot presently be determined.

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Under Assembly Bill 1383 of 2009, as amended by Assembly Bill 1653 on September 8, 2010 (collectively, the "Bill"), which establishes a hospital fee program, SVH is exempt from the quality assurance fee but is eligible for supplemental payments under the second part of the Bill, and received \$9.7 million and \$0 million, respectively, in the years ended June 30, 2024 and 2023, as included in net patient service revenue in the accompanying consolidated statements of revenues, expenses, and changes in net position.

Note 4 – Cash, Cash Equivalents, Investments, and Board-Designated Funds

As of June 30, cash and cash equivalents, investments, and board-designated funds, at fair value, consisted of the following, in thousands:

	2024	2023
Cash and cash equivalents	\$ 273,204	\$335,989
Short-term investments	127,818	62,285
Board-designated funds	166,414	157,875
Long-term investments	156,598	102,498
Total	<u>\$ 724,034</u>	<u>\$ 658,647</u>

As of June 30, Board-designated funds, at fair value, have been set aside as follows, in thousands:

	2024	2023
By Board for capital improvements	\$ 166,324	\$ 157,785
By agreement with secured vendor	90	90
Total	<u>\$ 166,414</u>	<u>\$ 157,875</u>

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As of June 30, 2024, maturities for SVH's holdings were as follows, in thousands:

	Fair Value	No maturity	12 Months or Less	13 to 24 Months	25 to 60 Months
Cash and cash equivalents	\$ 273,204	\$ 273,204	\$ -	\$ -	\$ -
U.S. Treasury notes	34,845	-	34,845	-	-
Municipal notes	38,536	-	31,817	2,817	3,902
Corporate notes	74,284	-	37,661	20,965	15,658
Commercial paper	9,972	-	9,972	-	-
Federal agency notes	67,721	-	14,701	-	53,020
Bank certificates of deposit	90	-	90	-	-
Money market accounts	5,834	5,834	-	-	-
Mutual funds	20,230	20,230	-	-	-
Government securities	199,318	-	14,446	6,051	178,821
Total	<u>\$ 724,034</u>	<u>\$ 299,268</u>	<u>\$ 143,532</u>	<u>\$ 29,833</u>	<u>\$ 251,401</u>

As of June 30, 2023, maturities for SVH's holdings were as follows, in thousands:

	Fair Value	No maturity	12 Months or Less	13 to 24 Months	25 to 60 Months
Cash and cash equivalents	\$ 335,989	\$ 335,989	\$ -	\$ -	\$ -
U.S. Treasury notes	99,766	-	80,088	13,816	5,862
Municipal notes	128,977	-	35,320	52,477	41,180
Corporate notes	71,133	-	16,841	5,305	48,987
Bank certificates of deposit	90	-	90	-	-
Money market accounts	4,201	4,201	-	-	-
Mutual funds	18,491	18,491	-	-	-
Total	<u>\$ 658,647</u>	<u>\$ 358,681</u>	<u>\$ 132,339</u>	<u>\$ 71,598</u>	<u>\$ 96,029</u>

The following table below identifies the investment types that are authorized for SVHMC by the California Government Code (or SVHMC's investment policy, where more restrictive). There are no restrictions over the maximum percentage that one investment can represent of the total portfolio, nor any restrictions over the maximum amount of investment in any one issuer. The Foundation and CCMSO are not required to follow the California Government Code.

Authorized Investment Type	Maturity
U.S. Treasury obligations	5 years
U.S. agency securities	5 years
Corporate bonds	5 years
Commercial paper	180 days
Mutual funds	N/A
Money market mutual funds	N/A

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Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that SVH manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by maintaining fully liquid investments as needed to fund operations.

Credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization such as Moody's or S&P.

The following table illustrates the fair value and associated credit ratings of investments held by SVH at June 30, 2024 and 2023, in thousands:

Ratings	Fair Value at June 30,	
	2024	2023
A+ / A / A- / A-1+ / A1 / A2 / A3	\$ 108,705	\$ 61,416
AAA / AA+ / AA / AA- / AA1 / AA2 / AA3	286,695	127,583
BBB+	12,631	-
SP-1+	4,000	-
WR	-	2,886
NA	9,890	101,912
NR	302,113	364,850
Total	<u>\$ 724,034</u>	<u>\$ 658,647</u>

Concentration of credit risk – The investment policy of SVH contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and SVHMC's investment policy do not contain legal or policy requirements that would limit the exposure to custodial risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depositor regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. This requirement does not apply to the consolidated subsidiaries of SVH.

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As of June 30, 2024 and 2023, approximately \$7.5 million and \$6.4 million, respectively, of SVH's consolidated subsidiaries' deposits with financial institutions in excess of federal depositor insurance limits were held in accounts not subject to collateralization. SVH's securities are registered under the specific entity's name by the custodial bank as an agent for SVH. Other types of investments represent ownership interests that do not exist in physical or book-entry form. As a result, management considers custodial credit risk to be remote.

Note 5 – Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The following describes three levels of inputs that may be used to measure fair value under GASB Statement No. 72, *Fair Value Measurement and Application*:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the consolidated statements of net position at June 30, 2024 and 2023, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Mutual funds – Valued at the net asset value of shares held by SVH and are valued at the closing price reported on the active market on which the individual securities are traded.

Municipal notes, government securities, corporate notes, U.S. Treasury notes, other fixed income, and federal agency notes – Valued using pricing models maximizing the use of observable inputs for similar securities, which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

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The following tables present the assets measured at fair value on a recurring basis in the accompanying consolidated statements of net position at June 30, 2024 and 2023, as stratified by fair value hierarchy level, in thousands:

Description	Level 1	Level 2	Level 3	June 30, 2024
Investments by fair value level:				
U.S. Treasury notes	\$ 34,845	\$ -	\$ -	\$ 34,845
Municipal notes	38,536	-	-	38,536
Corporate notes	74,284	-	-	74,284
Federal agency notes	67,721	-	-	67,721
Mutual funds	20,230	-	-	20,230
Government securities	199,318	-	-	199,318
Total by fair value level	<u>\$ 434,934</u>	<u>\$ -</u>	<u>\$ -</u>	<u>434,934</u>
Cash equivalents:				
Local agency investment fund				94
Cash holdings				<u>273,110</u>
Total cash equivalents				<u>273,204</u>
Commercial paper				9,972
Bank certificates of deposit				90
Money market accounts				<u>5,834</u>
Total investments				<u>\$ 724,034</u>
Description	Level 1	Level 2	Level 3	June 30, 2023
Investments by fair value level:				
U.S. Treasury notes	\$ 99,766	\$ -	\$ -	\$ 99,766
Municipal notes	128,977	-	-	128,977
Corporate notes	71,133	-	-	71,133
Mutual funds	18,491	-	-	18,491
Total by fair value level	<u>\$ 318,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>318,367</u>
Cash equivalents:				
Local agency investment fund				94
Cash holdings				<u>335,895</u>
Total cash equivalents				<u>335,989</u>
Bank certificates of deposit				90
Money market accounts				<u>4,201</u>
Total investments				<u>\$ 658,647</u>

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Fiduciary – Employees’ Pension Plan – The following tables present the assets measured at fair value on a recurring basis in the accompanying fiduciary statements of net position at June 30, 2024 and 2023, as stratified by fair value hierarchy level, in thousands:

June 30, 2024	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity securities	\$ 326,465	\$ -	\$ -	\$ 326,465
Fixed income	133,074	-	-	133,074
Total	<u>\$ 459,539</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 459,539</u>
June 30, 2023	Level 1	Level 2	Level 3	Total
Mutual funds:				
Equity securities	\$ 282,251	\$ -	\$ -	\$ 282,251
Fixed income	121,469	-	-	121,469
Total	<u>\$ 403,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 403,720</u>

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Note 6 – Capital Assets

The following table summarizes SVH's capital asset activity during the year ended June 30, 2024, in thousands:

	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
Capital assets not depreciated:					
Land	\$ 26,059	\$ -	\$ -	\$ -	\$ 26,059
Construction in progress	34,008	22,157	(1,530)	(36,166)	18,469
Total capital assets not depreciated	60,067	22,157	(1,530)	(36,166)	44,528
Capital assets being depreciated/amortized:					
Buildings and improvements	389,392	171	-	35,084	424,647
Movable equipment	241,938	9,471	(272)	1,082	252,219
Intangibles	4,574	20	-	-	4,594
Land improvements	2,080	-	-	-	2,080
Total capital assets being depreciated	637,984	9,662	(272)	36,166	683,540
Less: accumulated depreciation and amortization for:					
Buildings and improvements	241,803	11,884	-	-	253,687
Movable equipment	193,135	14,388	(197)	-	207,326
Intangibles	5,306	273	-	-	5,579
Land improvements	1,572	50	-	-	1,622
Total accumulated depreciation and amortization	441,816	26,595	(197)	-	468,214
Total capital assets being depreciated, net	196,168	(16,933)	(75)	36,166	215,326
Capital assets, net	\$ 256,235	\$ 5,224	\$ (1,605)	\$ -	\$ 259,854

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

The following table summarizes SVH's capital asset activity during the year ended June 30, 2023, in thousands:

	June 30, 2022	Increases	Decreases	Transfers	June 30, 2023
Capital assets not depreciated:					
Land	\$ 26,059	\$ -	\$ -	\$ -	\$ 26,059
Construction in progress	11,591	24,599	-	(2,182)	34,008
Total capital assets not depreciated	37,650	24,599	-	(2,182)	60,067
Capital assets being depreciated/amortized:					
Buildings and improvements	387,344	92	-	1,956	389,392
Moveable equipment	237,435	10,651	(6,374)	226	241,938
Intangibles	4,570	4	-	-	4,574
Land improvements	2,080	-	-	-	2,080
Total capital assets being depreciated	631,429	10,747	(6,374)	2,182	637,984
Less: accumulated depreciation and amortization for:					
Buildings and improvements	229,936	11,867	-	-	241,803
Movable equipment	182,859	15,256	(4,980)	-	193,135
Intangibles	5,041	265	-	-	5,306
Land improvements	1,519	53	-	-	1,572
Total accumulated depreciation and amortization	419,355	27,441	(4,980)	-	441,816
Total capital assets being depreciated, net	212,074	(16,694)	(1,394)	2,182	196,168
Capital assets, net	\$ 249,724	\$ 7,905	\$ (1,394)	\$ -	\$ 256,235

SVH reached an agreement with the State of California to meet the California Hospital Seismic Safety Act ("SB1953") by retrofitting and strengthening the existing building. These improvements will result in compliance with SB1953 until January 1, 2030.

Note 7 – Investments in Affiliates

SVH has the following investments in joint ventures, which are accounted for in accordance with GASB Statement No. 14, *The Financial Reporting Entity*:

- Community Health Innovations, LLC ("CHI"), an integrated population health initiative.
- Monterey Peninsula Surgery Center ("MPSC"), a partnership that operates an outpatient Surgery Center.
- Monterey Bay Endoscopy Center, LLC ("MBEC"), an outpatient diagnostic center for gastroenterology procedures.

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Notes to Consolidated Financial Statements

- 21st Century Oncology ("MRKS"), a partnership with MRKS, Inc. (the successor organization after the bankruptcy of Genesis Care), a partnership to provide outpatient cancer care.
- Mood Health ("MOOD HEALTH"), equity investment in a start-up company specializing in using technology to help provide psychiatry and therapy and is used by Salinas Valley Health patients.

The following table summarizes the percentage interest of and balance of investments in affiliates (in thousands) at June 30, 2024 and 2023:

Affiliate	Percentage Interest		Investment Balance	
	2024	2023	2024	2023
CHI	49%	49%	\$ 1,877	\$ 1,681
MPSC	12%	12%	7,156	6,523
MRKS	40%	40%	2,605	2,577
MBEC	14%	14%	1,849	1,786
MOOD HEALTH	6%	6%	1,500	1,500
			<u>\$ 14,987</u>	<u>\$ 14,067</u>

Financial information for these affiliates can be obtained from SVH at 450 E. Romie, Salinas, California 93901.

Note 8 – Related-Party Transactions

Central Coast VNA & Hospice, Inc., leases building space from SVH and paid rent in the amount of \$318 thousand and \$309 thousand during the years ended June 30, 2024 and 2023, respectively.

The Salinas Valley Memorial Hospital Service League ("Service League") is an organization formed for the benefit of SVHMC. Expenses paid by SVHMC on behalf of the Service League during the years ended June 30, 2024 and 2023, totaled \$2.1 million and \$2.2 million, respectively.

Note 9 – Self-Insurance Liability

SVHMC is self-insured for workers' compensation claims. Estimated losses of \$14.6 million and \$15.5 million have been accrued under actuarially determined calculations at June 30, 2024 and 2023, of which approximately \$2.5 million and \$2.5 million are considered current liabilities, respectively.

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

The following is a summary of changes in workers' compensation self-insurance liabilities for June 30, 2024 and 2023, in thousands:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	\$ 15,523	\$ 2,938	\$ (3,909)	\$ 14,552	\$ 2,474
2023	\$ 15,594	\$ 3,757	\$ (3,828)	\$ 15,523	\$ 2,495

SVHMC is self-insured for employee medical coverage. The estimated liability for employee medical coverage claims incurred but not reported is based on historical claims experience and is considered a current liability. The balances at June 30, 2024 and 2023, were approximately \$12.8 million and \$8.0 million, respectively, included in self-insurance liabilities, current portion in the consolidated statement of net position.

SVHMC maintains a \$40.0 million claims-made medical malpractice policy with BETA, a shared risk pool for California hospital districts. Membership of the Board of BETA is comprised of management of district hospitals. Hospital premiums are established annually based on the experience of the pool and SVHMC. SVHMC paid premiums of approximately \$1.6 million and \$1.8 million to BETA for the years ended June 30, 2024 and 2023, respectively. SVHMC's policy with BETA is renewed every 12 months; the most recent renewal date was July 1, 2023. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term but reported subsequently will be uninsured. SVHMC may purchase extended reporting endorsements upon cancellation. The length of the reporting endorsement is not limited. As SVHMC has retained risk for claims incurred during the policy period that are not reported prior to the expiration of the policy, the liability for such retained medical malpractice risk has been recorded on SVH's consolidated financial statements. Such liability has been actuarially determined, is considered a current liability, and at June 30, 2024 and 2023, was approximately \$2.7 million and \$2.3 million, respectively.

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Note 10 – Notes Payable, Net

The following table summarizes activity in notes payable, net, during the year ended June 30, 2024, in thousands:

	June 30, 2023	Decreases	June 30, 2024 Total	Current Portion	Long-Term Portion
Note payable, due in monthly installments of approximately \$10 thousand including interest at 3.99%, with balance due in 2030, collateralized by specified property.	\$ 755	\$ (103)	\$ 652	\$ 104	\$ 548
	755	<u>(103)</u>	652	<u>104</u>	<u>548</u>
Less: current portion	101		104		
Notes payable, net of current portion	<u>\$ 654</u>		<u>\$ 548</u>		

The following table summarizes activity in notes payable, net, during the year ended June 30, 2023, in thousands:

	June 30, 2022	Decreases	June 30, 2023 Total	Current Portion	Long-Term Portion
Note payable, due in monthly installments of approximately \$10 thousand including interest at 3.99%, with balance due in 2030, collateralized by specified property.	\$ 855	\$ (100)	\$ 755	\$ 101	\$ 654
	855	<u>(100)</u>	755	<u>101</u>	<u>654</u>
Less: current portion	101		101		
Notes payable, net of current portion	<u>\$ 754</u>		<u>\$ 654</u>		

Certain bank loans contain clauses that allow the bank to accelerate the amount due, without objective criteria (subjective acceleration clauses); management considers the likelihood of these clauses being invoked to be remote and has therefore classified this debt as current and noncurrent based on scheduled payment due dates.

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Notes to Consolidated Financial Statements

Future debt service payments for each of the five fiscal years subsequent to June 30, 2024, and thereafter are as follows, in thousands:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 104	\$ 25	\$ 129
2026	109	20	129
2027	114	16	130
2028	118	11	129
2029	123	6	129
Thereafter	84	1	85
Total	<u>\$ 652</u>	<u>\$ 79</u>	<u>\$ 731</u>

Note 11 – Employee Benefit Plans

Salinas Valley Memorial Healthcare District employees' pension plans – All permanent employees, including executive management, are eligible to participate in appropriate pension plans sponsored by SVHMC (the "Plans").

Under the various plans sponsored by SVHMC, permanent employees can participate after completing three years of service and reaching the age of 21 and, in other cases, eligible employees can participate after one year of service. The Plans are single-employer defined benefit retirement plans administered by SVHMC. The Plans also provide retirement, disability, and death benefits based on the employee's years of service, age, and annual compensation during covered employment. Employees generally vest after five years of service, are eligible to receive benefits after 10 years, and may receive early retirement benefits at age 50 with 15 years of service. Normal retirement is at age 65 with at least 10 years of service. In other cases, employees are not eligible to receive benefits until reaching normal retirement at age 65 or an agreed-upon date of retirement beyond age 65. Effective March 31, 2011, the Plans were amended to cease further benefit accruals for nonunion employees. These benefit provisions and all other requirements are established by the District's Board of Directors. Separate financial statements are issued for the Salinas Valley Memorial Healthcare District employees' pension plan.

Contributions – The Plan directs SVH to make contributions based on actuarially determined contribution amounts. SVH reserves the right to suspend or reduce contributions to the Plan at any time, upon appropriate action by the Board. In accordance with PEPR, certain members are required to make contributions based on a percentage of their eligible compensation to the Plan.

Benefits – The benefit formula payable to a participant who retires on his or her normal retirement date of age 65 shall be a monthly benefit for the life of the member. The benefit payable to a participant is computed as 2.45% of the participant's earnings during a year of credited service, as defined by the Plan, multiplied by the number of years of credited service for the participant.

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Notes to Consolidated Financial Statements

In accordance with the provisions of PEPRA, certain participants hired after January 1, 2013, who retire at their normal retirement age of age 65, shall receive a retirement benefit computed as 2.30% of the participant's final annual compensation multiplied by their number of years of service in the Plan.

A participant who has attained age 52, completed 15 years of service, and five years of plan participation may elect early retirement on the first day of any month prior to the participant's normal retirement date, with certain defined-benefit reductions. A participant may elect to receive benefits in the form of a single life annuity, alternate annuity option, certain period option, or Social Security adjustment option, as defined in the plan document. Upon the death of a participant who is currently employed by SVH and prior to commencement of payments of benefits under this Plan, death benefits are distributed to the designated beneficiary.

Vesting – Employees are eligible to receive benefits after a minimum of 10 years of service. Participants may receive early retirement benefits after a minimum of 15 years of service.

Plan termination – SVH expects to continue the Plan indefinitely but reserves the right to terminate the Plan at any time by appropriate action. In the event of such termination, each affected employee shall become 100% vested in the participant's accrued benefit.

Summary of Significant Accounting Policies – Fiduciary

Basis of accounting – The Plan's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units, using the accrual basis of accounting. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial value of assets and actuarial accrued liability at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price on the last business day of the plan year. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Income recognition – Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments consists of both the realized gains and losses and unrealized appreciation and depreciation of those investments.

Benefit payments – Benefit payments to participants are recorded when paid.

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Notes to Consolidated Financial Statements

Administrative expenses – The Plan’s administrative expenses are paid either by the Plan or SVH, as provided by the plan document. Certain expenses for the general administration of the Plan are paid directly by SVH and are excluded from the fiduciary financial statements. Certain investment-related expenses are included in investment income within the accompanying statements of changes in fiduciary net position.

SVHMC’s net pension liability was measured as of June 30, 2024 and 2023, as determined by an actuarial valuation as of December 31, 2023 and 2022, rolled forward to June 30, 2024 and 2023, respectively.

Employer contributions – Employer contributions are determined by SVH’s Board of Directors each year based on the actuarially determined required contribution amount calculated by the Plan’s independent actuary. The actuarially determined required contribution is determined as part of an actuarial valuation on January 1 of each year, using the traditional unit credit actuarial cost method. Actuarially determined contribution amounts were \$11.3 million and \$10.1 million for the years ended June 30, 2024 and 2023, respectively, all of which were contributed to the Plan as directed and approved by the Board. SVH, at the decision of the Board of Directors, contributed amounts greater than the actuarially determined contribution amounts. During the years ended June 30, 2024 and 2023, actual contributions were \$11.3 million and \$61.6 million, respectively, representing excesses of \$0 and \$51.5 million, respectively.

Pension expense – Pension expense for SVHMC’s Plan is based upon GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement 27* (“GASB No. 68”). SVHMC’s funding policy is to contribute to the plans based on actuarial estimates of the annual required contributions, calculated using the traditional unit credit cost method.

Participant data for the Plan, as of the measurement dates, as follows:

	January 1, 2024	January 1, 2023
Active	1,372	1,265
Inactive	220	236
Retired and beneficiaries	423	438
Vested terminated	816	794
	<u>2,831</u>	<u>2,733</u>
Total participants	<u>2,831</u>	<u>2,733</u>

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Notes to Consolidated Financial Statements

Components of pension cost and deferred outflows and inflows of resources as calculated under the requirements of GASB No. 68 are as follows, in thousands:

	June 30, 2024	June 30, 2023
Deferred outflows - actuarial:		
Difference between expected and actual experience	\$ 2,384	\$ 2,895
Changes in assumptions	7,393	16,331
Net difference between projected and actual earnings on pension plan investments	68,893	91,858
Contribution to the pension plan after measurement date	6,232	5,038
Total	<u>\$ 84,902</u>	<u>\$ 116,122</u>
Deferred inflows - actuarial:		
Difference between expected and actual experience	\$ 4,634	\$ 7,794
Changes in assumptions	7,979	10,379
Net difference between projected and actual earnings on pension plan investments	41,587	28,189
Additional pension expense recognition	15,333	15,667
Total	<u>\$ 69,533</u>	<u>\$ 62,029</u>

Amounts reported as deferred outflows – actuarial and deferred inflows – actuarial to pensions (net) will be recognized in pension expense as follows, in thousands:

<u>Years Ending June 30,</u>	
2025	\$ 2,872
2026	6,943
2027	7,575
2028	(8,214)
2029	(71)
Thereafter	32
	<u>\$ 9,137</u>

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

The following tables summarize changes in pension liability for fiscal years ended June 30, 2024 and 2023, with a measurement date of January 1, 2024 and 2023, respectively, in thousands:

	2024	2023
Total pension liability:		
Service cost	\$ 10,277	\$ 10,508
Interest on total pension liability	29,843	28,712
Difference between expected and actual experience	152	(2,138)
Benefit payments	(19,767)	(18,836)
Net change in total pension liability	20,505	18,246
Total pension liability, beginning of year	458,731	440,485
Total pension liability, end of year	<u>\$ 479,236</u>	<u>\$ 458,731</u>

The following table summarizes the net pension liability at June 30, 2024 and 2023, as well as other required disclosures of financial measures, in thousands:

	2024	2023
Total pension liability	\$ 479,236	\$ 458,731
Plan fiduciary net position	(459,539)	(403,720)
Net pension liability	<u>\$ 19,697</u>	<u>\$ 55,011</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>95.89%</u>	<u>88.01%</u>
Covered-employee payroll	<u>\$ 142,050</u>	<u>\$ 142,050</u>
Plan net pension liability as of a percentage of covered-employee payroll	<u>13.87%</u>	<u>38.73%</u>

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Notes to Consolidated Financial Statements

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2024 and 2023:

<u>Valuation date:</u>	Actuarially determined contributions are calculated as of January 1, the first day of the fiscal year in which the contributions are reported
<u>Methods and assumptions used:</u>	
Actuarial cost method	Entry age normal
Inflation	2.25%
Salary increases	3.50% or 3.75% depending on unit, including inflation, plus step increases
Investment rate of return	6.50%, net of investment expense, including inflation
Retirement age:	
Normal retirement	65
Early retirement	50 and 15 years of vesting service
Mortality	PubG-2010 Generational Mortality Table for Males & Females, projected using MP-2021

The following table summarizes the impact of a 1% change in discount rate on the value of the net pension liability at June 30, 2024 and 2023, in thousands:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
June 30, 2024	\$ 82,388	\$ 19,697	\$ (32,612)
June 30, 2023	\$ 115,491	\$ 55,011	\$ 4,568

Defined benefit post-retirement medical plans – SVHMC administers single-employer defined benefit healthcare reimbursement plans providing limited reimbursement for health insurance premiums paid by members of two bargaining units who retire early from their retirement date until they are eligible for Medicare. Benefit provisions are established through negotiations between SVHMC and the bargaining units and are renegotiated when bargaining agreements expire. The retiree health plans do not issue publicly available financial reports.

SVHMC funds the benefits on a pay-as-you-go basis. During the years ended June 30, 2024 and 2023, SVHMC contributed \$258 thousand and \$189 thousand, respectively, to fund benefits.

At June 30, the following employees were covered by SVHMC:

	2024	2023
Active employees	1,250	1,194
Retirees receiving benefits	87	100
Total plan participants	1,337	1,294

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Components of post-retirement medical benefits expense, as calculated under the requirements of GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB No. 75"), were as follows as of June 30, in thousands:

	2024	2023
Service cost	\$ 144	\$ 211
Interest	164	111
Differences between expected and actual experience	(47)	(48)
Changes of assumptions	(29)	(36)
Total post-retirement medical benefits expense	<u>\$ 232</u>	<u>\$ 238</u>

Deferred inflows and outflows of resources to post-retirement medical benefits under GASB No. 75 are as follows as of June 30, in thousands:

	2024	2023
Deferred outflows of resources as of June 30:		
Difference between expected and actual experience	\$ 343	\$ 348
Changes in assumptions	489	441
Total	<u>\$ 832</u>	<u>\$ 789</u>
Deferred inflows of resources as of June 30:		
Difference between expected and actual experience	\$ 841	\$ 893
Changes in assumptions	792	859
Total	<u>\$ 1,633</u>	<u>\$ 1,752</u>

Amounts reported as deferred outflows and inflows of resources to post-retirement medical benefits will be recognized in post-retirement medical benefits expense as follows for the years ending June 30, in thousands:

Year Ending June 30.

2025	\$ (76)
2026	(76)
2027	(76)
2028	(76)
2029	(76)
Thereafter	<u>(421)</u>
	<u>\$ (801)</u>

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The following table summarizes changes in post-retirement medical benefits liability, reflected as other long-term liabilities on the consolidated statements of net position, as of June 30, 2024 and 2023, with a measurement date of June 30, 2024 and 2023, respectively, in thousands:

	2024	2023
Service cost	\$ 144	\$ 211
Interest	164	111
Differences between expected and actual experience	11	(556)
Changes in assumptions	98	(583)
Contributions - employer	(258)	(189)
Net change	159	(1,006)
Net post-retirement medical benefits liability, beginning of year	4,001	5,007
Net post-retirement medical benefits liability, end of year	<u>\$ 4,160</u>	<u>\$ 4,001</u>

The following table summarizes the actuarial assumptions used to determine net post-retirement medical benefits liability as of June 30, 2024 and 2023:

Valuation Date	June 30, 2024
Actuarial cost method	Entry Age Normal
Asset valuation method	Not applicable
Actuarial assumptions:	
Compensation increases (needed for the Entry Age Normal cost method)	3.25%
Mortality	Base table: PubG-2010; Mortality Improvement Scale – MP-2021
Discount rate	3.65%
Healthcare cost trend rates:	6.00% for 2024, graded to 5.00% for year 2028 and beyond for ages pre-65; and 5% for year 2021 and beyond for ages post-65.

The following table summarizes the impact of a 1% change in discount rate on the value of the post-retirement medical benefits liability at June 30, 2024 and 2023, in thousands:

	1% Decrease	Current Discount Rate	1% Increase
June 30, 2024	\$ 3,938	\$ 4,160	\$ 4,391
June 30, 2023	\$ 4,272	\$ 4,001	\$ 3,783

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The following table summarizes the impact of a 1% change in healthcare cost trend rate on the value of the post-retirement medical benefits liability at June 30, 2024 and 2023, in thousands:

	1% Decrease	Current Cost Trend Rate	1% Increase
June 30, 2024	\$ 4,110	\$ 4,160	\$ 4,204
June 30, 2023	\$ 3,996	\$ 4,001	\$ 4,084

Note 12 – Compensated Absences

The employees of SVH can earn paid leave at varying rates depending on the length of service and job classification. Earned paid leave consists of vacation and holiday pay, which vests to the employee immediately, and sick leave, which is available to the employee only for absences for valid medical reasons. Employees can accumulate up to two years' accruals of paid leave. Upon termination, unused earned paid leave balances are paid in full. The following table summarizes changes in compensated absences for the years ended June 30, in thousands:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	\$ 21,463	\$ 35,759	\$ (36,766)	\$ 20,456	\$ 20,456
2023	\$ 20,753	\$ 34,443	\$ (33,733)	\$ 21,463	\$ 21,463

Note 13 – Leases

As discussed in Note 2, SVH recognizes right-of-use assets and lease liabilities at lease inception in an amount equal to the present value of the undiscounted future minimum lease payments. SVH uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using SVH's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract.

