



July 19, 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 HEALTH¹** will be held **MONDAY, JULY 22, 2024, AT 12:00 P.M., HEART CENTER TELECONFERENCE ROOM, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.**
(Visit SalinasValleyHealth.com/virtualboardmeeting for Public Access Information).

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

Allen Radner, MD
President/Chief Executive Officer

Committee Voting Members: **Joel Hernandez Laguna**, Chair, **Juan Cabrera**, Vice-Chair, **Allen Radner, MD**, President/CEO; **Augustine Lopez**, Chief Financial Officer; and **Tarun Bajaj, M.D.**, Medical Staff Member.

Advisory Non-Voting Members: Sanjeev Tandon and Harry Wardwell, Community Members, Administrative Executive Team.

**FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**MONDAY, JULY 22, 2024, 12:00 P.M.
HEART CENTER TELECONFERENCE ROOM**

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

(Visit SalinasValleyHealth.com/virtualboardmeeting for Public 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 June 24, 2024. (HERNANDEZ LAGUNA)

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

4. Consider recommendation for approval of a budget augmentation to be funded in the Fiscal Year 2025 for the Nuclear Medicine Equipment Replacement Project. (MILLER)

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

5. Consider recommendation for approval of a budget augmentation to be funded in the Fiscal Year 2025 for the CT Equipment Replacement Project. (MILLER)

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

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

6. Closed Session
7. Reconvene Open Session
8. Consider Recommendation for Board Approval of the Workday Financial and Supply Chain Management Solutions as Sole Source and Contract Award. (LOPEZ/PARKS/CLEVELAND/NORMAN/MELTON)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
9. Consider Recommendation for Board Approval of the Lease Agreement between Salinas Valley Memorial Healthcare System (SVMHS) and Mobile Modular Management Corporation for the Installation and Lease of Two (2) Modular Units. (MILLER)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
10. Financial and Statistical Review (LOPEZ)
11. Review Balanced Scorecard (LOPEZ)
12. Capital Spending YTD June 30, 2024 Update (LOPEZ/NORMAN/SULLIVAN)
13. Adjournment

The next Finance Committee Meeting is scheduled for **Monday, August 19, 2024 at 12:00 p.m.**

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

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, 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

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 HEALTH¹
FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES JUNE 24, 2024

Committee Member Attendance:

Voting Members Present: **Joel Hernandez Laguna**, Chair; attended via teleconference under Just Cause Government Code Section 54953(2)(A)(i), **Juan Cabrera**, Vice-Chair; **Augustine Lopez**, Chief Financial Officer; and **Tarun Bajaj, M.D.**, Medical Staff Member;

Voting Members Absent: **Allen Radner, MD**, President/CEO;

Advisory Non-Voting Members Present: Sanjeev Tandon (via teleconference), and Administrative Executive Team Members Clement Miller, COO, and Carla Spencer, CNO, (in person), and Michelle Childs, CHRO (via teleconference).

Other Board Members Present, Constituting Committee of the Whole: Catherine Carson (via teleconference).

Vice-Chair Cabrera arrived at 12:06 p.m.

1. CALL TO ORDER/ROLL CALL

A quorum was present and Chair Joel Hernandez Laguna, called the meeting to order at 12:03 p.m. in the Downing Resource Center, Rooms A, B, and C.

2. PUBLIC COMMENT:

None.

3. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF PROJECT BUDGET FOR THE SALINAS VALLEY HEALTH CLINICS X-RAY EQUIPMENT INSTALLATION OF 559 ABBOTT STREET IMAGING CENTER

Gary Ray, CLO reported that Salinas Valley Health is pursuing tenant improvements to facilitate the installation of a new x-ray system within an existing medical office building located at 559 Abbott Street, Salinas. The planned renovations include architectural finish replacements (flooring, paint, minor wall re-working, cabinetry/counters), electrical infrastructure, low voltage cabling, office furniture, technology, and office equipment necessary to facilitate the installation of the Swissray ddR Aura X-Ray system. SVH Administration and Facilities Management requests a recommendation from the Finance Committee to the SVH Board of Directors for approval of capital funding to complete renovations and procure furnishings, furniture and equipment. The total requested budget allocation for the project is Four Hundred Fifty Thousand Dollars (\$450,000). A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION:

None.

PUBLIC COMMENT:

None.

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

MOTION:

Upon motion by Committee Vice-Chair Cabrera and second by Committee member Dr. Bajaj, the Finance Committee recommends Board of Directors approval of the total estimated Project Budget for the Salinas Valley Health Clinics X-Ray Equipment Installation at 559 Abbott Street Imaging Center in the budgeted amount of \$450,000.

ROLL CALL VOTE:

Ayes: Cabrera, Dr. Bajaj, Lopez and Hernandez-Laguna;

Nays: None;

Abstentions: None;

Absent: Dr. Radner.

Motion Carried**4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF QUEST DIAGNOSTICS REFERENCE LABORATORY AGREEMENT**

Clement Miller, COO reported that Salinas Valley Health has an ongoing need to send out certain tests to a reference laboratory when it is not cost effective or urgent for patient care to perform that testing in house. SVH has an existing Reference Laboratory Agreement with Quest Diagnostics that has been in existence for several years. This year we were able to work with Quest to negotiate a 33% reduction in overall cost for the testing that is being sent to them, resulting in a decrease in annual costs from an expected \$2.5 million to a projected \$1.7 million (projected annual savings of over \$830,000). A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION:

None.

PUBLIC COMMENT:

None.

MOTION:

Upon motion by Committee member Lopez and second by Committee Vice-Chair Cabrera, the Finance Committee recommends Board of Directors approval of the new three-year agreement with Quest Diagnostics in the amount of \$5,125,103 (annual cost of \$1,708,338).

ROLL CALL VOTE:

Ayes: Cabrera, Dr. Bajaj, Lopez and Hernandez-Laguna;

Nays: None;

Abstentions: None;

Absent: Dr. Radner.

Motion Carried**5. MINUTES OF THE FINANCE COMMITTEE MAY 20, 2024**

Approve the minutes of the May 20, 2024 Finance Committee meeting. The information was included in the Committee packet.

COMMITTEE MEMBER DISCUSSION:

None.

PUBLIC COMMENT:

None.

MOTION:

Upon motion by Committee Vice-Chair Cabrera, and second by Committee Dr. Bajaj, the minutes of the May 20, 2024 Finance Committee were approved as presented.

ROLL CALL VOTE:

Ayes: Cabrera, Dr. Bajaj, and Hernandez-Laguna;

Nays: None;

Abstentions: Lopez;

Absent: Dr. Radner.

Motion Carried

6. CLOSED SESSION

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

The meeting recessed into Closed Session under the Closed Session Protocol at 12:11 p.m.

7. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Board reconvened Open Session at 12:30 p.m. Chair Hernandez Laguna announced in Closed Session, the Board received a *Report Involving Trade Secrets: Trade secret, strategic planning/proposed new programs and services*. No action was taken.

8. REVIEW AND CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF (FY2025) OPERATING AND CAPITAL BUDGET

Augustine Lopez, CFO, provided a presentation on the proposed FY2025 Operating and Capital Budget including FY2013-FY2024 average daily census (ADC) comparison, the FY2025 ADC budget assumption, key operating budget assumptions, Salinas Valley Medical Clinic key assumptions, FY2024-FY2025 comparison/projection, executive summary of key budget assumptions, and the proposed capital budget FY2025. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: The FY2025 Operating and Capital Budget has been reviewed in depth by the members of the Board at the Special Meeting of the Board on June 6, 2024. There were no comments from meeting attendees.

PUBLIC COMMENT:

None.

MOTION:

Upon motion by Committee Vice-Chair Cabrera and second by Committee Member Dr. Bajaj, the Finance Committee recommends Board of Directors approval of the SVH Operating & Capital Budget for Fiscal Year 2025 with a Budgeted Operating Margin Loss of <\$12.8M> or <1.7%> and a Total Capital Budget of \$101.3M.

ROLL CALL VOTE:

Ayes: Cabrera, Dr. Bajaj, Lopez and Hernandez-Laguna;

Nays: None;

Abstentions: None;

Absent: Dr. Radner.

Motion Carried**9. FINANCIAL PERFORMANCE REVIEW**

An update was received from Augustine Lopez, CFO, on the Financial Performance Review for the month of May 2024. Highlights included Income from Operations \$7.1M, Net Income \$10.9M, Consolidated Net Income \$6.3M, and Days Cash on Hand of 352. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION:

None.

10. BALANCED SCORECARD

The Balanced Scorecard Summary for FY2024, year-to-date April 2024 was included in the Committee packet for committee review. Mr. Lopez provided a brief review of metrics and progress.

COMMITTEE MEMBER DISCUSSION:

None.

11. ADJOURNMENT

There being no other business, the meeting was adjourned at 12:40 p.m. The next Finance Committee Meeting is scheduled for **Monday, July 22, 2024 at 12:00 p.m.**

Joel Hernandez Laguna, Chair

Board Paper—Approved Projects: Board of Directors

Agenda Item: **Consent Agenda for Approved Projects**

Responsible Executive(s): Clement Miller, COO

Board Meeting Date: **July 25, 2024**

Executive Summary:

Project Name: Nuclear Medicine Equipment Replacement Project

Budget Code: 2020-078

Approved Project Cost: \$3,002,053

To be Ratified by Board:

C.I.P: 01.1250.3710

Contract Amount: \$352,021

Description: Additional funding is for design, construction, inspections and testing measures, and mobile equipment rentals

Summary of Contract Terms & Conditions

Existing contract terms and conditions shall apply.

Recommendation

Consider recommendation for approval/ratification of the above-reference budget augmentation in the amount of \$352,021.

Attachments

Board Paper: Finance Committee

Board Paper: Finance Committee

Agenda Item: **Consider recommendation for approval of a budget augmentation in the amount of \$352,021 to be funded in the Fiscal Year 2025 for the Nuclear Medicine Equipment Replacement Project.**

Executive Sponsor: Clement Miller, COO

Date: July 8, 2024

Executive Summary

Salinas Valley Health is pursuing Nuclear Medicine equipment upgrades to enhance the diagnostic capability of exams by offering new and emerging procedures such as improved small lesion detectability, reduced scan times, and decreased patient dose. In renovation of the nuc med suite with a new control room, restroom and hot lab, building improvements to architectural, controls, electrical, fire life safety, mechanical, nurse call, plumbing, and structural systems have been implemented to facilitate workflow and comply with current building codes. Throughout construction, mobile nuc med equipment rentals have also been procured ensuring continuous service to the community. The original budget was approved during the August 2022 Board during the early design phase of the project. Anticipated completion of the construction contract is Summer 2024.

Background/Situation/Rationale

The additional funding is for design, construction, inspections, and testing measures in compliance with current fire life safety and structural standards, and for mobile equipment rentals. The following direct and indirect construction improvements are included: (A) Corrections and repairs to existing conditions to meet building code requirements, (B) Additional upgrades to architectural, electrical, fire life safety, mechanical, nurse call, plumbing and structural systems, (C) Unforeseen condition demolition, monitoring and abatement measures, and (D) Mobile equipment rentals.

The portion of the additional funding attributed to vendor delivery-related adjustments of direct and indirect construction costs include the following and are noted herein: (A) Mobile equipment rentals and (B) Extended conditions coordinating project Certificate of Occupancy with vendor delivery and equipment implementation timelines. To recover the actual costs related to these changes, Salinas Valley Health shall pursue negotiations with Canon Medical Systems, Inc.

CANON-RELATED DELIVERY COST IMPACT ESTIMATES	
The Nuc Med project Milestone has been awarded Substantial Completion status by HCAI. However, the Nuc Med and CT project Certificate of Occupancy is still pending full completion of both Nuc Med and CT Milestones.	
Mobile Equipment Rentals, 2.3 months	\$59,500
Total Estimated Cost Impacts on Nuc Med Project	\$59,500

<p>Significant project impacts are attributed to:</p> <p>(A) Corrections and repairs to existing conditions building conditions including electrical, fire alarm, fire life</p> <p>(B) Upgrades to architectural, electrical, fire alarm/fire life safety, mechanical, nurse call and plumbing systems</p> <p>(C) Unforeseen condition demolition, monitoring, testing and abatement</p> <p>(D) Mobile equipment rentals required throughout Nuclear Medicine department decommissioning through</p> <p>(E) Extended conditions coordinating project Certificate of Occupancy with vendor delivery and equipment implementation timelines</p>

Meeting our Mission, Vision, Goals

It is the mission of Salinas Valley Memorial Healthcare System to provide quality healthcare to our patients for the health and well-being of our community. The provision of a modernized, code-compliant Nuclear Medicine suite will support present and future needs of our patients.

Pillar/Goal Alignment

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

Timeline

Summer 2024 – Construction contract completion, nuc med building licensing, and go-live with Applications training

Financial Implications

Budget: Fiscal Year 2024 capital budgeting allocated funding for planning, design, permitting, procurement, and mobile equipment rentals in the amount of \$3,002,053 during the early design phase. Current planning estimates total direct and indirect construction improvements and mobile unit costs at \$3,354,074.

Current capital budget forecast includes:
Fiscal Year 2023-2024 - \$2,941,451
Fiscal Year 2025 - \$412,623

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

Recommendation

Consider recommendation for approval of a budget augmentation in the amount of \$352,021 to be funded in the Fiscal Year 2025 for the Nuclear Medicine Equipment Replacement Project.

Attachments

Attachment 1: Budget Summary

Nuclear Medicine Equipment Replacement CIP 01.1250.3710

Architect: HMC Architects

Subject: Budget Control Report

Date Printed:

7/18/2024

Approved Budget:

\$3,002,053

Anticipated Completion:

FY25 Q1

Prepared by: Bogard Team

Budget Summary													
Line Item	Description	A	A1	B	C	D	E (C+D)	F	G	H (B-(E+F))	Notes	CASH FLOW SUMMARY	
		Original Budget	Budget Revisions	Current Budget	Contracts	Executed Change Order Requests	Contracts to Date	Potential Change Orders / Anticipated Contracts	Invoice Payments	Available Budget		FY23-24	FY25
1	Construction												
100	Construction												
	110 Builders	\$1,328,779	\$66,439	\$1,395,218	\$1,225,776	\$50,377	\$1,276,153	\$149,096	\$1,086,027	-\$30,031		\$1,276,153	\$149,096
2	Design												
200	Professional Fees - HMC, JAMA	\$275,000	\$0	\$275,000	\$317,653	\$0	\$317,653	\$0	\$298,230	-\$42,653		\$317,653	\$0
	Inspections and Consultation							\$0					
300	Inspector of Record	\$50,000	\$0	\$50,000	\$41,655	\$0	\$41,655	\$25,080	\$41,655	-\$16,735		\$41,655	\$25,080
	Special Inspections - Kleinfelder	\$30,000	\$0	\$30,000	\$18,223	\$0	\$18,223	\$0	\$18,223	\$11,777		\$18,223	\$0
	Testing	\$13,000	\$0	\$13,000	\$36,731	\$0	\$36,731	\$0	\$15,000	-\$23,731		\$36,731	\$0
4	AHJ Fees												
400	OSHPD Fees, Salinas Fire	\$50,000	\$0	\$50,000	\$37,464	\$0	\$37,464	\$2,997	\$40,267	\$9,539		\$37,464	\$2,997
5	Soft Costs												
502	Construction Management	\$348,000	\$0	\$348,000	\$348,000	\$0	\$348,000	\$0	\$348,000	\$0		\$348,000	\$0
7	FF&E												
701	Equipment												
	NM equipment	\$713,335	\$0	\$713,335	\$713,335	\$0	\$713,335	\$18,000	\$0	-\$18,000		\$713,335	\$0
	Mobile Rentals	\$127,500	\$0	\$127,500	\$127,500	\$0	\$127,500	\$235,450	\$0	-\$235,450		\$127,500	\$235,450
703	Data & Phone Equipment, Furnishings, Signage												
	Data & Low Voltage Package	\$0	\$0	\$0	\$5,737	\$0	\$5,737	\$0	\$6,466	-\$5,737		\$5,737	\$0
	Signage, Furnishings	\$0	\$0	\$0	\$1,000	\$0	\$1,000	\$0	\$3,177	-\$1,000		\$1,000	\$0
		\$0											
9900	Project Contingency	\$66,439	-\$66,439	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	
Totals		\$3,002,053	\$0	\$3,002,053	\$2,872,074	\$50,377	\$2,923,451	\$430,623	\$1,853,868	-\$352,021		\$2,941,451	\$412,623

Board Paper—Approved Projects: Board of Directors

Agenda Item: **Consent Agenda for Approved Projects**

Responsible Executive(s): Clement Miller, COO

Board Meeting Date: **July 25, 2024**

Executive Summary:

Project Name: CT Equipment Replacement Project

Budget Code: 2020-077

Approved Project Cost: \$3,139,051

To be Ratified by Board:

C.I.P: 01.1250.3705

Change Amount: \$485,383

Description: Additional funding is for design, construction, inspections and testing measures, and mobile equipment rentals. A portion of this added cost is related to vendor delivery changes, and will be pursued in negotiation with the vendor as actual project costs are reconciled.

