



June 17, 2025

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, JUNE 23, 2025, AT 4:00 P.M., DOWNING RESOURCE CENTER, CEO CONFERENCE ROOM 117, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.**

(For Public Access Information Visit <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/board-committee-meetings-virtual-link/>.)

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: **Victor Rey, Jr.**, Chair, **Joel Hernandez Laguna**, Vice-Chair, **Allen Radner, MD**, President/CEO; **Scott Cleveland**, Interim CFO; and **Tarun Bajaj, M.D.**, Medical Staff Member.

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

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

MONDAY, JUNE 23, 2025, 4:00 P.M.

DOWNING RESOURCE CENTER, CEO CONFERENCE ROOM 117

**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 May 19, 2025 (REY)

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

4. Consider Recommendation for Board Approval of Purchase of The Stryker Mako 4 Robotic-Arm Assisted Surgery System (HYLAND/HUEBNER)

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

5. Consider Recommendation for Board Approval of Awarding a Contract for Design and Engineering Services to HDR Architecture Inc. in conjunction with the Emergency Department Replacement Project (MILLER/McCOY)

- 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. Consider Recommendation for Board Approval of Competitive Solicitation and Contract Award for Epic Acute Project Go-Live Assistance Engagement with Optimum Health IT (HYLAND/RIVERA)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
7. Closed Session
8. Reconvene Open Session / Report on Closed Session
9. Financial and Statistical Review (LOPEZ)
10. Review Balanced Scorecard (LOPEZ)
11. Adjournment

The next Finance Committee Meeting is scheduled for **Monday, July 21, 2025** at 4:00 p.m.

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

The Salinas Valley Health (SVH) Board packet is available at the Board Meeting, electronically at <https://www.salinasvalleyhealth.com/about-/healthcare-district-information-reports/board-of-directors/meeting-agendas-packets/2025/>, and in the SVH Human Resources Department located at 611 Abbott Street, Suite 201, Salinas, California, 93901. All items appearing on the agenda are subject to action by the SVH Board.

Requests for a disability related modification or accommodation, including auxiliary aids or Spanish translation services, in order to attend or participate in-person at a meeting, need to be made to the Board Clerk during regular business hours at 831-759-3050 at least forty-eight (48) hours prior to the posted time for the meeting in order to 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 MAY 19, 2025

Committee Member Attendance:

Voting Members Present: **Victor Rey, Jr.**, Chair, **Allen Radner, M.D.**, President/CEO, **Scott Cleveland**, Interim CFO, and **Tarun Bajaj, M.D.**, Medical Staff Member.

Voting Members Absent: **Joel Hernandez Laguna.**

Advisory Non-Voting Members Present:

In person: Timothy Albert, M.D., CCO, Miller, COO, and Gary Ray, CLO, and Carla Spencer, CNO.
Via WebEx: Michelle Childs, CHRO.

Other Board Members Present, Constituting Committee of the Whole:

Via teleconference: Rolando Cabrera, M.D., and Catherine Carson.

Tarun Bajaj, M.D. arrived at 4:05 p.m.

1. CALL TO ORDER/ROLL CALL

A quorum was present and Chair Victor Rey, Jr., called the meeting to order at 4:01 p.m. in the Heart Center Teleconference Room.

2. COMMITTEE VACANCY / EXECUTIVE REPLACEMENT

Chair Rey announced the following:

With the Chief Financial Officer's LOA and retirement in July, his voting executive member positions on the Personnel, Pension and Investment Committee and Finance Committee were vacant and needed to be filled. Scott Cleveland will be the "Interim CFO" until a new CFO is hired. Dr. Radner recommended that Scott be appointed to these Board Committee positions until SVH has a new CFO. Matt Ottone, District Legal Counsel, has advised that since all the committees are Board Committees that exist pursuant to the Board of Directors Bylaws, all committee seats are appointed by the Board President. The Committee Charters designate membership of those committees as 2 Board members, 2 Admin Members, and 1 Medical Staff member.

Board of Directors President, Joel Hernandez Laguna, appointed Scott Cleveland to the Personnel, Pension and Investment Committee and Finance Committee effective May, 2025.

3. PUBLIC COMMENT:

None.

4. MINUTES OF THE FINANCE COMMITTEE APRIL 21, 2025

Approve the minutes of the April 21, 2025 Finance Committee meeting. The information was included in the Committee packet.

PUBLIC COMMENT: None.

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Committee Member Cleveland, and second by Committee Member Dr. Radner, the minutes of the April 21, 2025 Finance Committee are approved as presented.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Dr. Bajaj, Cleveland;

Nays: None;

Abstentions: None;

Absent: Hernandez Laguna.

Motion Carried

5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL TO AWARD CONSTRUCTION CONTRACT TO SSB CONTRACTING FOR THE RENOVATIONS TO THE DRC ANNEX IN SUPPORT OF THE EPIC TRAINING ROOMS

Clement Miller, COO, and Brad McCoy, Vice President of Facilities, Construction & Real Estate, reported that Salinas Valley Health has committed to deploying the EPIC platform of management and administration tools in the coming months and years. The commitment requires significant training of all staff to assure efficient and competent utilization of the newly adopted program elements. Existing conference facilities are routinely booked to capacity. Taking existing facilities away from general use to accommodate a slate of full-day Epic training sessions creates an operational challenge. We are proposing to create two new ‘stand-alone’ conference/training facility buildouts, one in the Garage Annex basement, one at 5 Lower Ragsdale.

The renovations to the parking garage annex patterns the new development after the DRC’s existing 3-chamber conference rooms A/B/C. The new training room will include full height motorized folding partitions to create 3 individual training chambers that can retract to reestablish the larger single chamber. Video-conferencing equipment will be installed to allow remote engagement. Included in this buildout is the creation of a men’s/women’s bathroom ‘core’ off the currently improved hallway near the new elevator, those toilet facilities will also support future occupancies once the balance of the unfinished basement is developed.

The renovations to the 5 Lower Ragsdale building involve minor renovations to optimize three existing rooms to support training staff. The renovations are anticipated to complete early September.

Facilities Management approached the Board and received approval in March 2025 for capital funding for planning, design, permitting, construction in the total amount of \$2,890,000. Facilities Management is now returning to the Board to recommend award of construction contract to SSB Contracting in the amount of \$1,484,108.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Committee Member Dr. Bajaj, and second by Committee Member Dr. Radner, the Finance Committee recommends the Board of Directors award the contract for construction to SSB Contracting, Inc. in the total amount of \$1,484,108.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Dr. Bajaj, and Cleveland;

Nays: None;

Abstentions: None;

Absent: Hernandez Laguna.

Motion Carried**6. CONSIDER RECOMMENDATION TO THE BOARD TO APPROVE UPDATED PROJECT BUDGET AND AWARD CONSTRUCTION CONTRACT TO FTG BUILDERS, INC. FOR THE SALINAS VALLEY HEALTH MEDICAL CENTER CATHETERIZATION LABORATORY AND INTERVENTIONAL RADIOLOGY EQUIPMENT REPLACEMENT PROJECT**

Clement Miller, COO, and Brad McCoy, Vice President of Facilities, Construction & Real Estate, reported that Facilities Management is returning to the Board to recommend approval of the original capital funding to complete the design, construction and implementation required for the Cardiac Catheterization (Cath) Lab 3 and Interventional Radiology (IR) Lab Equipment Replacement project. Fiscal years 2024, 2025, and 2026 routine capital budget allocated funding for planning, design, and construction activities. In May of 2024, the Finance Committee and Board approved funding for planning, design, and major medical equipment in the amount of \$8,441,153. The total estimated project cost for the project is \$11,406,437.

The Cath Lab and the Interventional Radiology Lab are critical areas for treating patients with heart disease, peripheral vascular disease and many other diseases of the vascular, gastrointestinal, hepatobiliary, genitourinary, pulmonary, and musculoskeletal system. As a ST Elevation Myocardial Infarction (STEMI) receiving center, Salinas Valley Health (SVH) is required to maintain fully operational catheterization labs. The fluoroscopy equipment in Cath Lab 3 and IR Lab has reached end of useful life and will no longer be serviceable by the vendor (Siemens) as of December 31, 2025. Current project planning encompasses full replacement of existing equipment and building components within the procedure and control rooms. All planned renovations require a building permit from California's Department of Health Care Access and Information (HCAI).

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: It was clarified replacement was necessary because the Interventional Radiology Lab and Cardiac Cath Lab equipment are at end of life.

MOTION:

Upon motion by Committee Member Dr. Radner, and second by Committee Member Dr. Bajaj, the Finance Committee recommends the Board of Directors (i) approve the total estimated project cost for the SVH and Catheterization Laboratory and Interventional Radiology Equipment Replacement Project(s) in the budgeted amount of \$11,406,437, an increase \$2,965,284 over the previous board

action in the amount of \$8,441,153, and (ii) award the contract for construction to FTG Builders, Inc. in the total amount of \$4,057,063.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Dr. Bajaj, and Cleveland;

Nays: None;

Abstentions: None;

Absent: Hernandez Laguna.

Motion Carried

7. PRESENTATION ON PROPOSED FISCAL YEAR 2026 (FY2026) OPERATING AND CAPITAL BUDGET

Scott Cleveland, Interim CFO, reported the FY2026 Operating and Capital Budget has been reviewed in depth by the members of the Board at the Special Meeting of the Board Budget Workshop on April 22, 2025. A vote on the FY2026 Budget is agendaized for the May 22, 2025 Board of Directors Meeting.

A summary of the final budget was reviewed including:

- Key Operating Budget Assumptions
- Average Daily Census (ADC) Trends
- SVH Clinics Key Budget Assumptions
- Proposed Consolidated FY 2026 Budget Compared to FY 2025 Projection
- Proposed Capital Budget Fiscal Year 2026 summary
- Proposed Budgeted Operating Margin and Total Capital Budget

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: The full budget was reviewed in the Special Board Meeting Budget Workshop on April 22, 2025. Scott Cleveland, Interim CFO, and Meredith Peterson, Director Financial Planning & Decision Support, will review the full budget with Sanjeev Tandon, Subject Matter Expert, who was unable to attend the Budget Workshop.

MOTION:

Upon motion by Committee Member Dr. Radner, and second by Committee Member Dr. Bajaj, the Finance Committee recommends the Board of Directors approves the SVH Operating & Capital Budget for Fiscal Year 2026 with a Budgeted Operating Margin of \$3.6M or 0.4% and a Total Capital Budget of \$71.7M.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Dr. Bajaj, and Cleveland;

Nays: None;

Abstentions: None;

Absent: Hernandez Laguna.

Motion Carried

8. FINANCIAL PERFORMANCE REVIEW

An update was received from Scott Cleveland, Interim CFO, on the Financial Performance Review for the month of April 2025. Highlights included Income from Operations \$12.7M, Net Income \$17.2M, and Days Cash on Hand of 374.

A full report including the April Summary Financials, Financial Statements, Budget Comparison, and Statistics was included in the packet for review.

COMMITTEE MEMBER DISCUSSION: Dr. Radner shared that he has never seen a better month and the year-to-date is very reasonable. The normalized margin may reflect our future. The average margin in California hospitals is less than 1%. Other hospitals in our county are concerned about their census. The SVH census is representative of our strategy for growth and efficiency; SVH is in a good position.

9. BALANCED SCORECARD

Scott Cleveland, Interim CFO, reported on the Balanced Scorecard Summary for FY2025 year-to-date March, with metrics and progress with input from Carla Spencer, CNO, Michelle Childs, CHRO, Clayton Burnett, Perioperative Business Manager, Clement Miller, COO, Timothy Albert, M.D., CCO, Lilia Meraz Gottfried, Director Clinical Development, and Tiffany DiTullio, Vice President Partner and Community Relations.

- Service Pillar: There has been good increase over the last few months and is on target.
- People Pillar: The engagement survey launched on Monday 5/12 and continues through May. As of today, there is strong participation (44%) and the projection is for 80% participation. Results are expected in July.
- Quality and Safety-
 - ER: Median length-of-stay (LOS) is close to target and above target for admission-to-floor.
 - OR: The rise in case complexity has impacted length of cases. Leadership has launched target case studies and is confident the target will be met for turnover time.
 - CCL: Meeting and expecting to exceed target.
 - HAC: The quality team is drilling down CLABSI and CAUTI to address those areas.
 - Hand Hygiene: Target is being met; the team is looking at additional measures.
- Finance: Meeting target.
- Growth: There is anticipated movement in May. TeleHealth launched in April.
- Community: As of May 9th, the maximum target of 6 events (1 in each zone) has been met.

A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: None

10. CAPITAL SPENDING YTD MARCH 31, 2025 UPDATE

An update was received from Meredith Peterson, Director Financial Planning & Decision Support, Brad McCoy, Vice President of Facilities, Construction & Real Estate, and Dave Sullivan, Bogard Construction, on FY25 YTD March Capital Spending as follows:

- Medical Center campus painting: In progress with three major phases left.

- Master Plan: In progress.
- Bulk oxygen tank replacement: Completed; favorable to budget.
- SVH rebranding/signage: Ongoing and close to completion with final audits this summer.
- Angio-Suite replacement: 100% construction documents completed. Once approved will go out to bid. Trailers will be used during construction. Angio will be under construction 1st.
- Cath Lab 3 replacement: 100% construction documents completed. Once approved will go out to bid. Trailers will be used during construction. The temporary trailer will be licensed.
- Epic IP Electronic Health Record (5-Yr Capital Portion): Ongoing.
- Workday Financial and Supply Chain Software (Capital): Ongoing.
- X-Ray Rooms 1 & 2: Phased approach with each room will be down separately. OSHPD approval complete and will go to bid in June/July. Equipment is Philips.
- Nuclear Medicine Camera (D-Spect): Completed.
- Endoscopy Office Renovation (212 San Jose Street): Completed.
- MRI Inpatient Building: Schematic design complete. Paused to evaluate.
- Stryker Power Upgrade (OR Equipment, Capital Portion): Equipment purchased.
- Emergency Department Mobile Unit Facility: HCAi approval received. CDPH approval awaiting review date. Once occupied, tents will be decamped.
- Chiller and Lab Air Handling: Anticipated 6 months of design through permitting at which time it will go out to bid.
- Nurse Call Phase 3: Equipment arrived. Permitting needed, then working through each unit.
- Seismic Retrofit: Builder is being considered by Board this month.
- MRI (626 Brunken Avenue – Capital Portion): Design kick-off tomorrow. Permit from city of Salinas required prior to renovation.
- MRI (444 E. Romie – Capital Portion): Project paused.
- Labor & Delivery Lights: Equipment has arrived and replacement will begin next month installing 2 rooms at a time.
- Training Facility (Ryan Ranch): Will be live by mid-September. Working with IT team.
- Training Facility (DRC Basement Annex): In progress.
- Imaging Center 559 Abbott Xray rooms: Planning for phased approach. Starting on the design.

All projects have a Board approved amount of \$190,531.607. A full report was included in the packet.

COMMITTEE MEMBER DISCUSSION: None

11. ADJOURNMENT

There being no other business, the meeting was adjourned at 4:58 p.m. The next Finance Committee Meeting is scheduled for **Monday, June 23, 2025.**

Victor Rey, Jr., Chair

Board Paper: Finance Committee

Agenda Item:	Consider Recommendation for Board Approval of Purchase of The Stryker Mako 4 Robotic-Arm Assisted Surgery System
Executive Sponsor:	Alysha Hyland, CAO Aisha Huebner RN, Perioperative Services Director
Date:	June 16 th , 2025

Executive Summary

Our facility is nearing the end of a successful rental agreement for the Stryker Mako 3 Robotic Arm System, which has been pivotal in supporting orthopedic surgeries. This timing presents a critical opportunity to transition to the Mako 4, the next-generation system that offers superior capabilities and long-term benefits.

Background/Situation

Technology Obsolescence of Mako 3

Stryker has confirmed that no further software or technological advancements will be made available for the Mako 3. All innovation moving forward—including key clinical applications and system enhancements—will be developed exclusively for the Mako 4. This makes the Mako 3 increasingly obsolete for our evolving clinical needs.

Advanced Clinical Capabilities of Mako 4

The Mako 4 represents a substantial upgrade with features that align with our goals of improving patient outcomes and surgical precision:

- Broader Surgical Applications: Supports total hip, partial and total knee, and spine surgeries.
- Q Guidance System: Improves intraoperative navigation across specialties.
- Improved Imaging: FP8000 camera enhances visibility and speed, vital for spine and joint procedures.
- Enhanced Tools: The MICS 3 handpiece builds on trusted legacy tools for better surgical control.
- Upcoming Software (Advanced Primary and Revision Knee): Dr. Bonano is particularly enthusiastic about integrating this into his practice to expand his surgical offerings.

Financial Incentive: Limited-Time Equity Offer

We currently have \$242,400 in accumulated equity from our Mako 3 rental. Stryker is offering to apply this full amount toward the purchase of the Mako 4—a one-time opportunity.

This effectively reduces the total acquisition cost and significantly increases the return on investment.

Long-Term Cost Efficiency

- End of Recurring Rental Costs: Eliminating rental fees leads to long-term savings.
- Reduced Downtime & Increased Volume: Mako 4's faster, more efficient procedures enable greater surgical throughput.
- Faster Patient Recovery: Cases using Mako technology report shorter recovery times (e.g., 4–6 weeks vs. 3 months), which enhances patient satisfaction and supports value-based care initiatives.

Timeline/Review Process to Date:

- **June 2024:** Rental Agreement for the Mako 3 established.
- **March 2025:** Stryker presents Mako Buy-Out Proposal to SVH.
- **April – May 2025:** Contract review, negotiations, and decision to proceed.

- **May – June 2025:** Final contract negotiations completed; Axiom submission and Board preparation underway.
- **June 2025:** Requesting Board approval for acquisition of the Mako 4.

Strategic Plan Alignment:

- Investing in the Mako 4 demonstrates our commitment to clinical excellence, technological leadership, and patient-centered care.
- Enhances our ability to attract top talent and referrals in orthopedics by equipping our team with the most advanced tools available.
- Positions our facility competitively in a rapidly evolving surgical market.

Pillar/Goal Alignment:

X Service X People X Quality ☐ Finance X Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications:

Key Contract Terms	Vendor: Stryker
1. Proposed effective date	July 15, 2025
2. Term of agreement	<u>3 Year</u> <ul style="list-style-type: none"> • One-Time Mako 4 Purchase w/ 1-year initial warranty period <u>Following Initial Warranty Period</u> <ul style="list-style-type: none"> • Service Term Year 1 - \$120,000 Annual Service Fee • Service Term Year 2 - \$120,000 Annual Service Fee
3. Renewal terms	Notify 30 days prior to contract expiration
4. Termination provision(s)	Termination w/ 30-day prior notice.
5. Payment Terms	NET 45 Days
6. Annual cost	\$549,090.50 (Capital Purchase, Including tax) \$120,000 (Yr. 1) (Service) \$120,000 (Yr. 2) (Service)
7. Cost over life of agreement	\$549,090.50 (Capital Purchase, Including tax) <u>\$240,000 (2-Year Service)</u> \$789,090.50 (Total)
8. Budgeted (indicate y/n)	N

Recommendation

We respectfully recommend the Board of Directors approve the purchase of the Stryker Mako 4 at a total cost of \$789,090.50. This capital acquisition includes the base equipment price of \$549,090.50, which comes with a one-year warranty. Additionally, the agreement encompasses two years of service coverage following initial warranty, valued at \$240,000, for the duration of the service term.

Attachments

- (1) FIRST AMENDMENT TO EQUIPMENT RENTAL AGREEMENT
- (2) Sole Source Justification Form Mako 6.16.25

FIRST AMENDMENT TO EQUIPMENT RENTAL AGREEMENT

This First Amendment to Equipment Rental Agreement (“**Amendment**”) by and between Salinas Valley Memorial Healthcare System (“**Customer**”) and MAKO Surgical Corp. (“**Stryker Mako**”), and Stryker Sales, LLC (both subsidiaries of Stryker Corporation and collectively referred to herein as “**Stryker**”), is made effective as of the date executed by last party below.

Recitals

WHEREAS, Customer and Stryker Mako entered into that certain Equipment Rental Agreement dated June 25, 2024, (the “**Agreement**”), whereby Customer gained access to a RIO robotic arm interactive orthopedic system (the “**Original System**”);

WHEREAS, Customer now seeks to purchase from Stryker Mako a new RIO robotic arm interactive orthopedic systems (the “**New System**”) pursuant to the terms contained herein and in the Agreement.

Agreement

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in the Agreement and this Amendment, the parties hereby agree as follows:

1. **Purchase of New System.** For good and valuable consideration, the sufficiency and adequacy of which is hereby mutually acknowledged, Stryker Mako agrees to sell and Customer agrees to purchase the New System as set forth in the below table, at the price set forth below (the “**Purchase Price**”) and upon the terms and conditions set forth herein and contained in the Agreement. Customer acknowledges that Customer shall be responsible for payment of all applicable federal, state, and local taxes in connection with the purchase of the New System unless a tax exemption, direct pay, or resale certificate is provided to Stryker Mako.

Mako System with Partial Knee and Total Knee Applications				
QTY.	PART #	EQUIPMENT	List Price	Purchase Price
1	353535	Stryker Robotic Arm System (Mako™/RIO®) Includes:		
1	229999	Mako 4 Robotic Arm		
1	8900-100-000	Stryker Q Guidance System		
1	700002719223	Mako 4 Accessory Kit		
1	700003243335	Mako 4 with JR User Guides		
2	700002606000	Mako MICS 3 Power Tray		
2	210480	MICS 3 Straight Sagittal Saw Attachment		
2	210490	MICS 3 Angled Sagittal Saw Attachment		
2	700002606001	Mako Standard Tray Lid		
2	700002606011	Mako Standard Double Tier Tray Case		
2	700002606012	Mako Knee Tray Top Insert	\$ 1,355,000.00	\$ 745,000.00
2	700002606013	Mako Knee Tray Bottom Insert		
2	700002606014	Mako Knee Tray Kit Laminate		
1	200681	MAKOplasty® CT Scan Kit		
1	313131	Mako™ Partial Knee Application Includes:		
1	100020	RESTORIS® Partial Knee Software License		
1	212121	Mako™ Total Knee Application Includes:		
1	212184	Mako™ Total Knee Software License		
1	212249	Surgeon & Surgical Staff Training, Total Knee		
1	Multiple	*Instrument Purchase Conversion		
1	203996	Freight/Installation Fee		
		Limited Time Discount		\$ (242,400.00)
		TOTAL		\$ 502,600

***Instrument Purchase Conversion.** The Parties hereby agree that the instrumentation accessed with the Original System (the “**Original System Instruments**”), as detailed in the table below, shall remain at Customer’s facility to be utilized with the Equipment detailed above. Upon completion of the payment of the Purchase Price of the New System as outlined in section 1, ownership and title for the Original System Instruments shall pass to Customer.

Original System Instruments		
QTY.	PART #	EQUIPMENT
2	151200	Mako Array Tray
2	151150	Stryker Leg Positioner Tray Kit
2	112230	Pelvic Array

The Parties acknowledge and agree that while Customer, via this Amendment, is purchasing that number of Mako MICS 3 Power Tray(s) Part Number 700002606000, the Mako MICS 3 Power Tray(s) remains in limited market release and is not yet generally commercially available. Upon the conclusion of Stryker Mako's limited market release, Stryker Mako shall notify Customer of the Mako MICS 3 Power Tray(s) general commercial availability and Customer shall receive the items detailed in the table below, within a commercially reasonable time at no additional cost. Upon Customer's receipt of the Mako MICS 3 Power Tray(s), Customer shall promptly return the MICS 2 handpiece(s) accessed with the Original System to Stryker Mako.

QTY.	PART #	EQUIPMENT
2	700002606000	MICS 3 Power Tray Kit

(a) New System Payment Terms. Customer elects to purchase the New System from Stryker Mako by (i) paying to Stryker Mako the purchase price as set forth in the table above or (ii) entering into a lease or rental agreement with a financing company for purchase of the Equipment at the purchase price set forth the table above. In either case, full payment of the purchase price shall be due to Stryker Mako NET 45 days from date of applicable invoice and Customer shall be responsible for ensuring full payment is made to Stryker Mako. In accordance with the terms of the Agreement, Customer shall be responsible for ensuring all remaining payments of the Initial Term (as defined in the Agreement) shall be made to Stryker Mako.