SVH is a lessee for various noncancelable leases of office space and equipment with lease terms through 2031. During the years ended June 30, 2024 and 2023, there were no residual value guarantees included in the measurement of SVH's lease liabilities, and SVH did not incur any commitments at the commencement of any leases. There were no amounts recognized as variable lease payments as lease expense in the consolidated statements of changes of revenues, expenses, and net position during the years ended June 30, 2024 and 2023. SVH incurred no termination penalties during the years ended June 30, 2024 and 2023.

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The following tables summarize right-of-use asset activity during the years ended June 30, 2024 and 2023, in thousands:

June 30, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Right-of-use assets	\$ 26,643	\$ 5,905	\$ (247)	\$ 32,301
Less: accumulated amortization	(12,720)	(4,497)	(1,084)	(18,301)
Right-of-use assets, net	<u>\$ 13,923</u>	<u>\$ 1,408</u>	<u>\$ (1,331)</u>	<u>\$ 14,000</u>
June 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Right-of-use assets	\$ 13,118	\$ 11,207	\$ (2,487)	\$ 21,838
Less: accumulated amortization	(5,827)	(3,545)	1,456	(7,916)
Right-of-use assets, net	<u>\$ 7,291</u>	<u>\$ 7,662</u>	<u>\$ (1,031)</u>	<u>\$ 13,922</u>

During the years ended June 30, 2024 and 2023, SVH recognized \$4,497 thousand and \$3,545 thousand, respectively, in amortization expense included within depreciation and amortization expense in the consolidated statements of revenues, expenses, and changes in net position.

The following table summarizes lease liability activity during the years ended June 30, 2024 and 2023, in thousands:

Year Ended June 30,	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	\$ 15,117	\$ 6,133	\$ (5,735)	\$ 15,515	\$ 4,336
2023	\$ 7,620	\$ 10,033	\$ (2,572)	\$ 15,081	\$ 3,650

SVH's future principal and interest lease payments under lease agreements as of June 30, 2024, were as follows, in thousands:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 4,336	\$ 480	\$ 4,816
2026	3,580	303	3,883
2027	2,995	193	3,188
2028	1,810	115	1,925
2029	1,236	66	1,302
Thereafter	1,558	88	1,646
Total	<u>\$ 15,515</u>	<u>\$ 1,245</u>	<u>\$ 16,760</u>

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

SVH evaluated the right-of-use assets for impairment and determined no impairment occurred during the years ended June 30, 2024 and 2023.

SVH is also a lessor for noncancelable leases of office space with lease terms through 2026. For the years ended June 30, 2024 and 2023, SVH recognized \$1,106 thousand and \$138 thousand, respectively, in lease revenue released from the deferred inflows of resources related to the office lease included in other revenue within the consolidated statement of revenues, expenses, and changes in net position. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during fiscal years ended June 30, 2024 and 2023.

Note 14 – Subscription-Based Information Technology Arrangements

As discussed in Note 2, SVH accounts for SBITAs in accordance with GASB No. 96. SVH has entered into various SBITAs, with ranging maturities extending until 2030. During the years ended June 30, 2024 and 2023, total payments under SBITAs were \$6.1 million and \$5.9 million, respectively. Additionally, the SVH incurred no variable SBITA expenses during the years ended June 30, 2024 and 2023. SVH did not enter into any additional SBITAs that have yet to commence as of June 30, 2024.

The following tables summarize subscription asset activity during the years ended June 30, 2024 and 2023, in thousands:

June 30, 2024	Beginning Balance	Increases	Decreases	Ending Balance
Subscription assets	\$ 20,280	\$ 5,086	\$ (750)	\$ 24,616
Less: accumulated amortization	(9,525)	(5,171)	287	(14,409)
Subscription assets, net	<u>\$ 10,755</u>	<u>\$ (85)</u>	<u>\$ (463)</u>	<u>\$ 10,207</u>
June 30, 2023	Beginning Balance	Increases	Decreases	Ending Balance
Subscription assets	\$ 19,920	\$ 360	\$ -	\$ 20,280
Less: accumulated amortization	(4,667)	(4,858)	-	(9,525)
Subscription assets, net	<u>\$ 15,253</u>	<u>\$ (4,498)</u>	<u>\$ -</u>	<u>\$ 10,755</u>

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

The following table summarizes subscription liability activity during the years ended June 30, 2024 and 2023, in thousands:

Year Ended June 30,	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
2024	\$ 10,346	\$ 5,086	\$ (7,743)	\$ 7,689	\$ 4,228
2023	\$ 15,434	\$ 359	\$ (5,447)	\$ 10,346	\$ 4,631

SVH's future principal and interest payments under SBITAs as of June 30, 2024 were as follows, in thousands:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 4,228	\$ 332	\$ 4,560
2026	1,671	179	1,850
2027	625	114	739
2028	669	76	745
2029	411	35	446
Thereafter	85	-	85
Total	<u>\$ 7,689</u>	<u>\$ 736</u>	<u>\$ 8,425</u>

Note 15 – Commitments and Contingencies

Litigation – SVH is involved in litigation related to various matters. In the opinion of management, after consultation with legal counsel, the outcome of these matters will not have a material adverse effect on SVH's consolidated financial position.

Compliance – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions. Recently, government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. SVH is subject to such regulatory reviews, and, while these reviews may result in repayments and/or civil remedies, management believes, based on its current knowledge and information, that such repayments and/or civil remedies would not have a material effect on SVH's consolidated financial position.

Salinas Valley Memorial Healthcare System

Notes to Consolidated Financial Statements

Regulatory environment – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

Note 16 – Subsequent Events

Subsequent events are events or transactions that occur after the date of the consolidated statement of net position, but before the date the consolidated financial statements are available to be issued. SVH recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated statement of net position, including the estimates inherent in the process of preparing the consolidated financial statements. SVH's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated statement of net position, but arose after the date of the consolidated statement of net position and before the consolidated financial statements are available to be issued.

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Supplementary Information

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Salinas Valley Memorial Healthcare System
Consolidating Statement of Net Position
June 30, 2024
(in Thousands)

	SVHMC/SVHC	Central Coast Medical Service Organization	Salinas Valley Memorial Hospital Foundation	SVMH-LPCH NICU JV	Eliminations Increase (Decrease)	Salinas Valley Memorial Healthcare System
ASSETS AND DEFERRED OUTFLOWS						
CURRENT ASSETS						
Cash and cash equivalents	\$ 268,872	\$ 4,014	\$ 318	\$ -	\$ -	\$ 273,204
Patient accounts receivable, net of estimated uncollectibles of \$55,096	123,444	1,468	-	-	-	124,912
Short-term investments	127,818	-	-	-	-	127,818
Supplies inventory	7,608	155	-	-	-	7,763
Lease receivable, current portion	785	-	-	-	-	785
Other current assets	13,771	1,299	12	-	(169)	14,913
Total current assets	542,298	6,936	330	-	(169)	549,395
BOARD-DESIGNATED FUNDS						
	166,414	-	-	-	-	166,414
CAPITAL ASSETS						
Nondepreciable	43,337	1,191	-	-	-	44,528
Depreciable, net	211,357	3,356	-	613	-	215,326
Total capital assets, net	254,694	4,547	-	613	-	259,854
OTHER ASSETS						
Right-of-use assets, net of amortization	10,282	3,718	-	-	-	14,000
Subscription assets, net of amortization	10,207	-	-	-	-	10,207
Lease receivable, net of current portion	467	-	-	-	-	467
Long-term investments	135,472	-	21,126	-	-	156,598
Investments in affiliates	24,203	-	-	-	(9,216)	14,987
Other long-term assets	-	1,133	456	-	(23)	1,566
Total other assets	180,631	4,851	21,582	-	(9,239)	197,825
Total assets	1,144,037	16,334	21,912	613	(9,408)	1,173,488
DEFERRED OUTFLOWS - ACTUARIAL						
DEFERRED OUTFLOWS - GOODWILL	85,734	-	-	-	-	85,734
	888	-	-	-	-	888
Total deferred outflows	86,622	-	-	-	-	86,622
Total assets and deferred outflows	\$ 1,230,659	\$ 16,334	\$ 21,912	\$ 613	\$ (9,408)	\$ 1,260,110

Salinas Valley Memorial Healthcare System
Consolidating Statement of Net Position (Continued)
June 30, 2024
(in Thousands)

	SVHMC/SVHC	Central Coast Medical Service Organization	Salinas Valley Memorial Hospital Foundation	SVMH-LPCH NICU JV	Eliminations Increase (Decrease)	Salinas Valley Memorial Healthcare System
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION (DEFICIT)						
CURRENT LIABILITIES						
Notes payable, current portion	\$ -	\$ 273	\$ -	\$ -	\$ (169)	\$ 104
Accounts payable	19,190	125	722	-	-	20,037
Accrued expenses	67,752	2,395	32	-	-	70,179
Estimated third-party payor settlements	3,689	-	-	-	-	3,689
Lease liabilities, current portion	3,387	949	-	-	-	4,336
Subscription liabilities, current portion	4,228	-	-	-	-	4,228
Self-insurance liabilities, current portion	17,925	-	-	-	-	17,925
Total current liabilities	116,171	3,742	754	-	(169)	120,498
NET PENSION LIABILITY	19,697	-	-	-	-	19,697
NET POST-RETIREMENT MEDICAL BENEFITS LIABILITY	4,160	-	-	-	-	4,160
NOTES PAYABLE, net of current portion	-	571	-	-	(23)	548
LEASE LIABILITIES, net of current portion	7,594	3,585	-	-	-	11,179
SUBSCRIPTION LIABILITIES, net of current portion	3,461	-	-	-	-	3,461
SELF-INSURANCE LIABILITIES, net of current portion	12,079	-	-	-	-	12,079
Total liabilities	163,162	7,898	754	-	(192)	171,622
DEFERRED INFLOWS - ACTUARIAL	71,166	-	-	-	-	71,166
DEFERRED INFLOWS - LEASES	1,112	-	-	-	-	1,112
Total deferred inflows	72,278	-	-	-	-	72,278
Total liabilities and deferred inflows	235,440	7,898	754	-	(192)	243,900
NET POSITION (DEFICIT)						
Invested in capital assets, net of related debt	256,513	2,887	-	613	192	260,205
Reserved for minority interest	-	-	-	-	(6,629)	(6,629)
Restricted - expendable	-	-	4,581	-	-	4,581
Restricted - nonexpendable	-	-	1,268	-	-	1,268
Unrestricted	738,706	5,549	15,309	-	(2,779)	756,785
Total net position (deficit)	995,219	8,436	21,158	613	(9,216)	1,016,210
Total liabilities, deferred inflows, and net position (deficit)	\$ 1,230,659	\$ 16,334	\$ 21,912	\$ 613	\$ (9,408)	\$ 1,260,110

Salinas Valley Memorial Healthcare System
Consolidating Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024
(in Thousands)

	SVHMC/SVHC	Central Coast Medical Service Organization	Salinas Valley Memorial Hospital Foundation	SVMH-LPCH NICU JV	Eliminations Increase (Decrease)	Salinas Valley Memorial Healthcare System
OPERATING REVENUES						
Net patient service revenues	\$ 720,890	\$ 23,213	\$ -	\$ 8,092	\$ -	\$ 752,195
Other revenues	22,801	-	-	-	-	22,801
Total operating revenues	743,691	23,213	-	8,092	-	774,996
OPERATING EXPENSES						
Salaries and wages	224,263	9,706	-	4,316	-	238,285
Compensated absences	38,507	901	-	999	-	40,407
Employee benefits	103,360	1,669	-	2,036	-	107,065
Supplies	98,975	1,837	-	447	-	101,259
Purchased services	63,558	896	1,674	371	(1,674)	64,825
Medical fees	79,223	3,903	-	2,728	-	85,854
Other fees	42,466	1,258	-	467	-	44,191
Depreciation and amortization	34,520	1,577	-	166	-	36,263
Other expenses	25,162	1,999	3,079	185	(2,030)	28,395
Total operating expenses	710,034	23,746	4,753	11,715	(3,704)	746,544
Operating income (loss)	33,657	(533)	(4,753)	(3,623)	3,704	28,452
NONOPERATING REVENUES AND EXPENSES						
Grants and contributions	3,753	-	3,703	-	(3,703)	3,753
Property tax revenue	5,680	-	-	-	-	5,680
Investment income (loss), net	37,292	15	2,296	-	-	39,603
(Provision for) reversal of credit losses	(5,856)	409	-	-	-	(5,447)
(Loss) gain on disposal of capital assets	(11)	168	-	-	-	157
(Loss) income from investments in affiliates	1,079	-	-	-	1,343	2,422
Other	2,551	494	(120)	-	(551)	2,374
Nonoperating (loss) income, net	44,488	1,086	5,879	-	(2,911)	48,542
Income (loss) before minority interest	78,145	553	1,126	(3,623)	793	76,994
CAPITAL TRANSFERS						
	-	(1,300)	-	3,646	(2,346)	-
MINORITY INTEREST IN NET INCOME OF CONSOLIDATED AFFILIATES						
	-	-	-	-	1,729	1,729
INCREASE (DECREASE) IN NET POSITION	78,145	(747)	1,126	23	176	78,723
NET POSITION (DEFICIT), beginning of year	917,074	9,183	20,032	590	(9,392)	937,487
NET POSITION (DEFICIT), end of year	\$ 995,219	\$ 8,436	\$ 21,158	\$ 613	\$ (9,216)	\$ 1,016,210

Salinas Valley Memorial Healthcare System
Supplementary Schedule of Community Benefit (Unaudited)
Year Ended June 30, 2024

SVH maintains records to identify and monitor the level of direct community benefit it provides. These records include the charges forgone for providing the patient care furnished under its charity care policy. For the years ended June 30, 2024 and 2023, the estimated costs of providing community benefit in excess of reimbursement from governmental programs were as follows, in thousands:

	2024	2023
Unpaid costs of Medi-Cal programs	\$ 143,211	\$ 148,730
Indigent charity care and bad debt	11,362	11,005
	<u>\$ 154,573</u>	<u>\$ 159,735</u>

In furtherance of its purpose to benefit the community, SVH provides numerous other services to the community for which charges are not generated and revenues have not been accounted for in the accompanying consolidated financial statements. The services include health-related programming and education that reached over 37,000 people in the community and participation in health fairs that reached over 7,000 people. The estimated costs of Medicare programs in excess of reimbursement from Medicare were \$188.7 million and \$184.3 million for the years ended June 30, 2024 and 2023, respectively.

SVH also provides services to the community through the operations of the Service League. Services provided by volunteers of the Service League, free of charge to the community, include assistance and counseling to patients and visitors, daily personal contact with members of the community who are living alone, career counseling and programs for local students, spiritual care volunteers representing many local faith community congregations, palliative care program assistance, and provision of scholarship awards to qualifying students in the medical professions. During the year ended June 30, 2024 and 2023, these volunteers contributed approximately 15,179 and 13,800 hours, respectively, in providing these services, the value of which is not recorded in the accompanying consolidated financial statements.

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Required Supplementary Information

Salinas Valley Memorial Healthcare System
Supplementary Pension and Post Employment Benefit Information
June 30, 2024 and 2023
(in Thousands)

Defined Benefit Pension Plan

The following table summarizes the number of total plan participants at June 30:

	2024	2023
Number of active members	1,372	1,265
Number of frozen active participants	220	236
Number of retired members and beneficiaries	820	794
Number of vested terminated members	423	438
	<u>2,835</u>	<u>2,733</u>

The following table summarizes the funding status of the defined benefit pension plan at various measurement dates, in thousands:

Year Ended	Actuarially Determined Contribution	Actual Employer Contribution	Contribution (Excess) Deficiency	Covered Payroll	Contribution as a Percentage of Covered Payroll
December 31, 2014	\$ 10,799	\$ 10,799	\$ -	\$ 97,719	11.05%
December 31, 2015	\$ 12,147	\$ 17,190	\$ (5,043)	\$ 121,074	14.20%
December 31, 2016	\$ 11,970	\$ 16,970	\$ (5,000)	\$ 130,810	12.97%
December 31, 2017	\$ 12,883	\$ 19,883	\$ (7,000)	\$ 108,395	18.34%
December 31, 2018	\$ 11,927	\$ 21,927	\$ (10,000)	\$ 112,353	19.52%
December 31, 2019	\$ 11,809	\$ 26,809	\$ (15,000)	\$ 119,261	22.48%
December 31, 2020	\$ 18,766	\$ 23,766	\$ (5,000)	\$ 127,771	18.60%
December 31, 2021	\$ 13,127	\$ 23,127	\$ (10,000)	\$ 138,820	16.66%
December 31, 2022	\$ 10,158	\$ 61,580	\$ (51,422)	\$ 142,050	43.35%
December 31, 2023	\$ 11,270	\$ 11,270	\$ -	\$ 142,050	7.93%

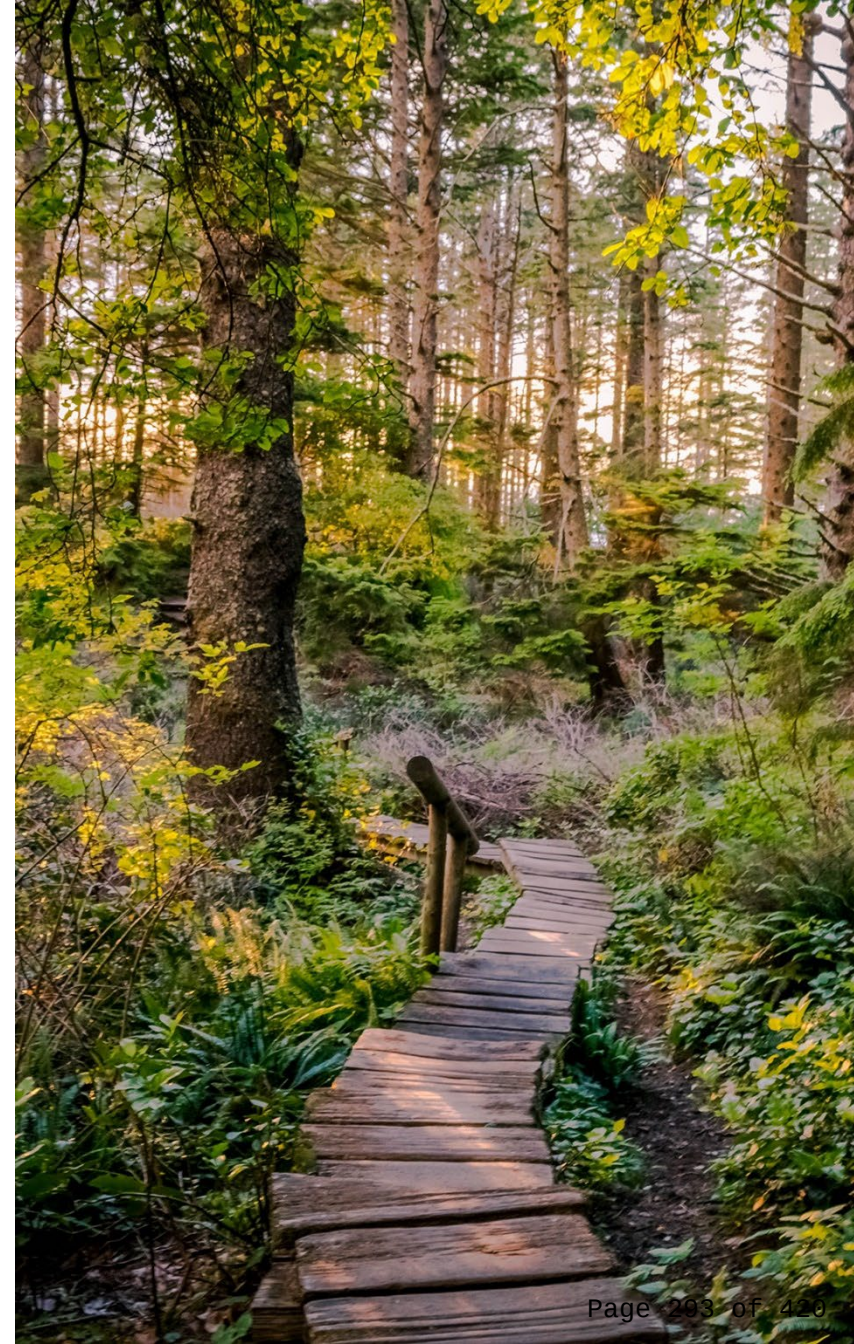


2024 AUDIT RESULTS

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Agenda

1. Scope of Services
2. Auditor Opinion and Report
3. Significant Risks
4. Matters to be Communicated to the Governing Body
5. Consolidated Statements of Net Position
6. Consolidated Operations
7. Other Information



Scope of Services

We have performed the following services for Salinas Valley Memorial Healthcare System (“Salinas Valley Health”):

Annual Audits



- Annual consolidated financial statement audit as of and for the year ended June 30, 2024

Nonattest Services



- Assisted in drafting the consolidated financial statements and related footnotes as of and for the year ended June 30, 2024



Auditor Report on the Consolidated Financial Statements

- Unmodified Opinion – The consolidated financial statements are presented fairly and in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Significant Risks

During the audit, we noted the following:

Significant Risks	Procedures
Valuation of patient accounts receivable	- Tie-out of reserving schedules - Zero Balance Accounts (“ZBA”) analysis - Lookback analysis & subsequent collections analysis
Revenue recognition	- Patient revenue analysis & cut-off analysis - Journal entry testing focusing on revenue reversals
Management override of controls	- Journal entry testing using risk-based criteria - Inquiries with executive, finance, and operational personnel



Hospital Patient Accounts Receivable – trend analysis

(\$ in 000's)	2024	2023	2022	2021	2020
Net Patient Accounts Receivable	\$111,334	\$85,106	\$83,766	\$70,975	\$69,081
Subsequent Cash Receipts 2 months after 6/30	\$60,833	\$55,127	\$53,349	\$55,047	\$46,733
% Collected 2 months after 6/30	55%	65%	64%	66%	68%
Exposure after 2 months' collections	\$50,501	\$29,979	\$30,417	\$15,928	\$22,348
Collected 14 months after 6/30	n/a	\$86,285	\$89,091	\$83,550	\$75,674
% Collected 14 months after 6/30	n/a	101%	106%	118%	110%

Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with *accounting principles generally accepted in the United States of America*. Our audit of the financial statements does not relieve you or management of your responsibilities. The objectives of our audit are also to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”) and the California Code of Regulations, Title 2, Section 1131.2, State Controller’s *Minimum Audit Requirements* for California Special Districts. As part of an audit conducted in accordance with these auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



Matters to Be Communicated to the Governing Body

Our responsibility with regard to the financial statement audit under U.S. auditing standards:

We are also responsible for communicating significant matters related to the financial statement audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

- Significant Unusual Transactions
- Significant Difficulties Encountered During the Audit
- Disagreements with Management
- Circumstances that affect the form and content of the auditor's report
- Other findings or issues arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process
- Corrected and uncorrected misstatements
- Management's consultation with other accountants



MOSS ADAMS COMMENTS

No significant unusual transactions or other required communication matters were identified during our audit of the entity's financial statements.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Accounting Practices:

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures

MOSS ADAMS COMMENTS

The quality of the entity's accounting policies and underlying estimates are discussed throughout this presentation. There were no changes in the entity's approach to applying the critical accounting policies.

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by Salinas Valley Health are described in the notes to the consolidated financial statements. During the year, SVH adopted GASB 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. There were no other changes to significant accounting policies for the year ended June 30, 2024.
- We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management Judgments & Accounting Estimates:

The Audit Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.



MOSS ADAMS COMMENTS

- Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the consolidated financial statements.
- Significant management estimates impacted the consolidated financial statements including the following: estimated net realizable amounts from patient accounts receivable, useful lives of capital assets and right-of-use assets, discount rates and lease terms related to SVH's operating lease right-of-use assets, lease liabilities, lease receivable, deferred inflows of resources – leases, subscription assets, and subscription liabilities, actuarial estimates for self insured liabilities, and discount rates and other assumptions related to determining net pension and post-retirement benefit liabilities.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management Judgments & Accounting Estimates:

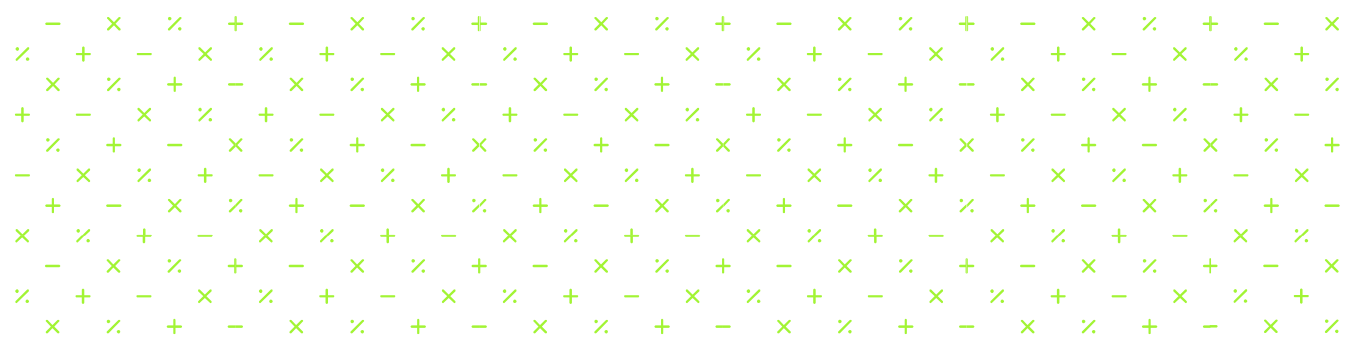
The Audit Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.



MOSS ADAMS COMMENTS

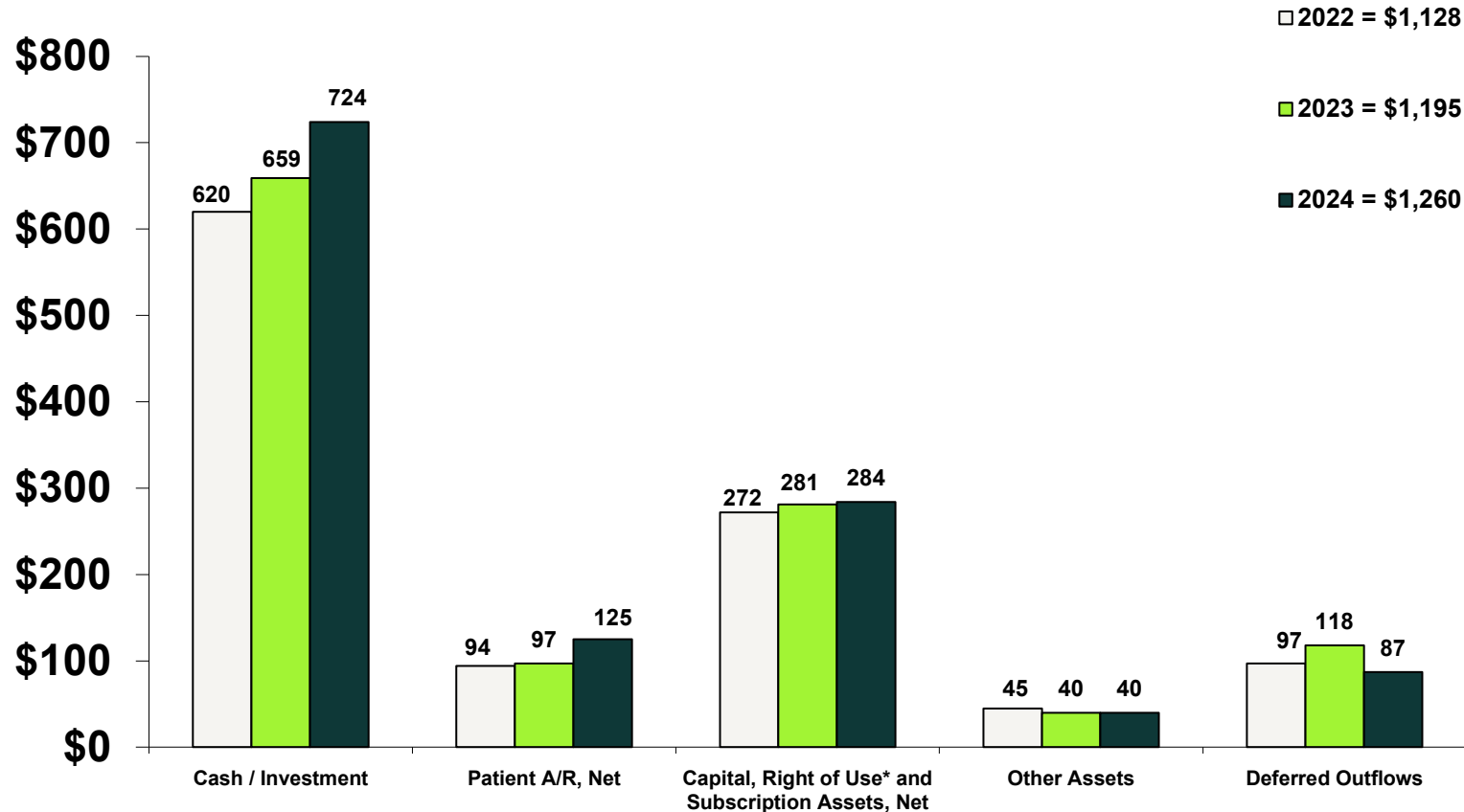
- The disclosures in the consolidated financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We call your attention to the following notes: significant concentration of net patient accounts receivable, investments and fair value of investments, capital assets, employee benefit plans, post-retirement medical benefits, insurance plans, leases, and subscription-based information technology arrangements.





