BOARD OF DIRECTORS' MEETING

AGENDA

THURSDAY, JUNE 2, 2016
CLOSED SESSION 5:00 P.M.
REGULAR SESSION 6:00 P.M.

COMMUNITY MEETING ROOM
177 First Street West, Sonoma, CA

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk, Gigi Betta at (707) 935.5004/5 at least 48 hours prior to the meeting.	**RECOMMENDATION**	
AGENDA ITEM		
MISSION STATEMENT The mission of SVHCD is to maintain, improve, and restore the health of everyone in our community.		
1. CALL TO ORDER Sharon Nevins is excused from the Closed and Regular Sessions.	Jane Hirsch, Chair	
2. PUBLIC COMMENT ON CLOSED SESSION	Jane Hirsch, Chair	
3. CLOSED SESSION Calif. Government Code & Health and Safety Code § 32106- Trade secrets regarding business strategy	Jane Hirsch, Chair	
4. REPORT OF CLOSED SESSION	Jane Hirsch, Chair	Inform/ Action
5. PUBLIC COMMENT SECTION At this time, public members may comment on any item not appearing on the agenda. It is recommended that comments be limited to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.	Jane Hirsch, Chair	
6. CONSENT CALENDAR A. Regular Board Minutes 5.5.16 B. FC Minutes 4.26.16 C. QC Minutes 4.27.16 D. GC Minutes 4.26.16 E. Materials Management Policies, April 2016 F. FY2017 Rolling Strategic Plan G. MEC Credentialing Report 5.25.16	Jane Hirsch, Chair	Action
7. SONOMA VALLEY COMMUNITY HEALTH CENTER	Cheryl Johnson, CEO and Rich Gantenbein, Board Chair	Inform,
8. HEALTH & WELLNESS AT SONOMA VALLEY HOSPITAL	Steven Lewis, Wellness Coordinator	Inform

9. OUTPATIENT DIAGNOSTIC CENTER	Dawn Kuwahara, Chief Auxiliary Services Officer	Inform
10. 2017 OPERATING BUDGET	Ken Jensen, CFO	Inform/ Action
11. MID-YEAR AUDIT REPORT	Ken Jensen, CFO	Inform
12. SOUTH LOT OPTION TO PURCHASE AND CEO AUTHORIZATION TO SIGN APPROVAL	Peter Hohorst, 1st Vice Chair and Ken Jensen, CFO	Action
13. FINANCIAL REPORT MONTH ENDING MAY 31, 2016	Ken Jensen, CFO	Inform
14. ADMINISTRATIVE REPORT FOR MAY 2016	Kelly Mather, CEO	Inform
15. COMMITTEE REPORTS • Revision of Medical Staff Bylaws (Hohorst) • Policy Governing Bidding for Facility Contracts (Hohorst) • ACHD Membership (Boerum)	Board Members	Inform/ Action
16. COMMITTEE APPOINTMENTS AND COMMENTS	Board Members	Action
17. ADJOURN The next Regular Board meeting is July 7, 2016	Jane Hirsch, Chair	

6.

CONSENT

SVHCD BOARD OF DIRECTORS
REGULAR MEETING
MINUTES
Thursday, May 5, 2016
Closed Session 5pm, Regular Session 6pm

COMMUNITY MEETING ROOM
177 First Street West, Sonoma

	RECOMMENDATION	
MISSION STATEMENT The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.		
1. CALL TO ORDER • Meeting called to order at 6:00pm. • Bill Boerum was excused from the meeting to attend an ACHD meeting.	Jane Hirsch, Chair	
2. PUBLIC COMMENT SECTION	Jane Hirsch, Chair	
3. CLOSED SESSION Calif. Government Code & Health and Safety Code §54957.8 Case Review and Planning	Jane Hirsch, Chair	
4. REPORT OF CLOSED SESSION	Jane Hirsch, Chair	Inform/Action
No report of the closed session.		
5. PUBLIC COMMENT SECTION At this time, public members may comment on any item not appearing on the agenda. It is recommended that comments be limited to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.	Jane Hirsch, Chair	
No public comment.		
6. CONSENT	Jane Hirsch, Chair	Action
A. Regular Board Minutes 4.7.16 B. FC Minutes 3.22.16 C. QC Minutes 3.23.16 D. GC Minutes 3.22.16 E. Human Resource Policy #8610-365 F. MEC Credentialing Report 4.27.16 *Minor revision to Item #5 in QC Minutes.		**MOTION** by Hohorst to approve Consent *as amended** and 2nd by Nevins.
7. MOU BETWEEN SVHCD AND SVH FOUNDATION FOR FUND RAISING ACTIVITIES	Dave Pier, ED SVHF	Inform/Action

Mr. Pier reviewed the highlighted changes to the previous 2013 MOU which are: ▪ SVHF is no longer submitting strategic plan to District Board for their approval. ▪ Auxiliary Ex-Officio member has been removed ▪ SVHF proposed changes to bylaws no longer need District Board approval ▪ District's responsibility has been changed to funding 50% of audit expenses ▪ Removed District Board from weigh-in on grant requests from SVH to SVHF ▪ Added "assist" to item 3.A. previously listed as, *SVH funding SVHF operations*		**MOTION** by Hohorst to approve and 2nd by Rymer.
8. ANNUAL HUMAN RESOURCES REPORT	Lynn McKissock, HR Director	Inform
Ms. McKissock presented the Annual HR report for 2015 highlighting the employee engagement survey results and touching on the dashboard, turnover, compensation and benefits, worker's compensation and education. Mr. Rymer requested a breakdown of clinical vs. non-clinical hospital staff that live in the health care district.		
9. FY 2017 ROLLING STRATEGIC PLAN	Kelly Mather, CEO	Inform
Ms. Mather presented the 2017 strategic plan which was developed by committee members Kelly Mather, Joshua Rymer, Bill Boerum, Ken Jensen, Michelle Donaldson, Keith Chamberlin M.D., MBA, Bob Kenney, and Dave Pier. The plan includes an environmental assessment, situation analysis, competitive assessment and strategies and tactics.		
10. FINANCIAL REPORT MONTH ENDING APRIL 30, 2016	Ken Jensen, CFO	Inform
After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for March was ($260,640) vs. a budgeted net loss of ($25,985). The total net loss for March after all activity was ($131,602) vs. a budgeted net income of $158,552. EBIDA for the month of March was 2.0% vs. the budgeted 6.0%.		
11. ADMINISTRATIVE REPORT FOR APRIL 2016	Kelly Mather, CEO	Inform
March was a good month for cash collections and outpatient volumes. The Emergency and Occupational Health departments had the highest number of visits on record for the month of March. Inpatient volumes were much lower than expected this past month however inpatient admissions were up over the prior year. The parcel tax payment for spring 2016 has been received.		
12. COMMITTEE REPORTS POLICY CONCERNING CEO ANNUAL EVALUATION PROCEDURE AND SCHEDULE (Governance)	Peter Hohorst, 1st Vice Chair	Action

Mr. Hohorst reviewed the items in his cover letter listing the changes made to the above policy.		**MOTION** by Nevins to approve *as amended* and 2nd by Rymer.
13. BOARD COMMENTS	Board Members	Inform
Ms. Hirsch and Mr. Hohorst attended California State Board of Supervisors meeting where it was declared that May is Health Care District month in Sonoma County.		
14. ADJOURN	Jane Hirsch, Chair	
Meeting adjourned at 7:15pm		

SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, April 26, 2016
Schantz Conference Room