Summary of Contract Terms & Conditions

Existing contract terms and conditions shall apply.

Recommendation

Consider recommendation for approval/ratification of the above-referenced budget augmentation in the amount of \$485,383.

Attachments

Board Paper: Finance Committee

Board Paper: Finance Committee

Agenda Item: **Consider recommendation for approval of a budget augmentation to be funded in the Fiscal Year 2025 for the CT Equipment Replacement Project.**

Executive Sponsor: Clement Miller, COO

Date: July 8, 2024

Executive Summary

Salinas Valley Health is pursuing CT equipment replacement to upgrade system capabilities including AI image reconstruction, patient positioning aids, increased weight capacities, and high quality cardiac imaging resulting in fewer patient transfers to Ryan Ranch, lower radiation dose needs, reduced artifacts, and reduced exam times. In renovation of the CT equipment room and control room, building improvements to architectural, controls, electrical fire life safety, mechanical, nurse call, plumbing and structural systems have been implemented to facilitate workflow and comply with current building codes. Throughout construction, mobile CT equipment rentals have also been procured ensuring continuous service to the community. The original budget was approved during the August 2022 Board during the early design phase of the project. Anticipated completion of the construction contract is Summer 2024.

Background/Situation/Rationale

The additional funding is for design, construction, inspections, and testing measures in compliance with current fire life safety and structural standards, and mobile equipment rentals, with a portion of the costs relating to vendor delivery coordination. The following direct and indirect construction improvements and costs include: (A) Corrections and repairs to existing conditions to meet building code requirements, (B) Additional upgrades to architectural, electrical, fire life safety, mechanical, nurse call, plumbing and structural systems, (C) Unforeseen condition demolition, monitoring and abatement measures, (D) Mobile equipment rentals, and (E) Extended conditions and rental costs from coordinating the CT and Nuc Med projects' Certificate of Occupancy completion with vendor delivery and equipment implementation timelines.

The portion of the additional funding attributed to vendor delivery-related adjustments of direct and indirect construction costs include the following and are noted herein: (A) Extended conditions for construction, design, and inspections, and (B) Mobile equipment rentals. To recover the actual costs related to these changes, Salinas Valley Health shall pursue negotiations with Canon Medical Systems, Inc.

ESTIMATE OF VENDOR-RELATED DELIVERY COST IMPACTS	
Construction	\$52,780
Design and Consultant Fees	\$35,882
Construction Management and Inspections	\$47,320
Mobile Equipment Rentals	\$119,000
Total Estimated Cost Impacts of Changes to Canon Delivery	\$254,982

<p>Significant project impacts are attributed to:</p> <p>(A) Corrections and repairs to existing conditions building conditions including electrical, fire alarm, fire life safety,</p> <p>(B) Upgrades to architectural, electrical, fire alarm/fire life safety, mechanical, and nurse call systems</p> <p>(C) Unforeseen condition demolition, monitoring, testing and abatement</p> <p>(D) Mobile equipment rentals required throughout construction and licensing</p> <p>(E) Extended conditions coordinating project Certificate of Occupancy completion with vendor delivery and equipment implementation timelines</p>
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Meeting our Mission, Vision, Goals

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Pillar/Goal Alignment

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

Timeline

Summer 2024 – Construction contract completion, CT licensing, and go-live with Applications training

Financial Implications

Budget: Fiscal Year 2024 capital budgeting allocated funding for planning, design, permitting, procurement, and mobile equipment rentals in the amount of \$3,139,051 during the early design phase. Current planning estimates total direct and indirect construction improvements and mobile unit costs at \$3,624,434. The currently estimated portion of Canon-related costs approximates \$250,000.

Current capital budget forecast includes:

Fiscal Year 2023-2024 - \$2,422,873

Fiscal Year 2025 - \$1,201,560

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

Recommendation

Consider recommendation for approval of a budget augmentation in the amount of \$485,383 to be funded in the Fiscal Year 2025 for the CT Equipment Replacement Project.

Attachments

Attachment 1: Budget Summary

Salinas Valley Memorial Healthcare System 10348

Salinas Valley Health CIP 01.1250.3705

CT Scanner Equipment Replacement

Architect: HMC Architects

Subject: Budget Control Report

Date Printed: 7/18/2024

Approved Budget: \$3,139,051

Anticipated Completion: FY25 Q1

Prepared by: Bogard Team

Budget Control Summary													
Line Item	Description	A	A1	B	C	D	E (C+D)	F	G	H (B-(E+F))	Notes	CASH FLOW SUMMARY	
		Original Budget	Budget Revisions	Current Budget	Contracts	Executed Change Order Requests	Contracts to Date	Potential Change Orders / Anticipated Contracts	Invoice Payments	Available Budget		FY23-24	FY25
1	Construction												
100	Construction												
	FIG Builders	\$1,223,811	\$61,191	\$1,285,002	\$1,225,776	\$50,377	\$1,276,153	\$201,876	\$1,086,027	-\$193,027	Construction Contracts	\$1,276,153	\$201,876
2	Design												
200	Professional Fees - HMC	\$275,000	\$0	\$275,000	\$296,729	\$0	\$296,729	\$35,882	\$278,384	-\$57,611	Architectural and Consulting Engineers	\$296,729	\$35,882
	Inspections and Consultation												
300	Inspector of Record	\$50,000	\$0	\$50,000	\$41,655	\$0	\$41,655	\$12,320	\$41,655	-\$3,975	Inspector of Record	\$41,655	\$12,320
	Special Inspections - Kleinfelder	\$25,000	\$0	\$25,000	\$20,000	\$0	\$20,000	\$5,000	\$18,223	\$0	Special Inspections - Kleinfelder	\$20,000	\$5,000
	Testing, Abatement and Monitoring	\$10,000	\$0	\$10,000	\$37,931	\$0	\$37,931	\$0	\$15,000	-\$27,931	Testing and Monitoring	\$37,931	\$0
4	AHJ Fees												
400	OSHDP Fees, Salinas Fire	\$50,000	\$0	\$50,000	\$37,464	\$0	\$37,464	\$7,493	\$32,661	\$5,043	HCAI Inspections, City of Salinas Fire Department	\$37,464	\$7,493
5	Soft Costs												
502	Construction Management	\$348,000	\$0	\$348,000	\$348,000	\$0	\$348,000	\$25,000	\$348,000	-\$25,000	PM, CM, Superintendence	\$348,000	\$25,000
7	FF&E												
701	Equipment												
	CT Equipment	\$939,549	\$0	\$939,549	\$939,549	\$0	\$939,549	\$0	\$0	\$0	CT Equipment due June 2024	\$187,910	\$751,639
	Mobile Rentals	\$156,500	\$0	\$156,500	\$156,500	\$0	\$156,500	\$162,350	\$0	-\$162,350	Mobile CT Rentals	\$156,500	\$162,350
703	Data & Phone Equipment, Furnishings, Signage												
	Data & Low Voltage Package	\$0	\$0	\$0	\$5,737	\$0	\$5,737	\$0	\$4,355	-\$5,737	CT Mobile Unit Data	\$5,737	\$0
	Signage, Furnishings, CT Battery, IGC	\$0	\$0	\$0	\$14,795	\$0	\$14,795	\$0	\$13,472	-\$14,795	CT Battery, Signage, Furnishings	\$14,795	\$0
		\$0											
9900	Project Contingency	\$61,191	-\$61,191	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
Totals		\$3,139,051	\$0	\$3,139,051	\$3,109,340	\$50,377	\$3,174,512	\$449,921	\$1,837,777	-\$485,383		\$2,422,873	\$1,201,560

CLOSED SESSION

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

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

Board Paper: Review and Approval by President/CEO

Agenda Item: Consider Recommendation for Board Approval of the Workday Financial and Supply Chain Management Solutions as Sole Source and Contract Award

Executive Sponsor: Augustine Lopez, Chief Financial Officer
Scott Cleveland, Controller
Rolf Norman, Director of Financial Planning & Decision Support
Judi Melton, Director of Materials Management
Audrey Parks, Chief Information Officer

Date: July 17, 2024

Executive Summary

In April 2023, Salinas Valley Health pursued Workday Human Capital Management encompassing the human resources and payroll information systems solutions following a competitive solicitation process. The competitive evaluation took into consideration that the solution may also serve financial and supply chain management since the strategic vision to ultimately replace our electronic hospital information system would mean Salinas Valley Health would need to find an alternate financial and supply chain management solutions. Meditech is our current hospital information system **(including materials management, accounts payable system, and general ledger)** and acute care electronic medical record (EMR). Epic is expected to replace Meditech on October 1, 2025. Epic, our new inpatient EMR, does not offer comparable materials management, accounts payable, general ledger, budgeting/planning, or analytics solutions.

Salinas Valley Health successfully implemented the Workday Human Capital Management solution on April 1, 2024. This solution covers major human resources and payroll functions. The finance and materials management teams spent the recent five months evaluating Workday Financial and Supply Chain Management solutions for functionality, workflow, integration, efficiency, and innovation. In evaluating solutions, understanding and properly assessing partner, product, price and people are essential to achieving sustainable success, the team elected to proceed with Workday Financial and Supply Chain Management.

Some differentiating factors include Workday's service level agreement commitment, commitment to innovation such as use of artificial intelligence and machine learning, and their cloud architecture that lends itself to scalability, performance and updatability. The team has prepared a separate presentation that goes into detail about the Workday Financial and Supply Chain Management solutions, also known as Enterprise Resource Planning (ERP).

Key reasons why we seek a fully integrated platform solution are as follows.

- Centralized data and a single source of truth eliminates risks with managing data in separate systems. An integrated platform creates a single source of truth for employee and business information, improving accuracy and streamlining reporting across departments,

- Improved efficiency and reduced costs are achieved through streamlined workflows and process automation. This allows finance and supply chain teams to focus on more strategic initiatives while reducing operational costs.
- Enhanced decision-making is possible with real-time access to combined enterprise resource planning (ERP) and human capital management (HCM) data. Salinas Valley Health is better able to make data-driven decisions regarding everything from staffing and training to budgeting and resource allocation.
- Improved compliance and security through integrated systems strengthens compliance efforts by ensuring consistent data across the organization and simplifying the stack of application solutions to manage.
- An integrated platform fosters better communication and collaboration among departments by eliminating data silos and providing a unified view of the business.
- Overall, a fully integrated ERP and HCM platform can significantly improve operational efficiency, provide valuable insights for better decision-making, and empower your workforce.

The Workday Enterprise Resource Planning project budget is estimated at \$10,011,108 over six years. Costs include the following over a six-year period:

- Workday subscription fees
- Workday professional services fees (year one)
- Training
- Staffing (SVH) & contracted labor
- Out-of-pocket/travel expenses
- Contingency
- Other vendor off-sets (savings from systems that are replaced)

The contracted labor and staffing costs are based on use of contracted labor during the implementation followed by long-term staff after year one. The project team is sensitive to labor costs and will seek to limit staffing what is minimally needed.

Other solutions replaced by Workday and cost savings are determined based on contract renewal dates and any applicable early termination fees based on an August 1, 2025 go live date for Workday Financial and Supply Chain Management solutions.

The total cost of Workday from August 1, 2024 through June 27, 2030, same end date as the Workday Human Capital Management solution, is estimated at \$11.8M. With operational savings from other vendor systems off-sets estimated at \$1.8M, the net total is \$10.0M. The net-cost variance from the budgeted amount in the Epic program scope is \$6.3M over six years. This is largely due to increases in pricing when adding the full scope of financials and supply chain management which were unknown at the time of the Epic total cost of ownership (TCO) effort. Additionally, the Workday budget includes contracted labor and staffing, travel, contingency and increases in pricing by Workday since the Epic TCO was performed.

After offsets totaling \$1,791,245 from replacing other vendor systems, the net total cost for Workday Financials and Supply Chain Management is estimated at \$10,011,108.

Key Contract Terms	Workday Financial and Supply Chain Management
1. Proposed contract signing date	July 26, 2024
2. Term of agreement	August 2, 2024 – June 27, 2030 (co-terminates with the Workday Human Capital Management agreement)
3. Renewal terms	Non-renewing
4. Termination provision(s)	30 days' written notice for uncured breach
5. Payment Terms	Invoiced annually, net 30
6. Annual cost(s)	Average Annual \$566,667/year in subscription costs.
7. Cost over life of agreement	Estimated at \$10,011,108 over six years.
8. Budgeted (yes or no)	<p>The Workday project cost was increased from the \$3.8M in the Epic total cost of ownership (TCO) budget to a net of \$10.0M. The \$3.8M was budgeted as part of the Epic TCO, however, we noted that this was without review, analysis or planning as a separate analysis for Workday would be required.</p> <p>The unbudgeted increase of \$6.2M was due to the expansion of the scope, the staffing resources needed, added contingency, and price increases from last year.</p>
9. Contract	1001.4754

Recommendation

Consider recommendation for Board approval of the Workday Enterprise Resource Planning project as sole source and contract award with a total budget over six years estimated at \$10,011,108 (after offsets of \$1,791,245), and approval of a six (6) year contract with Workday Inc. in the amount of \$4,899,800 for software subscription, training and implementation services subject to final legal review.

Attachments Provided to the Board of Directors

- Sole Source Justification

Justification for Sole Source Form

To: Proposal Evaluation Panel

From: Augustine Lopez, Chief Financial Officer
Scott Cleveland, Controller
Rolf Norman, Director of Financial Planning & Decision Support
Judi Melton, Director of Materials Management
Audrey Parks, Chief Information Officer

Type of Purchase: (check one)
☐ Materials/Supplies
☒ Data Processing/Telecommunication Goods > \$25,000
☐ Medical/Surgical – Supplies/Equipment > \$25,000
☐ Purchased Services

Cost Estimate (\$):	Estimated \$8,229,970 with off-sets, inclusive of labor and contingency
Vendor Name:	Workday, Inc., contract labor vendor (TBD), out-of-pocket travel
Item Title:	Workday: Financial and Supply Chain Management, 2024 - 2030

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

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

- ☐ Licensed or patented product or service. No other vendor provides this. Warranty or defect correction service obligations of the consultant. **Describe why it is mandatory to use this licensed or patented product or service:**
- ☒ Existing SVMHS equipment, inventory, custom-built information system, custom built data inventory system, or similar products or programs. **Describe. If product is off-the-shelf, list efforts to find other vendors (i.e. web site search, contacting the manufacturer to see if other dealers are available to service this region, etc.).**
In April 2023, Salinas Valley Health pursued Workday Human Capital Management (HCM) encompassing the human resources and payroll information systems solutions following a competitive solicitation process. The competitive evaluation took into consideration that the HCM solution may also serve financial and supply chain management since the strategic vision to ultimately replace our electronic hospital information system would mean Salinas Valley Health would need to find an alternate financial and supply chain management solutions. Epic, our new inpatient electronic medical record system, does not offer solutions for financial and supply chain management.

The finance and materials management teams spent the recent five months evaluating Workday Financial and Supply Chain Management solutions. Salinas Valley Health successfully implemented the Workday Human Capital Management solution on April 1, 2024. This solution covers major human resources and payroll functions. The interdisciplinary team evaluated Workday Financial and Supply Chain Management solutions for functionality, workflow, integration, efficiency, and innovation. In evaluating these additional solutions, understanding and properly assessing partner, product, price and people are essential to achieving sustainable success, the team elected to proceed with Workday Financial and Supply Chain Management.

- ☐ Uniqueness of the service. **Describe.**
- ☐ SVMHS has established a standard for this manufacturer, supplier or provider and there is only one vendor. **Attach documentation from manufacturer to confirm that only one dealer provides the product.**

Justification for Sole Source Form

- ☐ Factory-authorized warranty service available from only this single dealer. Sole availability at the location required. **Describe.**
- ☐ Used item with bargain price (describe what a new item would cost). **Describe.**
- ☐ Other -The above reasons are the most common and established causes for an eligible sole source. If you have a different reason, **Describe:**

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

Submitter Signature: _____ Date: _____

Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval of the Lease Agreement between Salinas Valley Memorial Healthcare System (SVMHS) and Mobile Modular Management Corporation for the construction and lease of two (2) modular units.