(b) Software Application Upgrade. The Parties acknowledge and agree that subject to the terms and conditions of this Agreement, Customer's purchase hereunder includes a one-time right to upgrade (the "Upgrade Right") one of Customer's Mako software applications to a new upgraded software application (the "New Application") in the event Stryker Mako makes a new software application generally available for sale within the next twelve (12) months. In the event Stryker Mako makes multiple New Applications available in the next twelve (12) months, the parties acknowledge and agree that the Upgrade Right applies only to the first New Application that Stryker Mako makes generally commercially available. Customer must exercise the Upgrade Right within ninety (90) days of notice from Stryker Mako that a New Application is generally available for sale. Notwithstanding anything contained in the foregoing, Customer acknowledges that nothing contained in this Agreement shall create any obligation on Stryker with respect to developing or releasing any New Application whether during the next twelve (12) months or otherwise and Stryker Mako makes no guarantees or promises with respect to the development or release of any New Application. In the event Stryker Mako makes a New Application available and Customer exercises its Upgrade Right, all references in the Agreement to "Equipment" or "Software" are hereby modified to incorporate and include the New Application such that all terms and conditions of the Agreement shall apply to the New Application, unless Stryker Mako notifies Customer of any required changes to the Software Schedule resulting from the New Application. In the event the Customer validly exercises the Upgrade Right, Stryker shall promptly deliver the New Application to Customer and install the New Application on Customer's Mako Equipment purchased pursuant to this Agreement, and Customer shall immediately cease further use of any superseded software application.

(c) New System Terms and Conditions. The parties agree that, unless expressly stated otherwise in this Amendment, the New System shall be sold and purchased on and subject to the same terms and conditions related to access and use as the Original System as set forth in the Agreement. All references in the Agreement to "Equipment" are modified to incorporate and include the New System such that all terms and conditions of the Agreement shall apply to the Equipment and the New System.

(d) Warranty and Service Agreement. The Parties agree that the terms of the Warranty and Service Agreement set forth in Schedule D of the Agreement is hereby deleted in its entirety and replaced with **Exhibit A**.

2. Expiration Date. Stryker Mako shall honor the terms of this Amendment, provided Customer executes this Amendment on or before July 15, 2025. Stryker Mako may, in its sole discretion, elect to install the New System following such date, but not later than ten (10) days after the Effective Date.

3. Effect; Conflict. Except as expressly provided herein, all terms and conditions set forth in the Agreement to which this Amendment applies shall remain in full force and effect. In the event of a conflict between this Amendment and the provisions of the Agreement, this Amendment shall be controlling with respect to the subject matter hereof.

4. Counterparts; Electronic Transmission. This Amendment may be executed in counterparts, each of which are deemed to be original, but both of which together constitute one and the same instrument. Copies of signatures sent by facsimile transmission or any other electronic means are deemed to be originals for purposes of execution and proof of this Amendment.

5. Defined Terms. Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as described in the Agreement.

IN WITNESS WHEREOF, the parties have duly executed this Amendment to be effective as of the day and year signed by the last party below.

CUSTOMER

By: _____

Name: _____

Title: _____

Date: _____

**STRYKER, ON BEHALF OF THE LEGAL
ENTITIES LISTED HEREIN**

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT A WARRANTY AND ADVANTAGE SERVICE TERMS

This Exhibit A (also referred to as these "**Warranty and Service Terms**") is hereby incorporated into the Agreement by and between Stryker Mako and Customer and relates to the warranty and maintenance of the Equipment and is otherwise subject to the terms and conditions contained elsewhere in this Agreement. In the event of a conflict between the other terms and conditions of the Agreement and of this Exhibit A, the terms and conditions of this Schedule D shall govern. Capitalized terms used herein and not defined shall have the meanings ascribed to them elsewhere in the Agreement.

1. TERM

- 1.1 Warranty. Stryker Mako warrants that the Equipment will be free from defects in material and workmanship (the "**Warranty**") for a period of one (1) year beginning upon delivery of the Equipment by Stryker Mako to a common carrier (the "**Initial Warranty Period**"). Stryker Mako's obligation under this Warranty shall be limited to repairing or replacing (at Stryker Mako's option, inclusive of parts and labor) any part of the Equipment which, if properly installed, used and maintained, proves defective in material or workmanship within the Initial Warranty Period, provided notice of any such defect and satisfactory proof thereof is promptly given by Customer to Stryker Mako. This Warranty does not apply to products normally consumed in operation of the Equipment or which have a normal life inherently shorter than the Initial Warranty Period.
- 1.2 Service. Stryker Mako will provide the Services set forth in these Warranty and Service Terms for an additional period of two (2) consecutive years beginning on the expiration of the Initial Warranty Period on the originally installed Equipment (the "**Service Period**").

2. PRICE AND PAYMENT TERMS

- 2.1 Warranty. There is no charge for the Services (as defined below) contained in these Warranty and Service Terms during the Initial Warranty Period.
- 2.2 Service. Customer shall pay to Stryker Mako an annual service fee of \$120,000 the "**Annual Service Fee**") each year during the Service Period for the Services contained in these Warranty and Service Terms. At least thirty (30) days prior to the end of each year of the Service Period (excluding the last year of the Service Period), Customer must issue a Purchase Order to Stryker Mako in an amount equal to the Annual Service Fee. Stryker Mako shall invoice and Customer shall pay the Annual Service Fee within forty-five (45) days of the date of the invoice. Further, the Annual Service Fee may be increased each year on the anniversary of the first day of the Service Period by an amount not to exceed the greater of three percent (3%) or the percentage change in the Medical CPI during the immediately preceding twelve (12) month period.
- 2.3 Price. The price for the Services includes all parts, labor, and travel expenses, except those listed in Section 4 of these Warranty and Service Terms or set forth elsewhere herein.

3. DUTIES OF STRYKER MAKO. During the Service Term, Stryker Mako will, pursuant to these Warranty and Service Terms, provide the following services to Customer (referred to collectively as the "**Services**"):

- 3.1 Covered Services. Stryker Mako agrees to provide installation and maintenance, including, without limitation, Preventative Maintenance, repair or replacement of the Equipment and Software, including Equipment that is lost or damaged during transit to the Installation Location, as necessary to keep the Equipment and Software performing in accordance with its documentation, hardware reliability upgrades, and repair, or in Stryker Mako's sole discretion, replacement of broken or end of life instruments purchased by Customer, performed as applicable in Stryker Mako's sole discretion. Unless otherwise requested by Customer, all Services shall be performed only during Normal Business Hours. If Customer requests that Services be performed outside the Normal Business Hours, said Services will be furnished on a commercially reasonable efforts' basis.
- 3.2 Response Time. On-site response will occur within twenty-four (24) hours of Equipment downtime first being reported by Customer during Normal Business Hours unless Customer and Stryker Mako agree otherwise.
- 3.3 Loaners/Replacements. Should downtime of the Equipment continue for at least forty-eight (48) continuous hours, Stryker Mako will, within an additional forty-eight (48) hours, ship to Customer's facility and install, at Stryker Mako's sole expense, a loaner or replacement RIO® Robotic Arm Interactive Orthopedic system, unless Stryker Mako and Customer agree otherwise. In the event of a replacement, such replacement system may, in Stryker Mako's sole discretion, be a certified refurbished system that in Stryker Mako's sole judgment is of equal performance and quality to a new system. All replacement Equipment will be furnished on an exchange basis and the replaced system shall become the sole property of Stryker Mako.
- 3.4 Exchanges. If, during any consecutive three (3) month period of the Service Term, the Equipment experiences a recurring identified failure that Stryker Mako is unable to adequately repair or correct (as determined by Stryker Mako in its reasonable discretion), Stryker Mako agrees to replace the Equipment at no cost to Customer. Such Equipment may, in Stryker Mako's sole discretion, be replaced with a certified refurbished system that in Stryker Mako's sole judgement is of equal performance and quality to a new system. All replacement Equipment will be furnished on an exchange basis and exchanged Equipment shall become the sole property of Stryker Mako.

- 3.5 Maintenance Parts. Stryker Mako will provide all necessary replacement parts to maintain and/or repair the Equipment, except for any consumable items listed in Section 4 of these Warranty and Service Terms. Replacement parts will be either new parts or certified refurbished parts that in Stryker Mako's sole judgment are of equal performance and quality to new parts. All replacement parts will be furnished on an exchange basis and all replaced parts become the sole property of Stryker Mako.
- 3.6 Software Updates. Software Updates shall be included in the Services and shall, if and as applicable, be provided by Stryker Mako in a time and manner determined by Stryker Mako.
- 3.7 Service outside the 48 contiguous United States. Service outside the contiguous 48 U.S. states will be periodically scheduled in advance by Stryker Mako, in its sole discretion. If Customer requires an immediate response for services to be performed outside the contiguous 48 U.S. states, Customer will pay all travel expenses of Stryker Mako personnel incurred in performing such Services.
- 3.8 Scheduled Preventative Maintenance. Stryker Mako will provide scheduled Preventative Maintenance for the Equipment at intervals determined by Stryker Mako in its sole discretion, but not less than two (2) times per year and scheduled at mutually agreeable times with Customer.
- 3.9 Troubleshooting and Technical Support. Stryker Mako may troubleshoot with one or more individuals designated by Customer via telephone to resolve a problem in lieu of traveling to Customer's facility to repair the Equipment. Stryker Mako will also provide Customer access to Technical Support.
- 3.10 CT Validation. Up to three (3) CT scan equipment validations shall be provided to Customer and included in the Services.
- 3.11 Purchase of Surgical Scrubs. Notwithstanding anything contained in these Warranty and Service Terms to the contrary, Stryker Mako will not participate in any Customer program, procedure, vendor credentialing, policy or directive requiring Stryker Mako personnel or agents to purchase surgical scrubs from Customer, Customer designee or any third-party vendor operating in Customer's facility.
4. EXCLUSIONS FROM SERVICES. The following actions and items are excluded from the Services:
- 4.1 Misuse. Services required as a result of, or arising from: (i) any intentional acts or negligence of Customer's employees, agents or invitees; (ii) anyone other than Stryker Mako authorized personnel attempting to repair or service the Equipment; (iii) use of equipment or devices not provided by Stryker Mako; (iv) misuse of the Equipment, including, without limitation, use of the Equipment for any application or function for which it was not designed; or (v) the loading of third-party software without the prior written approval of Stryker Mako, including, without limitation, device drivers not approved by Stryker Mako. Requests for Services related to misuse will be billed to Customer at Stryker Mako's then-current billable rates for travel, labor, and parts.
- 4.2 Consumables and Accessories. Consumables and accessories are defined as Burrs, Reamer Cups, Drapes, Bone Pins, Reflective Markers, Irrigation Tubes, Checkpoints, Leg Holder Boots, and other consumables.
- 4.3 Upgrades. Hardware Upgrades, Software Upgrades, and Instrument Upgrades.
- 4.4 Electrical Work. Electrical work external to the Equipment.
- 4.5 Cosmetic Work. Painting or refinishing, or the furnishing of the materials for this purpose.
- 4.6 Moved Equipment. Maintenance required in order to repair damage resulting from Customer's transportation of the Equipment, or any event beyond Stryker Mako's control, including (by way of example and not by way of limitation) any acts of God, acts of third parties, terrorism, fires, floods, and other similar or dissimilar natural causes, riots, wars, sabotage, vandalism.
- 4.7 Data File Transfer and Recovery. Integrity, maintenance, archive and backup of patient data files are the sole responsibility of Customer.
5. RESPONSIBILITIES OF CUSTOMER
- 5.1 Access to Equipment. When Stryker Mako personnel arrive at Customer's facility, Customer will provide such personnel reasonable access to the Equipment so that they may perform the Services. Customer may be billed at prevailing hourly labor rates for lost time and travel if Stryker Mako personnel are not permitted reasonable access to the Equipment.
- 5.2 Service Authorization. Customer agrees to allow Stryker Mako personnel to service, update, and maintain the Equipment under the terms of these Warranty and Service Terms.
- 5.3 Payment Terms. Customer must pay the total amount due for the Services including all applicable federal, state and local taxes in accordance with the payment schedule set forth in these Warranty and Service Terms. Payment for Services outside Normal Business Hours or for work performed other than Services that is outside the scope of these Warranty and Service Terms will be due and payable within thirty (30) days after Customer's receipt of the applicable invoice.

- 5.4 Renewal. If Customer does not renew these Warranty and Service Terms to extend after the expiration of the Service Term, and subsequently requests Services in connection with the Equipment, all parts, labor, travel time and travel expenses will be billed to Customer at Stryker Mako's then-current billable rates. Customer shall notify Stryker Mako if it desires to renew these Warranty and Service Terms at least thirty (30) business days prior to the expiration of the Service Term, which renewal may be subject to execution of a separate Service Agreement by and between Stryker Mako and Customer.
- 5.5 Patient Data Files. Integrity, maintenance, archive and backup of patient data files are the sole responsibility of Customer.
6. EQUIPMENT LOCATION. The Equipment is located at Customer's facility as described in the Agreement. Any subsequent resale or removal to a new location without Stryker Mako's prior written approval may result in immediate cancellation of these Warranty and Service Terms by Stryker Mako in its sole discretion.
7. INSPECTION. If (i) Customer does not utilize, terminates or fails to renew these Warranty and Service Terms and (ii) Customer elects to utilize or renew these Warranty and Service Terms at least thirty (30) days after such expiration or earlier termination, Stryker Mako, with reasonable notice to Customer, shall require Customer to pay the costs and expenses of a site inspection of the Equipment, performed by Stryker Mako personnel during Normal Business Hours, to determine the operating status of the Equipment. The inspection will be billed at Stryker Mako's then-current time and materials rate.
8. DEFINITIONS. Each of the following definitions shall be equally applicable to the singular and plural forms of the terms defined. As used in this Schedule D:
- 8.1 "Hardware Upgrades" means major or otherwise significant upgrades, as determined in Stryker Mako's discretion, to the Equipment hardware, including, without limitation, new hardware components not offered by Stryker Mako at the time of execution of the Agreement or other technology upgrades deemed by Stryker Mako to be premium technology offerings.
- 8.2 "Instrument Upgrades" means major or otherwise significant upgrades, as determined in Stryker Mako's discretion, to the instrumentation, including, without limitation, new components not offered by Stryker Mako at the time of execution of the Agreement or other technology upgrades deemed by Stryker Mako to be premium technology offerings.
- 8.3 "Normal Business Hours" means Monday through Friday 8:00 A.M. to 5:00 P.M. local time at the location at which the Equipment is installed.
- 8.4 "Preventative Maintenance" means proactive, scheduled system checks and, if necessary, maintenance to ensure Equipment is operating in accordance with its documentation and published specifications.
- 8.5 "Service Term" means collectively the Initial Warranty Period and the Service Period.
- 8.6 "Software Update" means a minor iterative update to the Software that does not amount to a major addition to or enhancement of the Software or a significant feature of the Software, as determined by Mako in its sole discretion. Software Updates are generally accompanied by a change to the minor version number of the Software (e.g. TKA 2.0 to TKA 2.1).
- 8.7 "Software Upgrade" means a major addition to or enhancement of the Software or a significant feature of the Software, as determined by Stryker Mako in its sole discretion, including, without limitation, additions of new indications to the Software, significant user experience upgrades, and other similar additions to the Software. Software Updates are generally accompanied by a change to the major version number of the Software (e.g. TKA 1.0 to TKA 2.0), but such change is not required for a change to be considered a Software Upgrade.
- 8.8 "Technical Support" means hotline support that may be accessed by Customer as necessary to assist with pre, intra, or post operative technical questions regarding the performance of Equipment. Stryker Mako agrees to use reasonable efforts to resolve any such questions but does not guarantee Technical Support will resolve any particular issue or question regarding use of or performance of the Equipment.
9. **Termination.**
- 9.1 The Customer may terminate this Service Agreement at any time by providing written notice to Stryker Mako at least thirty (30) days prior to the intended termination date. Such termination shall be without penalty, liquidated damages, or further obligations under this Agreement, provided that such termination is not due to the Customer's breach of any material provision of this Service Agreement.
- 9.2 In the event the Customer decides to upgrade its equipment, or if the equipment provided by Stryker Mako is no longer in use or is removed from the Customer's premises, the Customer may terminate this Service

Agreement without penalty. This provision applies whether the Customer elects to replace, or discontinue the use of the equipment.

Justification for Sole Source Form

To: Contract Review Committee

From: Aisha Huebner, Perioperative Services

Type of Purchase: (Check One)

- ☐ Non-Medical, Non-Surgical Equipment/Supplies >= \$25,000
- ☐ Data Processing/Telecommunication Goods >= \$25,000
- ☒ Medical/Surgical – Supplies/Equipment >= \$25,000
- ☐ Purchased Services >= \$350,000

Total Cost \$:	\$789,090.50 (Includes sales tax and 2-year service following 1-year initial warranty)
Vendor Name:	Stryker
Agenda Item:	Mako 4

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 SVMHS. The procurements proposed for acquisition through sole source are the only ones that can meet the district's need. 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.**

☒ Existing SVMHS equipment, inventory, custom-built information system, custom built data inventory system, or similar products or programs. **Describe.**

SVMHS currently operates under a rental agreement for the Mako 3 robotic surgical system. As part of a recent proposal, we have been offered the opportunity to purchase the upgraded Mako 4 system, applying \$242,400 in equity from previously paid rental fees toward the buyout cost.

Dr. Bonano, a key orthopedic surgeon at SVMHS, requires the Mako robotic system for his surgical procedures, as it is his preferred technology. His continued use of the Mako platform is important to maintaining both surgical volume and consistency of care within the orthopedic service line.

At the time of initiating the Mako 3 rental, SVMHS invested in compatible surgical instruments intended for long-term use with the Mako platform. These instruments remain fully compatible with the Mako 4 system, thereby preserving the utility and value of our initial investment. The capital equipment expenditures related to this purchase, paid in 2024, total \$184,791.58.

☐ Uniqueness of the service. **Describe.**

☐ SVMHS has established a standard for this manufacturer, supplier or provider and there is only one vendor. **Describe.**

☐ Factory-authorized warranty service available from only this single dealer. Sole availability at the location required. **Describe.**

☐ Used item with bargain price (describe what a new item would cost). **Describe.**

☐ Other -The above reasons are the most common and established causes for an eligible sole source. If you have a different reason, please **describe:**

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

Submitter Signature Aisha D. Huebner Date: 06/06/2025
Aisha D. Huebner (Jun 6, 2025 12:59 PDT)

BOARD or CEO Packet Submission Checklist

Mako 4

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

- X **BOARD or CEO PAPER** – required for all submissions; see attached instructions/sample
- X **KEY CONTRACT TERMS** – required for all submissions – see table in Board/CEO Paper
- X **CONTRACT** – negotiated final contract with vendor signature (Approval to proceed w/o vendor signature – Jon Baird)

PROCESS DOCUMENTATION – required for all submissions requiring Board/CEO review/approval per Procurement Management Policy (see policy for details; indicate which sub-category is applicable):

- ☐ If for **data processing/telecommunications goods/services** of \$25,000 or more, check applicable option and include documentation: **CIO must review.**
 - ☐ RFP documentation *unless sole source or GPO applies.*
 - ☐ If Sole source – provide detailed justification
 - ☐ If GPO, submit qualifying verification from Materials Management
- X If for **professional/other services or medical/surgical equipment and supplies** \$350,000 or more, check applicable option and include documentation:
 - ☐ RFP documentation *unless sole source or GPO applies.*
 - X If Sole source – provide detailed justification
 - ☐ If GPO, submit qualifying verification from Materials Management
- ☐ If for **non-medical materials/supplies/Public Works** \$25,000 or more, check applicable option and include documentation:
 - ☐ RFP/Invitation for bids documentation
 - ☐ If Sole source – provide detailed justification
 - ☐ If GPO, submit qualifying verification from Materials Management

Legal counsel/Contract Administrator reviewed: No___ or Yes X **By Whom:** Jon Baird – ERP & Contracts Manager

SUBMITTED BY DEPARTMENT DIRECTOR OR DEPARTMENT ADMINISTRATOR:

Aisha D. Huebner
Aisha D. Huebner (Jun 5, 2025 11:11 PDT)

Signature

Director, Perioperative Services

Title/Dept.

06/05/2025

Date

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

CIO: (if applicable) _____

Date: _____

Director of Audit/Compliance: _____

Date: _____

Board Paper: Finance Committee

Agenda Item: **Consider Recommendation for Board Approval of Awarding a Contract for Design and Engineering Services to HDR Architecture Inc. in conjunction with the Emergency Department Replacement Project**

Executive Sponsor: Clement Miller, Chief Operating Officer
Brad McCoy, Vice President – Construction, Real Estate & Facilities

Date: June 13, 2025

Executive Summary

Salinas Valley Health is pursuing a revised Master Plan that accomplishes replacement of the emergency department, increases parking infrastructure and optimizes the campus site circulation, and reconfigures the perioperative department in the areas decanted by the existing emergency department. Significant renovations to medical center’s energy and civil infrastructure on and off site is anticipated to support the building expansion. The next stage in project implementation is preparation of design documents required for validating underlying master plan assumptions, securing local and state agency reviews, and bridging documents necessary to facilitate the solicitation of proposals from qualified design-builders during the implementation phase.

Background/Situation/Rationale

During the Request for Qualifications and Proposal (RFQ/RFP) process, seven (7) complete proposals from local and regional design firms were received by Salinas Valley Health. Each of the proposals were scored utilizing a tiered scoring structure. An evaluation committee comprised of Salinas Valley Health leadership and facilities management conducted a scoring of the written proposals. The three primary categories utilized in the evaluation process were:

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

After evaluating all proposals in accordance with the criteria set forth in the RFQ/RFP, the evaluation committee shortlisted three design firms (HDR, KMD, MEI). Following an interview process of the three competing firms, it was determined HDR Architecture was the highest-ranking proposer. In accordance with the RFQ/RFP procedures, Salinas Valley Health negotiated the fees, terms and conditions of the Master Architect Agreement. The current fee proposal is consistent with industry standards of similar projects of same size and complexity within the bay area.

Master Architect's scope of services includes review of the current facility assessment, preparation of a detailed project program to assist capital planning with securing preliminary phase cost estimates, and produce schematic design documents and performance specifications for the procurement of a design build team to complete the design and construction. The Services are broken down into the following phases: (i) Program Validation Phase; (ii) Schematic Design Phase; (iii) Proposal Solicitation Phase (Design Builder). The Design Team includes the following disciplines: architectural, urban planning, parking, structural, mechanical, electrical, plumbing, civil, landscape, technology, joint trench, cost estimator and a medical equipment planner.

Timeline/Review Process to Date:

July 2025	Commence Program Validation
October 2025	Complete Detailed Project Program (Milestone 1)
November 2025	Commence Schematic Design
June 2026	Complete Schematic Design (Milestone 2)

** Current schedule indicated is preliminary project estimates at a pre-design stage of the project planning process. Following programmatic confirmation, an updated project schedule will be drafted by Facilities Management and presented to the Board in a subsequent meeting for review.*

Pillar/Goal Alignment:

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

Financial/Quality/Safety/Regulatory Implications:

The fiscal years 2026 capital budget allocated funding for planning and design activities required to complete the design and construction process. The design and engineering services will result in two key deliverables: (A) Detailed Project Program and (B) Schematic Design with Performance Specifications. The following summarizes the design and engineering fees for program validation and schematic design:

Key Contract Terms	Vendor: HDR Architecture Inc.
1. Proposed effective date	Issuance of Notice to Proceed anticipated on July 1, 2025
2. Term of agreement	12 Months for Program Validation and Schematic Design
3. Renewal terms	Not Applicable
4. Termination provision(s)	Provided in Section 11 of the Agreement
5. Cost	Total all-inclusive sum not to exceed \$1,631,742 + reimbursables; During the programming and schematic design process, Executive Leadership may review and execute additional services not more than 10% of the original contract value or not in excess of \$450,000. Total of amount: \$2,081,742
6. Budgeted (indicate y/n)	Yes, projected routine capital has been allocated for anticipated costs in conjunction with the project and master planning.