Present	Excused/Absent	Staff	Public
Sharon Nevins, Chair Peter Hohorst Susan Porth S. Mishra, M.D. (by phone) Dick Fogg Stephen Berezin Steve Barclay	Keith Chamberlin, M.D.	Kelly Mather Ken Jensen Gigi Betta Jeannette Tarver	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*			
1. CALL TO ORDER	*Nevins*		
	Meeting called to order at 5:00pm		
2. PUBLIC COMMENT SECTION	*Nevins*		
3. CONSENT CALENDAR	*Nevins*	Action	
FC Minutes 3.22.16	Agenda Item 6 from 3.22.16 minutes amended as follows. *FROM: … requested a higher allowance for FICA taxes for the fiscal year.* *TO: … requested a higher allowance for FICA taxes for the 3rd quarter of the fiscal year.*	**MOTION** by Hohorst to approve ***as amended*** and second by Berezin. All in favor.	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
4. 3RD QUARTER CAPITAL SPENDING	*Tarver*	Inform/Action	
	In addition to the budget requests included in the Capital Spending Report FY16, repair of Hospital elevators has been added. .		
5. 9-MONTH FINANCIAL REVIEW	*Jensen*	Inform/Action	
	Operations should be $500k better than expected		
6. SOUTH LOT UPDATE	*Jensen*	Inform/Action	
	SVH is considering an option to purchase the South Lot for 1.7M; the lot has appraised at 2.6M. A few developers have expressed interested in development and selling the property would be an option. If SVH decides to purchase the lot, the bank will only lend up to ½ the value of the property. The 3rd option is to extend the line of credit but Mr. Jensen does not recommend this option. A full presentation of all options will be presented to FC in May 2016.		
7. 1206B CLINIC UPDATE	*Jensen*	Inform/Action	
	A consultant has been hired to help expedite the process and the budget may be available next month.		
8. 2017 BUDGET STATUS REVIEW	*Jensen*	Inform/Action	
	The proposed budget will be presented to FC in		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	May and brought to the Board in June.		
9. PRE-AUDIT PLANNING	*Jensen*	Inform/Action	
	Control testing will be complete at end of May and field testing will begin sometime in August. The goal is to bring the final audit to the Board for approval in November 2016.		
10. FINANCE REPORT FOR MONTH ENDING MARCH 31, 2016	*Jensen*	Inform	
	Mr. Jensen shared great news for the Hospital: for the month of March cash collections for patient accounts were $4,155,402. **This is <u>the highest the hospital has collected to date.</u>** As for the YTD EBIDA the Hospital is at 5.6% vs. the budgeted 4.2%. We are anticipating ending the fiscal year on budget with a 4% EBIDA. After accounting for all income and expenses, the net loss for March was ($260,640) vs. a budgeted net loss of ($25,985). The total net loss for March after all activity was ($131,602) vs. a budgeted net income of $158,552.		
11. ADMINISTRATIVE REPORT MARCH 2016	*Nevins or Mather*	Inform	
	Staff satisfaction results are in and the two major areas of improvement are salary levels and lack of opportunity for advancement. All satisfaction results will be shared with the Board on May 5? The Leapfrog Group is an advocate of hospital transparency and patient safety and results from their survey were discussed.		
12. ADJOURN Next meeting May 24, 2016	*Nevins*		
	Mr. Barclay believes a longer-term view would		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	be beneficial for the Hospital and the Committee agreed that a regular status report from the SVH Foundation would assist future planning regarding the development of legacy and endowment gifts. Meeting adjourned at 6:15pm		

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SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
MINUTES
Wednesday, May 25, 2016
Schantz Conference Room

Members Present	Members Present cont.	Excused	Public/Staff
Jane Hirsch Carol Snyder Michael Mainardi Ingrid Sheets Kelsey Woodward Susan Idell Joshua Rymer Brian Sebastian, M.D. Howard Eisenstark Cathy Webber			Leslie Lovejoy Robbie Cohen, M.D. Mark Kobe Gigi Betta Melissa Evans

AGENDA ITEM	DISCUSSION	ACTION
1. CALL TO ORDER/ANNOUNCEMENTS	*Hirsch*	
	The meeting was called to order at 5:00p.	
2. PUBLIC COMMENT	*Hirsch*	
	No public comment.	
3. CONSENT CALENDAR	*Hirsch*	Action
✓ QC Minutes, 04.27.16		**MOTION** by
4. POLICY & PROCEDURES ✓ Materials Management Multiple, April 2016	*Lovejoy*	Action **MOTION** by
5. QUALITY REPORT ✓ Quality & Resource Management Report, May 2016 ✓ Annual Review QA/PI Program	*Lovejoy*	Inform/Action **MOTION** by
9. CLOSING COMMENTS	*Hirsch*	

AGENDA ITEM	DISCUSSION	ACTION
10. ADJOURN	*Hirsch*	
11. UPON ADJOURNMENT OF REGULAR SESSION	*Hirsch*	
12. CLOSED SESSION		Action
✓ Calif. Health & Safety Code § 32155 Medical Staff Credentialing & Peer Review Report		
13. REPORT OF CLOSED SESSION	*Hirsch*	Inform/Action
14. ADJOURN	*Hirsch*	
	Meeting adjourned at	

SONOMA VALLEY HEALTH CARE DISTRICT
GOVERNANCE COMMITTEE MEETING
MINUTES

TUESDAY, APRIL 26, 2016
8:30AM

ADMINISTRATION CONFERENCE ROOM
347 ANDRIEUX STREET, SONOMA, CA 95476

AGENDA ITEM	RECOMMENDATION	
In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District meeting, please contact the District Clerk, Gigi Betta at ebetta@svh.com or (707) 935.5004 at least 48 hours prior to the meeting.		
MISSION STATEMENT *The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.*		
1. CALL TO ORDER/ANNOUNCEMENTS Bill Boerum was excused from the meeting.	*Hohorst*	
2. PUBLIC COMMENT SECTION At this time, members of the public may comment on any item not appearing on the agenda. It is recommended you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up.	*Hohorst*	
3. CONSENT CALENDAR Minutes from 3.22.16	*Hohorst*	Action **MOTION** to approve by Hohorst. All in favor.
4. REVISED POLICY GOVERNING BIDDING FOR FACILITY CONTRACTS The Policy is still in legal review and will be brought forward to the next GC meeting on May 24, 2016.	*Hohorst*	Inform
5. REVIEW CEO POLICY CONCERNING EVALUATION PROCEDURE AND SCHEDULE #P-2013.0606-2	*Hohorst*	Inform
6. ADJOURN	*Hohorst*	

SONOMA VALLEY HOSPITAL
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POLICY AND PROCEDURE
Approvals Signature Page

Review and Approval Requirements

The SVH departmental/organizational policies and/or procedures on the attached list have been reviewed and approved by the following organizational leaders for meeting all of the following criteria. All of these policies and procedures are:

- Consistent with the Mission, Vision and Values of the Sonoma Valley Health Care District
- Consistent with all Board Policy, Hospital Policy and Hospital Procedures
- Meet all applicable law, regulation, and related accreditation standards
- Consistent with prevailing standards of care
- Consistent with evidence-based practice

We recommend their acceptance by the Quality Committee and that the Quality Committee forward them to the Sonoma Valley Health Care District Board with a recommendation to approve.

Organizational: Materials Management Department Policies	
APPROVED BY: **Director of Materials Management**	DATE: **4-22-16**
Director's/Manager's Signature Ellen Shannahan	Printed Name **Ellen Shannahan**

Ken Jensen
Chief Financial Officer

5/17/16
Date

Leslie Lovejoy, RN
Chief Quality & Nursing Officer

Date

Kelly Mather
Chief Executive Officer

Date

Jane Hirsch
Chair, Board of Directors

Date

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
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Policy Submission Summary Sheet

Title of Document: **Materials Management Department**

New Document or Revision written by: **Ellen Shannahan**

Date of Document: **4-19-16**

Type:	**Regulatory:**
X Revision **❑ New Policy**	**❑ CIHQ** **❑ CDPH** **❑ CMS** **❑ Other:**
Organizational:	**X Departmental**
❑ Clinical **X Non-Clinical**	**❑ Interdepartmental**

Please briefly state changes to existing document/form or overview of new document/form here:
(include reason for change(s) or new document/form)