Executive Sponsor: Clement Miller, Chief Operating Officer
 Carla Spencer, Chief Nursing Officer
 David Thompson, Interim Emergency Department Director

Date: July 22, 2024

Executive Summary

As part of the strategy to provide an improved care setting for our growing Emergency Department population Salinas Valley Health Medical Center (SVHMC) is seeking to outfit and lease 2 24x60 modular units that will be configured to meet the needs of our Emergency Department. The placement of these modular units will allow the organization to eliminate the use of the ED tents in addition to returning the Whitney Waiting Room to its intended use, a surgical waiting area.

Background/Situation/Rationale

At the height of the pandemic SVHMC determined that it was necessary to provide expanded emergency department space to meet the growing demand for emergency services. To accomplish this quick expansion the organization settled on erecting temperature controlled tents that have remained in service for the better part of the last 3 years. As with any tent structure, our current emergency room tents are not made for long term use. The tents are not impervious to rain, they often flood and maintaining an optimal temperature has proven to be difficult.

Over the past year the organization has sought out viable options to vacate the tent for a more suitable environment and after reaching out to multiple vendors we were able to locate a California based vendor that can meet our needs. Transitioning from the tents to the prefabricated modular units will allow the organization to provide care in a structure that meet's the current code, that is impenetrable of rain and wind, and is outfitted with an HVAC system to ensure that our staff and patients are comfortable when providing and receiving care

Pillar/Goal Alignment:

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

Financial Implications

The essential terms of the proposed Lease are as follows:

Key Contract Terms	Mobile Modular Management Corporation
1. Proposed effective date	August 2024
2. Term of agreement	Three (3) years commencing September 2024.
3. Renewal terms	Market Rate
4. Cost	Lease - \$4,151.74 per month (\$49,820.88 annually, \$149,462.64 for the 3 year term Construction & Delivery - \$499,889.90 Pick up - \$32,244
5. Budgeted (indicate y/n)	Yes

Schedule: December 2023 – Executive approval to move forward with modular plan
 June 2024 – Board presentation
 July 2024 – Quote received

Recommendation

Consider Recommendation for Board Approval of the Lease Agreement between Salinas Valley Memorial Healthcare System (SVMHS) and Mobile Modular Management Corporation for the construction and lease of two (2) modular units, pending final contract negotiations and legal counsel approval

Attachments

- Attachment 1: June 2024 Board Presentation
- Attachment 2: Mobile Modular Lease Quote & Agreement – pending final contract review and approval
- Attachment 3: RFP Justification



Emergency Department Expansion - Phase 1 Update

JUNE 27, 2024

HOSPITAL CAMPUS - AFFECTED AREA

Parking Gara

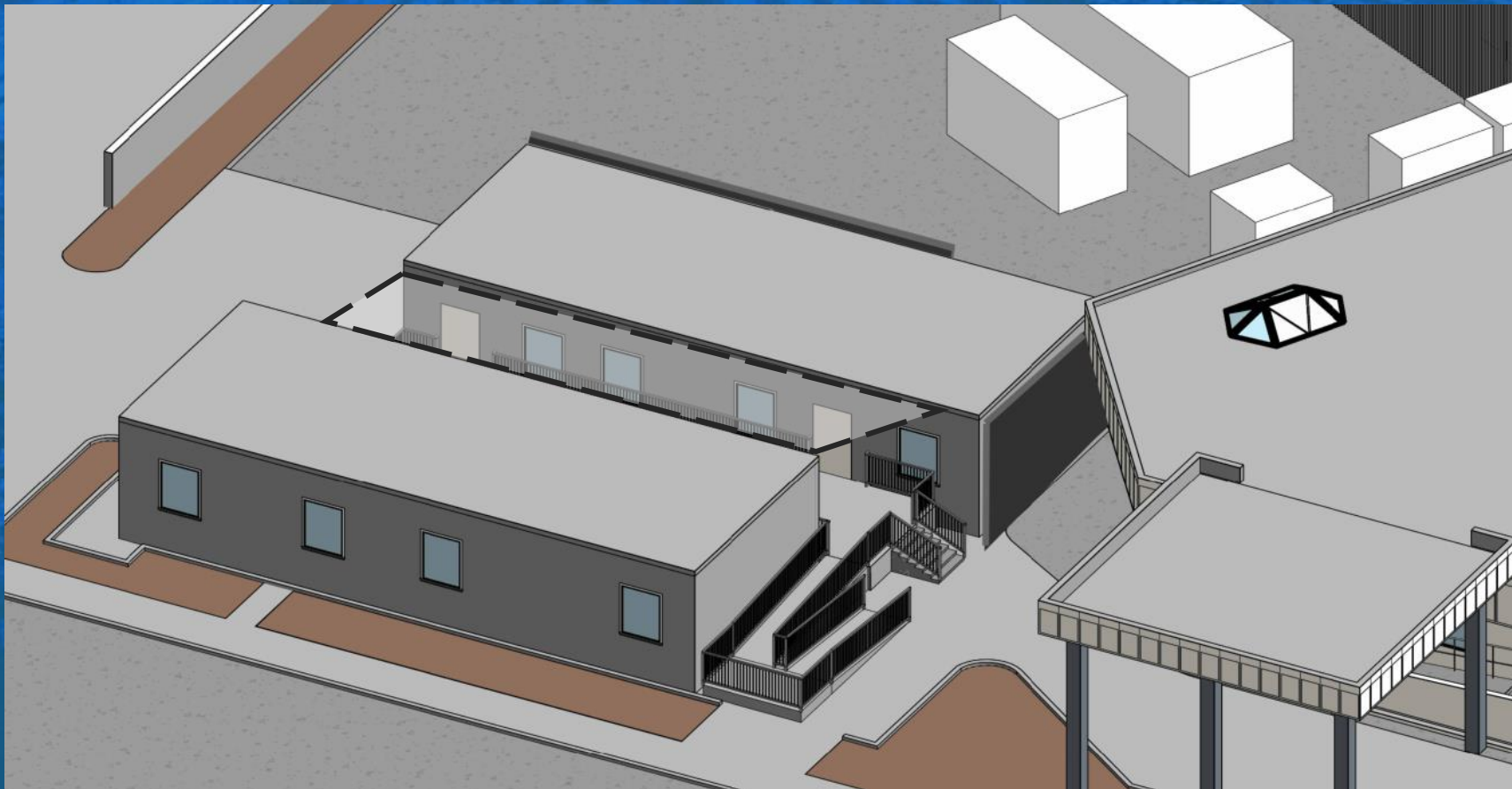


EXECUTIVE SUMMARY

Covid-Era approvals for the Tent installation, both City and State, have expired. The need to manage overflow census through the ED remains and is expected to remain until a permanent ED Expansion Project is accomplished, a process likely to take 3-5 years for programming/design/permitting/construction.

Phase-1: Modular Building Installation – Two 24’ x 60’ Modular Buildings (2,880 SF) with custom Interior Improvements, Access & Utility Upgrades

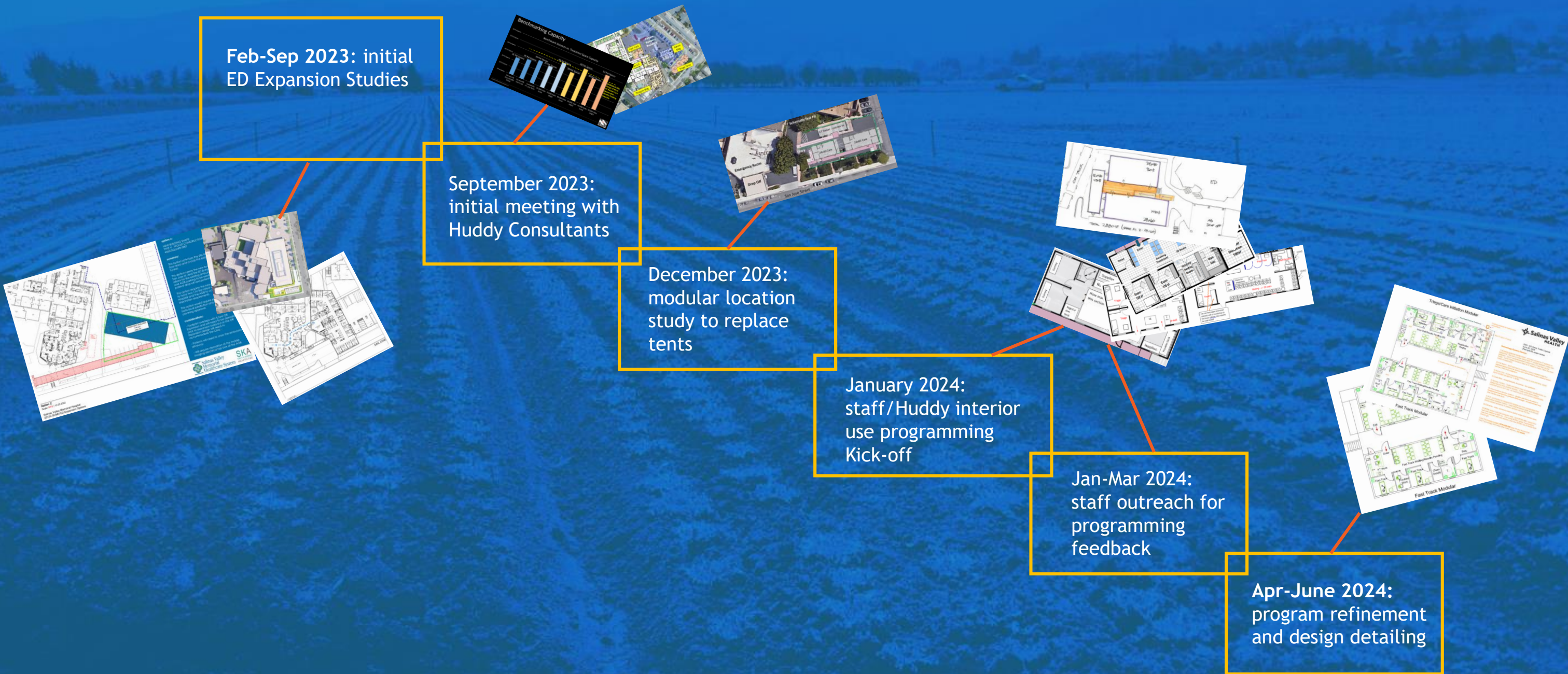
- Complies with HCAi Policy Intent Notice (PIN) 34 – Allows for ‘duplicate hospital services’ described in Health & Safety Code Sec. 129730
- Service areas to be licensed through CDPH



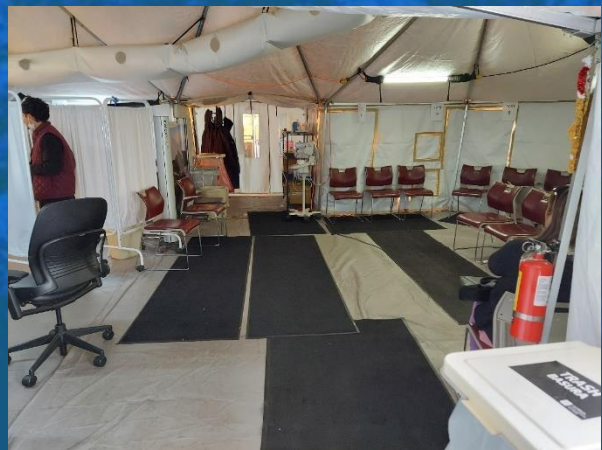
The Why:

1. Increased space to support increased volumes
2. Discontinue utilization of tents
3. To better protect patients and staff from the elements
4. Improve arrival process for patient safety and experience
5. Increases waiting room space
6. Move the Fast Track area up front for improved flow
7. Increase treatment space in Fast Track
8. Provide for a more cohesive team and improve communication
9. Added bathrooms

ED EXPANSION - RECENT PROJECT HISTORY

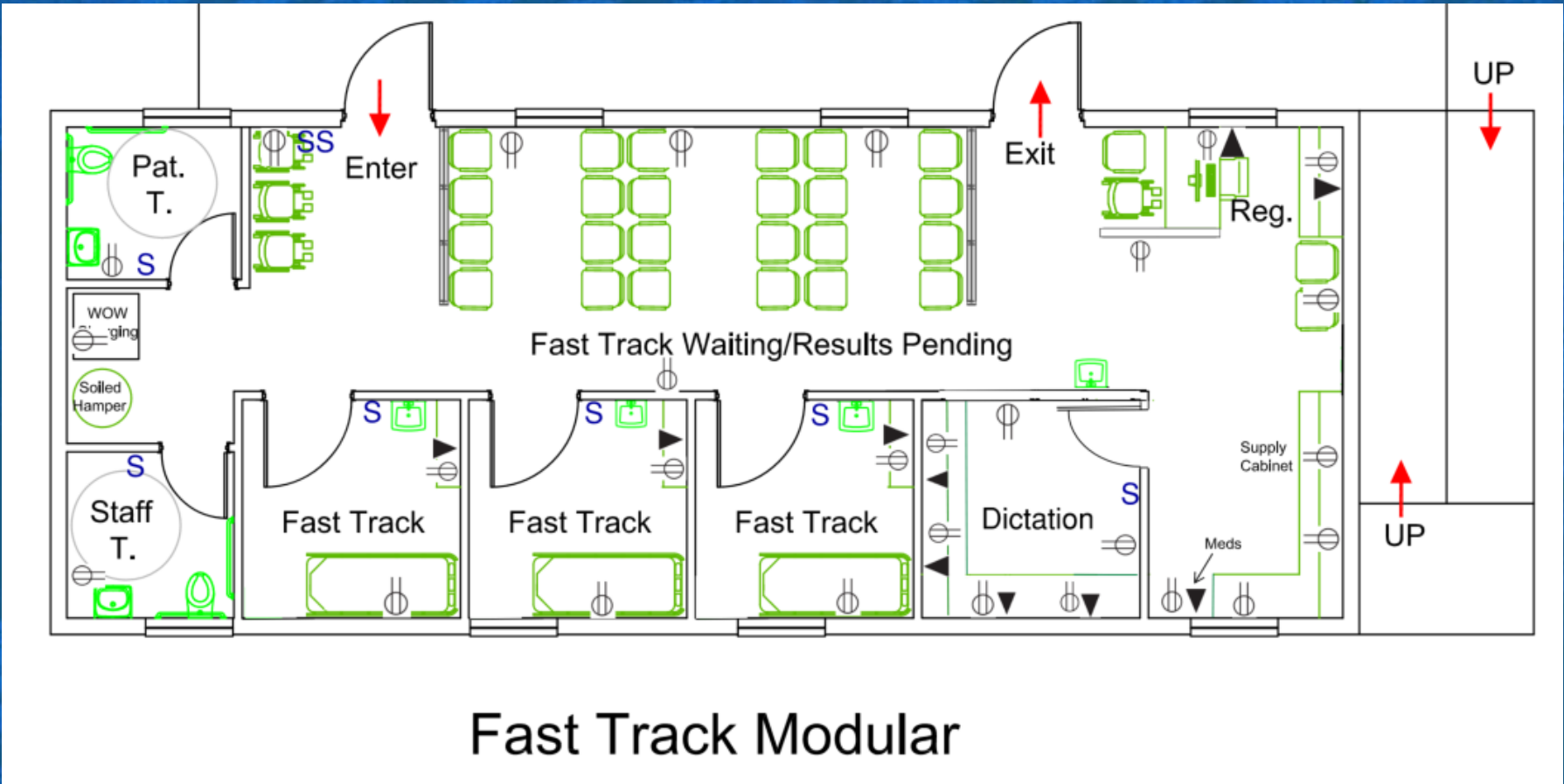
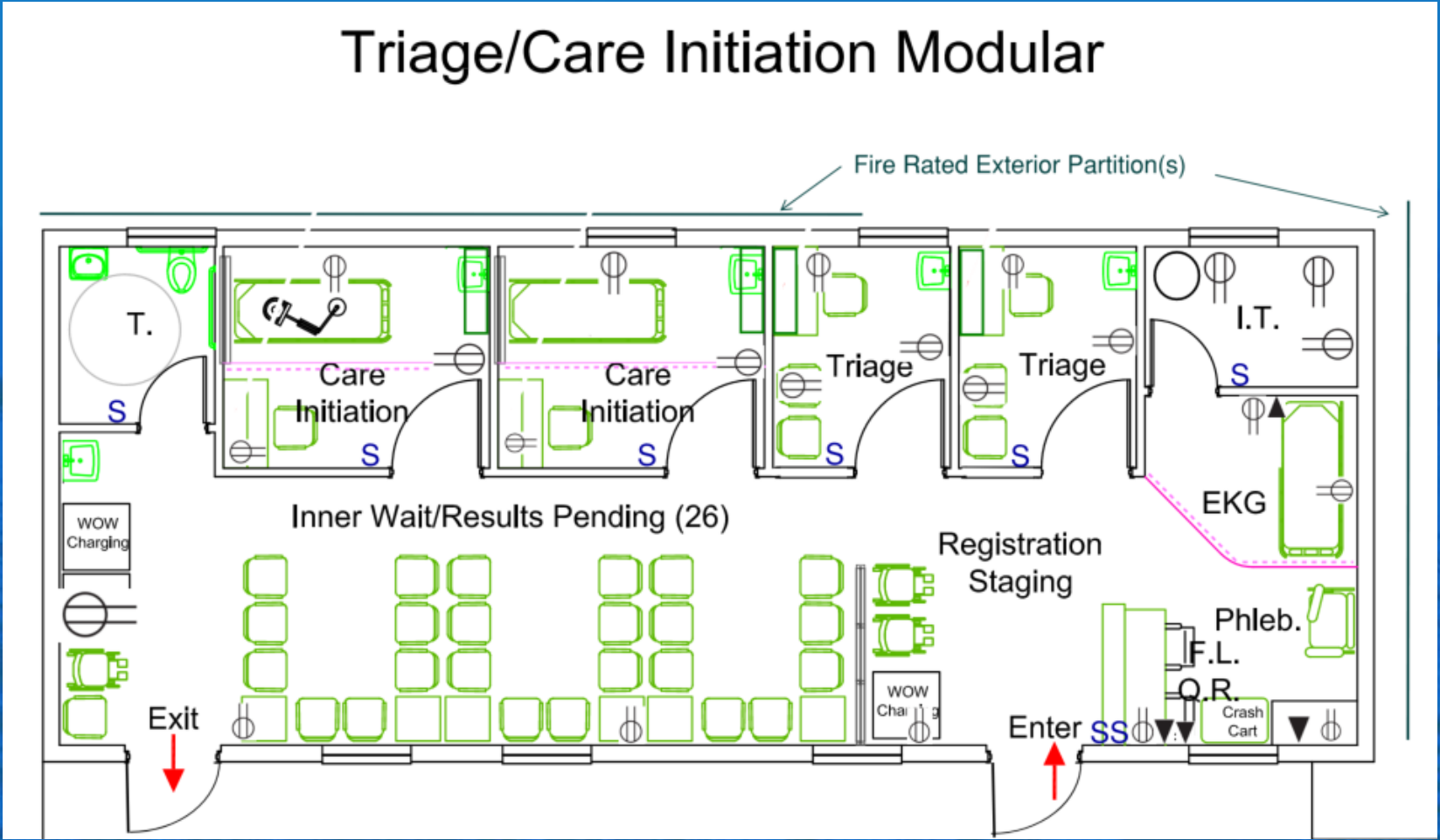


