



February 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 **FINANCE COMMITTEE - COMMITTEE OF THE WHOLE** of **SALINAS VALLEY HEALTH<sup>1</sup>** will be held **WEDNESDAY, FEBRUARY 21, 2024, AT 12:00 P.M., DOWNING RESOURCCE CENTER ROOMS A, B, & C, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA** or via **TELECONFERENCE** (visit [SalinasValleyHealth.com/virtualboardmeeting](https://SalinasValleyHealth.com/virtualboardmeeting) for Access Information).

A handwritten signature in black ink, appearing to read "Allen Radner", is positioned above the printed name.

Allen Radner, MD

Interim President/Chief Executive Officer

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

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

**WEDNESDAY, FEBRUARY 21, 2024, 12:00 P.M.  
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Health Medical Center  
450 E. Romie Lane, Salinas, California  
or via Teleconference  
(Visit [SalinasValleyHealth.com/virtualboardmeeting](https://SalinasValleyHealth.com/virtualboardmeeting) for Access Information)**

**AGENDA**

1. Call to Order / Roll Call

2. 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.

3. Approve Minutes of the Finance Committee Meeting of January 22, 2024 (RADNER)

- Motion/Second
- Action by Committee/Roll Call Vote

4. Consider Recommendation for Board Approval of the Exercise of a Five (5) Year Lease Option in the Existing and Approved Lease for Space Located at 928 E. Blanco Road, #215 (Information Technology Department) (LOPEZ/PARKS)

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

5. Consider Recommendation for Board of Directors to Award Construction Contract to FTG Builders, Inc. for the Permanent Bulk Oxygen Supply Replacement Project (MILLER/STROTMAN)

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

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

6. Consider Recommendation for Board Approval of HSS Security Contract Renewal Amendment No. 4 (MILLER/STROTMAN)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
7. Consider Recommendation for Board Approval of the Alliance HealthCare Services (Alliance), Inc. MRI Service Contract Addendum (MILLER)
  - Staff Report
  - Committee Questions to Staff
  - Public Comment
  - Committee Discussion/Deliberation
  - Motion/Second
  - Action by Committee/Roll Call Vote
8. Closed Session
9. Reconvene Open Session/Closed Session Report
10. Financial and Statistical Review (LOPEZ)
11. Balanced Scorecard – Informational Only (LOPEZ)
12. Adjournment
  - The next Finance Committee Meeting is scheduled for **Monday, March 25, 2024 at 12:00 p.m.**

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

The Committee packet is available at the Committee Meeting, at [www.SalinasValleyHealth.com](http://www.SalinasValleyHealth.com), and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Clerk during regular business hours at 831-759-3050. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**FINANCE COMMITTEE MEETING  
COMMITTEE OF THE WHOLE  
SALINAS VALLEY HEALTH**

**AGENDA FOR CLOSED SESSION**

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

**CLOSED SESSION AGENDA ITEMS**

**REPORT INVOLVING TRADE SECRET**

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

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

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

**ADJOURN TO OPEN SESSION**



*CALL TO ORDER*  
*ROLL CALL*

*(Chair to call the meeting to order)*

*PUBLIC COMMENT*

**DRAFT SALINAS VALLEY HEALTH<sup>1</sup>**  
**FINANCE COMMITTEE**  
**COMMITTEE OF THE WHOLE**  
**MEETING MINUTES JANUARY 22, 2024**

Committee Members Present:

In-person: Vice-Chair Juan Cabrera, Tarun Bajaj, MD., Allen Radner, MD, Augustine Lopez, Clement Miller and Harry Wardwell;

Committee Members Present via Teleconference: Chair Joel Hernandez Laguna (pursuant to Government Code Section 54953(f)(2)(A)(i)) and Sanjeev Tandon;

Committee Members Absent: None;

Other Board Members Present, Constituting Committee of the Whole: Catherine Carson (in person), Victor Rey, Jr. and Rolando Cabrera, MD, (via teleconference).

*Vice-Chair Juan Cabrera arrived at 12:02 p.m.*

*Victor Rey, Jr., joined via teleconference at 12:13 pm.*

*Joel Hernandez-Laguna joined via teleconference at 12:26 pm*

**1. CALL TO ORDER/ROLL CALL**

Harry Wardwell, acting Chair, called the meeting to order at 12:01 p.m. in the Downing Resource Center, Rooms A, B & C. After Roll Call, Mr. Wardwell handing the meeting over to Vice-Chair Juan Cabrera.

**2. PUBLIC COMMENT:**

None

**3. MINUTES OF THE FINANCE COMMITTEE DECEMBER 11, 2023**

The Finance Committee meeting minutes of December 11, 2023, were included in the Committee packet.

**COMMENTS FROM THE BOARD:**

None

**PUBLIC COMMENT:**

None

**MOTION:**

Upon motion by Committee member Dr. Radner, and second by Committee Member Wardwell, the minutes of December 11, 2023 Finance Committee were approved as presented.

**ROLL CALL VOTE:**

Ayes: Vice-Chair Cabrera, Dr. Bajaj, Radner, Lopez, Miller, Tandon and Wardwell;

Nays: None;

Abstentions: None;

Absent: Hernandez-Laguna.

**Motion Carried**

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

#### **4. CLOSED SESSION**

Vice-Chair Juan Cabrera announced that items to be discussed in Closed Session as listed on the posted Agenda are *Report Involving Trade Secrets, strategic planning/proposed new programs and services*.

The meeting recessed into Closed Session under the Closed Session Protocol at 12:02 p.m.

#### **5. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION**

The Board reconvened Open Session at 12:57 p.m. Vice-Chair Juan Cabrera announced in Closed Session, the Board received a *Report Involving Trade Secrets, strategic planning/proposed new programs and services*. No action was taken.

#### **6. FINANCIAL PERFORMANCE REVIEW**

An update was received from Augustine Lopez, Chief Financial Officer on the Financial Performance Review for the month of December 2023. Highlights included Income from Operations \$1.3M, Net Income \$7.5M, Consolidated Income from Operations (\$15.2M), Consolidated Net Income \$6.8M, and Days Cash on Hand of 342. A full report was included in the packet.

**BOARD MEMBER COMMENT:** None.

#### **7. REVIEW BALANCED SCORECARD**

Augustine Lopez, Chief Financial Officer and team, reviewed the Balanced Scorecard Summary for FY2024, year-to-date November 2023 which provided an overview of the metrics and performance of the SVMHS organizational goals for Service, People, Quality, Finance, Growth, and Community. This information was included in the Committee packet.

**BOARD MEMBER COMMENT:** None

#### **8. CAPITAL SPENDING YTD DECEMBER 31, 2023 UPDATE**

Augustine Lopez, Chief Financial Officer and Dave Sullivan, Project Lead/Bogart Construction provided a presentation on FY24 YTD December Capital Spending, Active Projects. Projects include parking garage annex, Medical Center campus painting, surgery addition plus seismic retrofit, 559 Abbott Street renovations (Urology Services), CT equipment replacement, Nuclear Medicine equipment replacement, elevator modernization, bulk oxygen tank replacement, SVH rebranding (signage) as reported by Claudia Pizarro Villalobos, Director Marketing & Communications, HR replacement system (Workday) as reported by Audrey Parks, Chief Information Officer, Cath Lab 3 replacement, Angio Suite replacement and 212 San Jose Street renovation (Cardio/Vascular). All nine projects have a Board approved amount of \$74,444,377. A full report was included in the packet.

**BOARD MEMBER COMMENT:** Discussion regarding the requirements for Board approval of change orders on approved projects which were properly submitted to competitive bidding.

## 9. ADJOURNMENT

There being no other business, the meeting was adjourned at 1:17 p.m. The next Finance Committee Meeting is scheduled for **Wednesday, February 21, 2024 at 12:00 p.m.**

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Vice-Chair Juan Cabrera

## Board Paper: Review and Approval by Board

Agenda Item: Consider Recommendation for Board Approval of the Exercise of a Five (5) Year Lease Option in the Existing and Approved Lease for Space Located at 928 E. Blanco Road, #215

Executive Sponsor: Augustine Lopez, CFO  
Audrey Parks, CIO

Date: February 15, 2024

### Executive Summary

Salinas Valley Health currently leases 928 E. Blanco Road, suite #215, in Salinas, California. There are twenty (20) members of the Information Technology (IT) staff who work at this location. The space is 6,389 square feet and also hosts two training rooms that are dedicated to support training for our Epic Ambulatory system for contractors, staff and providers. The Informatics staff reside in suite #235, adjacent to suite #215. In addition to these two training rooms, there is a separate conference room, network closet, and a break room within suite #215 (used by IT). Although there are an estimated twenty IT staff currently working at this location, there are nine (9) vacant cubicles for use, however, staff who occasionally need to report to work on-premise utilize these vacant cubicles. In light of a lack of office space available at the main campus or other leased locations, we recommend renewing the current lease. Informatics has already renewed the lease at suite #235 as that lease was up for renewal a few months prior. There are options for two, five (5) year term renewals. We are requesting review and approval to exercise the first 5-year renewal option under Article 19 of the Lease Agreement. The new rate reflects the three percent (3%) year-over-year increase from the last year of the initial lease term.

Key Contract Terms	Vendor: Rancho Llano Development LLC
1. Proposed effective date	September 1, 2024
2. Term of agreement	September 1, 2024 – August 31, 2029
3. Renewal terms	Option to renew once more for a five-year term
4. Termination provision(s)	180 days' written notice prior to renewal of five-year term to exercise the option to renew
5. Payment Terms	Net 30 days
6. Annual cost(s)	See table below. First year of renewal is \$184,374 plus an estimated \$6,800/year for common area maintenance that may exceed the estimated monthly OPEX. An annual 3% increase in monthly rent is shown.

From (month)	To (month)	rent/month	OPEX	Monthly	CAM* (annual)	Annualized
61	72	\$ 11,851	\$ 3,514	\$ 15,365	\$ 6,800	\$ 191,174
73	84	\$ 12,206	\$ 3,514	\$ 15,720	\$ 6,800	\$ 195,440
85	96	\$ 12,572	\$ 3,514	\$ 16,086	\$ 6,800	\$ 199,835
97	108	\$ 12,949	\$ 3,514	\$ 16,463	\$ 6,800	\$ 204,361
109	120	\$ 13,338	\$ 3,514	\$ 16,852	\$ 6,800	\$ 209,022
6,389 square feet				<b>\$ 965,832</b>		<b>\$ 999,832</b>
<b>* CAM - common area maintenance overage (annual)</b>						
7. Cost over life of agreement			\$999,832 (includes estimated one-time payment of \$6,800 plus estimated monthly operating expenses, real estate taxes and insurance)			
8. Budgeted (yes or no)			Yes, 8540.6600			
9. Contract			1001.3200			

## Recommendation

Consider Recommendation for Board Approval of the Exercise of a Five (5) Year Lease Option in the Existing and Approved Lease for Space Located at 928 E. Blanco Road, #215, in the estimated amount of \$999,832.

## Attachments

- Original, fully executed lease agreement with renewal option outlined in Article 19

## LEASE AGREEMENT

This Lease Agreement ("Lease") is made as of the Effective Date (hereinafter defined), by and between Rancho Llano Development, LLC, a California limited liability company, having an address for purposes hereof at 27810 Mesa Del Toro Road, Salinas, CA 93908 ("Landlord"), and Salinas Valley Memorial Healthcare System, a Local Healthcare District having an address for purposes hereof at 450 East Romie Lane, Salinas, CA 93901 ("Tenant").

### **ARTICLE 1. BASIC LEASE PROVISIONS**

The following basic lease provisions are an integral part of this Lease, are referred to in other Articles throughout the Lease and are presented in this Article for the convenience of the parties.

- a. Building 928 East Blanco Road  
Salinas, CA 93901
- b. Premises Suite/Unit Number: Suite 215
- c. Rentable square footage of Premises 6,389
- d. Original Term of Lease Five (5) years
- e. Commencement Date September 1, 2019, subject to the provisions of Article 2(c) below.

f. Rent	<u>Months</u>	<u>Monthly Rent</u>
	1 - 12	\$ 10,222.40
	13-24	\$ 10,529.07
	25-36	\$ 10,844.94
	37-48	\$ 11,170.29
	49-60	\$ 11,505.40

The Rent shall increase on each lease anniversary by three (3%) percent as shown above.

- g. Rent Commencement Date Same as 1.e.
- h. Additional Rent Operating Expenses, Real Estate Taxes, Insurance
- i. Tenant's Prorata Share 10.3%
- j. Renewal Option(s) Two (2) options of five (5) years each.
- h. Security Deposit: None.

### **ARTICLE 2. PREMISES & TERM**

a. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises described in Articles 1(a), (b), and (c) above and depicted on Exhibit "A" attached hereto and made a part hereof (the "Premises"). For the purposes of this Lease: (1) "Rentable square footage of Premises" has been determined by the Landlord to be 6,389 square feet pursuant to the Standard Method For Measuring Floor Area in Office Buildings (ANSI/BOMA Z65.1, 1996); (2) "Rentable Area," "Usable Area," "Rentable Square Feet," and "Usable Square Feet" shall have the same meaning as the term "Rentable square footage of Premises."

{JEK-271797;0}



b. Common Areas. Tenant, its employees, representatives, agents, customers, guests and invitees shall have the right to use all driveways, parking areas, sidewalks, lobbies, elevators, hallways, restrooms, and other common facilities and areas (collectively, "Common Areas") in or about the Building, jointly with other tenants and their respective employees, representatives, agents, customers, guests and invitees. Landlord shall provide reasonable ingress and egress to the Premises. Tenant and its employees, representatives, agents, customers, guests and invitees shall not use any of the Common Areas in a manner which obstructs or interferes with the reasonable use thereof by others. Landlord will provide janitorial service, snow removal, maintenance, and utilities to all Common Areas.

c. Original Term. The term of this Lease shall commence on the Commencement Date and continue until the expiration of the number of months/years specified in Article 1(d) above after the Rent Commencement Date (the "Original Term" or, together with any renewals or extensions thereof (if any), the "Term"); provided, however, if the Rent Commencement Date is any day other than the first day of a calendar month, the Original Term shall include the partial month in which the Rent Commencement Date occurs plus the number of months/years specified in Article 1(d) above, and the first lease year of this Lease shall include such partial month plus the succeeding twelve (12) months. In the event the Commencement Date, as so calculated, occurs after the date specified in Article 1(e), the "Rent Commencement Date" shall likewise be delayed by one day for each day of delay of the actual Commencement Date after the date specified in Article 1(e). Tenant shall have the right to access the Premises 14 days prior to the Commencement Date, at no cost to Tenant, to begin installation of telecommunications and computer cabling; provided, however, that Tenant must have all appropriate insurance in place (as specified in Article 10.b.) prior to such access of the Premises, and further that all installation of telecommunications and computer cabling be performed by appropriately licensed and bonded professionals. As long as Landlord's work under Article 3 is completed, Tenant shall also have the right to access the Premises 14 days prior to the Commencement Date, at no cost to Tenant, to install furnishing, fixtures and equipment and Tenant move-in; provided, however, that Tenant must have all appropriate insurance in place (as specified in Article 10.b.) prior to such access of the Premises.

### **ARTICLE 3. CONSTRUCTION OF PREMISES**

Landlord, at Landlord's expense, shall relocate the wall in the suite entry (as shown on Exhibit A), repaint the Premises a mutually agreeable color, install new commercial grade carpet throughout (except break room, IT room and storage room which shall be existing VCT tile and entry hall way to suite which will be existing ceramic tile) and replace any damage or broken ceiling tiles and clean all HVAC registers. Otherwise, Tenant shall accept the space in its "as-is" condition subject to all lighting, electrical and HVAC services being delivered in good working order.

### **ARTICLE 4. RENT**

Beginning on the Rent Commencement Date, Tenant shall pay to Landlord the base monthly rent ("Monthly Rent") specified in Article 1(f) and the additional rent ("Additional Rent") specified in Article 5 (collectively, "Rent"). Tenant shall pay all Rent in advance through an ACH transfer (or such other address as Landlord shall designate in writing), on the first day of each calendar month. If the Term shall not commence on the first day of a calendar month or expire or terminate on the last day of a calendar month, the Rent for such partial month shall be prorated accordingly.

### **ARTICLE 5. ADDITIONAL RENT**

a. Operating Expenses. Commencing on the Rent Commencement Date, Tenant shall pay to Landlord on a monthly basis as Additional Rent an amount equal to one-twelfth (1/12) of Tenant's Prorata Share (as defined in Article 1(i) above) of Landlord's good faith estimate of the operating and maintenance costs of the Building and Common Areas, as more fully described in Exhibit "B" attached hereto and made a part hereof ("Operating Expenses"), for each calendar year. For purposes of this Lease, Operating Expenses shall also include Real Estate Taxes (defined below) and Insurance Costs (defined below). Landlord represents that Tenant's Prorata Share of Operating Expenses is estimated to be a total of \$0.55 per rentable square foot of the Premises, per month, for the first calendar year of the Term of this Lease. Landlord shall have the right, to be exercised not more often than one (1) time per calendar year, to adjust in good faith Landlord's estimate of Operating Expenses for such calendar year



as of the first day of that calendar year and, in such event, Landlord shall provide Tenant with written notice of such revised good faith estimate in reasonable detail. If Landlord does not provide Tenant with written notice of such estimate prior to the beginning of a calendar year, Tenant, upon receipt of Landlord's revised good faith estimate, will remit an appropriate payment (or receive an appropriate credit) which is applicable to any prior months. Notwithstanding anything to the contrary in the Lease, the amount paid by Tenant as Tenant's Proportionate Share of Operating Expenses in any calendar year shall not exceed 105% of the amount paid by Tenant for Operating Expenses during the prior calendar year, provided that, for purposes of the foregoing, taxes, insurance and utility expenses shall be excluded and shall not be subject to any annual "cap".

Within one hundred eighty (180) days after the end of each calendar year, Landlord shall provide Tenant with a written statement of Tenant's Prorata Share of the actual Operating Expenses for the prior calendar year ("Operating Expense Statement"), which shall include, in reasonable detail, the method and manner of determination of the amount of Tenant's Prorata Share, together with reasonable supporting documentation. Any difference between Tenant's Prorata Share of the actual Operating Expenses and the monthly estimated payments made by Tenant under this Article shall be adjusted between Landlord and Tenant by an appropriate payment or credit being made within sixty (60) days after the receipt of Landlord's Operating Expense Statement. The adjustment requirements of this Article shall survive the expiration or other termination of this Lease. The amount of any adjustment which may be necessary subsequent to the expiration or other termination of this Lease shall be paid by the appropriate party within sixty (60) days after delivery of Landlord's Operating Expense Statement.