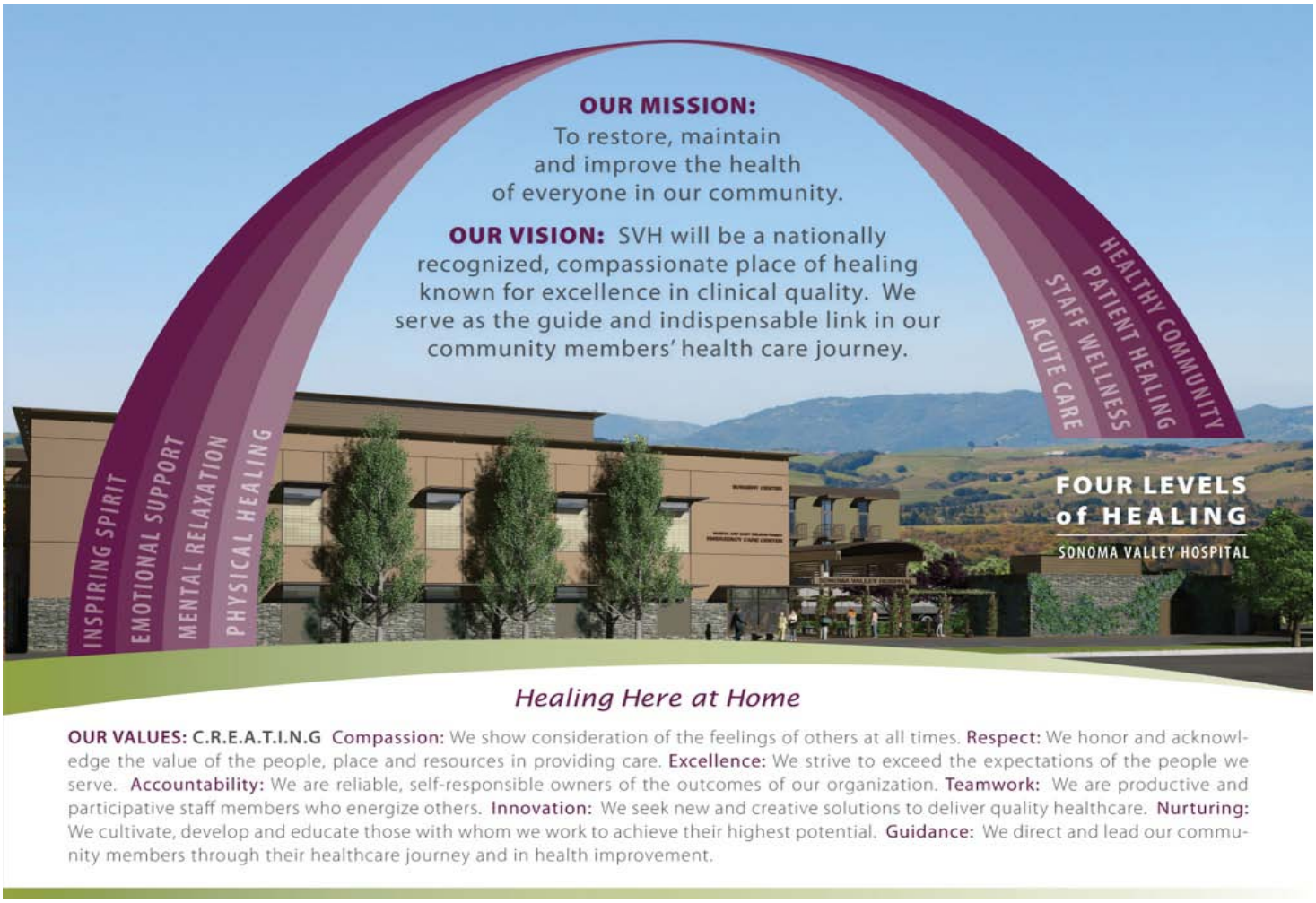
On all policies below, deleted reference to TJC. Added revision date.

EC8400-106	Cleaning in Materials Management – No Change
EC8400-109	Equipment Inspection – No Change
EC8400-103	Handling of Sharps – No Change
EC8400-104	Hazardous Substances – No Change
EC8400-101	Phone Tree – No Change
EC8400-114	Product Failure – No Change
EC8400-113	Product Recalls – No Change
EC8400-112	Purchase Order Returns – No Change
EC8400-105	Quality Improvement Plan – No Change
EC8400-110	Receiving Procedures – No Change
EC8400-111	Rotation of Stock – No Change
EC8400-107	Safety in Materials Management – No Change
EC8400-108	Security in Materials Management – No Change
EC8400-100	Statement of Service – Added SCU under Distribution, deleted Special Procedures Deleted Line 3 referencing stickering of supplies
EC8400-102	System Downtime Procedures – Procedure No. 1, changed "three part form" to sequential form

Reviewed by:	Date	Approved (Y/N)	Comment
Policy & Procedure Team	**4/19/2016**	Yes	
Surgery Committee	n/a		
Medicine Committee	n/a		
P.I. or P.T. Committee	n/a		
Medical Executive Committee	n/a		
Quality Board	**5/24/2016**		
Board of Directors	**6/02/2016**		

FY 2017 Three-Year Rolling Strategic Plan

Sonoma Valley Hospital ("SVH") is a 75-bed acute care hospital serving the health care district made up of the Sonoma Valley including the City of Sonoma. We have 48 Acute Care beds and 27 Skilled Nursing (long term) beds. By all objective measures, SVH consistently demonstrates performance that is commensurate with or outperforms hospitals across the country. Patients and the industry recognize the extraordinary level of quality and safety that SVH provides. SVH offers a wide variety of health care services based on the needs of our district. The Emergency Department is the key service line, which requires an Intensive Care and Medical Surgical Unit, Surgery, Laboratory, Radiology and Cardiopulmonary services. In addition to these essential services, SVH provides a Skilled Nursing Facility, Home Health, a Birth Center, Occupational Health, Wound Care and Wellness programs to our community.



Strategic Priorities 2017-2019

1. **Achieve the highest levels of safety and quality health care** – SVH has excellent quality outcomes. SVH will remain in the top quartile in the Center for Medicare Services (CMS) quality outcome measures, patient and staff satisfaction.

2. **Systematically identify new and enhanced service and revenue opportunities** – Working in partnership with our excellent physicians and other affiliate groups and institutions, we will continue to expand the health care services based on community need to increase local access to health care. In addition, we will ensure quality health care with fiduciary oversight and ask the community to renew its support for the parcel tax to ensure we can to have a high quality hospital.

3. **Continuously improve efficiency** – SVH is a small hospital in a small community and must have a laser-like focus on efficiency and financial discipline. Through evidence-based medicine and other innovative best practices, we will continue to provide the highest quality of care at the lowest possible cost.

4. **Support progress toward a Healthy Community** – SVH lives our mission to restore, maintain and improve the health of everyone in our community. We do this through a population health strategy that includes children's health education, health awareness and disease management programs.

Environment Assessment:
Trends in Hospital Health Care

The disruption in health care signaled by reform, changes in government reimbursement programs, and mandates to reduce utilization of hospital inpatient care continues to affect hospital operations. In addition, commercial payers continue the trend of compensating hospitals differently for many services. As a result, hospitals find themselves moving toward a team approach that coordinates inpatient and outpatient care for defined populations, continuing to closely monitor quality of care outcomes even outside of the hospital, while necessarily becoming more creative in providing the services that the community needs.

The challenges are especially critical for small hospitals like ours, which serve a smaller patient base and lack economies of scale. We see several important trends that are impacting our hospital: 1) continued declines in reimbursement for services; 2) the challenges of managing more efficiently while simultaneously providing high quality care and outstanding service because patients have increased choices; 3) the importance of a convenient and well-managed Emergency Department; and 4) the increased integration of various providers and payers linked to an overall patient management regime. While the future role of a primary care hospital in smaller communities is still emerging, SVH is at the forefront in defining a sustainable and successful model.

We are seeing dramatic and continuous declines in reimbursement driven by government insurance programs, which impacts all types of insurance. This downward pressure on margins means that all hospitals must be much more efficient while growing new service revenues. For small hospitals in California, the dominance of government as the main reimbursement source for patients underscores the need for efficiency as the level of that reimbursement is so low. With over 80% of our patients in Medicare or Medi-Cal insurance programs, SVH has made progress in managing costs, improving margins, and sustaining our Hospital with lower reimbursement even while increasing quality.

Emergency care remains the foundation for our community engagement. We have strengthened our emergency services to maintain high patient satisfaction, while seeing patient visits to the Emergency Department increase by 20 percent in just the past year. A major focus is to continue growing outpatient services, all of which are important for our future. We also are identifying creative new solutions, such as our recent successful efforts to attract new physicians through our physician timeshare offices and to maintain physicians in the community through both a 1206(b) and 1206(l) clinic.