EXISTING OVERFLOW CONDITIONS

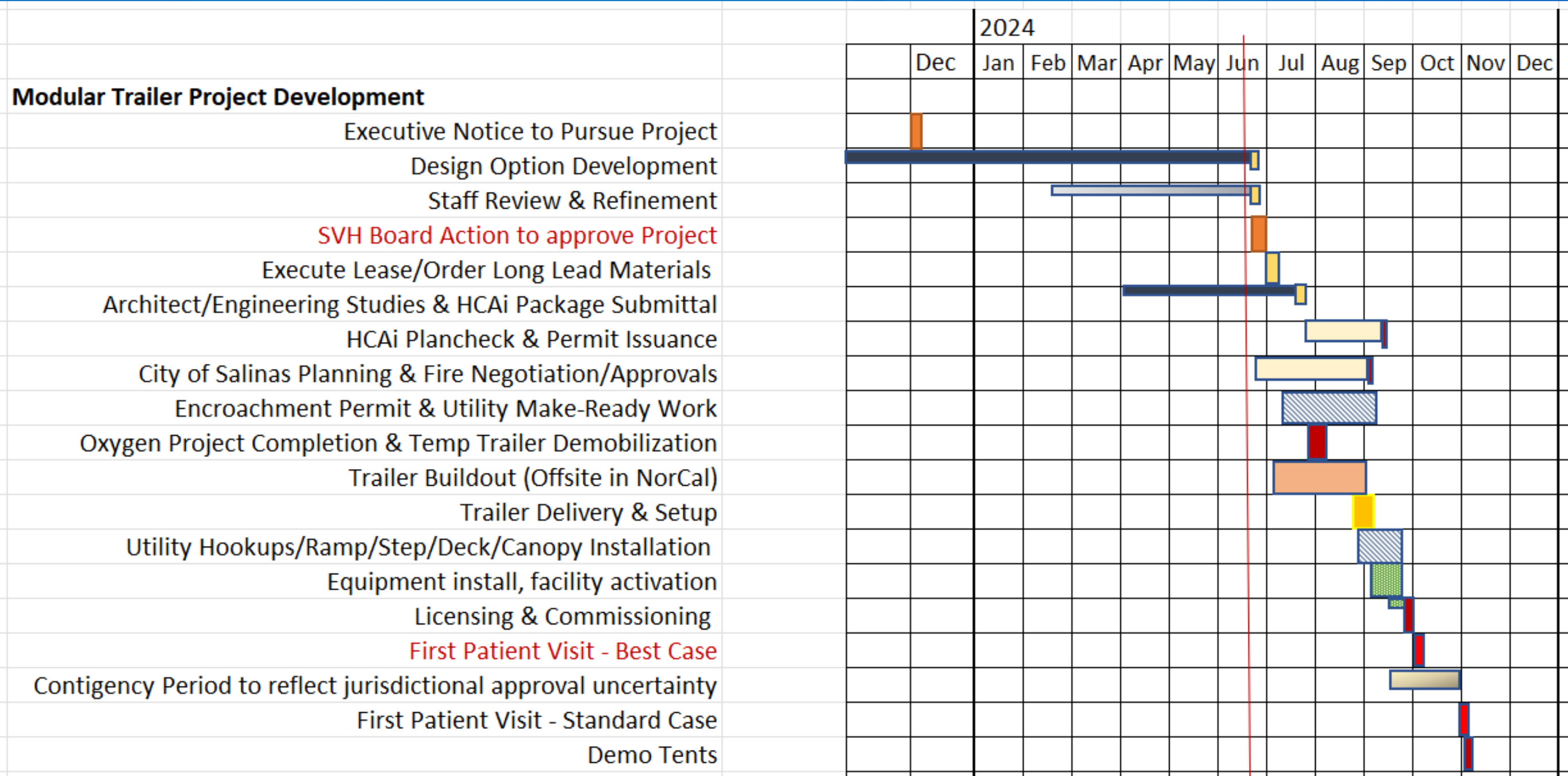




INTERIOR LAYOUTS



DEVELOPMENT SCHEDULE





Mobile Modular Management Corporation
5700 Las Positas Rd
Livermore, CA 94551
925-606-9000
www.mgrc.com

Lease Quotation and Agreement
Quote #
Date of Quote
Quote Expiration Date:
Lease Term:
Lessee PO#:

Q-452779
12/18/2023
36 Months

Lessee Name and Billing Address	Site Information	Lessor Name
Bogard Construction ("Lessee") 350 Coral Street Santa Cruz, CA 95060 Stephen Lyon Phone: 1 (831) 601-4718 slyon@bogardconstruction.com	Stephen Lyon 450 East Romie Lane Salinas, CA 93901 Cell: 1 (831) 601-4718 slyon@bogardconstruction.com	Mobile Modular Management Corporation a Division of McGrath RentCorp ("Lessor") Questions? Contact: Matt Benas Direct Phone: 1 (925) 453-3122 matt.benas@mobilemodular.com

Equipment and Accessories	Qty	Monthly Rent	Extended Rent	Taxable
Office, 24x60 HCD (NonStd) (Non-Standard Configuration.Size excludes 3' towbar.)	1	\$1,597.00	\$1,597.00	Y
Filter Replacement Program	2	\$27.00	\$54.00	Y
Damage Waiver	2	\$75.00	\$150.00	N
Office, 24x60 HCD (Item1274) (4 Offices.Size excludes 3' towbar.Vinyl wrap panel interior.)	1	\$1,597.00	\$1,597.00	Y
Filter Replacement Program	2	\$27.00	\$54.00	Y
Damage Waiver	2	\$75.00	\$150.00	N
Equipment and Accessories Monthly Subtotal:			\$3,602.00	
Charges Upon Delivery	Qty	Charge Each	Total One Time	Taxable
Office, 24x60 HCD (NonStd) (Non-Standard Configuration.Size excludes 3' towbar.)				
Delivery	2	\$1,247.00	\$2,494.00	N
Delivery Pilot	2	\$547.00	\$1,094.00	N
Delivery Permit	2	\$150.00	\$300.00	N
Block and Level Building	1	\$6,783.00	\$6,783.00	N
Foundation, Installation	16	\$261.00	\$4,176.00	Y
Foundation, IC Provide Material	16	\$224.00	\$3,584.00	Y
Essential Material Handling Fee	2	\$75.00	\$150.00	N
Removal, Towbar/Hitch	2	\$215.00	\$430.00	N
Skirting, Install	168	\$24.00	\$4,032.00	Y
Modification (In House Labor) (Install sheet vinyl flooring)	1	\$30,550.00	\$30,550.00	Y
Drawings (Modification plans and foundation plans)	1	\$5,130.00	\$5,130.00	N
Service, Forklift On Delivery	1	\$1,688.00	\$1,688.00	N
Additional Labor, Rolling On Delivery	1	\$878.00	\$878.00	N
Office, 24x60 HCD (Item1274) (4 Offices.Size excludes 3' towbar.Vinyl wrap panel interior.)				
Delivery	2	\$1,247.00	\$2,494.00	N
Delivery Pilot	2	\$547.00	\$1,094.00	N



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Delivery Permit	2	\$150.00	\$300.00	N
Block and Level Building	1	\$6,783.00	\$6,783.00	N
Foundation, Installation	16	\$261.00	\$4,176.00	Y
Foundation, IC Provide Material	16	\$42.00	\$672.00	Y
Essential Material Handling Fee	2	\$75.00	\$150.00	N
Removal, Towbar/Hitch	2	\$215.00	\$430.00	N
Skirting, Install	168	\$24.00	\$4,032.00	Y
Drawings (Modification plans and foundation plans)	1	\$5,130.00	\$5,130.00	N
Modification (In House Labor) (Install sheet vinyl flooring)	1	\$30,550.00	\$30,550.00	Y

Modifications \$344,375.00

Charges Upon Delivery Subtotal: \$461,475.00

Charges Upon Return	Qty	Charge Each	Total One Time	Taxable
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Office, 24x60 HCD (NonStd) (Non-Standard Configuration.Size excludes 3' towbar.)

Return	2	\$1,247.00	\$2,494.00	N
Return Pilot	2	\$547.00	\$1,094.00	N
Return Permit	2	\$150.00	\$300.00	N
Prepare Equipment For Removal	1	\$4,981.00	\$4,981.00	N
Foundation, Removal	16	\$80.00	\$1,280.00	N
Cleaning Fee	2	\$450.00	\$900.00	N
Installation, Towbar/Hitch	2	\$215.00	\$430.00	N
Skirting, Removal	168	\$20.00	\$3,360.00	N
Service, Forklift On Return	1	\$1,688.00	\$1,688.00	N
Additional Labor, Rolling On Removal	1	\$878.00	\$878.00	N

Office, 24x60 HCD (Item1274) (4 Offices.Size excludes 3' towbar.Vinyl wrap panel interior.)

Return	2	\$1,247.00	\$2,494.00	N
Return Pilot	2	\$547.00	\$1,094.00	N
Return Permit	2	\$150.00	\$300.00	N
Prepare Equipment For Removal	1	\$4,981.00	\$4,981.00	N
Foundation, Removal	16	\$80.00	\$1,280.00	N
Cleaning Fee	2	\$450.00	\$900.00	N
Installation, Towbar/Hitch	2	\$215.00	\$430.00	N
Skirting, Removal	168	\$20.00	\$3,360.00	N

Estimated Charges Upon Return Subtotal: \$32,244.00



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Total Estimated Charges

Subtotal of Monthly Rent	\$3,602.00
Personal Property Expense	\$223.60
Taxes on Monthly Charges	\$326.14
Total Charges per Month (including tax)	\$4,151.74
Charges Upon Delivery (including tax)	\$495,738.16
Estimated Charges Upon Return (including tax)*	\$32,244.00
Estimated Initial Invoice*	\$499,889.90

*Charges upon return will be charged at Lessor's then-current rates for lease terms greater than 12 months.

Special Notes

Two 24x60 modular building with sheet vinyl flooring, custom layouts (per the provided drawings), custom windows and the exterior painted your choice of colors. The modification charges is the cost to create the custom layouts from the existing buildings and includes the cost to restore back to standard and HCD state inspections and approvals. Ramps, decks, stairs, fire rated walls, and cabinetry have not been included.

Fire Related Items: Unless noted, fire related items (alarms, sprinklers, smoke & heat detectors, and fire-rated walls, etc.) are not included.

General: Customer's site must be dry, compacted, level and accessible by normal truck delivery. Pricing does not include any clearing or grading of sites, obstruction removal, site or final building clean up , any asphalt transitions, dolly, crane, forklift, electrical or plumbing connections, window coverings, furniture, casework, appliances, doorstops, phone or data lines, gutters, downspouts or tie-in, temporary power, temporary fencing, traffic control, flagmen, soil and/or pull test, custom engineering, fees associated with inspections, city or county submittals and/or use permits, security screens, door bars and any item not specifically listed as being included.

Yes - Prevailing Wage: Pricing includes prevailing wage and certified payroll for installation and dismantle work performed on site.

Buildings containing a restroom(s): Restrooms are not self-contained. Where applicable, manifolds are shipped loose and assembled and connected by others. Water & sewer stub-out locations may vary. Paper & soap dispensers, sanitary and trash receptacles are not provided.

HVAC Filter Replacement Program: Customer has selected the HVAC Filter Replacement Program. This service is incidental to the Lease of the Equipment and not included with any limited warranties. The additional charge for this service is included in the monthly rental rate reflected above. For this additional monthly charge, MMMC will mail three (3) HVAC filters on a quarterly basis. Customer shall be solely responsible for installation of the filters each month. Customer shall be responsible for charges that may result if Customer fails to properly replace HVAC filters on a monthly basis.

Additional Information



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- Quote is valid for 30 days.
- Lessee's site must be dry, compacted, level and accessible by normal truck delivery. Costs to dolly, crane, forklift, etc. will be paid by Lessee. Unless noted, prices do not include permits, ramp removal, stairs, foundation systems, foundation system removal, temporary power, skirting, skirting removal, engineering, taxes or utility hookups.
- Subject to equipment availability. Unless noted, equipment and related furnishings, finishes, accessories and appliances provided are previously leased and materials, dimensions, and specifications vary. Detailed specifications may be available upon request.
- For lease transactions, Lessor reserves the right to substitute equal or better equipment prior to delivery without notice.
- This transaction is subject to prior credit approval. Security deposit and payment in advance may be required.
- **Sales Tax will be calculated based on the tax rate at the time of invoicing.**
- **Unless otherwise noted, prices do not include prevailing wages, Davis-Bacon wages, or other special or certified wages.**

Estimated Equipment Value

The Estimated Equipment Value is listed below. Lessee is solely responsible for complying with all insurance requirements set forth in the Lease Terms and Conditions attached hereto.

Equipment Description	Qty	Estimated Equipment Value (each)
Office, 24x60 HCD (NonStd)	1	\$171,600.00
Office, 24x60 HCD (Item1274)	1	\$172,400.00



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This Lease Quotation and Agreement is entered into by and between Lessor and Lessee effective as of the date signed by Lessee. This Lease Quotation and Agreement includes the terms and conditions set forth in the following two documents (collectively, the "Agreement"), each of which is incorporated herein by this reference:

1. **Lease Terms and Conditions** attached hereto; and
2. **Supplemental Lease Terms and Conditions** located at (<https://www.mobilemodular.com/contractterms>), as the same may be updated from time to time in the sole and absolute discretion of Lessor.

IN THE EVENT THE LESSOR AND LESSEE HAVE ENTERED INTO A MASTER LEASE AGREEMENT, THE TERMS OF SUCH MASTER LEASE AGREEMENT ARE INCORPORATED HEREIN BY THIS REFERENCE, ARE DEEMED A PART OF THIS AGREEMENT, AND TAKE PRECEDENCE OVER ANY CONFLICTING TERMS IN THIS AGREEMENT.