Landlord shall maintain and make available to Tenant, for a period of one (1) year subsequent to the rendering of the annual Operating Expense Statements referred to above, records in reasonable detail setting forth the actual Operating Expenses incurred by Landlord for the calendar year covered by such Statement and shall permit Tenant, or its representatives, to examine and audit such records during Landlord's regular business hours. Tenant agrees that it shall keep any and all information gained from such audit confidential and Tenant may use such information only in dealing directly with Landlord, or in any arbitration reasonably requiring the use of such information. Should Tenant have a good faith dispute as to the determination of actual Operating Expenses for any calendar year, and should such dispute not be resolved between Landlord and Tenant within sixty (60) days after Landlord shall have received written notice thereof, then either party hereto may submit the matter for arbitration to a reputable firm of independent certified public accountants mutually selected by Landlord and Tenant, and the decision of such firm shall be conclusive and binding upon Landlord and Tenant. The costs and expenses incurred with respect to such arbitration shall be borne by the party against whom a decision is rendered; provided, however, that if Landlord's determination of Operating Expenses is within five percent (5%) of actual Operating Expenses, then the decision shall be considered to be rendered against the Tenant.

b. Real Estate Taxes. Landlord shall pay any real estate taxes and/or installment of assessments which are spread over the longest period of time allowable which are due and payable during the Term of this Lease which are levied, assessed or imposed upon the Building, Common Areas and underlying real property, and any other charges which are levied or assessed in lieu of real estate taxes and/or assessments (collectively, "Real Estate Taxes"). Tenant shall reimburse Landlord for Tenant's Prorata Share of Real Estate Taxes on a monthly basis as a part of Operating Expenses. Notwithstanding anything to the contrary contained herein, Tenant's reimbursement of Real Estate Taxes shall not include any penalties or interest imposed for late payment, nor shall it include any Real Estate Taxes which are due and payable prior to or after the Term hereof. If any Real Estate Taxes are payable in installments, Tenant shall only be responsible to reimburse Landlord for those installments that are due and payable during the Term of this Lease. Real Estate Taxes shall exclude any inheritance, estate, succession, transfer, gift, franchise, corporation, income, or net profit tax that is or may be imposed on Landlord.

c. Insurance Costs. Tenant shall reimburse Landlord on a monthly basis Tenant's Prorata Share of the cost of the commercial general liability insurance and casualty insurance ("Insurance Costs") that Landlord is required to obtain and maintain pursuant to Article 10(c) below..

d. "Gross-Up" Adjustment. If the occupancy of the Building during any part of any expense



year is less than one hundred percent (100%), Landlord shall make an appropriate adjustment of the variable components of the Operating Expenses for that expense year, as reasonably determined by Landlord using sound accounting and management principles, to determine that the amount of Operating Expenses would have been incurred had the Building been one hundred percent (100%) occupied. This amount shall be considered to have been the amount of Operating Expenses for that expense year. For the purposes of this subsection, variable components include only those component expenses that are affected by variations in occupancy levels.

#### ARTICLE 6. TENANT'S COVENANTS

a. Taxes. Tenant shall pay, prior to delinquency, all taxes, assessments, license fees, and other public charges levied, assessed, or imposed or which become payable during the Term hereof, upon any trade fixtures and personal property of Tenant installed or located in the Premises. Whenever possible, Tenant shall cause said trade fixtures and personal property to be separately assessed. If, however, any or all of said items shall be assessed and taxed with the real property, Tenant shall pay to Landlord such taxes as are attributable to Tenant's trade fixtures and personal property.

b. Use. Tenant shall use the Premises for general office purposes and such use shall be in material compliance with all state, federal and local laws, codes, rules and regulations ("Laws"). Tenant will not allow the Premises to be used for any purpose or in any way that will increase the rate of insurance thereon; and will not permit the Premises to be used for any unlawful purpose or in any way that will injure the reputation of the Building or disturb the tenants of the Building or the neighborhood.

#### ARTICLE 7. UTILITIES & SERVICES

a. Utilities. Landlord shall contract with and pay, subject to reimbursement as an Operating Expense, the local serving utilities for water and sewer service to the Premises. Landlord shall contract and pay, subject to reimbursement as an Operating Expense, the electricity and gas for the HVAC system serving the Premises during normal business hours of the building. Tenant shall contract and pay for the electricity serving the Premises.

b. Janitorial. Tenant will provide janitorial service within the Premises at its own expense. Landlord shall provide janitorial service to all the Common Areas such as hallways, elevators, restrooms, stairwells and lobby areas.

c. Security. Tenant has the right, but not the obligation, to install a security system for the Premises and/or to provide security services to the Premises and to contract with such security services provider as Tenant may choose in its sole discretion.

d. Rubbish. Landlord shall provide rubbish removal for the dumpster a minimum of once per week.

e. Window Washing Service. Landlord shall provide window washing services for the exterior windows at least twice annually.

f. HVAC. Landlord shall furnish the Premises with heating, ventilation and air conditioning ("HVAC") units and systems adequate to provide a comfortable working environment. Tenant, at its expense, shall be entitled to install such supplemental air conditioning units within the Premises as Tenant deems necessary, provided that such units do not interfere with or affect the HVAC system serving the Premises and/or Building. Tenant shall, at all times, control the operation of all HVAC units from within the Premises. If requested by Tenant, Landlord shall provide HVAC service to the Premises adequate to provide a comfortable working environment beyond the normal business hours of the Building (i.e. Monday through Friday 6:00 to 6:00). During Landlord's normal business hours, as identified herein, the heating system for the Building shall maintain a temperature at all times of approximately 72 degrees Fahrenheit, except to the extent such services shall be limited by any governmental authority. In addition, the base building systems shall provide approximately 1.75 CFM of air per usable square foot of the Building with a minimum of 20 CFM of outside air and shall provide an air temperature at the Building shaft of between approximately 55-57 degrees Fahrenheit. Tenant shall



pay Landlord for any overtime HVAC charges incurred by Landlord at the cost of Twenty Five Dollars (\$25.00) per hour, which the parties agree is a reasonable rate for such usage. All payments for such overtime HVAC service shall be due at the same time as the next installment of Monthly Rent, or if billed separately, shall be due within thirty (30) days after Tenant's receipt of Landlord's invoice.

g. Elevator Service. If the Premises are on the second or higher floor of the Building, Landlord shall furnish the Premises with elevator service to such floor.

The costs associated with the utilities and services to be provided by Landlord pursuant to this Article 7 are included as a part of Tenant's Prorata Share of Operating Expenses to the extent permitted by Article 5 above. All bills for utilities and services shall be paid by Landlord when due, and Tenant shall in no event be responsible for paying any late charge or interest due to late payment. In addition to the standards specified in this Lease, the services, management and maintenance to be provided by Landlord under this Lease shall be performed by Landlord in a manner that is consistent with those provided for comparable Class A building in the Monterey County, California area.

In the event any utility or other services are interrupted for reasons within Landlord's reasonable control and as a result, Tenant's use of the Premises is interrupted for three (3) days, Tenant's obligation to pay rent and other charges due hereunder shall equitably abate commencing upon the fourth (4th) day and continuing until such time as the interruption ceases. In the event such interruption continues for a period in excess of thirty (30) days, Tenant shall have the right to terminate this Lease upon prior written notice to Landlord.

#### ARTICLE 8. MAINTENANCE

a. Landlord's Obligations. Landlord shall maintain and promptly make all necessary repairs and replacements to the Building and Common Areas, including without limitation parking areas, driveways, grounds and landscaping, as well as the Building's foundation, structure, exterior walls, exterior windows, exterior doors, roof, ceilings, gutters, downspouts, plumbing, electrical, HVAC units and systems (excluding supplemental HVAC units installed by Tenant) and other Building systems, machinery and equipment.

b. Tenant's Obligations. Tenant, at its sole expense, shall maintain and promptly make all necessary repairs to the interior of the Premises and every part thereof, including any supplemental air conditioning units installed by Tenant within the Premises.

c. Compliance with Laws. Landlord represents and warrants to Tenant that as of the Commencement Date and throughout the Term of this Lease, the Building and Common Areas are and shall remain in compliance with all applicable Laws, including, but not limited to, the Americans with Disabilities Act. Landlord represents and warrants to Tenant that all of Landlord's Work shall be in compliance with all applicable Laws, including, but not limited to, the Americans with Disabilities Act at the time of the Commencement Date. Throughout the Term of this Lease, Tenant shall maintain the Premises in compliance with all applicable Laws during the Term hereof, except those items that are specifically listed in this Lease as the responsibility of Landlord, and will further insure that all work or improvements that may be done by the Tenant shall be in compliance with all applicable Laws, including, but not limited to, the Americans with Disabilities Act.

#### ARTICLE 9. ALTERATIONS, IMPROVEMENTS & FIXTURES

Tenant, at its sole expense, shall be entitled to install such equipment and fixtures in the Premises as it deems necessary or appropriate for the conduct of its business, so long as such installation in no way impairs the value of or causes damage to the Premises, Building or Common Areas. Landlord hereby agrees that any equipment and fixtures owned or leased by Tenant are the personal property of Tenant and may be removed by Tenant before, on or promptly after the expiration or termination of this Lease, at Tenant's sole expense. Tenant, at its sole expense, shall immediately repair and restore any damage resulting from such removal. Tenant shall not install any equipment or fixtures which shall impair the structural soundness of the Premises or the Building. Tenant may make nonstructural alterations and improvements to the Premises at its own expense. Tenant shall not make



any alterations to the Premises in excess of \$ 10,000 to without first obtaining the prior written consent of Landlord, which shall not be unreasonably withheld or delayed. Landlord shall not impose any supervisory fees for any work by Tenant. Tenant shall not permit or suffer any liens or encumbrances arising from such work to remain on the Premises. Within thirty (30) days after Tenant receives written notice of the filing of any such lien, Tenant shall cause such lien to be removed or bonded off according to applicable Laws, and shall indemnify, defend, and hold Landlord harmless against loss therefrom. Any work performed by Tenant under this Section shall be in compliance with all applicable Laws, including, but not limited to, the Americans with Disabilities Act.

#### **ARTICLE 10. INDEMNIFICATION & INSURANCE**

a. Indemnification. Tenant shall indemnify and defend, Landlord, its members, managers, partners, representatives, agents and employees, and save them harmless (except for the loss or damage resulting from the sole gross negligence or willful misconduct of Landlord and not required to be insured against by Tenant pursuant to this Article and except to the extent that Landlord is insured with respect thereto) from and against any and all claim, actions, damages, liability and expense, including attorneys' fees, in connection with all losses, including loss of life, personal injury and/or damage to property, arising from or out of any occurrence, upon or at the Premises or the occupancy or use by Tenant of the Premises or any part thereof, or any other portion of the Building, or arising from or out of Tenant's failure to comply with any provision of this Lease or occasioned wholly or in part by any act or omission of Tenant, its concessionaires, agents, contractors, suppliers, employees, servants, customers, invitees, or licensees. In case Landlord or any other party so indemnified shall, be made a party to any litigation commenced by or against Tenant, then Tenant shall protect and hold them harmless and shall pay all costs, expenses and reasonable attorney's fees of counsel acceptable to Landlord incurred or paid by them in connection with such litigation.

b. Tenant's Insurance. As of the Entry Date, and continuing throughout the Term, Tenant, at its sole expense, shall maintain comprehensive general liability insurance with coverage limits of at least \$1,000,000.00 per occurrence and \$2,000,000.00 general aggregate with a \$5,000,000.00 excess or umbrella for liability resulting from injury and/or death, and at least \$2,000,000.00 for liability resulting from damage to property, occurring in or on the Premises. Such policy or policies of insurance shall name Landlord as an additional insured as to claims and liabilities arising out of Tenant's acts or omissions. Evidence of such insurance shall be delivered to Landlord in the form of certificates of insurance, which shall name the Landlord as an additional insured. In addition, the Tenant will promptly provide the Landlord with a full copy of all insurance policies required to be kept by Tenant under this Lease upon the Landlord's request. Tenant shall also carry workers compensation insurance and employer's liability insurance, if applicable, in amounts sufficient to satisfy the statutory requirements of the state where the Premises are located. Unless prohibited by applicable Laws, Tenant shall be entitled to satisfy its insurance obligations hereunder by any combination of (a) self-insurance, (b) primary insurance coverage, and/or (c) umbrella insurance coverage.

c. Landlord's Insurance. As of the Effective Date, and continuing throughout the Term, Landlord shall maintain comprehensive general liability insurance with coverage limits of at least \$3,000,000.00 for liability resulting from injury and/or death, and at least \$3,000,000.00 for liability resulting from damage to property, occurring in or about the Building or the Common Areas; In addition, Landlord shall keep the Premises, Building and Common Areas insured against fire, windstorm, terrorism, and other casualty, under an all risk policy of insurance written in standard form, in the full replacement value of the Building and other improvements.

d. Waiver of Subrogation. Notwithstanding anything to the contrary herein, Landlord and Tenant hereby waive any claim, right, and/or cause of action that either may have or acquire against the other, its officers, directors, employees and agents, for damage to or destruction of its or others' property, whether real, personal, or mixed, of any kind or nature, arising from fire and/or other casualty which is or should be covered under the insurance required under this Lease, and shall secure such waivers of subrogation or other endorsements as shall be necessary to ensure that any insurer of such property is bound by such waiver.



## ARTICLE 11. ASSIGNMENT AND SUBLETTING

a. Assignment. Tenant (including without limitation any subsequent assignee or subtenant) shall not, either voluntarily or by operation of law, assign, mortgage, hypothecate or encumber this Lease, or any interest in this Lease, permit the use of the Premises by any person or persons other than Tenant, or sublet the Premises or any part of the Premises without the prior written consent of Landlord. Landlord's consent to one assignment or subletting shall not constitute a waiver of the necessity of such consent to a subsequent assignee or subtenant. Landlord's acceptance of rent or any other payment in the nature of rent from Tenant's assignee or subtenant shall not constitute or be construed as Landlord's consent to such assignment or subletting. Landlord will not unreasonably withhold the consent to assignment or subletting; provided, however, that it shall not be unreasonable to withhold consent in the event that: (a) the proposed assignee or sublessee does not agree to pay rent and perform all of its obligations under this Lease and with respect to the Premises in full and as the same shall come due; (b) the proposed assignee or sublessee does not have a financial record, net worth and credit-worthiness that is equal to or better than that of the Tenant at the time of entry into this Lease and at the time of the proposed assignment or subletting; or (c) the proposed use of the Premises from the assignment or sublease is inconsistent with a use normally and reasonably permitted in a first-class commercial office building.

b. Exceptions to Consent Requirement. Notwithstanding the other provisions contained in this Article 11, the Tenant may sublet or assign the Premises, in whole or in part, without Landlord's consent for Tenant's affiliates, subsidiaries or any entity owned or legally controlled by the parent corporation or any entity resulting from a merger, sale of stock or sale of assets of Tenant; provided, however, that Tenant will remain responsible for all obligations imposed by this Lease, and provided further that the use of the Premises continues to comply with Article 6, Subsection b, of this Lease.

c. Transfer Premium. As a reasonable condition to Landlord's consent to any sublet or assignment, Tenant shall pay to Landlord seventy-five percent (75%) of any Transfer Premium as defined in this Article 11, Subsection c.

- i. "Transfer Premium" means all base rent, additional rent, and other consideration payable by the transferee to Tenant (including Key money and bonus money and any payment in excess of fair market value for services rendered by Tenant to the transferee or assets, fixtures, inventory, equipment, or furniture transferred by Tenant to the transferee in connection with the transfer, after deducting the Rent payable by Tenant under this Lease (excluding the Transfer Premium) for the Premises. If part of the Transfer Premium is payable by Transferee other than in cash, Landlord's share of that noncash consideration shall be in a form reasonably acceptable to Landlord.
- ii. Tenant shall pay the Transfer Premium on a monthly basis, together with its payment of Additional Rent. In calculating the Transfer Premium, Tenant may deduct from all sums received from any assignee or subtenant (i) brokerage fees, advertising and legal expenses incurred in connection with such assignment or sublease, (ii) expenses of any tenant improvements constructed in such assigned or subleased space and paid for by Tenant, (iii) any incentives received by the assignee or subtenant such as free rent, moving expenses and other concessions, and (iv) any cost, expense, loss or other amount, if any, attributable to any period when the space to be assigned or sublet is vacant or not fully utilized by Tenant.

## ARTICLE 12. ACCESS TO THE PREMISES

a. Landlord's Right of Access. Upon reasonable prior written notice to Tenant, Landlord and its representatives shall have the right to enter the Premises at all reasonable times during regular business hours to inspect the same, to maintain and repair the Premises and the Building, to post such

reasonable notices as Landlord may desire to protect its rights, and during the ninety (90) days immediately preceding the expiration of the Term (provided Tenant has not exercised any available renewal options), to exhibit the Premises to prospective tenants and to place upon the doors or in the windows of the Premises ordinary "for rent" or "for lease" signs. Notwithstanding the foregoing, Landlord shall have the right to enter the Premises at any time in response to an emergency situation. An emergency situation is a condition which threatens the Premises or Building with the probability of imminent partial or total destruction.

b. Tenant's 24 Hour Access. Tenant shall have access to the Premises, with all utilities and services (subject to the provisions of 7.g.) available to it, twenty four (24) hours a day, seven (7) days a week, fifty two (52) weeks a year.

### ARTICLE 13. DAMAGE AND DESTRUCTION

a. General. The partial or total destruction of the Premises shall not render this Lease void or voidable nor provide either party with the right to terminate this Lease in whole or in part, except as hereinafter provided.

b. Procedures. Landlord shall, within thirty (30) days of the occurrence of any partial or total destruction (partial destruction shall be deemed to mean that Tenant is able to conduct most, but less than all, of the business on the Premises which it conducted immediately prior to the occurrence of such partial destruction), provide Tenant with written notice as to whether Landlord will be able to repair such damage or destruction within sixty (90) days of the date of said notice.

- i. If Landlord is able to repair such damage or destruction within ninety (90) days of said notice, all terms and conditions of this Lease shall remain in full force and effect except that in the case of partial destruction, Tenant's Monthly Rent and Additional Rent shall be equitably abated in proportion to the portion of the Premises which is unfit or unavailable for Tenant's use and occupancy during the period of such repair or reconstruction; or in the case of total destruction, Tenant's Monthly Rent and Additional Rent shall be totally abated during the period of such repair or reconstruction.
- ii. If Landlord, in good faith, determines that it is not able to repair the damage or destruction within ninety (90) days of said notice, then either party may declare this Lease terminated as of the date of the occurrence of the damage or destruction by providing the other party with written notice to that effect within thirty (30) days of the date of Landlord's notice.
- iii. If the Premises can be repaired and Landlord fails to commence the repairs or restoration of the Premises within forty-five (45) days after such casualty and to thereafter diligently pursue the completion of such repairs, or fails to complete such repairs within ninety (90) days after such casualty, Tenant may terminate this Lease upon notice to Landlord.
- iv. If neither party declares this Lease terminated pursuant to Article 13(b)(ii), then, subject to Article 13(b)(iii), Landlord shall complete the necessary repairs or restoration of the Premises as soon as reasonably practicable and Tenant's Monthly Rent and Additional Rent shall equitably abate as described in Article 13(b)(i).