As we move ahead, tighter integration of physicians, providers and hospital networks is needed to deliver comprehensive and coordinated care, including wellness/prevention, episodic care, and management of chronic conditions, mental/behavioral health, and appropriate end-of-life care. Effective integration management will be critical to ensure sustainable delivery systems, especially as reimbursement moves toward bundled payments and capitation arrangements based on the wellness, outcomes and the health status of individuals. SVH is well positioned for this because we offer services across the entire continuum of care including Skilled Nursing, Home Health Care and Outpatient Rehabilitation.

The implementation of the Affordable Care Act, expansion of Medi-Cal and the decline of inpatient services continue to stimulate a wide variety of changes, which particularly affect small hospitals. These include a decrease in the number of uninsured patients; restrictions on access to some physicians and hospitals (narrow networks); higher out-of-pocket costs for patients who selected certain options; and an increase in the numbers of individuals covered by Medi-Cal. With more patients now having health insurance, the need for more physicians in every community has increased.

Finally, there continues to be strong emphasis on quality, patient safety, and outcomes, as well as advances in information technology, electronic health records, and telemedicine. While positive and necessary, these contribute to rising health care expenditures and must be managed appropriately. With so many changes happening over the last few years, it is clear that access and efficiency for outpatient services is the key to a sustainable hospital.

SVH Situation Analysis

- **The community served**
  SVH serves a small community, running from Glen Ellen down through the city of Sonoma, including Boyes Hot Springs, El Verano and Vineburg. The two main zip codes served are 95476 and 95442. The population of these areas is approximately 42,000 and very limited growth is anticipated in the coming years.
- **Age of residents and growth rates of seniors**
  SVH's service area has a disproportionate share of 50+ residents and is under-represented in younger age categories. In 2014, residents aged 55 and older made up 39% of the total population. This group is predicted to climb to 42% in the next three years. Statewide, the percentage of the population over 55 years old is just 21%.
- **Growth of Latino population**
  Over that past three years Sonoma's Latino population has grown from 26% to 28%, and is projected to grow to 31% within the next three years. SVH continues to support this population with increased access to health care services as well as bilingual health education services.
- **Payer mix trends**
  The Hospital continues to address the effects of a changing payer mix. Medi-Cal now represents around 20% of SVH volume, an increase from just 7% less than two years ago. Although low reimbursement causes significant fiscal strain, the supplemental payments received do help cushion the Hospital's loss on these patients. Medicare volumes are stable, continuing to represent approximately half of our payer mix, while the commercially insured payer volumes have dropped from 24% to 20% of the total, which equates to over $2 million dollars less revenue per year.
- **Patient satisfaction and experience**
  SVH has high patient satisfaction and it continues to improve. Over the past twelve months, SVH has scored above the 60^{th} percentile in six of the nine areas surveyed and often is in the 80^{th} percentile in several areas. This means we are above average compared to hospitals in the nation as monitored by the Center for Medicare Services.
- **Quality Outcomes**
  SVH is in the top 25% of hospitals in the nation according to a set of surveys monitored by the Center for Medicare Services. The Value Based Purchasing score is monitored

annually and SVH received a bonus for the past two years for being in the top quartile for quality outcomes.

- **Inpatient admissions**
  Inpatient admissions, while having declined rapidly for many years, actually increased approximately 4% this past year versus the prior year (1,214 in FY15, up from 1,168 in FY14).
- **Emergency services**
  Emergency Department visits are expected to remain over 10,500 annually with over 70% market share. ED visits have increased over 20% in the last two years, and admissions from this service also are projected to continue to increase.
- **Managing service line profitability**
  SVH is an innovative leader in the hospital industry for its use of a cost accounting system to manage service lines for improved safety, efficiency and profitability. There is an ongoing process to achieve the highest efficiency in each of our 10 service units and all currently have positive operating margins.
- **Outpatient market share**
  SVH has been successful in increasing outpatient volumes over the past few years. The market for outpatient procedures for Valley residents is projected to grow by 3.6% from FY 2014 to FY 2017, and SVH will continue to compete to be the preferred provider in many areas. SVH has a high market share in Lab, Radiology and Rehabilitation with a year-over-year increase in Orthopedic Surgery. General Surgery has declined this past year. We currently have specialists in Urology, General Surgery, Bariatrics, Orthopedics, ENT, Spine, Vascular, Cardiology, Pain Management, and Nephrology.
- **Primary Care**
  Primary Care continues to be in large demand in our area. Working closely with Prima Medical Foundation (the 1206(l) physician clinic), SVH is continuously monitoring the supply and demand situation for Primary Care and working with our partners to recruit new providers as necessary.
- **Innovation**
  Over the past few years, SVH has worked with many different community partners to bring services and education to our community. Satellite Healthcare (a dialysis company) is moving into the hospital. In addition, we work with many organizations, such as the Sonoma Valley Community Health Center to improve access to health care.

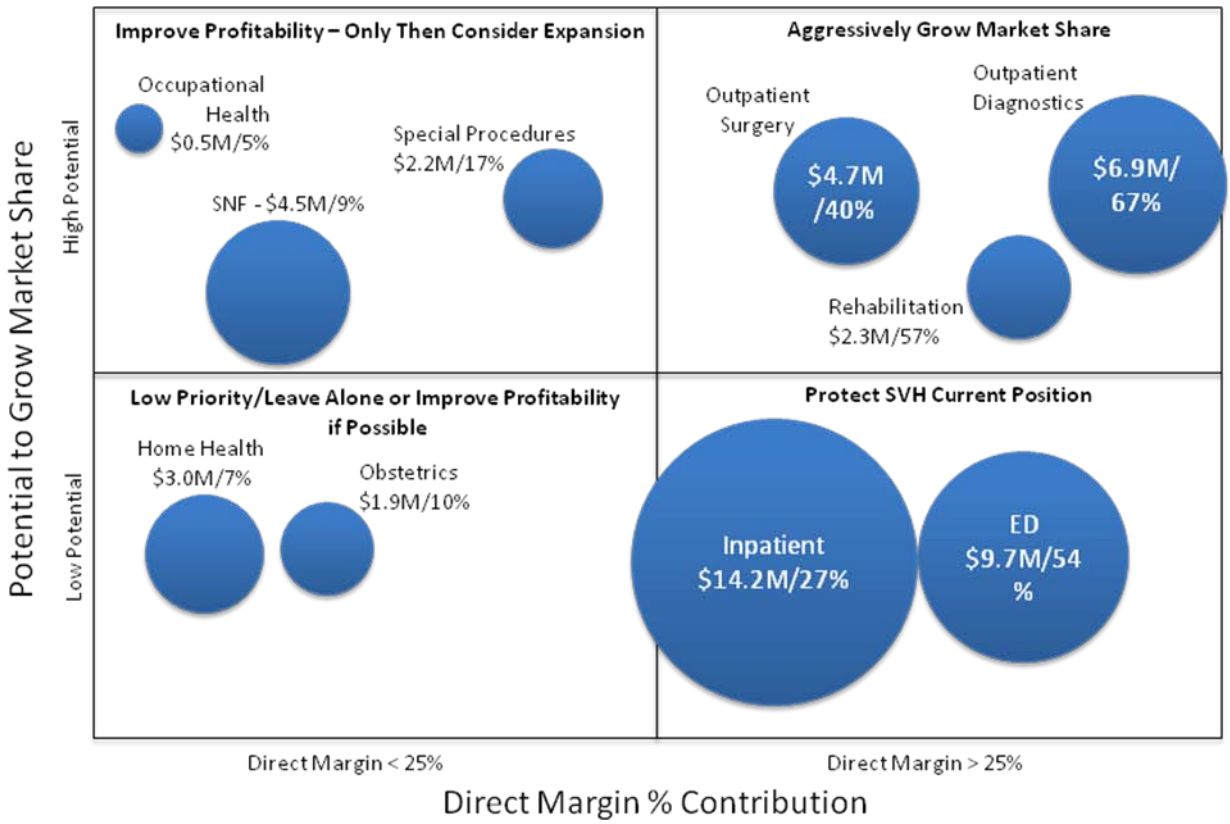
Competitive Assessment

Sonoma Valley is a relatively isolated community and SVH is the only hospital in the Valley. However, there are eleven other hospitals in the closely surrounding communities. Kaiser Permanente has the highest inpatient market share in the Valley after SVH. Many of the larger employers in the Valley choose Kaiser as their primary insurance option because it has historically offered a low cost solution.