By signing below, Lessee: (1) acknowledges and agrees that it has received, read and understands the terms of this Agreement and agrees to be bound by the terms of this Agreement, including prices and specifications, and (2) instructs Lessor to make appropriate arrangements for the preparation and delivery of the Equipment identified herein. This Agreement may be executed in one or more counterparts (including through the use of electronic signatures), each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Upon execution of this Agreement, Lessor shall generate a Lease Agreement Number, which shall be referenced on all Lessor invoices.

No document provided by Lessee, including, without limitation, Lessee's purchase orders, work orders, bills of lading, or forms for receipt or acknowledgment or authorization ("**Lessee Forms**"), nor the terms and conditions associated with such Lessee Forms, shall amend, modify, supplement, waive, or release any term or condition of this Agreement (or the Master Lease Agreement, as applicable) even if such Lessee Forms are signed by an agent or representative of Lessor. The terms and conditions of this Agreement (or the Master Lease Agreement, as applicable) shall prevail over any Lessee Forms, and any inconsistent or additional terms and conditions in Lessee Forms shall be deemed void *ab initio* and of no force or effect.

The individuals signing this Agreement affirm that they are duly authorized to execute this Agreement by and on behalf of the parties hereto.

LESSOR:
Mobile Modular Management Corporation
a Division of McGrath RentCorp

LESSEE:
Bogard Construction

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____



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LEASE TERMS AND CONDITIONS

- LEASE.** Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the Equipment (as defined below). The lease of any Equipment is governed by the terms of this Agreement. The Equipment is and shall remain the personal property of Seller.
- TERMS.** All capitalized terms used and not otherwise defined herein, will have the meanings set forth in this Agreement. As used in this Agreement, the following definitions shall apply: "**Accessories**" shall mean any additions, attachments, or accessories to the modular buildings, or ancillary services, provided by Lessor to Lessee and identified in this Agreement; "**Equipment**" shall mean the modular buildings, Accessories, and/or Services identified in this Agreement, together with any replacements, repairs, additions, attachments or accessories hereafter rented to Lessee under this Agreement.
- PAYMENTS AND PRICE ADJUSTMENTS.** Lessee agrees to pay to Lessor each payment specified herein on a net invoice basis. Payment terms are net due upon receipt unless otherwise agreed upon in writing. All payments due from Lessee pursuant to this Agreement shall be made by Lessee without any abatement or setoff of any kind whatsoever arising from any cause whatsoever. Prices will be increased by Lessor for unknown circumstances or conditions, including, but not limited to, driver waiting time, special transport permits, difficult site conditions and/or increases in fuel prices.
- LEASE TERM; EARLY TERMINATION.** The Lease Term and Monthly Rent, each of which are specified in this Agreement, shall commence on the date the Equipment is delivered to the Site (the "Start Rent Date"), unless a different date is mutually agreed upon in writing, and shall continue thereafter for the number of months specified in this Agreement as the Lease Term. Lessee agrees to pay the Total Charges per Month specified in this Agreement (as may be adjusted pursuant to Section 5 below) for each month during the Lease Term and any extensions thereof. A month is defined as thirty (30) calendar days; rent will be billed monthly unless otherwise specified in this Agreement (but rent shall be due and owing even in the absence of actual receipt by Lessee of an invoice or bill). In the event that Lessee terminates this Agreement prior to the expiration of the Lease Term, Lessor shall be entitled to charge an early termination fee, even if such termination occurs prior to delivery of the Equipment. Such fee shall be determined by Lessor, in its sole discretion, following the receipt of the termination request. Such early termination fee may include, but shall not be limited to, charges related to the preparation of the Equipment for delivery and/or the rental value of this Agreement. In no event shall any such early termination fee exceed the total value of this Agreement. Lessor shall not be liable to Lessee for any failure or delay in obtaining, delivering or setting up the Equipment. If Lessee delays delivery of the Equipment for any reason for thirty (30) days or longer from the original delivery date mutually agreed upon between both parties, Lessor may, in Lessor's sole discretion, charge Lessee a monthly storage fee equal to the Monthly Rent starting on the original delivery date, and/or terminate this Agreement, subject to the early termination provisions set forth above.
- EXTENSION OF LEASE TERM.** Upon expiration of the initial Lease Term set forth in this Agreement, the lease of the Equipment shall automatically be extended on a month-to-month basis until the Equipment is returned to Lessor. This Agreement does not expire and the terms and conditions hereof shall remain in full force and effect for any extension of the Lease Term, unless otherwise agreed upon by Lessor and Lessee in writing. Lessor may periodically revise the Total Charges per Month from those reflected in this Agreement if the lease of the Equipment is extended beyond the initial Lease Term. If the lease of the Equipment is extended beyond the initial Lease Term, Lessor may revise the charges for the Charges Upon Return from those specified in this Agreement to reflect Lessor's then-current market rates for such services.
- PREPARATION FOR REMOVAL OF THE EQUIPMENT.** Prior to the scheduled removal of the Equipment, Lessee shall, at a minimum: (a) provide clear access to the Equipment for Lessor to dismantle and remove the Equipment from the Site by industry-standard trucking methods; (b) disconnect all utilities; (c) remove all personal property of Lessee's from the Equipment; and (d) in the case of Equipment that includes plumbing, flush the plumbing lines clean and ensure that no foreign matter remains in any fixtures. Plumbing must be properly disconnected by Lessee at its sole cost and expense. Lessee will be responsible for costs of repair required by improper plumbing disconnection to the extent that the Equipment is damaged. Any components, parts or accessories supplied by Lessor must be returned with the Equipment. In the event that Lessee fails to meet the requirements herein, additional charges may be incurred by Lessee for additional labor, waiting time, or dry-runs in the event that Lessor is unable to return the Equipment as scheduled.
- RETURN OF EQUIPMENT.** Lessee must provide a minimum of thirty (30) days prior, written notice to Lessor when requesting to return the Equipment. Lessee is responsible for complying with the requirements set forth in the "Preparation for Removal of the Equipment" section of these Lease Terms and Conditions. Unless otherwise agreed upon by Lessor in writing, Lessee shall continue to be responsible for payment of the Total Charges per Month set forth in this Agreement (as may be adjusted pursuant to Section 5 hereto) until return of the Equipment to Lessor is completed. The Total Charges per Month will be prorated in one-half (1/2) month increments only. If the Equipment is returned within the first fifteen (15) days of the billing period, Lessee shall be responsible for paying half of the Total Charges per Month; if Equipment is returned between the sixteenth (16th) and thirtieth (30th) days of the billing period, Lessee shall be responsible for paying the entire amount of the Total Charges per Month. The charges reflected in this Agreement for Charges Upon Return will be adjusted for any Lease Term longer than twelve (12) months or if the Lease is extended beyond the initial Lease Term, pursuant to Section 5.
- WARRANTIES; DISCLAIMER.** Lessor warrants to Lessee that the Equipment, when delivered and set up and under normal use and regular service and maintenance by Lessee, shall be free from major defects in materials and workmanship that prevent any normal use and operation. Accessories supplied by Lessor pursuant to this Agreement but not owned by Lessor shall not be subject to the foregoing warranty, but shall carry the applicable warranty of the Accessory owner, which Lessor hereby assigns to Lessee to the extent transferable. Lessor's liability under this warranty shall be limited to the replacement or repair of the defective Equipment (during Lessor's normal working hours), at Lessor's option; provided, however, that Lessee shall provide written notice of any failure or defect to Lessor within four (4) days after discovery, and within the applicable warranty period, and failure to provide such notice in a timely manner may result in a limitation of this warranty at Lessor's sole option. If Lessee does not grant clear, unobstructed access for any such repairs between 8:00 a.m. and 5:00 p.m., Monday through Friday, Lessee shall bear the cost of repair rates for labor at the applicable overtime rates. This warranty does not



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extend to any Equipment subjected to improper application, damaged by accident or abuse, or repaired or altered outside of Lessor's facilities without prior written authorization from Lessor. **THE EXPRESS WARRANTIES CONTAINED IN THIS AGREEMENT ARE LESSOR'S SOLE AND EXCLUSIVE WARRANTIES WITH RESPECT TO THE EQUIPMENT AND SERVICES, AND ARE IN LIEU OF AND EXCLUDE ALL OTHER WARRANTIES, GUARANTEES, PROMISES, AFFIRMATION OR REPRESENTATIONS OF ANY KIND, EXPRESSED OR IMPLIED, WHICH MAY BE DEEMED APPLICABLE TO THE EQUIPMENT OR SERVICES, INCLUDING WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, ANY WARRANTY AGAINST INFRINGEMENT OR AS TO TITLE, WARRANTIES ARISING FROM COURSE OF DEALING OR USAGE OR TRADE OR ANY OTHER MATTER, EXCEPT AS EXPRESSLY SET FORTH IN THIS SECTION, ALL EQUIPMENT AND SERVICES ARE BEING PROVIDED "AS IS", "WHERE IS, WITH ALL FAULTS". LESSOR SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, THERETO. LESSEE HAS SELECTED ALL EQUIPMENT FOR LESSEE'S INTENDED USE AND RECOGNIZES THAT LESSOR IS NOT A DESIGNER OR MANUFACTURER OF ANY EQUIPMENT.**

9. **TAXES.** Lessee agrees to be responsible for all charges, fees and taxes (local, state and federal) levied or assessed upon Lessee or Lessor relating to the ownership, leasing, rental, sale, possession, use or operation of the Equipment (including, without limitation, sales, use and personal property taxes); provided, however, that the foregoing obligation shall not apply to any local, state or federal income tax assessed against the Lessor as a result of this Agreement which shall continue to be the obligation of Lessor. Lessee shall pay all such taxes for which it is responsible to the appropriate taxing authorities or, if directed or invoiced by Lessor, pay such amounts to Lessor for remittance by Lessor to the appropriate taxing authorities.

10. **LOSS OR DAMAGE.** Upon delivery and until the Equipment is removed from the Site by Lessor or its authorized agent, Lessee assumes all risk of loss or damage to the Equipment. Should any Equipment damaged be capable of repair, the Equipment shall be repaired and restored to its condition existing prior to such damage, at Lessee's sole cost and expense. In the event any of the Equipment is damaged beyond repair or is lost, stolen or wholly destroyed, this Agreement shall cease and terminate as to such Equipment as of the date of the event, accident or occurrence causing such loss or destruction, and Lessee shall pay Lessor within forty-five (45) days thereafter, an amount equal to the full replacement value of the Equipment, which payment obligation shall survive the termination of this Agreement.

11. **INSURANCE.** Lessee shall procure and maintain, at its sole expense (including all premiums, deductibles and self-insured retentions), (i) property insurance covering the loss, theft, destruction, or damage to the Equipment in an amount not less than the full replacement value thereof (and with a deductible no higher than \$25,000), naming Lessor as loss payee of the proceeds, and (ii) commercial general liability insurance (minimum of \$1,000,000 per occurrence and \$2,000,000 in the aggregate) (and with a deductible no higher than \$25,000), naming Lessor and its designees as additional named insureds. Lessee's insurance shall be primary and non-contributory to any insurance maintained by Lessor or any other additional insureds or additional named insureds. The liability insurance policy shall contain coverage for all contractual indemnity obligations of Lessee set forth in this Agreement, cross-liability and waiver of subrogation provisions in favor of Lessor and any other additional insureds. All evidence of all required insurance shall be in a form reasonably acceptable to Lessor and with a company having an A.M. Best rating of A- (VII) or better, and shall not be subject to cancellation without thirty (30) days' prior written notice to Lessor. Lessee shall provide to Lessor insurance certificates and endorsements (including without limitation, additional insured and loss payee endorsements) evidencing compliance with the insurance requirements of this Agreement (including without limitation, the deductible amounts and waiver of subrogation) prior to delivery of the Equipment and shall maintain all required insurance coverage until the Equipment is returned to Lessee. Lessor will not and does not provide insurance for any of Lessee's personal property that may be in or on any Equipment.

12. INDEMNIFICATION AND LIMITATION OF LIABILITY.

(a) **LESSEE ON BEHALF OF ITSELF, ITS SUCCESSORS, ASSIGNS, PARENTS, SUBSIDIARIES, VENDORS, SUBCONTRACTORS, AND AFFILIATES, AND THEIR RESPECTIVE REPRESENTATIVES, DIRECTORS, OFFICERS, MANAGERS, VENDORS, MEMBERS, SHAREHOLDERS, PARTNERS, CONTRACTORS, EMPLOYEES, AGENTS, AND ASSIGNS (EACH, A "LESSEE PARTY," AND COLLECTIVELY, THE "LESSEE PARTIES") SHALL INDEMNIFY, DEFEND, RELEASE, AND HOLD HARMLESS LESSOR, ITS SUCCESSORS, ASSIGNS, PARENTS, SUBSIDIARIES, VENDORS, CONTRACTORS, AND AFFILIATES, AND THEIR RESPECTIVE REPRESENTATIVES, DIRECTORS, OFFICERS, MANAGERS, VENDORS, MEMBERS, SHAREHOLDERS, PARTNERS, CONTRACTORS, EMPLOYEES, AGENTS, AND ASSIGNS (EACH A "LESSOR INDEMNIFIED PARTY," AND COLLECTIVELY, THE "LESSOR INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL LOSSES, FEES, COSTS, EXPENSES, CLAIMS, LIABILITIES, DAMAGES, PENALTIES, FINES, FORFEITURES, AND SUITS (INCLUDING COSTS OF DEFENSE, SETTLEMENT AND REASONABLE ATTORNEYS' FEES, ENVIRONMENTAL CONSULTANTS AND EXPERT WITNESS FEES AT TRIAL AND ON APPEAL) (COLLECTIVELY, "LOSSES") RELATING TO, ARISING OUT OF OR IN CONNECTION WITH: (1) ANY BREACH OR NON-FULFILLMENT OF ANY COVENANT, AGREEMENT, OR OBLIGATION TO BE PERFORMED BY LESSEE PURSUANT TO THIS AGREEMENT, OR ANY INACCURACY IN OR BREACH OF ANY OF THE REPRESENTATIONS OF LESSEE SET FORTH IN THIS AGREEMENT; (2) THE OCCURRENCE OF ANY EVENT SET FORTH IN SECTION 13; (3) THE SELECTION, USE, POSSESSION, DELIVERY, RENTING, LEASING, SUBLEASING, OPERATION, TRANSPORT, MAINTENANCE, CONDITION, REPAIR, REPLACEMENT, REPOSSESSION, RETURN OR STORAGE OF ANY EQUIPMENT OR ANY SERVICES; (4) ANY FAILURE BY ANY LESSEE PARTY TO COMPLY WITH ANY APPLICABLE LAW IN CONNECTION WITH ANY EQUIPMENT OR THE SERVICES OR THIS AGREEMENT; (5) ANY DEATH OR BODILY INJURY TO ANY PERSON OR DESTRUCTION OR DAMAGE TO ANY PROPERTY TO WHICH THE ACTS OR OMISSIONS OF A LESSEE PARTY CONTRIBUTED; OR (6) ANY NEGLIGENT OR INTENTIONAL ACT OR OMISSION OF ANY LESSEE PARTY FOR ANY ACTION RELATED TO OR ANY USE OF ANY EQUIPMENT. THIS INDEMNITY SHALL APPLY EVEN IF SAID LOSSES ARE OCCASIONED, BROUGHT ABOUT OR CAUSED BY THE CONCURRENT NEGLIGENCE OF ANY LESSOR INDEMNIFIED PARTY, UNLESS A COURT OF COMPETENT JURISDICTION SHOULD DETERMINE THAT THE LOSSES WERE PROXIMATELY CAUSED BY THE SOLE NEGLIGENCE OR WILLFUL ACTS OR OMISSIONS OF A LESSOR INDEMNIFIED PARTY. IF THE FOREGOING**



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Lease Term:	36 Months
Lessee PO#:	

OBLIGATIONS ARE NOT ENFORCEABLE AGAINST LESSEE UNDER APPLICABLE LAW, LESSEE AGREES TO INDEMNIFY, DEFEND, RELEASE AND HOLD HARMLESS LESSOR INDEMNIFIED PARTIES FROM AND AGAINST ANY AND ALL LOSSES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, INCLUDING, WITHOUT LIMITATION, TO THE EXTENT OF THE ACTS OR OMISSIONS OF THE LESSEE PARTIES' NEGLIGENT OR WORSE CONDUCT. THIS INDEMNIFICATION SHALL SURVIVE THE EXPIRATION OR EARLIER TERMINATION OF THIS AGREEMENT.