### ARTICLE 14. EMINENT DOMAIN

If any part of the Premises shall be taken by right of eminent domain, or transferred by agreement in lieu of or in settlement of eminent domain proceedings, this Lease shall terminate as to the portion of the Premises taken or transferred, as of the date title vests in the condemnor or transferee. If any portion of the Premises, Building or Common Areas is taken or transferred which adversely affects Tenant's ability to conduct its business operations at the Premises, Tenant shall have the right to terminate this Lease, effective as of the date title vests in the condemnor or transferee. In the event of any taking or appropriation whatsoever, Tenant shall have no claim against Landlord, but this provision shall not



preclude Tenant from recovering damages against the condemning authority or transferee to the extent permitted by applicable Laws.

#### ARTICLE 15. DEFAULT AND REMEDIES

a. Tenant's Default. The occurrence of any of the following shall constitute an event of default under this Lease:

- i. Tenant fails to pay any installment of Rent within ten (10) days after receipt of written notice of nonpayment from Landlord. Such notice shall replace rather than supplement any equivalent or similar statutory notice, including any notices required by Code of Civil Procedure section 1161 or any similar or successor statute;
- ii. The Premises shall be abandoned without the payment of Rent;
- iii. Tenant is subjected to an attachment, execution, or other judicial seizure of substantially all of Tenant's assets in the Premises, and such attachment, execution or seizure is not bonded or discharged within fifteen (15) days after receipt of written notice from Landlord;
- iv. Tenant fails to perform any of its other obligations under this Lease and said failure shall continue for a period of thirty (30) days after receipt of written notice of default from Landlord (provided such default can be cured within thirty (30) days and if not, then within a reasonable time thereafter, provided Tenant commenced such remedy within the thirty (30) days and pursues such remedy with due diligence).
- v. Tenant receiving more than two (2) late rent notices in any Lease Year.
- vi. Any assignment, transfer or sublease of this Lease or the Premises in violation of Article 11.

b. Landlord Remedies. In the event of a default by Tenant, Landlord shall have the following rights and remedies:

- i. Landlord may terminate this Lease and upon an order from a court of competent jurisdiction, re-enter the Premises and remove Tenant, or other occupants claiming under Tenant, and their property without being liable therefore. Once Landlord has terminated this Lease, Tenant shall immediately surrender the Premises to Landlord. On termination of this Lease, Landlord may recover from Tenant all of the following:
  - (a) The worth at the time of the award of any unpaid Rent that had been earned at the time of the termination, to be computed by allowing interest at ten percent (10%) per annum;
  - (b) The worth at the time of the award of the amount by which the unpaid Rent that would have been earned between the time of the termination and the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by allowing interest at the rate of ten percent (10%);
  - (c) The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of the award exceeds the amount of unpaid Rent that Tenant proves could reasonably have been avoided, to be computed by discounting that amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1%);
  - (d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform obligations under this Lease, including brokerage commissions and advertising expenses, expenses of



remodeling the Premises for a new tenant (whether for the same or a different use), and any special concessions made to obtain a new tenant; and

- (e) Any other amounts, in addition to or in lieu of those listed above, that may be permitted by applicable law.
- ii. Landlord may bring suit for the collection of all amounts with respect to which Tenant is in default;
- iii. Landlord shall have the remedy described in Civil Code section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject only to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and abandonment and recover Rent as it becomes due. Accordingly, if Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may enforce all Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.
- iv. Landlord may, but shall not be obligated to, cure such default and collect from Tenant the reasonable costs incurred in curing such default;
- v. Landlord shall have any and all other remedies available to it at law or in equity.

c. Landlord Default. Landlord shall be in default if Landlord fails to observe or perform any of its obligations under this Lease, and Landlord does not cure such failure within thirty (30) days after receipt or refusal of written notice thereof (or immediately in the case of an emergency) of, If such default cannot reasonably be cured within such period, Landlord does not commence diligent efforts to cure such default within such thirty (30) day period and thereafter complete such cure with all due diligence. If Landlord defaults in the prompt and full performance of any material provisions of the Lease and does not cure the default within the time period specified herein after written demand by the Tenant specifying the nature of the default or if such default cannot be cured within such period and Landlord does not commence and continue to pursue to cure such default with diligent efforts then, Tenant is entitled to pursue Landlord in an action for damages or injunctive or declaratory relief.

d. General. In all instances of default, the non-defaulting party shall use reasonable efforts to mitigate its damages. All rights and remedies of Landlord and/or Tenant enumerated herein shall be cumulative and shall not be construed to exclude any other remedies allowed at law or in equity.

#### ARTICLE 16. SUBORDINATION AND NONDISTURBANCE

a. Subordination and Nondisturbance. Landlord shall have the right to place upon the real property on which the Building is located any mortgages which Landlord or its lender(s) deem advisable. Such mortgages shall have priority over this Lease and Tenant's rights hereunder. At Landlord's request, Tenant shall execute any and all instruments necessary to subject and subordinate this Lease to any such mortgages, on the condition that each such mortgagee executes a non-disturbance agreement in favor of Tenant which provides that so long as Tenant is not in default of this Lease, Tenant's right to possession of the Premises and Tenant's rights under this Lease, including, without limitation, any options to renew, rights of first refusal, and right to terminate, shall not be affected or disturbed by the mortgagee in the exercise of any of its rights or remedies against Landlord, nor shall Tenant be named as a party defendant to any foreclosure of the lien or mortgage. Furthermore, Tenant shall, within thirty (30) days after receipt of a request therefor, execute and deliver to Landlord an estoppel certificate setting forth the name of Tenant, the date of this Lease, a description of the Premises and the Rent payable therefor, and certifying that this Lease is either in full force and effect or specifically enumerating any conditions of default with respect thereto.

b. Attornment. In the event that Landlord's mortgagee, or any other person, acquires title to the Premises pursuant to the exercise of any remedy provided for in its mortgage, Tenant agrees to attorn to the mortgagee or such person as its new landlord, and this Lease shall continue in full force and



effect as a direct lease between Tenant and such mortgagee or other person, upon all of the terms and conditions contained herein.

#### ARTICLE 17. HAZARDOUS MATERIALS & ENVIRONMENTAL CONCERNS

a. Tenant's Obligations. Tenant shall not, during the term of this Lease, introduce any Hazardous Materials (as herein after defined) into Premises or water. Tenant shall, at its cost, file and obtain all permits, licenses, reports, applications and approval necessary or appropriate for the conduct of its business relative to the provisions of this Section. Tenant shall not use, generate, manufacture, store, release, threaten release, or dispose of Hazardous Materials in, on or about the Premises or water from the Premises, in violation of any applicable law. Tenant shall give Landlord prompt written notice of any claim by any person, entity, or governmental agency that a release or disposal of Hazardous Materials has occurred from the Premises, or that Hazardous Materials are present at the Premises or otherwise affect the Premises. Tenant, through its professional engineers and at its cost, shall promptly and thoroughly investigate suspected Hazardous Materials contamination of the Premises, limited to those contaminations brought about by Tenant's introduction of any Hazardous Materials into the Premises or water. Tenant shall forthwith remove, repair, clean up, or detoxify any Hazardous Materials from the Premises or the water from the Premises and indemnify and hold harmless Landlord with respect thereto, whether or not such actions are required by law, so long as such contamination did not occur prior to Tenant's possession of the Premises and were not caused directly by Landlord's or its agents actions.

b. Hazardous Materials Defined. For purposes of this section, "Hazardous Materials" shall include but not be limited to any substances (other than substances which are legally stored in small quantities and used under normal and customary practice in dental and orthodontic offices) defined as "hazardous substances", "hazardous waste", "hazardous materials", "toxic substances", "toxic waste", "toxic materials", "contaminants", "pollutants", or any variant or similar designations, or any other substance which is now or hereafter regulated or controlled as a hazardous or toxic waste or environmental pollutant, under any federal, state or local law, ordinance, order, decree or regulation now or hereafter in effect and applicable to Tenant or the Premises, including without limitation (1) the Porter-Cologne Water Quality Control Act (California Water Code Section 13000 et seq.), (2) the California Hazardous Waste Control Law (Division 20, Chapter 6.5) of the California Health and Safety Code, (3) Carpenter-Presley-Tanner Hazardous Substance Account Act (California Health and Safety Code Section 25300 et seq.), (4) Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory) of the California Health and Safety Code, (5) the Safe Drinking Water and Toxic Enforcement Act of 1986 (California Health and Safety Code Section 25249.5 et seq.), (6) the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.), (7) the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 et seq.), and (8) the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.) ("Environmental Laws"). Landlord, or its agents, shall have the right and shall be permitted, but shall not be required, during Tenant's normal business hours after reasonable notice, to enter upon and inspect the Premises to ensure compliance with the foregoing covenants and any and all other covenants, agreements and conditions set forth in this Lease. Tenant further acknowledges and agrees that the creation of any Hazardous Material or the failure to promptly remove or take appropriate corrective action respecting the presence of any Hazardous Material, on, in, or at Premises shall constitute waste of the Premises by Tenant. To the full extent permitted by the law, all obligations of Tenant hereunder respecting Hazardous Materials shall survive the term of this Lease.

c. Landlord's Warranties Regarding Hazardous Materials. Landlord warrants and represents to the Tenant that, to the best of Landlord's actual knowledge without independent investigation or inquiry, as of the effective date of this Lease:

i. There has been no release onto or under the Premises or the Building of any Hazardous Materials in violation of any Environmental Laws;

ii. The Building contains no PCBs, PCB-contaminated electrical equipment, or dry-asbestos containing materials; and

iii. The Landlord has received no notice that the Premises or Building is in violation of any Environmental Law.



d. Acknowledgement Regarding Phase 1 Environmental Assessment. Landlord has provided, and Tenant acknowledges receipt of, the Phase 1 environmental assessment done on the property when Landlord acquired the property as vacant land in 2003. Tenant has had the opportunity to review the Phase 1 environmental assessment, and accepts its findings.

## ARTICLE 18. MISCELLANEOUS

a. Signage. Landlord, at its sole expense, shall install suite entry, directory and exterior monument signage for Tenant. All signage shall be in compliance with all applicable Laws.

b. Late Charge. All Rent not paid within five (5) days of its due date shall be subject to a Late Charge of ten percent (10%) of the total rent due for the month, in addition to rent due hereunder.

c. Holding Over. Tenant shall have the right and option to holdover for up to three (3) months after the expiration of the Term of this Lease upon the same terms and conditions, including rent, as were applicable during the last month of the Lease Term. If Tenant shall continue in possession of the Premises beyond said three (3) month holdover period, such continued possession shall be considered an extension of this Lease from month to month until terminated by either party as of the end of any calendar month on not less than thirty (30) days prior written notice to the other party. With respect to any such month to month tenancy, all terms and conditions of this Lease shall remain in full force and effect, except that commencing with the fourth month after the expiration of the Term of this Lease, Monthly Rent shall be increased to one hundred twenty-five percent (150%) of the Monthly Rent payable for the last month of the Term. If Tenant fails to timely vacate after a party properly gives a thirty (30) day written notice of termination, then Tenant will be liable to Landlord for actual damages caused by such failure to vacate, except to the extent that the Landlord could have mitigated such damages using reasonable diligence.

d. Quiet Enjoyment. Landlord covenants and agrees that, so long as Tenant is not in default of this Lease, Tenant shall at all times during the Term hereof have the peaceable and quiet enjoyment and possession of the Premises without any interference or hindrance from Landlord.

e. Waiver. No consent or waiver, express or implied, by either party to or of any breach of any covenant, condition, or duty of the other party shall be construed as a consent or waiver to or of any other breach of the same or any other covenant, condition, or duty to be observed by the other party.

f. Rules and Regulations. Landlord shall have the right from time to time to prescribe reasonable rules and regulations, which, in its reasonable judgment, may be desirable, for the use, entry, operation, and management of the Premises, Building and Common Areas, which reasonable rules and regulations shall become a part of this Lease. Tenant agrees to comply with such reasonable rules and regulations, provided, however, that such rules and regulations shall not contradict or abrogate any right or privilege herein granted to Tenant.

g. Force Majeure. In the event that either party hereto shall be delayed from the performance of any act required by it hereunder by reason of strikes, lockouts, inability to procure labor or materials, riots, insurrections, wars or other reason of a similar nature beyond the reasonable control of such party, then performance of such act shall be extended for a period equivalent to the period of such delay. Delays due to lack of funds shall not be deemed delays beyond the reasonable control of such party.

h. Authority. Landlord hereby represents and warrants that it owns in fee simple absolute the Premises, Building and Common Areas and the underlying real property, and that Landlord is fully authorized and empowered to offer the Premises for lease pursuant to the terms of this Lease. Each party to this Lease hereby represents and warrants that it is executing this Lease with the full and proper authority and that the parties whose names appear hereon are duly authorized and empowered to make and execute this Lease.

i. Notices. Any notice or consent required or permitted hereunder shall be given by mailing such notice or consent by United States certified mail, return receipt requested, or via a reputable

overnight courier service which provides proof of delivery, addressed to the parties as set forth below or at such other address as may be specified from time to time in writing given to the other party. Notices shall be effective upon receipt or refusal, as the case may be. When a statute requires service of a notice in a particular manner, service of that notice (or a similar notice required by this Lease) in the manner provided in this Article 18(l) shall replace and satisfy the statutory service-of-notice procedures, including, without limitation, those required by Code of Civil Procedure section 1162 or any similar or successor statute.

Tenant: Salinas Valley Memorial Healthcare Systems  
Attn:  
450 E. Romie Lane  
Salinas, CA 93901

Landlord: Rancho Llano Development, LLC  
c/o M.A. Wynne  
27810 Mesa Del Toro Road  
Salinas, CA 93908

j. Commission. Landlord and Tenant each represent and warrant that there were no real estate brokers or agents involved in this transaction, other than Greg Findley of Cushman & Wakefield, Greg Findley who represents Landlord and Tenant. Both parties are aware of and consent to such dual agency. Landlord shall be responsible to pay Broker their respective commissions in connection with this Lease as set forth in the schedule of commissions existing between the Landlord and Cushman & Wakefield.

k. Successors and Assigns. All the terms and conditions of this Lease shall be binding upon and inure to the benefit of legal representatives, successors, and assigns of Landlord and Tenant.

i. Merger and Amendment. This Lease supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the Premises and contains all of the covenants, agreements, and other obligations between the parties hereto with respect to the Premises. No waivers, alterations, or modifications of this Lease or any agreements in connection therewith shall be valid unless in writing and duly executed by all parties hereto.

m. Construction of Lease. The language in all parts of this Lease shall in all cases be construed as a whole according to its fair meaning and not strictly for nor against either Landlord or Tenant. Articles and headings in this Lease are for convenience only and are not to be construed as a part of this Lease or in any way defining, limiting, or amplifying the provisions hereof. Time is of the essence of this Lease and of every term, covenant, and condition hereof. The words "Landlord" and "Tenant", as herein used, shall include the plural as well as the singular. The neuter gender includes the masculine and feminine.

n. Surrender. Upon the expiration or termination of this Lease, Tenant shall surrender the Premises in substantially the same condition as existed at the Rent Commencement Date, ordinary wear and tear and damage by casualty and the elements excepted. Tenant shall not be required to remove any alterations or improvements installed by or for Tenant which alterations of improvements were approved by Landlord pursuant to Article 9.

o. Severability. In the event that any provision of this Lease is rendered void or invalid by the decision of any court or by the enactment of any Law, such provision will be deemed to have never been included herein and the balance of the Lease shall continue in full force and effect.

p. Parking. At no additional cost, Tenant shall be entitled to use the unreserved parking spaces in the parking lot immediately adjacent to the Building for use by its agents, employees, invitees and customers at a ratio of 3.6 vehicles per every 1000 square foot of rentable square feet for the Premises. Tenant shall not be entitled to the exclusive use of any other parking.



q. **Rooftop Access.** Landlord hereby agrees that at anytime during the Term of the Lease, Tenant shall have the right to install, on the roof of the Building above the Premises, a non-penetrating roof mounted satellite communications dish and such other telecommunications equipment and related cabling as Tenant deems advisable in the operation of its business at the Premises. If Tenant installs such equipment, Tenant shall do so at its own expense, in accordance with applicable Laws, and in a manner that will not interfere with any existing rooftop equipment of Landlord or other tenants. Prior to installation, Tenant shall provide Landlord with plans and specifications detailing the size, weight, method of installation, location of cables, etc. All rooftop equipment shall be installed in a location reasonably designated by Landlord. Tenant, at its expenses, shall be responsible for the maintenance and repair of such equipment. Upon the expiration or other termination of this Lease, all rooftop equipment shall remain the property of Tenant and shall be removed by Tenant. Tenant shall be responsible for, and shall repair at its sole expense, all damage caused by the installation, maintenance and/or removal of such equipment.

## ARTICLE 19. OPTION TO RENEW

a. **Option To Renew.** Landlord hereby grants to Tenant the right to extend the Lease Term (each, an "Extension Option") for two (2) additional separate, consecutive five (5) year periods (each, an "Extension Option Period"), upon and subject to all of the same terms and conditions as are contained in the Lease, except that the Base Rent for each Extension Option Period shall be as set forth below, and provided, however, that, Tenant shall have no right to extend the Lease Term if, at the time that Tenant exercises the Extension Option, Tenant is in material default and breach of this Lease. Tenant shall exercise each Extension Option, if at all (i.e., and if not so exercised, shall be deemed waived), by giving to Landlord notice in writing of such exercise (the "Extension Notice") not later than one hundred eighty (180) days prior to the then-existing expiration date of the Lease Term (the "Extension Notice Deadline"). If Tenant exercises any Extension Option hereunder, then the expiration date of the Lease Term shall be automatically extended to the last day of the applicable Extension Option Period (and all references herein to the "Lease Term" shall mean the Lease Term, as so extended).

1. **Base Monthly Rent During Initial Extension Option Period.** Base Rent payable during the Initial Extension Option Period ("Initial Extension Term Base Rent") shall be shall continue to escalate on each lease anniversary by 3% as referenced in Section 1.f.