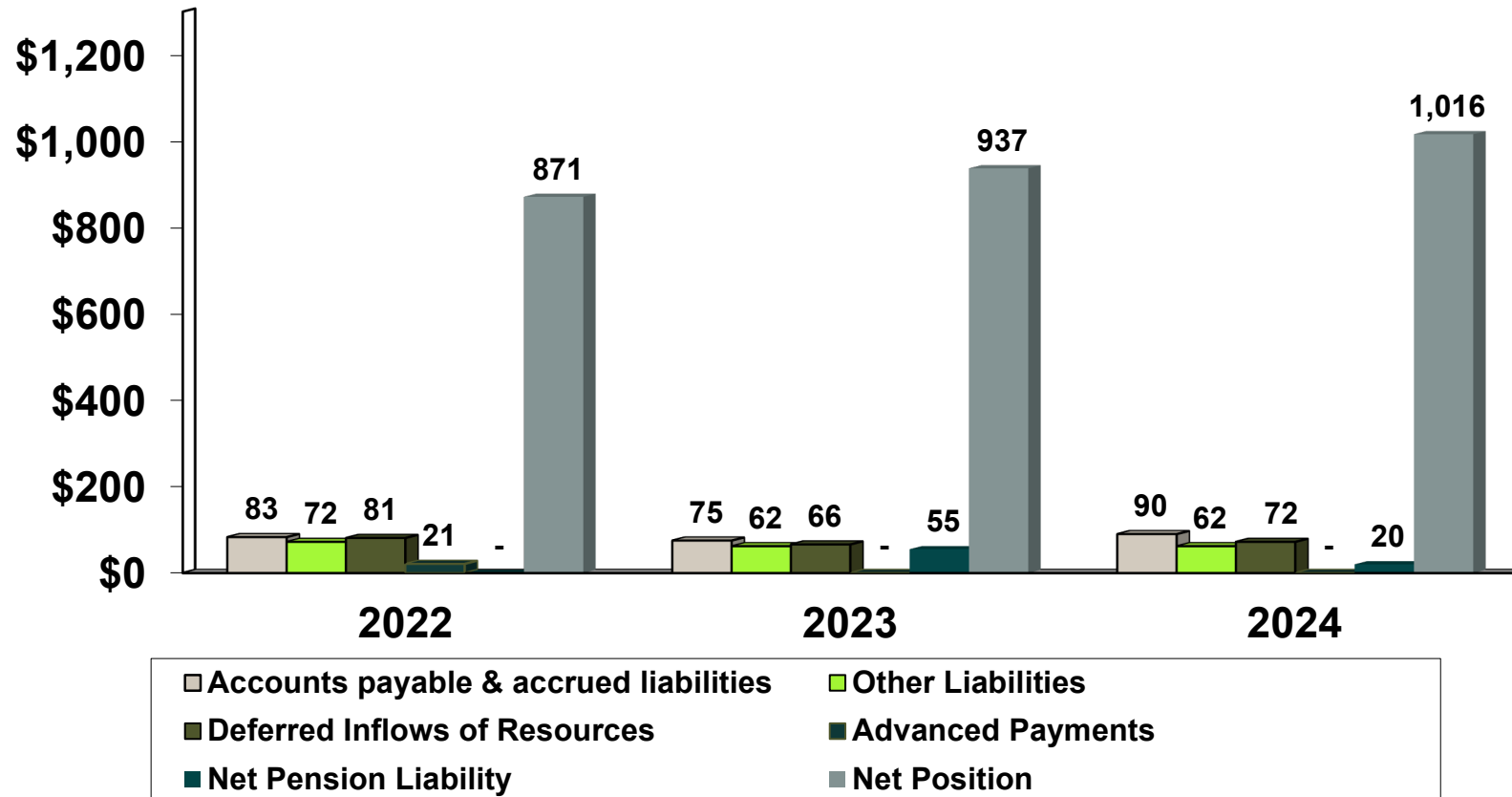
Consolidated Statements of Net Position

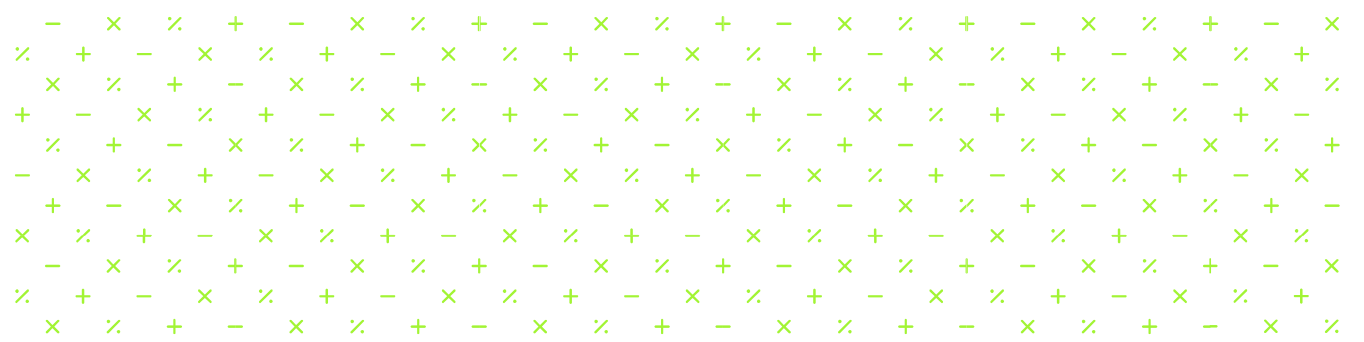
Asset and Deferred Outflows (in millions)



**represents GASB 87 operating lease right of use asset*

Liabilities, Deferred Inflows, and Net Position (in millions)

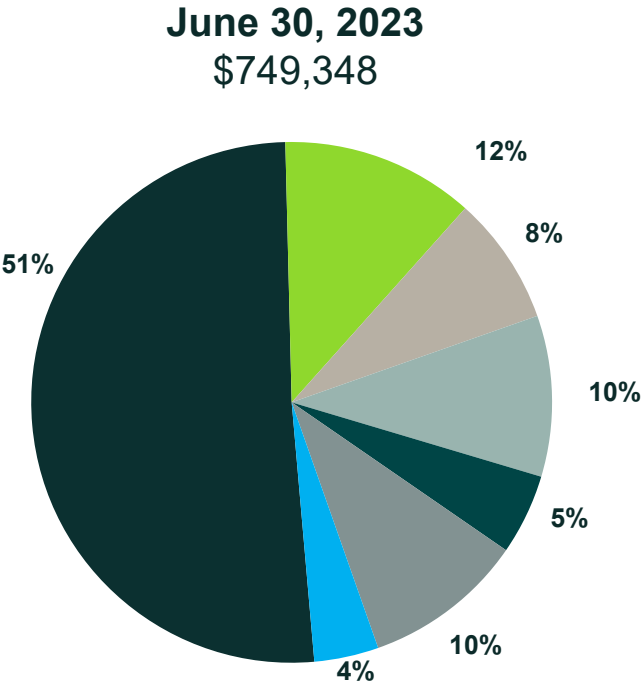
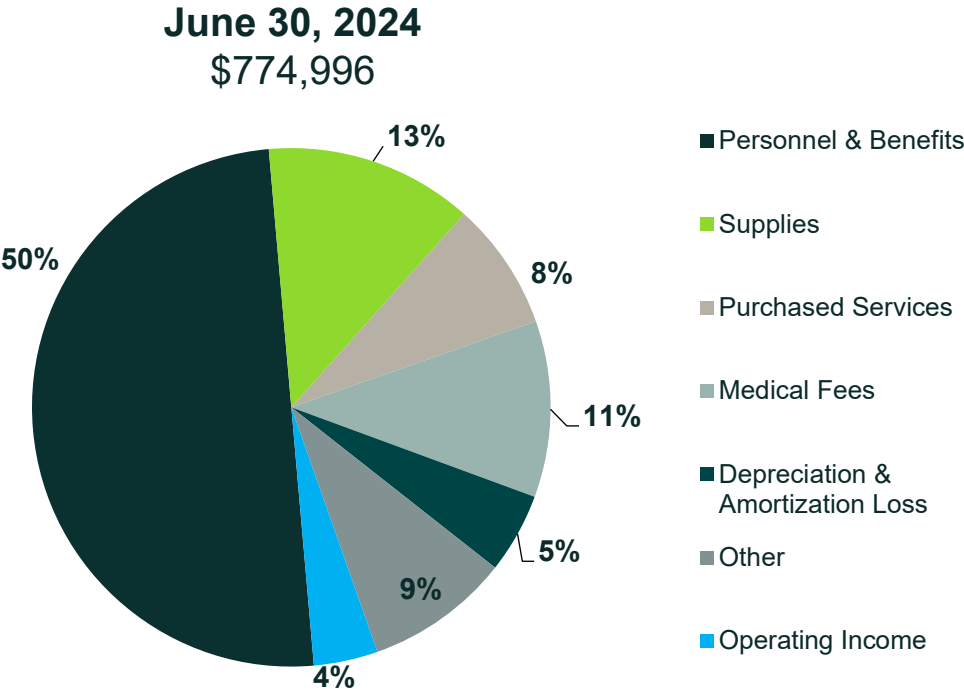




Consolidated Operations

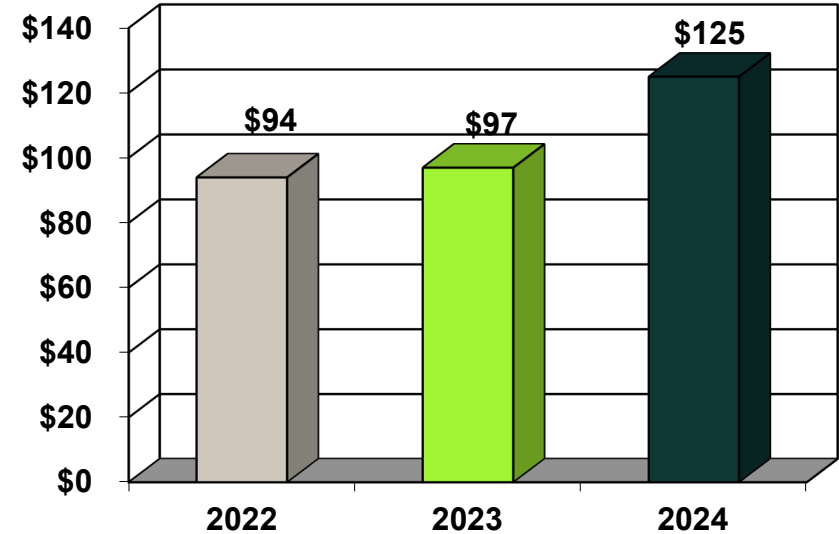
Income Statements Year-to-Year Comparison

Total Operating Revenues (in thousands) and
Expense Categories as a Percentage of Total
Operating Revenues

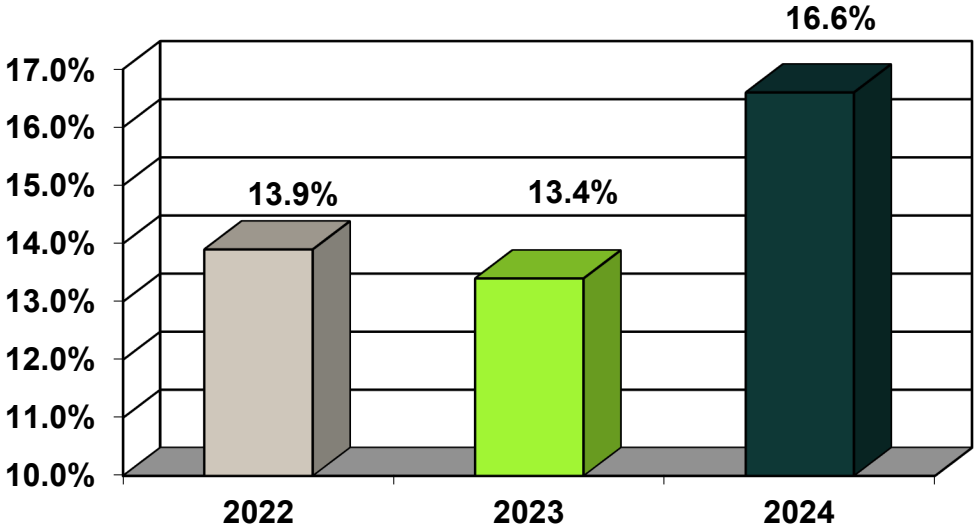


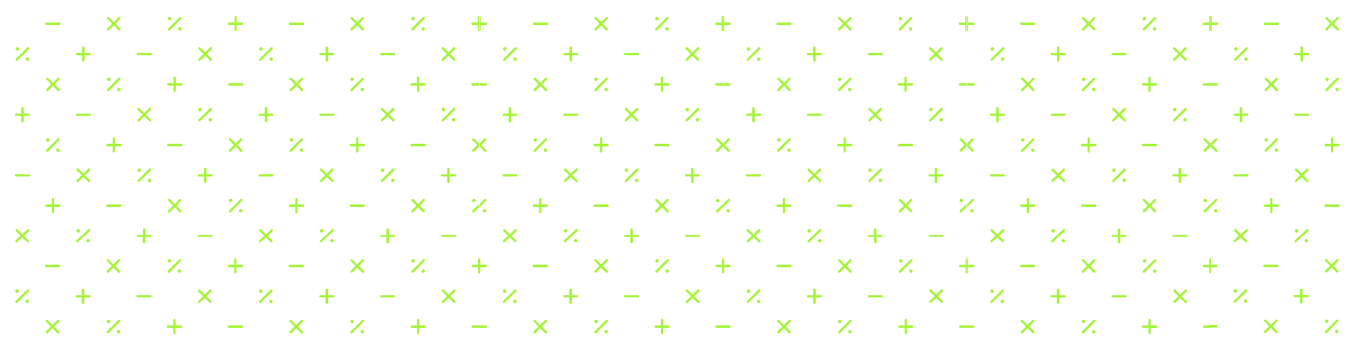
Net Patient Service Accounts Receivable

Dollars (in millions)



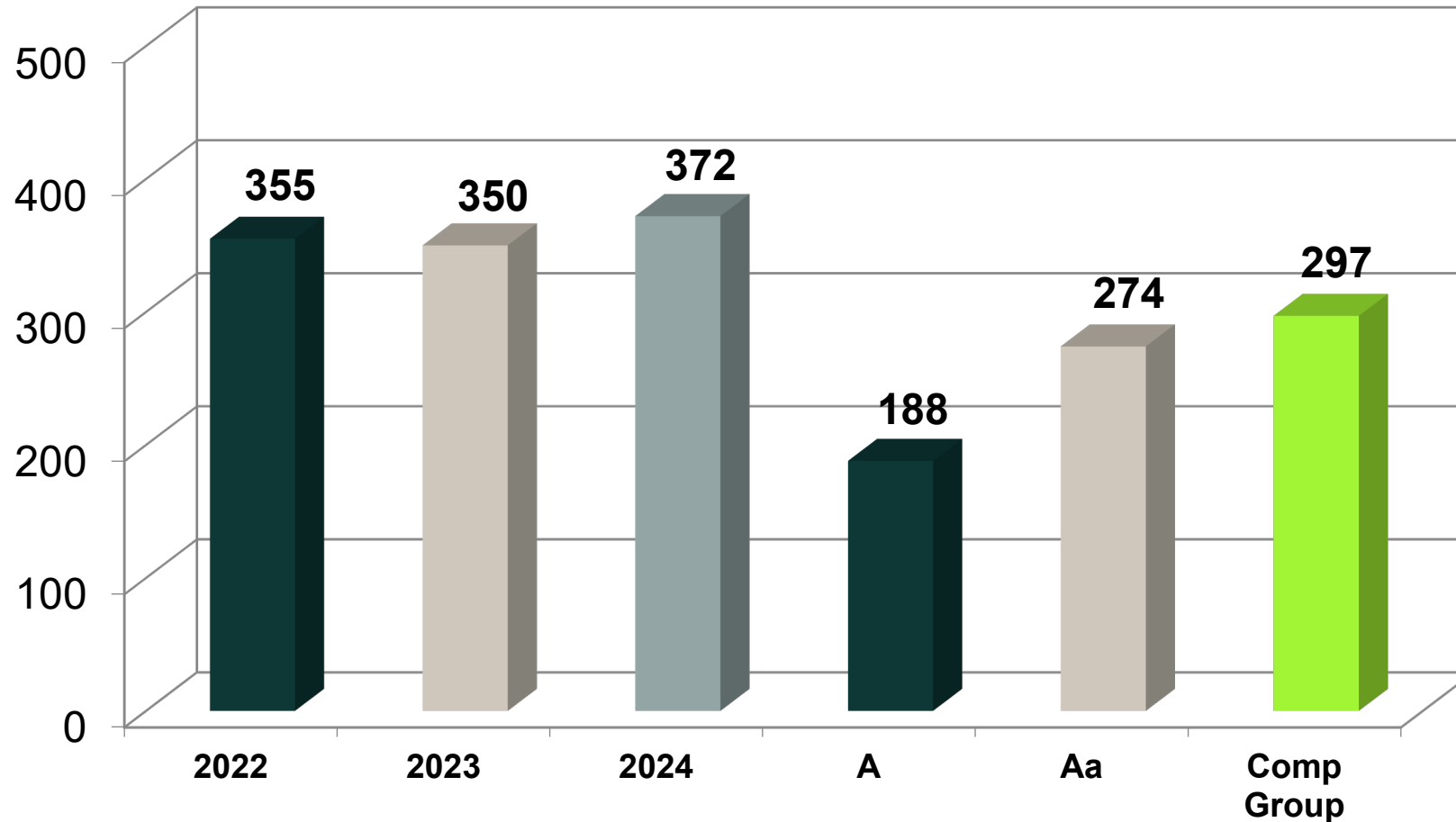
% Net Revenues



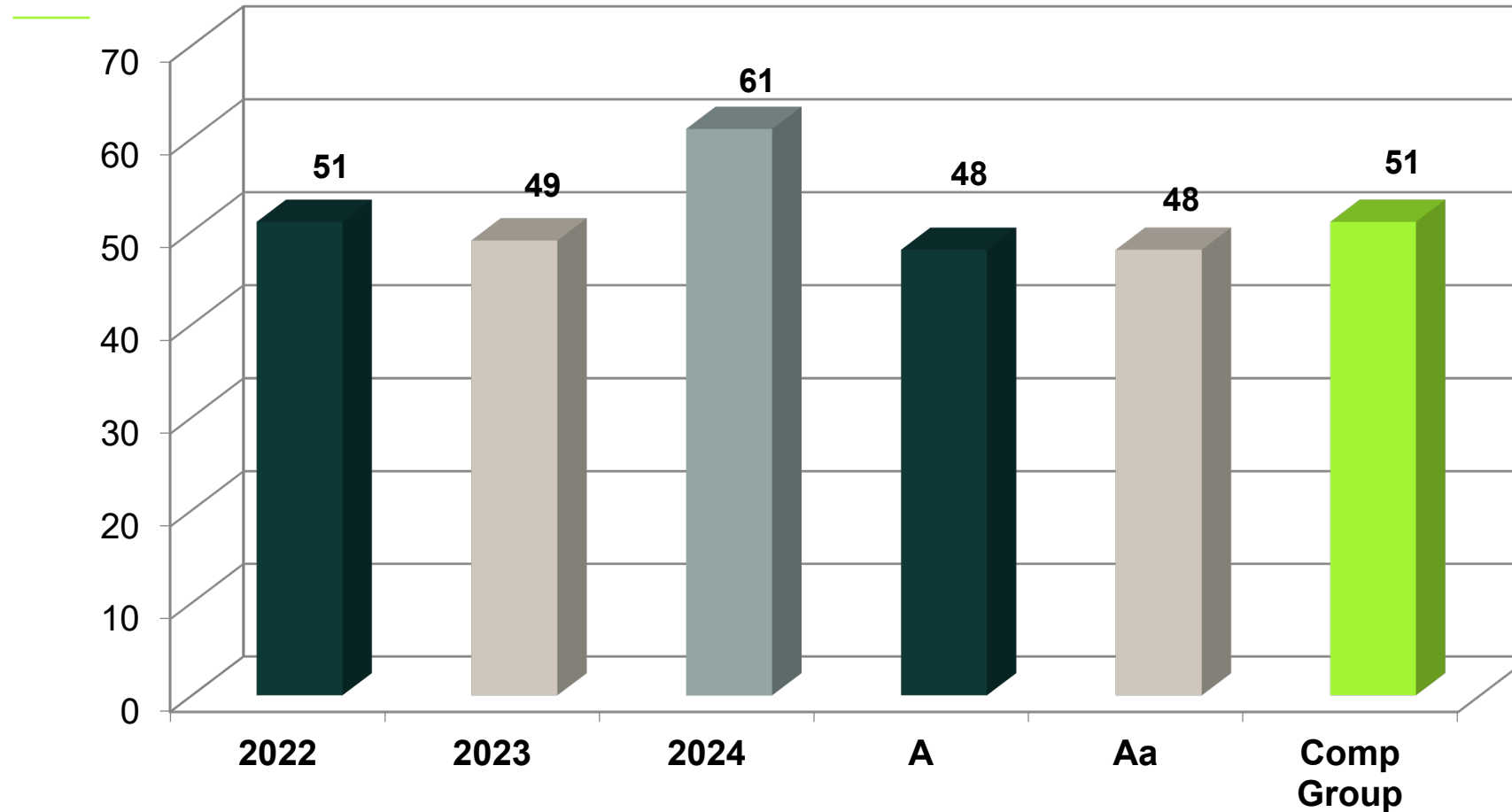


Other Information

Days Unrestricted Cash and Investments

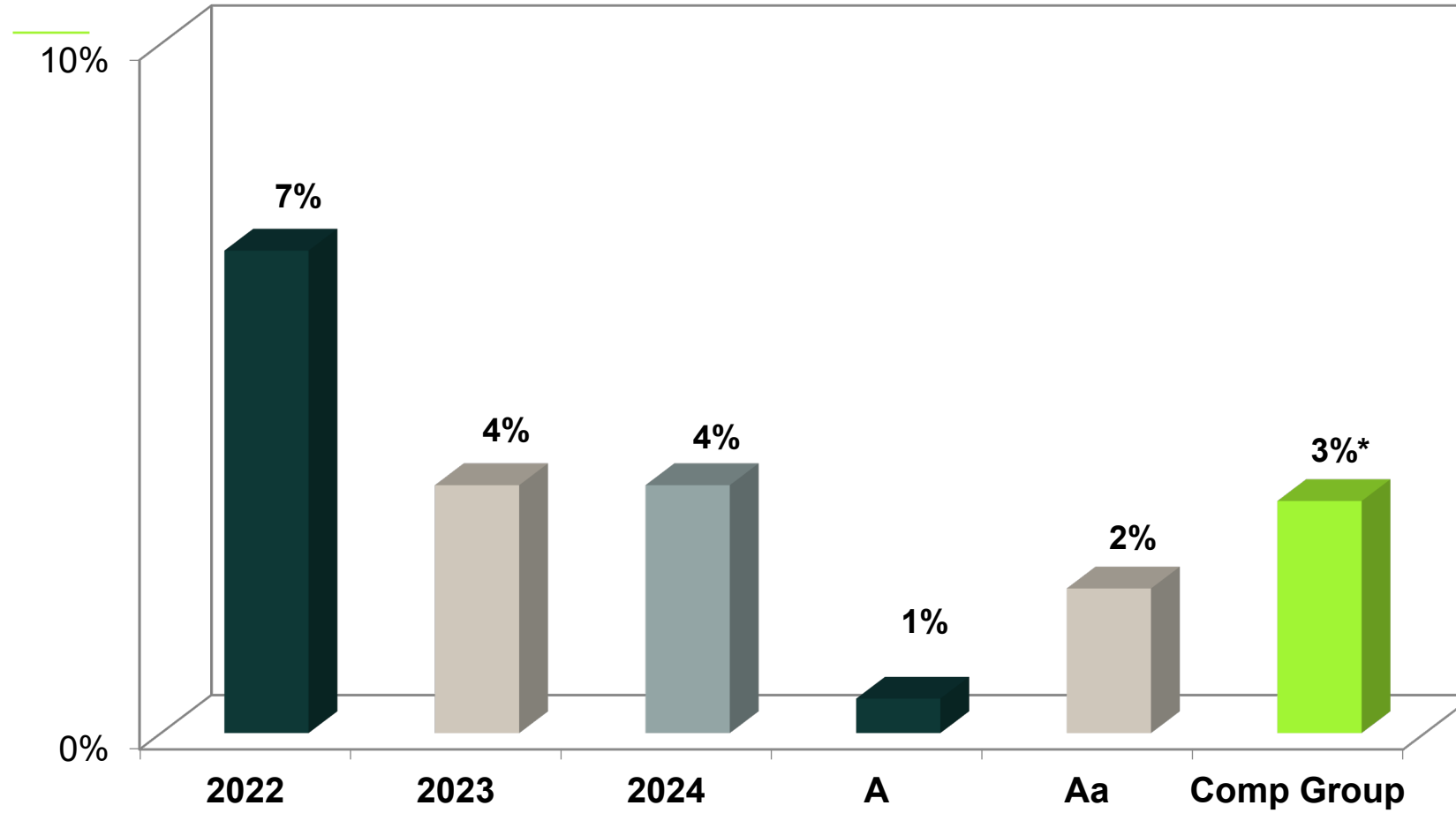


Days in Accounts Receivable



Moody's Investors Services: *Fiscal Year 2023*
Not-for-Profit Health Care Medians August 2024

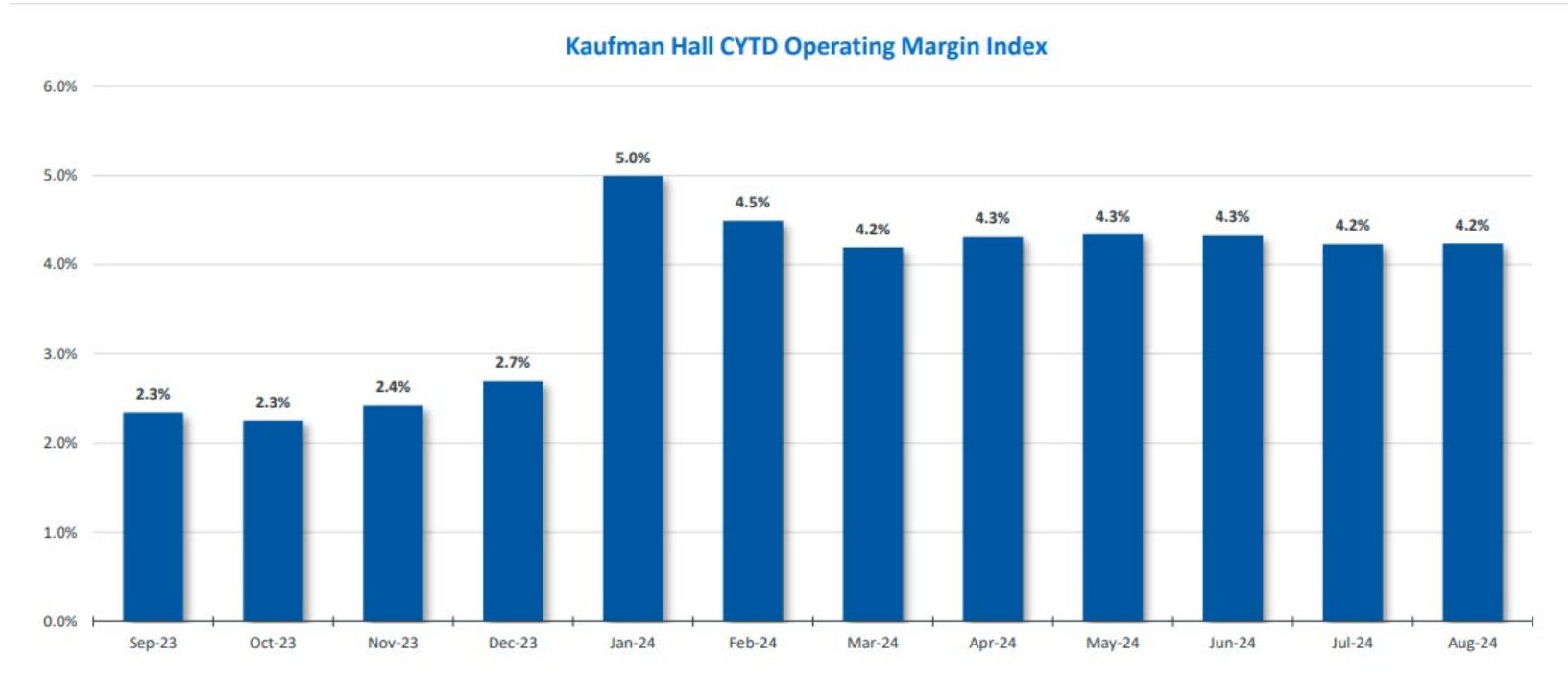
Operating Margin (Operating Income/Total Revenue)



**Comp Group Operating Margin ranges from (6.3%) to 11% with 1 negative margin and 4 positive margins*

Moody's Investors Services: *Fiscal Year 2023*
Not-for-Profit Health Care Medians August 2024

Operating Margin Index



Source: *National Hospital Flash Report*, August 2024, Kaufman Hall

GASB Accounting Updates

- GASB Statement No. 100, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62. Effective for Salinas Valley Health beginning July 1, 2023.
- GASB Statement No. 101, Compensated Absences. Effective for Salinas Valley Health beginning July 1, 2024.
- GASB Statement No. 102, Certain Risk Disclosures. Effective for Salinas Valley Health beginning July 1, 2024.
- GASB Statement No. 103, Financial Reporting Model Improvements. Effective for Salinas Valley Health beginning July 1, 2025.