- (b) TO THE FULLEST EXTENT NOT PROHIBITED BY LAW, LESSOR'S LIABILITY, IF ANY, SHALL BE LIMITED TO THE VALUE OF RENTAL FEES AND ALL OTHER AMOUNTS PAID BY LESSEE AND RECEIVED BY LESSOR UNDER THIS AGREEMENT FOR THE EQUIPMENT AND/OR SERVICES, AND LESSOR SHALL HAVE NO LIABILITY TO LESSEE OR ANY THIRD-PARTY FOR ANY INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.
13. **EVENTS OF DEFAULT; REMEDIES.** Each of the following shall constitute an "Event of Default": (1) failure by Lessee to make any payment within ten (10) days after its due date; (2) failure by Lessee to perform any other obligation under this Agreement, and the continuance of such default for ten (10) days after written notice thereof by Lessor to Lessee; (3) any material misrepresentation or false statement of fact by Lessee; (4) the loss, theft, damage, destruction or the attempted sale or encumbrance by Lessee of any of the Equipment; or (5) Lessee's dissolution, termination of existence, discontinuance of business, insolvency, or the commencement of any bankruptcy proceedings by or against, Lessee. Lessee acknowledges that any Event of Default will substantially impair the lease value of the Equipment hereof. Upon the occurrence of any Event of Default, Lessor may, without notice, exercise one or more of the following remedies: (1) declare all unpaid payments under this Agreement to be immediately due and payable; (2) terminate this Agreement as to any or all items of the Equipment; (3) take possession of the Equipment wherever found, and for this purpose enter upon any premises of Lessee and remove the Equipment, without any liability to Lessee; (4) direct Lessee at its expense to promptly prepare the Equipment for pickup by Lessor; (5) proceed by appropriate action either in law or in equity to enforce performance by Lessee of the terms of this Agreement or to recover damages for the breach hereof, including attorneys' fees and any other expenses paid or incurred by Lessor in connection with the repossession of the Equipment; (6) apply the security deposit specified in this Agreement ("Security Deposit") to payment of Lessor's costs, expenses and attorney fees in enforcing the terms of this Agreement and to indemnify Lessor against any damages sustained by Lessor; and/or (7) recover the replacement cost of any Equipment which Lessor is unable to repossess.. Lessor's waiver of any Event of Default shall not constitute a waiver of any other Event of Default or of any term or condition of this Agreement. No right or remedy referred to herein is intended to be exclusive and each may be exercised concurrently or separately and from time to time. In the event of repossession, Lessee waives any bond posting requirement.

Lease Terms and Conditions, Rev. 07/01/2022



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DAMAGE AND DESTRUCTION WAIVER

This Damage and Destruction Waiver is an agreement between Bogard Construction ("Lessee") and Mobile Modular Management Corporation, a division of McGrath RentCorp ("Lessor"), dated as of 12/18/2023 (the "Waiver"). This Waiver is hereby incorporated into and made a part of Lease Quotation and Agreement number Q-452779 (the "Lease Agreement").

Lessee and Lessor agree as follows:

Section 1. Defined Terms.

All terms that are capitalized in this Waiver shall have the meanings ascribed to such terms in the Lease Agreement unless otherwise defined in this Waiver.

Section 2. Modification to Lease Terms and Conditions (Attachment A).

This Waiver relates to and modifies certain provisions of the Lease Terms and Conditions (the "Lease Agreement") under which Lessee is leasing certain modular building(s) from Lessor (the "Equipment").

Section 3. Waiver.

- (a) For and in consideration of the payment of a fee described in Section 4 (the "Waiver Fee"), and subject to payment of any applicable deductible as required in Section 5, and the limitations on coverage in Section 6, (i) Lessee is relieved of any obligation or liability for any loss or damage to the Equipment as required by Section 7 of the Lease Agreement, in the event of loss or damage to the Equipment by any of the causes in Section 3(b) and (ii) Lessee is relieved from the duty to maintain certain insurance insuring for loss, damage or destruction of the Equipment ("Property Insurance") as required by Section 8 of the Lease Agreement.
- (b) Subject to the provisions of Section 3(a), this Waiver relieves Lessee of any obligation or liability for loss or damage to the Equipment in the event the Equipment is damaged by any of the following causes:
- Fire and smoke damage
 - Lightning
 - Windstorm/Tornado
 - Flood
 - Hail
 - Earthquake
 - Explosions
 - Collision with a vehicle

Section 4. Waiver Fee.

- (a) The Waiver Fee specified in the Lease Agreement shall be payable monthly during each month of the Lease Term and any extensions thereof.
- (b) This Waiver is effective upon payment of the Waiver Fee.
- (c) The failure to make payment of the Waiver Fee each month shall cause this Waiver to be terminated immediately as of the date that such Waiver Fee was payable without further action or notice by Lessor ("Waiver Termination").
- (d) In the event of a Waiver Termination, the obligations of the Lessee pursuant to Sections 10 and 11 of the Lease Agreement shall be immediately reinstated and applicable. Within five (5) days of such reinstatement of Section 11, Lessee shall provide proof of Property Insurance in which Lessee is named as an additional insured.

Section 5. Deductible.

Lessee shall pay a deductible on any damage to the Equipment per occurrence ("Deductible"). The applicable deductible amount shall be as set forth in the table below, based on the Estimated Insurance Value of the Equipment specified in the Lease Agreement. Provided that the cause of the damage to the Equipment results from a cause listed in Section 3(b) of the Waiver, Lessee shall not be liable for damage to the Equipment beyond the Deductible.

Estimated Insurance Value	Deductible
Less than \$50,000.00	\$2,500.00
Between \$50,001.00 and \$100,000.00	\$5,000.00
Between \$100,001.00 and \$250,000.00	\$10,000.00



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Above \$250,000.00

\$50,000.00

0

Section 6. Limitations on Waiver.

Notwithstanding the waiver for losses and damages enumerated in Section 3 of this Waiver, Lessee shall be liable for loss or damage to the Equipment as follows:

- (a) damage caused by the gross negligence or intentional acts of Lessee or its agents and employees;
- (b) damage to Equipment that is located within 15 miles of an ocean, gulf or bay, due to windstorms and floods, including but not limited to hurricanes;
- (c) damage to Equipment caused by a windstorm, not including a tornado, resulting from Lessee failing to secure or tie down the Equipment as recommended by Lessor;
- (d) damage to contents of the Equipment or any real or personal property attached to or adjacent to the Equipment;
- (e) theft or disappearance of the Equipment;
- (f) damages to the Equipment from Lessee's failure to limit or mitigate the continuation of damage to the Equipment;
- (g) liability for death or injury to any person;
- (h) damages for Lessee's unauthorized improvements or modifications or additions to the Equipment;
- (i) damages from graffiti, or other paint contamination or paint damage by any means;
- (j) damage to the Equipment caused by any condition or event not enumerated in Section 3(b) of this Waiver

Section 7. Liability Insurance.

This Waiver does not affect the obligation of Lessee to maintain General Liability insurance as specified in Section 8 of the Lease Agreement for any liability arising out of or relating to Lessee's Lease of the Equipment.

Section 8. Nature of Waiver.

This Waiver is not insurance. It is a contractual agreement that relieves Lessee from certain duties and liabilities upon the payment of the Waiver Fee. The Waiver does not extend to or relate to any damage or loss of property in, on or about the Equipment. The Waiver does not extend to any loss or damage to the Equipment caused by the intentional acts of Lessee. Lessee shall be responsible for and will pay to Lessor amounts equal to the loss or damage caused to or sustained by the Equipment as a result of the intentional acts of Lessee. The Waiver does not relieve or affect any liability that Lessee may have as a result of the use of the Equipment.

Section 9. Other Terms and Conditions of the Lease Agreement.

Except for the waiver of the provisions of Section 7 and Section 8 of the Lease Agreement, all other terms and conditions of the Lease Agreement remain in full force and effect and shall not be modified by this Waiver.

Section 10. Notice of Loss, Damage or Destruction of Equipment.

Lessee will promptly advise Lessor in writing of any loss, damage, or destruction of the Equipment. Such notice of loss must be made within one (1) business day of the day on which Lessee knows of or has reason to believe that the Equipment is the subject of any loss, damage or destruction.

Section 11. Termination of the Waiver.

Lessee and Lessor may each terminate this Waiver upon thirty (30) days prior written notice. The Waiver may also be terminated by Lessor upon the default of Lessee to pay the required Waiver Payment as provided by Section 2(b) and 2(c) of this Waiver.

Section 12. Counterparts.

This Waiver may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or with any electronic signature complying with the U.S. federal E-SIGN Act of 2000, (e.g. execution of this Waiver may be through an e-sign service www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.



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Quote Expiration Date:	
Lease Term:	36 Months
Lessee PO#:	

This Waiver is executed as of the day and year first above written.

LESSOR:

Mobile Modular Management Corporation
a Division of McGrath RentCorp

LESSEE:

Bogard Construction

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

SVHMC ED Modular RFP Justification

The Salinas Valley Health construction team reached out to 3 vendors to seek their support with the development of a modular structure to offset the tent space and surgical waiting room currently utilized to support the emergency department volume.

Company 1: Scotsman – Based out of state and was unable to provide us with a workable and compliant option.

Company 2: Did not respond to requests for proposal

Company 3: Mobile Modular – California based company chosen based on their ability to meet our needs.

Company 3: Forts-Fold out shelters – The modular this vendor would supply did not meet the HCAI standards required for our purposes.

Financial Performance Review

June 2024

Finance Committee – Open Session

Augustine Lopez

Chief Financial Officer

Consolidated Financial Summary

For the Month of June 2024

\$ in Millions	For the Month of June 2024				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 84.1	\$ 60.3	\$ 23.8	39.5%	
Operating Expense	\$ 63.8	\$ 60.3	\$ (3.5)	-5.8%	
Income from Operations *	\$ 20.3	\$ -	\$ 20.3	0.0%	
Operating Margin %	24.1%	0.1%	24.0%	24000.00%	
Non Operating Income **	\$ 7.0	\$ 1.9	\$ 5.1	268.4%	
Net Income	\$ 27.3	\$ 1.9	\$ 25.4	1336.8%	
Net Income Margin %	32.4%	3.2%	29.2%	912.5%	

(*) Normalizing Items Included above:

\$1.0M CCAH Care Based incentive fee (CY 2023)
\$1.5M CCAH Supplemental Outpatient Program (FY 2023)
\$2.7M CCAH Rate Range Program (CY 2022)
\$4.1M Medi-Cal – Population Health Program (FY 2023)
\$4.6M Medi-Cal – HQAF Program (CY 2023)
\$13.9M Total Normalizing Items

(*) Additionally, the above incorporates a \$5M partial pickup of the original Anthem Reserves of \$17 million due to progress made in collecting outstanding funds from Anthem for the out of network period (8/1/23 to 11/14/23).

**Non Operating Income favorable budget impact includes

\$2.5M Favorable Investment Income
\$1.7M Higher than budget property tax revenue
\$0.8M Higher than budget donations for the month

Consolidated Financial Summary

For the Month of June 2024 - Normalized

\$ in Millions	For the Month of June 2024				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 70.2	\$ 60.3	\$ 9.9	16.4%	
Operating Expense	\$ 63.8	\$ 60.3	\$ (3.5)	-5.8%	
Income from Operations *	\$ 6.4	\$ -	\$ 6.4	0.0%	
Operating Margin %	9.1%	0.1%	9.0%	9000.00%	
Non Operating Income **	\$ 7.0	\$ 1.9	\$ 5.1	268.4%	
Net Income	\$ 13.4	\$ 1.9	\$ 11.5	605.3%	
Net Income Margin %	19.1%	3.2%	15.9%	496.9%	

(*) Normalizing Items Excluded above:

\$1.0M CCAH Care Based incentive fee (CY 2023)
\$1.5M CCAH Supplemental Outpatient Program (FY 2023)
\$2.7M CCAH Rate Range Program (CY 2022)
\$4.1M Medi-Cal – Population Health Program (FY 2023)
\$4.6M Medi-Cal – HQAF Program (CY 2023)
\$13.9M Total Normalizing Items

(*) Additionally, the above incorporates a \$5M partial pickup of the original Anthem Reserves of \$17 million due to progress made in collecting outstanding funds from Anthem for the out of network period (8/1/23 to 11/14/23).

**Non Operating Income favorable budget impact includes

\$2.5M Favorable Investment Income
\$1.7M Higher than budget property tax revenue
\$0.8M Higher than budget donations for the month

Consolidated Financial Summary

YTD June 2024

\$ in Millions	FY 2024 June YTD			
			Variance fav (unfav)	
	Actual	Budget	\$VAR	%VAR
Operating Revenue	\$ 779.1	\$ 724.8	\$ 54.3	7.5%
Operating Expense	\$ 746.8	\$ 721.7	\$ (25.1)	-3.5%
Income from Operations *	\$ 32.3	\$ 3.1	\$ 29.2	941.9%
Operating Margin %	4.1%	0.4%	3.7%	925.0%
Non Operating Income **	\$ 41.6	\$ 22.9	\$ 18.7	81.7%
Net Income	\$ 73.9	\$ 26.0	\$ 47.9	184.2%
Net Income Margin %	9.5%	3.6%	5.9%	163.9%

(*) Normalizing Items Included above:

\$1.2M Medicare/Medi-Cal PY favorable cost report settlements
\$1.0M CCAH Care Based incentive fee (CY 2023)
\$1.5M CCAH Supplemental Outpatient Program (FY 2023)
\$2.7M CCAH Rate Range Program (CY 2022)
\$4.8M DHCS Rate Range Program (CY 2023)
\$4.2M NDPH Population Health (CY 2023)
\$4.1M Medi-Cal – Population Health Program (FY 2023)
\$9.7M Medi-Cal – HQAF Program (CY 2022-2023)
\$25.0M Total Normalizing Items

(*) Additionally, the above incorporates a \$5M partial pickup of the original Anthem Reserves of \$17 million due to progress made in collecting outstanding funds from Anthem for the out of network period (8/1/23 to 11/14/23).

Consolidated Financial Summary

YTD June 2024 - Normalized

\$ in Millions	FY 2024 June YTD				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 754.0	\$ 724.8	\$ 29.2	4.0%	
Operating Expense	\$ 746.8	\$ 721.7	\$ (25.1)	-3.5%	
Income from Operations *	\$ 7.2	\$ 3.1	\$ 4.1	132.3%	
Operating Margin %	1.0%	0.4%	0.6%	150.0%	
Non Operating Income	\$ 41.6	\$ 22.9	\$ 18.7	81.7%	
Net Income	\$ 48.8	\$ 26.0	\$ 22.8	87.7%	
Net Income Margin %	6.5%	3.6%	2.9%	80.6%	

(*)Normalizing Items Excluded above:

\$1.2M Medicare/Medi-Cal PY favorable cost report settlements
\$1.0M CCAH Care Based incentive fee (CY 2023)
\$1.5M CCAH Supplemental Outpatient Program (FY 2023)
\$2.7M CCAH Rate Range Program (CY 2022)
\$4.8M DHCS Rate Range Program (CY 2023)
\$4.2M NDPH Population Health (CY 2023)
\$4.1M Medi-Cal – Population Health Program (FY 2023)
\$9.7M Medi-Cal – HQAF Program (CY 2022-2023)
\$25.0M Total Normalizing Items

(*) Additionally, the above incorporates a \$5M partial pickup of the original Anthem Reserves of \$17 million due to progress made in collecting outstanding funds from Anthem for the out of network period (8/1/23 to 11/14/23).