Recommendation

Consider recommendation for approving the award of the master architect design services to HDR Architecture for the design and engineering of the Emergency Department Replacement project, in the amount of \$1,631,742, as presented. Executive Leadership may review and execute additional services not more than 10% of the original contract value or not in excess of \$450,000. Total of amount: \$2,081,742

Attachments

- (A) Master Architect Agreement
 - a. Exhibit 3A – Resources Loaded Work Plan and Fee (Programming and Schematic Design)
 - b. Exhibit 3B – Design Schedule

MASTER ARCHITECT AGREEMENT

THIS AGREEMENT is made as of the Effective Date between SVH and Master Architect to provide investigation, planning, programming, and criteria documents services in connection with a new emergency room department, parking garage and medical office building ("Project").

Effective Date	July 1, 2025	
SVH	Salinas Valley Health 450 E. Romie Lane Salinas, CA 93901	
Master Architect	HDR Architecture Inc. 201 California St, Suite 1500 San Francisco, CA 94111 D 415.546.4266	Architectural

The following Exhibits are incorporated into this Agreement by reference.

Exhibit 1	Definitions
Exhibit 2	Services
Exhibit 2A	SVH Provided Information
Exhibit 2B	Scope of Services
Exhibit 3	Compensation and Schedule
Exhibit 3A	Resource Loaded Work Plan
Exhibit 3B	Design Schedule
Exhibit 4	Conflict of Interest Policy

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

SVH By: _____ Dr. Allen Radner, President/CEO	Master Architect By: _____ Usman Tariq, Vice President, HDR Usman.tariq@hdrinc.com
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THE PARTIES AGREE TO THE FOLLOWING TERMS AND CONDITIONS.



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BUSINESS TERMS SHEET

SVH Representative	Dr. Allen Radner, President/CEO aradner@salinasvalleyhealth.com
Construction Manager	Bogard Construction David Sullivan, Executive Vice President 831.246.2073 dsullivan@bogardconstruction.com
Master Architect's Representative	Vishal Turkar Health Principal, Associate Vice President 201 California St, Suite 1500 San Francisco, CA 94111 D 415.546.4266 M 628.224.9793 vishal.turkar@hdrinc.com
Other Design Team Members:	
Civil Engineer Whitson Engineers Richard Weber (831) 649-5225 jinman@mazzetti.com	Structural Engineer GreenLight Engineering Soon-Min Kwon 916.217.5191 skwon@greenlightengineer.com
Mechanical/Plumbing/Electrical/Technology Mazzetti Jon Inman 415.652.4581 jinman@mazzetti.com	Medical Equipment Planning Mazzetti Jon Inman 415.652.4581 jinman@mazzetti.com
Landscape Design HDR Vishal Turkar 628.224.9793 vishal.turkar@hdrinc.com	Parking Garage & Technology Watry Design Jess McInerney, Principal 833.917.7275 X-2714[insert email]
Joint Trench Consultant Giacalone Design Services Paul Giacalone 925.467.1740 PaulG@DryUtilityDesign.com	Cost Consultant Cumming Group Tim Brown, Senior. Director 916.276.9841 tim.brown@cumming-group.com
Project Budget	\$150,000,000
Compensation (Article 7)	\$1,631,742 + reimbursables NTE Amount
Estimated Duration of Services	12 months (See Exhibit 3B)
Master Architect's Minimum Insurance Limits	See, Article 9 for insurance terms
Workers Compensation/Employers' Liability	California Statutory Limits Employers' Liability \$1,000,000 each accident



Commercial General Liability	\$1,000,000 per occurrence \$2,000,000 in aggregate \$2,000,000 personal/advertising injury
Automobile	\$2,000,000 each accident
Professional Liability	\$2,000,000 per claim and \$5,000,000 aggregate
Excess Liability Insurance	n/a
Additional Insureds	SVH and its officers, board members, agents, directors, and employees, special inspectors, and Construction Manager.
Notice per Section 13.6	<p>SVH: Allen Radner, M.D., President / CEO 450 E Romie Lane Salinas, CA 93901 email: aradner@salinasvalleyhealth.com</p> <p>With Copy to: David Sullivan, Construction Manager Bogard Construction email: dsullivan@bogardconstruction.com</p> <p>Master Architect: Vishal Turkar, AIA, NCARB, LEED AP BD+C Health Principal, Associate Vice President 201 California St, Suite 1500 San Francisco, CA 94111 D 415.546.4266 M 628.224.9793 vishal.turkar@hdrinc.com</p>



1. GENERAL TERMS AND REQUIREMENTS

1.1 Defined Terms. Defined terms and titles of Exhibits will be capitalized throughout the Agreement and any Exhibits to the Agreement. The definitions for this Agreement are set forth in alphabetical order in Exhibit 1.

1.2 Relationship of the Parties. Master Architect's relationship with SVH is that of an independent contractor whose involvement is to act in the capacity of an architect and not as an agent, fiduciary, partner, member of, subsidiary of, or otherwise affiliated with SVH.

1.3 Good Faith and Fair Dealing. The Parties agree to act in good faith with respect to furthering the interests of the Project and the performance of their respective obligations under this Agreement, and to deal fairly with one another in all matters related to this Agreement. Master Architect will perform its Services (Exhibit 2B) in an expeditious and economical manner consistent with industry practices and the Contract Documents, subject to the standard of care set forth in Section 4.4. Master Architect will provide efficient administration, coordination and supervision of its Design Team in their performance of any Services under this Agreement.

2. PROJECT DESCRIPTION

2.1 Description of Existing Facility. SVH provides healthcare and hospital services at the Salinas Valley Health Medical Center, located at 450 East Romie Lane, Salinas CA 93901 ("Hospital"). The Hospital consists of an existing 264,493 s.f., 6-story building and connected structures, constructed between 1953 and 2023. The Hospital is classified by California Healthcare Access and Information (HCAI) as a general acute care hospital licensed for 263 beds. Bed types include perinatal, pediatric, newborn and general intensive care, coronary care, and general acute care. The Hospital will remain operational during performance of all Work.

2.2 Conceptual Design, Initial Programming, and Other SVH Information. A list of the conceptual design documents and initial programming prepared by HOK and other SVH documentation are included in Exhibit 2A.

2.3 Project Description. The Project includes design and construction of a new, single-level, 44-bay, 20,000 square foot emergency department with warm shell basement which will be built adjacent to and connecting with the Hospital; renovation to optimize the configuration of the Hospital's perioperative department upon decanting the Hospital's existing emergency department; and construction of a new three-level, 150-stall parking structure across the street from the Hospital's existing main campus area. The Project is also expected to entail significant on- and off-site renovations to the Hospital's energy and civil infrastructure to support its expansion.

2.4 Enabling Statute and Delivery Method. Master Architect is hired pursuant to Government Code section 4525, et. seq. for the Services. Completion of the design and construction for the Project will be on a design build basis pursuant to Health and Safety Code section 32132.5 and California Public Contract Code section 22185, et seq.



3. PROJECT TEAM AND RELATIONSHIP OF THE PARTIES

3.1 Project Team. The Project Team includes SVH and Master Architect and its tier-consultants.

3.1.1 SVH. SVH is the owner of the Project. The SVH Representative is identified in the Business Terms Sheet. SVH's role and responsibilities are described in Article 5.

3.1.2 Construction Manager. The Construction Manager's representative is identified in the Business Terms Sheet. The Construction Manager is an advisor to SVH and does not have the authority to bind SVH or authorize changes in the Services or schedule that impact the NTE Amount and/or Contract Time. The Construction Manager's role and responsibilities are described in greater detail Article 4 and Exhibit 2B.

3.1.3 Master Architect's Representative. Master Architect's representative is set forth in the Business Terms Sheet. The Master Architect's representative's duties include, without limitation, directing and coordinating the Services of Master Architect and its other Design Team Members. Master Architect's representative will represent Master Architect throughout performance of the Services, and all communications given to Master Architect's representative will be deemed to have been delivered to Master Architect. Master Architect's representative is key personnel.

3.1.4 Other Design Team Members. The Master Architect and its other Design Team Members are identified in the Business Terms Sheet make up the Design Team. The other Design Team Members are tier-consultants to the Master Architect. Each Design Team Member's representative is set forth in the Business Terms Sheet. Master Architect and the other Design Team Members are performing the Services set forth in this Agreement.

3.2 Collaboration. Master Architect and its Design Team Members will actively participate and collaborate with SVH and the Construction Manager to review the current facility assessment, prepare a detailed Project Program to assist capital planning with securing preliminary phase funding, and produce Schematic Design Documents and performance specifications for the procurement of a design build team to complete design and construction of the Project. Master Architect and its Design Team Members will make meaningful commitments to SVH and the Construction Manager, and will honor their respective commitments, regarding timely and proper performance of all Services.

3.3 Communications. All communications with SVH will be through the Construction Manager. Master Architect does not have to copy correspondence between Master Architect and its Design Team Members. However, the Construction Manager must be kept apprised of all communications and copied on all written correspondence between Master Architect and other Project Team Members potentially impacting Project design or constructability, Governmental Authority approvals, cost or schedule.



4. SERVICES

4.1 Scope. Master Architect and its Design Team will review the current facility assessment, prepare a detailed Project Program and updated conceptual design to assist with capital planning and securing preliminary Construction Stage funding and produce Schematic Design Documents and performance specifications for the procurement of the Design Builder to complete the design and construction. Master Architect and its Design Professionals will work collaboratively with the Construction Manager to coordinate its Services. Master Architect will perform all Services as more specifically defined in Exhibit 2B. The Services are broken down into the following phases: (i) Program Validation Phase; (ii) Schematic Design Phase; (iii) Proposal Solicitation Phase (Design Builder).

4.2 Key Personnel. Key personnel for the Master Architect and its Design Team Members must be identified in the Resource Loaded Work Plan set forth in Exhibit 3A. Unless otherwise requested by SVH, key personnel may not be removed from, or added to, the staffing plan without prior written consent of SVH Representative except for death, disability, or departure of person from employment. If a replacement is necessary, the proposed key personnel will have substantially equivalent or better qualifications than the former principal or employee, and all candidates are subject to final approval by the Construction Manager and SVH Representative.

4.3 Licensing Requirements. Master Architect warrants that it is authorized to do business in the State of California and is properly licensed by all necessary Governmental Authorities for performance of Services that will be self-performed by Master Architect. Master Architect will ensure that all of its Design Team Members are properly licensed in California for their respective discipline.

4.4 Standard of Care. Master Architect and its Design Team Members will perform their respective portions of the Services in a professional manner consistent with the practice of a competent California state licensed architects or registered professional engineers of the same discipline performing design services for projects of similar size, scope, and complexity in Monterey County and the state of California.

4.5 Compliance with the Law. Master Architect will comply with Applicable Law in the performance of its Services. Master Architect acknowledges that the Project and the existing facilities of the Hospital are subject to the Hospital Safety Act of 1983. Master Architect represents that it is familiar with the provisions of the Hospital Safety Act of 1983, as amended, and all duties arising under that Act, and will perform its Services accordingly.

4.6 Facilities Standards. With respect to performance of the Services, Master Architect will identify and determine the meaning and effect of applicable building code provisions and other applicable building requirements and restrictions.

4.7 Coordination with Governmental Authorities. To the extent required, Master Architect will manage and timely coordinate required preliminary design submissions, questions, and responses to applicable Governmental Authorities.



4.8 Schedule for Performance. Master Architect and its Design Team Members will perform their respective portion of the Services in accordance with the Design Schedule set forth in Exhibit 3B.

4.9 Tier-Consultants Written Agreements. Master Architect's agreements with its Design Team Members will be in writing and will bind the tier-consultants to Master Architect to the same extent that Master Architect is bound to SVH under this Agreement. Master Architect will cause its Design Team Members to provide defense and indemnification to SVH and Master Architect with a similar provision as set forth in Article 8, and to carry similar insurance at appropriate limits in accordance with the requirements set forth in the Business Terms Sheet and Article 9. Each tier-consultant agreement will preserve and protect the rights of SVH and Master Architect with respect to the portion of the Services performed by the tier-consultant so that contracting a portion of the Services does not prejudice SVH. Tier-consultant agreements must be compensated on a not-to-exceed or lump sum basis with payments not exceeding the percentage of completion; tier-consultant agreements may not be issued on a time and expense basis without written approval by SVH's Representative.

5. SVH'S RESPONSIBILITIES

5.1 Information and Documents. SVH will provide the information set forth in Exhibit 2A, information on schedule requirements, budget constraints, SVH's objectives and goals for the Project. SVH will also provide access to additional information requested by Master Architect as appropriate.

5.2 Entitlement and Fees. If applicable, SVH will pay for all design review approval, entitlements, easements, assessments and fees required governmental approval for the Services.

5.3 SVH Representative. SVH's Representative is set forth in the Business Terms Sheet. SVH's Representative is authorized to approve changes in the Services that impact the NTE Amount and/or affect the Contract Time established in the Design Schedule up to an amount of \$350,000 per occurrence. Any request for additional services exceeding an amount of \$350,000 will require board of directors approval and must be timely submitted to the Construction Manager by the Master Architect in order to allow proper consideration during the board's regularly scheduled meetings. SVH's Representative will render decisions in a timely manner pertaining to additional services and documents submitted by the Master Architect and recommended by the Construction Manager in order to avoid unreasonable delay in the Design Schedule (Exhibit 3B).

5.4 Separate Contracts. SVH reserves the right to perform administration and operations related to the Services with SVH's own forces, and to award contracts in connection with the Services. Master Architect will notify SVH if any such independent action will interfere with the Master Architect's ability to perform its Services under this Agreement.

6. CONSTRUCTION MANAGER'S ROLE

6.1 Role and Responsibilities. The Construction Manager's role is to advise and assist SVH with coordination and management of the Services. The Construction Manager's



responsibilities will generally include facilitating collaboration among Project Team Members, maintaining clear and open lines of communication between Project Team Members, developing plans and processes to ensure efficient progression of the Services and retention of the design builder. The Construction Manager will be Master Architect's day-to-day contact and the liaison between the Design Team and SVH. The Construction Manager is responsible for coordination regarding any ancillary projects that may impact the Services and between SVH's separate consultants and separate contractors and the Master Architect.

6.2 Meetings. Construction Manager will facilitate Project meetings with the Design Team to ensure open, clear, and direct lines of communication and to help address any issues that may arise during **performance of the Services**. The Project meetings are the venue for the Design Team to identify and discuss potential risks, critical issues, actions to be taken, **updates to the Design Schedule**, and to review overall progress **in the Design Services**.

6.3 Monthly Invoice Review. Construction Manager will review Master Architect's monthly and final invoicing in accordance with Article 7, and make recommendations to SVH regarding payment.

6.4 Schedule Review. Construction Manager will monitor Master Architect's design progress with the Design Schedule, review and analyze requests for additional services due to delays in Services that are not caused by the Master Architect or any of its Design Team Members, collaborate with the Design Team regarding recovery plans if required, and meet with the Project Team to determine when critical decisions are needed from SVH or others in order to maintain the Design Schedule.

6.5 Additional Services. The Construction Manager will evaluate requests for additional services, and make recommendations to SVH.

7. COMPENSATION AND PAYMENT

7.1 Fee. The Master Architect will be compensated a Fee based on a time and reimbursable expense basis, up to the NTE Amount set forth in the Business Terms Sheet. The Master Architect's Fee will be based on the number of hours spent performing the Services multiplied by the billable rates set forth in the RLWP (Exhibit 3A) plus an allowance for those Reimbursable Expenses incurred as defined under Section 7.2.1, up to the NTE Amount set forth in the Business Terms Sheet. The billable rates included in the RLWP are subject to the terms and conditions set forth in Section 7.2.1. All other costs are excluded and Master Architect's Fee for completion of the Services and the Fee cannot exceed the NTE Amount, which is only subject to adjustment for additional services per 7.6.

7.2 Resource Loaded Work Plan. Master Architect's Resource Loaded Work Plan (Exhibit 3A) must include planned annual rate adjustments. Billable rates will be locked through December 31, 2025, and subject to adjustment beginning January 1, 2026. Billable rate adjustments made after January 1, 2026 will be tied to the Consumer Price Index, and cannot include salary adjustments in excess of 5% per year. Costs for annual bonuses are allowed as part of the Design Build Team Member's profit. Subject to those rate adjustments, Master Architect its Design Team Members will submit billable rates annually for SVH approval, which



will not be unreasonably withheld. Annual billable rate adjustments or staffing changes will not cause an increase to the NTE Amount.

7.2.1 Billable Rates include all costs direct salary expenses for employees' performance of Services including basic wages, payroll taxes, and employer benefit payments for health and welfare (net of employee contribution withholding), pensions, vacations/holidays, Social Security (FICA), Medicare (FMI) unemployment insurance (FUI & SUI), supplemental dues, training, reasonable and customary benefits or payments required by law, and will include overhead and profit.

(a) Overhead includes reasonable home office overhead expenses such as mortgage, rent or property taxes, utilities, office equipment (including software and hardware costs), maintenance costs, depreciation on assets, employee recruitment and training, general administrative and payroll costs, business development and marketing, relocation expenses, car allowances or vehicle maintenance expenses (as applicable) and cell phone expenses, postage, severance pay, employee morale programs; costs of business operations such as insurance premiums, costs for professional dues, continuing education for licensing, licenses, fees and taxes required by any governmental authorities to enable the Master Architect and its Design Team Members to be qualified to do business and/or perform their respective portion of the Services.

7.2.2 Reimbursable Expenses. All Reimbursable Expenses are listed below and will be billable at cost without markup.

(a) Design Professionals salaried personnel will bill their time based on the number of hours working on the Project and may not bill travel time.

(b) Per diem for Master Architect's personnel incurred while traveling related to the Services is a lump sum amount of \$50 per day provided that the personnel was either physically at the site or in a Project related location for a minimum of 4 hours in a single day.

(c) Plotting and Reproduction. The expense of reproductions, postage, and handling of drawings, specifications and other facility documents.

(d) Professional and/or presentation quality renderings, if requested by SVH.

(e) Miscellaneous. Other costs incurred in the performance of the Services if, and to the extent, approved in advance in writing by SVH.

7.3 Payment. Master Architect will invoice SVH monthly for Services performed. The invoice will include a description of the individuals performing the Services, their job title, a description of the Services provided, and any approved Change Orders. Each payment application must be accompanied by sufficient documentation supporting Reimbursable Expenses including receipts for Reimbursable Expenses, tier-consultant invoices, and other documentation reasonably required by SVH or the Construction Manager. SVH will remit payment to the Master Architect for undisputed amounts within 30 days' receipt of invoice. If an



invoice remains unpaid for 60 days from the date of the invoice, Master Architect may charge interest on the outstanding balance from the date payment is due at an annual rate equal to 2% per annum. SVH is not obligated to pay, or to see that payment is made to Master Architect's other Design Team Members except as may otherwise be required by Applicable Law.

7.4 Right to Withhold. SVH or Construction Manager may refuse to approve a payment application, in whole or in part, or, because of subsequently discovered evidence that may nullify the whole or any part of a prior payment application to the extent the Construction Manager or SVH Representative determines it is necessary to protect SVH from loss due to, among other things, deficient Services or failure to perform Services in accordance with the Contract Documents; disputed amounts; third party claims against SVH allegedly arising from the Services; or reasonable doubt that the Services can be completed within the NTE Amount set forth in the Business Terms Sheet, as adjusted through approved Change Order per Section 7.6.

7.5 No Waiver. Payment by SVH will not constitute approval or acceptance of any Services included in the payment application or final acceptance or approval of that portion of the Services.

7.6 Additional Services. Changes in the Services described in Exhibit 2B, adjustments to the NTE Amount, or the Design Schedule in Exhibit 3B will only be authorized through executed Change Order. A Change Order signed by the Master Architect indicates the Master Architect's agreement to the adjustment in its compensation or time and fully and completely resolves any claim by Master Architect and its Design Team Members for additional compensation or time arising from or related to the additional services required. Master Architect will provide the Construction Manager written notice and a rough order of magnitude of the additional services within 5 business days of discovering facts or circumstances giving rise to the additional services. Master Architect will provide a complete cost proposal (including impacts to Design Team Members) within 10 business days of discovery. Construction Manager will review and either make a recommendation to SVH for approval; request additional information; or recommend that SVH deny the request. If the recommendation is to deny the request, Construction Manager must provide a written explanation to SVH and Master Architect. The Construction Manager's recommendation will be taken into consideration by SVH on whether to approve the request for additional services. However, Construction Manager does not have the authority to approve or deny requests for additional services as that decision is solely SVH's.

7.7 Audit Right. SVH may audit Master Architect's and its Design Team Member's project records at any time throughout the duration of the Services and before final payment upon 10 business days' written notice. The audit will take place during normal business hours and will be coordinated with Master Architect and its Design Team Members. Master Architect and its Design Team Members will produce all records related to their respective compensation and Master Architect's Fee, as amended, payment applications, as well as any other records deemed necessary by SVH to substantiate charges related to the Services. Should the audit indicate that Master Architect's or a Design Team Member's records were fraudulently or negligently prepared or maintained, SVH reserves the right to seek damages and pursue available legal remedies from Master Architect.



7.8 Medicare Audit. Upon written request of SVH, the Master Architect and its Design Team Members will make available to the Secretary of Health and Human Services or the Comptroller General or any of their duly authorized representatives this Agreement and books, documents and records of Master Architect that are necessary to verify the nature and extent of the cost of the Services provided hereunder for a period of four (4) years from the furnishing of such Services when required by Section 952 of the Omnibus Budget Reconciliation Act of 1980 and the regulations promulgated thereunder.

8. INDEMNIFICATION AND DEFENSE

8.1 Indemnification and Defense. To the fullest extent permitted by law, Master Architect will (and will cause its Design Team Members to) defend, indemnify, and hold harmless SVH, its Board of Directors, employees, affiliates, members, officers, successors and assigns ("Indemnitees") from and against any and all claims, losses, damages, liabilities, and expenses (including legal, expert witness, and consulting fees and costs) arising out of, or resulting from, the negligent performance of Services, bodily injury (including disease, sickness, and death) or damage to tangible property, but only to the extent the claims against the Indemnitees arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Master Architect, its Design Team Members, their respective employees, or anyone directly or indirectly employed by Master Architect or its Design Team Members for whose acts Master Architect may be liable.

8.1.1 Defense. SVH and Master Architect will (and Master Architect will cause its Design Team Members to) defend their own respective claims under Sections 8.1 at their own cost and expense until liability is determined or settlement is reached under the dispute resolution process set forth in Article 10. After determination of liability or an agreed settlement under Article 10, the Master Architect and its Design Team Members will reimburse SVH for defense costs in proportion to the extent of their proportionate share of liability or settlement amount arising from claims, demands, causes of action, damages, costs, expenses.

8.2 Enforcement. Nothing contained in this Article 8 will be construed to impose any obligation in conflict with current California state law. In the event of a conflict with California State law, as may be amended, the Agreement will be modified to allow indemnification by Master Architect and its Design Team Members to the greatest extent permitted by Applicable Law.

9. INSURANCE

9.1 General. Before execution of this Agreement and commencement of Services, Master Architect must provide proof of the insurance coverages required by this Article 9 at the limits included in the Business Term Sheet. Minimum limits for Design Team Members are included in Section 9.11. Master Architect and its Design Team Members will maintain the required insurance coverages in the amounts set forth in the Business Terms Sheet and Section 9.11, respectively. Master Architect and its Design Team Members' insurance will comply with the following terms and conditions.

9.2 Workers' Compensation. Coverage will include insurance as required by California state law and employer's liability coverage.



9.3 Commercial General Liability (CGL). Commercial general liability coverage must include combined single limits and aggregates in the amounts as set forth in the Business Terms Sheet and Section 9.11. Coverage must include, but is not limited to liability for bodily injury, sickness, disease or death, personal injury, or injury to or destruction of property including loss of use resulting therefrom, including the following: (a) Contractual Liability for liability assumed under an insured contract including the tort liability of another assumed in a business contract (this Agreement must be an insured contract); (b) Broad Form Property Damage; (c) Independent contractors; (d) Severability of interests; and (e) Cross Liability.