2. **Base Monthly Rent During the 2<sup>nd</sup> Extension Option Period.** Base rent payable during the 2<sup>nd</sup> Extension Option Period ("2<sup>nd</sup> Extension Term Base Rent") shall be at the then prevailing fair market rent charged for premises comparable in size and condition to the Premises, located in buildings or projects comparable in size, age, condition and use to, and in the general vicinity of, the Building leased by a major creditworthy tenant occupying at least the same square footage in comparable space as Tenant occupies in the Premises, taking into consideration all allowances for tenant improvements, moving expenses, rent abatement, Tenant benefits or any other market concessions which may be commonly available at the commencement of such Extension Option Period. Landlord shall provide Tenant with Landlord's determination of the fair market value rental rate within thirty (30) days of receipt of Tenant's Extension Notice. If Landlord and Tenant cannot agree on the Base Rent for the Extension Option Period within fifteen (15) days thereafter, Tenant shall have the election, to be exercised within thirty (30) days thereafter, to rescind its Extension Notice or to elect to proceed to arbitration as a means of resolving such disagreement. If Tenant elects to proceed to arbitration, the Extension Term Base Rent for the Extension Option Period will be determined in accordance with the following procedures.

(a). Within thirty (30) days of Tenant's election to proceed to arbitration, each party will promptly appoint an independent appraiser who must be a qualified appraiser who is a member of the Appraisal Institute (or successor organization) with a then current senior designation of MAI (or then comparable designation) who has at least ten (10) years experience in appraising retail commercial buildings within a twenty (20) mile radius of the Premises, to determine fair market rental value. If a party fails to so designate an appraiser within the time required, the determination of fair market rental value of the appraiser who has been timely designated by the other party will be binding on both parties.

(b). The appraisers will submit their determinations of fair market rental value to both parties within thirty (30) days after their selection. If the difference between the 2 determinations is ten percent (10%) or less of the higher appraisal, then the average between the 2 determinations will be the fair market rental value for the Premises.

(c). If the difference between the 2 appraisers' determinations is greater than ten percent (10%) of the higher appraisal, then, within ten (10) days of the date the second determination is submitted to the parties, the 2 appraisers will designate a third appraiser who must also meet the qualifications set forth in (1) above. If the 2 appraisers are unable to agree on the third appraiser within such ten (10) day period, then either party, on behalf of both, may request appointment of such third appraiser by the then head official of the California office of the American Arbitration Association that is nearest the Premises, and neither party shall raise any objections as to such official's full power and jurisdiction to entertain the application for and make the appointment so long as such party satisfies the qualifications set forth in Section (1) above. The sole responsibility of the third appraiser will be to determine which of the determinations made by the first two (2) appraisers is most accurate. The third appraiser has no right to propose a middle ground or any modification of either of the determinations made by the first two appraisers. The third appraiser's determination will be submitted to the parties within twenty (20) days after his or her selection. Such determination will bind both of the parties and will establish the fair market rental value for the Premises.

(d). Each party will pay the fees and expenses of the appraiser selected by it, and they will pay equally the fees and expenses of the third appraiser.

(3). Tenant's Extension Options are personal to (and may be exercised only by) Salinas Valley Memorial Healthcare Systems.

#### ARTICLE 20. CONFIDENTIALITY

Tenant agrees that the terms of this Lease are confidential and constitute propriety information of the parties and that disclosure of the terms could adversely affect the ability of Landlord to negotiate with other tenants of the Building. Tenant agrees that Tenant and its partners, officers, directors, members, managers, employees, contractors, agents, attorneys, and other representatives will not disclose the terms of this Lease to any other person without the prior written consent of Landlord, except by order of a court of competent jurisdiction.

#### ARTICLE 21. CONTINGENCY


This Lease is contingent upon the approval by Tenant's Board of Directors as a duly called regular or special meeting of the Board of Directors, and the authorization by the Board of the President/CEO to enter into the Lease Agreement.

IN WITNESS WHEREOF, this instrument has been executed by Landlord and Tenant as of the Effective Date. The "Effective Date" shall be the date upon which this Lease is last executed and/or initialed by Landlord and Tenant.

Salinas Valley Memorial Healthcare System, a local  
healthcare district

By:   
Printed Name: Peter Delgado  
Its: ACS/CEO

Rancho Llano Development, LLC, a California limited  
liability company

By:   
Printed Name: Henry J. Frascioni Jr.  
Its: Managing member  
08/05/2019

**EXHIBIT "A"**

**PREMISES**



## EXHIBIT "B"

### OPERATING EXPENSES

Operating Expenses shall be those expenses incurred during the year in respect to the operation, cleaning, maintenance and repair of the Building and Common Areas, including, but not limited to, keeping the Building and Common Areas clean, clear and free of all debris, or any other coverings that could constitute a hazard, in accordance with principles of sound management as applied to the operation, cleaning, maintenance and repair of a first class office building.

Notwithstanding anything contained herein to the contrary, the following costs shall be excluded from Tenant's Prorata Share of Operating Expenses:

1. principal, interest, points, premiums, fees or other costs or expenses associated with any mortgage financing or refinancing or any other debt costs of Landlord;
2. rental or other payments under any ground or underlying lease or leases;
3. costs associated with: original construction of the Building or Common Areas;
4. costs associated with designing, building out, renovating, painting, redecorating, obtaining permits or licenses for any other tenant space or rentable space in the Building;
5. costs resulting from Landlord's violation of any lease at the Building;
6. any penalties, interest or other fees or charges relating to any late or delinquent payments by Landlord;
7. any bad debt loss or reserves of any kind; and any costs incurred in collecting rent or other debts from any other tenant or party;
8. any capital expenses, and any charge for depreciation or amortization in connection therewith;
9. any of Landlord's general overhead, and administrative costs, including, without limitation, attorney's or accountant's fees and expenses, employee costs and fringe benefits and the costs of any supplies or services, which are not directly related to the operation of the Building;
10. costs resulting from any willful misconduct of Landlord, its employees, contractors or agents;
11. costs (including attorneys fees) arising from claims, disputes or potential disputes with any other tenant or person;
12. any costs for which Landlord is reimbursed by any tenant or occupant of the Building, or by insurance carried by Landlord, tenant or any other party or self-insurance; and
13. management and/or administrative fees to the extent that, in the aggregate, they exceed rates then customarily charged for building management for buildings of like class and character in the Monterey County market.



## Board Paper: Finance Committee

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Agenda Item: **Consider Recommendation for Board of Directors to Award Construction Contract to FTG Builders, Inc. for the Permanent Bulk Oxygen Supply Replacement Project**

Executive Sponsor: Clement Miller, COO  
Earl Strotman, Director Facilities Management & Construction

Date: February 6, 2024

### Executive Summary

Salinas Valley Memorial Healthcare System seeks to replace the existing bulk oxygen supply system to meet the current and future needs of the Hospital. The interim supply system has been placed in operation to prepare for the primary supply system replacement. Final design and engineering plans of the permanent system have been approved by the California Department of Healthcare Access and Information as of January 2024.

Facilities Management approached the Board and received approval in November 2022 for capital funding for planning, design, permitting, construction of the interim supply system, and estimated construction of the permanent supply system in the total amount of \$2,800,000. Facilities Management is now returning to the Board to recommend award of construction contract to FTG Builders, Inc. in the amount of \$856,820.

### Background/Situation/Rationale

The objective of this project is to modernize the Hospital's Permanent Bulk Oxygen Supply System to meet current and future needs of the Hospital, and comply with current rules and regulations enforced by all agencies having jurisdiction including HCAI and City of Salinas Fire Department.

SVMHS previously secured Emergency Authorization to Proceed, and completed the infrastructure for the interim supply system. Design, engineering and planning of the permanent bulk oxygen supply system continued such that SVMHS has now secured HCAI approvals to execute the work on the permanent system.

A publicly advertised request for contractor bids for construction services closed on February 2<sup>nd</sup>, 2024 and resulted in a bid from a responsible and responsive bidder, FTG Builders, Inc. Design and engineering meetings, consultant coordination, inspections, testing and certifications will continue throughout upcoming construction to deliver the permanent configuration.

With this coming phase of building the permanent system, improvements include significant structural upgrades to concrete pier and slab supports, fire rated barriers, a fenced and illuminated enclosure, a piping distribution system with an in-house flowmeter, a spill pad, and delivery, anchorage, testing, and connection of a new bulk oxygen supply system with main tank, reserve tank, vaporizer system, manifold, alarm and telemetry upgrades.

### Meeting our Mission, Vision, Goals

It is the mission of Salinas Valley Memorial Healthcare System to provide quality healthcare to our patients and to improve the health and well-being of our community. The provision of a modernized, code-compliant bulk oxygen supply system will support present and future needs of our patients.

### Pillar/Goal Alignment

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

### Timeline

February 2024 – Procure construction services

March 2024 – Commence construction

July/August 2024 – Complete construction and secure agency approvals from authorities having jurisdiction such as HCAI and City of Salinas Fire Department

## Financial Implications

### Budget:

As currently programmed, the Bulk Oxygen Project cost estimate is \$2,800,000 with funding allocated for planning, design, engineering and construction of both the interim and permanent supply systems with structural upgrades, permitting, project contingency, design assistance from the oxygen supply vendor, program management, and construction service estimates required to complete the project.

Current capital budget forecast includes:

Fiscal Year 2024 - \$2,178,339

Fiscal Year 2025 - \$621,661

Following completion of construction closeout, the budget will be reconciled to account for actual costs.

## Recommendation

Consider Recommendation for Board of Directors to award the contract for construction to FTG Builders, Inc. for the terms and conditions in the proposed agreement in the total amount of \$856,820.

## Attachments

Attachment 1: Estimated Project Budget at HCAI Project Approval Phase

Attachment 2: Public Advertisement for Bid

Attachment 3: Bid Opening Results

**Salinas Valley Memorial Healthcare System (10348)***Project Cost Model: Bulk Oxygen Replacement**Architect: Smith Karnig Architecture**Project Phase: Interim Installation Complete, Permanent Configuration Approved by HCAI, Pre-Construction*

Date Printed: 2/6/2024

Budget Amount: \$2,800,000

Budget Approved Date: 11/1/2022

Anticipated Completion: Q1 2025

Prepared by: DS &amp; Team

Budget Summary			CASH FLOW PROJECTIONS	
		A	FY24	FY25
Line Item	Description	Original Budget		
	<b>1 Construction</b>			
100	Construction - Interim & Permanent	\$1,173,897	\$939,117	\$234,779
101	Estimating Contingency	\$93,912	\$0	\$93,912
	<b>2 Design</b>			
200	Professional Fees - Fixed	\$610,458	\$549,412	\$61,046
202	Utility Locator Services	\$9,350	\$9,350	\$0
	<b>3 Inspections and Consultation</b>			
300	Inspector of Record	\$96,120	\$67,284	\$28,836
301	Special Inspections	\$70,645	\$35,322	\$35,322
	<b>4 AHJ Fees</b>			
400	HCAI Fees	\$81,708	\$40,854	\$40,854
403	City of Salinas Fees	\$50,000	\$0	\$50,000
	<b>5 Soft Costs</b>			
502	Construction Management	\$425,000	\$382,500	\$42,500
504	Soft Cost Contingency	\$65,000	\$58,500	\$6,500
	<b>7 FF&amp;E</b>			
702	Vendor Installation Fee		\$0	\$0
703	Portable Rental @ 18 Months		\$72,000	-\$72,000
704	Site Furnishings + Safety Signage	\$30,000	\$24,000	\$6,000
	<b>9</b>			
9900	Project Contingency	\$93,912	\$0	\$93,912
<b>Totals</b>		<b>\$2,800,000</b>	<b>\$2,178,339</b>	<b>\$621,661</b>

FEB  
2

**SALINAS VALLEY HEALTH PERMANENT BULK OXYGEN SUPPLY**  
Location: 450 East Romie Lane Salinas Monterey CA 93901  
When: 2:00 PM

Status: Bidding

CC Online

Postponed: No

Pre Bid Conference: 1/18 @ 2:15pm

RSVP shall be coordinated through dsullivan@bogardconst.com [Mandatory: No]

Project Type: Hospital

Bid Packages: No

Estimate Low:

Estimate High:

Contract#/Ref:

Published Date: 01/16/2024

Plan Status: Online

Spec Status: Online

Plans Cost:

Description:

Salinas Valley Memorial Healthcare System is pursuing infrastructure improvements to implement the construction and installation of the Permanent Bulk Oxygen Supply System to support increased hospital demand with sufficient reserves to support the hospital's patients at 450 East Romie Lane, Salinas CA 93901. Notable scope includes a 3000 gallon main tank, a 900 gallon reserve tank, with a manifold and vaporizer system supported by significant structural foundational upgrades. The new system will be monitored via alarm telemetry both locally and by the designated equipment vendor. Project scope includes (a) structural upgrades, (b) equipment capacity and performance upgrades.

Link to the Equipment-Messer documents & Surveys and Additional Project Information documents:  
[http://files.bogardconstruction.com/SVH\\_Salinas\\_Valley\\_Health\\_Bulk\\_Oxygen\\_Tank%20Replacement\\_Project\\_Bid%20Documents/](http://files.bogardconstruction.com/SVH_Salinas_Valley_Health_Bulk_Oxygen_Tank%20Replacement_Project_Bid%20Documents/)

Send all pro-bid questions and requests for interpretation to SVMHS via email at: dsullivan@bogardconst.com.

Documents

View Project Docs

Download Files

Project Actions

View Activity

Submit Project Changes/Updates

COPS24-00145

Bid Date Information

Description	Bid Date	Bid Time	Extended	Bid Date Change
	02/02/2024	2:00 PM	No	No

Addenda & Updates

Number	Type	Entered	Description	Remarks
A	Addenda	01/24/2024	w/ plans	SV
B	Addenda	01/24/2024	w/ plans	SV
C	Addenda	01/31/2024		SV
D	Addenda	01/31/2024	w/ plans	SV
E	Addenda	01/31/2024		SV

Project Contacts

Owner's Representative

Bogard Construction, Inc.

[dsullivan@bogardconstruction.com](mailto:dsullivan@bogardconstruction.com)

Santa Cruz CA

Ph: (831) 426-8191

Ex: (831) 426-4921

Attachment 3: Bid Results

SALINAS VALLEY HEALTH  
PERMANENT BULK OXYGEN TANK REPLACEMENT  
CIP 01.1250.3675  
450 E Romie Lane, Salinas CA 93901  
BID RESULTS SUMMARY

Single Prime Bid Package

Bid Close Date: February 2, 2024  
Bid Close Time: 2:00 PM  
Bid Close Location: 535 E Romie (SUITE 6), Salinas, CA 93901

CONTRACTOR		CONTACT	EMAIL	PHONE	BASE BID + ALLOWANCES	COMMENTS
1	<b>FTG Builders, Inc.</b> 1565 Lafayette St, Santa Clara, CA 95050	Pedro Becerra	<a href="mailto:pedro@ftgbuilders.com">pedro@ftgbuilders.com</a>	408 857 3710	256820.00	** LOW BID
2	<del><b>GeoWilson Mechanical Contractors</b> 250 Harvey West Blvd., Santa Cruz, CA 95060</del>					

\*\*Apparent Low Bidder

Salinas Valley Health reserves the right to reject any or all bids and to waive any informalities in the bidding, or in any bid received.

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



## Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board Approval of HSS Security Contract Renewal Amendment No. 4

Executive Sponsor: Clement Miller, COO  
Earl Strotman, Director Facilities Management & Construction

Date: January 31, 2024

### Executive Summary

Salinas Valley Health is seeking approval to extend the current security services contract with HSS Security, LLC (HSS). HSS provides security services to patrol the hospital campus, hospital parking enforcement, in addition to the systems off-site locations, and the off-site parking lot. HSS also provides valet services for hospital patients and visitors and staff at multiple locations on campus.

### Background/Situation

Salinas Valley Health began utilizing HSS for security services starting in 2016 and have found them to be a great partner with managing the organizations security needs. In 2018 the organization expanded the services provided by HSS to include valet to support ongoing parking concerns. On-site 24/7 security patrolling services continues to be a crucial of the organizations daily operations and continues to ensure the safety of patients, staff, and visitors alike. In addition to patrolling, HSS assists with maintaining security at public access points, managing weapons and prohibited items, conducting searches, managing patient valuables, assisting with technology testing (i.e. infant security, duress alarms, CCTV, etc.), lost and found, personnel escorts, restricted access, visitor management, morgue transports, critical incident response (disaster plans, etc.), non-critical response (vehicle accident, etc.), vehicle assist (jump-start), security alarm response, and acting as a law enforcement liaison.

The valet services HSS offers is needed to alleviate the ongoing parking burden imposed on hospital patients/visitors to help improve the Salinas Valley Health patient experience. HSS has notified our organization that the service line is no longer sustainable for their business and intend to terminate the valet line of business effective no later than June 1, 2024 (99 days), giving Salinas Valley Health the opportunity to obtain a suitable provider. The current contract proposal reflects the reduction of the valet service. Salinas Valley Health has initiated an RFP process for replacement of these services and intend to have the process closed out well in advance of HSS ending valet services.

### Timeline/Review Process to Date:

02/21/2024: Board Finance Committee Review

02/22/2024: Board Committee Review

02/23/2024: Commence HSS Agreement



Strategic Plan Alignment:

Provide staff, patients, and visitors with a safe work environment/health care setting. Provide patients and visitors with better access to parking.

Pillar/Goal Alignment:

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

Financial/Quality/Safety/Regulatory Implications:

	Annual Expense Old Contract	Annual Expense New Contract (*Valet @ 99 days)	Change
Security	1,774,517	1,827,795	53,278
Valet	538,039	169,347	(368,692)
Total	2,312,556	1,997,142	(315,414)

Key Contract Terms	Vendor: HSS Security, LLC (HSS)
1. Proposed effective date	2/23/2024
2. Term of agreement	2/23/2024 – 2/22/2025
3. Renewal terms	Automatically renew for one (1) year period subject to section 6.2 original contract annual adjustment of fees.
4. Termination provision(s)	May be terminated in accordance with Section 4.1 (“Termination For Cause By HSS”) or 4.2 (“Termination for Convenience”) of this SOW; or Section 3.3 (“Termination for Convenience by Customer”) or Section 3.4 (“Termination For Cause”) of the MSA
5. Payment Terms	Net 30
6. Annual cost	\$1,997,142
7. Budgeted (indicate y/n)	Yes

Recommendation

Consider Recommendation for Board Approval of HSS Security, LLC (HSS) Amendment No. 4 to renew Security and Valet Service Agreement for one year in the amount of \$1,997,142.