Salinas Valley Health Key Financial Indicators

Without Normalizing Items

Statistic	YTD 06/30/24	SVH Target	+/-	S&P A+ Rated Hospitals	+/-	YTD 6/30/23	+/-
Operating Margin*	4.1%	5.0%		4.0%		3.3%	
Total Margin*	9.5%	6.0%		6.6%		7.6%	
EBITDA Margin**	8.7%	7.4%		13.6%		6.9%	
Days of Cash*	370	305		249		329	
Days of Accounts Payable*	51	45		-		40	
Days of Net Accounts Receivable***	55	45		49		49	
Supply Expense as % NPR	14.0%	14.0%		-		12.6%	
SWB Expense as % NPR	53.8%	53.0%		53.7%		51.4%	
Operating Expense per APD*	6,743	6,739		-		6,503	

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

*These metrics have **not** 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

June 30, 2024

	Month of June,		Twelve months ended June 30,	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 72,566,937	\$ 58,973,649	\$ 649,188,244	\$ 635,980,307
Other operating revenue	<u>1,097,830</u>	<u>(323,920)</u>	<u>20,125,317</u>	<u>17,574,158</u>
Total operating revenue	<u>73,664,767</u>	<u>58,649,729</u>	<u>669,313,561</u>	<u>653,554,465</u>
Total operating expenses	49,092,863	57,110,629	582,424,863	577,998,123
Total non-operating income	<u>2,010,790</u>	<u>3,694,712</u>	<u>(15,098,859)</u>	<u>(13,033,398)</u>
Operating and non-operating income	<u>\$ 26,582,694</u>	<u>\$ 5,233,812</u>	<u>\$ 71,789,839</u>	<u>\$ 62,522,944</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
June 30, 2024

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 401,422,695	\$ 434,416,907
Assets whose use is limited or restricted by board	166,413,835	157,874,523
Capital assets	250,302,997	246,418,049
Other assets	303,079,228	194,004,525
Deferred pension outflows	<u>85,689,707</u>	<u>116,911,125</u>
	<u>\$ 1,206,908,462</u>	<u>\$ 1,149,625,130</u>
LIABILITIES AND EQUITY:		
Current liabilities	101,325,037	85,928,225
Long term liabilities	21,314,004	22,722,645
Lease deferred inflows	2,171,322	2,856,606
Pension liability	90,982,672	118,792,064
Net assets	<u>991,115,427</u>	<u>919,325,589</u>
	<u>\$ 1,206,908,462</u>	<u>\$ 1,149,625,130</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF NET PATIENT REVENUE
June 30, 2024

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,829	1,762	21,385	23,632
Medi-Cal	1,032	981	12,532	13,871
Commercial insurance	577	659	6,913	8,720
Other patient	88	86	1,237	1,467
Total patient days	<u>3,526</u>	<u>3,488</u>	<u>42,067</u>	<u>47,690</u>
Gross revenue:				
Medicare	\$ 121,703,177	\$ 105,303,384	\$ 1,395,446,138	\$ 1,263,747,921
Medi-Cal	77,246,175	67,816,969	875,287,625	849,142,377
Commercial insurance	54,328,979	56,494,220	641,129,022	628,644,840
Other patient	10,052,648	8,840,971	110,305,478	105,684,890
Gross revenue	<u>263,330,979</u>	<u>238,455,544</u>	<u>3,022,168,263</u>	<u>2,847,220,028</u>
Deductions from revenue:				
Administrative adjustment	244,590	72,563	3,607,697	3,086,596
Charity care	349,225	824,076	7,410,211	7,724,323
Contractual adjustments:				
Medicare outpatient	39,430,344	33,599,796	442,800,772	370,792,647
Medicare inpatient	50,049,740	44,240,449	567,315,573	554,690,748
Medi-Cal traditional outpatient	1,796,203	2,647,523	28,467,619	38,876,838
Medi-Cal traditional inpatient	(2,249,601)	1,250,711	45,866,021	59,791,485
Medi-Cal managed care outpatient	36,088,642	29,702,102	395,136,856	341,338,709
Medi-Cal managed care inpatient	20,221,280	20,115,843	297,492,152	304,661,806
Commercial insurance outpatient	19,422,189	21,941,233	270,180,430	225,451,397
Commercial insurance inpatient	18,685,248	20,116,538	245,845,850	240,140,483
Uncollectible accounts expense	5,000,605	4,464,114	53,909,164	47,598,238
Other payors	1,725,577	506,947	14,947,674	17,086,451
Deductions from revenue	<u>190,764,042</u>	<u>179,481,896</u>	<u>2,372,980,019</u>	<u>2,211,239,721</u>
Net patient revenue	<u>\$ 72,566,937</u>	<u>\$ 58,973,649</u>	<u>\$ 649,188,244</u>	<u>\$ 635,980,307</u>
Gross billed charges by patient type:				
Inpatient	\$ 129,076,916	\$ 119,256,978	\$ 1,505,395,393	\$ 1,519,243,349
Outpatient	102,019,795	88,023,889	1,154,413,242	972,572,733
Emergency room	32,234,268	31,174,677	362,359,628	355,403,945
Total	<u>\$ 263,330,979</u>	<u>\$ 238,455,544</u>	<u>\$ 3,022,168,263</u>	<u>\$ 2,847,220,028</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES
June 30, 2024

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 72,566,937	\$ 58,973,649	\$ 649,188,244	\$ 635,980,307
Other operating revenue	<u>1,097,830</u>	<u>(323,920)</u>	<u>20,125,317</u>	<u>17,574,158</u>
Total operating revenue	<u>73,664,767</u>	<u>58,649,729</u>	<u>669,313,561</u>	<u>653,554,465</u>
Operating expenses:				
Salaries and wages	16,985,600	15,338,476	201,289,712	200,797,483
Compensated absences	3,062,085	2,644,838	36,326,553	34,442,854
Employee benefits	6,179,115	18,318,477	99,148,801	105,232,116
Supplies, food, and linen	8,672,612	6,827,793	91,446,086	82,119,292
Purchased department functions	4,597,589	(387,921)	45,152,493	44,883,132
Medical fees	2,621,106	2,733,203	30,242,006	26,844,907
Other fees	2,083,674	2,987,068	27,191,426	35,119,574
Depreciation	2,771,436	5,334,051	29,727,888	27,508,356
All other expense	2,119,646	3,314,644	21,899,898	21,050,409
Total operating expenses	<u>49,092,863</u>	<u>57,110,629</u>	<u>582,424,863</u>	<u>577,998,123</u>
Income from operations	<u>24,571,904</u>	<u>1,539,100</u>	<u>86,888,698</u>	<u>75,556,342</u>
Non-operating income:				
Donations	1,196,627	6,648,598	3,890,720	16,406,938
Property taxes	2,013,568	2,053,906	5,680,235	5,720,572
Investment income	3,003,039	1,407,871	27,801,454	8,254,571
Taxes and licenses	0	0	0	0
Income from subsidiaries	<u>(4,202,444)</u>	<u>(6,415,663)</u>	<u>(52,471,268)</u>	<u>(43,415,479)</u>
Total non-operating income	<u>2,010,790</u>	<u>3,694,712</u>	<u>(15,098,859)</u>	<u>(13,033,398)</u>
Operating and non-operating income	26,582,694	5,233,812	71,789,839	62,522,944
Net assets to begin	<u>964,532,733</u>	<u>914,091,777</u>	<u>919,325,587</u>	<u>856,802,644</u>
Net assets to end	<u>\$ 991,115,427</u>	<u>\$ 919,325,589</u>	<u>\$ 991,115,427</u>	<u>\$ 919,325,589</u>
Net income excluding non-recurring items	\$ 26,582,694	\$ 5,233,812	\$ 71,789,839	\$ 62,522,944
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>\$ 26,582,694</u>	<u>\$ 5,233,812</u>	<u>\$ 71,789,839</u>	<u>\$ 62,522,944</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF INVESTMENT INCOME
June 30, 2024

	<u>Month of June,</u>		<u>Twelve months ended June 30,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of income from subsidiaries:				
Salinas Valley Health Clinics				
Pulmonary Medicine Center	\$ (209,448)	\$ (205,490)	\$ (2,407,117)	\$ (2,049,389)
Neurological Clinic	(108,508)	(54,088)	(817,152)	(766,375)
Palliative Care Clinic	(114,394)	(102,021)	(1,094,454)	(868,678)
Surgery Clinic	(192,332)	(165,233)	(2,163,374)	(1,743,314)
Infectious Disease Clinic	(39,076)	(57,387)	(457,326)	(395,766)
Endocrinology Clinic	(194,916)	(148,938)	(2,667,748)	(2,047,230)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(527,727)	(566,907)	(6,750,097)	(5,868,064)
OB/GYN Clinic	(328,415)	(370,995)	(4,819,227)	(4,004,236)
PrimeCare Medical Group	(565,631)	(544,539)	(9,711,033)	(7,848,773)
Oncology Clinic	(372,851)	(295,432)	(4,209,599)	(3,372,919)
Cardiac Surgery	(376,859)	(361,566)	(3,902,381)	(3,668,865)
Sleep Center	(80,280)	(25,867)	(735,322)	(441,453)
Rheumatology	(72,022)	(71,591)	(877,205)	(754,269)
Precision Ortho MDs	(473,582)	(343,244)	(5,616,903)	(4,554,483)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(71,785)	(11,307)	(604,771)	(408,671)
Vaccine Clinic	0	0	16	(683)
Dermatology	(42,774)	(70,753)	(469,724)	(282,387)
Hospitalists	0	0	0	0
Behavioral Health	(54,437)	(34,834)	(604,274)	(413,214)
Pediatric Diabetes	(40,674)	(53,000)	(535,486)	(556,954)
Neurosurgery	(114,005)	(38,329)	(742,328)	(375,427)
Multi-Specialty-RR	30,924	10,277	70,750	91,011
Radiology	(354,160)	(1,582,324)	(3,075,420)	(2,079,819)
Salinas Family Practice	(107,723)	(92,393)	(1,490,868)	(1,237,679)
Urology	(170,151)	(287,378)	(1,995,313)	(1,262,931)
Total SVHC	(4,580,826)	(5,473,339)	(55,676,356)	(44,910,568)
Doctors on Duty	236,614	(269,933)	883,934	246,029
Vantage Surgery Center	0	0	0	0
LPCH NICU JV	0	(506,820)	0	(506,820)
Central Coast Health Connect	(102,308)	(106,009)	(102,308)	(106,009)
Monterey Peninsula Surgery Center	164,330	(82,599)	1,668,738	1,508,283
Coastal	(8,891)	6,058	118,894	37,941
Apex	0	0	0	0
21st Century Oncology	11,929	(35,789)	80,003	(140,774)
Monterey Bay Endoscopy Center	76,708	52,766	555,827	456,440
Total	<u>\$ (4,202,444)</u>	<u>\$ (6,415,663)</u>	<u>\$ (52,471,268)</u>	<u>\$ (43,415,479)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
June 30, 2024

	<u>Current year</u>	<u>Prior year</u>
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 270,540,350	\$ 328,752,213
Patient accounts receivable, net of estimated uncollectibles of \$55,096,213	111,333,643	85,106,372
Supplies inventory at cost	7,862,358	8,016,154
Current portion of lease receivable	1,732,185	1,921,803
Other current assets	<u>9,954,159</u>	<u>10,620,365</u>
Total current assets	<u>401,422,695</u>	<u>434,416,907</u>
Assets whose use is limited or restricted by board	<u>166,413,835</u>	<u>157,874,523</u>
Capital assets:		
Land and construction in process	43,346,670	58,875,555
Other capital assets, net of depreciation	<u>206,956,327</u>	<u>187,542,495</u>
Total capital assets	<u>250,302,997</u>	<u>246,418,049</u>
Other assets:		
Right of use assets, net of amortization	7,284,598	5,681,859
Long term lease receivable	467,297	1,115,546
Subscription assets, net of amortization	10,207,128	10,754,599
Investment in Securities	257,603,817	145,498,387
Investment in SVMC	3,062,893	10,499,369
Investment in Coastal	1,800,535	1,681,641
Investment in other affiliates	22,120,787	18,240,951
Net pension asset	<u>532,173</u>	<u>532,173</u>
Total other assets	<u>303,079,228</u>	<u>194,004,525</u>
Deferred pension outflows	<u>85,689,707</u>	<u>116,911,125</u>
	<u>\$ 1,206,908,462</u>	<u>\$ 1,149,625,130</u>
L I A B I L I T I E S A N D N E T A S S E T S		
Current liabilities:		
Accounts payable and accrued expenses	\$ 68,991,986	\$ 57,123,763
Due to third party payers	3,675,118	5,404,186
Current portion of self-insurance liability	21,781,195	16,874,923
Current subscription liability	4,227,920	4,630,742
Current portion of lease liability	<u>2,648,818</u>	<u>1,894,611</u>
Total current liabilities	101,325,037	85,928,225
Long term portion of workers comp liability	12,752,056	13,027,333
Long term portion of lease liability	5,101,119	3,980,405
Long term subscription liability	<u>3,460,829</u>	<u>5,714,907</u>
Total liabilities	<u>122,639,041</u>	<u>108,650,871</u>
Lease deferred inflows	2,171,322	2,856,606
Pension liability	<u>90,982,672</u>	<u>118,792,064</u>
Net assets:		
Invested in capital assets, net of related debt	250,302,997	246,418,049
Unrestricted	<u>740,812,430</u>	<u>672,907,540</u>
Total net assets	<u>991,115,427</u>	<u>919,325,589</u>
	<u>\$ 1,206,908,462</u>	<u>\$ 1,149,625,130</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
June 30, 2024

	Month of June,				Twelve months ended June 30,			
	Actual	Budget	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:								
Gross billed charges	\$ 263,330,979	\$ 234,963,711	28,367,268	12.07%	\$ 3,022,168,263	\$ 2,824,756,792	197,411,471	6.99%
Deductions from revenue	190,764,042	185,084,553	5,679,489	3.07%	2,372,980,019	2,225,100,017	147,880,002	6.65%
Net patient revenue	72,566,937	49,879,158	22,687,779	45.49%	649,188,244	599,656,775	49,531,469	8.26%
Other operating revenue	1,097,830	1,332,540	(234,710)	-17.61%	20,125,317	15,990,480	4,134,837	25.86%
Total operating revenue	73,664,767	51,211,698	22,453,069	43.84%	669,313,561	615,647,255	53,666,306	8.72%
Operating expenses:								
Salaries and wages	16,985,600	17,292,681	(307,081)	-1.78%	201,289,712	207,339,020	(6,049,308)	-2.92%
Compensated absences	3,062,085	3,052,417	9,668	0.32%	36,326,553	34,755,047	1,571,506	4.52%
Employee benefits	6,179,115	8,024,751	(1,845,636)	-23.00%	99,148,801	96,162,309	2,986,492	3.11%
Supplies, food, and linen	8,672,612	6,680,801	1,991,811	29.81%	91,446,086	81,476,548	9,969,538	12.24%
Purchased department functions	4,597,589	3,539,228	1,058,361	29.90%	45,152,493	42,470,750	2,681,743	6.31%
Medical fees	2,621,106	2,359,060	262,046	11.11%	30,242,006	28,308,722	1,933,284	6.83%
Other fees	2,083,674	2,222,815	(139,141)	-6.26%	27,191,426	26,972,924	218,502	0.81%
Depreciation	2,771,436	2,083,937	687,499	32.99%	29,727,888	25,622,216	4,105,672	16.02%
All other expense	2,119,646	1,801,863	317,783	17.64%	21,899,898	21,859,160	40,738	0.19%
Total operating expenses	49,092,863	47,057,554	2,035,309	4.33%	582,424,863	564,966,695	17,458,168	3.09%
Income from operations	24,571,904	4,154,144	20,417,760	491.50%	86,888,698	50,680,559	36,208,139	71.44%
Non-operating income:								
Donations	1,196,627	166,667	1,029,960	617.98%	3,890,720	2,000,000	1,890,720	94.54%
Property taxes	2,013,568	333,333	1,680,235	504.07%	5,680,235	4,000,000	1,680,235	42.01%
Investment income	3,003,039	1,185,806	1,817,234	153.25%	27,801,454	14,229,667	13,571,788	95.38%
Income from subsidiaries	(4,202,444)	(4,089,532)	(112,912)	2.76%	(52,471,268)	(47,194,522)	(5,276,746)	11.18%
Total non-operating income	2,010,790	(2,403,726)	4,414,516	-183.65%	(15,098,859)	(26,964,855)	11,865,997	-44.01%
Operating and non-operating income	\$ 26,582,694	\$ 1,750,418	24,832,276	1418.65%	\$ 71,789,839	\$ 23,715,704	48,074,136	202.71%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		Variance
	2023	2024	2022-23	2023-24	
NEWBORN STATISTICS					
Medi-Cal Admissions	44	54	457	444	(13)
Other Admissions	97	70	1,034	906	(128)
Total Admissions	141	124	1,491	1,350	(141)
Medi-Cal Patient Days	68	54	739	643	(96)
Other Patient Days	166	147	1,746	1,541	(205)
Total Patient Days of Care	234	201	2,485	2,184	(301)
Average Daily Census	7.5	6.5	6.8	6.0	(0.8)
Medi-Cal Average Days	1.7	1.5	1.7	1.7	(0.0)
Other Average Days	0.8	1.7	1.7	1.7	(0.1)
Total Average Days Stay	1.8	1.7	1.7	1.7	(0.0)
ADULTS & PEDIATRICS					
Medicare Admissions	373	384	4,709	4,474	(235)
Medi-Cal Admissions	309	258	3,477	3,211	(266)
Other Admissions	401	339	3,698	3,668	(30)
Total Admissions	1,083	981	11,884	11,353	(531)
Medicare Patient Days	1,520	1,569	19,967	18,036	(1,931)
Medi-Cal Patient Days	1,036	1,080	14,309	12,951	(1,358)
Other Patient Days	927	612	12,156	8,486	(3,670)
Total Patient Days of Care	3,483	3,261	46,432	39,473	(6,959)
Average Daily Census	112.4	105.2	126.9	107.8	(19.0)
Medicare Average Length of Stay	4.0	4.2	4.2	4.0	(0.2)
Medi-Cal AverageLength of Stay	3.3	3.5	3.6	3.5	(0.1)
Other Average Length of Stay	2.3	1.5	2.6	1.9	(0.8)
Total Average Length of Stay	3.2	3.0	3.5	3.1	(0.4)
Deaths	29	15	296	310	14
Total Patient Days	3,717	3,462	48,917	41,657	(7,260)
Medi-Cal Administrative Days	10	0	103	398	295
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	10	0	103	398	295
Percent Non-Acute	0.27%	0.00%	0.21%	0.96%	0.74%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		Variance
	2023	2024	2022-23	2023-24	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	263	271	3,569	3,020	(549)
Heart Center	345	325	4,194	3,902	(292)
Monitored Beds	619	650	7,979	7,390	(589)
Single Room Maternity/Obstetrics	359	300	4,013	3,543	(470)
Med/Surg - Cardiovascular	732	864	10,754	10,077	(677)
Med/Surg - Oncology	289	180	3,381	3,234	(147)
Med/Surg - Rehab	443	499	6,025	5,541	(484)
Pediatrics	83	128	1,409	1,561	152
Nursery	234	201	2,485	2,184	(301)
Neonatal Intensive Care	60	44	1,531	1,205	(326)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	67.44%	67.25%	75.22%	63.65%	
Heart Center	76.67%	69.89%	76.60%	71.27%	
Monitored Beds	76.42%	77.66%	80.96%	74.99%	
Single Room Maternity/Obstetrics	32.34%	26.16%	29.71%	26.23%	
Med/Surg - Cardiovascular	54.22%	61.94%	65.47%	61.35%	
Med/Surg - Oncology	74.10%	44.67%	71.25%	68.16%	
Med/Surg - Rehab	56.79%	61.91%	63.49%	58.39%	
Med/Surg - Observation Care Unit	0.00%	0.00%	0.00%	0.00%	
Pediatrics	15.37%	22.94%	21.45%	23.76%	
Nursery	47.27%	39.30%	20.63%	18.13%	
Neonatal Intensive Care	18.18%	12.90%	38.13%	30.01%	