9.4 Professional Liability. Master Architect and its design professionals must have coverage for damages caused by Master Architect's and its design professionals negligent acts, errors, or omissions arising out of the performance of the Services. Master Architect's coverage must be in the amounts specified in the Business Terms Sheet. Design professionals errors and omissions must be at limits per Section 9.11. Tier-consultants included as Design Team Members who are not licensed design professional do not need professional liability coverage.

9.5 Automobile Liability. Master Architect and its Design Team Members must have commercial automobile liability insurance issued on policies with each accident limits as stated in the Business Terms Sheet and Section 9.11, respectively. This insurance must apply to bodily injury and property damage for all owned, non-owned, or hired vehicles to be used by the insured in performance of its obligations under this Agreement.

9.6 Primary Insurance. All liability policies required under this Agreement are primary and non-contributory to any similar insurance maintained by SVH or the Construction Manager for their own respective benefits.

9.7 Occurrence Basis. All commercial general liability and automobile liability policies must be written on an occurrence basis.

9.8 Term. All liability insurance must be in force before commencement of Services and must be maintained in force for 4 years following completion of the Services. Workers' compensation insurance must be in force from the inception of this Agreement through completion of the Services and final payment. In the event of cancellation or non-renewal, the reporting period during which a claim may first be made will be extended until at least 4 years after cancellation or non-renewal. Upon renewal of any required insurance that expires before completion of the Services, the applicable party must provide SVH with renewal certificates not less than 15 days before expiration. Master Architect and its Design Team Members will promptly furnish copies of all required policies of insurance, including any renewal or replacement policies, within 10 days of SVH's written request.

9.9 Qualifications and Rating. All insurance must be placed with insurers that are admitted or licensed to issue insurance in the state of California. All insurers must maintain an A.M. Best rating of at least A or better, and a financial classification of VIII or better.

9.10 Additional Insureds. The additional insureds set forth in the Business Terms Sheet will be named additional insureds on all required commercial general liability and automobile policies for Services performed under or incident to this Agreement. If the additional insured has other insurance applicable to the loss, it will be on an excess or contingent basis.



The amounts and types of insurance will conform to the minimum terms, conditions, and coverages of the Insurance Service Office (ISO) policies, forms, and endorsements in effect when this Agreement is executed.

9.11 Other Design Team Members. Master Architect will require its tier-consultants to maintain workers compensation insurance at statutory rates and \$1,000,000 in employer liability insurance, and to carry a minimum of \$1,000,000 per claim and \$2,000,000 in aggregate in professional liability coverage. Design Team Members must also carry commercial general liability in the amount of \$1,000,000 per occurrence and \$2,000,000 in aggregate, and automobile liability insurance at \$1,000,000 each accident.

9.12 Waivers of Subrogation. Master Architect and its Design Team Members waive all rights against SVH, as well as the additional insureds set forth in the Business Terms Sheet for loss or damage to the extent reimbursed by any property insurance. A waiver of subrogation is effective as to a person or entity even though that person or entity would otherwise have a duty of indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the property damaged. This waiver does not apply to professional liability insurance. If any applicable policies of insurance require an endorsement or consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the owner of those policies will cause them to either provide a "blanket waiver" endorsement or a subrogation endorsement that includes SVH and the location of the Project.

9.13 Deductibles and Self-Insured Retentions. All deductibles and/or self-insured retentions are the sole responsibility of the first named insured and are not a reimbursable expense.

9.14 Evidence Prior to Final Payment. Before receipt of final payment under the Agreement, the Master Architect must provide evidence that its insurance coverages and its Design Team Members' coverages are effective.

9.15 Modifications Only in Writing. The coverage and limits of insurance required by this Article 9 may not be altered, modified, or changed except as expressly agreed to in writing. No course of dealing or acceptance of certificates or policies will constitute a waiver of any of these insurance requirements.

10. CLAIMS AND DISPUTES

10.1 Notice. Either Party may initiate the dispute resolution procedures by providing a notice of claim. All claims must include a detailed factual narrative of events fully describing the nature and circumstances giving rise to the claim, including, a detailed breakdown of the amount of damages or costs associated with the claim. Claims will be submitted within 10 days following the discovery of the occurrence of the event or condition or circumstance giving rise to the dispute, whichever is later. Under no circumstances will a claim be made if it is barred by applicable statutes of limitation or repose.



10.2 Continuation of the Services. Master Architect and its Design Team Members must continue to diligently perform the Services during the pendency of the claim or dispute resolution process and SVH will continue to make payments for all undisputed Services.

10.3 Business Negotiation. The parties will endeavor to first resolve their disputes through business negotiation. The business negotiation will be a face-to-face business meeting between senior management for all entities involved in the claim. SVH Representative, will coordinate and schedule the meeting within 10 business days of notice. Legal representation is not permitted. If the dispute is not resolved through business negotiations, either Party may request mediation of the dispute in writing. All decisions will be recorded in writing and signed by SVH, Master Architect, and other necessary parties. Construction Manager may attend the business negotiations with SVH and Master Architect and its Design Team Members (if applicable).

10.4 Mediation. If the dispute is not resolved by the conclusion of business negotiations, either Master Architect or SVH may demand mediation of the dispute in writing. The Parties will jointly select a mediator who is a construction attorney with at least 10 years of experience in resolving disputes regarding design and construction. Each party to the dispute will give the mediator a written statement regarding the asserted claims, and the mediator may inspect the Project and other information reasonably required to understand the factual and legal basis of the dispute. Unless mutually agreed otherwise, the mediator will schedule a mediation session within 60 calendar days of a Party's demand for mediation. Representatives from each Party who have authority to resolve the dispute, together with any other party to the dispute, will attend the mediation. All parties to the dispute will bear the cost of mediation equally. Before the mediation, each party to the dispute will execute a disclosure confirming that each understands the confidential nature of the mediation proceedings and materials pursuant to California Evidence Code section 1129. The mediation process must be completed within 30 days from the date of the mediation, unless the parties to the mediation mutually agree to extend the mediation period. If, as a result of the mediation, a negotiated settlement is reached, the parties will enter into a written settlement agreement that will be enforceable in a court of competent jurisdiction.

10.5 Government Code Claim. If mediation is unsuccessful, Master Architect must file a government claim pursuant to Government Code section 910 et seq. if it wishes to pursue its claim and initiate a civil action.

10.6 Joinder. Master Architect agrees to be joined in any litigation or alternative dispute resolution process between SVH and any person or entity involving a dispute that relates to the Project if claims for or against the Master Architect or SVH arise from the same, substantially the same, or interrelated facts, issues, or incidents relating to the Project or other Services under this Agreement, or where separate dispute resolution processes create a risk of inconsistent awards or results. Master Architect will include the dispute resolution process and joinder requirements set forth in this Article 10 in all tier-consultant agreements.

10.7 Enforceability. Master Architect reviewed the dispute resolution procedures with legal counsel and agrees to the terms and conditions set forth in this Article 10.7. To the extent a court of competent jurisdiction finds any term or provision in this Article 10.7 to be void or unenforceable, the unenforceable term or provision will be severed and the remainder of the



terms and provisions will remain in full force and effect. Nothing contained in this dispute resolution process prevents the Master Architect or its Design Team Members from timely filing a civil action to foreclose on a stop payment notice. However, the Parties agree to stipulate to a stay in the proceedings pending attempts to resolve the matter pursuant to the process defined in this Article 10.

11. TERMINATION AND SUSPENSION

11.1 Suspension. SVH may, without cause, order the Master Architect to suspend, delay, or interrupt its Services for as long as SVH may determine. If the Services are suspended for reasons other than the negligent acts or omissions of Master Architect or Design Team Members, then the Master Architect may request a Change Order per Section 7.6.

11.2 Termination of Master Architect for Convenience. SVH may terminate this Agreement for convenience upon 5 business days' written notice at any time before completion of the Services. The notice will state the extent and effective date of termination. Master Architect will be entitled to receive payment for all Services properly performed through the effective date of termination based on the compensation provisions in Article 7. All disputes over termination will be resolved under Article 10.

11.3 Termination for Cause. SVH may terminate this Agreement for cause upon 5 business days' written notice for a material breach of the terms and conditions of this Agreement unless the Master Architect commences to cure the breach within the notice period. The notice will set forth the reason for termination and the effective date of termination. All disputes over termination will be resolved under Article 10. Master Architect may terminate this Agreement for cause if SVH fails to make payment to the Master Architect and the failure to pay is not cured within 60 days of written notice.

12. OWNERSHIP OF DOCUMENTS

12.1 Ownership of Work Product. The Project Program, updated conceptual design, Schematic Design Documents, and any planning documents, drawings, criteria, design narratives, sketches, calculations, cost estimates, trenching design, and other design documentation prepared as part of the Services including for additional services ("Work Product") prepared by the Master Architect and Design Team Members are being developed and furnished for use solely with respect to this Project. As such, provided that SVH has complied with the payment provisions in this Agreement, SVH will own all rights, title, and interests under Applicable Law in all Work Product. Master Architect and its Design Team Professionals will not own or claim a copyright in the Work Product prepared for the Project or any additional services incorporated into this Agreement through Change Order.

12.2 License. Master Architect and Design Team Members are each granted a limited, non-exclusive, royalty-free license to use and reproduce applicable portions of the Work Product prepared for use in the performance of the Services. All copies made under the license will bear the statutory copyright notice. Submittal or distribution to meet official regulatory requirements or for other purposes in connection with development of a project included in the Master Plan will not be construed as publication in derogation of SVH's copyright or other intellectual property rights and interests.



12.3 Exception. Nothing contained in Sections 12.1 through 12.2 limits the rights, title, and interest of the Master Architect or its Design Team Members to continue to use their respective general layout, details, design criteria, or specifications that each of them uses or has used on multiple projects, or new layouts, details, design criteria, or specifications that were developed during performance of the Services.

13. MISCELLANEOUS PROVISIONS

13.1 Confidentiality. Master Architect will keep information provided by SVH or made available to Master Architect during performance of the Services confidential, and will not disclose confidential information to persons or entities other than as necessary to perform the Services.

13.2 Patient Privacy. Any and all patient information is subject to protection under Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as may be amended. Master Architect acknowledges that its employees, agents, Design Team Members, and others acting on Master Architect's behalf may come into contact with patient protected health information ("PHI") while performing Services on the Project. PHI information includes individually identifiable information (oral, written, or electronic) about a member/patient's physical or mental health, the receipt of health care, or payment for that care, as well as individually identifiable member/patient payment, dues, enrollment, and un-enrollment information. This contact is most likely rare and brief (e.g., walking through a clinic that has patient radiological films on view boxes, overhearing conversations between physicians while performing Services at the hospital, noticing a relative or acquaintance receiving treatment, etc.). It is the intent of SVH that this type of information should not be examined closer, copied, distributed, or shared. Master Architect will adopt procedures to ensure that its employees, agents, Design Team Members, and others acting on their behalf will not further examine, copy, distribute, or share this information. If Master Architect, or its employees, agents, Design Team Members, and others acting on Master Architect's behalf further examine, copy, distribute, or share this information the Master Architect must report these actions immediately to SVH within 2 business days after the event occurs. Master Architect will take all steps necessary to stop any examination of PHI and will ensure that no further violations of this contractual responsibility will occur. Master Architect will report to SVH and the Construction Manager within 5 business days after giving notice of the event of the steps taken to prevent future occurrences, and provide SVH with the necessary assurances at that time. Master Architect will place similar confidentiality restrictions and HIPAA compliance requirements in agreements with each of its Design Team Members.

13.3 Exclusion List. Master Architect certifies that neither it, nor any of its employees, nor any tier-consultant who is proposed to provide any portion of the Services, is currently named as an excluded entity or individual on the "List of Excluded Individuals/Entities" of the Department of Health and Human Services Office of the Inspector General ("OIG List"), the "Excluded Parties List System" of the System for Award Management ("EPLS"), the "Specially Designated Nationals List" ("SDN List") or the "Foreign Sanctions Evaders List" ("FSE List") of the Office of Foreign Assets Control, any State debarment or exclusion list, or any other sanctions list that would make Master Architect, or any of its employees or tier-consultants ineligible to participate in any federal or state funded programs (collectively, "Lists"). Master Architect will immediately notify SVH and Construction Manager if, at any point during this



procurement, it or any of its employees, or any tier-consultant is named as an excluded entity or individual on any of the Lists.

13.4 Governing Law and Venue. This Agreement will be governed and construed under the laws of the State of California without giving effect to any choice of law or rule of conflict that would cause the application of the laws of any other jurisdiction. Each of the Parties agrees that the exclusive venue for any action will be in the applicable court in Monterey County, California.

13.5 Assignment of Contract. SVH and Master Architect respectively bind themselves, their partners, successors, assignees, and legal representatives to the other Party to this Agreement. Master Architect may not assign this Agreement. Upon notice, SVH may assign this Agreement to any lender in obtaining financing for development of the Facilities, and Master Architect and its tier-consultants will cooperate with SVH and execute required assignment and subordination agreements.

13.6 Notices. Any notice required to be given under Articles 10 or 11 will be in writing and deemed effective upon: (i) the date of personal delivery, or fax, if received by the addressee before 5:00 p.m. local time on a business day; (ii) 3 business days after being sent via registered or certified mail with a return receipt requested; or (iii) 1 business day after being sent by overnight commercial courier providing next-business-day delivery. Fax delivery must be evidenced by an automated fax confirmation. All other notices required under the Contract may be via email. Notices will be addressed to the representatives for notice identified in the Business Terms Sheet.

13.7 Conflict of Interest. Master Architect will comply with SVH's Conflict of Interest Policy set forth in Exhibit 4.

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

13.9 Section Headings. The Section headings contained in this Agreement are for ease of reference only and will not in any way affect the meaning or interpretation of any terms or conditions of this Agreement.

13.10 No Third Party Beneficiaries. The Parties acknowledge and agree that the obligations of the Master Architect are solely for the benefit of SVH and are not intended in any respect to benefit any third parties. Nothing contained in this Agreement creates a contractual relationship with, or a cause of action in favor of, any third party against SVH or the Master Architect. SVH, however, is a third party beneficiary to all tier-consultant agreements.



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

13.12 Survival. The following provisions will survive termination of this Agreement: Section 4.3 and 4.4 and Articles 7 through 13.

13.13 Waiver. No action or failure to act by either party waives any right or duty afforded it under the Agreement and an action or failure to act will not constitute approval of or acquiescence in a breach of contract, unless specifically agreed to in writing by the other Party.

13.14 Modifications. All modifications to the terms and conditions set forth in this Agreement must be in writing and signed by an authorized representative of both Parties.

13.15 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, and all of which when taken together will constitute one instrument.

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

13.17 Equal Employment. Pursuant to Labor Code section 1735, the Fair Employment and Housing Act (Gov. Code section 12900 et seq.), California Administrative Code, Title 2, sections 7285 et seq., Government Code sections 11135-11139.5, and other Applicable Law, Master Architect will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, age, political affiliation, marital status, or disability while performing Services for SVH. Master Architect will take affirmative action to ensure that employees are treated during employment or training without regard to their race, color, religion, sex, national origin, age, political affiliation, marital status, or disability. Master Architect will maintain policies in compliance with California state and federal law regarding equal employment opportunities throughout the performance of its Services.

13.18 Gratuities. Master Architect warrants that it has not offered or given any gratuities (in the form of entertainment, gifts, or otherwise) to any official, employee, or agent of SVH in an attempt to secure this contract or favorable treatment in awarding, amending, or making any determinations related to the performance of the Services under this Agreement.

13.19 Legal Citations. Legal citations to statutory requirements are included in the Agreement for convenience and an omission of any statutory requirement will not relieve the Master Architect from compliance with Applicable Law.

13.20 Exhibits The Exhibits listed in the table of exhibits are incorporated into this Agreement by reference as though set forth in full.

13.21 Electronic Signature. The Parties agree that a "Digital Signature" as defined under Government Code section 16.5 and California Code of Regulations section 22000 is an



acceptable form of signature for written communications with SVH and will have the same force and effect as the use of a manual signature provided that the Digital Signature is: (i) unique to the person using it; (ii) capable of verification; (iii) under the sole control of the person using it; and (iv) linked to the data in such a manner that if the data are changed, the Digital Signature will be invalidated. In order to be valid, the Digital Signature must be created by an acceptable technology as defined in California Code of Regulations section 22001 et. seq.

13.22 Entire Agreement. This Agreement constitutes the entire agreement between SVH and Master Architect and supersedes any and all contemporaneous or prior oral and written negotiations, representations, or agreements by the parties with respect to the subject matter.



EXHIBIT 1

DEFINITIONS

1. **"Agreement"** means the written contract between SVH and Master Architect inclusive of all Exhibits.
2. **"Amendment"** is a document executed by the signatories on page 1 of the Agreement that amends the terms and/or conditions of this Agreement.
3. **"Applicable Law"** includes all local, state, and federal laws, rules, regulations, ordinances, building codes or other codes, statutes, or regulations, or lawful orders of Governmental Authorities that are relevant to proper performance of the Services.
4. **"Change Order"** is a written order authorizing additional services, including an extension of the Contract Time established by the Design Schedule (Exhibit 3B), by increasing or decreasing the NTE Amount. In order to be valid, a Change Order must be signed by SVH's signatory and Master Architect's signatory.
5. **"Contract Documents"** includes the Agreement (inclusive of all Exhibits) and any subsequent modifications through executed Amendments or Change Orders.
6. **"Design Team Members"** include the Master Architect's tier-consultants identified in the Business Terms Sheet.
7. **"Effective Date"** is the date that the Parties entered into the Agreement, which is set forth on Page 1 of the Agreement.
8. **"Fee"** is the amount that Master Architect will be compensated for performance of the Services, including all compensation for Master Architect's and Design Team Members' employees, plus Reimbursable Expenses, inclusive of overhead and profit.
9. **"Governmental Authority" or "Governmental Authorities"** means any and all federal, state, county, or municipal boards, departments, courts, offices, or agencies that are providing funding or have jurisdiction over the Project.
10. **"HCAI"** is the California Department of Health Care Access and Information.
11. **"Hospital"** means the existing hospital and facilities located at 450 E. Romie Lane, Salinas, CA 93901.
12. **"Master Architect"** means the California State licensed architect identified on page 1 of the Agreement who is responsible for performing the Services described in Exhibit 2B in accordance with the Contract Documents.
13. **"Not to Exceed Amount" or "NTE Amount"** is the maximum Fee that the Master Architect will be compensated for performance of the Services, subject to adjustment for additional services through Change Order. Reimbursable Expenses per Section 7.2.1 are included as an allowance in the NTE Amount.



14. **"Party"** means either SVH or Master Architect and "Parties" refers to SVH and Master Architect collectively.

15. **"Project"** refers to a new emergency department adjacent to and connected with the Hospital, a new parking structure across the street from the Hospital, and renovation of the Hospital's perinatal department upon removal of the existing emergency department.

16. **"Project Program"** includes design documents that define the space, quality, quantity, functionality, sustainability, aesthetic, and other requirements for the Project.

17. **"Project Team"** includes SVH and Master Architect and its Design Team Members.

18. **"Reimbursable Expenses"** are the items subject to reimbursement set forth in Section 7.2.1.

19. **"Schematic Design Documents"** will include drawings, outline specifications, and other necessary documents illustrating the scale and relationship of Project components, and will include a civil, landscaping, and preliminary layouts and floor plans, sections and elevations for major building systems, as well as line diagrams and proposed equipment schedules for each building.

20. **"Services"** are all services performed by Master Architect (inclusive of tier-consultants) under this Agreement including any additional services amended into the Agreement through executed Change Order.

21. **"SVH"** is the Salinas Valley Health District, a public entity, which is the owner of the Hospital and facilities located at 450 E. Romie Lane, Salinas, CA 93901.

22. **"SVH Representative"** is the person who acts on behalf of SVH, as set forth in Section 5.3 of the Agreement.

EXHIBIT 2

SERVICES

Exhibit 2A – SVH Provided Information

Exhibit 2B – Scope of Services



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New Emergency Department
Master Architectural
Services Agreement
Exhibit 2: Services

EXHIBIT 2A

SVH PROVIDED INFORMATION

Title of Document	Date Issued
Emergency Department Planning Study	Prepared December 6, 2023 by Huddy Healthcare Solutions
Conceptual Floor Plan, Site Plan and Rendering of Hospital Expansion	Prepared December 2, 2024 by HOK
Topographic Survey of Hospital Campus	Prepared April 3, 2020 by Whitson Engineers
Aerial Photographers	Taken January 2023 during construction of parking garage annex project
Conditional Use Permit 2019-022 as amendment to 2018-010	Prepared during entitlement of parking garage annex project
Geotechnical Investigation	Prepared March 2023 by Pacific Prest Engineering

EXHIBIT 2B

SCOPE OF SERVICES

1. PROGRAM VALIDATION PHASE.

1.1 General. The Master Architect will assist SVH in the development of a detailed Project Program (DPP), to review and confirm the current program and basis of design.

1.2 Responsibilities include:

- (a) Review of SVH's preliminary schematic diagram and SVH's preliminary program.
- (b) Review design documents and facilities assessments recently updated, site surveys, geotechnical and other reports, environmental documents and any other documentation furnished by SVH in Exhibit 2A.
- (c) Participate in two half-day charrette meetings with SVH to enable the Design Team Members to better understand SVH's goals, one in person and one by video conference, each will be attended by SVH, Construction Manager, and the Design Team Members.
- (d) Evaluate community needs, capacity, staffing positions, growth projections, space demands, and requirements for operational efficiencies.
- (e) Consider existing space adjacencies (flow), alternative layouts and processes, space requirements, environmental requirements, patient experience, and SVH requests.
- (f) Identify any barriers or hurdles to overcome in future use of the Emergency Department.
- (g) Consider phasing and relocation of services in an operational facility during renovation.
- (h) Consider phasing and relocation of services in the operational facility during replacement.
- (i) Review EIR, negative declaration, or other CEQA information; review survey, utility company requirements, geotechnical/geohazard reports, and other relevant documents provided by SVH in Exhibit 2A to assess design and engineering requirements. Identify any barriers or hurdles to overcome in development of the site including environmental impact reports, geotechnical issues, feasibility studies, environmental permitting issues, or other related issues for entitlement and development of the proposed Project. Provide Governmental Authorities with deliverables in support of entitlements (including but not limited to deliverables showing:

setbacks/easements, height restrictions or requirements, general building code and occupancy analysis, neighborhood concerns, and conformance with Applicable Law). Participation in community outreach meetings, and attending Governmental Authority planning meetings.

- (j) Facilitate and participate in pre-development application review meeting with the City of Salinas Community Development Department and HCAI and verify all permit requirements and procedures.
- (k) Participate in preliminary meetings with utility purveyors to assess Project budgets and schedule timelines.

1.3 Deliverables

- (a) Provide a detailed Project Program. The detailed Project Program includes assessment of existing building systems and their impact on renovation, conceptual layout and renovation options to provide fiscally responsible program modifications and building deferred maintenance and code updates, space program and functional requirements, room data sheets/conceptual room layouts, systems criteria with technical narratives for building system components taken into consideration and a design and construction estimate of probable cost based on the detailed Project Program.
- (b) Prepare updated conceptual design based on detailed Project Program. Show site traffic patterns as required or anticipated by the traffic requirements of the Project, identify the number of car parking spaces required for the new parking structure, show areas of landscaping and site furniture, and generally meet applicable Governmental Authority or other legal restrictions.

2. SCHEMATIC DESIGN AND PERFORMANCE SPECIFICATIONS PHASE

2.1 Schematic Design Documents. Master Architect and its Design Team Members will prepare Schematic Design Documents based on the approved conceptual design and the detailed Project Program. Schematic Design Documents will consist of drawings, outline specifications and other necessary documents illustrating the scale and relationship of Project components and will include a civil and landscaping plans, preliminary layouts and floor plans, sections and elevations for major building systems, as well as line diagrams and proposed equipment schedules for each building.

2.2 Reconciliation with Project Scope. Before completing the Schematic Design Documents, the Master Architect and its Design Team will evaluate the programmatic requirements and note any discrepancies between the Project requirements set forth in the detailed Project Program and SVH provided information (Exhibit 2A), the Schematic Design Documents, and update the estimated construction cost, and request approval and direction from SVH and the Construction Manager.