Attachments

- (1) HSS Amendment No 4 final
- (2) HSS proposed bill rate 1-22-2024



## Amendment No. 4

This Amendment No. 4 (“Amendment”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_ (“Effective Date”), by and between HSS Inc., n/k/a HSS Security, LLC (“HSS”) and Salinas Valley Memorial Health System, a public health care district organized and operating pursuant to Division 23 of the California Health and Safety Code and its affiliates (“Client”). Each of Client and HSS may be referred to herein as a “Party” and together as the “Parties.”

**WHEREAS**, the Parties entered into that certain Healthcare Security Services Agreement by and between HSS and Client, effective on the September 1, 2021 (“Agreement”);

**WHEREAS**, the Parties amended the Agreement on November 15, 2021 (“Amendment No. 1”); and

**WHEREAS**, the Parties amended the Agreement on February 23, 2022 (“Amendment No. 2”); and

**WHEREAS**, the Parties amended the Agreement on July 1, 2022 (“Amendment No. 3”); and

**NOW THEREFORE**, in consideration of the mutual agreements, covenants and promises contained in this Amendment, and for mutual consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Parties agree to amend the Agreement as follows:

1. The Parties affirm that they desire to keep the auto-renewing term of the Agreement.
2. The Parties affirm that HSS shall supply to Client the Services described in Exhibit A-1 of the Agreement at the locations in Exhibit A-2 of the Agreement, with the valet services exception herein. The Parties acknowledge that Client may, from time to time, request provision of temporary security services for locations outside of the service facilities in Exhibit A-2 of the Agreement. The Parties acknowledge and agree that if HSS agrees, in its sole discretion, to provide temporary security services at other locations, the pricing for those Services shall be 1.5 times the applicable bill rate. HSS personnel are prohibited from providing valet services at any locations other than those listed in Exhibit A-2 of the Agreement.

3. The **Removal, Reassignment and Exclusion of Personnel** language in Exhibit A-1, Section II(C)(6) is modified by adding to the beginning of that section the following language:

**“Assignment, Removal, Reassignment and Exclusion of Personnel.** HSS agrees that all HSS personnel assigned to Client are subject to continuing approval of the Client’s CEO and Client Representative. Without limiting its status as an independent contractor, HSS agrees to consider Client’s input on assignment of specific personnel to Client’s facilities.”

The remainder of the section is unchanged.

4. The Parties acknowledge and agree that HSS is eliminating valet services as part of its offered security services; therefore, the Parties will immediately begin phasing out valet services and HSS will permanently cease providing valet services for Client no later than June 1, 2024.
5. The Parties understand and agree that notwithstanding the indemnification and limitation of liability provisions in the Agreement, any damage to Client’s security patrol vehicle that is directly caused solely by the negligence of HSS personnel in operating Client’s security patrol vehicle shall be the responsibility of HSS and any damage to Client’s security patrol vehicle that is not directly caused solely by the negligence of HSS personnel shall be the responsibility of Client. The indemnification and limitation of liability provisions in the Agreement remain unchanged and in full force and effect.
6. The Parties understand and agree that notwithstanding the indemnification and limitation of liability provisions in the Agreement, during the provision of valet services to Client’s customers, any damage to a customer’s vehicle that is directly caused solely by the negligence of HSS personnel in operating the customer’s vehicle shall be the responsibility of HSS and any damage to a customer’s vehicle that is not directly caused solely by the negligence of HSS personnel shall be the responsibility of Client. The indemnification and limitation of liability provisions in the Agreement remain unchanged and in full force and effect.
7. The Parties agree to increase the minimum wage rate of valet service attendants to \$18.50 and billing rate of valet service attendants to \$27.75.
8. The Agreement’s Exhibit A (Statement of Work for Healthcare Security Services), Section three (3) (Services Description) is replaced in its entirety with the following language:

Subject to the terms and conditions of this SOW, HSS shall provide the Services to the client as specifically set forth in the Schedule of Services attached as Exhibit A-1 and the Metrics in Exhibit A-1.1.

9. The Parties understand and agree that the Agreement is modified to include Healthcare Security Services metrics as detailed in EXHIBIT A-1.1, which is attached to this Amendment and incorporated into the Agreement.
10. The Agreement's Exhibit A-2 (Service Facilities) is replaced with the revised Service Facilities Exhibit A-2 attached hereto which includes additional facilities.
11. The Staffing and Rate Table contained in Exhibit A-3 of the Agreement is replaced with the Staffing and Rate Table Exhibit A-3 attached hereto. The new Staffing and Rate Table is effective through September 1, 2024, and includes the following changes:
  - a. A three (3) percent increase in bill rate and pay rate for security officers, shift supervisors, and FSS.
  - b. An increase in the minimum wage and bill rates for valet service attendants as noted herein.

IN WITNESS WHEREOF, the Parties have duly executed this Amendment to be effective as of the Effective Date.

Purchaser

HSS Security, LLC

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Signature

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

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

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## EXHIBIT A-1.1: HEALTHCARE SECURITY SERVICES METRICS

### SALINAS VALLEY HEALTH METRICS

Contract Number	Vendor	Department	Contract Type	Description
1001.2461C	HSS Security, LLC, formerly HSS Inc.	Security	Professional Service Agreement	Master Service Agreement for HSS Security and Valet services

Metric Name	Measurement System	Frequency of Review	Target
Have a 95% staff knowledge of Active Shooter response Plan, Run Hide Fight	Leader Rounding	Monthly	95%
Total contract hours vs open shift hours (shift coverage)	HSS staffing system	Monthly	5%

Read and acknowledged:

Salinas Valley Memorial Healthcare System  
operating as Salinas Valley Health

By: \_\_\_\_\_

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

HSS Security, LLC

By: \_\_\_\_\_

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

**EXHIBIT A-2: SERVICE FACILITIES (Revised 12-29-23)**

<b>Street Address</b>	<b>Property City</b>	<b>State</b>	<b>Zip</b>
241 Abbott St.	Salinas	CA	93901
355 Abbott St.	Salinas	CA	93901
611 Abbott St.	Salinas	CA	93901
236 San Jose St.	Salinas	CA	93901
240 San Jose St.	Salinas	CA	93901
252 San Jose St.	Salinas	CA	93901
120 Wilgart Way	Salinas	CA	93901
230 San Jose St.	Salinas	CA	93901
250 San Jose St.	Salinas	CA	93901
5 Lower Ragsdale Dr.	Salinas	CA	93901
440 E. Romie Ln.	Salinas	CA	93901
450 E. Romie Ln.	Salinas	CA	93901
501 E. Romie Ln.	Salinas	CA	93901
505 E. Romie Ln.	Salinas	CA	93901
420 E. Romie Ln.	Salinas	CA	93901
252 Main St.	Salinas	CA	93901
515 E. Romie Ln.	Salinas	CA	93901
60 W. Market	Salinas	CA	93901
626 Brunken Ave.	Salinas	CA	93901
559 Abbott St.	Salinas	CA	93901
345 Abbott St.	Salinas	CA	93901
558 Abbott St.	Salinas	CA	93901
850 Fifth St.	Salinas	CA	93901
1033 Los Palos Drive	Salinas	CA	93901
212 San Jose St.	Salinas	CA	93901
590 Work St.	Salinas	CA	93901
321 E. Romie Ln.	Salinas	CA	93901
535 E. Romie Ln.	Salinas	CA	93901
254 San Jose St.	Salinas	CA	93901
232 Monterey St.	Salinas	CA	93901
928 East Blanco Rd.	Salinas	CA	93901
3 Rossi Circle	Salinas	CA	93901
451 Washington St	Salinas	CA	93901
1328 Natividad Rd	Salinas	CA	93901
650 Work St	Salinas	CA	93901

EXHIBIT A-3 STAFFING AND RATE TABLE

Salinas Valley Memorial Hospital  
Rate Table - Through 9/1/2024

Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Facility Supervisor	Hours	\$ 40.65	1.0	40	\$ 7,065	2,086	\$ 84,776
Shift Supervisor - Unarmed	Hours	\$ 32.95	3.2	128	\$ 18,326	6,674	\$ 219,916
Security Officer - Unarmed	Hours	\$ 29.21	19.6	784	\$ 99,492	40,880	\$ 1,193,907
Blue Lots Security Officer - Unarmed	Hours	\$ 29.21	4.0	160	\$ 20,305	8,343	\$ 243,655
Clinics Security Officer - Unarmed	Hours	\$ 29.21	2.0	80	\$ 10,152	4,171	\$ 121,827
Valet Shift Supervisor - Unarmed	Hours	\$ 32.95	1.0	40	\$ 5,727	2,086	\$ 68,724
Valet Attendant	Hours	\$ 27.75	9.6	384	\$ 46,303	20,023	\$ 555,634

Estimated Holiday "Overtime" Differential	Hours	150%			\$ 2,273	1,847	\$ 27,271
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			40.4		\$ 209,643		\$ 2,515,710
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\* Budget estimates are provided as a courtesy to assist in budget preparation. Budget estimates are based on volumes related to planned posts, actual volumes  
 \*\* HSS commits to maintaining all living wage requirements and, when increases are mandated by labor law requirements, will provide new invoice rates for all

Salinas Valley Health-HSS Security Security Coverage as of January 5, 2024							
Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Facility Site Supervisor (FSS)	Hours	\$39.46	1.0	40	\$ 6,859	2,086	\$ 82,302
Shift Supervisor	Hours	\$31.98	3.2	128	\$ 17,787	6,674	\$ 213,444
Security Operation Center (SOC)	Hours	\$28.36	4.2	168	\$ 20,703	8,760	\$ 248,434
Main Lobby Officer	Hours	\$28.36	4.2	168	\$ 20,703	8,760	\$ 248,434
ER Lobby Officer	Hours	\$28.36	4.2	168	\$ 20,703	8,760	\$ 248,434
Patrol Officer	Hours	\$28.36	4.2	168	\$ 20,703	8,760	\$ 248,434
Relieve Officer	Hours	\$28.36	4.2	168	\$ 20,703	8,760	\$ 248,434
Blue Lot Officer	Hours	\$28.36	1.0	40	\$ 4,929	2,086	\$ 59,151
Mobile Patrol Officer	Hours	\$28.36	1.0	40	\$ 4,929	2,086	\$ 59,151
212 San Jose Officer	Hours	\$28.36	1.0	40	\$ 4,929	2,086	\$ 59,151
236 San Jose Officer (Mammo)	Hours	\$28.36	1.0	40	\$ 4,929	2,086	\$ 59,151
TOTAL:							\$ 1,774,517

Salinas Valley Health-HSS Valet Valet Coverage as of January 5, 2024							
Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Shift Supervisor	Hours	\$31.98	1.0	40	\$ 5,558	2,086	\$ 66,701
Valet Attendant	Hours	\$23.54	9.6	384	\$ 39,278	20,023	\$ 471,338
TOTAL:							\$ 538,039

Salinas Valley Health-HSS Security Proposed Security Coverage							
Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Facility Site Supervisor (FSS)	Hours	\$40.65	1.0	40	\$ 7,065	2,086	\$ 84,784
Shift Supervisor	Hours	\$32.95	3.2	128	\$ 18,326	6,674	\$ 219,918
Security Operation Center (SOC)	Hours	\$29.21	4.2	168	\$ 21,323	8,760	\$ 255,880
Main Lobby Officer	Hours	\$29.21	4.2	168	\$ 21,323	8,760	\$ 255,880
ER Lobby Officer	Hours	\$29.21	4.2	168	\$ 21,323	8,760	\$ 255,880
Patrol Officer	Hours	\$29.21	4.2	168	\$ 21,323	8,760	\$ 255,880
Relieve Officer	Hours	\$29.21	4.2	168	\$ 21,323	8,760	\$ 255,880
Blue Lot Officer	Hours	\$29.21	1.0	40	\$ 5,077	2,086	\$ 60,924
Mobile Patrol Officer	Hours	\$29.21	1.0	40	\$ 5,077	2,086	\$ 60,924
212 San Jose Officer	Hours	\$29.21	1.0	40	\$ 5,077	2,086	\$ 60,924
236 San Jose Officer (Mammo)	Hours	\$29.21	1.0	40	\$ 5,077	2,086	\$ 60,924
TOTAL:							\$ 1,827,795

Salinas Valley Health-HSS Valet Proposed Valet Coverage							
Item	Contracted Rates		Budget Estimates*				
	Billing Unit	Billing Rate	Worked FTEs	Weekly Volume	Monthly Costs	Annual Volume	Annual Costs
Shift Supervisor	Hours	\$32.95	1.0	40	\$ 5,727	566	\$ 18,640
Valet Attendant @ 99 days	Hours	\$27.75	9.6	384	\$ 46,303	5,431	\$ 150,706
TOTAL:							\$ 169,347

Security			
Item	Bill Rate		
	Billing Unit	Current Rate	New Rate
Facility Site Supervisor (FSS)	Hours	\$39.46	\$40.65
Shift Supervisor	Hours	\$31.98	\$32.95
Security Operation Center (SOC)	Hours	\$28.36	\$29.21
Main Lobby Officer	Hours	\$28.36	\$29.21
ER Lobby Officer	Hours	\$28.36	\$29.21
Patrol Officer	Hours	\$28.36	\$29.21
Relieve Officer	Hours	\$28.36	\$29.21
Blue Lot Officer	Hours	\$28.36	\$29.21
Mobile Patrol Officer	Hours	\$28.36	\$29.21
212 San Jose Officer	Hours	\$28.36	\$29.21
236 San Jose Officer (Mammo)	Hours	\$28.36	\$29.21

Valet Services			
Item	Bill Rate		
	Billing Unit	Current Rate	New Rate
Shift Supervisor	Hours	\$31.98	\$32.95
Valet Attendant	Hours	\$23.54	\$27.75



## Board Paper: Finance Committee

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Agenda Item: Consider Recommendation for Board Approval of the Alliance HealthCare Services (Alliance), Inc. MRI Service Contract Addendum

Executive Sponsor: Clement Miller, Chief Operating Officer

Date: February 21, 2024

### Executive Summary

The Alliance contract which provides SVMHS with on campus MRI has been renegotiated to reduce the terms of the contract and outline ownership of the MRI scanner located at the 444 E Romie Ln Imaging Center, upon contract termination. MRI services are vital to the diagnosis and treatment of our patients, and the contract renegotiations will amicably end our MRI service relationship with Alliance Healthcare.

### Background/Situation/Rationale

In March of 2022 Salinas Valley Health entered into a service agreement With Alliance for MRI and PET/CT services, supporting inpatient and outpatient imaging for the systems patients. Upon entering that agreement our health system was subject to declining services from Alliance leading the organization to explore alternate options for the long-term MRI strategy. Following an extensive negotiation period, the health system and Alliance came to a mutual agreement allowing the organization to gradually exit the contract over a three-year period while SVH internalizes MRI services through equipment replacement and staff onboarding, effectively bringing our MRI agreement to closure while maintaining PET/CT services. The new agreement will allow SVH to take over staffing at a time that we determine appropriate, with a decreased monthly rate.

### Timeline/Review Process to Date:

3/2023 – Contract renegotiation requested

11/2023 – Contract renegotiation commenced

1/2024 – Contract finalized and assessed by contracting department and legal counsel

1/2024 – Cost of potential MRI rental assessed to ensure proposed rate is at or less than FMV

### Meeting our Mission, Vision, Goals

#### Strategic Plan Alignment:

MRI services are necessary tools to help our physicians diagnose and treat illness in our patient population.

#### Pillar/Goal Alignment:

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

Financial/Quality/Safety/Regulatory Implications:

Key Contract Terms	Vendor: Alliance Healthcare Services, Inc.
1. Proposed effective date	March 1, 2024
2. Term of agreement	3 years
3. Renewal terms	N/A
4. Termination provision(s)	As stated in the Master Agreement under Section 8.1 Termination (a) Material Breach or (b) Bankruptcy.
5. Payment Terms	\$67,500 monthly (the same as the current rate) with reduced rate of \$35,000 monthly if SVH provides staffing
6. Annual cost	\$810,000
7. Cost over life of agreement	Maximum of \$2,295,000
8. Budgeted (indicate y/n)	Yes

Recommendation

Consider Recommendations for Board approval of the Alliance Healthcare Services, Inc. MRI contract Addendum "C" for the maximum amount of \$2,295,000 over the course of the contract.

Attachments

(1) Alliance Contract Addendum "C"

**ADDENDUM "C"**  
**TO THE**  
**MASTER SERVICES AGREEMENT**

This Addendum modifies the Master Services Agreement (the "Agreement"), fully executed on March 25, 2022, as amended, between Alliance HealthCare Services, Inc., d/b/a Alliance HealthCare Radiology, an Akumin company, located at 8300 W. Sunshine Blvd., Plantation, Florida 33322 ("Alliance" is now identified as "Akumin") and Salinas Valley Memorial Healthcare System, a local health care district organized and operating pursuant to Division 23 of the California Health and Safety Code, operating as Salinas Valley Health, located at 450 East Romie Lane, Salinas, California 93901-4098 (the "Client").

The provisions of this Addendum shall become effective as of the date fully executed below. When properly executed below this Addendum shall be added to the above named Agreement.

**This Addendum pertains to the MRI service portion of the Agreement.**

This Addendum removes all reference to the GE Voyager MRI system throughout the Agreement. The fees mentioned in this Addendum "C" includes the GE 23X MRI system ("MRI Unit").

Akumin shall provide an MRI Unit through end of day December 31, 2026, at which time this Agreement, as it pertains to MRI service, shall terminate. Upon termination of the Agreement, as it pertains to MRI service, the MRI Unit, and modular building will be the property of Client which is included in the monthly fee.

Client agrees to pay Akumin \$67,500 per month for the MRI Unit staffed by Akumin(\*). Akumin shall staff the Unit from 8am to 5pm, Monday through Friday; Client has the option to staff the Unit after Akumin hours Monday through Friday. On the second anniversary date and each anniversary date thereafter from the date Addendum "C" is fully executed the monthly fee shall be increased three percent (3%).

In the event that the parties agree to a partial staffing arrangement between the hours of 8AM and 5PM, Monday through Friday, the specifics of the pro-rated rate for any such partially staffed month shall be subject to negotiation and mutual agreement of the parties. Under no circumstances will Client employees partially staff the MRI Unit without first receiving training on the applicable operational standards.

(\*)**Client staffing.** In the event Client elects to staff the MRI Unit 24/7, the Client shall provide one hundred twenty (120) days prior written notice to Akumin, or such time frame as mutually agreed upon between Client and Akumin. During this notice period, and prior to Client's commencement of staffing the Unit, Akumin can help facilitate Client applications training through a 3rd party vendor to ensure that Client's staff are properly instructed to the MRI operational standards. Applications training is a pass through cost to the Client. During the time Client staffs the Unit, Akumin shall not provide staff. Client agrees to pay Akumin \$35,000 per month for the unstaffed MRI Unit.