(Insert picture of hospitals in the area)

Marin General, Santa Rosa Memorial and UCSF, which are tertiary hospitals, receive the highest number of inpatient admissions from our service area. Most of these admissions are for services that a primary care hospital should not provide.

SVH has a strong market share in Emergency Services, Outpatient Diagnostics, Skilled Nursing, Occupational Health and Home Health Care. There are opportunities to improve market share in Surgery, Obstetrics, Special Procedures and Inpatient Services.



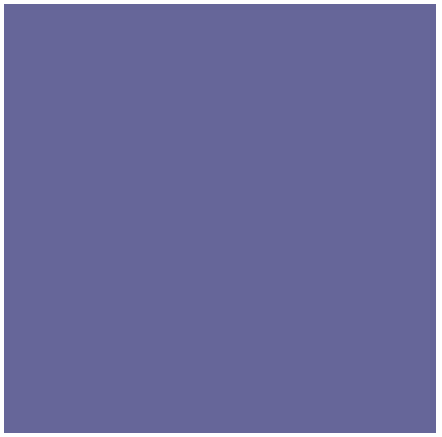
Strategies & Tactics FY 2017

Strategic Priorities	Continuing & New Initiatives	Programs and Tactics
Achieve the highest levels of safety and quality health care	Staff Satisfaction	Maintain good staff retention, implement more salary adjustments and continue to enhance Wellness Program participation and Culture of Health.
	Inpatient Satisfaction	The Patient Experience Team is implementing more of the best practices and adding a patient advisor.
	Emergency Services Satisfaction	Hardwire best practices from other Emergency Departments. Increase the number of patients who receive the survey.
	Physician Satisfaction	Continue to work closely with physicians on collaboration and use the annual satisfaction survey and action plan.
	Evidence-Based Medicine	Continue to be at the top quartile for Value Based Purchasing. Start monitoring the Hospital Readmission and Monitoring score and publish results. Publish an outcome registry for Total Joint Replacement and Bariatrics. Work with Hospitalists to implement best practices for inpatient optimization.
	Culture of Safety	Continue our excellent results as being one of the safest hospitals in the country.
Systematically identify new and enhanced service and revenue opportunities	Physician Recruitment	Recruit a new Primary Care physician to replace a physician departure.
	Bariatric Institute	Continue marketing and create a center for services. Consider creating a Metabolic Center with this program.
	General Surgery	Recruit another dedicated General Surgeon to add another physician clinic in Sonoma. Market this service line.
	Physician Clinics	Offer 1206(b) option to some physicians. Consider becoming a Rural Health Center for higher reimbursement. Seek out a common space for SVH affiliated physicians. Research options for Urgent Care.
	Destination Hospital	Become a preferred choice for the Employer Direct program and become the preferred choice for Occupational Health and Wound Care in Sonoma County.
	Parcel Tax Renewal	Pass the parcel tax for another five years in 2017.

	Marketing	Enhance promotion of cross-referral systems and consider enhancing our patient engagement.
	Cancer Support Sonoma	Complete the research on the healing effects of integrative therapies for people with cancer.
Continuously improve efficiency	Technology Upgrades	Implement a better Health Information Exchange, upgrade our Electronic Health Record and implement new Electronic Health Records in Outpatient Rehab and Occupational Health
	Improve Margins	Use the cost accounting system for inpatient optimization and to continue to increase margins.
	Outpatient Diagnostic Center	SVH Foundation to consider raising at least $3 million for better patient experience, centralized scheduling and improved efficiency by combining four different diagnostic services into one space.
	Purchase Property	Purchase the south lot using our option for operational savings. Determine the best way to make this asset contribute to our financial stability.
	Sustainability	Investigate energy savings ideas to reduce costs and continue to be a Practice Green Health hospital.
	Large Hospital Systems	Continue discussions and partnerships with larger hospitals to increase admissions and keep patients in Sonoma.
Support progress toward a Healthy Community	Population Health	Continue supporting health awareness and education through “Healthy Kids are Contagious,” GirlTalk, Active Aging, Integrative Health Network, Compass, Ceres Project and the Sonoma Valley Health Roundtable.
	Community Care Network	Through a grant from PRIME, implement the community care network to reduce re-admissions.
	Workplace Wellness	Through Occupational Health, offer employers with over 25 employees the opportunity to partner with SVH to use our Wellness program and create a “Culture of Health” at their organizations.
	Healing Hospital™	Continue to offer Wellness University™ to the staff and community. Publish the new “Clinical Healers” educational seminar. Promote SVH as a model.
	SVH Foundation Sustainable Giving	Maintain and enhance the engagement of the community and donors to give to SVH annually and consider a legacy gift.

8.

HEALTH & WELLNESS AT SONOMA VALLEY HOSPITAL



Wellness at Sonoma Valley Hospital & Beyond

Staff Wellness

- Culture of Health
- Wellness Program 2012-2015
- Wellness Program Re-Design 2016
- Wellness University
- Vitality Café
- Continuing Education Classes

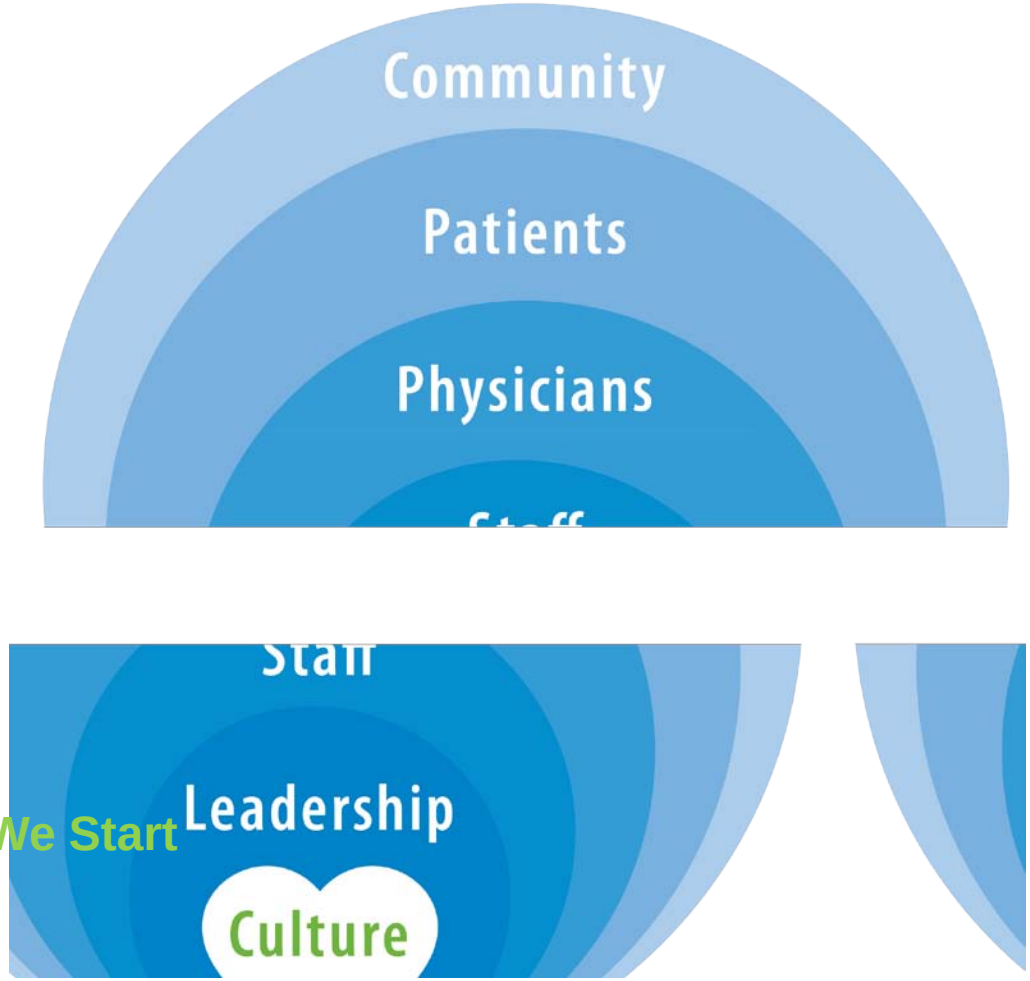
Culture of Health

4 Levels of Health

Physical
Mental
Emotional
Spiritual

5 Keys to Wellness

Self Love
Breathing
Positive Choices
Balance
Trust



Targeted Risk Factors
Stress
Physical Activity
Nutrition
Blood Pressure

Stress levels can have a direct effect on the other risk factors

Effects of Stress on an Organization

Physical Effects	Mental/Emotional Effects	Effects on Behavior
Headaches	Anxiety	Overeating or Undereating
Muscle Tension or Pain	Restlessness	Angry Outbursts
Chest Pain	Lack of Motivation or Focus	Drug or Alcohol Abuse
Fatigue	Irritability or Anger	Tobacco Use
Upset Stomach	Sadness or Depression	Social Withdrawal
Disturbed Sleep	Feeling Overwhelmed	Impaired Choices & Decision Making