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**THANK
YOU**



November 11, 2024

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Issued Report

Report of Independent Auditors

- Financial statements of Salinas Valley Memorial Healthcare District Employees Pension Plan for year ended December 31, 2023
- Audit report will be dated following management approval



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Unmodified Opinion

Financial statements are presented fairly in accordance with accounting principles generally accepted in the United States of America

Non-Attest Service

Moss Adams assisted management with drafting the Plan's financial statements and required supplementary information

Pension Financial Highlights



	2021	2022	2023
Total pension liability (a)	\$ 440,485,078	\$ 458,730,891	\$ 479,235,862
Plan fiduciary net position			
Employer contributions	\$ 23,126,725	\$ 61,579,392	\$ 11,269,905
Member contributions	2,673,070	2,577,706	2,506,514
Net investment income (loss)	47,033,347	(83,884,411)	61,892,945
Administrative expense	(111,880)	(92,272)	(83,035)
Benefit payments	(16,352,414)	(18,835,673)	(19,767,150)
Net change in plan fiduciary net position	56,368,848	(38,655,258)	55,819,179
Plan fiduciary net position			
Beginning of year	386,005,926	442,374,774	403,719,516
End of year (b)	\$ 442,374,774	\$ 403,719,516	\$ 459,538,695
System net pension liability (asset) (a) - (b)	\$ (1,889,696)	\$ 55,011,375	\$ 19,697,167
Funded status (GASB basis)	100.4%	88.0%	95.9%



Significant Audit Areas

- Internal Controls
- Investments
- Contributions (employer and member)
- Benefit payments
- Participant data and eligibility
- Actuarial valuation and assumptions
- Expenses
- Financial reporting



4



Required Communications

- Memo will be issued with required audit communications
- Representations requested and received from management
- No material weaknesses reported
- No proposed adjusting entries or uncorrected misstatements noted
- No significant new accounting pronouncements applied during the year that affected the Plan's reporting
- Consideration of fraud in a financial statement audit
 - Procedures performed included journal entry testing and interviews of personnel
- Moss Adams is independent with respect to the Plan and its sponsoring employer





THANK YOU

- Audit performed within the scope and timeline discussed during planning
- Management, staff, and the Plan's outside service providers were helpful, candid and open in response to audit requests and discussion points



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Communications with the
Personnel and Pension Committee

**Salinas Valley Memorial Healthcare District
Employees Pension Plan**

December 31, 2023

Communications with the Personnel and Pension Committee

The Personnel and Pension Committee

Salinas Valley Memorial Healthcare District Employees Pension Plan

We have audited the financial statements of Salinas Valley Memorial Healthcare District Employees Pension Plan (the Plan) as of and for the year ended December 31, 2023, and have issued our report thereon dated November 11, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated February 8, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS). As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we considered the Plan's internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in the engagement letter dated February 8, 2024, and planning discussions during June 2024.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements.

No new accounting policies were adopted and there were no changes in the application of existing policies during 2023. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the long-term expected rate of return on the Plan's investments, which is also used as the discount rate, was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for a hypothetical investment portfolio allocation of 65% equity and 35% fixed income. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. We evaluated the key factors and assumptions used to develop the long-term expected rate of return in determining that it is reasonable in relation to the financial statements as a whole.

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

- Investment valuations and types in Note 3 to the financial statements. The Plan's investment portfolio consists of mutual funds where market valuations are readily available.
- Disclosure of the employer's net pension liability in Note 5 to the financial statements.
- Actuarial methods and significant assumptions in Note 6 to the financial statements, which describes the significant actuarial methods and assumptions used in the valuation of the Plan. This disclosure provides details of the valuation date, actuarial method, long-term expected rate of return for each investment class in the portfolio, and the discount rate.

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the Plan's financial statements.

Significant Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 11, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Plan’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

This information is intended solely for the use of the Personnel and Pension Committee and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Albuquerque, New Mexico
November 11, 2024

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Report of Independent Auditors and
Financial Statements with
Required Supplementary Information

**Salinas Valley Memorial Healthcare District
Employees Pension Plan**

December 31, 2023 and 2022

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Report of Independent Auditors

The Personnel and Pension Committee
Salinas Valley Memorial Healthcare District Employees Pension Plan

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Salinas Valley Memorial Healthcare District Employees Pension Plan (the Plan), which comprise the statements of fiduciary net position as of December 31, 2023 and 2022, the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Salinas Valley Memorial Healthcare District Employees Pension Plan as of December 31, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Salinas Valley Memorial Healthcare District Employees Pension Plan's ability to continue as a going concern within twelve months after the financial statement date.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, schedules of changes in employer net pension (asset) liability and related ratios, schedules of employer contributions, and schedules of investment returns (collectively, the required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with audit standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Salinas, California
November 11, 2024

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Management's Discussion and Analysis

This section of Salinas Valley Memorial Healthcare District Employees Pension Plan's (the Plan's) annual financial report presents the management discussion and analysis of the Plan's financial performance as of and for the years ended December 31, 2023 and 2022. This section also includes selected comparative information as of and for the year ended December 31, 2021. It should be read in conjunction with the Plan's annual audited financial statements, which follow this section.

Overview – The Plan was established in November 1966 by the Salinas Valley Memorial Healthcare District (now known as the Salinas Valley Memorial Healthcare System or the System) and has been amended from time to time since that date, as further described below. The Plan provides retirement, disability, and death benefits to permanent employees of the System with union representation based on the employee's years of service, age, and annual compensation during covered employment.

Plan background – The Plan was amended effective January 1, 2004, to provide that the benefit formula be equal to 2.45% of the participant's earnings in a plan year. The benefit formula was previously 2.25% of the participant's earnings in a plan year (for plan years 2000 through 2003).

Participation in the Plan was frozen effective March 31, 2011, for nonunion employees. These employees are entitled to benefits earned before that date but do not accrue further benefits under the Plan.

The Plan was amended effective January 1, 2013, to comply with the applicable provisions of the California Public Employees' Pension Reform Act of 2013 (PEPRA). These provisions include limitations on pensionable compensation and retirement benefits and contribution provisions, including the establishment of participant contributions, for new participants who are hired on or after January 1, 2013, and meet the eligibility and vesting requirements of the Plan.

The Plan was amended and restated effective January 1, 2016, to update the Plan for legislative changes according to PEPRA and to remove the three-year service requirement to participate in the Plan for eligible employees.

Plan documents contain a more detailed description of the Plan's provisions and should be referred to for a more complete understanding of the terms of the Plan. Copies of the appropriate documents are available through the administrative offices of the System.

Financial highlights – During the year ended December 31, 2023, the net position held in trust for pension benefits increased by approximately 14%. Employer contributions were \$11.3 million in 2023 compared to \$61.6 million in 2022. Benefit payments were \$20.0 million during 2023 compared to \$19.0 million during 2022. Net investment income was \$62.1 million during 2023 compared to a net investment loss of \$83.7 million during 2022.

Financial analysis – Total contributions have exceeded the actuarially determined contribution amounts since 2015, due to decisions made by the System's Board of Directors to fund the Plan at amounts above actuarially determined contributions. During the year ended December 31, 2023, the System's Board of Directors approved and funded employer contributions totaling \$11,269,905 to the Plan.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Management's Discussion and Analysis

Actuarial measurement – The actuarial cost method used to attribute the actuarial present value of projected benefit payments of each plan member is the entry age cost method. Under the entry age cost method, the actuarial present value of the projected benefits for each individual included in the actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is the actuarial accrued liability.

The System's net pension liability (asset) is calculated as the total pension liability, defined as the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service, less the Plan's fiduciary net position. A comparison of the components of the net position liability (asset) as of December 31, 2023, 2022, and 2021 are as follows:

	December 31,		
	2023	2022	2021
Total pension liability	\$ 479,235,862	\$ 458,730,891	\$ 440,485,078
Plan fiduciary net position	(459,538,695)	(403,719,516)	(442,374,774)
System's net pension liability (asset)	<u>\$ 19,697,167</u>	<u>\$ 55,011,375</u>	<u>\$ (1,889,696)</u>
System's fiduciary net position as a percentage of total pension liability	95.89%	88.01%	100.43%

Overview of the financial statements – The financial statements consist of three parts: management's discussion and analysis (this section), the basic financial statements together with the related notes, and required supplementary information, as mandated by certain pronouncements of the Governmental Accounting Standards Board (GASB).

The basic financial statements present information about the Plan's fiduciary net position and changes in fiduciary net position for the respective years. The basic financial statements also include notes to explain some of the information in the financial statements and to provide more details. The notes are followed by a section of required supplementary information that displays additional detail information not in the basic financial statements, but which is required by the pronouncements of the GASB and relate to funding progress and required contributions.

The statement of fiduciary net position displays the assets and liabilities and resulting net position of the Plan as of the end of the year. All assets are valued at fair value.

Salinas Valley Memorial Healthcare District
Employees Pension Plan
Management's Discussion and Analysis

The following are abbreviated statements of fiduciary net position (in thousands):

	December 31,		
	2023	2022	2021
Cash and investments	\$ 459,539	\$ 403,720	\$ 442,375

During the years ended December 31, 2023 and 2022, the Plan's fiduciary net position increased by 14% and decreased by 9%, respectively. The Plan's policies allow investments consisting of fixed income securities, equity securities, and money market funds. The Plan's investments are held in a portfolio of registered investment companies (mutual funds).

The statement of changes in fiduciary net position reflects the employer contributions and investment return, net of investment expenses, less benefits paid. Changes in fiduciary net position are summarized as follows (in thousands):

	Year Ended December 31,		
	2023	2022	2021
Investment income (loss), net	\$ 62,101	\$ (83,746)	\$ 47,033
Employer contributions	11,270	61,579	23,127
Member contributions	2,506	2,578	2,673
Benefit payments to members and beneficiaries	(19,962)	(18,961)	(16,352)
Administrative expenses	(96)	(106)	(112)
Change in fiduciary net position	\$ 55,819	\$ (38,656)	\$ 56,369

The change in fiduciary net position during the years ended December 31, 2023, 2022, and 2021 is due primarily to the employer contributions made each year and the investment (loss) income from the performance of equity markets during each year. Benefit payments to members and beneficiaries continue to increase each year due to the increased number of retirees and beneficiaries receiving benefits.

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Financial Statements

**Salinas Valley Memorial Healthcare District
Employees Pension Plan
Statements of Fiduciary Net Position
December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
ASSETS		
Investments, at fair value		
Mutual funds	<u>\$ 459,538,695</u>	<u>\$ 403,719,516</u>
NET POSITION HELD IN TRUST FOR PENSION BENEFITS	<u><u>\$ 459,538,695</u></u>	<u><u>\$ 403,719,516</u></u>

See accompanying notes to these financial statements.

Salinas Valley Memorial Healthcare District
Employees Pension Plan
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2023 and 2022

	2023	2022
ADDITIONS		
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	\$ 50,748,380	\$ (93,981,045)
Dividends	11,352,580	10,235,226
Net investment income (loss)	<u>62,100,960</u>	<u>(83,745,819)</u>
Contributions		
Employer	11,269,905	61,579,392
Members	2,506,514	2,577,706
Total contributions	<u>13,776,419</u>	<u>64,157,098</u>
Net additions	<u>75,877,379</u>	<u>(19,588,721)</u>
DEDUCTIONS		
Benefit payments	19,961,806	18,960,982
Administrative expenses	96,394	105,555
Total deductions	<u>20,058,200</u>	<u>19,066,537</u>
CHANGE IN NET POSITION	55,819,179	(38,655,258)
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
Beginning of the year	<u>403,719,516</u>	<u>442,374,774</u>
End of the year	<u><u>\$ 459,538,695</u></u>	<u><u>\$ 403,719,516</u></u>

See accompanying notes to these financial statements.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Note 1 – Description of the Plan

General – The following description of Salinas Valley Memorial Healthcare District Employees Pension Plan (the Plan) provides only general information. Participants should refer to the plan document for a more complete description of the Plan's provisions.

The Plan is a single-employer noncontributory employee retirement system established by Salinas Valley Memorial Healthcare System (the System). The System is a political subdivision that was organized under the provisions of the Health and Safety Code of the State of California. Permanent employees of the System with union representation are eligible to participate in the Plan upon the later of their employment commencement date or reaching the age of 21.

The Plan provides retirement, disability, and death benefits based on the employee's years of service, age, and annual compensation during covered employment. Plan provisions and all other requirements are established by the System's five-member Board of Directors (the Board), which has been elected by the registered voters in the District.

Effective March 31, 2011, participation in the Plan for nonunion employees was frozen. Nonunion employees are entitled to benefits earned before March 31, 2011, but do not accrue further benefits under the Plan.

Effective January 1, 2013, the Plan was amended to adopt the applicable provisions of the California Public Employees' Pension Reform Act of 2013 (PEPRA).

Membership in the Plan consists of the following:

	December 31,	
	2023	2022
Active members		
Number of active members under and over the normal retirement age	1,372	1,265
Nonactive members and other beneficiaries receiving benefits		
Number of retirees or beneficiaries	816	794
Number terminated with vested benefits	423	438
Inactive members	220	236
	<u>2,831</u>	<u>2,733</u>

Contributions – The Plan directs the System to make contributions based on actuarially determined contribution amounts. The System reserves the right to suspend or reduce contributions to the Plan at any time, upon appropriate action by the Board. In accordance with PEPRA, certain members are required to make contributions based on a percentage of their eligible compensation to the Plan.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Benefits – The benefit formula payable to a participant who retires on his or her normal retirement date of age 65 shall be a monthly benefit for the life of the member. The benefit payable to a participant is computed as 2.45% of the participant's earnings during a year of credited service, as defined by the Plan, multiplied by the number of years of credited service for the participant.

In accordance with the provisions of PEPRA, certain participants hired after January 1, 2013, who retire at their normal retirement age of age 65, shall receive a retirement benefit computed as 2.30% of the participant's final annual compensation multiplied by their number of years of service in the Plan.

A participant who has attained age 52 and completed 15 years of service and 5 years of plan participation may elect early retirement on the first day of any month prior to the participant's normal retirement date, with certain defined-benefit reductions. A participant may elect to receive benefits in the form of a single life annuity, alternate annuity option, certain period option, or social security adjustment option, as defined in the plan document. Upon the death of a participant who is currently employed by the System and prior to commencement of payments of benefits under this Plan, death benefits are distributed to the designated beneficiary.

Vesting – Employees are eligible to receive benefits after a minimum of ten years of service. Participants may receive early retirement benefits with 15 years of service.

Plan termination – The System expects to continue the Plan indefinitely but reserves the right to terminate the Plan at any time by appropriate action. In the event of such termination, each affected employee shall become 100% vested in the participant's accrued benefit.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The Plan's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units, using the accrual basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the total pension liability at the date of the financial statements. Actual results could differ from those estimates.

Investment valuation – Investments are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price on the last business day of the plan year. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Income recognition – Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) in fair value of investments consists of both the realized gains and losses and unrealized appreciation and depreciation of those investments.

Benefit payments – Benefit payments to participants are recorded when paid.

Administrative expenses – The Plan's administrative expenses are paid either by the Plan or the System, as provided by the plan document. Certain expenses for the general administration of the Plan are paid directly by the System and are excluded from these financial statements. Certain investment related expenses are included in investment income (loss) presented in the accompanying statements of changes in fiduciary net position.

Note 3 – Investments

Investment policy – The Personnel and Pension Committee, appointed by the System's Board of Directors, is responsible for the oversight of the Plan's investments and investment policy. The investment policy presents ranges for investment types as follows:

Domestic and international equities	65%
Fixed income securities and cash equivalents	35%

The investment policy specifically prohibits investments in short sales, margin purchases, private placements, derivatives, commodities, and annuities.

Investments – As of December 31, the Plan's investments are summarized as follows:

	2023		2022	
	Fair Value	%	Fair Value	%
Mutual funds				
Domestic equity	\$ 200,330,828	44%	\$ 173,431,007	43%
Fixed income	133,074,347	29%	121,469,099	30%
International equity	101,619,815	22%	88,364,818	22%
Real estate fund	24,513,705	5%	20,454,592	5%
	<u>\$ 459,538,695</u>	<u>100%</u>	<u>\$ 403,719,516</u>	<u>100%</u>

Fair value measurements – The Plan uses a framework for measuring fair value that provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation technique used for assets measured at fair value. There have been no changes in the techniques used at December 31, 2023 or 2022.

Mutual funds – Shares held in registered investment companies (mutual funds) are valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The funds held by the Plan are deemed to be actively traded. Mutual funds held by the Plan are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission.

The following tables disclose the fair value hierarchy of the Plan's assets by level:

		Fair Value Measurements		
December 31, 2023		Level 1	Level 2	Level 3
Mutual funds				
Equity securities	\$ 326,464,348	\$ 326,464,348	\$ -	\$ -
Fixed income	133,074,347	133,074,347	-	-
	<u>\$ 459,538,695</u>	<u>\$ 459,538,695</u>	<u>\$ -</u>	<u>\$ -</u>
		Fair Value Measurements		
December 31, 2022		Level 1	Level 2	Level 3
Mutual funds				
Equity securities	\$ 282,250,417	\$ 282,250,417	\$ -	\$ -
Fixed income	121,469,099	121,469,099	-	-
	<u>\$ 403,719,516</u>	<u>\$ 403,719,516</u>	<u>\$ -</u>	<u>\$ -</u>

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Annual Money-weighted rate of return – During the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on the Plan's investments, net of investment expenses, was 15.45% and (18.04)%, respectively. The annual money-weighted rate of return expresses investment performance, net of investment fees, adjusted for the changing amounts actually invested.

Investment risk factors – There are many factors that can affect the value of investments. Some factors including custodial credit risk, concentration of credit risk, and foreign currency risk, may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance, and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates. The Plan manages its investment risk factors by diversifying its portfolio through investments in a group annuity contract that invests in various registered investment companies, and U.S. and international equity securities, which are all readily marketable.

The fixed income portfolio consists of shares held in various registered investment companies (mutual funds) with underlying investments in fixed and variable rate U.S Government and corporate securities. There are no restrictions to the Plan's ability to sell shares in these mutual funds on any given trading date.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and more volatile than those with shorter durations.

The Plan holds fixed income investments in various mutual funds with underlying investments in fixed and variable rate securities. There are no restrictions to the Plan's ability to sell shares in these mutual funds on any given trading date, which mitigates the interest rate risk of the underlying securities.

Credit risk – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Plan held fixed income investments in various mutual funds with underlying investments in fixed and variable rate securities.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the investment custodian, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2023 and 2022, the Plan's investments are held by third-party safekeeping custodians selected by the Board and registered in the Plan's name. As a result, management believes custodial credit risk is remote.

Concentration of credit risk – Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments with a few individual issuers, thereby exposing the Plan to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. As of December 31, 2023 and 2022, the Plan's investments are entirely held in mutual funds with diversified holdings in underlying investments.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Note 4 – Employer Contributions

Employer contributions are determined by the System's Board of Directors each year based on the actuarially required contribution amount calculated by the Plan's independent actuary. The actuarially determined contribution is determined as part of an actuarial valuation on January 1 of each year, using the traditional unit credit actuarial cost method. Actuarially determined contribution amounts were \$11,269,905 and \$10,157,917 for the years ended December 31, 2023 and 2022, respectively, and contributed to the Plan as directed and approved by the Board of Directors. Employer contributions in excess of the actuarially determined contribution amounts totaling \$0 and \$51,421,475 were also contributed at the direction of the Board of Directors for the years ended December 31, 2023 and 2022, respectively.

Note 5 – System Net Pension Liability

The components of the net pension liability of the System were as follows:

	December 31,	
	2023	2022
Total pension liability	\$ 479,235,862	\$ 458,730,891
Plan fiduciary net position	(459,538,695)	(403,719,516)
System net pension liability (asset)	<u>\$ 19,697,167</u>	<u>\$ 55,011,375</u>
Plan fiduciary net position as a percentage of total pension liability (funded status)	95.89%	88.01%

Note 6 – Actuarial Methods and Significant Assumptions

The total pension liability was determined as part of actuarial valuations as of December 31, 2023 and 2022, respectively, using actuarial methods and assumptions in accordance with GASB No. 67, *Financial Reporting for Pension Plans*. The total pension liability was calculated using the entry age cost method and PubG-2010 Generational Mortality Tables projected using MP-2021 as of December 31, 2023 and 2022. The actuarial assumptions included (a) 6.50% investment long-term expected rate of return, net of investment expenses and (b) projected salary increases of 3.50% plus merit for Certified Nursing Assistants (CNA) and 3.75% plus merit for National Union of Healthcare Workers (NUHW).

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Notes to Financial Statements

Long-term expected rate of return – The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for a hypothetical investment portfolio allocation of 65% equity and 35% fixed income. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation at a long-term inflation rate of 2.25%.

As of December 31, 2023 and 2022, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Investment Class	Long-Term Expected Rate of Return
Domestic equity	
U.S. large cap equity	8.0%
U.S. small cap equity	9.0%
International	
Equity	8.0%
Emerging market equity	9.0%
Alternative	
Real estate investment trust	8.0%
Commodities	5.0%
Money market	2.0%
Fixed income	
High yield bonds	6.5%
Core bonds	4.0%
Long-term corporate bonds	6.0%
Short-term bonds	2.5%

Discount rate – As of December 31, 2023 and 2022, the discount rate used to measure the total pension liability was 6.50%, based on the expected rate of return on pension plan investments. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Salinas Valley Memorial Healthcare District
Employees Pension Plan
Notes to Financial Statements

Sensitivity of the net pension liability to changes in the discount rate – The following presents the net pension liability of the System, calculated using the discount rate of 6.50%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
System net pension liability	\$ 82,388,484	\$ 19,697,167	\$ (32,612,325)

Note 7 – Tax Status

The Internal Revenue Service has determined and informed the System by a letter dated March 21, 2017, that the Plan is designed in accordance with the applicable sections of the Internal Revenue Code (IRC). Management believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC and is not subject to federal income taxes.

Note 8 – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks (see Note 3). Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position available for benefits.

Plan contributions are made, and the total pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and member demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

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Required Supplementary Information

Salinas Valley Memorial Healthcare District Employees Pension Plan

Schedules of Changes in Employer Net Pension Liability (Asset) and Related Ratios

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	10,276,815	\$ 10,507,936	\$ 9,971,347	\$ 9,739,474	\$ 8,353,779	\$ 8,078,739	\$ 7,171,959	\$ 7,005,009	\$ 7,743,929	\$ 6,982,137
Interest on total pension liability	29,843,069	28,712,023	27,964,724	26,944,092	25,007,386	24,405,221	22,569,994	21,000,849	19,178,200	18,169,063
Change of benefit terms	-	-	-	(201,797)	-	-	-	-	-	-
Difference between expected and actual experience	152,237	(2,138,473)	4,182,887	(3,872,216)	(8,841,924)	(3,353,687)	(3,076,492)	4,487,813	(280,070)	(4,074,023)
Changes in actuarial assumptions	-	-	(13,644,957)	(1,635,817)	36,231,315	14,767,302	11,277,838	2,602,234	(1,465,873)	15,352,227
Benefit payments	(19,767,150)	(18,835,673)	(16,232,653)	(14,266,188)	(12,525,484)	(11,578,811)	(10,404,996)	(8,726,267)	(7,762,380)	(7,344,187)
Net change in total pension liability	20,504,971	18,245,813	12,241,348	16,507,548	48,225,072	32,318,764	27,538,303	26,369,638	17,413,806	29,085,217
Total pension liability										
Beginning of year	458,730,891	440,485,078	428,243,730	411,736,182	363,511,110	331,192,346	303,654,043	277,284,405	259,870,599	230,785,382
End of year (a)	\$ 479,235,862	\$ 458,730,891	\$ 440,485,078	\$ 428,243,730	\$ 411,736,182	\$ 363,511,110	\$ 331,192,346	\$ 303,654,043	\$ 277,284,405	\$ 259,870,599
Plan fiduciary net position										
Employer contributions	\$ 11,269,905	\$ 61,579,392	\$ 23,126,725	\$ 23,765,862	\$ 26,808,785	\$ 21,927,309	\$ 19,883,437	\$ 16,938,956	\$ 17,189,514	\$ 10,798,666
Member contributions	2,506,514	2,577,706	2,673,070	1,975,665	1,593,730	1,209,498	840,013	474,659	-	-
Net investment income (loss)	61,809,945	(83,884,411)	47,033,347	43,530,843	52,346,352	(13,802,482)	32,509,516	8,198,171	1,301,163	14,217,051
Administrative expenses	(83,035)	(92,272)	(111,880)	(115,720)	(115,586)	(112,397)	(109,194)	(64,788)	-	-
Benefit payments	(19,767,150)	(18,835,673)	(16,352,414)	(14,266,188)	(12,525,484)	(11,578,811)	(10,404,996)	(8,726,267)	(7,762,380)	(7,344,187)
Net change in plan fiduciary net position	55,819,179	(38,655,258)	56,368,848	54,890,462	68,107,797	(2,356,883)	42,718,776	16,820,731	10,728,297	17,671,530
Plan fiduciary net position										
Beginning of year	403,719,516	442,374,774	386,005,926	331,115,464	263,007,667	265,364,550	222,645,774	205,825,043	195,096,746	177,425,216
End of year (b)	\$ 459,538,695	\$ 403,719,516	\$ 442,374,774	\$ 386,005,926	\$ 331,115,464	\$ 263,007,667	\$ 265,364,550	\$ 222,645,774	\$ 205,825,043	\$ 195,096,746
Employer net pension liability (asset) (a) - (b)	\$ 19,697,167	\$ 55,011,375	\$ (1,889,696)	\$ 42,237,804	\$ 80,620,718	\$ 100,503,443	\$ 65,827,796	\$ 81,008,269	\$ 71,459,362	\$ 64,773,853
Discount rate	6.5%	6.5%	6.5%	6.5%	7.0%	7.5%	7.5%	7.5%	7.5%	7.5%
Plan fiduciary net position as percentage of total pension liability	95.89%	88.01%	100.43%	90.14%	80.42%	72.35%	80.12%	73.32%	74.23%	75.07%
Covered payroll	\$ 151,837,187	\$ 142,049,836	\$ 138,819,740	\$ 127,771,097	\$ 119,260,723	\$ 112,353,126	\$ 108,395,254	\$ 96,639,978	\$ 92,759,619	\$ 97,718,804
Net pension liability (asset) as percentage of covered payroll	12.97%	38.73%	-1.36%	33.06%	67.60%	89.45%	60.73%	84.70%	77.04%	66.29%

Notes to schedule
Changes in actuarial assumptions with significant impact on the total pension liability include discount rate changes and the following:
1) For 2018, the salary scale changed from 4.0% to 3.5% plus merit (CNA) and 3.75% plus merit (NUHW).
2) For 2017, the plan was amended for legislative changes according to PEPRA and to remove the three-year service requirement to participate for eligible employees.
3) For 2014, the actuarial cost method changed from Traditional Unit Credit to Entry Age Normal.