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		
	2023	2024	2022-23	2023-24	Variance
<u>DELIVERY ROOM</u>					
Total deliveries	136	99	1,436	1,266	(170)
C-Section deliveries	39	29	451	382	(69)
Percent of C-section deliveries	28.68%	29.29%	31.41%	30.17%	-1.23%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	19,894	17,993	236,813	196,776	(40,037)
Out-Patient Operating Minutes	32,654	32,130	335,196	361,429	26,233
Total	52,548	50,123	572,009	558,205	(13,804)
Open Heart Surgeries	14	10	168	136	(32)
In-Patient Cases	138	126	1,615	1,380	(235)
Out-Patient Cases	307	320	3,396	3,581	185
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	38	36	399	443	44
High Risk	653	856	7,633	9,470	1,837
More Than One Resource	2,944	2,758	35,378	33,671	(1,707)
One Resource	1,807	1,842	24,430	22,909	(1,521)
No Resources	88	81	1,168	1,052	(116)
Total	5,530	5,573	69,008	67,545	(1,463)

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		
	2023	2024	2022-23	2023-24	Variance
CENTRAL SUPPLY					
In-patient requisitions	14,140	12,716	180,922	154,567	-26,355
Out-patient requisitions	11,263	10,300	117,046	126,556	9,510
Emergency room requisitions	771	645	9,051	8,252	-799
Interdepartmental requisitions	6,093	6,892	81,494	79,697	-1,797
Total requisitions	32,267	30,553	388,513	369,072	-19,441
LABORATORY					
In-patient procedures	35,383	36,157	468,241	433,828	-34,413
Out-patient procedures	11,202	41,060	126,815	377,306	250,491
Emergency room procedures	12,806	11,665	155,144	153,246	-1,898
Total patient procedures	59,391	88,882	750,200	964,380	214,180
BLOOD BANK					
Units processed	276	292	3,711	3,370	-341
ELECTROCARDIOLOGY					
In-patient procedures	1,042	1,117	13,466	13,338	-128
Out-patient procedures	446	388	4,503	4,742	239
Emergency room procedures	1,211	1,277	13,964	15,122	1,158
Total procedures	2,699	2,782	31,933	33,202	1,269
CATH LAB					
In-patient procedures	88	115	1,212	1,508	296
Out-patient procedures	118	155	1,024	1,520	496
Emergency room procedures	0	0	1	1	0
Total procedures	206	270	2,237	3,029	792
ECHO-CARDIOLOGY					
In-patient studies	380	403	4,765	4,618	-147
Out-patient studies	263	260	2,922	3,370	448
Emergency room studies	2	4	17	17	0
Total studies	645	667	7,704	8,005	301
NEURODIAGNOSTIC					
In-patient procedures	165	141	1,709	1,538	-171
Out-patient procedures	20	13	240	203	-37
Emergency room procedures	0	0	0	0	0
Total procedures	185	154	1,949	1,741	-208

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		
	2023	2024	2022-23	2023-24	Variance
SLEEP CENTER					
In-patient procedures	0	0	2	0	-2
Out-patient procedures	208	259	1,795	3,031	1,236
Emergency room procedures	0	0	1	0	-1
Total procedures	208	259	1,798	3,031	1,233
RADIOLOGY					
In-patient procedures	1,173	1,267	17,017	15,651	-1,366
Out-patient procedures	441	456	4,884	4,953	69
Emergency room procedures	1,491	1,505	18,214	18,172	-42
Total patient procedures	3,105	3,228	40,115	38,776	-1,339
MAGNETIC RESONANCE IMAGING					
In-patient procedures	198	183	1,860	1,817	-43
Out-patient procedures	138	98	1,305	1,299	-6
Emergency room procedures	7	8	73	74	1
Total procedures	343	289	3,238	3,190	-48
MAMMOGRAPHY CENTER					
In-patient procedures	4,043	3,065	47,667	48,819	1,152
Out-patient procedures	3,987	3,045	47,225	48,356	1,131
Emergency room procedures	3	0	12	10	-2
Total procedures	8,033	6,110	94,904	97,185	2,281
NUCLEAR MEDICINE					
In-patient procedures	10	15	225	228	3
Out-patient procedures	71	137	1,089	1,421	332
Emergency room procedures	0	0	2	3	1
Total procedures	81	152	1,316	1,652	336
PHARMACY					
In-patient prescriptions	84,753	80,980	1,134,381	999,487	-134,894
Out-patient prescriptions	16,579	15,898	183,891	191,292	7,401
Emergency room prescriptions	9,049	9,743	105,838	114,678	8,840
Total prescriptions	110,381	106,621	1,424,110	1,305,457	-118,653
RESPIRATORY THERAPY					
In-patient treatments	16,391	15,192	213,968	191,679	-22,289
Out-patient treatments	894	348	13,317	12,400	-917
Emergency room treatments	290	637	4,796	6,246	1,450
Total patient treatments	17,575	16,177	232,081	210,325	-21,756
PHYSICAL THERAPY					
In-patient treatments	2,195	2,224	30,363	29,748	-615
Out-patient treatments	261	247	2,526	3,074	548
Emergency room treatments	0	0	2	0	-2
Total treatments	2,456	2,471	32,891	32,822	-69

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of June and twelve months to date

	Month of June		Twelve months to date		
	2023	2024	2022-23	2023-24	Variance
OCCUPATIONAL THERAPY					
In-patient procedures	1,445	1,289	19,059	17,072	-1,987
Out-patient procedures	201	245	2,101	2,761	660
Emergency room procedures	0	0	0	0	0
Total procedures	1,646	1,534	21,160	19,833	-1,327
SPEECH THERAPY					
In-patient treatments	512	539	5,705	6,054	349
Out-patient treatments	43	36	325	447	122
Emergency room treatments	0	0	0	0	0
Total treatments	555	575	6,030	6,501	471
CARDIAC REHABILITATION					
In-patient treatments	2	0	3	12	9
Out-patient treatments	564	535	6,452	6,641	189
Emergency room treatments	0	0	0	3	3
Total treatments	566	535	6,455	6,656	201
CRITICAL DECISION UNIT					
Observation hours	326	349	4,975	3,792	-1,183
ENDOSCOPY					
In-patient procedures	73	75	996	934	-62
Out-patient procedures	72	72	719	708	-11
Emergency room procedures	0	0	0	0	0
Total procedures	145	147	1,715	1,642	-73
C.T. SCAN					
In-patient procedures	723	778	8,795	8,692	-103
Out-patient procedures	448	377	4,922	4,304	-618
Emergency room procedures	765	655	8,333	8,749	416
Total procedures	1,936	1,810	22,050	21,745	-305
DIETARY					
Routine patient diets	20,668	11,891	277,213	191,757	-85,456
Meals to personnel	28,233	31,578	303,414	358,577	55,163
Total diets and meals	48,901	43,469	580,627	550,334	-30,293
LAUNDRY AND LINEN					
Total pounds laundered	97,403	94,389	1,221,167	1,164,513	-56,654

Balanced Scorecard

Year To Date: May 2024

Monthly Scorecard

Service (30%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	72.2	70.8	72.2	71.5	73.2	73.1	73.1	0.0%	72.6
# of Total Responses - IP	139	189	136	92	138	120	141	136	119	176	140				
Emergency Room Press Ganey Score	63.4	59.4	57.5	53.0	54.8	59.8	53.3	61.9	64.7	61.0	59.2	58.9	58.5	0.7%	58.0
# of Total Responses - ER	223	193	195	224	169	161	195	146	279	236	273				
Average of Ambulatory HCAHPS Scores	92.4	91.6	92.3	90.6	92.9	96.4	93.6	95.8	94.4	92.3	89.3	92.9	92.1	0.8%	91.6
# of Total Responses - Ambulatory	61	72	62	47	54	44	48	21	53	70	91				

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

People (15%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
II. People															
Employee Indicator Score	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.18	4.18	4.29	-2.6%	4.28
Safety Culture Index: Prevention and Reporting	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4.07	4.07	4.18	-2.6%	4.14
Safety Culture Index: Resources and Teamwork	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3.76	3.76	3.84	-2.1%	3.81

Notes / Assumptions:

- Source: Press Ganey
- Achieve Engagement Indicator score in the range of 4.22 to 4.35 as measured by the 2024 Employee Engagement Survey.
- Achieve Prevention and Reporting score in the range of 4.14 to 4.20 as measured by the 2024 Employee Engagement Survey, Safety Culture Index.
- Achieve Resources and Teamwork score in the range of 3.81 to 3.87 as measured by the 2024 Employee Engagement Survey, Safety Culture Index.

Monthly Scorecard

Quality & Safety Processes – ER (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	173.0	174.0	175.0	185.0	186.0	182.0	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	80.0	77.0	76.0	70.0	71.0	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	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	31.8	31.2	31.3	30.7	31.4	30.8	30.5	-0.9%	29.6
Cath Lab Efficiencies															
First Case - On Time Start %	N/A	N/A	N/A	N/A	79.5%	73.7%	88.6%	85.3%	79.5%	70.5%	86.4%	80.5%	75.0%	7.3%	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 1st 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	Jan-24	Feb-24	Mar-24	Apr-24	May-24	FY 2024 Act/Proj	TARGET	Var %	FY 2023 Baseline
Hospital Acquired Conditions Index (Weighted Total)	N/A	N/A	6.8	N/A	N/A	3.1	N/A	N/A	2.8	N/A	N/A	4.2	3.9	-9.5%	4.2
Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	N/A	N/A	N/A	N/A	N/A	198	N/A	N/A	192	N/A	N/A	195	100	95.0%	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 1st 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	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	\$10,993	\$4,031	\$5,463	\$7,620	\$5,914	\$69,497	\$50,681	37.1%	\$79,748
Operating Margin (Normalized)	6.6%	11.1%	12.4%	10.2%	5.2%	10.9%	17.7%	7.9%	10.1%	10.3%	10.3%	8.8%	8.2%	6.9%	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	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	70.4%	N/A	N/A	67.7%	N/A	N/A	73.5%	N/A	N/A	70.1%	70%	0.1%	60.7%
Robotic-Assisted Surgeries (DaVinci X1 System Only)	16	21	25	35	28	27	16	17	19	19	36	259	124	108.9%	113
Expand Epic Access for Hospital Departments (view access to Ambulatory Medical Record)	N/A	N/A	3	N/A	N/A	0	N/A	N/A	7	N/A	N/A	10	6	66.7%	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.](#)
 - [As of April, there are 12 departments](#)

Monthly Scorecard

Community (5%)

Organizational Goals by Pillar	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	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	2	0	0	1	0	4	2	100.0%	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.
- Engagement Events:
 1. Christmas in Closer Park, December 4th
 2. Martin Luthor King Day of Service Events, January 15th & January 20th
 3. Community Engagement Event, April 21st

Questions / Comments?



Capital Spending Update

Active Projects Approved By The Board

Status As Of: June 2024 YTD

Rolf Norman & Dave Sullivan

Board Approvals Capital Projects From BOD Minutes Through June 2024						
	(1) Project Name	(2) Board Approved Month	(3) Board Approved Amount	(4) FY2024 Spend	(5) Total Project Spend Since Inception	(6) Under / (Over) Spend Since Inception
1	Parking Garage Annex Design/Build	Mar 20, Jan 21, Jul 21, & Jan 22	\$32,500,000	\$10,386,805	28,990,495	\$3,509,505
1a	Medical Center Campus Painting	Sep. 2023 (transfer from garage)	\$3,500,000	\$75,430	75,430	\$3,424,570
2	Surgery Addition + Seismic Retrofit, Master Plan	Aug 2019 & Sep 2019 & April 2022	\$12,821,264	\$1,099,522	8,138,787	\$4,682,477
2a	Surgery Addition/Patient Tower (included in #2)			\$1,028	1,013,491	
2b	Seismic Retrofit (included in #2)			\$1,086,472	1,672,370	
2c	Welcome Center (included in #2)			\$0	99,067	
3	Renovations to 559 Abbott Street for Urology Services	Sep. 2022	\$3,379,628	\$1,968,250	2,870,843	\$508,785
4	CT Equipment Replacement Project,	Projects are related construction-wise, capital will be reallocated on completion. Total is currently on track	\$3,139,050	\$1,548,467	1,829,780	\$1,309,270
5	Nuclear Medicine Equipment Replacement		\$3,002,053	\$3,615,706	3,943,280	(\$941,227)
6	Elevator Modernization	December 2021	\$2,600,000	\$1,016,719	2,012,766	\$587,234
7	Bulk Oxygen tank replacement project	Aug 2022, Oct 2022	\$2,800,000	\$444,436	960,527	\$1,839,473
8	SVH Rebranding (Capital Portion - Signage)		\$1,878,690	\$580,667	630,722	\$1,247,968
9	HR Replacement system - Workday (Capital Portion)	June 2023	\$1,423,692	\$1,378,052	1,118,437	\$305,255
10	Cath Lab 3 Replacement	October 2023, May 2024	\$4,300,526	\$89,591	85,591	\$4,214,935
11	Angio Suite Replacement	October 2023, May 2024	\$4,140,627	\$81,497	81,497	\$4,059,130
12	212 San Jose Street Renovation Cardio/Vascular	October 2023	\$500,000	\$307,522	307,522	\$192,478
13	BD Infusion, IV Pump Replacement	April 2024	\$1,182,987	\$0	-	\$1,182,987
14	Epic IP Electronic Health Record (5 YR Capital Portion)	May 2024	\$57,359,817	\$0	-	\$57,359,817
Total			\$75,985,530	\$22,592,664	\$51,045,677	\$24,939,853
Other projects:						
15	IT Switches, Servers, Network, Computers, AV Upgrades.	N/A		\$1,508,818		
16	All Other SVMH/SVMC Capital Spending	N/A		\$5,869,918		
Grand Total				\$29,971,400		

*QUESTIONS /
COMMENTS?*

ADJOURNMENT