Stress that's left unchecked can contribute to health problems such as High Blood Pressure, Heart Disease, Obesity, and Diabetes

References: Mayo Clinic; Stress in America Survey (www.apa.org)

Productivity

Absenteeism

- Inconsistency in Work
- Increased Workloads for Other Staff
- Replacement Workers are 71-79% as Productive
- Overtime Costs / Replacement Worker Costs

Presenteeism

Staff who show up unwell and not at their full productivity

- Allergies, back pain, headaches, colds & flus, depression, obesity/overweight, alcohol abuse, physical inactivity, high cholesterol, chronic disease, lack of motivation, work overload
- Employers pay the same for a healthy employee as they do for an unhealthy one though the output is reduced

HEALTH DASHBOARD

Health Measure	Measurement	Actual 2015	Goal **(s)**
ORGANIZATION HEALTH ASSESSMENT	**HOSPITAL SCORES AT EACH LEVEL OF HEALING**	3.35/4	**3.5/4** **Baseline was 2.4 in 2012**
STAFF AWARENESS and CURRENT HEALTH STATUS	**HEALTH RISK ASSESSMENT**	63.7% 123 / 193	**80% Staff Participation**
	BIOMETRICS	87% 168 / 193	
	WELLNESS POINTS	34% at or above 300	**100% staff get 300 Points by 11/30**
WELLNESS AMBASSADORS	**WELLNESS UNIVERSITY** **41 grad (2013) 13 grad (2014)**	49 (27-SVH 22-Community)	**25 Graduates in 2015**
HEALTHY LIFESTYLES SERVICES FOR STAFF	**BLOOD GLUCOSE** 1.03% High, 33.51% Med (2013)	1.79% High Risk 29.76% Med Risk Total: **31.55%**	**Reduce Staff at risk due to high glucose to less than 25%**
	BLOOD PRESSURE 16.04% High, 46.52% Med (2012) 19.59% High 48.45% Med (2013)	25.60% high risk 43.45% med risk Total: **69.05%**	**Reduce Staff at risk due to High BP to less than 50%**
	STRESS MANAGEMENT 21.5% high, 63.1% med (2011) 15.34% high 54.55% med (2012) 11.48% high 51.91% med (2013)	10.57% high risk 56.10% med risk Total: **66.67%**	**Reduce Staff at high risk for Stress to less than 15%**
MEDICAL EXPENDITURES	**ANNUAL EXPENSE** Baseline $2,981,951 (UHC 2011)	$2,759,026 (2014)	**5% less cost than baseline year**
EMPLOYEE SATISFACTION	**ANNUAL SURVEY**	79.6%, 91st percentile	**75% staff satisfaction & top quarter percentile score**
ABSENTEEISM	**(Non-nursing / Nursing)** 11/29 (Sept) 17/21 (Oct) 14/29 (Nov)	**ROLLING AVERAGE** 40	**Less than 50 unscheduled absences per month**
WORK SAFETY	**ANNUAL NUMBER OF INJURIES** 6 (2012) 4 (2013) 4 (2014)	3 (2015)	**Less than 10 injuries per calendar year**
COMMUNITY OUTREACH	**HOURS OF STAFF TIME GIVEN TO THE COMMUNITY**	282.25 YTD FY 2016	**1000 hours of community benefit per fiscal year**
COMMUNITY HEALTH STATUS	**COUNTY HEALTH STATUS** countyhealthrankings.org	8 out of 58	**Improve health status of county as compared to the state**
HEALING ENVIRONMENT	**COMPLETE 5 IDENTIFIED PROJECTS** identify 5 new projects (~~Staff relaxation room, Staff Gym~~, Dept Break Rooms, ~~Café~~, Lobby)	3 of 5 finished 2 in progress	**Implement environment upgrades that promote health and healing**

Employee Partnership

(Satisfaction and Engagement)

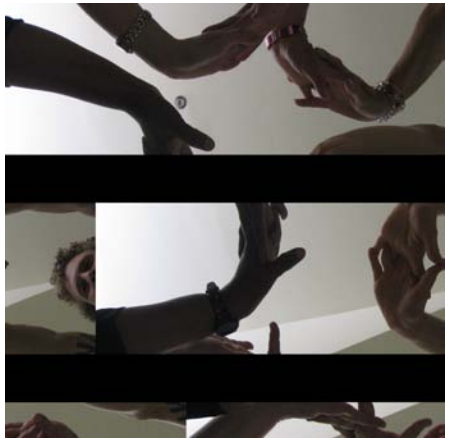
2011	2012	2013	2014	2015
70.6%	74.3%	77%	76%	79.6%

91st Percentile

Employee Participation

In the Staff Wellness Program

2012	2013	2014
80%	81%	83%



Organizational Health Assessment

Goal: 3.5 out of 4

2012	2013	2014	2015
2.4	2.9	3.5	3.35

Absenteeism

Goal: Less than 50 unscheduled absences per month

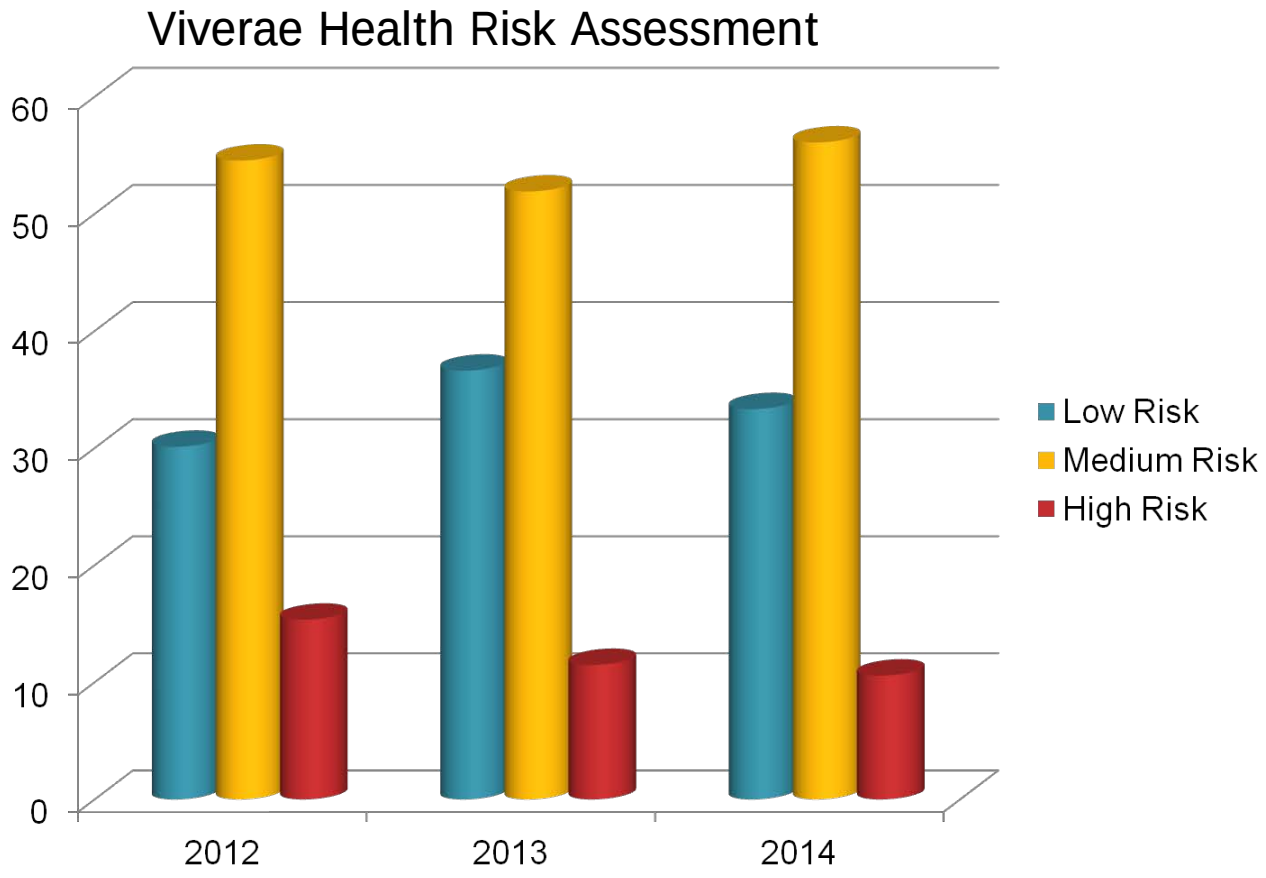
Absences	2013	2014	2015
Nursing	24	30	27
Non-Nursing	21	10	13
Combined	45	40	40