During the time Client staffs the MRI Unit, Client shall provide the services of technical personnel to operate the MRI Unit as appropriate for Client's procedure volume. Client's personnel shall be fully certified in the field of radiography by an institution recognized by the American Medical Association. Other conditions are as follows:

- a) Client shall be responsible for any repairs of the MRI Unit and ancillary equipment that arise as a result of inappropriate use or gross negligence of Client's employees or subcontractors.
- b) Client shall be responsible for monitoring the MRI Unit's cryogen level, and Client shall be responsible for any damage to the MRI Unit arising from failure to maintain adequate cryogen levels.
- c) Following training from a 3rd party applications training vendor, Client shall comply with all checklists supplied to Client by Akumin personnel to operate the MRI Unit, and Client shall be responsible for any damage to the MRI Unit arising from failure to do so. Such checklist is attached hereto and incorporated herein and shall be submitted to Akumin on a weekly basis to be emailed or faxed to appropriate identified Akumin manager.
- d) Client shall consult with Akumin's operations personnel no less than once per month concerning the operating condition of the MRI Unit. Client's failure to consult with Akumin's operations personnel monthly and submission of the weekly checklist may result in a \$50 charge per incident.
- e) Intentionally deleted.
- f) The MRI Unit shall be operated only by employees or subcontractors of Client.
- g) Akumin shall be responsible for scheduled maintenance and repairs of the Unit during the lease period.

During the time Client staffs the MRI Unit, the parties agree that based upon and in reliance upon the representations, warranties and covenants set forth in this Agreement, Akumin is not a Business Associate of Client as defined in HIPAA. Akumin represents, warrants and covenants that in the provision of the MRI Unit under this Agreement, Akumin does not require and shall not request access to, or attempt to access, any Protected Health Information of Client or any of its affiliates. If Akumin inadvertently comes in contact with Protected Health Information, Akumin will keep such information confidential and not further access, use or disclose it. If Akumin becomes a Business Associate, it agrees to comply with all applicable provisions of HIPAA and agrees to sign Client's then-current business associate agreement. For purposes of this Section, Protected Health Information has the meaning set forth in 45 CFR §160.103.

[SIGNATURE PAGE FOLLOWS]

Except as herein above provided, no other change, amendment or modification of the Agreement is hereby intended or implied, including but not limited to any prior drafts of this Addendum that have not been fully executed. Capitalized terms used in this Addendum shall have the same meanings as are set forth in the Agreement, except as otherwise indicated in this Addendum.

Akumin and Client acknowledge that they and their respective legal counsel have had the opportunity to participate equally in the drafting of this Addendum and that in the event of a dispute, no party shall be treated, for any purpose, as the author of this Addendum nor have any ambiguity resolved against it on account thereof.

By their signatures to this Addendum, each of the signatories to this Addendum represent that they have the authority to execute this Addendum and to bind the party on whose behalf their execution is made. This Addendum constitutes the legal, valid and binding obligation of the parties enforceable in accordance with its terms.

This Addendum may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Delivery of an executed counterpart of this Addendum may be made by facsimile or other electronic transmission. Any such counterpart or signature pages sent by facsimile or other electronic transmission shall be deemed to be written and signed originals for all purposes, and copies of this Addendum containing one or more signature pages that have been delivered by facsimile or other electronic transmission shall constitute enforceable original documents. As used in this Addendum, the term "electronic transmission" means and refers to any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient of the communication, and that may be directly reproduced in paper form by such a recipient through an automated process.

Akumin and Client have duly executed this Addendum as of the last date written below.

<b>Akumin Operating Corp.</b>  _____ Authorized Signature Bradley Cochran Corporate Counsel Date: _____	<b>SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM</b>  _____ Authorized Signature Printed Name: _____ Title: _____ Date: _____
<b>FOR CONTRACTS USE ONLY:</b> Contract #: 009423      Customer #: 11268 (MRI)/12648 (PET/CT)      Client Type: Hospital DO: AGarner/DRocovich      Requestor: HBrewin	

**A fully executed document must be received prior to service commencement.**

**To Email a Signed Document:** [Contracts@nha.akumin.com](mailto:Contracts@nha.akumin.com) / **To Fax a Signed Document:** 602-345-7637

RNU Weekly Checklist - MRI	
<b>If you are experiencing coach or system service issues please contact Akumin:</b>	
Primary Contact Name:	Secondary Contact Name:
Primary Contact Number:	Secondary Contact Number:
<b>Weekly Inspection Record</b>	
Date:	Site:
System:	Name:
<b>Unit Issues</b>	<b>Comments - please describe the issue</b>
<b>Exterior Issues</b>	
Lift / stairs -	
Exterior Trailer	
Power Cord and/or plug	
Communication lines - phone fax, computer	
Door Locks	
Entry - Roll up door	
<b>Interior Issues</b>	
Warning Lights	
Interior esthetics	
Chairs	
Gurney	
Positioning Pads	
Entertainment System	
Lights or Alarms	
Scanner Room Door	
Fire Extinguisher	
<b>Scanner Issue</b>	
Quality	
Cryogen Level: _____%	
Magnet Pressure: _____	
Coils (s)	
Phantom (s)	
Power Injector	
Scanner Table	
Patient warning bulb / speaker	
<b>Environmental</b>	
Chiller	
HVAC	
<b>Other</b>	
<b>Resolution - For Akumin Manager to complete</b>	<b>Date and Time</b>
Revised Sept. 2020	Attachment A059(a)



## *CLOSED SESSION*

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

*RECONVENE OPEN SESSION/  
REPORT ON CLOSED SESSION*

# Financial Performance Review

## January 2024

### Finance Committee - Open Session

**Augustine Lopez**

**Chief Financial Officer**

# Consolidated Financial Summary

## For the Month of January 2024

\$ in Millions	For the Month of January 2024				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 71.2	\$ 61.2	\$ 10.0	16.3%	
Operating Expense	\$ 65.2	\$ 60.9	\$ (4.3)	-7.1%	
<b>Income from Operations (*)</b>	<b>\$ 6.0</b>	<b>\$ 0.3</b>	<b>\$ 5.7</b>	<b>1900.0%</b>	
Operating Margin %	8.4%	0.5%	7.9%	1580.00%	
Non Operating Income	\$ 4.8	\$ 1.9	\$ 2.9	152.6%	
<b>Net Income</b>	<b>\$ 10.8</b>	<b>\$ 2.2</b>	<b>\$ 8.6</b>	<b>390.9%</b>	
Net Income Margin %	15.1%	3.6%	11.5%	319.4%	

(\*) Income from operations was favorably impacted by a retroactive payment totaling \$7.2M from the Medicare Program per the following:

- Beginning in Calendar Year (CY) 2018 through 2022, CMS reimbursed hospitals for drugs acquired through the 340B Drug Discount Program at Average Sales Price (ASP) less 22.5%.
- June 15, 2022 – The Supreme Court ruled that CMS violated law when it varied payment rates for 340B acquired drugs without a proper survey.
- September 28, 2022 – Federal judge issued an opinion that CMS should immediately increase the payment rate to ASP+6% for drugs acquired via 340B.
- For CY 2023, CMS reverted to pre-2018 policy with payments at **ASP+6%**.

Calendar Year	Underpayment (in millions)
2018	\$1.26
2019	\$1.86
2020	\$2.21
2021	\$1.87
2022	\$0.04
<b>Total</b>	<b>\$7.23</b>

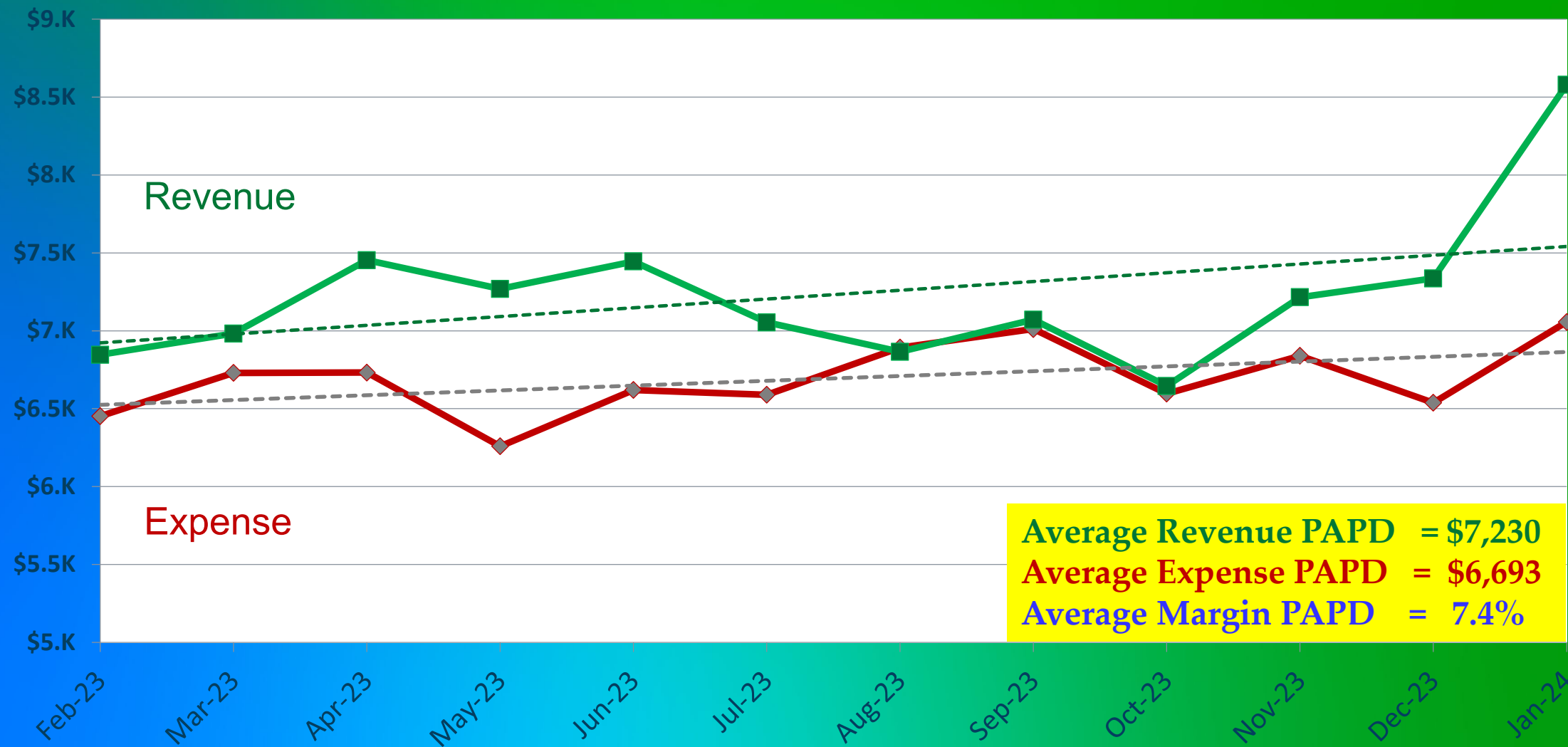


# Consolidated Financial Summary

## YTD January 2024

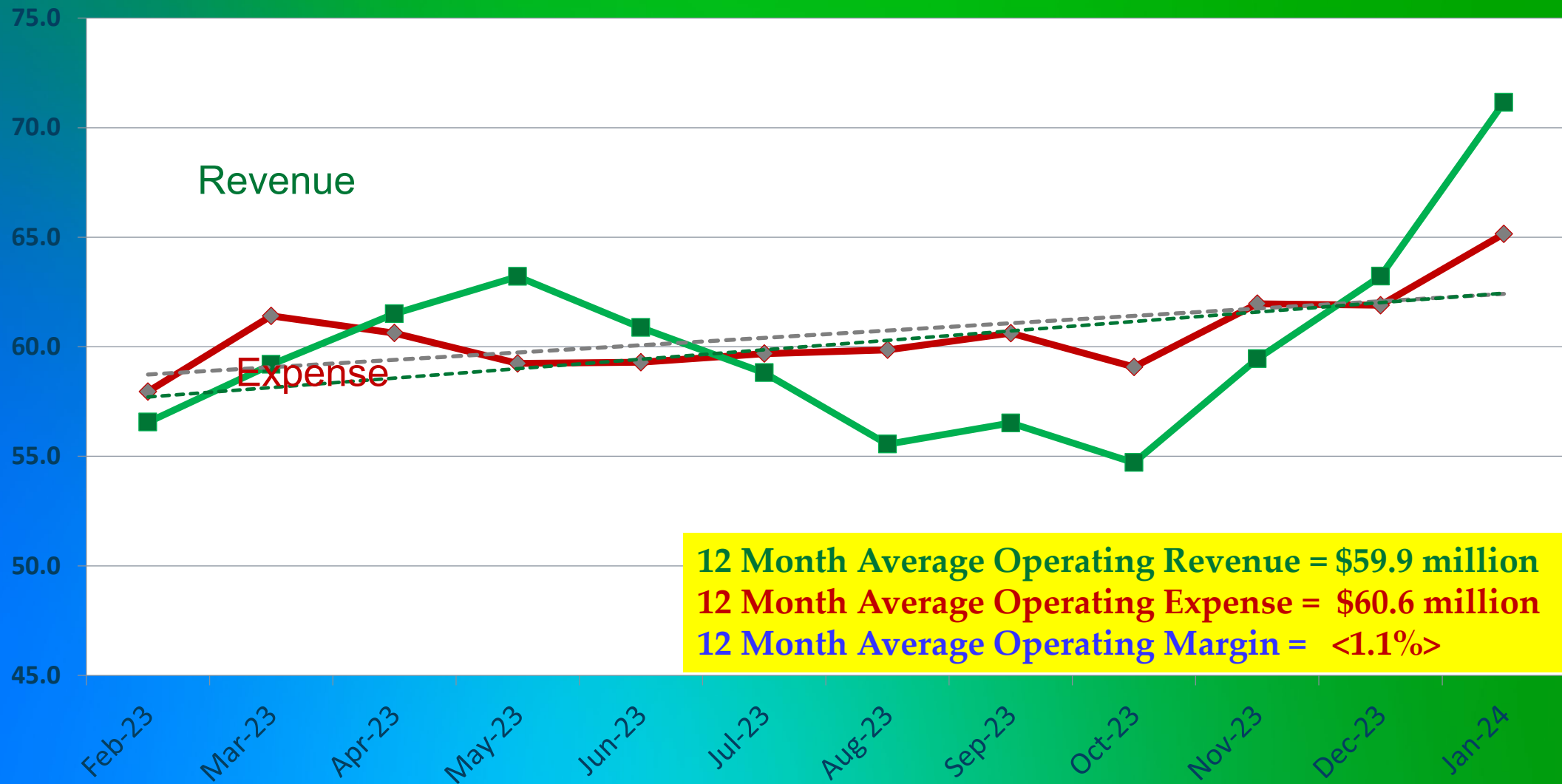
\$ in Millions	FY 2024 YTD January				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue (*)	\$ 418.7	\$ 420.3	\$ (1.6)	-0.4%	
Operating Expense	\$ 427.8	\$ 418.7	\$ (9.1)	-2.2%	
<b>Income from Operations</b>	<b>\$ (9.1)</b>	<b>\$ 1.6</b>	<b>\$ (10.7)</b>	<b>-668.7%</b>	
Operating Margin %	-2.2%	0.4%	-2.6%	-650.0%	
Non Operating Income	\$ 26.7	\$ 13.4	\$ 13.3	99.3%	
<b>Net Income</b>	<b>\$ 17.6</b>	<b>\$ 15.0</b>	<b>\$ 2.6</b>	<b>17.3%</b>	
Net Income Margin %	4.2%	3.6%	0.6%	16.7%	

# SVHMC Revenues & Expenses Per Adjusted Patient Day Rolling 12 Months: Feb 23 to January 24



# SVH Consolidated Revenues & Expenses

## Rolling 12 Months: Feb 23 to January 24



# Salinas Valley Health Key Financial Indicators

Statistic	YTD 01/31/24	SVH Target	+/-	S&P A+ Rated Hospitals	+/-	YTD 1/31/23	+/-
Operating Margin*	-2.2%	5.0%		4.0%		4.6%	
Total Margin*	4.2%	6.0%		6.6%		6.4%	
EBITDA Margin**	2.6%	7.4%		13.6%		8.7%	
Days of Cash*	339	305		249		340	
Days of Accounts Payable*	49	45		-		54	
Days of Net Accounts Receivable***	55	45		49		49	
Supply Expense as % NPR	13.9%	14.0%		-		12.7%	
SWB Expense as % NPR	55.9%	53.0%		53.7%		52.7%	
Operating Expense per APD*	6,732	6,739		-		6,136	

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 90 days average net revenue (consistent with industry standard)



# Questions/Comments

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

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 61,613,990	\$ 52,406,568	\$ 349,385,979	\$ 368,564,871
Other operating revenue	328,494	799,043	7,575,234	5,277,500
Total operating revenue	<u>61,942,484</u>	<u>53,205,611</u>	<u>356,961,213</u>	<u>373,842,371</u>
Total operating expenses	50,949,807	48,096,121	335,514,655	330,964,182
Total non-operating income	<u>(997,809)</u>	<u>1,969,407</u>	<u>(6,817,582)</u>	<u>(15,114,307)</u>
Operating and non-operating income	<u>\$ 9,994,868</u>	<u>\$ 7,078,897</u>	<u>\$ 14,628,976</u>	<u>\$ 27,763,882</u>

SALINAS VALLEY HEALTH MEDICAL CENTER  
BALANCE SHEETS  
January 31, 2024

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 349,508,114	\$ 412,303,414
Assets whose use is limited or restricted by board	164,835,169	156,776,616
Capital assets	250,724,362	240,097,667
Other assets	290,451,252	180,892,369
Deferred pension outflows	<u>116,911,125</u>	<u>95,857,027</u>
	<u>\$ 1,172,430,022</u>	<u>\$ 1,085,927,094</u>
LIABILITIES AND EQUITY:		
Current liabilities	94,768,784	104,459,750
Long term liabilities	21,143,341	17,159,971
Lease deferred inflows	1,771,268	1,642,999
Pension liability	118,792,064	79,111,485
Net assets	<u>935,954,566</u>	<u>883,552,889</u>
	<u>\$ 1,172,430,023</u>	<u>\$ 1,085,927,094</u>