2.3 Design Presentation. Master Architect and its Design Team Members will provide design presentation to SVH demonstrating the design of the Project and coordination and flow with adjacent buildings.

2.4 Approval Process. The Master Architect and its Design Team Members will submit and present the following material for review and approval by SVH: (i) floor plans; (ii) site plan with larger Project site context and layout of each building; (iii) sections and elevations of the building and parking structure; (iv) line diagrams and equipment schedules for the building and parking structure; (v) outline specifications; and (vi) narratives describing how the design will meet the detailed Project Program and schematic design requirements with respect to building performance and fitness for its intended purpose and use, including narratives for the mechanical and electrical elements.

3. PROPOSAL SOLICITATION PHASE (DESIGN BUILDER)

3.1 The Master Architect and its Design Team Members will assist SVH, Construction Manager, and its legal counsel with solicitation of design build firms to complete the design and provide construction of the Project. Responsibilities include:

- (a) Attendance at 2 preproposal conferences. One will be an initial meeting with all potential design build proposers. The other will include a confidential session with each potential design build team. There will not be more than 4 teams.
- (b) Review and respond to design questions during the solicitation process.
- (c) Review design build team proposals to assist Construction Manager and SVH in evaluating design information provided in the proposals.

4. ADD-ON SERVICES

Design Build Phase. Upon request from SVH and agreed upon terms and conditions negotiated with the Master Architect, the Master Architect and Design Team Members will assist, as needed, with peer review of drawings and specifications prepared by the design builder during the design development and construction document phases.



EXHIBIT 3

COMPENSATION AND SCHEDULE

Exhibit 3A – Resource Loaded Work Plan

Exhibit 3B – Design Schedule



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Page 1 of 1

New Emergency Department
Master Architectural
Services Agreement
Exhibit 3: Compensation and
Schedule
21544601.2

EXHIBIT 3A

RESOURCE LOADED WORK PLAN

(See Attached)



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1 of 1

New Emergency Department
Master Architectural
Services Agreement
Exhibit 3A: Resource Loaded
Work Plan

EXHIBIT 3B
DESIGN SCHEDULE

(See Attached)

EXHIBIT 4

CONFLICT OF INTEREST POLICY

(See attached.)



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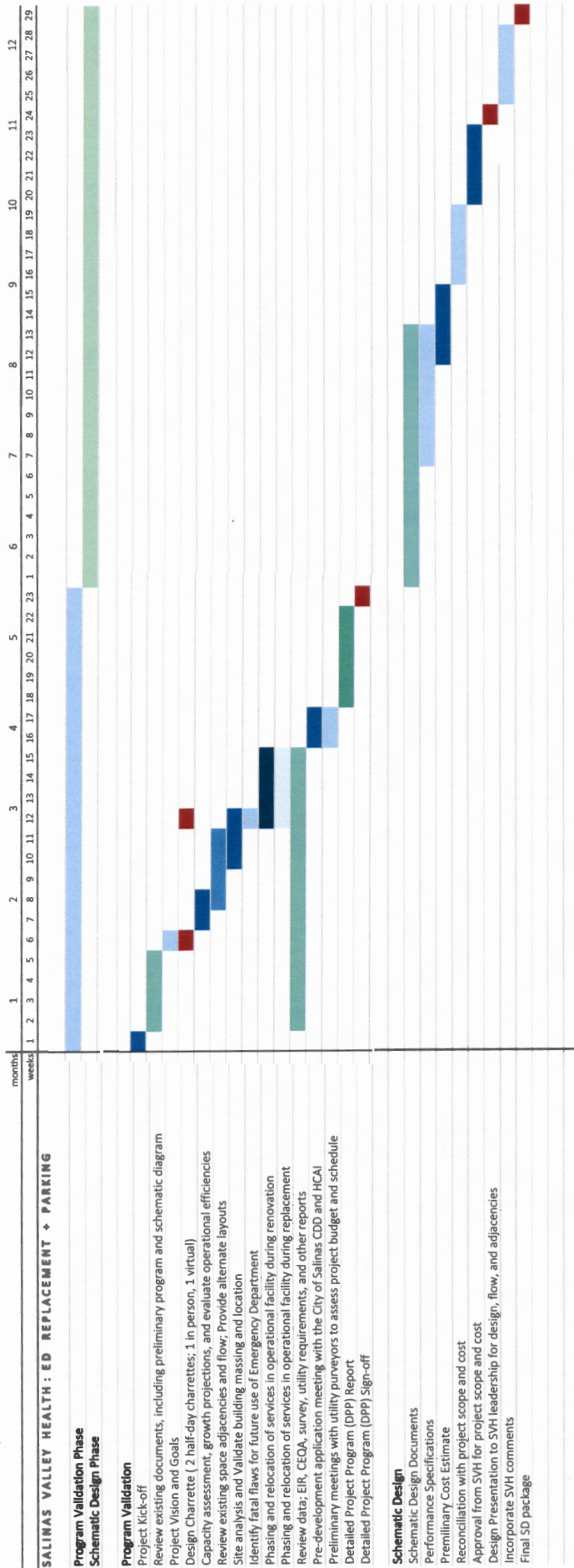
1 of 1

New Emergency Department
Master Architectural
Services Agreement
Exhibit 4: Conflict of Interest
Policy

Salinas Valley Health - Emergency Department Replacement Project
Basic Services for Programming and Schematic Design

Architecture	In-Charge	Manager	Lead	Planner	Planner	Lead	Designer	Architect	Designer	Arch I	Arch II	Lead	Designer	Manager	QA/QC	Hours	Phase Fee
	\$344	\$207	\$328	\$372	\$220	\$428	\$171	\$206	\$233	\$110	\$140	\$268	\$155	\$225	\$343		
Programming April - August	40	264	40	80	280	20	240	0	0	700	0	40	80	20	8	1,812	\$ 329,852
Sub-Total Fee	\$13,760	\$54,648	\$13,120	\$29,760	\$61,600	\$8,560	\$41,040	\$0	\$0	\$77,000	\$0	\$10,720	\$12,400	\$4,500	\$2,744		\$ 329,852
Schematic Design September - March	60	372	16	8	60	40	120	620	80	1240	744	80	392	20	24	3,876	
Sub-Total Fee	\$20,640	\$77,004	\$5,248	\$2,976	\$13,200	\$17,120	\$20,520	\$127,720	\$18,640	\$136,400	\$104,160	\$21,440	\$60,760	\$4,500	\$8,232		\$638,560
																HDR	\$ 968,412

FIRM ROLE	FIRM NAME	FEES
Civil	Whitson	\$ 176,000
Joint Trench	Glacalone	\$ 12,000
Structural	Greenlight	\$ 15,700
MEP, Technology	Mazzeffi	\$ 287,120
Medical Equipment	Mazzeffi	\$ 31,200
Parking Structure & Technology	Watry Design	\$ 97,070
Cost Estimation	Cumming	\$ 44,240
	Consultant Sub-Total	\$ 663,330
		\$ 1,631,742
	Reimbursables	\$ 35,000



Board Paper: Finance Committee

Agenda Item: Consider Recommendation for Board Approval of Competitive Solicitation and Contract Award for Epic Acute Project Go-Live Assistance Engagement with Optimum Health IT

Executive Sponsor: Alysha Hyland, Chief Administration Officer
 Josh Rivera, Director Enterprise Informatics

Date: June 23, 2025

Executive Summary

The Salinas Valley Health Board approved the Epic Acute Project in May 2024. Included in the approval was the Total Cost of Ownership (TCO), which covered all budgeted items associated to the implementation of Epic. The budget for Epic Project go-live assistance was set at \$2,079,360. The competitive solicitation covers Credential Training augmented support, At-The-Elbow (ATE) augmented support, and augmented Help Desk support.

Timeline/Review Process to Date:

- May 2024:** Salinas Valley Health Board approves the Epic Acute Project
- May 2025:** Salinas Valley Health opens Request for Proposal (RFP) for Epic Acute Go-Live Assistance for three areas: Training, At The Elbow support and Help Desk support.
- June 2025:** Salinas Valley Health's Selection Committee selects Optimum Healthcare IT for go-live assistance engagement.

Strategic Plan Alignment:

Implementation of Epic Acute provides a unified platform for the delivery of healthcare services throughout our health system. The implementation of Epic Acute will improve the service we to provide to our patients, enhance patient engagement, raise our quality of care through more robust access to data, and allow for financial improvements related to better integration and population health management capabilities.

Pillar/Goal Alignment:

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

Financial/Quality/Safety/Regulatory Implications:

Key Contract Terms	Vendor: Optimum Health IT
1. Proposed effective date	July 1, 2025
2. Term of agreement	Four (4) month engagement
3. Renewal terms	N/A
4. Termination provision(s)	30 day written notice
5. Payment Terms	Payment due 45 day once invoice is issued
6. Annual cost	Not to exceed: \$3,200,000.00
7. Cost over life of agreement	Not to exceed: \$3,200,000.00 (includes travel expenses)
8. Budgeted (indicate y/n)	Yes

Recommendation

Consider Recommendation for Board Approval of Competitive Solicitation and Contract Award for Epic Acute Project Go-Live Assistance Engagement with Optimum Health IT in an amount not to exceed \$3,200,000.00

Attachment:

SOW# 001 Epic Credential Trainers - Optimum Healthcare IT – SVH

SOW#002 - Optimum HIT - Epic GoLive ATE Support - Salinas Valley Health

SOW#003 - Optimum HIT - Virtual Help Desk Support - SVH

Salinas Valley Health - Statement of Work #001 - Epic Credentialed Trainers

June 13th, 2025

This Statement of Work (hereinafter "SOW") is entered into effect the 13th of June 2025, between Optimum Healthcare IT, LLC (hereinafter "Optimum") and Salinas Valley Memorial Healthcare System operating as Salinas Valley Health (hereinafter "SVH" or "Client"). This SOW is controlled and governed by the Master Services Agreement between Optimum HIT and Client dated June 18th, 2019 (the "Agreement") and is subject to the terms and conditions stated in the Master Services Agreement.

Summary and Responsibilities

- Client is seeking the staff augmentation of Epic Credentialed Trainers for their Epic implementation.
- The Epic Credentialed Trainers provided by Optimum will work with the Client's Epic Project Leadership Team and Epic Principal Trainers to deliver Epic training to Client's staff and end-users.
- All Epic Credentialed Trainers will have prior Epic Credentialed training experience, possess strong verbal and written communication skills, and can convey complex information clearly and effectively in a classroom setting.
- Epic Credentialed Trainers will have a strong understanding of healthcare and the Epic EMR system in their respective applications and be experienced learning, teaching, and utilizing software and tools related to the Epic system.
- Optimum will identify, recruit, and present Epic Credentialed Training candidates to the Client for their selection/approval and onboard them to the Client's standards
- All Epic Credentialed Trainers provided by Optimum will service the Client at the direction provided by the Client's Epic Project Leadership, Epic Training Project Management, and Epic Principal Trainers.

Client Responsibilities

The Client will provide the Epic Project Managers and Epic Principal Trainers to support the Epic Credential Trainers provided by Optimum. Client will also provide:

- Client will provide an Epic Credentialing process to ensure staff are accustomed to Client's Epic instance, workflows, and environment
- Contact information of persons involved with this project
- Reasonable access to the necessary resources from their IT and operational departments
- Appropriate remote VPN or dial-up access/Remote access for the resource provided
- Detailed schedule with advance notice to staff including locations, days, hours, and onsite vs virtual, and travel requirements

Project Timeline

This project is scheduled to begin on August 18th, 2025 and is scheduled to end on November 28th, 2028 with an option to extend. Client reserves the right to modify the schedule and resource-counts to meet the needs of their Project.

Project Team

Optimum will work in partnership with Client to build a team-roster for the Epic Training Project, in association with this SOW. A full roster, including any additions or modifications will be provided to the Client in writing. Client reserves the right to terminate or request replacement of any staff not meeting SOW standards.

Labor Costs

Optimum will bill Client for the Epic Credentialed Trainers at \$82 per hour as stated in the RFP. The forecast in the table below is for projection purposes only. Optimum will only bill Client for hours worked on the project:

Role	# Resources	Week Start	Week End	# Weeks	Hours/wk.	Total hr.	Rate/hr.	Total
Credential Trainers	15	8/18/25	11/28/26	15	40	9,000	\$82	\$ 738,000
	15							

Travel Expenses

Optimum shall be entitled to reimbursement of its project related expenses, including costs of travel, meals, lodging and other direct project related expenses. The expense policy will allow for a per diem with no receipts based on the Monterey, California GSA per diem rate of \$79. Additionally, Optimum will mirror the travel policy as described by the Client in the Master Services Agreement. The expenses in the table below are provide for forecast purposes, Optimum will only bill the Client for exact expenses generated with no mark-ups:

Epic Credentialed Trainers	Weeks	Cost Per Week	Total
15	15	\$ 1,900.00	\$427,500.00

Acceptance

To accept the Agreement, please sign in the space provided.

Acknowledged and accepted by Client: Salinas Valley Health

BY: _____

SIGNATURE

TITLE

DATE

Acknowledged and accepted for Optimum HIT

BY: _____

SIGNATURE

TITLE

DATE

Salinas Valley Health - Statement of Work #002 - Epic GoLive ATE Support
June 13th, 2025

This Statement of Work (hereinafter "SOW") is entered into effect the 13th of June 2025, between Optimum Healthcare IT, LLC (hereinafter "Optimum HIT") and Salinas Valley Memorial Healthcare System operating as Salinas Valley Health (hereinafter "SVH" or "Client"). This SOW is controlled and governed by the Master Services Agreement between Optimum HIT and Client dated June 18th, 2019 and is subject to the terms and conditions stated in the Master Service Agreement.

Scope of Services

- Client is seeking staffing services to augment their team and support their Epic GoLive of enterprise Epic applications for their inpatient and acute care environments
- Optimum will be responsible for the placement of approximately 100 Epic ATE Resources to support this project
- Resources will be selected by Optimum's Epic GoLive Delivery Team and will be experienced supporting Epic GoLives for the requested Epic applications to support Client's project
- Optimum will provide project management to oversee the team, track and maintain quality, and collaborate with Client management to deliver successful outcomes

Client Responsibilities

- Client will facilitate an orientation prior to GoLive for all of the Epic ATE Staff provided by Optimum
- Client will provide the final requested resource counts and associated application areas no later than 30 days prior to the Go-Live date to ensure proper onboarding and compliance processing. Any adjustments or additional resource requests after this deadline will be accommodated to the best of Optimum's Epic GoLive Delivery Team's ability, subject to resource availability and onboarding constraints.
- Client will provide access to information, related due diligence documentation, project plans, specifications and any items which are pertinent to the above scope of services
- Client will provide access to the necessary resources from their IT/Operational departments
- Client reserves the right to terminate or request replacement of any staff not meeting SOW standards.

Project Schedule

This Epic GoLive is scheduled for November 8th, 2025 with support up to 5 weeks through December 5th, 2025. Resources will travel on November 2nd, 2025, participate in orientation November 3rd through November 7th, 2025 and begin supporting the Epic GoLive on November 8th, 2025. Taper schedule and end dates will be determined in partnership by Client and Optimum to serve the interest and success of the project.

Onboarding

Optimum shall be responsible for ensuring that all personnel provided under this SOW have successfully passed all drug testing, criminal background checks, and Optimum's standard clinical compliance requirements, aligned to industry standards.

Professional Fees

The services described in this SOW will be provided on time and materials basis in accordance with the negotiated terms in the RFP process. The total fees in the table below are an estimate - they are not a minimum or fixed fee. Actual fees will be billed according to hours worked, and may be different than the estimated amount in the table, which is for forecast purposes:

ORIENTATION

Week	Role	Start Date	End Date	# Resources	Hours	Total hr.	Rate/hr.	Total
Orientation	Activation PM	11/3/26	11/7/26	1	8	8	\$0	\$0
Orientation	Team Leads			3	8	24	\$72	\$1,728
Orientation	Go-Live ATE Support			100	8	800	\$72	\$57,600
				104		832	Total	\$59,328

GO-LIVE SUPPORT

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 1	Activation PM	11/8/25	11/15/25	1	60	60	\$0	\$0
Go-Live Week 1	Team Leads			3	60	180	\$72	\$12,960
Go-Live Week 1	Go-Live ATE Support			100	60	6000	\$72	\$432,000
				104		6,240	Total	\$444,960

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 2	Activation PM	11/16/25	11/22/25	1	60	60	\$0	\$0
Go-Live Week 2	Team Leads			3	60	180	\$72	\$12,960
Go-Live Week 2	Go-Live ATE Support			60	60	3600	\$72	\$259,200
				64		3,840	Total	\$272,160

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 2	Activation PM	11/23/25	11/29/25	1	60	60	\$0	\$0
Go-Live Week 2	Team Leads			3	60	180	\$72	\$12,960
Go-Live Week 2	Go-Live ATE Support			25	60	1500	\$72	\$108,000
				29		1,740	Total	\$120,960

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 3	Activation PM	11/30/25	12/5/25	1	60	60	\$0	\$0
Go-Live Week 3	Team Leads			1	60	60	\$72	\$4,320
Go-Live Week 3	Go-Live ATE Support			15	60	900	\$72	\$64,800
				17		1,020	Total	\$69,120

Travel Estimate	\$568,512
Go-Live Support Total	\$966,528
Grand Total	\$1,535,040

Overtime

Optimum has prepared this proposal based on the assumption that each go-live support resource will work up to 60 hours per week, including 20 hours of overtime per week, consistent with the RFP instructions. If Client elects to increase scheduled weekly hours beyond this threshold, rates will be subject to adjustment aligned to reflect additional overtime exposure and labor cost impact.

Travel Expenses

Optimum is entitled to reimbursement of its reasonable project related expenses, including costs of travel, meals, lodging, and other direct project related expenses. Optimum will act in a reasonable manner to minimize expenses, mirror the Client's Travel Policy. Optimum will provide Client with a report of all expenses and documentation for this project. Optimum staff will be eligible for expense reimbursement from the kick-off travel date through their completion of the project. Optimum will only bill Client for actual expenses generated with no mark-ups or additional fees. The table below is an

estimation, not a fixed fee; travel expenses may be more or less than the amount in the table below, which is provided for forecast purposes:

TRAVEL ESTIMATE

Travel Cost	% of Total	Total
Flights	13%	\$ 72,100
Hotel	47%	\$ 264,600
Ground Transportation	14%	\$ 78,650
Incidentals	4%	\$ 22,660
Per Diem	23%	\$ 130,502
Total		\$ 568,512

Travel Expense Disclaimer

Optimum will contract directly with one or more hotels and transportation resources (including shuttles and air travel) to accommodate the staff for the Go-Live. Optimum will reserve rooms and make transportation commitments based on the schedule agreed upon with Customer. Should Client decide to cancel the project or modify project dates, Optimum may incur attrition fees for rooms not used and/or cancellation or other penalties, rate increases or other charges regarding transportation commitments as a result of the schedule changes. If Client modifies their Epic GoLive date and Optimum is charged such attrition fees or incurs such penalties, rate changes or other charges, Client will reimburse Optimum for those costs.

Invoicing/Payment Schedule

Invoicing for the Project will be billed in accordance with the MSA between Client and Optimum.

Other Terms and Conditions

This Statement of Work states the entire agreement of the parties as to the subject matter hereof. This Statement of Work may only be modified in writing, signed by both parties. If you accept this Statement of Work please sign below and return the signed document to Optimum Healthcare IT, LLC., by email, lveal@optimumhit.com

Acceptance

To accept the Agreement, please sign in the space provided.

Acknowledged and accepted by Client: Salinas Valley Health System

BY: _____

SIGNATURE

TITLE

DATE

Acknowledged and accepted for Optimum HIT

BY: _____

SIGNATURE

TITLE

DATE

Salinas Valley Health - Statement of Work #003
Virtual Help Desk Support Resources
June 13th, 2025

This Statement of Work (hereinafter "SOW") is entered into effect the 13th of June 2025, between Optimum Healthcare IT, LLC (hereinafter "Optimum") and Salinas Valley Memorial Healthcare System operating as Salinas Valley Health (hereinafter "SVH" or "Client"). This SOW is controlled and governed by the Master Services Agreement between Optimum HIT and Client dated June 18th, 2019, and is subject to the terms and conditions stated in the Master Services Agreement.

Summary and Responsibilities

- Client is seeking staffing support to virtually augment their team their Virtual Help Desk Support Resources to support their Epic GoLive of enterprise Epic applications.
- Optimum will be responsible for the virtual placement of 11 Virtual Help Desk Support Resources to support this project
- Resources will be selected by Optimum's Epic GoLive Delivery Team and will be experienced supporting Epic GoLives for the requested Epic applications to support Client's project
- Optimum will provide project management to oversee the team, track and maintain quality, and collaborate with Client management to deliver successful outcomes
- Optimum will provide laptops and necessary technology and software to all staff; as well as advisory services to Client to ensure proper technical workflows are established

Client Responsibilities

- Client will partner with Optimum to set up the technical infrastructure and workflow to service calls
- Client will provide direction to facilitate access and comply with security protocols
- Client will provide access to information, related due diligence documentation, project plans, specifications and any items which are pertinent to the above scope of services
- Client will provide access to the necessary resources from their IT and operational departments
- Client will provide appropriate remote VPN / technical access if applicable
- Client reserves the right to terminate or request replacement of any staff not meeting SOW standards.

Project Schedule

- Resources will begin on November 7th, 2025 and conclude on November 15th, 2025
- Resources will be scheduled 60 hours per week, as stated in the RFP.
- 8 day-shift agents and 3 night-shift resources will be working 12-hour shifts
- Optimum and Client will work in good faith to adjust to any modifications to schedule and resource-counts
- Client may request resources to start ahead of the Epic GoLive to support the Appointment Conversion/Soft GoLive. Client and Optimum will work together in good faith to establish this service-delivery and provide documentation via email.

Labor Costs

Optimum will bill Client for the Virtual Help Desk Support Resources at \$68 per hour as stated in the RFP. The forecast in the table below is for projection purposes only. Optimum will only bill Client for hours worked on the project:

Orientation

Week	Role	Start Date	End Date	# Resources	Hours	Total hr.	Rate/hr.	Total
Orientation	Help Desk Resource - Days	11/7/25	11/7/25	8	8	64	\$68	\$4,352
Orientation	Help Desk Resource - Nights			3	8	24	\$68	\$1,632
				11		88	Total	\$5,984

Help Desk Support Week 1

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 1	Help Desk Resource - Days	11/8/25	11/15/25	8	60	480	\$68	\$32,640
Go-Live Week 1	Help Desk Resource - Nights			3	60	180	\$68	\$12,240
				11		660	Total	\$44,880

Help Desk Support Week 2

Week	Role	Week Start	Week End	# Resources	Hours	Total hr.	Rate/hr.	Total
Go-Live Week 2	Help Desk Resource - Days	11/16/25	11/22/25	8	60	480	\$68	\$32,640
Go-Live Week 2	Help Desk Resource - Nights			3	60	180	\$68	\$12,240
				11		660	Total	\$44,880

Help Desk Support Total **\$95,744**

Travel Expenses

This is a virtual team and no travel is anticipated for the staff associated with this SOW. In the event travel is requested, Optimum shall be entitled to reimbursement of its project related expenses, including costs of travel, meals, lodging and other direct project related expenses.