Medical Expenditures

Goal: 5% less than baseline year

Absences	Baseline 2011	2013	2014
Cost	$2,981,951	$2,700,321	$2,759,026
% less	--	~ 9.5%	~ 7.5%

Stress Report



New Wellness Program 2016

Wellness University

Total Wellness Ambassadors since 2013

SVH Staff	Community
81	34

Ceres COMMUNITY PROJECT

serving Alameda, Marin & Sonoma counties

Vitality Cafe

+ Vitality Cafe

- ✓Free Fresh Fruit
- ✓Free Wellness Water
- ✓Healthy Beverage/Snack Options
- ✓Organic Ceres Project Recipes
- ✓Increased Organic Offerings
- ✓Promoting Green Light Foods
- ✓More food made from scratch

What Matters Most

What Matters Most is a concept that opens the opportunity for healthcare interactions to reach a personal level with the patient. It shifts the conversation from "What's the Matter?" to "What Matters to You?" What Matters Most to the patient can serve as a key motivator for supporting them in reaching their health goals and increasing positive outcomes.

IHI's Patient and Family Centered Care

Imagine YOU

- A Tool for addressing What Matters Most to the patient
- Creating an Image of Health, small steps, and support systems
- Helps create a more personal relationship with patient which has been linked to improved health outcomes
- Taught to Healing at Home & Physical Therapy

Patient Healing

- Wellness University - Clinical Healers
- Patient Comfort Menu
- Surgery Comfort Bags
- What Matters Most Initiative
- Healing Foods on Patient Menu

Wellness University

Clinical Healers

Healing Hospital Level III

Defining Healing

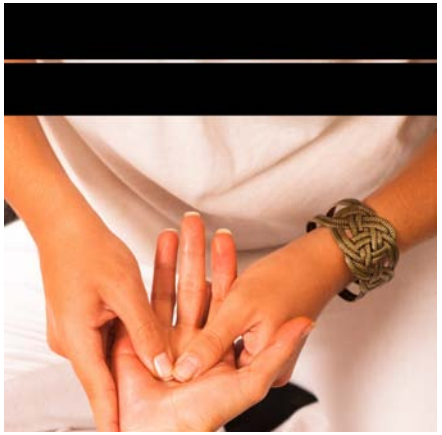
Defining a Healer

5 Keys to Wellness

Attributes of a Healer

Healers Toolkit

Healing Environment



First Session

25 Participated

20 Graduated

Patient Comfort

- Eye Mask
- Ear Plugs
- Relaxing Music/Guided Imagery
- Tea / Wellness Water
- Lavender Sachet
- Extra Pillows/Warm Blanket
- Kindle Fire

Surgery Wellness

Guided Imagery CD

Surgery Comfort Bag

- Eye Mask
- Ear Plugs
- Worry-free stone
- Lip Balm
- Lavender Sachet
- Organic Dried Fruit
- Relaxing Herbal Tea
- Reusable Lunch Bag

Community Health

- Integrative Health Network
- Wellness Classes & Workshops
- School Wellness Classes
- Compass
- Employer Wellness
- Cancer Support Sonoma
- Future Integrative Health Projects

Integrative Health Network

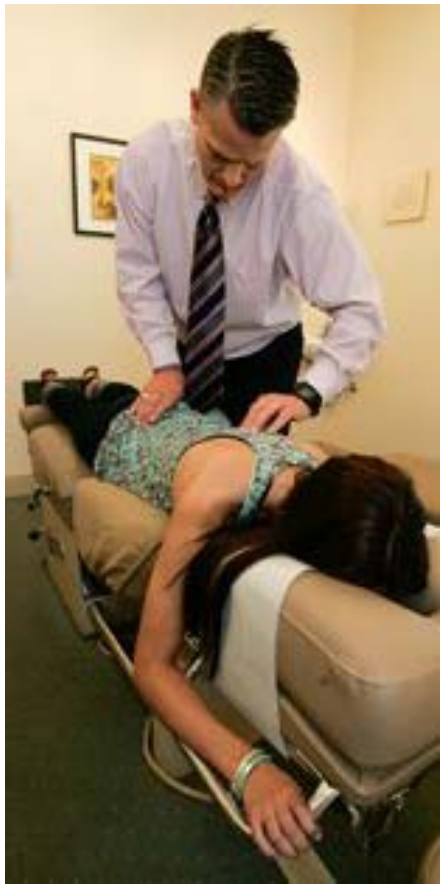
A Team of diverse healing practitioners working together to integrate holistic and medical practices for the benefit of the patient.

Focus is on the whole person; 4 Levels of Health

Using an Integrative Approach to maximize your innate healing potential

Collaborative healthcare to address the underlying causes of symptoms

Navigational support to help you reach your health goals



Wellness Classes & Workshops

- Chair Yoga
- Ceres Healing Food Basics
- Dance for Parkinson's Patients
- Mindfulness & Movement
- Qigong
- Balance Class
- & More

SONOMA VALLEY HOSPITAL • PARKPOINT HEALTH CLUBS

COMPASS

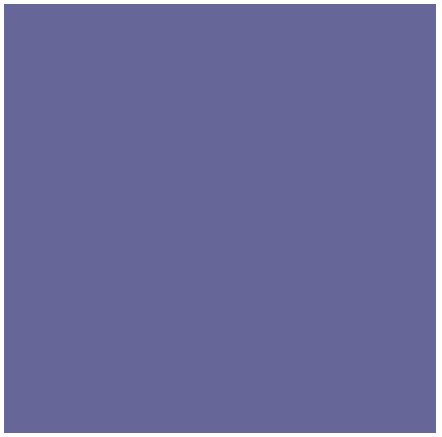
New Directions in Health

Assessments, Navigation, Training

\+ Body Composition, Functional Movement Screen, Strength and Flexibility Testing, Health Risk Assessment, a personal training appointment, and Biofeedback sessions. Nutrition and functional movement classes.

2014 – 66 people
2015 – 119 people
2016 – 62 people as of 5/18/16

Cancer Support Sonoma



Providing Integrative Health sessions to support those going through cancer

Looking Forward

…Continue Improving Staff Wellness, especially for Nurses…

Lifestyle Medicine Program partnership with Bariatric Services

Integrative Pain Management Clinic

Employer Wellness

Clinical Healers Revised

Healing Hospital Level III

10.