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

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,899	2,485	12,602	14,457
Medi-Cal	1,175	1,232	7,311	8,184
Commercial insurance	497	859	4,167	5,722
Other patient	140	117	783	791
Total patient days	<u>3,711</u>	<u>4,693</u>	<u>24,863</u>	<u>29,154</u>
Gross revenue:				
Medicare	\$ 128,500,305	\$ 117,079,241	\$ 786,050,025	\$ 719,779,338
Medi-Cal	76,095,203	74,947,384	483,005,817	479,955,865
Commercial insurance	52,992,852	53,601,511	369,393,576	374,448,915
Other patient	9,975,991	7,815,069	63,559,989	58,860,324
Gross revenue	<u>267,564,351</u>	<u>253,443,204</u>	<u>1,702,009,407</u>	<u>1,633,044,443</u>
Deductions from revenue:				
Administrative adjustment	604,055	209,204	2,229,964	1,811,961
Charity care	632,874	449,700	5,185,545	4,505,977
Contractual adjustments:				
Medicare outpatient	39,108,296	30,282,691	242,537,812	205,148,190
Medicare inpatient	48,186,591	59,924,756	328,000,302	325,749,432
Medi-Cal traditional outpatient	2,133,509	4,651,657	20,177,785	23,548,613
Medi-Cal traditional inpatient	5,015,765	6,727,647	33,132,174	35,282,876
Medi-Cal managed care outpatient	31,859,719	28,269,782	210,787,982	188,448,664
Medi-Cal managed care inpatient	30,651,688	28,190,199	174,857,336	179,573,049
Commercial insurance outpatient	21,567,547	16,488,627	153,099,249	123,855,753
Commercial insurance inpatient	19,760,753	21,049,745	143,643,861	141,221,771
Uncollectible accounts expense	4,246,345	3,507,054	29,558,634	27,055,072
Other payors	2,183,218	1,285,574	9,412,784	8,278,214
Deductions from revenue	<u>205,950,360</u>	<u>201,036,636</u>	<u>1,352,623,428</u>	<u>1,264,479,572</u>
Net patient revenue	<u>\$ 61,613,991</u>	<u>\$ 52,406,568</u>	<u>\$ 349,385,979</u>	<u>\$ 368,564,871</u>
Gross billed charges by patient type:				
Inpatient	\$ 141,826,613	\$ 147,699,641	\$ 871,913,731	\$ 887,453,199
Outpatient	96,790,497	78,072,578	624,917,743	544,682,322
Emergency room	28,947,238	27,670,986	205,177,933	200,908,922
Total	<u>\$ 267,564,348</u>	<u>\$ 253,443,204</u>	<u>\$ 1,702,009,407</u>	<u>\$ 1,633,044,443</u>



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

	<u>Month of January,</u>		<u>Seven months ended January 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 61,613,990	\$ 52,406,568	\$ 349,385,979	\$ 368,564,871
Other operating revenue	<u>328,494</u>	<u>799,043</u>	<u>7,575,234</u>	<u>5,277,500</u>
Total operating revenue	<u>61,942,484</u>	<u>53,205,611</u>	<u>356,961,213</u>	<u>373,842,371</u>
Operating expenses:				
Salaries and wages	17,798,503	17,150,520	117,136,222	121,658,236
Compensated absences	3,193,519	3,003,125	21,164,194	19,935,749
Employee benefits	9,012,836	7,935,014	58,759,047	53,579,056
Supplies, food, and linen	7,564,505	6,721,873	50,475,764	47,493,198
Purchased department functions	4,139,693	4,402,393	25,681,515	29,107,366
Medical fees	2,259,127	1,758,209	17,398,107	13,500,018
Other fees	2,981,889	3,061,248	16,222,380	20,841,879
Depreciation	2,390,598	3,374,974	16,775,845	14,743,048
All other expense	1,609,137	688,765	11,901,581	10,105,632
Total operating expenses	<u>50,949,807</u>	<u>48,096,121</u>	<u>335,514,655</u>	<u>330,964,182</u>
Income from operations	<u>10,992,677</u>	<u>5,109,490</u>	<u>21,446,558</u>	<u>42,878,189</u>
Non-operating income:				
Donations	1,000,015	4,176,790	2,333,567	5,036,136
Property taxes	333,333	333,333	2,333,333	2,333,333
Investment income	2,687,322	2,848,157	19,973,644	869,838
Taxes and licenses	0	0	0	0
Income from subsidiaries	<u>(5,018,479)</u>	<u>(5,388,873)</u>	<u>(31,458,126)</u>	<u>(23,353,614)</u>
Total non-operating income	<u>(997,809)</u>	<u>1,969,407</u>	<u>(6,817,582)</u>	<u>(15,114,307)</u>
Operating and non-operating income	<u>9,994,868</u>	<u>7,078,897</u>	<u>14,628,976</u>	<u>27,763,882</u>
Net assets to begin	<u>925,959,698</u>	<u>876,473,992</u>	<u>919,325,589</u>	<u>855,789,007</u>
Net assets to end	<u>\$ 935,954,566</u>	<u>\$ 883,552,889</u>	<u>\$ 933,954,566</u>	<u>\$ 883,552,889</u>
Net income excluding non-recurring items	\$ 9,994,868	\$ 7,078,897	\$ 14,628,976	\$ 27,763,882
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>\$ 9,994,868</u>	<u>\$ 7,078,897</u>	<u>\$ 14,628,976</u>	<u>\$ 27,763,882</u>

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

	<u>Month of January,</u>		<u>Seven months ended January 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	\$ (223,555)	\$ (291,153)	\$ (1,423,234)	\$ (1,176,484)
Neurological Clinic	(80,430)	(36,624)	(518,658)	(400,802)
Palliative Care Clinic	(96,907)	(73,986)	(615,459)	(490,482)
Surgery Clinic	(206,760)	(134,551)	(1,297,721)	(958,754)
Infectious Disease Clinic	(40,476)	(23,532)	(253,012)	(197,972)
Endocrinology Clinic	(249,892)	(165,006)	(1,604,863)	(1,096,604)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(658,904)	(324,351)	(4,056,325)	(2,750,468)
OB/GYN Clinic	(379,663)	(347,246)	(2,747,900)	(2,043,327)
PrimeCare Medical Group	(1,003,003)	(853,542)	(6,060,927)	(3,634,347)
Oncology Clinic	(363,583)	(105,723)	(2,298,809)	(1,680,508)
Cardiac Surgery	(185,270)	(387,569)	(2,094,519)	(1,864,081)
Sleep Center	(54,630)	(31,480)	(343,644)	(191,303)
Rheumatology	(77,219)	(26,004)	(492,547)	(391,836)
Precision Ortho MDs	(530,693)	(156,022)	(3,351,265)	(2,305,576)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(59,246)	(25,548)	(313,642)	(251,058)
Vaccine Clinic	0	0	16	(683)
Dermatology	(50,380)	(29,227)	(286,885)	(116,863)
Hospitalists	0	0	0	0
Behavioral Health	(60,198)	(44,816)	(314,499)	(234,085)
Pediatric Diabetes	(40,284)	(35,452)	(321,548)	(326,525)
Neurosurgery	(32,703)	(32,824)	(241,364)	(209,319)
Multi-Specialty-RR	1,303	16,994	19,866	77,684
Radiology	(360,050)	(420,147)	(2,243,847)	(1,454,183)
Salinas Family Practice	(133,209)	(13,610)	(966,162)	(611,074)
Urology	(199,553)	(24,501)	(1,206,127)	(680,785)
Total SVHC	(5,085,305)	(3,565,920)	(33,033,075)	(22,989,435)
Doctors on Duty	77,862	(687,421)	371,821	(216,012)
Vantage Surgery Center	0	0	0	0
LPCH NICU JV	0	(1,387,567)	0	(1,387,567)
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	207,358	281,747	949,261	1,124,830
Coastal	(217,350)	(60,772)	18,336	(126,899)
Apex	0	0	0	0
21st Century Oncology	(35,715)	7,858	(47,108)	(39,800)
Monterey Bay Endoscopy Center	34,672	23,202	282,638	281,269
Total	<u>\$ (5,018,479)</u>	<u>\$ (5,388,873)</u>	<u>\$ (31,458,126)</u>	<u>\$ (23,353,614)</u>

**SALINAS VALLEY HEALTH MEDICAL CENTER**  
**BALANCE SHEETS**  
**January 31, 2024**

	<u>Current year</u>	<u>Prior year</u>
<b>A S S E T S</b>		
Current assets:		
Cash and cash equivalents	\$ 219,093,803	\$ 298,481,556
Patient accounts receivable, net of estimated uncollectibles of \$37,830,830	107,899,596	92,153,235
Supplies inventory at cost	8,246,117	7,562,066
Current portion of lease receivable	1,239,543	546,861
Other current assets	<u>13,029,056</u>	<u>13,559,697</u>
Total current assets	<u>349,508,114</u>	<u>412,303,414</u>
Assets whose use is limited or restricted by board	<u>164,835,169</u>	<u>156,776,616</u>
Capital assets:		
Land and construction in process	75,034,848	47,644,135
Other capital assets, net of depreciation	<u>175,689,514</u>	<u>192,453,533</u>
Total capital assets	<u>250,724,362</u>	<u>240,097,667</u>
Other assets:		
Right of use assets, net of amortization	6,932,254	5,622,496
Long term lease receivable	666,332	1,186,426
Subscription assets, net of amortization	8,126,644	0
Investment in Securities	253,785,075	144,021,851
Investment in SVMC	6,182,038	8,555,839
Investment in Coastal	1,699,977	1,516,802
Investment in other affiliates	21,769,907	21,819,482
Net pension asset	<u>(8,710,975)</u>	<u>(1,830,527)</u>
Total other assets	<u>290,451,252</u>	<u>180,892,369</u>
Deferred pension outflows	<u>116,911,125</u>	<u>95,857,027</u>
	<u><u>\$ 1,172,430,022</u></u>	<u><u>\$ 1,085,927,094</u></u>
<b>L I A B I L I T I E S   A N D   N E T   A S S E T S</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 63,482,140	\$ 65,813,465
Due to third party payers	5,517,961	17,518,568
Current portion of self-insurance liability	18,883,412	18,356,763
Current subscription liability	4,375,801	0
Current portion of lease liability	<u>2,509,470</u>	<u>2,770,954</u>
Total current liabilities	94,768,784	104,459,750
Long term portion of workers comp liability	13,027,333	14,058,922
Long term portion of lease liability	4,643,054	3,101,049
Long term subscription liability	<u>3,472,954</u>	<u>0</u>
Total liabilities	<u>115,912,125</u>	<u>121,619,721</u>
Lease deferred inflows	1,771,268	1,642,999
Pension liability	<u>118,792,064</u>	<u>79,111,485</u>
Net assets:		
Invested in capital assets, net of related debt	250,724,362	240,097,667
Unrestricted	<u>685,230,204</u>	<u>643,455,222</u>
Total net assets	<u>935,954,566</u>	<u>883,552,889</u>
	<u><u>\$ 1,172,430,023</u></u>	<u><u>\$ 1,085,927,094</u></u>

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

	Month of January,				Seven months ended January 31,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 267,564,351	\$ 242,821,310	24,743,041	10.19%	\$ 1,702,009,407	\$ 1,642,046,827	59,962,580	3.65%
Deductions from revenue	205,950,360	192,211,509	13,738,851	7.15%	1,352,623,428	1,293,341,509	59,281,919	4.58%
Net patient revenue	61,613,991	50,609,801	11,004,190	21.74%	349,385,979	348,705,318	680,661	0.20%
Other operating revenue	328,494	1,332,540	(1,004,046)	-75.35%	7,575,234	9,327,780	(1,752,546)	-18.79%
<b>Total operating revenue</b>	<b>61,942,485</b>	<b>51,942,341</b>	<b>10,000,144</b>	<b>19.25%</b>	<b>356,961,213</b>	<b>358,033,098</b>	<b>(1,071,885)</b>	<b>-0.30%</b>
Operating expenses:								
Salaries and wages	17,798,503	17,294,885	503,618	2.91%	117,136,222	118,667,700	(1,531,478)	-1.29%
Compensated absences	3,193,519	3,012,564	180,955	6.01%	21,164,194	22,153,503	(989,309)	-4.47%
Employee benefits	9,012,836	8,239,445	773,391	9.39%	58,759,047	54,833,308	3,925,739	7.16%
Supplies, food, and linen	7,564,505	6,899,278	665,227	9.64%	50,475,764	47,855,732	2,620,032	5.47%
Purchased department functions	4,139,693	3,539,230	600,463	16.97%	25,681,515	24,774,606	906,909	3.66%
Medical fees	2,259,127	2,359,060	(99,933)	-4.24%	17,398,107	16,513,421	884,686	5.36%
Other fees	2,981,889	2,269,528	712,361	31.39%	16,222,380	15,793,271	429,109	2.72%
Depreciation	2,390,598	2,194,405	196,193	8.94%	16,775,845	14,859,814	1,916,031	12.89%
All other expense	1,609,137	1,841,330	(232,193)	-12.61%	11,901,581	12,810,377	(908,796)	-7.09%
<b>Total operating expenses</b>	<b>50,949,807</b>	<b>47,649,725</b>	<b>3,300,082</b>	<b>6.93%</b>	<b>335,514,655</b>	<b>328,261,731</b>	<b>7,252,924</b>	<b>2.21%</b>
<b>Income from operations</b>	<b>10,992,678</b>	<b>4,292,616</b>	<b>6,700,062</b>	<b>156.08%</b>	<b>21,446,558</b>	<b>29,771,367</b>	<b>(8,324,809)</b>	<b>-27.96%</b>
Non-operating income:								
Donations	1,000,015	166,667	833,348	500.01%	2,333,567	1,166,667	1,166,900	100.02%
Property taxes	333,333	333,333	(0)	0.00%	2,333,333	2,333,333	(0)	0.00%
Investment income	2,687,322	1,185,806	1,501,516	126.62%	19,973,644	8,300,639	11,673,005	140.63%
Income from subsidiaries	(5,018,479)	(3,965,473)	(1,053,006)	26.55%	(31,458,126)	(27,782,987)	(3,675,139)	13.23%
<b>Total non-operating income</b>	<b>(997,809)</b>	<b>(2,279,668)</b>	<b>1,281,859</b>	<b>-56.23%</b>	<b>(6,817,582)</b>	<b>(15,982,349)</b>	<b>9,164,767</b>	<b>-57.34%</b>
<b>Operating and non-operating income \$</b>	<b>9,994,869</b>	<b>\$ 2,012,948</b>	<b>7,981,921</b>	<b>396.53%</b>	<b>\$ 14,628,976</b>	<b>\$ 13,789,018</b>	<b>839,958</b>	<b>6.09%</b>



# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		Variance
	2023	2024	2022-23	2023-24	
NEWBORN STATISTICS					
Medi-Cal Admissions	28	30	259	245	(14)
Other Admissions	78	73	607	572	(35)
Total Admissions	106	103	866	817	(49)
Medi-Cal Patient Days	52	47	415	393	(22)
Other Patient Days	146	107	1,022	954	(68)
Total Patient Days of Care	198	154	1,437	1,347	(90)
Average Daily Census	6.4	5.0	6.7	6.3	(0.4)
Medi-Cal Average Days	1.8	1.8	1.7	1.7	0.0
Other Average Days	0.9	1.6	1.7	1.7	0.0
Total Average Days Stay	1.7	1.6	1.7	1.7	0.0
ADULTS & PEDIATRICS					
Medicare Admissions	470	400	2,852	2,647	(205)
Medi-Cal Admissions	291	278	2,065	1,851	(214)
Other Admissions	423	284	2,253	2,075	(178)
Total Admissions	1,184	962	7,170	6,573	(597)
Medicare Patient Days	2,190	1,654	12,207	10,733	(1,474)
Medi-Cal Patient Days	1,251	1,193	8,453	7,520	(933)
Other Patient Days	1,185	631	7,482	5,190	(2,292)
Total Patient Days of Care	4,626	3,478	28,142	23,443	(4,699)
Average Daily Census	149.2	112.2	130.9	109.0	(21.9)
Medicare Average Length of Stay	4.7	4.1	4.3	4.1	(0.2)
Medi-Cal AverageLength of Stay	3.7	4.0	3.5	3.5	0.0
Other Average Length of Stay	3.0	1.8	2.7	2.0	(0.7)
Total Average Length of Stay	3.9	3.3	3.5	3.2	(0.3)
Deaths	39	29	174	185	11
Total Patient Days	4,824	3,632	29,579	24,790	(4,789)
Medi-Cal Administrative Days	15	0	56	5	(51)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	15	0	56	5	(51)
Percent Non-Acute	0.31%	0.00%	0.19%	0.02%	-0.17%

# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		Variance
	2023	2024	2022-23	2023-24	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	390	307	2,135	1,736	(399)
Heart Center	385	342	2,481	2,304	(177)
Monitored Beds	806	659	4,764	4,353	(411)
Single Room Maternity/Obstetrics	292	267	2,399	2,190	(209)
Med/Surg - Cardiovascular	1,079	850	6,620	5,826	(794)
Med/Surg - Oncology	341	307	1,943	1,965	22
Med/Surg - Rehab	580	531	3,769	3,251	(518)
Pediatrics	139	136	957	944	(13)
Nursery	198	154	1,437	1,347	(90)
Neonatal Intensive Care	69	79	1,025	874	(151)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	96.77%	76.18%	76.39%	62.11%	
Heart Center	82.80%	73.55%	76.93%	71.44%	
Monitored Beds	96.30%	78.73%	82.07%	74.99%	
Single Room Maternity/Obstetrics	25.46%	23.28%	30.16%	27.53%	
Med/Surg - Cardiovascular	77.35%	60.93%	68.42%	60.22%	
Med/Surg - Oncology	84.62%	76.18%	69.52%	70.30%	
Med/Surg - Rehab	71.96%	65.88%	67.42%	58.16%	
Med/Surg - Observation Care Unit	0.00%	0.00%	0.00%	0.00%	
Pediatrics	24.91%	24.37%	24.73%	24.39%	
Nursery	38.71%	30.11%	20.25%	18.99%	
Neonatal Intensive Care	20.23%	23.17%	43.34%	36.96%	

# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		Variance
	2023	2024	2022-23	2023-24	
<u>DELIVERY ROOM</u>					
Total deliveries	104	102	837	753	(84)
C-Section deliveries	35	21	267	249	(18)
Percent of C-section deliveries	33.65%	20.59%	31.90%	33.07%	1.17%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	21,592	16,222	144,363	112,915	(31,448)
Out-Patient Operating Minutes	28,417	26,930	188,911	204,723	15,812
Total	50,009	43,152	333,274	317,638	(15,636)
Open Heart Surgeries	15	12	101	80	(21)
In-Patient Cases	157	115	982	809	(173)
Out-Patient Cases	264	278	1,914	2,036	122
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	38	24	210	244	34
High Risk	590	869	3,987	5,204	1,217
More Than One Resource	2,865	2,655	20,863	19,808	(1,055)
One Resource	1,503	1,691	15,383	13,534	(1,849)
No Resources	88	54	649	648	(1)
Total	5,084	5,293	41,092	39,438	(1,654)

# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		
	2023	2024	2022-23	2023-24	Variance
CENTRAL SUPPLY					
In-patient requisitions	17,248	13,675	107,379	92,017	-15,362
Out-patient requisitions	9,192	10,221	65,670	72,031	6,361
Emergency room requisitions	935	677	4,383	5,132	749
Interdepartmental requisitions	7,502	6,876	50,300	46,479	-3,821
Total requisitions	34,877	31,449	227,732	215,659	-12,073
LABORATORY					
In-patient procedures	44,539	40,812	283,968	258,702	-25,266
Out-patient procedures	10,104	41,103	72,076	167,740	95,664
Emergency room procedures	12,477	12,631	92,265	90,813	-1,452
Total patient procedures	67,120	94,546	448,309	517,255	68,946
BLOOD BANK					
Units processed	254	241	2,259	2,103	-156
ELECTROCARDIOLOGY					
In-patient procedures	1,225	1,224	7,894	7,685	-209
Out-patient procedures	308	366	2,368	2,760	392
Emergency room procedures	1,082	1,250	7,801	8,443	642
Total procedures	2,615	2,840	18,063	18,888	825
CATH LAB					
In-patient procedures	93	110	665	841	176
Out-patient procedures	70	134	556	806	250
Emergency room procedures	0	0	1	0	-1
Total procedures	163	244	1,222	1,647	425
ECHO-CARDIOLOGY					
In-patient studies	416	429	2,762	2,666	-96
Out-patient studies	262	312	1,607	1,937	330
Emergency room studies	1	0	9	7	-2
Total studies	679	741	4,378	4,610	232
NEURODIAGNOSTIC					
In-patient procedures	124	116	1,001	910	-91
Out-patient procedures	25	13	123	128	5
Emergency room procedures	0	0	0	0	0
Total procedures	149	129	1,124	1,038	-86

# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		Variance
	2023	2024	2022-23	2023-24	
SLEEP CENTER					
In-patient procedures	0	0	1	0	-1
Out-patient procedures	115	274	965	1,638	673
Emergency room procedures	0	0	1	0	-1
Total procedures	115	274	967	1,638	671
RADIOLOGY					
In-patient procedures	1,655	1,440	10,267	9,268	-999
Out-patient procedures	384	396	2,510	2,781	271
Emergency room procedures	1,409	1,438	10,846	10,400	-446
Total patient procedures	3,448	3,274	23,623	22,449	-1,174
MAGNETIC RESONANCE IMAGING					
In-patient procedures	149	141	1,065	982	-83
Out-patient procedures	56	98	669	796	127
Emergency room procedures	1	6	40	49	9
Total procedures	206	245	1,774	1,827	53
MAMMOGRAPHY CENTER					
In-patient procedures	3,599	4,057	27,913	28,996	1,083
Out-patient procedures	3,547	4,026	27,658	28,651	993
Emergency room procedures	2	0	7	9	2
Total procedures	7,148	8,083	55,578	57,656	2,078
NUCLEAR MEDICINE					
In-patient procedures	24	26	139	139	0
Out-patient procedures	83	97	628	744	116
Emergency room procedures	1	0	2	2	0
Total procedures	108	123	769	885	116
PHARMACY					
In-patient prescriptions	114,108	98,461	689,862	595,876	-93,986
Out-patient prescriptions	13,869	16,025	102,473	110,049	7,576
Emergency room prescriptions	7,455	8,968	61,974	64,845	2,871
Total prescriptions	135,432	123,454	854,309	770,770	-83,539
RESPIRATORY THERAPY					
In-patient treatments	22,711	19,701	125,827	116,513	-9,314
Out-patient treatments	1,138	1,145	7,555	7,592	37
Emergency room treatments	323	363	2,922	3,587	665
Total patient treatments	24,172	21,209	136,304	127,692	-8,612
PHYSICAL THERAPY					
In-patient treatments	2,866	2,521	18,208	17,682	-526
Out-patient treatments	180	265	1,200	1,842	642
Emergency room treatments	2	0	2	0	-2
Total treatments	3,048	2,786	19,410	19,524	114



# SALINAS VALLEY HEALTH MEDICAL CENTER

## PATIENT STATISTICAL REPORT

For the month of Jan and seven months to date

	Month of Jan		Seven months to date		
	2023	2024	2022-23	2023-24	Variance
OCCUPATIONAL THERAPY					
In-patient procedures	1,702	1,541	11,200	9,983	-1,217
Out-patient procedures	171	276	1,076	1,687	611
Emergency room procedures	0	0	0	0	0
Total procedures	1,873	1,817	12,276	11,670	-606
SPEECH THERAPY					
In-patient treatments	513	526	3,129	3,582	453
Out-patient treatments	28	40	164	272	108
Emergency room treatments	0	0	0	0	0
Total treatments	541	566	3,293	3,854	561
CARDIAC REHABILITATION					
In-patient treatments	0	1	1	10	9
Out-patient treatments	407	592	3,428	3,537	109
Emergency room treatments	0	0	0	0	0
Total treatments	407	593	3,429	3,547	118
CRITICAL DECISION UNIT					
Observation hours	601	423	3,024	2,221	-803
ENDOSCOPY					
In-patient procedures	86	80	609	522	-87
Out-patient procedures	59	39	429	397	-32
Emergency room procedures	0	0	0	0	0
Total procedures	145	119	1,038	919	-119
C.T. SCAN					
In-patient procedures	837	781	5,185	5,037	-148
Out-patient procedures	391	359	2,764	2,486	-278
Emergency room procedures	684	732	4,733	5,113	380
Total procedures	1,912	1,872	12,682	12,636	-46
DIETARY					
Routine patient diets	24,215	13,125	173,689	118,097	-55,592
Meals to personnel	24,695	28,709	177,103	199,414	22,311
Total diets and meals	48,910	41,834	350,792	317,511	-33,281
LAUNDRY AND LINEN					
Total pounds laundered	109,367	99,024	712,397	683,051	-29,346

# Balanced Scorecard

*Year To Date: December 2023*

# Monthly Scorecard

## Service (30%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
I. Service										
Average of Inpatient HCAHPS Scores	72.5	72.6	74.6	76.8	73.8	74.0	74.0	73.1	1.3%	72.6
# of Total Responses - IP	139	189	136	92	138	120				
Emergency Room Press Ganey Score	63.4	59.4	57.5	53.0	54.8	59.8	58.0	58.5	-0.9%	58.0
# of Total Responses - ER	223	193	195	224	169	161				
Average of Ambulatory HCAHPS Scores	92.4	91.6	92.3	90.6	92.9	96.4	92.7	92.1	0.7%	91.6
# of Total Responses - Ambulatory	61	72	62	47	54	44				

### Notes / Assumptions:

- Source: Press Ganey
- Based on monthly **received date**
- Based on top box scores (highest response possible on the survey scale: Yes, Definitely Yes, Always)
- IP HCAHPS Score FY 2023 Baseline was 72.6. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.
- ER HCAHPS Score FY 2023 Baseline was 58.0. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.
- Ambulatory HCAHPS Score FY 2023 Baseline was 91.6. Rationale: Baseline = Threshold is based on FY 2023 Actuals. Target is +0.5 from baseline. Max is +1.0 from baseline.

# Monthly Scorecard

## Quality & Safety Processes – ER (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Emergency Room Efficiencies										
Median length of stay for non-admits (in minutes)	180.0	189.0	181.0	185.0	183.0	189.0	184.0	183.0	-0.5%	180.0
Median time from admit decision to time of admission to nursing unit (in minutes)	75.5	71.0	73.0	71.0	76.0	79.0	75.0	74.0	-1.4%	76.0

Source: Meditech





**ER - LOS for Non-Admits in Minutes:** Data Criteria: Calculate the median LOS in minutes for ER Outpatients for each month & YTD for cases in ER (excludes inpatients and patients leaving against medical advice or left without being seen.) Maximum is based the FY23 Baseline. The Target is a 3 minute increase from the Max, and the Threshold is a 6 minute increase from the Max. **Rationale:** SVMH ER has recently experienced a higher volume level, including a surge of patients and provider turnover. According to CMS, the latest available data from 2021 indicates that the State Rate is 196 minutes and the National Rate is 203 minutes for comparable size hospitals.

**ER - Time to Admit in Minutes:** Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Baseline = Threshold is based on FY 2023 Actuals. The Target is a 2 minute decrease from the Baseline, and the Max is a 4 minute decrease from the Baseline.

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

# Monthly Scorecard

## Quality & Safety Processes – OR & Cath Lab (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %		FY 2023 Baseline
Operating Room Efficiencies											
Turnover Time (Wheels out / Wheels in) (in minutes)	30.2	28.4	30.2	31.0	31.1	31.3	30.4	30.5	0.4%		29.6 
Cath Lab Efficiencies											
First Case - On Time Start %	N/A	N/A	N/A	N/A	79.5%	73.7%	76.6%	75.0%	2.1%		49.0% 

**OR Turnover Time Measurement:** Source is from the **PICIS OR Nurse Record**. Calculate minutes elapsed between the wheels out & wheels in of the next case. Only cases where the time difference is less than or equal to 60 minutes will be included because breaks are often scheduled in a day. Due to MD availability, cases that exceed 60 threshold minutes will not count as a turnover. Excludes non-scheduled cases. Measurement applies to cases for the same physician and same room only. Data will be partition by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 2024 Goals are set at a level to continue high efficiency performance and strive to maintain sustainability at these levels. Planning to reduce minutes may cause patient safety risks and other concerns, especially considering the Covid-19 ongoing pandemic and the impact its had in our hospital capacity as well as in our perioperative operations. Additionally, our OPS department has moved over to the other side of the building into 1 Main, which means the nurse, anesthesiologist and surgeon now have to go that distance to interview and mark the patient. While this isn't a huge distance, it can add 1-2 minutes to each start and/or turnover.

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

- Source is from Meditech Community Wide Scheduling for the first case scheduled in each Cath Lab, where the scheduled time is from 7:00 am to 9:00 am
- Conscious sedation patients prepped and draped 5 minutes before the scheduled start time as measured by “Patient Ready” note charted in McKesson/CPACS
- Anesthesia patients prepped and draped within 60 minutes of scheduled start time as measured by “Patient Ready” note charted in McKesson/CPACS
- *Measurement period is from November 2023 through June 2024.* This is due to adjustments made to the Cath Lab scheduling policy, provider notification and implementation time.



# Monthly Scorecard

## Quality & Safety Processes – HAC & Hand Hygiene (10%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Hospital Acquired Conditions Index (Weighted Total)	N/A	N/A	8.3	N/A	N/A	4.3	6.3	3.9	-62.8%	4.2
Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	N/A	N/A	N/A	N/A	N/A	198	198	100	98.0%	60

### Hospital Acquired Conditions

Source: National Healthcare Safety Network (NHSN) & BD Health Insight Interface

Hospital Acquired Conditions will be measured **quarterly**

**Rationale for Targets: Utilizing CMS/NHSN/Magnet benchmarks and last years FY targets for sustainment and ongoing prevention practices. Process improvement measures for Falls, HAPIs, CLABSI, CAUTI, CDI and SSI processes are in place.**

- **Falls with injury:** NDNQI Magnet benchmark 0.5- our outcomes in FY2022 and FY2023 are meeting the benchmarks
- **HAPI-** stage 2 and Deep tissue injuries are added to the CMS measures already reported (currently stage 3,4 and unstageable events are reported)- goal expanded. No current benchmark. We have already improved the outcomes in FY 2023 over FY 2021- we are proposing to keep/sustain the current outcomes. Displayed as a rate: number of pressure injuries /over 1000 patient days.
- **CLABSI** (Central Line Associated Bloodstream Infection), Health & Human Services 2023 Goal for CLABSI: SIR <0.50. An HAI Event can create increases above the benchmark SIR due to low utilization. Example: FY Q2 2021 1 CLABSI increased the SIR to 0.63. We will utilize a rate methodology: number of infections/ over 1000 line days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data. This is important for rapid continuous improvement work.
- **CAUTI** (Catheter Associated Urinary Tract Infection) Health & Human Services 2023 Goal for CAUTI: SIR <0.75. An HAI Event(s) can create increases above the benchmark SIR due to low utilization. Example: FY Q4 2022 1 CAUTI increased the SIR to 0.72 .We will utilize a rate methodology: number of infections/ over 1000 line days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.
- **CDI** (Clostridium Difficile Infection), Health & Human Services 2023 Goal for CDI: SIR <0.70. We will utilize a rate methodology: number of infections/ over 1000 patient days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.
- **SSI** (Surgical Site Infections), Health and Human Services 2023 Goal for SSI <0.70. We will utilize a rate methodology: number of infections/ over 1000 procedure days – this rate is not risk adjusted like the SIR rate is but it provides us with the ability to display outcome measures after the close of the month instead of waiting from NHSN for benchmarked data.

### Hand Hygiene

Source: Hand Hygiene Auditing Tool populated by SVHMC staff, Goal is to reach 100 observations/quarter/unit –Leapfrog minimum recommended goal

*Because this is a new program, the measurement period starts October 1<sup>st</sup> and the first measurement period will be available for FY24 Q2*

# Monthly Scorecard

## Finance (20%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
IV. Finance										
Income from Operations (Normalized & Adjusted) (\$ in Millions)	\$3,317	\$5,915	\$6,601	\$5,278	\$2,646	\$5,928	\$59,369	\$50,681	17.1%	\$79,748
Operating Margin (Normalized)	6.6%	11.1%	12.4%	10.2%	5.2%	10.9%	9.4%	8.2%	14.7%	12.4%

### Notes / Assumptions:

- Target Methodology is based on SVHMC’s 100% of FY 2024 Board Approved Annual Operating Budget (in dollars).
- *Targets/actuals will be adjusted for FY24 for any negative impacts from the Anthem negotiations.*

# Monthly Scorecard

## Growth (10%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
V. Growth										
Percentage of Medicare Patients with <u>Post Discharge Follow Ups</u> within 14 days for an Inpatient Encounter (Attributed to SVH Clinics; Medicare Shared Savings Program and Aspire)	N/A	N/A	70.5%	N/A	N/A	62.2%	66.3%	70%	-5.3%	60.7%
Robotic-Assisted Surgeries (DaVinci X1 System Only)	16	21	25	35	28	27	152	124	22.6%	113
Expand Epic Access for Hospital Departments (view access to Ambulatory Medical Record)	N/A	N/A	3	N/A	N/A	0	3	6	-50.0%	3

- **Post Discharge Follow Up:** The eligible population is approximately 13,000 (MSSP=9768 and Aspire=3315). The denominator will consist of any hospital discharges for this eligible population. The numerator will consist of those patients with a post-discharge follow-up within 14 days. *Data will be provided quarterly.*
- **Robotic Surgery:** The volume of robotic-assisted surgeries attributed to use of DaVinci system only. Currently 4 surgeons are using the robot. Plan for expansion to urology. *Data will be provided monthly* and will be broken down by physician and procedure category.
- **Expanded Epic Access:** Plan is to provide access to various hospital departments with emphasis on departments with clinical staff.
  - Areas of emphasis for FY 2024: L&D, ONS (4th Floor), Med Surg (3rd Floor), Critical Care (1Main), 3rd Tower, 4th Tower, ICU, Telemetry
  - Rollout will require implementation plan and resources to ensure success/adoption
  - Important for care continuity, especially medication reconciliation
  - *Data will be provided quarterly.*

# Monthly Scorecard

## Community (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
VI. Community										
Increase community engagement through a newly designed employee outreach program resulting in community benefit events involving Salinas Valley Health staff. (Number of events)	0	0	0	0	0	1	1	2	-50.0%	NA

- The Community Pillar team will engage employees to create an employee outreach program, designing various program elements and characteristics such as:
  - Method of measuring impact/benefit provided to the community
  - Measurement of employee/family/friends engagement
  - Alignment with Community Benefit Funding
  - Addresses issues identified in Community Health Needs Assessment
  - Communication strategy
  - Measurement and reporting structure
  - Objectives and goals
  - Employee driven
  - Sustainability
  - Processes such as applications and approvals
- The Community Pillar team will engage employees to execute the created employee outreach program resulting in community benefit events.
- The first Community Engagement Event was Closter Park during December, in alignment with the Community Funding/Community Benefit process. The January report will show the following: The next Community Engagement event specifically aimed at engaging staff is MLK Day of Service, with two options, one on MLK day and one of the following Saturday.

# ***Questions / Comments?***





# ***APPENDIX***

# Monthly Scorecard

## Quality & Safety Processes – HAC Detail

Organizational Goals by Pillar	Jul	Aug	Sep	Q1	Oct	Nov	Dec	Q2	FY 2024 Act/Proj	TARGET	Variance	Var %	FY 2023 Baseline
<b>Hospital Acquired Conditions Index</b>													
Falls With Injury, Occurance Rate (16.7% Weight)	0.00	0.00	0.74	0.25	0.24	0.47	0.22	0.31	0.28	0.18	-0.1	-51.3%	0.26
# of FALLS EVENTS	0	0	3	3	1	2	1	4					
HAPI Stages 2-4 and Unstageable Rate (16.7% Weight)	1.57	3.41	2.53	2.50	1.45	2.00	0.95	1.47	1.98	2.03	0.0	2.2%	2.03
# of HAPI EVENTS	6	12	9	27	5	7	4	16					
Surgical Site Infections Rate (16.6% Weight)	10.81	0.00	0.00	3.60	0.00	6.80	0.00	2.27	2.94	0.80	-2.1	-268.3%	0.80
# of SSI EVENTS	2	0	0	2	0	1	0	1					
CLABSI Rate (16.7% Weight)	0.00	2.15	0.00	0.72	0.00	0.00	0.00	0.00	0.36	0.27	-0.1	-31.3%	0.41
# of CLABSI EVENTS	0	1	0	1	0	0	0	0					
CAUTI Rate (16.7% Weight)	1.54	0.00	1.44	0.99	0.00	0.00	0.00	0.00	0.50	0.36	-0.1	-39.9%	0.47
# of CAUTI EVENTS	1	0	1	2	0	0	0	0					
CDI Rate (16.6% Weight)	0.29	0.30	0.00	0.20	0.30	0.29	0.27	0.29	0.24	0.23	0.0	-5.5%	0.25
# of CDI EVENTS	1	1	0	2	1	1	1	3					
<b>Hospital Acquired Conditions Index (Weighted Total)</b>				8.26				4.33	6.29	3.87	-2.4	-62.8%	4.22
<b>Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	198	198	100			

# **ADJOURNMENT**