Acknowledged and accepted by Client: Salinas Valley Health

BY: _____

SIGNATURE

TITLE

DATE

Acknowledged and accepted for Optimum HIT

BY: _____

SIGNATURE

TITLE

DATE

BOARD Submission Checklist


Epic Acute Project – Go-Live Assistance

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


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

Legal counsel/Contract Administrator reviewed: No ___ or Yes X By Whom: Natalie James

SUBMITTED BY DEPARTMENT DIRECTOR OR DEPARTMENT ADMINISTRATOR:

 <u>Joshua Rivera (Jun 13, 2025 16:19 PDT)</u>	<u>Director Enterprise Informatics</u>	<u>06/13/2025</u>
Signature	Title/Dept.	Date

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

CIO: (if applicable) 	Date: <u>06/13/2025</u>
Director of Audit/Compliance: <u>Dora Ratcliff RN MBA</u> <small>Dora Ratcliff RN MBA (Jun 16, 2025 13:44 PDT)</small>	Date: <u>06/16/2025</u>

CLOSED SESSION

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

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

(Meeting Chair)



Financial Performance Review

May 2025

Finance Committee

Augustine Lopez

Chief Financial Officer

Consolidated Financial Summary For the Month of May 2025

\$ in Millions	For the Month of May 2025				
			Variance fav (unfav)		
	Actual	Budget	\$VAR	%VAR	
Operating Revenue	\$ 82.5	\$ 64.5	\$ 18.0	27.9%	
Operating Expense	\$ 68.6	\$ 65.2	\$ (3.4)	-5.2%	
Income from Operations	\$ 13.9	\$ (0.7)	\$ 14.6	2085.7%	
Operating Margin %	16.8%	-1.1%	17.9%	1627.27%	
Non Operating Income	\$ (0.2)	\$ 2.8	\$ (3.0)	-107.1%	
Net Income	\$ 13.7	\$ 2.1	\$ 11.6	552.4%	
Net Income Margin %	16.6%	3.1%	13.5%	435.5%	

Normalizing Item included in operating income:

- IGT for Hospital Quality Assurance Fee Revenue for Program Year 2024 (net) totaling \$4.3 million

Consolidated Financial Summary For the Month of May 2025 - Normalized

\$ in Millions	For the Month of May 2025			
	Actual	Budget	Variance fav (unfav)	
			\$VAR	%VAR
Operating Revenue	\$ 78.2	\$ 64.5	\$ 13.7	21.2%
Operating Expense	\$ 68.6	\$ 65.2	\$ (3.4)	-5.2%
Income from Operations	\$ 9.6	\$ (0.7)	\$ 10.3	1471.4%
Operating Margin %	12.3%	-1.1%	13.4%	1218.18%
Non Operating Income	\$ (0.2)	\$ 2.8	\$ (3.0)	-107.1%
Net Income	\$ 9.4	\$ 2.1	\$ 7.3	347.6%
Net Income Margin %	12.1%	3.1%	9.0%	290.3%

Normalizing Item excluded from operating income:

- IGT for Hospital Quality Assurance Fee (HQAf) Revenue for Program Year 2024 (net) totaling \$4.3 million

Non-Operating Revenues were unfavorable to budget due to changes in market value of investments

Operating Revenue was over budget due to:

- Very Strong OP Net Revenue (\$8M)
- Higher than budgeted collection rate: 21% vs 20% (\$1M)
- Favorable true up adjustment in collection rate (\$4M)

Executive Summary: Financial Performance

Salinas Valley Health's Income from Operations was \$13.9 million for the month which was favorable to budget by \$14.6M. After normalizing for the HQAF IGT of \$4.3 million income from operations was \$9.6 million. The favorable financial performance for the month was driven by the following:

- ✓ **Very Strong Outpatient Revenues** - favorable to budget by \$38M (26%), this equates to a favorable variance of \$13M in OP Net Revenue. Key services driving this variance were:
 - **OP Infusion Program** - cases were over budget by 24% (240 cases or \$4.5M net revenues)
 - **OP Surgeries** – cases were over budget by 26% (71 cases or \$1M net revenues)
- ✓ **Inpatient Surgeries** were over budget by 5% (7 cases)
- ✓ **Total Admissions** were over budget by 6% (53 cases)
- ✓ **All Payor Case Mix** of 1.69 was 5% over target and Medicare CMI was also higher at 1.85 (4%) due to higher intensity cases including Pneumonia and other respiratory condition admissions.
- ✓ **Average Length of Stay** was 11% favorable to budget at 3.6 days; Medicare ALOS was also below budget by 6% despite the increase in patient acuity.

Executive Summary: Financial Performance – Cont'd

▪ Key Unfavorable Performance Highlights:

- ✓ **Payor Mix** was varied with higher than expected Commercial revenue, up 10%. However, Medicare and MediCal were over budget by 17% and 11%, respectively.
- ✓ **Observation cases** were over budget by 50% (206 cases)
- ✓ **Days in AR** were over target at 64 days on continued delayed reimbursement from payors such as Anthem and Blue Shield. Collections for the month down 4% from April
- ✓ **Mammography** was under budget 11% from target (280 cases) due to staffing issues with ultrasound and x-ray mammo technologists. Contract staff was brought in late in May to cover the shortage of available techs

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Consolidated Financial Summary YTD May 2025

\$ in Millions	FY 2025 May YTD			
	Actual	Budget	Variance fav (unfav)	
			\$VAR	%VAR
Operating Revenue	\$ 775.6	\$ 686.5	\$ 89.1	13.0%
Operating Expense	\$ 726.0	\$ 698.2	\$ (27.8)	-4.0%
Income from Operations	\$ 49.6	\$ (11.7)	\$ 61.3	523.9%
Operating Margin %	6.4%	-1.7%	8.1%	476.5%
Non Operating Income	\$ 34.0	\$ 33.1	\$ 0.9	2.7%
Net Income	\$ 83.6	\$ 21.4	\$ 62.2	290.7%
Net Income Margin %	10.8%	3.1%	7.7%	248.4%

Operating Income includes the Normalizing Items of:

- \$4.6M - CCAH Voluntary Rate Range Funds (net) received YTD for CY 2023
- \$4.8M - District Hospital Direct Payment (net) for 2023
- \$4.3M - HQAF (net) for program year 2024
- **\$13.7M – Total YTD**

Non Operating Income includes Normalizing Items of:

- \$4.2M - FEMA Grant funds (net) received YTD
- \$10.8M - FEMA Grant funds received inception to date

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Consolidated Financial Summary YTD May 2025 - Normalized

\$ in Millions	FY 2025 May YTD			
	Actual	Budget	Variance fav (unfav)	
			\$VAR	%VAR
Operating Revenue	\$ 761.9	\$ 686.5	\$ 75.4	11.0%
Operating Expense	\$ 726.0	\$ 698.2	\$ (27.8)	-4.0%
Income from Operations	\$ 35.9	\$ (11.7)	\$ 47.6	406.8%
Operating Margin %	4.7%	-1.7%	6.4%	376.5%
Non Operating Income **	\$ 29.8	\$ 33.1	\$ (3.3)	-10.0%
Net Income	\$ 65.7	\$ 21.4	\$ 44.3	207.0%
Net Income Margin %	8.6%	3.1%	5.5%	177.4%

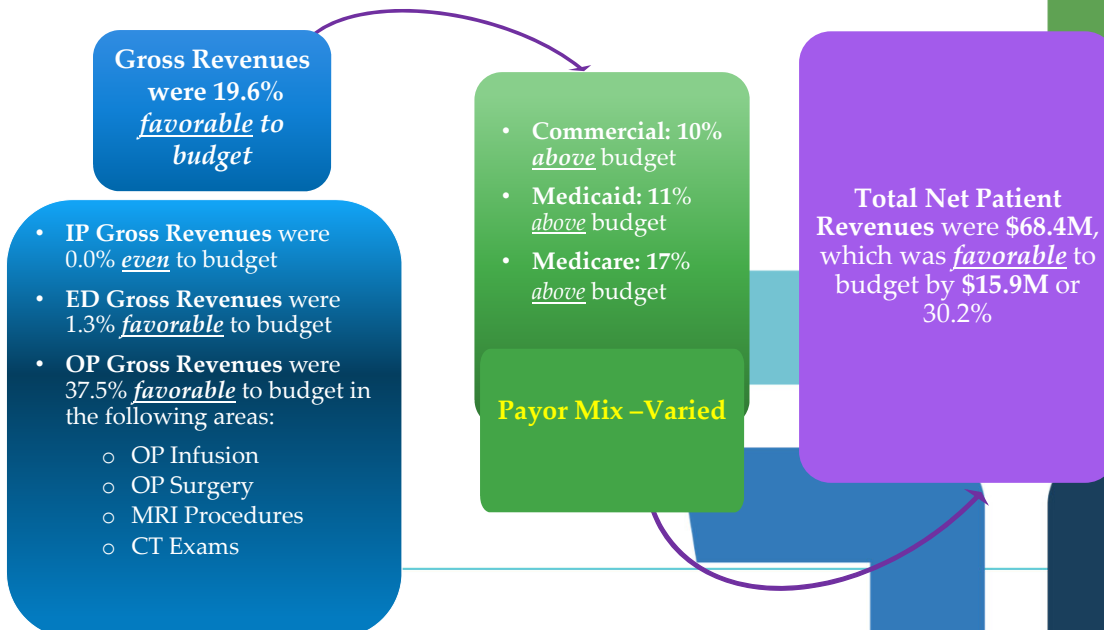
Operating Income excludes the Normalizing Items of:

- \$4.6M - CCAH Voluntary Rate Range Funds (net) received YTD for CY 2023
- \$4.8M - District Hospital Direct Payment (net) for 2023
- \$4.3M – HQAF program (net) for 2024
- \$13.7M – Total YTD

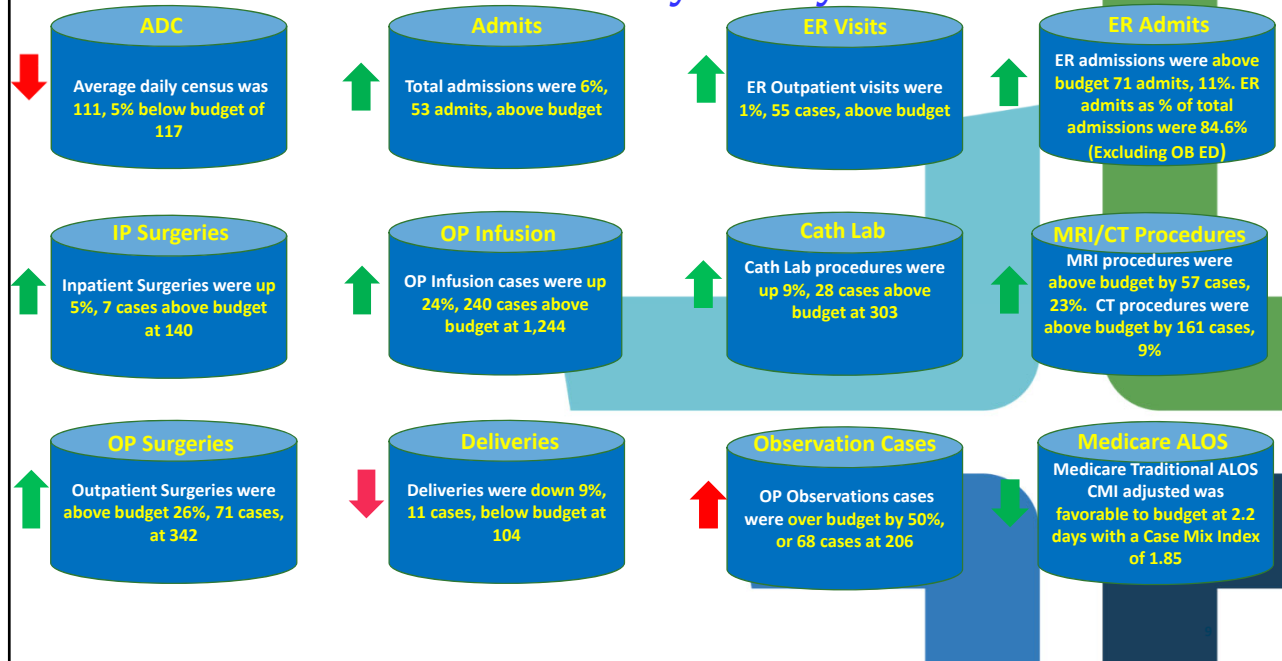
Non Operating Income excludes Normalizing Items of:

- \$4.2M - FEMA Grant funds (net) received YTD
- \$10.8M - FEMA Grant funds received inception to date

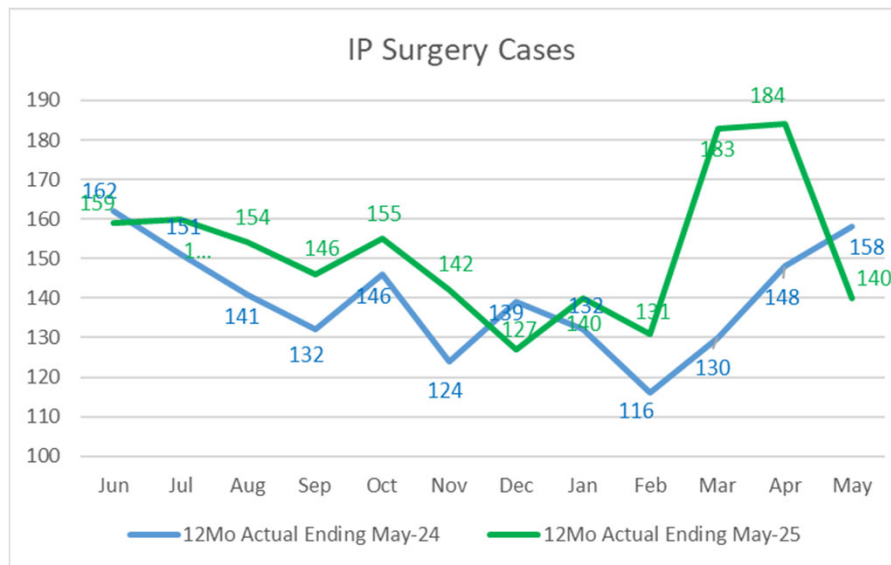
SVHMC Revenue Highlights May 2025



Financial Summary – May 2025



IP Surgery Cases - May 2025

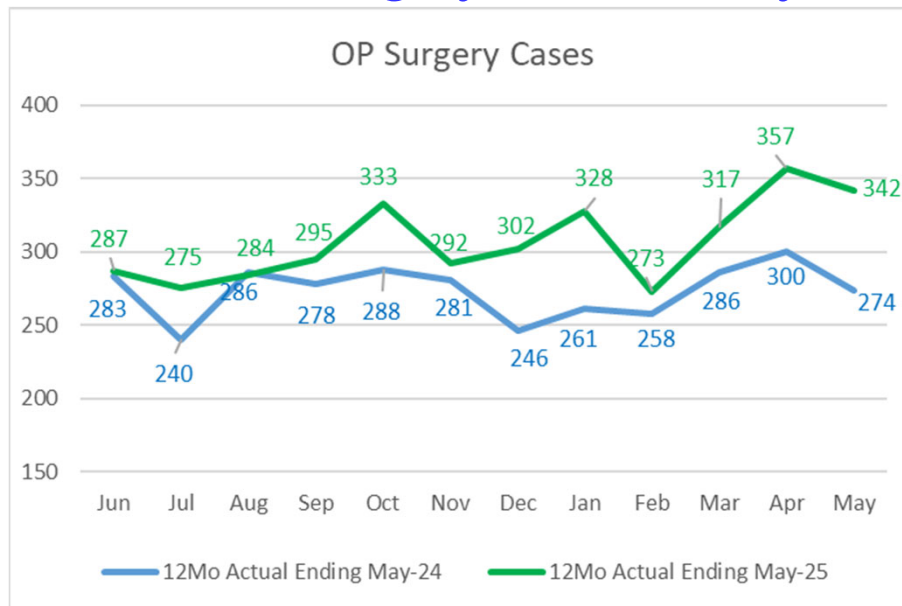


IP Surgery Cases – month variance from prior year – 18 cases lower:

Increases:

- Orthopedics down 14 cases
- ENT down 4 cases

OP Surgery Cases - May 2025



OP Surgery Cases – month variance from prior year – 68 cases higher:

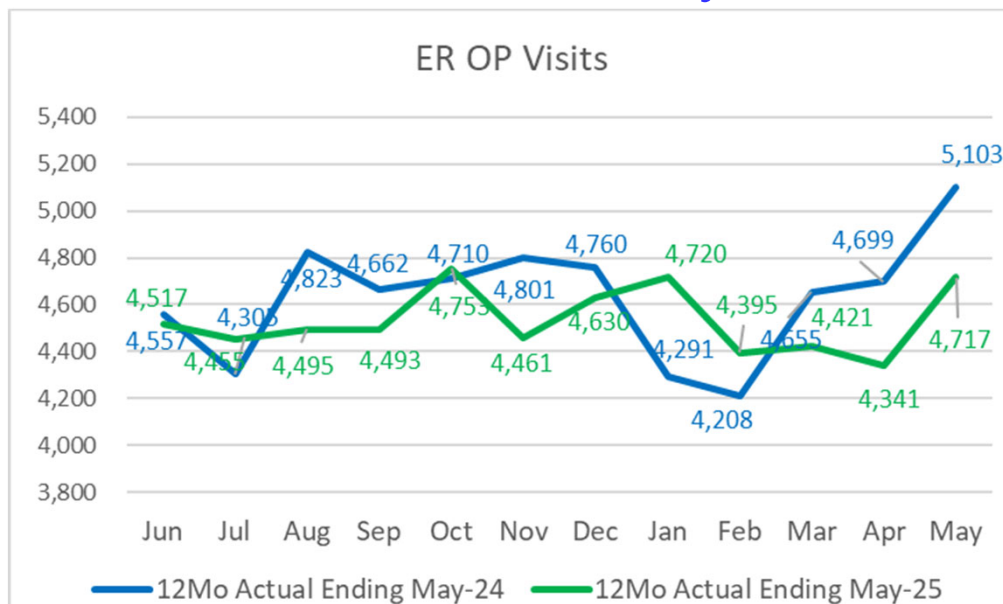
Increases:

- General Surgery up 67 cases (two new providers since PY)
- Orthopedics up 7 cases
- Vascular up 5 cases

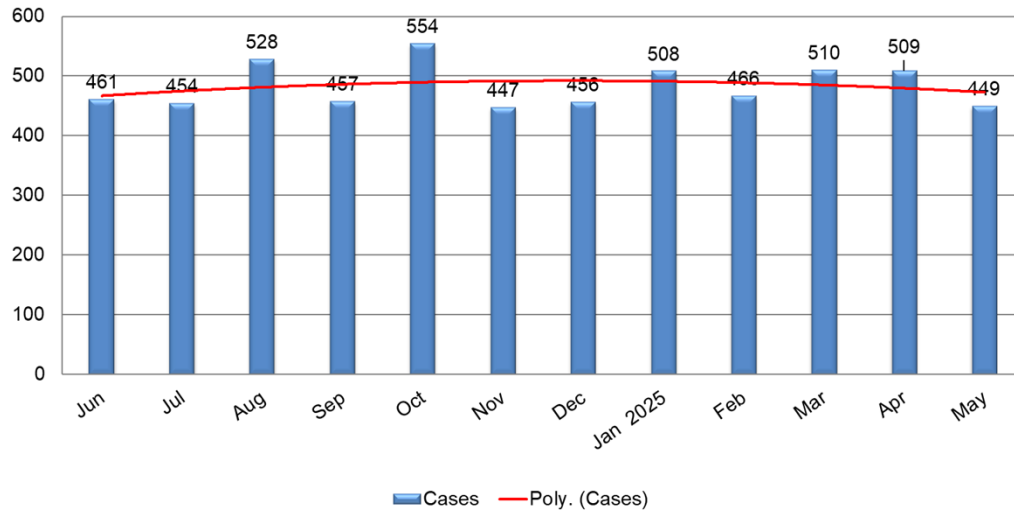
Decreases:

- ENT down 10 cases

ER OP Visits- May 2025

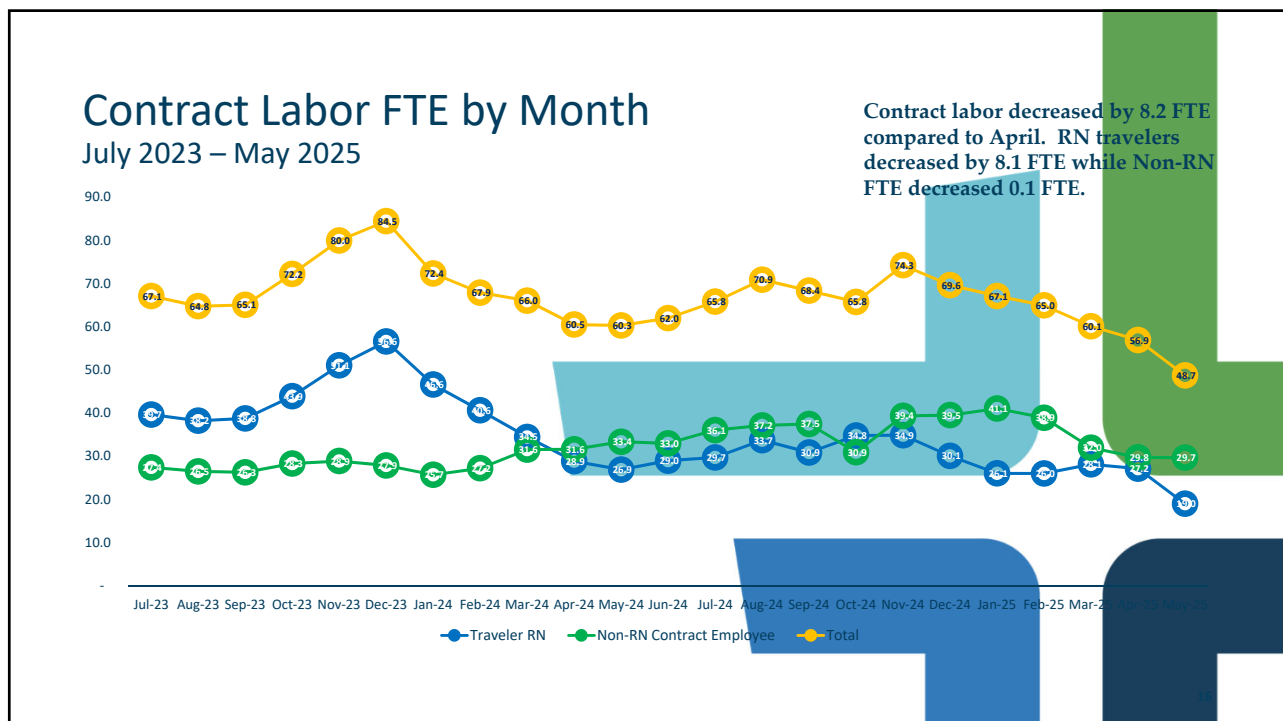
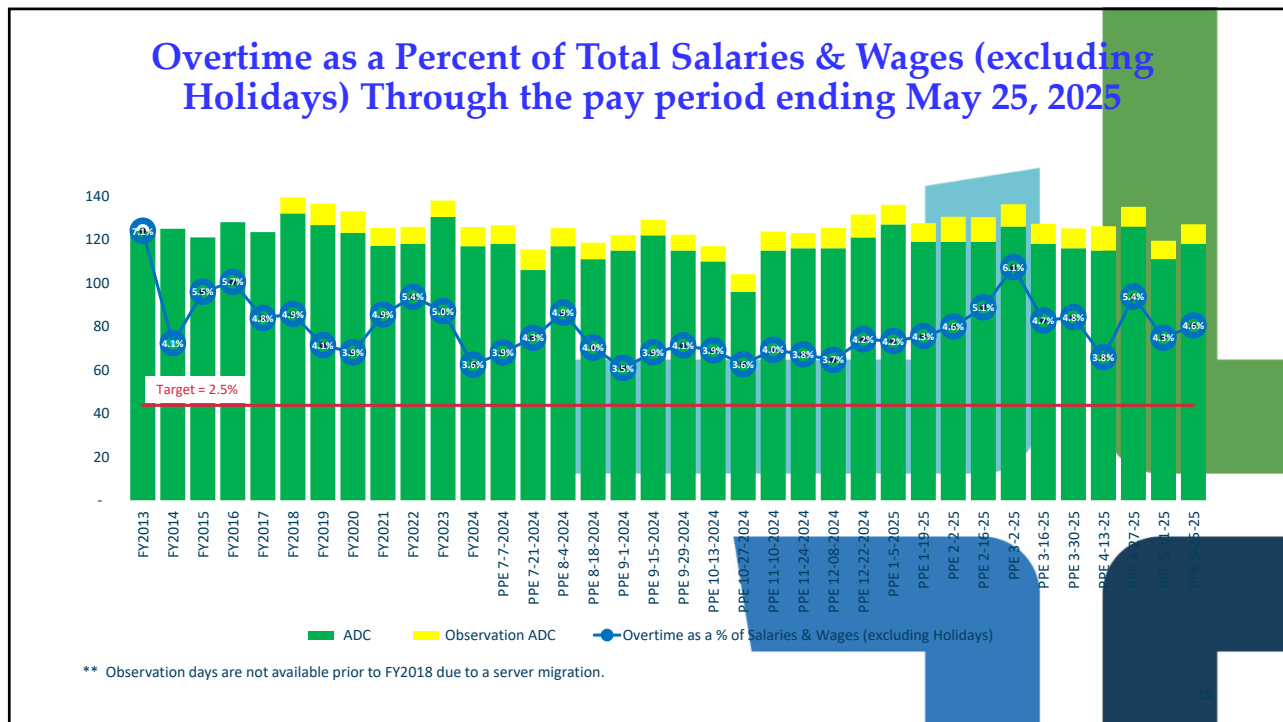