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Schedules of Employer Contributions

Year Ended December 31,	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Excess	Covered Payroll	Contribution as a % of Covered Payroll
2023	\$ 11,269,905	\$ 11,269,905	\$ -	\$ 151,837,187	7.42%
2022	10,157,917	61,579,392	51,421,475	142,049,836	43.35%
2021	13,126,725	23,126,725	10,000,000	138,819,740	16.66%
2020	18,765,859	23,765,862	5,000,003	127,771,097	18.60%
2019	11,808,783	26,808,785	15,000,002	119,260,723	22.48%
2018	11,927,309	21,927,309	10,000,000	112,353,126	19.52%
2017	12,883,435	19,883,437	7,000,002	108,395,254	18.34%
2016	11,970,458	16,938,956	4,968,498	95,639,978	17.71%
2015	12,146,278	17,189,514	5,043,236	92,759,619	18.53%
2014	10,798,666	10,798,666	-	97,718,804	11.05%

Notes to schedule

Valuation date	Actuarially determined contributions are calculated as of January 1, the first day of the fiscal year in which the contributions are reported.
Methods and assumptions used	
Actuarial cost method	Entry Age
Inflation	2.25%
Salary increases	2015 - 2017: 3.75% (NUHW) and 4.00% (CNA), including inflation 3.75% plus merit increases (NUHW) and 4.00% plus merit increases (CNA) 2018 - 2023: 3.75% (NUHW) and 3.50%(CNA), including inflation 3.75% plus merit increases (NUHW) and 3.50% plus merit increases (CNA)
Investment rate of return	2014 - 2017: 7.50%, net of investment expense, including inflation 2018: 7.00%, net of investment expense, including inflation 2019 - 2023: 6.50%, net of investment expense, including inflation
Retirement age	
Normal retirement	65
Early retirement	Classic participant: 50 and 15 years of vesting service New participant: 52 and 15 years of vesting service
Mortality	2015 - 2017: RP-2000 Mortality Table for Males and Females, projected to 2033 2018: RP-2014 Mortality Table for Males and Females, projected to 2033 2019: PubG-2010 Generational Mortality Tables for Males and Females, projected using MP-2019 2020: PubG-2010 Generational Mortality Tables for Males and Females, projected using MP-2020 2021 - 2023: PubG-2010 Generational Mortality Tables for Males and Females, projected using MP-2021

Salinas Valley Memorial Healthcare District

Employees Pension Plan

Schedules of Investment Returns

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expenses	15.45%	-18.04%	12.01%	12.92%	19.53%	-5.11%	14.22%	3.74%	0.68%	8.17%

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COMMUNITY ADVOCACY COMMITTEE

*Minutes of the
Community Advocacy Committee
will be distributed at the Board Meeting*

(ROLANDO CABRERA, MD)

SVH Board Paper

Agenda Item: **Consider Approval of (i) Findings Supporting Recruitment of Daniel Young Shin, MD, (ii) Contract Terms for Dr. Shin's Recruitment Agreement, and (iii) Contract Terms for Dr. Shin's Mammography and Diagnostic Imaging Professional Services Agreement**

Executive Sponsor: Tim Albert, MD, Chief Clinical Officer
Orlando Rodriguez, MD, Chief Medical Officer

Date: November 11, 2024

Executive Summary

In consultation with members of the medical staff, Salinas Valley Health (SVH) executive management has identified the recruitment of a radiologist specializing in **Mammography and Diagnostic Imaging** as a recruiting priority for SVH's service area. The current volumes of required diagnostic and breast imaging studies and mammography procedures require adding more radiologists to the program. Furthermore, having additional on-site radiologist coverage will decrease the volume of images read by the remote, night, and weekend reading services.

The recommended physician, Daniel Young Shin, MD received his Doctor of Medicine degree from Indiana University School of Medicine and completed his Radiology Residency at University of California Irvine Medical Center. Dr. Shin completed his Radiology Fellowship at University of Southern California Medical Center. Prior to his medical training, Dr. Shin served in the United States Navy. Dr. Shin is certified by the American Board of Radiology and holds a California Medical License. He plans to join SVH in January 2025.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Professional Services Agreement** Essential Terms and Conditions:

- **Professional Services Agreement (PSA)**. Physician will be contracted under a PSA with Salinas Valley Health and a member of Salinas Valley Health Clinics. Pursuant to California law, the physician will not be an employee of SVH or SVH Clinics but rather a contracted physician.
- **Compensation**.
 - ❖ Base compensation of \$468,750 per year as a 0.75 Full-Time Equivalent (FTE)
 - ❖ Extra shift compensation for shifts worked in excess of the schedule set forth above in the amount of \$3,125.00 per one day shift, prorated at the amount of \$390.00 per hour in the event you work less than a full shift.
- **Part-Time Schedule**. Physician shall provide part-time radiologist services to SVH patients thirty scheduled weeks per year in an SVH Facility during normal business hours. This schedule includes coverage either on-site or remote one-half day each on Saturday and Sunday in equitable rotations, as applicable to FTE status, with other radiologists for Diagnostic Radiology Services.
- **Professional Liability Insurance**. Professional liability is provided through BETA Healthcare Group.
- **Benefits**. Physician will be eligible for standard SVH Clinics physician benefits:
 - ❖ Access to SVH Health Plan for physician and qualified dependents. Premiums are projected based on 15% of SVH cost.
 - ❖ Access to SVH 403(b) and 457 retirement plans. Five percent base contribution to 403(b) plan that vests after three years. This contribution is capped at the limits set by Federal law.
 - ❖ Continuing Medical Education (CME) annual stipend in the amount of \$2,400 paid directly to physician and reported as 1099 income.

2. **Recruitment Agreement** that provides a recruitment incentive of \$30,000 which is structured as forgivable loan over two years of service.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Shin is aligned with our strategic priorities for the service, quality, and growth pillars. We continue to develop Salinas Valley Health Clinics infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

☒ Service ☐ People ☒ Quality ☐ Finance ☒ Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Shin to SVH Clinics has been identified as a need for recruitment while also providing additional resources and coverage for the SVH radiology service line.

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Salinas Valley Health Administration requests that the Salinas Valley Health Board of Directors approve the following:

1. **The Findings Supporting Recruitment of Daniel Young Shin, MD:**

- That the recruitment of a mammography and diagnostic imaging radiologist to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
- That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;

2. **The Contract Terms of the Recruitment Agreement for Dr. Shin; and**

3. **The Contract Terms of the Mammography and Diagnostic Imaging Professional Services Agreement for Dr. Shin.**

Attachments: Curriculum Vitae for Daniel Young Shin, MD

DANIEL YOUNG SHIN, M.D.

Work History

Central Coast Radiology Medical Group

Templeton Imaging

262 Posada Ln Suite C, Templeton, CA 93465

07/2004 - Current

Twin Cities Community Hospital

1100 Las Tablas Rd, Templeton, CA 93464

07/2004 - 04/2023

Radiology Associates of Nevada

5495 S. Rainbow Blvd, Las Vegas, NV 89118

07/2003 - 06/2004

Education

Fellowship – Body Imaging

Los Angeles County/University of Southern California Medical Center

07/2002 - 06/2003

Residency – Radiology

University of California- Irvine Medical Center

07/1998 - 06/2002

Internship – Transitional

St. Vincent Hospital, Indianapolis, IN

06/1997 - 05/1998

Medical School – M. D.

Indiana University School of Medicine, Indianapolis, IN

08/1993 - 06/1997

College – B. S. Mechanical Engineering

Rose-Hulman Institute of Technology, Terre Haute, IN

08/1984 - 06/1988

Military Service

U. S. Navy, LTJG

06/1986 – 04/1992

Board Certification

American Board of Radiology

06/2002

Licenses

CA Medical A68354

DEA

California X-Ray RHL145589

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Qualifications

Diagnostic imaging(CT, MRI, US, MAMMOGRAPHY, FLUORO, NM).

Image guided biopsies, drainages, joint injections, HSG, PICCs, LPs, paracentesis, thoracentesis.

SVH Board Paper

Agenda Item: **Consider Approval of (i) Findings Supporting Recruitment of Jiwan “Jim” Toor, DO, (ii) Contract Terms for Dr. Toor’s Recruitment Agreement, and (iii) Contract Terms for Dr. Toor’s Family Medicine Professional Services Agreement**

Executive Sponsor: Tim Albert, MD, Chief Clinical Officer
Orlando Rodriguez, MD, Chief Medical Officer

Date: November 11, 2024

Executive Summary

In consultation with members of the medical staff, Salinas Valley Health (SVH) executive management has identified the recruitment of physicians specializing in **Family Medicine** as a recruiting priority for SVH’s service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in January 2023, Family Medicine is recommended as a top priority for recruitment. Recruiting another family medicine physician will increase primary care clinic access at SVH PrimeCare. Furthermore, the current average wait time for a new patient appointment at Salinas Valley Health PrimeCare is several months.

The recommended physician, **Jiwan “Jim” Toor, DO**, received his Doctor of Osteopathic Medicine degree in 2022 from William Carey University in Mississippi. Dr. Toor is currently completing his Family Medicine residency training at the Mayo Clinic in La Crosse, Wisconsin. Dr. Toor is set to complete his training next summer and will join SVH PrimeCare in August 2025.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Professional Services Agreement**. Essential Terms and Conditions:

- **Professional Services Agreement (PSA)**. Physician will be contracted under a PSA with Salinas Valley Health and a member of Salinas Valley Health Clinics. Pursuant to California law, the physician will not be an employee of SVH or SVH Clinics but rather a contracted physician.
- **Term**: PSA is for a term of two years, with annual compensation reported on an IRS W-2 Form.
- **Full-Time Schedule**. Physician will be scheduled to provide physician services to clinic patients on a full-time basis, 46 weeks per year; one week of which can be allocated to continuing medical education (CME).
- **Base Compensation**: \$300,000 per year.
- **Productivity Compensation**: To the extent it exceeds the base salary, physician is eligible for work Relative Value Units (wRVU) productivity compensation at a \$51.50 wRVU conversion factor.
- **Professional Liability Insurance**. Professional liability is provided through BETA Healthcare Group.
- **Benefits**. Physician will be eligible for standard SVH Clinics physician benefits:
 - ❖ Access to SVH Health Plan for physician and qualified dependents. Premiums are projected based on 15% of SVH cost.
 - ❖ Access to SVH 403(b) and 457 retirement plans. Five percent base contribution to 403(b) plan that vests after three years. This contribution is capped at the limits set by Federal law.
 - ❖ Six weeks (30 days) of time off each calendar year.
 - ❖ Continuing Medical Education (CME) annual stipend in the amount of \$2,400 paid directly to physician and reported as 1099 income.

2. **Recruitment Agreement** that provides a recruitment incentive of \$75,000, which is structured as forgivable loan over three years of service.

Meeting our Mission, Vision, Goals Strategic Plan Alignment:

The recruitment of Dr. Toor is aligned with our strategic priorities for the service, quality, and growth pillars. We continue to develop Salinas Valley Health Clinics infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by improving access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

☒ Service ☐ People ☒ Quality ☐ Finance ☒ Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Toor to Salinas Valley Health Clinics has been identified as a need for recruitment while also providing additional resources and coverage for SVH PrimeCare.

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Salinas Valley Health Administration requests that the Salinas Valley Health Board of Directors approve of the following:

1. **The Findings Supporting Recruitment of Jiwan “Jim” Toor, DO:**
 - That the recruitment of Family Medicine to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
2. **The Contract Terms of the Recruitment Agreement for Dr. Toor; and**
3. **The Contract Terms of the Family Medicine Professional Services Agreement for Dr. Toor.**

Attachments: Curriculum Vitae for Jiwan “Jim” Toor, DO

OBJECTIVE

My aim is to continue partnering with my future patients on their health journey, providing education and compassionate healing, all while executing high-quality, efficient, evidence-based medicine in communities of need.

EXPERIENCE

2022 - 2025

- Family Medicine Physician
Mayo Clinic - USA
Senior Resident - Completion date 2025

EDUCATION

2012 - 2017

- Simon Fraser University - Canada
Bachelor of Science in Biology with Concentration in Cells, Molecules, and Physiology

2018 - 2022

- William Carey University College of **Osteopathic Medicine - USA D.O.**

2022 - 2025

- **Mayo Clinic School of Graduate Medical Education - USA** Family Medicine - Resident Physician

SKILLS

- BLS
- ACLS
- NRP
- Research
- Outpatient clinic procedures: Biopsies, Joint injections, Dermatologic procedures, Incision and drainage, Suturing, Casting, ECG, Radiologic interpretation
- ACGME Certified: Osteopathic Manipulative Medicine and Treatment
- Gynecology
- Pediatrics
- Geriatrics
- Adult Medicine
- Hospital Medicine
- Urgent Care

PROJECTS

- Multiple research publications, available upon request

REFERENCE
– Available
Upon
Request

SVH Board Paper

Agenda Item: **Consider for Approval Findings By the Board Supporting Recruitment of Physicians to Salinas Valley Emergency Medical Group and Approval of Recruitment Incentives**

Executive Sponsor: Tim Albert, MD, Chief Clinical Officer
Orlando Rodriguez, MD, Chief Medical Officer

Date: November 11, 2024

Executive Summary

In consultation with members of the Salinas Valley Health (SVH) medical staff, and in compliance with requirements of Stark Law, SVH executive leadership has identified the recruitment of **Emergency Medicine** physicians as a recruiting priority for the hospital's service area.

Recruitment for the hospital-based specialty of Emergency Medicine is evaluated based on the needs of the hospital to ensure appropriate levels of coverage to meet patient care needs. Service line volumes and program coverage needs are the primary drivers of recruitment to these specialties.

To support physician recruitment to the District's service area, SVH collaborates with local, independent medical groups in the recruiting process through contributions of recruitment incentives paid to physicians that relocate to our community to practice at SVH. Salinas Valley Emergency Medical Group (SVEMG), the hospital-based emergency medicine group that exclusively covers the SVH Medical Center Emergency Department, has requested assistance from SVH in form of recruitment incentives for three physicians to join the group.

Recruitment Incentive

The proposed physician recruitment support requires the execution of a three-party Recruitment Agreement for each recruited physician with standard terms and conditions which provide for a recruitment incentive in the amount of \$25,000 to each recruited physician, structured as forgivable loan over two years of service at SVH.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Emergency Medicine physicians is aligned with our strategic priority for growth. SVH continues to support community physician groups that provide care to our patients in the hospital. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by increasing access to necessary care.

Pillar/Goal Alignment:

☐ Service ☐ People ☐ Quality ☐ Finance ☒ Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications

The addition of Emergency Medicine physicians at SVH has been identified as a need for recruitment and demonstrates the support from SVH to private medical groups. The recruitment incentives proposed for these recruitments are within fair market value and are commercially reasonable.

Recommendation

Administration requests that the SVH Board of Directors take the following actions:

- (i) Make the following findings supporting the recruitment of emergency medicine physicians:**
 - **The assistance by SVH in the recruitment of emergency medicine physicians is in the best interest of the public health of the communities served by the District; and**
 - **The recruitment incentives requested are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District.**
- (ii) Approve the recruitment incentives for emergency medicine physicians in the amount of \$25,000 for each physician up to a maximum of three recruited physicians to be set forth in Recruitment Agreements among SVH, SVEMG, and each physician.**

Attachments: SVH Physician Recruitment Agreement

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM
PHYSICIAN RECRUITMENT AGREEMENT**

(physician and group)

This Physician Recruitment Agreement (“Agreement”) is made effective on [REDACTED] (“Effective Date”), by and among **Salinas Valley Memorial Healthcare System**, a local health care district organized and operating pursuant to Division 23 of the California Health & Safety Code, operating as Salinas Valley Health (“SVMHS”), [REDACTED], a physician (“Physician”) specializing in [REDACTED] (“Specialty”), and [REDACTED], a California professional medical corporation (“Group”). SVMHS, Physician, and Group are referred to as the “Parties” and individually as a “Party.”

RECITALS

- A. SVMHS owns and operates Salinas Valley Health Medical Center, a general acute care hospital located at 450 East Romie Lane, Salinas, California (“Hospital”). SVMHS provides health care services to residents of the district and surrounding communities (“Service Area”). Group is a California professional medical corporation providing medical services in the Service Area. Physician intends to practice Physician’s Specialty with Group in the Service Area.
- B. SVMHS has determined that there is a shortage of, and a need for, physicians specializing in Physician’s Specialty in the Service Area. The shortage of such physicians jeopardizes SVMHS’s ability to provide such health care services to residents of the Service Area. SVMHS also has determined that such shortage is not likely to resolve itself through market forces, but that financial support is needed if the appropriate physician is to relocate to the Service Area.
- C. To facilitate its goal of providing medical services in the Service Area, SVMHS has determined that it must provide certain incentives in order to enable a physician specializing in Specialty to join a medical practice in the Service Area. SVMHS has determined that the incentives set forth in this Agreement meet a community need and promote SVMHS’s mission and goal of providing health care services to all residents in the Service Area who need such care.
- D. Physician is duly licensed to practice medicine in the State of California and is qualified to provide medical services in Physician’s Specialty (“Professional Services”). Physician is prepared to join Group in order to practice in the Service Area and to provide Professional Services, in return for the financial assistance provided in this Agreement.
- E. SVMHS has determined that the financial assistance required by Physician to relocate is justified by the benefit to patients in the Service Area. Accordingly, SVMHS is prepared to offer financial assistance to Physician under the terms and conditions set forth in this Agreement. Physician hereby acknowledges and agrees that the financial assistance provided by SVMHS under this Agreement is reasonable and not in excess of fair market value, which is not determined in a manner that takes into account the volume or value of any actual or anticipated referrals by Physician or Group to Hospital. Physician and SVMHS shall enter into an unsecured Promissory Note, attached as Exhibit A to this Agreement, for any payments made under this Agreement.
- F. SVMHS, Physician, and Group wish to enter into this Agreement in order to set forth a full statement of the terms of this recruiting arrangement, which all Parties acknowledge is necessary in order to allow Physician to relocate to the Service Area and to provide Professional Services to its residents.

The Parties agree as follows:

Article 1 Duties of Physician and Group

- 1.1 Full-Time Practice. Physician shall conduct a full-time practice with Group in Physician’s Specialty within the Service Area as determined by Hospital, with Group’s practice location being the Hospital which is open twenty-four (24) hours a day, seven (7) days a week. Physician shall commence Physician’s practice with

Group in accordance with this Agreement on or about [REDACTED] (“**Start Date**”). Physician shall comply with the requirements of this Agreement in order for Physician to begin practicing on the Start Date.

- 1.2 Services to Patients, Billing, and Collection. Physician shall provide services under this Agreement to all patients presenting at Hospital including privately insured, Medicare, Medi-Cal, and uninsured patients at a level which is at least consistent with the custom and practice in the community. Group shall be responsible for billing and collecting for Physician’s Professional Services on a timely, consistent, accurate, and commercially reasonable basis.
- 1.3 Employment by Group. Physician has selected Group with whom Physician intends to be employed in the practice of Physician’s Specialty. Physician has agreed to this employment voluntarily and without inducement or influence of SVMHS. Physician shall use reasonable, good-faith efforts to maintain this employment during the term of the Agreement. The termination of Physician’s employment shall not in any way affect Physician’s, Group’s, or SVMHS’ obligations under this Agreement.
- 1.4 Duties of Group. Group shall use best effort to provide Physician with a stable, productive work environment and shall take steps reasonably necessary to promote the growth of Physician’s practice.

Article 2 Standards

- 2.1 Licensure and Board Certification. Physician shall maintain California licensure in good standing during the term of this Agreement. Physician shall be board certified or board eligible in Specialty during the term of this Agreement.
- 2.2 Medical Staff Standing and Hospital Regulations. Physician shall be responsible for obtaining and maintaining membership on the Hospital’s Medical Staff with active Status and appropriate privileges, and shall be subject to all of the responsibilities of that membership. Subject to Section 4.4 below, in the event Physician loses active Medical Staff membership or necessary privileges, this Agreement shall terminate immediately, and any sums owed by Physician to Hospital under this Agreement shall become due and payable immediately. Physician shall at all times comply with all applicable bylaws, rules and regulations, and policies of SVMHS, Hospital, and Hospital’s Medical Staff.
- 2.3 Corporate Compliance Program. Group and Physician shall support and comply with Hospital’s Corporate Compliance Program, as applicable to this Agreement. Group and Physician shall comply with all policies and procedures adopted by Hospital in support of the Corporate Compliance Program.

Article 3 Term & Termination

- 3.1 Term. The term of this Agreement shall commence on the Effective Date of this Agreement and continue until the later of two (2) years from the Start Date of this Agreement, or until all sums are repaid or forgiven under the terms of this Agreement.
- 3.2 Immediate Termination by SVMHS. SVMHS may terminate this Agreement immediately upon the occurrence of any of the following events: (i) loss or suspension of Physician’s license to practice medicine; (ii) termination of Physician’s Medical Staff Membership and/or hospital/clinical privileges; (iii) Physician’s failure to maintain, for any reason, Physician’s Medical Staff Membership at Hospital with appropriate privileges; (iv) restriction or suspension by the Hospital Medical Staff of Physician’s privileges including an administrative suspension or summary suspension of privileges; (v) Physician’s conviction (final or on appeal) of a felony or any crime involving moral turpitude; or (vi) Physician’s appointment of a receiver for Physician’s assets, assignment for the benefit of creditors, or any relief sought by him under any bankruptcy or insolvency act. In the event SVMHS terminates this Agreement pursuant to this Section 3.2, subject to Section 4.4 below, Physician shall pay any outstanding debt to SVMHS under this Agreement and any Related Agreements.
- 3.3 Termination Due to Total Disability. Either Party shall have the right to terminate this Agreement in the event of total disability of Physician. Physician shall be deemed to suffer a “total disability” if Physician becomes physically or mentally incapacitated for more than three (3) months as shown by inability to perform all or substantially all of the material obligations of this Agreement, and which disability is likely, in the opinion of a physician mutually designated by Physician and SVMHS, to persist for six (6) months

following the date of determination of said physician. The cost of a disability examination, if requested by SVMHS, shall be paid by SVMHS.

- 3.4 Termination Not Subject to Fair Hearing. It is agreed among the Parties that should this Agreement be terminated for any reason, such decision to terminate and actual termination shall apply to rights under this Agreement only and not to Physician's Medical Staff privileges or membership on the Medical Staff of Hospital. The termination of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, any hearing procedures provided by Local Health Care District Law, or any other Fair Hearing procedures regarding medical staff appointments or privileges.
- 3.5 Effect of Termination. Following expiration or termination of the Agreement for any reason, the Parties shall cooperate in the resulting transition in a manner that serves the best interests of the patients of SVMHS. Termination of this Agreement shall have no effect on Physician's Medical Staff membership or clinical privileges at the Hospital, which will continue unless terminated in accordance with the Hospital's Medical Staff Bylaws. Termination of this Agreement shall not affect the obligation of Physician to repay money as otherwise provided in this Agreement.

Article 4 Recruitment Incentive

- 4.1 Recruitment Incentive. As part of the consideration for Physician entering into and complying with the terms and conditions of this Agreement and provided that Physician commences practice in the Service Area consistent with the terms of this Agreement by the Start Date, SVMHS shall pay to Physician a recruitment incentive in the amount of [REDACTED] Dollars (\$ [REDACTED].00) on or about the Effective Date of this Agreement. Physician agrees that (i) this amount is reasonable and necessary to secure Physician's relocation and Physician's services under this Agreement, (ii) this amount is not in excess of fair market value, and (iii) this amount is not made in consideration for the referral of patients by Physician or Group to SVMHS or its affiliates.
- 4.2 Repayment. If either Party terminates this Agreement prior to the expiration of two (2) years from the Start Date, Physician shall be obligated to repay to SVMHS a pro-rated amount of the payment advanced by SVMHS to Physician pursuant to Section 4.1 of this Agreement, plus interest at an annual rate equal to the most recent prime rate published in the Wall Street Journal (or any successor publication) from time to time ("Prime Rate"), plus one percent (1.0%), payable monthly.

For example, if this Agreement is terminated after ten (10) months, Physician shall repay to SVMHS 14/24ths of the recruitment incentive, plus ten (10) months of accrued interest at an annual rate equal to the Prime Rate, plus one percent (1.0%), payable monthly. Such repayment shall be made within ninety (90) days of the event triggering Physician's repayment obligation. If Physician fails to make such repayment to SVMHS within this ninety (90) day period, SVMHS shall have the right to increase the interest rate on the amount owed to SVMHS to the Prime Rate plus two percent (2%), beginning on the ninety-first day.

- 4.3 Promissory Note. At the time of payment to Physician of any amounts under this Agreement, Physician shall execute a Promissory Note substantially in the form attached to this Agreement as Exhibit A to secure repayment of any amounts paid to Physician under this Agreement which are not forgiven by SVMHS pursuant to the terms of this Agreement.
- 4.4 Debt Forgiveness Over Term of Agreement. If Physician has complied and is continuing to comply with all of the terms of this Agreement, SVMHS shall reduce and eliminate the debt due to SVMHS as follows: SVMHS shall forgive fifty percent (50%) of the recruitment incentive, including accrued interest, for each full year of physician services provided by Physician after the Start Date, such that the recruitment incentive will be forgiven upon the second (2nd) anniversary of Physician's Start Date.
- 4.5 Debt Forgiveness at Death/Disability. SVMHS shall forgive all sums advanced by SVMHS under this Agreement and accrued interest, in the event of Physician's death or permanent disability during the Term of this Agreement.

Article 5 General Provisions

- 5.1 Other Agreements. This Agreement may be one of several between SVMHS, Group, and/or Physician, dealing with different aspects of their relationships. SVMHS maintains a current master list of such agreements with Group and/or Physician, together with copies of the actual agreements, that is available for review by the Department of Health and Human Services in accordance with Stark Law regulations.
- 5.2 Referrals. Physician shall be entitled to refer patients to any hospital or other institution Physician deems qualified to deliver health care services to a particular patient. Nothing in this Agreement shall be deemed to require Physician or Group to refer patients to Hospital, and SVMHS may not terminate this Agreement because of Physician's or Group's referral decisions. No payment or other consideration is or will be made under this Agreement for the referral of patients to SVMHS or its affiliates.
- 5.3 Medical Staff Privileges. Throughout the term of this Agreement, and thereafter, Physician shall be permitted to maintain medical staff privileges at other area hospitals.
- 5.4 Waiver. The failure of SVMHS to insist in any one or more instances upon strict performance of any of the terms of this Agreement shall not be construed as a waiver or relinquishment for the future of such terms, but the same shall continue and remain in full force and effect.
- 5.5 Governing Law/Venue. This Agreement shall be interpreted in accordance with the laws of the State of California, and any questions arising under it shall be construed or determined in accordance with such laws. Jurisdiction and venue shall be in Monterey County, California.
- 5.6 Attorneys' Fees. In the event that suit is brought regarding the enforcement of the provisions of this Agreement, the prevailing Party/Parties shall be awarded its costs of suit and reasonable attorneys' fees as part of any judgment rendered.
- 5.7 Partial Invalidity. Should any part of this Agreement for any reason be declared invalid, such decision shall not affect the validity of the remaining portions which shall remain in effect as if this Agreement had been executed with the invalid portion eliminated.
- 5.8 Government Audit. Until the expiration of five (5) years after the furnishing of any services pursuant to this Agreement, Group and Physician shall make available to the Secretary of the United States Department of Health and Human Services or to the United States Comptroller General, or to any of their duly authorized representatives, upon written request of the same, this Agreement and such books, documents, and records of Group or Physician necessary to certify the nature and the reasonable cost of services of the Hospital.
- 5.9 Agreements between Physician and Group. Upon request by SVMHS, Group agrees to provide SVMHS with copies of its employment agreement with Physician. Nothing in Group's agreements with Physician shall be inconsistent with Physician's obligation to perform the terms and conditions of this Agreement. Group agrees that payments by SVMHS under this Agreement shall be for the benefit of Physician. Nothing in Group's agreements with Physician shall be inconsistent with the requirements Stark Law.
- 5.10 Income Tax Ramifications. The Parties acknowledge that Physician may incur federal and state income tax obligations from certain of the transactions provided for in this Agreement that SVMHS is required to report items of income under relevant income tax laws and regulations, and that forgiveness of debt may constitute income to Physician. It is Physician's responsibility to consult with tax advisors with respect to the filing of income tax returns and the tax treatment of items provided for in this Agreement.
- 5.11 Assignment. Except as otherwise agreed in writing by the SVMHS, nothing contained in this Agreement shall be construed to permit assignment or delegation by Physician of any rights or obligations under this Agreement, and any such assignment or delegation is expressly prohibited. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of SVMHS.
- 5.12 Applicable Legal Standards. The Parties shall exercise their rights and perform their duties under this Agreement in accordance with the legal standards set forth in the United States Code, the Code of Federal Regulations, the California Health and Safety Code, the California Business and Professions Code, and any other pertinent and applicable laws, rules, regulations, and orders of the United States and the State of California and their agencies, to the extent that such laws, rules, regulations, and orders pertain to the powers, functions, and duties of SVMHS, Group, and Physician.

5.13 Confidentiality. The Parties agree that this Agreement is personal and confidential between them, and agree, unless otherwise required by law, not to release information concerning this Agreement, or any information exchanged between the Parties pursuant to this Agreement, to any person without the consent of the other Party, which consent shall not be unreasonably denied.

5.14 Notices. All communications and notices which any Party may be required or desire to give or serve upon any other Party under this Agreement shall be made in writing and shall be delivered in person or sent by registered or certified mail, return receipt requested, to the addresses below. Any Party may change its address by giving any other Parties written notice of its new address as provided in this Agreement.

SVMHS: Salinas Valley Health
Attn: President/Chief Executive Officer
450 East Romie Lane
Salinas, CA 93901

Physician: [redacted]
c/o [redacted]
[redacted]

Group: [redacted]
[redacted]
[redacted]
[redacted]

5.15 Conditions and Effective Date. This Agreement is subject to approval by the Board of Directors of SVMHS, which approval has not been secured and is not guaranteed. This Agreement shall be effective as of the later of the date the Board approves the Agreement and the date it is signed by all Parties.

5.16 Entire Agreement/Modifications. This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter and supersedes any and all prior negotiations, understandings, and agreements. All modifications to this Agreement must be in writing and signed by the Parties.

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

SVMHS
Salinas Valley Memorial Healthcare System

By: _____
Pete Delgado, President/CEO

Date: _____

PHYSICIAN
[redacted]

[redacted]

Date: _____

GROUP
[redacted]

By: _____

Date: _____

[Redacted]

By: _____
[Redacted]

Date: _____

SAMPLE

EXHIBIT A

**PROMISSORY NOTE
(Recruitment Incentive)**

\$ _____,00 _____

FOR VALUE RECEIVED, the receipt of which is hereby acknowledged, _____ (“Maker”) hereby promises to pay to the order of **Salinas Valley Memorial Healthcare System** (“Holder”), at the place designated by Holder, the principal sum of _____ **Dollars (\$**_____.00), plus accrued interest on such amount calculated at an annual fixed rate equal to the prime rate published on the effective date of this Promissory Note in the Wall Street Journal (“Prime Rate”), plus one percent (1%), from the date of this Promissory Note, payable in lawful money of the United States of America. Principal and interest shall be immediately due and payable to Holder on _____. Notwithstanding the foregoing, if Maker is and remains in full compliance with the **PHYSICIAN RECRUITMENT AGREEMENT** effective _____, by and between Maker and Holder (“Recruitment Agreement”), the principal and interest due under this Promissory Note shall be forgiven pursuant to the terms and conditions of the Recruitment Agreement.

This Promissory Note is unsecured. In no event shall any payment of interest or any other sum payable hereunder exceed the maximum amount permitted by applicable law. If it is established that any payment exceeding lawful limits has been received, Holder will refund such excess or, at its option, credit the excess amount to the principal due hereunder, but such payments shall not affect the obligation to make periodic payments required herein.

Maker agrees to pay, to the extent permitted by law, all costs and expenses incurred by Holder in connection with the collection and enforcement of this Promissory Note, including, but not limited to, expenses and reasonable attorneys’ fees to the extent permitted by applicable law, irrespective of whether any suit or security foreclosure or court proceeding has been commenced. Maker and all endorsers and all persons liable or to become liable on this Promissory Note, and each of them, hereby waive diligence, demands, presentation for payment, notice of nonpayment, protest and notice of protest, and specifically consent to and waive notice of any renewals or extensions of this Promissory Note, or any modification or release of security for this Promissory Note, whether made to or in favor of Maker or any other person or persons, and further agree that any such action by Holder shall not affect the liability of Maker or any person liable or to become liable on this Promissory Note.

No delay or omission by Holder in exercising any remedy, right or option under this Promissory Note shall operate as a waiver of such remedy, right or option. In any event, a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The invalidity of any one or more covenants, phrases, clauses, sentences or paragraphs of this Promissory Note shall not affect the remaining portions hereof, and this Promissory Note shall be construed as if such invalid covenants, phrases, clauses, sentences or paragraphs, if any, had not been included herein.

This Promissory Note is to be construed in all respects and enforced according to the laws of the State of California. This Promissory Note may not be amended or modified except by a written agreement duly executed by Maker and Holder. This Promissory Note and the obligations created hereby shall bind Maker and, to the extent applicable, Maker’s respective successors and assigns, and the benefits hereof shall inure to Holder and its successors and assigns. This Promissory Note may be assigned by Holder in its sole discretion.

Any notice to Maker under this Promissory Note shall be in writing and shall be deemed to have been given upon (i) receipt, if hand delivered, (ii) transmission, if delivered by facsimile transmission, (iii) the next business day, if delivered by express overnight delivery service or (iv) the third business day following the day of deposit of such notice in U.S. certified mail, return receipt requested to the following address:

Maker has executed and delivered this Promissory Note effective as of the date first set forth above.

MAKER: _____

Date: _____

SAMPLE

Medical Executive Committee Summary – November 7, 2024

Items for Board Approval

Credentials Committee

Initial Appointments:

APPLICANT	SPECIALTY	DEPT	PRIVILEGES
Aachi, Venkat, MD	Neurology	Medicine	Tele-Neurology
Dar, Nabeel, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Han, Jennifer, MD	Neurology	Medicine	Tele-Neurology
Rathore, Sunil, MD	Neurology	Medicine	Tele-Neurology
Ryazanova, Alina, MD	Neurology	Medicine	Tele-Neurology
Taich, Lior, MD	Urology	Surgery	Urology

Reappointments:

APPLICANT	SPECIALTY	DEPT	PRIVILEGES
Abdalla, Adel, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Burton, Dennis, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Gelormini, Russell, DO	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Gram, Kelly, MD	Internal Medicine	Medicine	Adult Hospitalist
Gray, Kelsey, MD	Critical Care/ Pulmonary Medicine	Medicine	Critical Care/Pulmonary Medicine General Internal Medicine
Hays, Johnathan, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology Salinas Valley Health Nancy Ausonio Breast Health Center: Remote Mammography
Lo, Jennifer, DDS	Dentistry	Surgery	Dentistry
Malek, Gholamreza, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Mark, Ron, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Martinez, Cristina, MD	Emergency Medicine	Emergency Medicine	Emergency Medicine
McDonald, Philip, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Pham, Justin, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology

			Salinas Valley Health Nancy Ausonio Breast Health Center: Remote Mammography
Preusen, Scott, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Rivera-Morales, Robert, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Safvi, Amjad, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Sanghi, Amit, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Uyesugi, Walter, DO	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Wagner, Elliott, MD	Radiology	Surgery	Remote Radiology Salinas Valley Health Advanced Imaging – Non-Cardiac Diagnostic Radiology
Yaeger, Carl, MD	Neonatology	Pediatrics	Neonatology:
Zhao, Hong, MD	Hematology & Oncology	Medicine	Hematology/ Oncology

Staff Status Modifications:

NAME	SPECIALTY	STATUS
Ferguson, Catherine, MD	Emergency Medicine	Recommend advancement to Active Staff
Klimberg, Nicolas, MD	Critical Care and Pulmonology	Recommend advancement to Active Staff
Rodriguez, Juan MD	Tele-Radiology	Recommend advancement to Active Staff
Alexianu, Maria MD	Tele-Neurology	Telemedicine.
Kamel Elsayed Adham, MD	Tele-Neurology	Resignation effective 10/31/2024
McNew, Holly, MD	Tele-Psychiatry	Resignation effective 10/31/2024
Rainville, Christopher, MD	Tele-Psychiatry	Resignation effective 10/10/2024
Rogich, Jerome, MD	Emergency Medicine	Resignation effective 10/10/2024
Shah, Panna, MD	Tele-Neurology	Resignation effective 12/1/2024
Singer, Paul, MD	Tele-Neurology	Resignation effective 9/30/2024
Vu, Quang, MD	Tele-Neurology	Resignation effective 10/16/2024

Privilege Modifications:

NAME	PRIVILEGE(S)	RECOMMENDATION
Sakopoulos, Andreas, MD	Percutaneous Vena Cava Filter	Recommend granting full privilege until 4/30/2026 reappointment.

Temporary/Locum Tenens Privileges:

NAME	SPECIALTY	DATES
Morris, Una, MD	Radiology	9/3/2024 – 10/4/2024

Interdisciplinary Practice Committee**Applicants:**

APPLICANT	PRIVILEGES	DEPT	COLLABORATING/SUPERVISING PHYSICIAN(S)
Gates, Cristina PA-C	Physician Assistant Plastic Surgery	Surgery	Matthew Romans, MD
Magana, Isabelle, PA-C	Physician Assistant Cardiology	Medicine	Yousef Hindi, MD Richard Gerber, MD Harlan Grogan, MD Rikin Kadakia, MD Thomas Mustoe, MD Christopher Oh, MD Steven Regwan, MD Patrick Zetterlund, MD

Staff Status Modifications:

NAME	SPECIALTY	STATUS
Keung, Michelle PA-C	Physician Assistant – Gastroenterology	Resignation effective 10/18/2024

Privilege Modifications:

NAME	SPECIALTY	ACTION
Aliotti, Alexandria, PA-C	Physician Assistant - Cardiology	Relinquishment of Physician Assistant Cardiology/Practice Agreement with the exception of Taylor Family Farms Health and Wellness Center
Davis, Christopher, PA-C	Physician Assistant - Cardiac Surgery	Privilege for Removal IABP Catheters approved for the duration of the current appointment.

Other Items:

Vaginal Bleeding Nursing Standardized Procedure	Recommend approval as presented
Physician Assistant – Clinical Privileges/Practice Agreement Update	Recommend approval as presented

Policies/Plans and Privilege Forms Recommended for Approval: (Attached)

1. Code Stroke
2. Event Related Sterilization Maintenance
3. Infection Prevention Program Plan
4. Laboratory Critical Call Values
5. Pain Management
6. Physician Assistant – Clinical Privileges/Practice Agreement
7. Vaginal Bleeding Nursing Standardized Procedure

Informational Items:

I. Committee Reports:

- a. Credentials Committee
- b. Interdisciplinary Practice Committee
- c. Quality and Safety Committee

II. Other Reports:

- a. Summary of Executive Operations Committee Meetings
- b. Summary of Medical Staff Department/Committee Meetings October 2024
- c. Medical Staff Treasury Report November 4, 2024
- d. Medical Staff Statistics Year to Date
- e. Financial Update September 2024
- f. HCAHPS Update November 1, 2024



Last Approved N/A
Next Review 2 years after approval

Owner Aniko Kukla:
Director Quality &
Patient Safety
Area Emergency
Department

Code Stroke

I. POLICY STATEMENT

A. N/A

II. PURPOSE

A. To provide guidelines to staff in coordinating processes to expedite identification and treatment of a stroke patient, thereby optimizing patient outcome by salvaging the brain (TIME = BRAIN).

III. DEFINITIONS

A. **CODE Stroke:** An emergency notification process for physician and hospital staff needed or designated to expedite care of the patient presenting with stroke-like symptoms. **CODE Stroke** should be called for patients who arrive within the time-frame listed in (Attachment D) for Emergency Department and (Attachment E) for Inpatients.

Stroke-like symptoms: acute change in level of consciousness; difficulty with speech; sudden lack of coordination; sudden visual loss; altered mental status; new onset lethargy or difficulty walking; sudden collapse; seizure; sudden loss of movement or weakness of face, arm or leg.

B. **LSW** – Time the patient was last seen well.

C. **SOC:** Specialist On Call. A contracted service providing Telemedicine coverage for Neurology.

IV. GENERAL INFORMATION

A. Patients presenting with symptoms of a stroke will be managed by a collaborative team which follows evidence-based clinical practice guidelines.

B. Research:

1. In the event that the CODE Stroke process becomes a part of a research project, an

attachment that changes or amends any part of the process listed within this policy will be attached to this policy prior to the start of, and for the duration of the research project.

V. PROCEDURE

A. The CODE Stroke policy may be implemented in one of the following ways:

1. Patient may present directly via ambulance or private vehicle to the Emergency Department (ED).
2. Transfer to hospital from a non-stroke designated center. As a designated stroke center, all requests for transfers of stroke or possible stroke patients will be accepted without delay and must involve the Administrative Supervisor.
3. New onset of stroke like symptoms are observed in a patient who does not have diagnosis of stroke on this admission.

B. **Procedure For Patients that come through the Emergency Department**

1. The Emergency Department Physician, Administrative Supervisor or Emergency Department Charge Nurse, at the direction of the physician, may activate the CODE Stroke by calling the Hospital Operator, extension 2222.
2. The Hospital Operator will overhead page: "CODE Stroke", location (Emergency Department) two (2) times.
3. CODE Stroke team members will respond immediately to the Emergency Department, performing their designated roles and responsibilities (**ATTACHMENT A**).
4. ED Physician screens patient for eligibility of thrombolytic therapy per **ATTACHMENT C**.

C. **Inpatient With Stroke-Like Symptoms**

1. Nurse identifies new onset of stroke like symptoms in a patient who does not have diagnosis of stroke on this admission as described in the [RAPID RESPONSE TEAM \(RRT\) Policy](#) (acute change in level of consciousness; difficulty with speech, sudden lack of coordination, sudden visual loss, altered mental status; new onset lethargy or difficulty walking; sudden collapse; seizure; sudden loss of movement or weakness of face, arm, or leg); and calls the Rapid Response Team.
2. The responding RRT physician will determine if this is a CODE Stroke and will activate as appropriate.
3. If CODE Stroke is appropriate, the RRT physician, Nursing Supervisor or an RN will activate the CODE Stroke by calling the Hospital Operator, extension 2222, and give the Operator the patient's room number.
4. The Hospital Operator will overhead page: "CODE Stroke", location (Patient's Room Number) two (2) times.
5. CODE Stroke team members will respond immediately to the Patient's Room, performing their designated roles and responsibilities. (**Attachment B**)

6. Responding RRT Physician screens patient for eligibility of thrombolytic therapy per **ATTACHMENT C.**

D. In the event of simultaneous CODE Stroke patients, a backup neurologist will be contacted if deemed appropriate by the treating neurologist.

E. Treatment options will be at the discretion of the treating neurologist.

F. Quality Indicators

1. Performance Measurement/Improvement. In order to measure the effectiveness of the guidelines and the CODE Stroke Team, data will be collected on all CODE Stroke calls, aggregated, analyzed and reported on a quarterly basis to the Quality and Safety Committee. Recommendations for improvement will be incorporated as needed into the CODE Stroke Policy.

2. Specific landmark times will be addressed as follows for CODE Strokes in the Emergency Department:

a. Door to initial ED physician examination

b. Door to CODE Stroke Team notification

c. Door to CT scan

d. Door to CT scan interpretation

e. Door to thrombolytic therapy in ≤ 30 minutes, ≤ 45 minutes and ≤ 60 minutes

f. Additionally, the following will be addressed for all CODE Strokes:

i. Unanticipated Deaths reviewed by the Medical Staff Excellence Committee (Medical Staff Peer Review Body).

ii. Complications reviewed by the Medical Staff Excellence Committee (Medical Staff Peer Review Body). Sentinel events: Reviewed per the organizational [ADVERSE EVENTS - REPORTABLE](#) Policy.

iii. System/Organizational Issues: As defined in the Organizational Performance Improvement Plan and the peer review process, when system or process issues are identified through peer review, they are forwarded to the appropriate department or committee for resolution.

G. Documentation:

1. The following information will be recorded in the medical record:

a. Arrival time

b. Vital signs

c. Time patient last seen well

d. Past medical/surgical history

e. Allergies

f. Medications: with focus on anticoagulants

- g. Time of initial ED physician examination
- h. Time of CODE Stroke call
- i. Time of CT scan order
- j. Time of CT scan completion
- k. Time of CT scan results
- l. Time of all medications administered, including thrombolytics if applicable

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed.

VII. REFERENCES

- A. Greenberg, et al. Published May 2022; 50:12. <https://www.ahajournals.org/doi/10.1161/STR.0000000000000215>. Correction to: Guidelines for the Early Management of Patients With Acute Ischemic Stroke: 2019 Update to the 2018 Guidelines for the Early Management of Acute Ischemic Stroke: A Guideline for Healthcare Professionals From the American Heart Association/American Stroke Association
- B. Powers, et al. Published December 2019. <https://www.ahajournals.org/doi/10.1161/STR.0000000000000211>. Guidelines for the Early Management of Patients With Acute Ischemic Stroke: 2019 Update to the 2018 Guidelines for the Early Management of Acute Ischemic Stroke: A Guideline for Healthcare Professionals from the American Heart Association/American Stroke Association
- C. Powers, et al. Stroke Published ahead of print January 24, 2018. <https://www.ahajournals.org/doi/10.1161/STR.0000000000000158>. 2018 Guidelines for the early management of patients with acute ischemic Stroke: A Guideline for Healthcare Professionals From the American Heart Association/American Stroke Association
- D. Greenberg, et al. Stroke 2022;53:e1-e80. Published online May 18, 2022. <https://www.ahajournals.org/doi/full/10.1161/STR.0000000000000407>. 2022 Guideline for the Management of Patients With Spontaneous Intracerebral Hemorrhage: A Guideline From the American Heart Association/American Stroke Association.
- E. Hoh, et al. 2023 May;54:e314-e370. Published May 2023. Doi: 10.1161/STR.0000000000000436. <https://www.ahajournals.org/doi/10.1161/STR.0000000000000436>. Guideline for the management of patients with aneurysmal subarachnoid hemorrhage: a guideline from the American Heart Association/American Stroke Association.

Attachments

[Att. A ED CODE STROKE Roles 08.03.2023.pdf](#)

[Att. B Inpatient Code Stroke Roles 08.03.2023 \(v4\).pdf](#)

[Att. C Thrombolytic Indications_Contraindications 08.03.2023 \(Rev 6\).pdf](#)

[Att. D Code Stroke Emergency Dept. 8.9.2023 \(21\).pdf](#)

[Att. E Inpatient Code Stroke 08.03.2023 \(v11\).pdf](#)

[Att. F Code Stroke Data Collection 07.12.2023 \(v9\).pdf](#)

[Att. G Suspected ICH after TNK Algorithm 07.12.2023.pdf](#)

[Att. H Code Stroke thrombolytics Case Review 07.12.2023 \(v5\).pdf](#)

[Att. I Stroke Transfer protocol 7.19.2023 \(v3\).pdf](#)

[Att. J In-Patient Code Stroke Tracking Record 07.19.2023 \(Rev6\).pdf](#)

[Att. K Management of Orolingual Angioedema after IVP Tenecteplase 8.03.2023 \(v4\).pdf](#)

[Att. L BP Mangement Rule of 40s 8.3.2023 \(v4\).pdf](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
Medical Executive Committee	Katherine DeSalvo: Director Medical Staff Services	11/2024
Stroke Committee	Monte MoosJenkins: Disease-Specific Care Coordinator	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	Aniko Kukla: Director Quality & Patient Safety	10/2024

Standards

No standards are associated with this document



Last Approved N/A
Next Review 3 years after approval

Owner Aisha Huebner:
Director
Perioperative
Services
Area Infection Control

Event Related Sterilization Maintenance

I. POLICY STATEMENT

- A. N/A

II. PURPOSE

- A. To provide criteria and guidelines for event related sterilization maintenance, reflecting the hospital's concerns for standards of care and cost effectiveness.

III. DEFINITIONS

- A. AAMI: Association for the Advancement of Medical Instrumentation.
B. AORN: Association of Operating Room Nurses

IV. GENERAL INFORMATION

- A. Date related sterilization is no longer used except for those items that include medications and products that will deteriorate with time.

V. PROCEDURE

- A. Each hospital-sterilized item is to have the name of the contents, the date of sterilization, and the sterilizer load number.
B. Each hospital-sterilized item is to have a label indicating that the item is "**STERILE UNLESS OPENED, DAMAGED OR WET.**"
C. Each hospital-sterilized item is to be properly wrapped, contained, and processed to provide an effective barrier against microorganisms.
D. Each hospital-sterilized item is to have the initials of the person who prepared the item for sterilization.

- E. Items containing medications or items containing products that deteriorate with time will have an expiration date indicating the expiration date of those items.
- F. Items that are properly wrapped, contained, and sterilized will remain sterile unless opened or the integrity of the package is compromised.
- G. Items are to be handled and transported in a manner that will ensure the integrity of the items.
- H. Sterile items are to be stored in a clean, dust-free environment in a manner that does not aid in the compromise of the item.
- I. Sterile items are to be rotated to ensure the use of the oldest sterilized item.
- J. Each item will be reevaluated for continued sterilization maintenance if it remains on the shelf longer than one year.
- K. Sterile items are to be given a thorough visual inspection for integrity and labeling prior to issuance and opening.
- L. Documentation: Records of sterilization are kept in the Surgical Sterile Processing Department per departmental and hospital policy.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed

VII. REFERENCES

- A. California Code of Regulations, Title 22, Section 70839(c)(3); JCAHO IC.4;LD.1.1.1
- B. Health and Safety Code, Section 1276(b)
- C. AAMI
- D. AORN
- E. Central Service Technical Training Manual, International Association of Hospital Central Service Management, 2000
- F. Program Flexibility DHS License and Cert., 10/3/00
- G. ANSI/AAMI ST79:2017 11.1.3 Shelf life

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending

Medical Executive Committee	Katherine DeSalvo: Director Medical Staff Services	11/2024
P&T/IPC	Genevieve delos Santos: Director Pharmacy	10/2024
P&T/IPC	Kiri Golleher: Pharmacy Clinical Coordinator	08/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	08/2024
Policy Owner	Carla Knight: Director Perioperative Services	07/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 1 year after approval

Owner **Melissa Deen:**
Manager
Infection Prevention

Area **Plans and Program**

Infection Prevention Program Plan

I. PURPOSE

This plan describes the infection control program of Salinas Valley Health Medical Center (SVHMC) and Out-patient clinics, which is designed to provide for the coordination of all infection surveillance prevention activities and to deliver safe, cost-effective care to our patients, staff, visitors, and others in the healthcare environment (with emphasis on populations at high risk of infection). The program is designed to prevent and reduce hospital-associated infections and provide information and support to all staff regarding the principles and practices of Infection Prevention (IP) to support the development of a safe environment for all who enter the facility. The Infection Prevention Plan will be reviewed annually to determine its effectiveness in meeting the program's goals.

The plan provides oversight to the:

- Completion and evaluation of the Infection Prevention Risk Assessment
- Establishment of Infection Prevention Goals
- Identification of Surveillance Activities
- Review of Infection Prevention Data
- Preparation of emergency management activities to deal with the surge of agents/individuals
- Education of all staff to ensure a broad understanding of Infection Prevention strategies and individual requirements

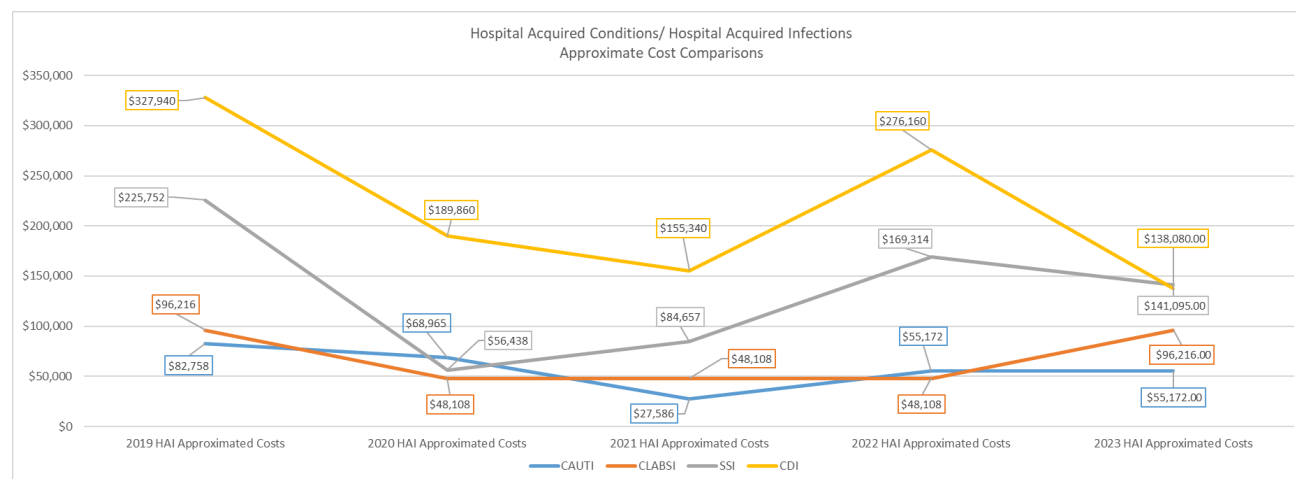
The Plan guides all components of the hospital governing board, medical staff, administration, management, and staff, including clinical and non-clinical services, obtaining excellent patient outcomes that reduce the impact of healthcare-associated infections.

II. INFECTION CONTROL SCOPE OF SERVICES/ PROCESSES/STRUCTURE

Geographic location and community environment

SVHMC is part of Salinas Valley Health. The healthcare system is an integrated network of healthcare programs and services, and at the core is a level 2 public district hospital with 263 beds, which employs approximately 1600 full-time employees, located in the town of Salinas, the county of Monterey on the central coast of the state of California. Salinas Valley Health has specialty clinics throughout the region, most centrally located near the hospital. Specialized programs include the Comprehensive Community Cancer Program, Joint Replacement Center, Regional Spine Center, Women and Children Center, Salinas Valley Health Clinic, Stroke Center, Taylor Farms Family Health and Wellness Center in Gonzales, Outpatient Infusion Center and the Regional Wound Healing Center. In addition, the hospital has a Level III neonatal Intensive Care Unit (NICU) and an expanded Level II Emergency Department. In 2023, there were 18,004 hospital admissions, with 43,736 patient days. The total number of Emergency service visits for 2023 was 63,955. OR surgical services performed 2,028 cases in 2023, averaging 5.6 cases daily.