CDOC Cases - Rolling 12 Month Trend June 2024 thru May 2025

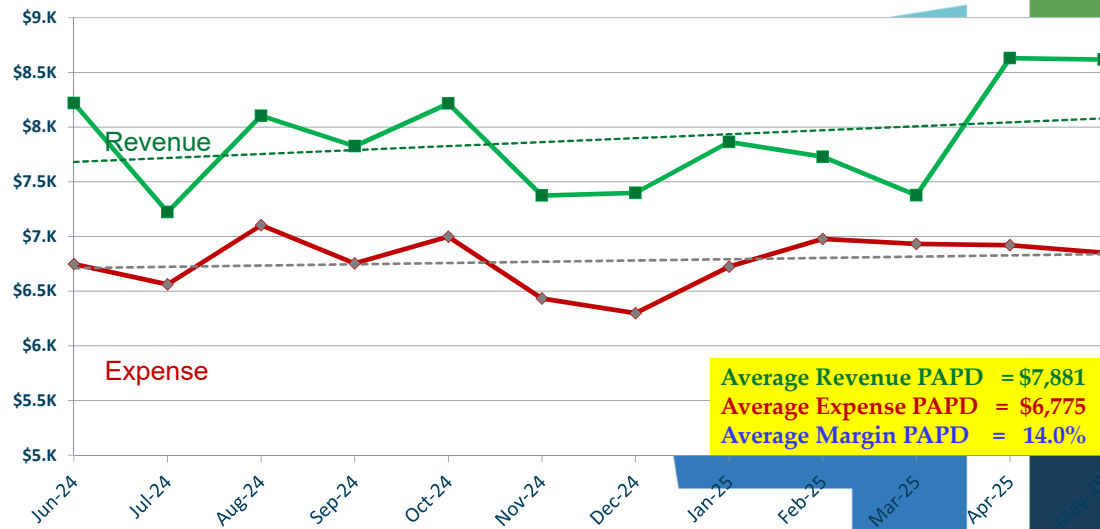


Labor Productivity – May 2025

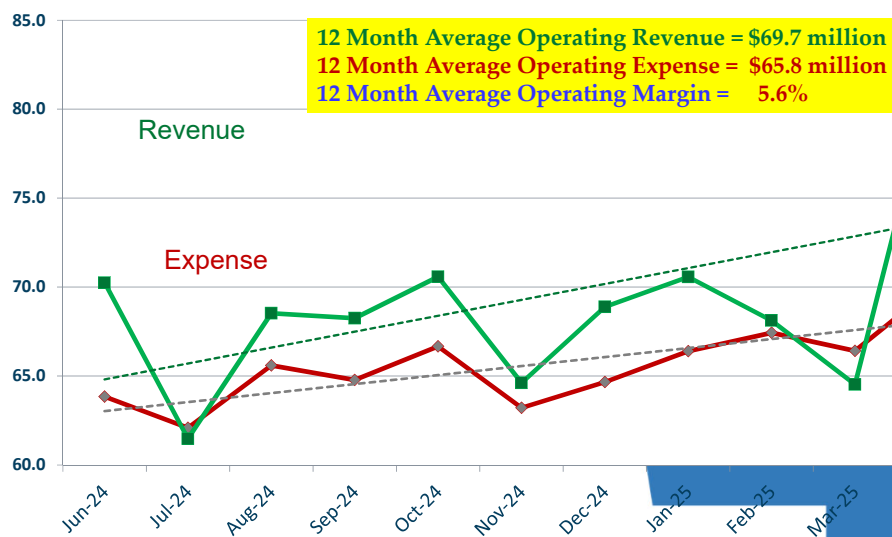
- 1. Worked FTEs:** During the month of May, worked FTEs on a PAADC basis were 2% favorable at **6.6** with a target of **6.7**. *When reviewed on a unit-by-unit level, the variance was 33 FTEs negative (\$0.5M). Lab was favorable 13.4 Worked FTEs. Excluding Lab, the variance was 47 FTEs negative (\$0.7M).*
- 2. Worked FTEs decreased** from 1,642 in April to 1,638 in May. Average daily census decreased by 10 compared to prior month at 111 (5% below budget).
- 3. Paid FTEs:** On a PAADC basis, paid FTEs were 3% favorable to budget at **7.5 actual vs. 7.8 budget**. Paid FTEs increased from 1,869 in April to 1,877 in May.



SVHMC Revenues & Expenses Per Adjusted Patient Day Rolling 12 Months: Jun 24 to May 25



SVH Consolidated Revenues & Expenses Rolling 12 Months: Jun 24 to May 25



Salinas Valley Health Key Financial Indicators

	YTD	SVH		S&P A+ Rated		YTD	
Statistic	5/31/25	Target	+/-	Hospitals	+/-	5/31/24	+/-
Operating Margin*	6.4%	5.0%		4.0%		1.7%	
Total Margin*	10.8%	6.0%		6.6%		8.4%	
EBITDA Margin**	10.7%	7.4%		13.6%		6.3%	
Days of Cash*	376	305		249		352	
Days of Accounts Payable*	47	45		-		47	
Days of Net Accounts Receivable***	64	45		49		56	
Supply Expense as % NPR	15.1%	14.0%		-		13.8%	
SWB Expense as % NPR	52.0%	53.0%		53.7%		53.8%	
Operating Expense per APD*	6,718	6,739		-		6,745	

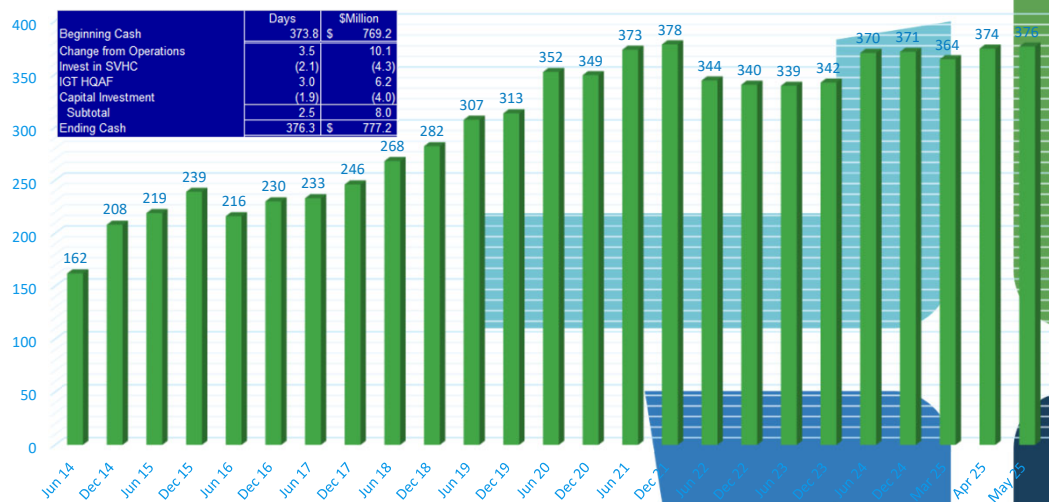
All metrics above are consolidated for SVH except Operating Expense per APD

*These metrics have **not** been adjusted for normalizing items

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

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

Salinas Valley Health Days Cash on Hand = 376 Days (\$777M) - May 2025



Routine Capital Expenditures Through May 2025

Fiscal Month	FY 2025 Approved Budget *	Total Purchased Expenditures	Remaining	Project	Amount
July	1,916,667	712,780	1,203,887	Angio Equipment Replacement	40,191
August	1,916,667	1,382,572	1,737,981	Lab Air Handler	30,466
September	1,916,667	729,309	2,925,338	Nuclear Med D-Spect Camera	29,020
October	1,916,667	1,191,148	3,650,857	Cath Lab 3 Equipment Replacement	20,742
November	1,916,667	794,889	4,772,635	Xray Rooms Equipment Replacement	20,040
December	1,916,667	1,381,451	5,307,851	Total Improvements	140,459
January	1,916,667	1,565,871	5,658,646	Nuclear Med D-Spect Camera	261,345
February	1,916,667	963,787	6,611,526	Cardiology 6VT-D Electronic 4D Multiplane Transesophageal Probes	65,550
March	1,916,667	815,462	7,712,730	Cath Lab Sonosite Ultrasound System	56,635
April	1,916,667	1,449,571	8,179,826	Med Surg Avasys Cameras and Installation	41,829
May	1,916,667	622,232	9,474,261	Miscellaneous	56,414
June	1,916,667		11,390,928	Total Equipment	481,773
YTD TOTAL	23,000,000	11,609,072	11,390,928	Grand Total	622,232

Questions/Comments

SALINAS VALLEY HEALTH MEDICAL CENTER
SUMMARY INCOME STATEMENT
May 31, 2025

	<u>Month of May,</u>		<u>Eleven months ended May 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 68,397,575	\$ 60,297,688	\$ 637,562,134	\$ 576,621,307
Other operating revenue	<u>2,453,835</u>	<u>1,550,792</u>	<u>25,349,352</u>	<u>19,027,486</u>
Total operating revenue	<u>70,851,410</u>	<u>61,848,480</u>	<u>662,911,486</u>	<u>595,648,793</u>
Total operating expenses	52,945,617	51,363,154	559,978,393	533,332,000
Total non-operating income	<u>(4,212,810)</u>	<u>1,089,779</u>	<u>(20,073,256)</u>	<u>(17,109,649)</u>
Operating and non-operating income	<u>\$ 13,692,983</u>	<u>\$ 11,575,105</u>	<u>\$ 82,859,838</u>	<u>\$ 45,207,145</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
May 31, 2025

	<u>Current year</u>	<u>Prior year</u>
ASSETS:		
Current assets	\$ 444,756,256	\$ 377,530,810
Assets whose use is limited or restricted by board	174,789,535	165,265,988
Capital assets	264,278,215	247,099,774
Other assets	312,496,039	293,879,766
Deferred pension outflows	<u>85,734,219</u>	<u>116,911,125</u>
	<u>\$ 1,282,054,264</u>	<u>\$ 1,200,687,463</u>
LIABILITIES AND EQUITY:		
Current liabilities	96,959,313	94,534,600
Long term liabilities	19,123,773	20,749,833
Lease deferred inflows	(1,400,684)	2,078,231
Pension liability	90,863,576	118,792,064
Net assets	<u>1,076,508,286</u>	<u>964,532,735</u>
	<u>\$ 1,282,054,264</u>	<u>\$ 1,200,687,463</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF NET PATIENT REVENUE
May 31, 2025

	<u>Month of May,</u>		<u>Eleven months ended May 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Patient days:				
By payer:				
Medicare	1,883	1,723	19,396	19,556
Medi-Cal	902	995	11,537	11,500
Commercial insurance	521	613	6,066	6,336
Other patient	123	127	1,352	1,149
Total patient days	<u>3,429</u>	<u>3,458</u>	<u>38,351</u>	<u>38,541</u>
Gross revenue:				
Medicare	\$ 144,760,373	\$ 131,374,304	\$ 1,438,660,072	\$ 1,273,742,960
Medi-Cal	84,433,436	80,182,659	913,503,693	798,041,451
Commercial insurance	62,416,053	59,404,125	639,961,576	586,800,043
Other patient	11,182,303	11,414,263	121,455,311	100,252,829
Gross revenue	<u>302,792,165</u>	<u>282,375,350</u>	<u>3,113,580,652</u>	<u>2,758,837,283</u>
Deductions from revenue:				
Administrative adjustment	276,626	296,208	3,189,876	3,363,107
Charity care	789,864	837,087	7,077,228	7,060,986
Contractual adjustments:				
Medicare outpatient	51,410,990	44,794,743	484,559,147	403,370,428
Medicare inpatient	54,585,825	50,358,573	553,200,375	517,265,833
Medi-Cal traditional outpatient	1,968,019	1,774,123	19,368,699	26,671,416
Medi-Cal traditional inpatient	2,840,137	1,955,649	48,118,289	48,115,621
Medi-Cal managed care outpatient	41,040,982	38,948,544	442,792,251	359,048,213
Medi-Cal managed care inpatient	23,380,282	24,373,903	295,168,799	277,270,871
Commercial insurance outpatient	28,753,901	28,453,273	299,798,601	250,758,241
Commercial insurance inpatient	21,698,029	23,188,300	243,744,348	227,160,602
Uncollectible accounts expense	6,147,947	5,413,557	61,429,794	48,908,560
Other payors	1,501,988	1,683,704	17,571,111	13,222,097
Deductions from revenue	<u>234,394,590</u>	<u>222,077,663</u>	<u>2,476,018,518</u>	<u>2,182,215,975</u>
Net patient revenue	<u>\$ 68,397,575</u>	<u>\$ 60,297,688</u>	<u>\$ 637,562,134</u>	<u>\$ 576,621,307</u>
Gross billed charges by patient type:				
Inpatient	\$ 135,390,526	\$ 132,707,338	\$ 1,457,387,088	\$ 1,376,318,476
Outpatient	134,579,728	116,285,546	1,303,969,897	1,052,393,447
Emergency room	32,821,911	33,382,467	352,223,667	330,125,360
Total	<u>\$ 302,792,165</u>	<u>\$ 282,375,350</u>	<u>\$ 3,113,580,652</u>	<u>\$ 2,758,837,283</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES
May 31, 2025

	<u>Month of May,</u>		<u>Eleven months ended May 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Operating revenue:				
Net patient revenue	\$ 68,397,575	\$ 60,297,688	\$ 637,562,134	\$ 576,621,307
Other operating revenue	<u>2,453,835</u>	<u>1,550,792</u>	<u>25,349,352</u>	<u>19,027,486</u>
Total operating revenue	<u>70,851,410</u>	<u>61,848,480</u>	<u>662,911,486</u>	<u>595,648,793</u>
Operating expenses:				
Salaries and wages	19,239,361	17,647,464	197,840,739	184,304,112
Compensated absences	3,456,470	3,099,766	34,602,388	33,264,468
Employee benefits	7,122,207	8,514,340	88,527,363	92,969,686
Supplies, food, and linen	10,707,671	8,375,261	99,983,900	82,773,474
Purchased department functions	3,936,286	3,793,512	43,105,794	40,554,904
Medical fees	2,405,979	3,052,297	27,375,298	27,620,900
Other fees	1,517,532	1,887,945	20,156,289	25,107,752
Depreciation	2,600,305	2,566,667	28,493,368	26,956,452
All other expense	<u>1,959,806</u>	<u>2,425,902</u>	<u>19,893,254</u>	<u>19,780,252</u>
Total operating expenses	<u>52,945,617</u>	<u>51,363,154</u>	<u>559,978,393</u>	<u>533,332,000</u>
Income from operations	<u>17,905,793</u>	<u>10,485,326</u>	<u>102,933,093</u>	<u>62,316,793</u>
Non-operating income:				
Donations	6,410	33,559	5,614,532	2,694,093
Property taxes	476,714	333,333	5,243,858	3,666,667
Investment income	(735,742)	3,925,646	20,074,181	24,798,415
Taxes and licenses	0	0	0	0
Income from subsidiaries	<u>(3,960,192)</u>	<u>(3,202,759)</u>	<u>(51,005,827)</u>	<u>(48,268,824)</u>
Total non-operating income	<u>(4,212,810)</u>	<u>1,089,779</u>	<u>(20,073,256)</u>	<u>(17,109,649)</u>
Operating and non-operating income	13,692,983	11,575,105	82,859,838	45,207,145
Net assets to begin	<u>1,062,815,302</u>	<u>952,957,630</u>	<u>993,648,448</u>	<u>919,325,590</u>
Net assets to end	<u>\$ 1,076,508,286</u>	<u>\$ 964,532,735</u>	<u>\$ 1,076,508,286</u>	<u>\$ 964,532,735</u>
Net income excluding non-recurring items	\$ 13,692,983	\$ 11,575,105	\$ 82,859,838	\$ 45,207,145
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>\$ 13,692,983</u>	<u>\$ 11,575,105</u>	<u>\$ 82,859,838</u>	<u>\$ 45,207,145</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
SCHEDULES OF INVESTMENT INCOME
May 31, 2025

	<u>Month of May,</u>		<u>Eleven months ended May 31,</u>	
	<u>current year</u>	<u>prior year</u>	<u>current year</u>	<u>prior year</u>
Detail of income from subsidiaries:				
Salinas Valley Health Clinics				
Pulmonary Medicine Center	\$ (193,395)	\$ (189,630)	\$ (2,220,169)	\$ (2,197,669)
Neurological Clinic	(61,853)	(43,074)	(813,747)	(708,644)
Palliative Care Clinic	(95,500)	(58,267)	(1,069,393)	(980,060)
Surgery Clinic	(199,146)	(166,297)	(1,847,094)	(1,971,042)
Infectious Disease Clinic	(43,768)	(37,480)	(516,331)	(418,250)
Endocrinology Clinic	(157,875)	(201,720)	(2,472,415)	(2,472,832)
Early Discharge Clinic	0	0	0	0
Cardiology Clinic	(604,552)	(564,394)	(6,576,850)	(6,222,370)
OB/GYN Clinic	(344,578)	(432,205)	(4,483,715)	(4,490,812)
PrimeCare Medical Group	(886,328)	(724,596)	(9,026,201)	(9,145,402)
Oncology Clinic	(404,197)	(338,599)	(4,544,438)	(3,836,748)
Cardiac Surgery	(283,335)	(327,655)	(3,793,603)	(3,525,522)
Sleep Center	(78,626)	(86,964)	(926,349)	(655,042)
Rheumatology	(62,502)	(95,274)	(800,583)	(805,183)
Precision Ortho MDs	(431,260)	(431,095)	(5,128,842)	(5,143,321)
Precision Ortho-MRI	0	0	0	0
Precision Ortho-PT	(70,322)	(58,576)	(822,728)	(532,986)
Vaccine Clinic	0	0	0	16
Dermatology	(14,129)	(30,810)	(405,019)	(426,950)
Hospitalists	0	0	0	0
Behavioral Health	(32,324)	(52,172)	(411,604)	(549,837)
Pediatric Diabetes	(26,659)	(33,132)	(416,442)	(494,812)
Neurosurgery	(119,476)	(102,174)	(1,374,573)	(628,323)
Multi-Specialty-RR	30,721	9,011	162,473	39,826
Radiology	(321,163)	348,185	(3,538,244)	(2,721,260)
Salinas Family Practice	(93,124)	(93,327)	(1,201,822)	(1,383,145)
Urology	(91,998)	(165,471)	(1,826,602)	(1,825,162)
Total SVHC	(4,585,389)	(3,875,716)	(54,054,291)	(51,095,530)
Doctors on Duty	493,464	376,185	588,589	647,320
LPCH NICU JV	0	0	0	0
Central Coast Health Connect	0	0	0	0
Monterey Peninsula Surgery Center	139,336	184,647	1,666,349	1,504,408
Coastal	(50,778)	22,471	(45,058)	127,785
Apex	0	0	0	0
21st Century Oncology	(8,844)	11,209	255,877	68,074
Monterey Bay Endoscopy Center	52,019	78,444	582,707	479,119
Total	<u>\$ (3,960,192)</u>	<u>\$ (3,202,759)</u>	<u>\$ (51,005,827)</u>	<u>\$ (48,268,824)</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
BALANCE SHEETS
May 31, 2025

	<u>Current year</u>	<u>Prior year</u>
A S S E T S		
Current assets:		
Cash and cash equivalents	\$ 300,599,442	\$ 257,043,405
Patient accounts receivable, net of estimated uncollectibles of \$66,130,052	123,968,644	97,728,869
Supplies inventory at cost	8,335,908	7,914,669
Current portion of lease receivable	311,567	1,680,204
Other current assets	<u>11,540,695</u>	<u>13,163,664</u>
Total current assets	<u>444,756,256</u>	<u>377,530,810</u>
Assets whose use is limited or restricted by board	<u>174,789,535</u>	<u>165,265,988</u>
Capital assets:		
Land and construction in process	56,467,596	48,472,433
Other capital assets, net of depreciation	<u>207,810,619</u>	<u>198,627,341</u>
Total capital assets	<u>264,278,215</u>	<u>247,099,774</u>
Other assets:		
Right of use assets, net of amortization	7,850,585	6,575,991
Long term lease receivable	(1,679,550)	436,190
Subscription assets, net of amortization	8,103,174	10,141,178
Investment in Securities	270,329,869	251,876,936
Investment in SVHC	2,134,542	14,992,552
Investment in Coastal	1,707,312	1,786,955
Investment in other affiliates	21,680,078	11,610,549
Net pension asset	<u>2,370,029</u>	<u>(3,540,585)</u>
Total other assets	<u>312,496,039</u>	<u>293,879,766</u>
Deferred pension outflows	<u>85,734,219</u>	<u>116,911,125</u>
	<u>\$ 1,282,054,264</u>	<u>\$ 1,200,687,463</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	\$ 64,811,108	\$ 62,037,472
Due to third party payers	4,258,530	4,835,088
Current portion of self-insurance liability	22,415,848	20,917,510
Current subscription liability	2,569,847	4,271,751
Current portion of lease liability	<u>2,903,980</u>	<u>2,472,779</u>
Total current liabilities	96,959,313	94,534,600
Long term portion of workers comp liability	11,272,465	12,843,815
Long term portion of lease liability	4,961,843	4,292,243
Long term subscription liability	<u>2,889,465</u>	<u>3,613,775</u>
Total liabilities	<u>116,083,086</u>	<u>115,284,433</u>
Lease deferred inflows	(1,400,684)	2,078,231
Pension liability	<u>90,863,576</u>	<u>118,792,064</u>
Net assets:		
Invested in capital assets, net of related debt	264,278,215	247,099,774
Unrestricted	<u>812,230,071</u>	<u>717,432,961</u>
Total net assets	<u>1,076,508,286</u>	<u>964,532,735</u>
	<u>\$ 1,282,054,264</u>	<u>\$ 1,200,687,463</u>