Infection Prevention Financial Data Summary is based on the Agency for Healthcare Research and Quality (AHRQ) National Scorecard Report 2017. AHRQ summary of meta-analysis additional cost estimates for Hospital-Acquired Conditions (HACs) or Hospital Acquired Infections (HAIs) Estimated costs (95% confidence interval) per HAI ranging per event. Salinas Valley Health Medical Center had an approximate cost loss in 2019 for Catheter-Associated Urinary Tract Infection (CAUTI): \$82,758, then in 2023, \$55,172. Central-line Associated Bloodstream Infections (CLABSI) approximate cost loss in 2019 was \$96,216, and in 2023, \$96,216. Surgical Site Infections (SSI) approximate cost losses for 2019 are \$225,752; for 2023, they are \$141,095. Lastly, the approximate cost loss for C. difficile infections (CDI) for 2019 is \$327,940, and \$138,080 in 2023. (See below graph) In summary, HAC/HAI costs have reduced from 2019 in comparison to 2023. Salinas Valley Health Medical Center performance improvement measures for HAC/HAIs have made positive strides in preventing hospital-acquired infections and improving patient outcomes.



SVHMC serves Monterey County communities, which include Salinas, Seaside, Monterey, Soledad, Marina, Prunedale, Greenfield, Pacific Grove, King City, Gonzalez, and all other surrounding communities. SVHMC serves adjacent communities, such as Watsonville, Santa Cruz, San José, Big Sur, and Aptos. Monterey County area is surrounded by hills, mountains, streams, and the Pacific Ocean 15 miles to the west. The economy is primarily based on tourism and agriculture in the coastal regions of the Salinas River Valley. Most of the county's people live near the northern coast and Salinas Valley, while the southern coast and inland mountain regions are sparsely populated. Per the 2022 updated California Census data, the county's population was 432,858; 263,285 are Hispanic. The county seat and largest city is Salinas. The City of Salinas's population in 2017 was 157,596, with a population decrease since 2000 by -0.01%. The Patient

population mix consists of African American 2.5%, American Indian 0.2%, Asian 5.6%, Hispanic 57.9%, and White 30.6%, which includes residents, people experiencing homelessness, and immigrants and seasonal farm workers. Per the 2020 National Census, 91.3% of Monterey County residents speak Spanish; 2.1% speak Tagalog. The estimated median household income from the 2020 Census Bureau for Monterey County residents is \$128,227 annually; updated 2022 data shows a decrease in annual revenue to \$91,043

Reported by Monterey County Public Health, 2022 Community Health Assessment, and additional Communicable Diseases reports that SVHMC that would potentially impact SVHMC:

- Specific diseases or conditions that showed a statistically significant increase in incidence rates were chlamydia, with an incidence rate of 500.6 (CA value 484.7), fall/winter respiratory viral illnesses (RSV, Influenza, and COVID-19), and syphilis.
- Although coccidioidomycosis rates have decreased in the last several years (per 100,000 population), from 56.6 in 2018 to 8.7 in 2023, SVHMC still sees a significant number of active cases in infectious disease clinics and in-patient hospitalizations. The populations affected the most are individuals 50 and older, mainly in Monterey's South County. The racial and ethnic groups most affected are African Americans.
- The most commonly reported enteric illnesses were campylobacteriosis, salmonellosis, and shigellosis. Affected population groups differed between these enteric pathogens, but incidence rates were generally highest among children under 15.
- Reported by Monterey County Public Health, 2012 Epidemiological Impact of Communicable Diseases, Sexually transmitted infections (STIs) represented the most significant portion of diseases reported in Monterey County. Individuals aged 15 to 24 accounted for the majority of reported chlamydia and gonorrhea cases. African Americans and Others (comprised of individuals of Native American/Alaskan Native, Multiracial, and Other racial groups) were disproportionately affected by chlamydia and gonorrhea. Men who have sex with men (MSM) were disproportionately affected by syphilis.
- MCPHD outbreaks of Syphilis in pregnant women and women of childbearing age, April 2019. Then again, in 2022, with increased incidence in mothers with congenital disease with increased transmission to infants. Syphilis incidence rate increased from 7.0 to 11.1 in 2022.
- MCPHD increased in Tuberculosis cases in 2023; the populations affected the most are those 50 years and older. The racial and ethnic groups most affected are African Americans and Hispanics.
- CDPH/MCPHD alerts to infectious disease outbreaks either nationally, state , or locally in the last year:
 - RSV and other respiratory virus activity continue to evolve, and new evidence emerges; the California Department of Public Health (CDPH) will collaborate with local health departments to assess and provide additional updates as they become available. CDPH provides brief guidance regarding vaccination, testing, treatment, and other preventive measures for respiratory viruses, January 2023
 - All Facilities Letter (AFL) notifying all hospitals about recommendations from the Centers for Disease Control and Prevention (CDC) regarding Ebola virus disease (EVD) preparedness, January 2023
 - Emergence of Candida auris in Healthcare Facilities in Northern California, February 2023
 - Shigella XDR (nationally), March 2023
 - CAHAN Alert, Potential Risk for New Monkeypox Cases. May 15, 2023

- All Facility Letter (AFL) 22-09.1: Coronavirus Disease 2019 (COVID-19) Vaccine and Booster Recommendations for Clinically Eligible Individuals (This AFL supersedes AFL 22-23.1)
- AFL 22-23.2: Guidance for Response to Surge in Respiratory Viruses among Pediatric Patients (This AFL supersedes AFL 22.09)
- All Facilities Letter (AFL) 21-20.2 Coronavirus Disease 2019 (COVID-19) Vaccine Recommendations for Eligible Individuals Prior to Discharge (This AFL supersedes AFL 21-20.1)
- AFL 22-33.1 Guidance for Response to Surge in Respiratory Viruses Among Adult Patients (This AFL supersedes AFL 22-33)
- June, 2023:
 - CDC status of the ongoing fungal meningitis outbreak and highlights interim recommendations for diagnosis and treatment.
 - CDC/CDPH Preventing a Resurgence of Mpox Cases in California
 - CDC Bicillin® L-A (Benzathine Penicillin G) Shortage
 - CDC Health Advisory 493 - Guidance on Measles during the Summer Travel Season
 - CDC Health Alert Network (HAN) Health Advisory: Locally Acquired Malaria Cases Identified
 - CDPH News Release: Record Rainfall Raises Risk of Mosquito-borne Diseases
 - CDPH News Release: Potential Increased Risk for Valley Fever Expected
- CDC Health Alert Network (HAN) Health Advisory: Increased Respiratory Syncytial Virus (RSV) Activity in Parts of the Southeastern United States: New Prevention Tools Available to Protect Patients, September 2023.
- •09/06/23: CAHAN Disease Notification - CDC Health Alert Network (HAN) Health Advisory: Increased Respiratory Syncytial Virus (RSV) Activity in Parts of the Southeastern United States: New Prevention Tools Available to Protect Patients
- October 2023:
 - CAHAN All Facilities Letter – AFL 23-30 Guidance for Response to Anticipated Adult and Pediatric Surges in Respiratory Virus Transmission
 - CAHAN Disease Notification - CDPH Health Advisory: Preparation for Respiratory Virus Season (COVID-19, Influenza and RSV)
 - CAHAN Disease Notification - CDPH Health Advisory: Early Respiratory Syncytial Virus (RSV) Activity and Use of RSV Prevention Products
 - CAHAN Disease Notification - CDPH Health Advisory: Increase in Mpox Cases in California: Updates on Identification, Laboratory Testing, Management and Treatment, and Vaccination for Mpox
- •CAHAN All Facilities Letter – AFL 23-33: Coronavirus Disease 2019 COVID-19) Vaccine Recommendations for Eligible Individuals Prior to Discharge (This AFL supersedes AFL 21-20.2), November 2023.
- Increase in respiratory illnesses globally: The CDC is monitoring respiratory illnesses around the world. Some countries have reported elevated levels of respiratory illness

activity. Respiratory illnesses are monitored by the CDC around the world. Some countries have reported elevated levels of respiratory illness activity. Circulating respiratory illnesses include influenza, COVID-19, respiratory syncytial virus (RSV) infection, and Mycoplasma pneumoniae infection, December 2023.

The hospital has identified the Infection Prevention Manager as the individual with clinical authority over the infection prevention program. The Infection Preventionist (IP) is a qualified individual who manages the ongoing infection prevention program. Qualifications include appropriate education and training and obtaining & maintaining certification (CIC) in infection control.

The Infection Preventionist's role is ongoing with regular over-site and collaborative efforts in surveillance, specific environmental monitoring, continuous quality improvement, consultation, committee involvement, outbreak and isolation management, and regulatory compliance and education.

The infection prevention function reports to the Senior Administrative Director of Quality & Safety, who reports to the Chief Medical Officer and the SVHMC Administration. Responsibilities of the infection Preventionist include, but are not limited to:

- Managing the Infection Prevention Program under the direction of the Pharmacy & Therapeutics/ Infection Prevention Committee.
- Collecting and coordinating data collection, tabulation, and reporting of healthcare-associated and communicable infections
- Facilitating the ongoing monitoring of the effectiveness of prevention/control activities and interventions
- Educating selected patients, families, and hospital staff about infection prevention principles
- Serving as a consultant to patients, employees, physicians and other licensed independent practitioners, contract service workers, volunteers, students, visitors, and community agencies
- Taking action on recommendations of the Pharmacy & Therapeutics/Infection Prevention Committee and Environment of Care Committee
- Surveillance Rounds in clinical areas
- Active Participation in the Antimicrobial Stewardship Program

The Medical Staff Committee is a multidisciplinary team that sanctions the Pharmacy & Therapeutics/ Infection Prevention Committee. The Medical Director for Infection Prevention is an Infectious Disease Physician and Committee member. The IP Medical Director works collaboratively with the infection preventionist to administer and manage the infection control program. The committee membership is responsible for developing and implementing strategies for components/functions of the Infection Prevention Program. It includes representation from the Medical Staff, Administration, Nursing Service, Safety, Physician Office Practices, Laboratory, Performance Improvement, EVS, Operating Room, Pharmacy, and Community Health. Determining the effectiveness of the key processes for preventing infections is an ongoing function of the Committee. Pharmacy & Therapeutics/Infection Prevention Committee meeting minutes are reported to the Medical Staff Committee, then to SVHMC Administration and Board of Directors to assess the adequacy of resources allocated to support infection prevention activities.

III. AUTHORITY

A. Integration of Hospital Components and Functions into Infection, Prevention Activities

Infection prevention is integrated into clinical departments. Clinical departments identify department-specific infection prevention concerns. Department-specific infection prevention policies are developed from the concerns. Each department's specific infection prevention policies are reviewed/ revised every three years. The department director/manager or designee and infection preventionist discuss proposed revisions before submitting them to the Pharmacy & Therapeutics/Infection Prevention Committee for approval. After approval, the policies are reviewed and approved by the Medical Staff, the SVHMC Administration, and the Board of Directors. Once final approval is obtained, the infection preventionist communicates decisions to the department director/manager. Before implementation, major policy revisions or changes are discussed at the Pharmacy & Therapeutics/Infection Prevention Committee and Quality Interdisciplinary Committee.

Infection Prevention Policies are developed to guide the practice and provide consistency in applying principles throughout the organization. These policies are available on the SVHMC Intranet called the "STAR net" and are communicated to staff upon hire, yearly, during safety and leadership meetings, and as updates or changes occur.

IV. DEFINITIONS

N/A

V. STRATEGIES

A. RISK ASSESSMENT

An annual assessment/reassessment is conducted to determine the presence and changing needs of the organization and surrounding community to assist in the design and development of appropriate facility-specific strategies to address the unique and emerging characteristics of the hospital environment. The hospital evaluates risk for the transmission and acquisition of infectious agents throughout the hospital and is based on the collection of the following information:

- Identify risks for transmission of infectious diseases based on patient/community demographics, medical services provided, and epidemiological trends.
- The characteristics of the population served
- The results of the hospital's infection prevention data

The Risk Assessment is completed on at least an annual basis or whenever significant changes are noted to occur in any of the above-stated criteria.

Once the risks are identified, the organization prioritizes those of epidemiological significance.

The tool was revised to precisely capture the risk of acquiring or transmitting central line bloodstream infections, multi-drug resistant organisms and surgical site infections, and catheter-associated urinary tract infections.

B. STRATEGIES TO ADDRESS THE PRIORITIZED RISKS

Specific strategies are developed and implemented to address the prioritized risks. These strategies may include policy and procedure establishment, surveillance and monitoring activities,

education and training programs, environmental and engineering controls, or combinations thereof.

General Scope and Activities of the Infection Control Program

1. Maintenance of a sanitary physical environment, including but not limited to high and low-level disinfection
2. Management of staff, physicians, and other personnel, including but not limited to screening for exposure and immunity to infectious diseases
3. Mitigation of risk associated with patient infections present on admission
4. Mitigation of risks contributing to healthcare-associated infections
5. Active surveillance
6. Communication/coordination with outside agencies
7. Pandemic Management

C. ACTIVE SURVEILLANCE

The Infection Preventionist is responsible for facilitating hospital-wide surveillance and processes to prevent infections. Surveillance methods include daily nursing unit rounding, review of positive lab culture reports, review of newly admitted patients, and referrals from Nursing, Case Management, and Physicians.

Based on the population served, the following indicators were chosen for 2023-2024 to guide infection control surveillance activities:

- All Healthcare Onset Central line Bloodstream Infections
- All healthcare-onset catheter-associated Urinary Tract Infections
- Central Line Insertion Practices (CLIP) & Compliance
- All Healthcare Onset Multi-Drug Resistant Organisms (MDRO), including:
 - Clostridium difficile Surveillance Facility-wide,
 - MRSA Bloodstream Infections Facility-wide
 - VRE Bloodstream Infections Facility-wide
- Infections such as multi-drug resistant organisms (MDRO), including admission & discharge screening and surveillance of MRSA per California Senate Bill 1058
- All Surgical Site Infections designated by CDPH & CMS via NHSN
- CMS requirements for reporting Healthcare Worker Vaccination data for SARS-COV-2 into NHSN
- CDPH and Cal OSHA requirements for reporting SARS-COV-2 outbreaks in healthcare workers
- CPDH Reportable Diseases, including Seasonal Influenza and Active Tuberculosis patients
- Environment of Care Surveillance Rounds
- Hand Hygiene

The CDC/NHSN definitions are used to determine the presence of nosocomial infection. The comprehensive data collection process is based on current scientific knowledge, accepted practice guidelines, and all applicable laws and regulations. NHSN is the database where all events (infections) are credited and conferred rights to all mandated agencies (i.e., CDPH, CMS, etc.)

D. REGULATORY AGENCIES AND GUIDELINES

In addition, administrative involvement and the Pharmacy & Therapeutics/Infection Prevention Committee and Environment of Care Committee facilitate the committee's/function's role as a compliance body, assuring guidelines and standards of regulatory and accreditation organizations are applied consistently throughout the organization. Guidelines and standards of the Occupational Safety and Health Administration (OSHA), The Joint Commission, the Center for Medicare and Medicaid Services (CMS), the Centers for Disease Control and Prevention (CDC), National Healthcare Safety Network (NHSN), The Association for Practitioners in Infection Control and Epidemiology (APIC), and California Department of Public Health (CDPH), state and federal laws are integrated into the organization's infection prevention policies as they are developed and compliance is monitored ongoing.

E. ROLE OF THE INFECTION PREVENTIONIST:

- Surveillance and evaluation identified clusters of infection
- Reduce the incidence of preventable infection.
- Maintain formal and informal systems to identify trends in infection occurrence.
- Investigate and recommend action to resolve identified Infection Prevention concerns.
- Communication of significant problems to administration and medical staff through designated channels promptly.
- Institutional policies and procedures for the surveillance and prevention of infection:
 - Develop and maintain Infection Prevention Plan.
 - Define the activities of the Infection Prevention Department.
- Consultative services to departmental Infection Prevention Programs:
 - Assist departments to develop and implement department-specific procedures.
 - Assist departments in defining their role and scope in surveillance and prevention of infection.
 - Assist departments with compliance with the requirements of regulatory and accrediting agencies.
 - Facilitate cost containment and revenue preservation.
- Collaborates with the SVHMC Employee Health Department:
 - Consults on processes/procedures to minimize and manage risks of infection to staff.
 - Receives reports, evaluates, documents, and reports diseases of epidemiologic significance in employees, defined as any infectious disease.
- Education in Infection Prevention is provided to hospital staff, including hospital employees, physicians, volunteers, and students.

- Liaison between the State and Local Public Health Department and SVHMC.

F. OUTBREAK MANAGEMENT

Outbreaks may be identified during surveillance activities. The infection control practitioner is authorized to take immediate action to control any outbreak utilizing sound epidemiologic principles in investigating its origin and root cause analysis. See policy [OUTBREAK INVESTIGATION](#).

G. DEFINITIONS USED IN IDENTIFYING HEALTHCARE-ASSOCIATED INFECTIONS

The CDC/NHSN provides definitions for healthcare-associated infections to create statistics that are as comparable as possible to statistics cited in the literature. The CDC/NHSN updates the definitions bi-annually. It must be noted that the CDC/NHSN definitions are statistical, NOT clinical. Therefore, a clinical situation that warrants treatment may not always meet the CDC/NHSN definition of HAI definition.

H. INTEGRATION OF THE INFECTION CONTROL PROGRAM INTO SVHMC'S PERFORMANCE IMPROVEMENT PROGRAM

The infection prevention program is fully integrated with the hospital's overall process for assessing and improving organizational performance. Risks, rates, and trends in healthcare-associated infections are tracked over time. This information is used to strengthen prevention activities and to reduce nosocomial infection rates to the lowest possible levels. The infection prevention program works collaboratively with the employee health program to reduce the transmission of infections, including vaccine-preventable infections, from patients to staff and staff to patients. Employee health data is also aggregated, tracked, and trended over time to identify opportunities for improvement.

Management systems, including staff and data systems, assist in achieving these objectives. Such systems support activities, including data collection, analysis, interpretation, and presentation of findings using statistical tools. Findings from the Pharmacy & Therapeutics/Infection Prevention Committee are provided to the Quality & Safety Committee, Medical Staff Committee, the SVHMC Administration and Board of Directors

The following infection prevention information is currently reported at least quarterly through the organization's performance improvement (PI) activities:

- CPDH Reportable Diseases, including Seasonal Influenza and Active Tuberculosis patients
- Catheter-Associated Urinary Tract Infections (CAUTI)
- Central Line-Associated Bloodstream Infections (CLABSI)
- Central Line Insertion Practices (CLIP) & Compliance
- Multi-Drug Resistant Organisms (MDRO) rates :
 - Clostridium difficile Surveillance Facility-wide,
 - MRSA Bloodstream Infections Facility-wide
 - VRE Bloodstream Infections Facility-wide
- Hand Hygiene Facility-wide
- Surgical Site Infections (per NHSN guidelines) on Cardiac (CBGB/CBGC), Caesarian

Sections, Total Hip, Total Knee, Colectomy, Hysterectomy

- See Attachments: Risk Assessment Grid and Correlating Performance Improvement Plan

I. GOALS

Based on the Risk Assessment, SVHMC establishes goals on an annual basis to reflect the current trends and environmental factors of the hospital and community. The following goals are established yearly, and additional goals are established as needed based on the ongoing assessments, surveillance, circumstance, and data trends, which shall include:

- Decrease CAUTI hospital-wide from SIR 0.173 in 2022 to 0.381 in 2023. *SIR Goal: HHS Goal = below 0.75*
- Decrease CLABSI hospital-wide SIR from 0.563 in 2022 to 0.559 in 2023. *SIR Goal: HHS Goal = below 0.5*
- Decrease Utilization of Central Lines and Foley Catheters.
- Clostridium difficile: There will be an ongoing reduction facility-wide SIR of 0.631 in 2022 to 0.299 in 2023. *HHS Goal= below 0.70*
- Sustain Hand Hygiene compliance rate >80%.
- Surgical Site Infection (SSI) hospital-wide SIR from 0.695 in 2022 to 0.607 in 2023. *SIR Goal: HHS Goal = below 0.5*
- Surgical Site Infection (SSI) reduction by implementing an SSI prevention bundle.
- Decrease the possible transmission of infection on portable equipment, reusable equipment, etc., by evaluating EVS standards of practice and implementing tools to aid in improving EVS processes.
- Evaluating and monitoring High and Low-Level Disinfection processes hospital-wide.
- Environment of Care Surveillance

J. EMERGENCY PREPAREDNESS AND MANAGEMENT

Infection Preventionist(s) participate in the hospital-wide emergency plan via the Hospital Incident Command System (HICS). In the HICS system, a Biological / Infectious Disease Medical Specialist will be called in as needed by the Incident Commander.

Multiple established resources exist in the event of an influx of potentially infectious patients. The hospital is part of the Monterey County Emergency Response System and has an Emergency Manual for all the regional hospitals listing resources regarding infectious patients, including bioterrorism. The Infection Prevention Department works collaboratively with the local and state health departments that serve as resources.

The infection prevention department regularly receives updates from the local and state health departments regarding emerging infections in the community and state, as well as surge capacity and syndrome surveillance. The syndromes monitored are asthma, diarrhea, gastroenteritis, vomiting, fever, rash, sepsis / septic shock, and chicken pox.

The hospital communicates this information to licensed independent practitioners and staff if

patterns are identified. Medical Staff would be notified and communicate the information to the medical providers via the staff structure. The nursing staff also has a similar structure; the Chief Nursing Officer would be notified, and information would be communicated to nursing directors and unit managers for communication to staff. The hospital has an education department that can assist, if needed, in staff education.

The hospital has developed a process that details the hospital's planned response to an influx of infectious patients. The plan addresses infectious control practices for patients, post-exposure management, management of large-scale exposures, post-incident debriefing, laboratory support, and CDC information if needed. If needed, the hospital has a nurse-staffing plan that can be implemented to care for patients over an extended period.

Supporting documents:

- [EMERGING INFECTIOUS DISEASES INFECTION PREVENTION PANDEMIC PLAN](#)
- [ISOLATION - STANDARD AND TRANSMISSION-BASED PRECAUTIONS](#)
- [EMPLOYEES EXPOSURES & PREVENTION PLANS: SPECIFIC DISEASE EXPOSURES AND WORK RESTRICTIONS](#)
- [EMERGENCY OPERATIONS PLAN](#)
- [INFLUENZA PANDEMIC PLAN](#)
- [Aerosol Transmitted Diseases Exposure Control Plan](#)
- [INFECTION PREVENTION AUTHORITY STATEMENT](#)

VI. ORIENTATION AND EDUCATION

- A. Orientation, education, and training is provided on an as-needed basis.

VII. DOCUMENTATION

- A. ANNUAL EVALUATION OF PLAN

The Infection Prevention Performance Improvement Report is updated/reviewed quarterly at Pharmacy & Therapeutics/Infection Prevention Committee meetings. New risks or changes in priorities are identified throughout the year. At the end of each year, the outcomes of each identified goal are determined and considered for inclusion in next year's plan. The revised Plan is taken to the Pharmacy & Therapeutics/Infection Prevention Committee and Environment of Care Committee for final revisions and approval.

VIII. REFERENCES

- A. The Joint Commission Infection Prevention and Control
- B. Title 22 Infection Control Program 70739
- C. APIC Text of Epidemiology and Infection Control and Epidemiology, Association for Professionals in Infection Control and Epidemiology (APIC), Inc., 2023
- D. National Healthcare Safety Network (NHSN) Patient Safety Component Manual January 2023: https://www.cdc.gov/nhsn/pdfs/pscmanual/pcsmanual_current.pdf

- E. California Department of Public Health, Communicable Disease Data. <https://www.cdph.ca.gov/data/statistics/Pages/CDdata.aspx>.
- F. Monterey County Health Department: <https://datasharemontereycounty.org>
- G. Monterey County Health Department, Communicable Diseases Report: Salinas, California: Public Health Bureau, Communicable Disease Unit. <https://www.co.monterey.ca.us/government/departments-a-h/health/public-health/communicable-disease-unit>
- H. US Census Bureau, <https://www.census.gov/data/tables/2020/dec/2020-apportionment-data.html>
- I. **NHSN Reports**, the webpage contains reports organized by the year of data included in the report. The annual reports include the Antimicrobial Resistance Reports, National and State-specific Healthcare-Associated Infections Progress Reports, and additional NHSN reports and resources; 2004 to 2020. <https://www.cdc.gov/nhsn/datastat/index.html>.
- J. The NHSN Standardized Infection Ratio (SIR), A Guide to the SIR. Updated 02/2021. <https://www.cdc.gov/nhsn/pdfs/ps-analysis-resources/nhsn-sir-guide.pdf>
- K. Estimating the Additional Hospital Inpatient Cost and Mortality Associated With Selected Hospital-Acquired Conditions, 2017. <https://www.ahrq.gov/hai/pfp/haccost2017-results.html>

Attachments

[2024_2025 IP Risk Assessment Analysis.pdf](#)

[2024_2025 Risk Assessment PI Plan.doc](#)

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
MEC	Katherine DeSalvo: Director Medical Staff Services	11/2024
P&T Committee	Kiri Golleher: Pharmacy Clinical Coordinator	10/2024
P&T Committee	Genevieve delos Santos: Director Pharmacy	09/2024
Quality & Safety Committee	Aniko Kukla: Director Quality & Patient Safety	09/2024

Policy Committees	Rebecca Alaga: Regulatory/ Accreditation Coordinator	09/2024
Policy Owner	Melissa Deen: Manager Infection Prevention	09/2024

Standards

Standard Body: A.1.a

Chapter: General Entrance List



Last Approved N/A

Next Review 2 years after approval

Owner Lori Orosco:
Director
Laboratory
Services

Area Laboratory -
General

Laboratory Critical Call Values

I. POLICY STATEMENT

A. N/A

II. PURPOSE

A. The laboratory medical director in consultation with medical staff is responsible for defining critical laboratory values that may be indicative of life-threatening conditions requiring rapid clinical intervention. Designation of critical values by clinical laboratories is required by the Clinical Laboratory Improvement Amendments and regulatory agencies.

III. DEFINITIONS

A. N/A

IV. GENERAL INFORMATION

These Laboratory Urgent Notification / Critical Call Values have been identified and agreed upon by the medical staff. These are values that require immediate notification of the responsible caregiver for timely intervention. Most results must be called directly to the physician and/or the nurse and documented per policy [LABORATORY CRITICAL RESULTS DOCUMENTATION](#).

V. PROCEDURE

A. Notification exceptions are as follows:

1. ER notifications can be done via TigerText to the ordering ER physician and to the designated Charge Nurse.
2. Pathology/Histology results are reported to the physician.

3. Critical results for patients on pharmacy protocol are called to the pharmacist

B. Chemistry Values

TEST	LOW VALUE	HIGH VALUE	COMMENTS
Ammonia 0-2 day		>169 ug/ dL	Initial
Ammonia 3days to 31 days		>129 ug/ dL	Initial
Ammonia 1 month and older		>100 ug/ dL	Initial
Amylase		>250 IU/L	initial Do not call on ER patients
Blood Gas: pH (venous)	<7.20	>7.60	Initial
HCO ₃ / TC0 ₂	<15 mEq/ L	>50 mEq/ L	Initial
Bilirubin Total		>9.9 mg/ dL	Newborn less than 24hrs
Bilirubin Total		>16.0 mg/ dL	2-6 days old, not for adults
BUN		>100 mg/ dL	Do not call on ER patients
Calcium, Total	<6.5 mG/ dL	>13.0 mg/ dL	Initial
Calcium, ionized	<3.2 nG/ dL	>6.3 ng/ dL	Initial
CO ₂ , Total (Serum/Plasma) 0-2 days old	<13 mmol/L	>50 mmol/L	Initial
CO ₂ , Total (S/P) 3days old and above	<15 mmol/L	>50 mmol/L	Initial
CKMB		>3.6 ng/ ml	Initial only. Do not call on ER patients. Do not call if troponin was called.
CK-IND		>1.8	Initial only. Do not call on ER patients. No need to call if troponin was called.
Chloride	<80 mmol/L	>120 mmol/L	Initial
Cortisol	<18 uG/dL		Call only if <18 uG/ml following a stimulation dose.