SALINAS VALLEY HEALTH MEDICAL CENTER
STATEMENTS OF REVENUE AND EXPENSES - BUDGET VS. ACTUAL
May 31, 2025

	Month of May,			Eleven months ended May 31,			
	Actual	Variance	% Var	Actual	Budget	Variance	% Var
Operating revenue:							
Gross billed charges	\$ 302,792,165	\$ 37,142,200	13.98%	\$ 3,113,580,652	\$ 2,824,861,903	288,718,749	10.22%
Deductions from revenue	234,394,590	21,547,706	10.12%	2,476,018,518	2,263,148,255	212,870,263	9.41%
Net patient revenue	68,397,575	15,594,494	29.53%	637,562,134	561,713,647	75,848,487	13.50%
Other operating revenue	2,453,835	1,001,166	68.92%	25,349,352	15,979,359	9,369,993	58.64%
Total operating revenue	70,851,410	16,595,660	30.59%	662,911,486	577,693,006	85,218,480	14.75%
Operating expenses:							
Salaries and wages	19,239,361	728,619	3.94%	197,840,739	191,679,420	6,161,319	3.21%
Compensated absences	3,456,470	605,237	21.23%	34,602,388	34,344,713	257,675	0.75%
Employee benefits	7,122,207	(1,505,913)	-17.45%	88,527,363	88,969,932	(442,569)	-0.50%
Supplies, food, and linen	10,707,671	3,405,395	46.63%	99,983,900	78,911,056	21,072,844	26.70%
Purchased department functions	3,936,286	111,002	2.90%	43,105,794	42,078,111	1,027,683	2.44%
Medical fees	2,405,979	(79,658)	-3.20%	27,375,298	27,342,010	33,288	0.12%
Other fees	1,517,532	(238,896)	-13.60%	20,156,289	19,116,343	1,039,946	5.44%
Depreciation	2,600,305	4,624	0.18%	28,493,368	26,924,582	1,568,786	5.83%
All other expense	1,959,806	(25,740)	-1.30%	19,893,254	21,699,122	(1,805,868)	-8.32%
Total operating expenses	52,945,617	3,004,670	6.02%	559,978,393	531,065,288	28,913,105	5.44%
Income from operations	17,905,793	13,590,989	314.99%	102,933,093	46,627,718	56,305,375	120.76%
Non-operating income:							
Donations	6,410	(201,923)	-96.92%	5,614,532	2,291,667	3,322,865	145.00%
Property taxes	476,714	(0)	0.00%	5,243,858	5,243,858	0	0.00%
Investment income	(735,742)	(2,626,915)	-138.90%	20,074,181	20,802,905	(728,723)	-3.50%
Income from subsidiaries	(3,960,192)	1,163,030	-22.70%	(51,005,827)	(56,355,443)	5,349,616	-9.49%
Total non-operating income	(4,212,810)	(1,665,808)	65.40%	(20,073,256)	(28,017,014)	7,943,758	-28.35%
Operating and non-operating income	\$ 13,692,983	\$ 11,925,181	674.58%	\$ 82,859,837	\$ 18,610,704	64,249,134	345.23%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		Variance
	2024	2025	2023-24	2024-25	
NEWBORN STATISTICS					
Medi-Cal Admissions	53	29	390	385	(5)
Other Admissions	58	76	836	907	71
Total Admissions	111	105	1,226	1,292	66
Medi-Cal Patient Days	53	46	589	703	114
Other Patient Days	121	128	1,394	1,376	(18)
Total Patient Days of Care	174	174	1,983	2,079	96
Average Daily Census	5.6	5.6	5.9	6.2	0.3
Medi-Cal Average Days	1.7	1.6	1.7	2.0	0.3
Other Average Days	0.7	1.6	1.7	1.6	(0.1)
Total Average Days Stay	1.6	1.6	1.7	1.7	0.0
ADULTS & PEDIATRICS					
Medicare Admissions	384	402	4,090	4,280	190
Medi-Cal Admissions	342	282	2,953	3,141	188
Other Admissions	428	296	3,329	3,426	97
Total Admissions	1,154	980	10,372	10,847	475
Medicare Patient Days	1,417	1,595	16,467	16,210	(257)
Medi-Cal Patient Days	1,081	984	11,871	12,122	251
Other Patient Days	950	669	10,287	8,217	(2,070)
Total Patient Days of Care	3,448	3,248	38,625	36,549	(2,076)
Average Daily Census	111.2	104.8	115.3	109.1	(6.2)
Medicare Average Length of Stay	3.7	3.9	4.0	3.8	(0.2)
Medi-Cal AverageLength of Stay	3.1	3.2	3.5	3.4	(0.1)
Other Average Length of Stay	2.2	1.8	2.5	1.9	(0.6)
Total Average Length of Stay	3.0	3.0	3.3	3.0	(0.3)
Deaths	29	23	295	287	(8)
Total Patient Days	3,622	3,422	40,608	38,628	(1,980)
Medi-Cal Administrative Days	342	0	398	0	(398)
Medicare SNF Days	0	0	0	0	0
Over-Utilization Days	0	0	0	0	0
Total Non-Acute Days	342	0	398	0	(398)
Percent Non-Acute	9.44%	0.00%	0.98%	0.00%	-0.98%

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		Variance
	2024	2025	2023-24	2024-25	
<u>PATIENT DAYS BY LOCATION</u>					
Level I	271	259	2,749	2,769	20
Heart Center	323	321	3,577	3,524	(53)
Monitored Beds	563	579	6,740	6,362	(378)
Single Room Maternity/Obstetrics	288	284	3,243	3,719	476
Med/Surg - Cardiovascular	808	906	9,213	9,627	414
Med/Surg - Oncology	260	221	3,054	2,932	(122)
Med/Surg - Rehab	485	486	5,042	5,153	111
Pediatrics	128	132	1,433	1,317	(116)
Nursery	174	174	1,983	2,079	96
Neonatal Intensive Care	102	60	1,161	1,146	(15)
<u>PERCENTAGE OF OCCUPANCY</u>					
Level I	67.25%	64.27%	62.93%	63.39%	
Heart Center	69.46%	69.03%	70.97%	69.92%	
Monitored Beds	67.26%	69.18%	74.29%	70.13%	
Single Room Maternity/Obstetrics	25.11%	24.76%	26.09%	29.91%	
Med/Surg - Cardiovascular	57.92%	64.95%	60.93%	63.67%	
Med/Surg - Oncology	64.52%	54.84%	69.92%	67.12%	
Med/Surg - Rehab	60.17%	60.30%	57.72%	58.99%	
Med/Surg - Observation Care Unit	0.00%	0.00%	0.00%	0.00%	
Pediatrics	22.94%	23.66%	23.69%	21.78%	
Nursery	34.02%	34.02%	17.88%	18.75%	
Neonatal Intensive Care	29.91%	17.60%	31.41%	31.01%	

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		Variance
	2024	2025	2023-24	2024-25	
<u>DELIVERY ROOM</u>					
Total deliveries	131	100	1,167	1,282	115
C-Section deliveries	34	34	353	413	60
Percent of C-section deliveries	25.95%	34.00%	30.25%	32.22%	1.97%
<u>OPERATING ROOM</u>					
In-Patient Operating Minutes	17,226	16,617	178,783	209,275	30,492
Out-Patient Operating Minutes	31,447	41,195	329,299	394,156	64,857
Total	48,673	57,812	508,082	603,431	95,349
Open Heart Surgeries	13	12	126	130	4
In-Patient Cases	124	107	1,254	1,362	108
Out-Patient Cases	308	375	3,261	3,698	437
<u>EMERGENCY ROOM</u>					
Immediate Life Saving	35	57	407	411	4
High Risk	941	932	8,614	9,617	1,003
More Than One Resource	2,986	2,866	30,913	30,718	(195)
One Resource	2,181	1,924	21,067	19,705	(1,362)
No Resources	128	58	971	766	(205)
Total	6,271	5,837	61,972	61,217	(755)

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		
	2024	2025	2023-24	2024-25	Variance
CENTRAL SUPPLY					
In-patient requisitions	12,896	11,718	141,851	136,118	-5,733
Out-patient requisitions	11,218	11,577	116,256	120,436	4,180
Emergency room requisitions	574	455	7,607	5,923	-1,684
Interdepartmental requisitions	6,756	6,841	72,805	75,791	2,986
Total requisitions	31,444	30,591	338,519	338,268	-251
LABORATORY					
In-patient procedures	35,359	37,519	397,671	394,987	-2,684
Out-patient procedures	43,356	48,979	336,246	499,862	163,616
Emergency room procedures	13,227	12,373	141,581	137,186	-4,395
Total patient procedures	91,942	98,871	875,498	1,032,035	156,537
BLOOD BANK					
Units processed	242	325	3,078	3,102	24
ELECTROCARDIOLOGY					
In-patient procedures	1,233	1,144	12,221	12,489	268
Out-patient procedures	436	549	4,354	5,026	672
Emergency room procedures	1,437	1,341	13,845	14,298	453
Total procedures	3,106	3,034	30,420	31,813	1,393
CATH LAB					
In-patient procedures	169	155	1,393	1,492	99
Out-patient procedures	132	152	1,365	1,379	14
Emergency room procedures	0	0	1	2	1
Total procedures	301	307	2,759	2,873	114
ECHO-CARDIOLOGY					
In-patient studies	408	423	4,215	4,387	172
Out-patient studies	286	269	3,110	3,711	601
Emergency room studies	4	3	13	19	6
Total studies	698	695	7,338	8,117	779
NEURODIAGNOSTIC					
In-patient procedures	136	140	1,397	1,515	118
Out-patient procedures	16	26	190	280	90
Emergency room procedures	0	0	0	1	1
Total procedures	152	166	1,587	1,796	209

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		
	2024	2025	2023-24	2024-25	Variance
SLEEP CENTER					
In-patient procedures	0	0	0	1	1
Out-patient procedures	285	302	2,772	3,172	400
Emergency room procedures	0	0	0	0	0
Total procedures	285	302	2,772	3,173	401
RADIOLOGY					
In-patient procedures	1,357	1,237	14,384	14,270	-114
Out-patient procedures	440	473	4,497	4,935	438
Emergency room procedures	1,650	1,631	16,667	17,162	495
Total patient procedures	3,447	3,341	35,548	36,367	819
MAGNETIC RESONANCE IMAGING					
In-patient procedures	172	190	1,634	1,991	357
Out-patient procedures	94	133	1,201	1,332	131
Emergency room procedures	5	9	66	68	2
Total procedures	271	332	2,901	3,391	490
MAMMOGRAPHY CENTER					
In-patient procedures	4,056	3,728	45,754	42,346	-3,408
Out-patient procedures	4,048	3,714	45,311	42,196	-3,115
Emergency room procedures	1	2	10	12	2
Total procedures	8,105	7,444	91,075	84,554	-6,521
NUCLEAR MEDICINE					
In-patient procedures	14	14	213	166	-47
Out-patient procedures	142	144	1,284	1,481	197
Emergency room procedures	0	0	3	3	0
Total procedures	156	158	1,500	1,650	150
PHARMACY					
In-patient prescriptions	81,066	81,721	918,507	883,298	-35,209
Out-patient prescriptions	16,668	19,199	175,394	189,096	13,702
Emergency room prescriptions	10,970	10,517	104,935	109,022	4,087
Total prescriptions	108,704	111,437	1,198,836	1,181,416	-17,420
RESPIRATORY THERAPY					
In-patient treatments	14,914	12,676	176,487	161,944	-14,543
Out-patient treatments	751	921	12,052	10,280	-1,772
Emergency room treatments	530	516	5,609	5,786	177
Total patient treatments	16,195	14,113	194,148	178,010	-16,138
PHYSICAL THERAPY					
In-patient treatments	2,562	2,082	27,524	25,073	-2,451
Out-patient treatments	227	511	2,827	3,369	542
Emergency room treatments	0	0	0	0	0
Total treatments	2,789	2,593	30,351	28,442	-1,909

SALINAS VALLEY HEALTH MEDICAL CENTER

PATIENT STATISTICAL REPORT

For the month of May and eleven months to date

	Month of May		Eleven months to date		
	2024	2025	2023-24	2024-25	Variance
OCCUPATIONAL THERAPY					
In-patient procedures	1,697	1,548	15,783	16,144	361
Out-patient procedures	181	442	2,516	2,735	219
Emergency room procedures	0	0	0	0	0
Total procedures	1,878	1,990	18,299	18,879	580
SPEECH THERAPY					
In-patient treatments	527	542	5,515	5,868	353
Out-patient treatments	24	51	411	436	25
Emergency room treatments	0	0	0	0	0
Total treatments	551	593	5,926	6,304	378
CARDIAC REHABILITATION					
In-patient treatments	1	3	12	9	-3
Out-patient treatments	633	613	6,106	6,862	756
Emergency room treatments	0	0	3	4	1
Total treatments	634	616	6,121	6,875	754
CRITICAL DECISION UNIT					
Observation hours	315	277	3,443	2,819	-624
ENDOSCOPY					
In-patient procedures	79	103	859	896	37
Out-patient procedures	69	57	636	627	-9
Emergency room procedures	0	0	0	4	4
Total procedures	148	160	1,495	1,527	32
C.T. SCAN					
In-patient procedures	742	734	7,914	8,410	496
Out-patient procedures	414	536	3,927	5,479	1,552
Emergency room procedures	783	714	8,094	7,927	-167
Total procedures	1,939	1,984	19,935	21,816	1,881
DIETARY					
Routine patient diets	15,469	17,338	179,866	177,134	-2,732
Meals to personnel	41,827	42,377	326,999	392,916	65,917
Total diets and meals	57,296	59,715	506,865	570,050	63,185
LAUNDRY AND LINEN					
Total pounds laundered	103,119	104,448	1,070,124	1,097,614	27,490

Balanced Scorecard

Year-To-Date May 31, 2025

Monthly Scorecard

Service (30%)

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
I. Service															
Inpatient - Recommend the Hospital	77.6	75.4	77.3	79.7	77.0	76.0	76.3	72.7	81.9	83.3	80.4	78.0	78.5	-0.7%	78.0
Emergency Room - Likelihood of Recommending	66.9	69.2	70.9	65.6	59.7	65.6	64.1	61.4	68.0	66.0	58.8	65.1	62.3	4.5%	61.8
Ambulatory - Recommend the Hospital	80.0	85.4	79.8	81.3	79.4	82.6	87.9	82.9	85.5	88.8	89.7	83.9	86.4	-2.8%	85.4
Outpatient - Likelihood of Recommending	89.1	87.4	88.6	87.0	89.1	88.1	87.9	89.4	91.1	89.5	91.0	88.9	89.4	-0.6%	88.4

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)
- Inpatient Score FY 2024 Baseline was 78.0. **Rationale:** Threshold = Baseline. Target is +0.5 from baseline. Max is +1.0 from baseline.
- ER Score FY 2024 Baseline was 61.8. **Rationale:** Threshold = Baseline. Target is +0.5 from baseline. Max is +1.0 from baseline.
- Ambulatory Score FY 2024 Baseline was 85.4. **Rationale:** Threshold +0.5 from Baseline. Target is +1.0 from baseline. Max is +1.5 from baseline.
- Outpatient Score FY 2024 Baseline was 88.4. **Rationale:** Threshold +0.5 from Baseline. Target is +1.0 from baseline. Max is +1.5 from baseline.

Monthly Scorecard

People (15%)

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
II. People															
Employee Engagement Indicator Score	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-	4.25		4.18
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	N/A	-	4.14		4.07
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	N/A	-	3.81		3.76

Notes / Assumptions:

- Source: Press Ganey
- Employee Engagement Survey results are expected to be available on or before July 31, 2025
- Achieve Employee Engagement Indicator score in the range of 4.20 to 4.27 as measured by the 2025 Employee Engagement Survey.
- Achieve Prevention and Reporting score in the range of 4.07 to 4.18 as measured by the 2025 Employee Engagement Survey, Safety Culture Index.
- Achieve Resources and Teamwork score in the range of 3.76 to 3.84 as measured by the 2025 Employee Engagement Survey, Safety Culture Index.

Monthly Scorecard

Quality & Safety Processes – ER (5%)

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
III. Quality & Safety Processes															
Emergency Room Efficiencies															
Median length of stay for non-admits (in minutes)	181.0	179.0	177.0	178.0	178.0	182.0	184.0	191.0	182.0	189.0	194.0	183.0	181.0	-1.1%	181.0
Median time from admit decision to time of admission to nursing unit (in minutes)	71.0	68.0	72.0	65.0	67.0	69.0	65.0	72.0	67.0	70.0	68.0	68.0	74.0	8.1%	74.0

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.) Baseline = Target is based on FY 2024 Actuals. The Threshold & Maximum are 2 minute increments from the Target. **Rationale:** SVHMC 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. The implementation of new ED modular will necessitate new patient flow process which could impact wait times / efficiency (Estimated to start October 2024).

ER - Time to Admit in Minutes: Data Criteria: Calculate the median time for inpatients from admit decision to time of admission to nursing unit in minutes (includes observation cases). Baseline = Target is based on FY 2024 Actuals. The Threshold & Maximum are 2 minute increments from the Target. **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. The implementation of new ED modular will necessitate new patient flow process which could impact wait times / efficiency (Estimated to start October 2024).

Monthly Scorecard

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

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
III. Quality & Safety Processes															
Operating Room Efficiencies															
Turnover Time (Wheels out / Wheels in) (in minutes)	30.8	30.5	33.9	34.6	32.3	31.1	32.1	32.6	32.5	32.9	32.7	32.4	30.5	-6.1%	30.8
Cath Lab Efficiencies															
First Case - On Time Start %	86.1%	81.6%	75.0%	85.4%	83.8%	87.8%	94.3%	86.8%	87.5%	90.0%	85.4%	85.8%	85.0%	0.9%	80.4%

Pillar Champion: Aisha Huebner (OR) & Megan Giovanetti (Cath Lab)

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 partitioned by actual date rather than previously scheduled date. **National benchmarks range from 25 to 38 minutes.** FY 2025 Goals are set at a level to continue high efficiency performance and strive to maintain sustainability at these levels as the result of upcoming changes during FY 2025: An additional 7th operating room is expected to open during September & 3 new surgeons hired during FY 2025, which means there will be more complex cases specifically for robotic & neurosurgery cases that require a longer setup and cleanup time for the room.

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

Monthly Scorecard

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

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
III. Quality & Safety Processes															
Hospital Acquired Conditions Index (Weighted Total)	N/A	N/A	0.86	N/A	N/A	0.80	N/A	N/A	1.29	N/A	N/A	0.98	0.77	-28.2%	0.77
Hand Hygiene (Average Number of Observations Per Quarter Per Nursing Unit)	N/A	N/A	251	N/A	N/A	218	N/A	N/A	277	N/A	N/A	249	220	13.0%	216

Pillar Champion: Melissa Deen

Hospital Acquired Conditions

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

Hospital Acquired Conditions will be measured **quarterly**

Rationale for Targets: The Threshold = FY 2024 Baseline; Max = FY 2023 Baseline; Target is the midpoint. Utilizing CMS/NHSN/Magnet benchmarks and last year’s FY targets for sustainment and ongoing prevention practices. Process improvement measures for Falls, HAPIs, CLABSI, CAUTI, CDI, and SSI processes are in place. With the changes in the data methodology in FY 2024, especially with CLABSI, CAUTI, CDI & SSI, we are continuing to create consistency by re-baselining the data for FY 2025 and utilizing comparison data outcomes from FY 2023 and FY 2024.

- **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)—the goal expanded. There is 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 2020 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 2020 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 2020 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 2020 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. The threshold = baseline, the target is +4 & Maximum is +14 from baseline.

Monthly Scorecard

Finance (20%)

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
IV. Finance															
SVHMC Income from Operations (Normalized) (\$ in Millions)	\$4,729	\$7,311	\$7,978	\$9,050	\$6,954	\$8,792	\$8,839	\$5,468	\$3,269	\$13,200	\$13,635	\$97,336	\$50,803	91.6%	\$74,413
Operating Margin (Normalized)	9.2%	12.4%	13.7%	14.8%	12.8%	14.9%	14.5%	9.7%	6.0%	19.6%	20.5%	13.7%	8.1%	70.5%	11.3%

- Target Methodology is based on SVHMC’s 100% of FY 2025 Board Approved Annual Operating Budget (in dollars).

Monthly Scorecard Growth (10%)

New Oncology clinical trials opened: 1
(NCI Cancer Moonshot Biobank Study)

New Lymphedema Therapy, a new cancer service

KeyCare Telehealth was implemented on April 1st

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %		FY 2024 Baseline
V. Growth																
Increase the scope of the Community Oncology Research Program by adding one to two New Clinical Trials	-	-	-	-	-	1	-	-	-	-	-	1	1	0.0%		-
Expand / Add one to two New Comprehensive Cancer Program Outpatient Supportive Services	-	-	-	-	-	-	-	1	-	-	-	1	1	0.0%		-
Initiation of Familial Genetic Testing for non-breast cancers	-	-	-	-	-	-	-	-	-	-	-	0	1	-100.0%		-
Implementation of External TeleHealth Services in the SVH Clinic System & Average Monthly Visits during FY25Q4	-	-	-	-	-	-	-	-	-	65	28	47	25	86.0%		-

Pillar Champion: Lilia Meraz Gottfried

- **Increase the scope of the Community Oncology Research Program by adding 1-2 Clinical Trials:** Success measured by the number of new active Clinical Trial Agreements (CTA's) for IRB-approved oncology research protocols. Expanding the number clinical trials aligns with the Comprehensive Cancer Program's mission to advance oncology research and improve outcomes and health equity within the community. **There is no Threshold (zero opportunity for Threshold Incentive).** Data Source: Research Program (Terri Nielsen)
- **Expand/add Comprehensive Cancer Program Outpatient Supportive Services:** Supportive services in Cancer Care complements the care provided by oncologists. Cancer patients and their families have significant supportive needs throughout their disease trajectory. The Cancer Resource Center currently provides supportive services such as Social Work, personalized Nurse Navigator Support, Support Groups and Wig/Head Covering Program. Supportive services for consideration include lymphedema clinic, nutritional counseling, spiritual care, art therapy, etc. **There is no Threshold (zero opportunity for Threshold Incentive).** Data Source: Comprehensive Cancer Program.
- **Initiation of Familial Genetic Testing for non-breast cancers:** Familial genetic testing allows family members of an individual known to have an inherited gene mutation to test and determine if they need screening tests to look for cancer early or if they need to take steps to lower their risk of cancer. Familial genetic testing is offered for families of breast cancer patients with specific gene mutations. The Target is based on successful initiation of the program, while the Stretch goal will include Genetic Counseling provided as part of the service. **There is no Threshold (zero opportunity for Threshold Incentive).** Data Source: Myriad and Meditech Reports
- **Implementation of External TeleHealth Services in the SVH Clinic System for FY2025 Q4:** Expansion of resources via an external telehealth company. Increase access and expand provider team. Rollout will require implementation plan and resources to ensure success/adoption (insurance credentialing, patient education). Areas of emphasis: after hours and weekend coverage provided. Important to improve access for services, patient experience and reduce burden of call for physicians (provider satisfaction). External resources supplement current services provided at four SVH locations (in person and telehealth). (Not including DOD.) The Threshold will be based on successful implementation of the Telehealth Services, followed by the Target & Maximum measured by average monthly visits during Q4. Data will be provided FY2025, Q4. Data Source: Business & Development Reports

Monthly Scorecard

Community (5%)

Organizational Goals by Pillar	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	FY 2025 Act/Proj	TARGET	Var %	FY 2024 Baseline
VI. Community															
* Increase community engagement through individual district zone specific events	0	0	0	2	0	0	0	0	2	1	1	6	5	20.0%	-
** Allocation of Community Benefit funding in South County Measured by: % Over Baseline (\$3,000)	-	-	-	-	-	6.0%	-	-	-	-	-	6.0%	4.0%	50.0%	-
** Allocation of Community Benefit funding in North County Measured by: % Over Baseline (\$0)	-	-	6.0%	-	-	-	-	-	-	-	-	6.0%	4.0%	50.0%	-

Community Pillar (Total 5%) – Increase diversified impact throughout the hospital District through community engagement and program support.

Increase community engagement through individual district zone specific events (2.5%)

- Achieved by:
 - Diversified community outreach events in each of the five District zones
 - Community health and service line promotion prioritized
 - Measured by event hosting or participation
- Threshold 3 | Target 5 | Max 6

Community Engagement Status:

Zone 1 ✓	Zone 2 ✓	Zone 3 ✓	Zone 4 ✓	Zone 5 ✓
COMPLETED on April 27 th : Day of the Child in Castroville	COMPLETED on Oct 14 th : Flu Clinic and hospital resource fair at Boys & Girls Club COMPLETED on May 9 th : Community Health Day / Farmers' Market	COMPLETED on March 6 th : Community Education Event	COMPLETED on March 30 th : Marina Farmers' Market	COMPLETED on Oct 12 th : Gonzales Family Fun Day

Allocation of Community Benefit funding (2.5%)

- Diversify distribution of Community Benefit Funding to increase grants in North County and South County regions.
- Measurement is based on % increase of total funds allocated in identified areas, baseline FY24 number and development of dashboard
- Achieved by:
 - Development of a Community Funding dashboard
 - Include District funding distribution
 - Outreach to underrepresented communities to encourage aligned funding request
- Threshold: 2% increase | Target: 4% increase | Max: 6% increase

**** Allocation of Community Benefit funding: South County community benefit was funded \$2,500 on 9/23/24 and \$5,000 on 12/30/24 which has exceeded the maximum of 6% over the baseline (baseline is \$3,000). North County community benefit was funded \$5,000 on 9/23/24 and \$5,000 on 2/10/25 which has exceeded the maximum of 6% over the baseline (baseline is \$0).**

QUESTIONS / COMMENTS

ADJOURNMENT