TEST	LOW VALUE	HIGH VALUE	COMMENTS
Creatinine ages ages 0-11		>2.0 mg/ dL	Initial only
Creatinine ages 12-15		>3.0 mg/ dL	Initial only
Creatinine ages 16 and over		>4.0 mg/ dL	Initial only. No call on dialysis patients.
Ethanol		>400 mg/ dL	
Employee Exposure Panel/ Source Patient			Call to Employee Health (call Nursing Supervisor after hours)
Fetal Fibronectin			Call ALL results
Glucose serum/plasma 0-1 day old	<20 mg/ dL	>200 mg/ dL	initial
Glucose serum/plasma 2-6 days old	<30 mg/ dL	>200 mg/ dL	initial
Glucose serum/plasma >6 days old	<50 mg/ dL	>500 mg/ dL	Initial
Glucose CSF	<37 mg/ dL	>440 mg/ dL	
Lactic Acid		>2.0 mMol/L	Initial
Lipase		>159 U/L	Initial
Magnesium 0-6 days old	<0.8 mg/ dL	>5.0 mg/ dL	Initial
Magnesium 7 days and up	<1.0 mg/ dL	>4.9 mg/ dL	Initial
Magnesium OB patient on MG		>9.0 mg/ dL	
NEO-TSH and NEO-FT4			Call all results outside of reference range for < 1mo. olds
Osmolality,Serum/Plasma	<250 mOsm/kg	>326 mOsm/kg	Initial
Phosphorus 0- 11 years old	<2.0 mg/ dL	>10.0 mg/ dL	Initial
Phosphorus >11 Years old	<1.0 mg/ dL	>8.9 mg/ dL	Initial
Potassium 0- 13 Years Old	<2.8 mmol/L	>6.2 mmol/L	

TEST	LOW VALUE	HIGH VALUE	COMMENTS
Potassium 14 Years and Older	<2.5 mmol/L	>6.0 mmol/L	Initial
Sodium 0-2 Days	<111 mmol/L	>160 mmol/L	Initial
Sodium 2 Days and older	<120 mmol/L	>165 mmol/L	Initial
Troponin I		>500 ng/L	Initial
Uric Acid		>13.0 mg/dL	Initial
THERAPEUTIC DRUGS			
Acetaminophen		>120 ug/ml	
Carbamazepine		>15.0 ug/ml	
Digoxin		>3.0 ug/ml	
Gentamicin (Random/Peak)		>12.0 ug/ml	
Gentamicin (Trough)		>2.5 ug/ml	
Lidocaine		>7.0 ug/ml	
Phenobarbital		>55.0 ug/ml	
Phenytoin		>30.0 ug/ml	
Salicylate		>30 mg/dL	
Theophylline		>25.0 ug/ml	
Tobramycin (Random/Peak)		>12.0 ug/ml	
Tobramycin (Trough)		>2.5 ug/ml	
Troponin I		>500 ng/L	Initial
Valproic Acid		>100 ug/ml	
Vancomycin (Random/		>30 ug/ml	

TEST	LOW VALUE	HIGH VALUE	COMMENTS
Trough)			

C. Immunochemistry

TEST	LOW VALUE	HIGH VALUE	COMMENTS
HIV Antibody/Antigen		Preliminary Reactive	• Call ALL reactivities to MD. • If OB inpatient, call nonreactives to RN and reactivities to MD
Hepatitis C-Employee Health only		Positive	Report to Employee Health

D. Reference Lab

TEST	LOW VALUE	HIGH VALUE	COMMENTS
Serotonin Release Assay			Positives only
Tacrolimus (Prograf)		>20 mcg/L	
Cocci Serology			First positive

E. Hematology

TEST	LOW VALUE	HIGH VALUE	COMMENTS
WBC	<2,000 cu/mm	>37,000 cu/mm	
HGB	<7 g/dl	>18 g/dL	
HEPARIN ANTI-XA		>1.0 IU/ mL	Inpatients on pharmacy protocol
PLT	<10,000	>900,000	
PT		> 6 INR	
PTT		> 85 seconds	Patients on heparin
		>100 seconds	Inpatients on pharmacy protocol
FIBRINOGEN	<50 mG/dL		
D-DIMER		>1.5 mg/ L	

TEST	LOW VALUE	HIGH VALUE	COMMENTS
CSF FLUID CELL COUNTS			ER or myelogram patients in Radiology – unnecessary to call. ALL OTHER LOCATIONS – call any abnormal cell counts, cells, findings to M.D

F. Immunology

TEST/ EVENT	RESULT	ACTION	COMMENTS
RPR	Preliminary Reactive	• Call all preliminary reactive results to ordering MD • Document actions taken	MCPH: Fax: 831-775-8076 (preferred) Phone: 831-755-4521
		• Send-out for confirmation (RPRQ)	If RPR screen is (+) Titer and FTA Confirmatory testing is performed

G. Microbiology

RESULT	ACTION
Positive blood culture gram stain	First positive per bacterial morphotype or yeast
Blood culture Verigene result	All – (exception below): "No Target Detected" values not called to Pulmonologists 1700-0600
ESBL on blood	First positive
Inappropriate antibiotic therapy for CSF or positive blood culture	First positive
Positive blood or stool parasite	First positive
Eye culture growing <i>Ps. aeruginosa</i> or potential pathogen from corneal or vitreous eye fluid sources	First positive
Identified <i>Coccidioides immitis</i>	No previous history
Identified <i>Cryptococcus neoformans</i>	First positive
Mold resembling <i>Coccidioides immitis</i>	First positive
Mycobacterium species identification	First positive
Positive AFB smears and culture	First positive per source
Positive Bordetella pertussis	First positive
Positive Botulism result	First positive
Positive CSF smear and/or culture	First positive

RESULT	ACTION
Positive culture for E.coli O157	First positive
Positive Shiga Toxin	First positive
Positive <i>Legionella</i> or <i>Strep. pneumoniae</i> urine antigen	First positive
Potential agents of bioterrorism detected	All

H. Histology

RESULT	ACTION
Unexpected malignancies	Pathologist to Report to Clinician
Unsuspected infectious disease	Pathologist to Report to Clinician
Herpes smear-Positive or negative	Pathologist to Report to Clinician
Products of Conception – no POC identified	Pathologist to Report to Clinician
Products of Conception – unexpected findings	Pathologist to Report to Clinician
Significant discrepancy between frozen section diagnosis and final diagnosis	Pathologist to Report to Clinician
All new diagnoses of Lymphoma(except SLL), Leukemia(except CLL), Small Cell Carcinoma of Lung, High Grade Neuroendocrine Carcinoma	Pathologist to call Oncologist if associated with patient, otherwise call to Clinician

I. Special Instructions By Section

J. Chemistry

- Although most critical results are only called initially, clinical judgment must be used when serially monitored test results vacillate between normal and critical.
- Assure the test was repeated and results were still critical.
- Check previous results for the same test on the patient
- Visually inspect the specimen for interferants such as hemolysis, icterus, lipemia or odd coloration. Assure that testing was performed on appropriate specimen type (e.g. plasma/serum as required and not on an unspun specimen).
- Check to see if specimen was drawn from a line or port.
- Check instrument, method, and reagent by looking at other patients' results within the run, to assure they are not abnormal or critical also. This may indicate an instrument testing problem.
- Check with phlebotomist to assure collection was appropriate/correct (not above I.V., specimen was not placed in incorrect anticoagulant first and then transferred to correct tube, etc.).
- Document notification as a specimen comment using critical call canned text.
 - Answer all prompts that are appropriate.

- If result is questionable, call the patient's RN to determine if result corresponds with:
 - The patient condition
 - Administration of a recent medication
 - A recent procedure that could have created the result.

K. Hematology/Coagulation

- Documentation will occur via an automatically reflexed test in the computer. Complete all applicable prompts.
- Results on oncology patients may be called to the ordering provider's assistant or nurse.
- Check with phlebotomist to assure collection was appropriate (i.e., not above IV).

L. Microbiology

- Critical results for the Microbiology department will be documented with the test result using canned text "MCALL" and the applicable prompts completed.
- Critical results on patients discharged from the Emergency Department can be called to the Emergency Department Charge Nurse.

VI. EDUCATION/TRAINING

- A. Education and/or training is provided as needed.

VII. REFERENCES

- A. N/A

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
MEC	Katherine DeSalvo: Director Medical Staff Services	11/2024
Laboratory Medical Director	Johnny Hu: PHYSICIAN	11/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	11/2024

Standards

No standards are associated with this document

COPY



Last Approved N/A
Next Review 3 years after approval

Owner Agnes Lalata:
Director Medical/
Surgical Services
Area Patient Care

Pain Management

I. POLICY STATEMENT

A. N/A

II. PURPOSE

A. To guide clinical staff in the assessment, intervention, evaluation, and education in patient pain management.

III. DEFINITIONS

A. Breakthrough pain: Transient or episodic exacerbation of pain that occurs in patients with pain that is otherwise considered stable but persistent.

IV. GENERAL INFORMATION

- A. Pain management is a priority.
- B. Salinas Valley Health Medical Center (SVHMC) believes that:
 - 1. The patient is the best authority on his or her pain.
 - 2. The patient plays a key role in the treatment of pain.
 - 3. Pain management affects the quality and perception of care.
- C. Patients will be educated upon admission/entry to SVHMC about pain management.
- D. Staff will assess the patient's pain using the appropriate pain scale (see attachments).
- E. The patient's input will be the primary source for the assessment and may include:
 - 1. Description of pain
 - 2. Location of pain

3. Intensity of pain
4. Radiation location
5. Duration of pain
6. Aggravating factors
7. Management techniques

F. This policy applies to all areas of SVHMC where patient care is provided. SVHMC has certain clinics under its license and these clinics, while not operated by SVHMC, adhere to this policy.

V. PROCEDURE

A. Taylor Farms Family Health & Wellness Center

1. Pain management will be in collaboration with the routine clinic visit and managed by the provider treating the patient using the same philosophy.

B. Hospital: Assessments

A. Patients are assessed for pain:

- a. During their initial assessment
- b. Once per shift
- c. With each episode of pain

B. Components of Pain Assessment:

a. Ask the patient for:

i. Location / Radiation.

- a. Have the patient point to the area and where the pain radiates if possible

ii. Description of the pain

iii. Intensity of pain using an appropriate pain scale.

- a. Pain scale 1-3 is equivalent to mild pain.
- b. Pain scale 4-6 is equivalent to moderate pain.
- c. Pain scale 7-10 is equivalent to severe pain.

iv. Ask the duration of the pain

- v. Ask what makes it worse i.e. changing position; standing; sitting etc.

b. If patient critically ill in the ICU and unable to self-report pain:

- i. If patient able to nod, asking yes or no questions about the presence of pain
- ii. If patient unable to nod, use a behavioral pain scale such as the Critical Care Observation Tool (CPOT)

- a. The nurse will score 4 different indicators with 2 being the highest score in each category. The total scoring system is from 0-8
- b. Total score of >2 is indicative of the presence of pain
- c. CPOT determines the presence of pain, not the intensity
 - i. For example, a score of 8 does not mean the patient has more pain than a score of 4
- d. Target score for all patients unable to self-report is a 2 or less

C. Intervention

- 1. Provide pain management intervention(s)
- 2. The nurse may use multimodal therapies with physician order as appropriate, to enhance the effectiveness of analgesics. Combinations of:
 - a. Opioids
 - b. Non-opioids
 - i. Examples include but not limited to: NSAIDS, continuous local anesthetic infusion, peripheral neural blockade
 - c. Non-pharmacologic interventions
 - d. Non pharmacological interventions include but not limited to:
 - i. TENS
 - ii. Hot or cold packs
 - iii. Massage
 - iv. Distraction
 - e. For pharmacological and non-pharmacological interventions instruct patient to call if pain management is ineffective.

D. Reassessment/Evaluation

- 1. After administering pain medication, reassessment is done within reasonable time frames:
 - a. Generally IV/IM medications reach effectiveness within thirty minutes.
 - b. Generally PO medications reach effectiveness with one hour
 - c. All pharmacological reassessments to be documented on the MAR
- 2. For Alternative Pain Management Techniques and Therapies
 - a. Staff to document pain assessment and reassessment for

alternative therapies from the worklist

3. If pain management is ineffective, the nurse shall communicate with physician.
- E. Laboring Patients –(for pain not associated with labor the routine assessment/ interventions and reassessments outlined in this policy apply)
1. Assessments are performed by asking "How are you coping with your labor?"
 2. Performed every shift; PRN; and with signs of change. RN is also observing for cues for 15 – 30 minutes and throughout labor
 3. Coping cues include but not limited to:
 - a. Patient states is coping
 - b. Rhythmic activity during contractions
 - c. Focused inward
 - d. Able to relax between contractions
 4. Not Coping cues include but not limited to:
 - a. Patient states not coping
 - b. Crying, tearfulness
 - c. Tremulous voice
 - d. Inability to focus or concentrate
 - e. Panicked activity during contractions
 5. Interventions include but not limited to:
 - a. Pharmacological intervention
 - b. Types of Non-pharmacological interventions
 - i. Hot pack/cold pack
 - ii. Movement/ambulation
 - iii. Rhythmic breathing
 6. Reassessment is documented in the EMR
- F. Nursing Care Plan:
1. Confer with patient/family/caregivers to develop achievable pain management objectives and educate patient/family/caregivers.
 - a. Regarding their role in pain management
 - b. Provide and review written materials (i.e., Care Notes, PCA brochures, etc.) in preferred language.
- G. Complex Pain Management (CARE OF THE PATIENT AT END OF LIFE) Patients with the following conditions, among others, may require more attentive pain

management:

1. Chronic pain syndrome in acute crisis
2. Substance dependence
3. Pain disorder associated with psychological factors
4. Consult with patient, caregivers, physician, and pharmacist for pain control needs. Case Managers may make appropriate interagency and community referrals for discharge.

H. Documentation in the EMR:

1. Document assessments, interventions, reassessments and appropriate actions taken for ineffective pain management and any adverse responses. Initiate and update Nursing care plans accordingly.
2. Document patient/family/caregiver education and printed materials provided.

VI. EDUCATION/TRAINING

A. Education and/or training is provided as needed

VII. REFERENCES

- A. California Hospital Association. (2022). Patient rights; Combines Title 22 and other California laws, The Joint Commission and Medicare Conditions of Participation requirements. Appendix 1-A.
- B. Moore RA, Derry S, Wiffen PJ, Banerjee S, Karan R, Glimm E, Wiksten A, Aldington D, Eccleston C. Estimating relative efficacy in acute postoperative pain: network meta-analysis is consistent with indirect comparison to placebo alone. *Pain*. 2018 Nov;159(11):2234-2244. doi: 10.1097/j.pain.0000000000001322. PMID: 29965830; PMCID: PMC6203421.
- C. Czarnecki, M & Turner, H. (2024). *Core Curriculum for Pain Management Nursing*. Elsevier. Philadelphia: W.B. Saunders Company.
- D. The Joint Commission. Standard PC.01.02.07. The hospital assesses and manages the patient's pain.

Attachments

[B: Pain Assessment Algorithm](#)

[B.1: English](#)

[B.2: FLACC Pain Assessment Scale](#)

[B.3: N-Pass: Neonatal Pain, Agitation, & Sedation Scale](#)

B.4: Cries - Neonatal Post-Operative Pain Assessment Scale

CPOT table for pain policy.docx

Approval Signatures

Step Description	Approver	Date
Board	Kathryn Haines: Administrative Assistant - PD	Pending
Board	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
Medical Executive Committee	Katherine DeSalvo: Director Medical Staff Services	11/2024
Operative and Procedural Services	Katherine DeSalvo: Director Medical Staff Services	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	Agnes Lalata: Director Medical/Surgical Services	10/2024

Standards

No standards are associated with this document

Special Procedures/Privileges in SURGERY

Applicant: Place a check mark in the (R) column for each privilege requested. New applicants must provide documentation of the number and types of hospital cases during the past 24 months.

(R)=Requested **(A)**=Recommended as Requested **(C)**=Recommended w/Conditions **(N)**=Not Recommended

Note: If recommendations for clinical privileges include a condition, modification or are not recommended, the specific condition and reason for same must be stated on the last page of this form.

Applicant: Check box marked "R" to request privileges

R	A	C	N	Procedure	Initial Appointment	Proctoring	Reappointment
				Act as first or second assistant in surgery under the supervision of an approved supervising physician.	Document 25 surgical assists/ procedures within the past 24 months	N/A	Document 25 assists within the past 24 months
				Act as first or second assistant in robotic surgery under the supervision of an approved supervising physician.	Documentation of successful completion of the "Intuitive training course (A hands-on training practicum in the use of the daVinci Surgical Platform of at least eight (8) hours duration. OR Documentation 25 assists within the past 24 months	N/A	Document 25 assists within the past 24 months
				Insert arterial and central venous catheters as directed by the cardiac surgeon.	Document two (2) within the past 24 months	1	Document two (2) within the past 24 months
				Remove IABP catheters as directed by the cardiac surgeon.	Document two (2) within the past 24 months	1	Document two (2) within the past 24 months
				Greater and lessor saphenous vein, and radial artery harvesting under the supervision of the cardiac surgeon.	Document 25 within the past 24 months	5	Document 25 within the past 24 months
				Surgical wound closure	N/A	5	N/A
				Placement and removal of chest tubes, and	Document four (4) within the past 24	N/A	Document four (4) within



Last Approved N/A
Next Review 3 years after approval

Owner David Thompson:
Director Nursing
Area Nursing
Standardized
Procedures

Vaginal Bleeding Nursing Standardized Procedure

I. POLICY

- A. N/A

II. DEFINITIONS

- A. Blood Type and Rh factor (Type and Rh)
B. CBC: Complete Blood Count
C. CMP: Comprehensive Metabolic Panel
D. Director of Nursing – Nursing Director responsible for a nursing unit or cluster of units.
E. HCG: Qualitative Serum Human Chorionic Gonadotropin
F. SP – Standardized Procedure
G. UA: Urinalysis
H. ED: Emergency Department

III. PROCEDURE

- A. Function
1. A registered nurse may start an IV and order blood work prior to a patient examination by a physician for Chief Complaint of vaginal bleeding.
- B. Circumstances
1. Setting
 - a. Registered Nurses (RNs) assigned to the Emergency Department (ED) may initiate orders for patients presenting with vaginal bleeding prior to physician evaluation IF: the ED physician is not immediately available. The RN will ensure blood is drawn, order approved laboratory tests, and an INT

with routine flushes will be placed if the patient is unstable. This will apply to patients with symptoms listed in the PATIENT CONDITIONS section below.

2. Supervision

- a. Registered Nurses, who are employed in the Emergency Department and have successfully completed the Patient's with Vaginal Bleeding competency, are qualified to perform this standardized procedure and may order CBC, sHCG, Type and Rh, when vital signs are within normal limits initiate IV resuscitation if vital signs are abnormal, to the patients presenting with the chief complaint of vaginal bleeding and whom meet criteria.
- b. Registered nurses in the ED may order the following labs for patient's eighteen (18) years of age and over with a complaint of vaginal bleeding: CBC, CMP, serum HCG (non-menopause females only), Draw EXTRA, Type (ABO/RH Profile), UA and culture if needed, INT placement if patient unstable.
- c. If patient is under eighteen (18) years of age and confirms she is pregnant, then order above labs.
- d. If patient under eighteen (18) years of age and denies pregnancy than order UA with reflex culture and urine pregnancy

3. Patient Conditions

- a. If the patient has not been seen in the ED within the previous 24 hours for the same complaint and/or the need for blood testing and IV therapy is questionable/concerning.

C. Database

• Subjective

1. Patients with the chief complaint of vaginal bleeding will be triaged and prioritized according to accepted triage policy based on the severity of their vaginal bleeding using the Emergency Severity Index (ESI) 5 Level Triage. (See [TRIAGE ASSESSMENT](#))
 - a. Spontaneous abortion (miscarriage) is the loss of a pregnancy before viability of the fetus defined as 20 weeks gestation. Spontaneous abortion should be considered in any woman of childbearing age who presents to the emergency department with vaginal bleeding. Spontaneous abortions are commonly categorized as threatened, inevitable, incomplete, missed, or septic.
 - b. An ectopic pregnancy (EP) could cause vaginal bleeding in pregnant women. EP intrudes into the tubal wall too deeply or grows too large, it can rupture the tube and can be life-threatening due to risk of hemorrhage.
 - c. Menopausal or women of a geriatric age, malignant disease

should always be considered. Postmenopausal hormonal changes may be responsible for dysfunctional uterine bleeding (DUB). Patients in this age group with vaginal bleeding are at increased risk for uterine cancer.

- d. Young females less than typical age of menarche (11 years of age to 12 years of age) with vaginal bleeding and severe pain/distress consider assault, keep in clothes and get a physician immediately.

2. All patients presenting with chief complaint of vaginal bleeding and characteristics using numerical or Wong Baker pain scale.

- a. Onset of vaginal bleeding and potential cause (what happened)
- b. Last normal menstrual period (LNMP) and location of pain, if present.
- c. Duration of vaginal bleeding
- d. Characteristics of vaginal bleeding: amount, color, presence of clots/tissue. Number of full pads/tampons used (each holds approximately 30 ml of blood).
- e. Alleviating or aggravating factors
- f. Radiation of pain
- g. Treatment before arriving to the Emergency Department.
- h. Positive pregnancy test: date and method (serum or urine).
- i. Fatigue, dizziness, lightheadedness, syncope
- j. Contraceptive history
- k. Reproductive history, total number of pregnancies, live births spontaneous/therapeutic abortion(s) (gravida, para, SAB/TAB)
- l. Recent trauma or surgery
- m. Recent sexual intercourse
- n. Fever, recent birth-vaginal/c-section?

• Objective

1. Patients with vaginal bleeding will be assessed for the following

- a. Level of consciousness, behavior, affect
- b. Abnormal vital signs
- c. Skin, color; moist or dry
- d. Gait
- e. Quality and Quantity of vaginal bleeding, color, amount, passage of clots or tissue
- f. Presence or absence of pain/cramping and location of pain

- g. Palpation of abdomen for tenderness
- h. Auscultation for Fetal Heart Tones

D. Diagnosis

- Vaginal bleeding caused by: Differential diagnosis:
 - 1. Spontaneous abortion from a nonviable fetus
 - 2. Ectopic pregnancy invading the tubal wall
 - 3. Uterine dysfunction
 - 4. Endocrine imbalance
 - 5. Sexual assault/abuse or maltreatment
 - 6. Malignant disease
- Assess for the following:
 - 1. Deficient fluid volume
 - 2. Anticipatory grieving
- Plan
 - 1. Treatment
 - a. Patient must have an accurate name-band in place before blood work is drawn.
 - b. When initiating an IV infusion the RN will label the blood tubes accurately by using the hospital approved patient identification process (see [PATIENT IDENTIFICATION POLICY](#)). The labeling of specimens must occur AT THE PATIENT'S BEDSIDE.
 - c. Specimens collected by the ED nursing staff must be timed and initialed by the person drawing the specimen and placed in a bio-hazard specimen bag.
 - d. Specimens will be handed to a phlebotomist or transported to lab in person or through the pneumatic tube system
 - e. If no supervising ED physician has signed up for patient or not seen in 30 min or timely manner, order sets should be placed under "Physician, Emergency".
 - f. The ED RN will assess the patient presenting with vaginal bleeding according the standardized policy and procedure of Vaginal Bleeding.
 - i. The ED RN will initiate IV therapy when the following is present:
 - 1. Moderate to heavy vaginal bleeding present
 - 2. Skin signs are cool, pale, and moist
 - 3. Systolic blood pressure (SPB) of 100 or less and/or heart rate of greater than 100.

4. If specimens are obtained patient label must be taken to the bedside and verified with the patient using the two (2) Patient Identifiers (patient name and medical record number).

2. Patient conditions requiring consultation:

- a. If the patient appears unstable and/or life threatening condition is identified: the ED RN will notify the ED physician **IMMEDIATELY**.
- b. Heavy bleeding present with skin signs of cool, pale and moist.
- c. Vital signs critical less than 100 SBP and heart rate greater than 100.
- d. Changes in airway, breathing, circulation, or altered level of consciousness
- e. Change in triage acuity

3. Education-Patient/Family

- a. Educate on processes of the Emergency Department
 - i. Why patient must remain NPO status until results
 - ii. Explain the need for blood work and initiation of blood work
 - iii. Explain the procedure of vaginal exam
 - iv. Explain what medication given and why
 - v. Education that patient did not do anything wrong, that miscarriage or threatened miscarriage it is not the patient's fault
 - vi. Educate on receiving RhoGAM, if woman is Rh-negative
- b. Educating for threatened abortion
 - i. Maintain bed rest for 24 to 48 hours or until bleeding subsides
 - ii. Educate on the need for bed rest and pelvic rest (no sexual intercourse, do not place anything inside the vagina) until bleeding and cramping stop
 - iii. Use sanitary pads only; avoid tampons
 - iv. Return to the Emergency Department if bleeding or pain increases or you develop a fever
 - v. Save any clots or tissue that passes and bring to the emergency department or follow-up physician
 - vi. Ensure appropriate follow-up care with obstetrician/gynecologist.

c. Education for complete abortion

- i. Mild abdominal pain/cramping is common for several days
- ii. Use sanitary pads only; avoid tampons
- iii. Take temperature four times a day
- iv. Pelvic rest
- v. Ensure follow-up care with obstetrician/gynecologist.
- vi. Activity as tolerated
- vii. Return to the emergency department if temperature is higher than 100.6 F, bleeding, pain, or foul-smelling discharge occurs or increases

d. Follow up

- i. Reassessment and reevaluation of vaginal bleeding every two (2) hours or more frequently according to the patient severity and amount of vaginal bleeding and accordance with the Emergency Department Policy and Procedure: Assessment/Reassessment (see [STANDARDS OF CARE- EMERGENCY DEPARTMENT](#))

e. Documentation of Patient Treatment

- i. Document all patient procedures and care on the appropriate nursing clinical documents along with any patient responses from the interventions.
 1. The ED RN initiating the standardized procedure will document the following: CBC, CMP, UA, sHCG, Type and Rh, and IV therapy ordered per "standardized procedure" in the electronic medical record.
 2. Enters "Physician, Emergency" per policy.
 3. Navigates to New Sets.
 4. Selects "ER Nursing Orders" order set
 5. Selects appropriate order.

• Record Keeping

1. The facility will retain the patients' record according to the Record Retention procedure.

IV. REQUIREMENTS FOR THE REGISTERED NURSE

A. Education

1. In accordance with the SVHMC RN job description

B. Training

1. Competency assessed during orientation.

C. Experience

- In accordance with the established SVHMC job description

D. Evaluation

- Initial: During the initial orientation process RNs are educated to this SP and complete a review with their preceptor. This is documented on the Department Specific Orientation Checklist and maintained in the office of the Director of Nursing. The RN is required to implement this SP two (2) times prior to be deemed competent.
- Ongoing: At least every 3 years competency will be re-assessed via annual skills assessment.
- During the annual RN performance appraisal process any areas of this SP not meeting requirements will be reviewed with the RN and a plan will be defined if necessary

V. DEVELOPMENT AND APPROVAL OF THE STANDARDIZED PROCEDURE

A. Review Schedule

1. Every 3 years or when practice changes are made.

B. Approval

1. The electronic policy and procedure system maintains tracking of initiation, review and approval of this SP including the Interdisciplinary Practice Committee, Medical Executive Committee and the Board of Directors.

VI. REGISTERED NURSES AUTHORIZED TO PERFORM PROCEDURE AND DATES

- A. The list of qualified individuals who may perform this standardized procedure is available in the department / cluster Nursing Director's office and available upon request.

VII. REFERENCES

- A. California Board of Registered Nursing,
- B. Title 16, California Code of Regulations Section 1474
- C. Medical Board of California. Title 16, Code of Regulations Section 1379
- D. Emergency Nurses Association: Emergency Nursing Core Curriculum (2000)

Approval Signatures

Step Description	Approver	Date
Board Approval	Kathryn Haines: Administrative Assistant - PD	Pending
Board Approval	Rebecca Alaga: Regulatory/ Accreditation Coordinator	Pending
Medical Executive Committee	Katherine DeSalvo: Director Medical Staff Services	11/2024
IDPC	Katherine DeSalvo: Director Medical Staff Services	11/2024
EM Dept.	Cristina Martinez: PHYSICIAN	10/2024
EM Dept.	David Thompson: Clinical Manager	10/2024
Policy Committee	Rebecca Alaga: Regulatory/ Accreditation Coordinator	10/2024
Policy Owner	David Thompson: Clinical Manager	08/2024

Standards

No standards are associated with this document

EXTENDED CLOSED SESSION
(if necessary)

(VICTOR REY, JR.)

*RECONVENE OPEN SESSION/
CLOSED SESSION REPORT*

(VICTOR REY, JR.)

*CONSIDERATION FOR APPROVAL
OF REORGANIZATIONAL PLAN
FOR BLUE ZONE PROGRAMS AND
SERVICES*

(DR. RADNER)

ADJOURNMENT