2017 OPERATING BUDGET

Sonoma Valley Hospital
Fiscal Year 2016/2017
Budget Proposal

The budget proposal was developed to assure the maintenance of existing services and programs at Sonoma Valley Hospital. When the budget was developed for Fiscal Year 2015/2016, 12 months of actual expenses and revenues through January 2015 were used as the base for developing the new budget. Year-to-date for the current year has held fairly close to the expectations of the FY 15/16 Budget. The FY 16/17 budget was developed using 12 month actual expenses and revenues through January 2016 just as was done for the prior year. The net result is a better confidence in the budget being proposed. In the last two years there has been a dramatic shift in the hospital's payer mix. The government programs, Medicare and MediCal, now make up around 75% of the gross revenue generated by the hospital. The EBIDA for FY 15/16 is expected to be between 4.0-4.5%. The new budget has an expected EBIDA of 3.4%.

In order to retain physicians in the hospital's service area and to provide office space for new physicians, the budget includes revenues and costs for two time-share locations. The net additional cost for the first year of operation is $298,186. The new budget assumes $865,000 in new net revenue for the new physicians that will occupy the time share space. The budget does not include the budget for a proposed 1206b clinic which will be presented later in the year. The 1206b clinic will absorb some of the vacant space in the time-share offices thus mitigating the additional loss.

Revenue:
-Volume was assumed to remain flat in the base budget and was subsequently adjusted to reflect additional physicians who have elected to establish a practice in Sonoma.
-A strategically applied price increase of 6% is planned to be effective July 1, 2016. A price survey of other area hospitals showed that SVH was in the 50th percentile for a number of procedures. The 6% strategic price increase will bring the hospital to approximately the 75th percentile.

Contractual Allowances:
-The deduction from revenues takes into account SVH's current payer mix.
-The budget accounts for AB 915 Supplemental Outpatient payments but does not include any Inter-governmental net payments.

Expenses:
-Salaries and Benefits- The hospital continues to deal with pay parity with other Northern California healthcare providers. The budget assumes a 1.5% pool (3%annual) for salary adjustments. There is an additional $300,000 parity pool in the budget. There is no decision at this point on how the total salary increase pool will be distributed.
-The PTO accrual balances will increase by 3% due to the salary increase.

-Other Expenses:
-In general, all other costs were increased from 0% to 3% depending upon the costing review.
-The budget also includes additional $360,000 for physician services.

-Non-Operating Revenue and Expenses:
-The most significant change in this cost is attributable to the increased support required for PRIMA (the medical foundation) and the cost of the time-shares.

The net loss from operations prior to Restricted Contributions is ($2,029,378), vs the base budget loss of ($2,187,024).

After accounting for Restricted Contributions and GO Bond activity, the **EBIDA** for the FY 2016/2017 is $1,919,016 vs $1,888,298 projected for FY 2016 from the base budget.

Attachment A is the Statement of Revenue and Expense which includes the proposed budget compared to the twelve month base.

Attachment B is the Payer Mix used for the budget.

Attachment C identifies the significant changes in each account identifying the specific reasons.

Attachment D is the Summary of Sources and Uses of cash for the fiscal year.

Attachments E-1 and E-2 are budgets for the two time-share offices.

Attachment F is a schedule of current debt

Capital is not part of this request.

Sonoma Valley Health Care District
Statement of Revenue and Expenses

		This Year		
		Approved FY16 Budget	Base Budget	Proposed FY17 Budget
	Financial Results			
	Gross Patient Revenue			
5	Inpatient	$ 61,894,962	$ 64,132,446	$ 71,756,272
6	Outpatient	81,933,424	84,495,388	90,836,207
7	Emergency	50,477,579	55,680,801	60,793,116
8	SNF	27,697,642	25,069,342	25,882,754
9	Home Care	4,441,777	3,911,493	3,875,174
10	Total Gross Patient Revenue	$ 226,445,384	$ 233,289,470	$ 253,143,523
	Deductions from Revenue			
11	Contractual Discounts	$ (177,199,423)	$ (183,340,932)	$ (198,312,431)
12	Bad Debt	(1,071,760)	(795,000)	(795,000)
13	Charity Care Provision	(255,182)	(431,620)	(431,620)
14	Prior Period Adjustments	2,430,000	2,143,895	-
15	Total Deductions from Revenue	$ (176,096,365)	$ (182,423,657)	$ (199,539,051)
16	Net Patient Service Revenue	$ 50,349,019	$ 50,865,813	$ 53,604,472
17	Risk contract revenue	$ 3,175,372	$ 2,497,719	$ 1,869,247
18	Net Hospital Revenue	$ 53,524,391	$ 53,363,532	$ 55,473,719
19	Other Op Rev & Electronic Health Records	$ 173,482	$ 137,697	$ 292,202
20	Total Operating Revenue	$ 53,697,873	$ 53,501,229	$ 55,765,921
	Operating Expenses			
21	Salary and Wages and Agency Fees	$ 26,454,002	$ 25,731,485	$ 27,471,787
22	Employee Benefits	$ 9,525,052	$ 9,928,130	9,504,891
23	Total People Cost	$ 35,979,054	$ 35,659,615	$ 36,976,678
24	Med and Prof Fees (excld Agency)	$ 4,176,278	$ 4,383,078	$ 4,422,374
25	Supplies	5,854,822	5,825,608	6,336,905
26	Purchased Services	4,226,026	3,834,929	4,666,092
27	Depreciation	3,397,579	3,518,571	3,518,571
28	Utilities	1,187,495	1,080,896	1,180,280
29	Insurance	250,000	273,014	400,000
30	Interest	470,955	556,751	429,823
31	Other	1,956,422	2,038,312	1,946,290
32	IGT Matching Fee	750,000	1,191,039	
33	Operating expenses	$ 58,248,631	$ 58,361,813	$ 59,877,013
34	Operating Margin	$ (4,550,758)	$ (4,860,584)	$ (4,111,092)
	Non Operating Rev and Expense			
35	Miscellaneous Revenue	$ 163,886	$ 202,927	$ (274,286)
36	Donations	69,667	1,916	
37	Physician Practice Support-Prima	(468,000)	(461,500)	(644,000)
38	Parcel Tax Assessment Rev	3,000,000	2,930,217	3,000,000
39	Total Non-Operating Rev/Exp	$ 2,765,553	$ 2,673,560	$ 2,081,714
40	Net Income / (Loss) prior to Restricted Contributions	$ (1,785,205)	$ (2,187,024)	$ (2,029,378)
41	Capital Campaign Contribution	$ 422,194	$ 777,413	$ 248,372
42	Restricted Foundation Contributions	$ 750,000	$ 749,687	$ -
43	Net Income / (Loss) w/ Restricted Contributions	$ (613,011)	$ (659,924)	$ (1,781,006)
44	GO Bond Tax Assessment Rev	2,913,329	3,689,915	2,962,904
45	GO Bond Interest	(1,374,478)	(1,393,111)	(1,327,182)
46	Net Income/(Loss) w GO Bond Activity	$ 925,840	$ 1,636,880	$ (145,284)
	EBIDA	$ 2,083,329	$ 1,888,298	$ 1,919,016
		3.9%	3.5%	3.4%

Sonoma Valley Hospital
Payer Mix - Budget FY 2017

	Base Budget	Budget FY 2017	Variance	% Variance
Medicare	110,708,875	119,328,993	8,620,118	7.2%
Medicare Managed Care	16,861,157	18,215,450	1,354,293	7.4%
Medi-Cal	11,826,286	13,030,111	1,203,825	9.2%
Medi-Cal Managed Care	32,008,475	35,036,388	3,027,913	8.6%
Self Pay	2,755,618	2,940,843	185,225	6.3%
Commercial	46,466,039	50,676,516	4,210,477	8.3%
Worker's Comp.	6,474,811	7,145,814	671,003	9.4%
Capitated	6,188,209	6,769,408	581,199	8.6%
Total	233,289,470	253,143,523	19,854,053	

	Base Budget	Budget FY 2017	Variance
Medicare	47.5%	47.1%	-0.3%
Medicare Managed Care	7.2%	7.2%	0.0%
Medi-Cal	5.1%	5.1%	0.1%
Medi-Cal Managed Care	13.7%	13.8%	0.1%
Self Pay	1.2%	1.2%	0.0%
Commercial	19.9%	20.0%	0.1%
Worker's Comp.	2.8%	2.8%	0.0%
Capitated	2.7%	2.7%	0.0%
	100.0%	100.0%	

Sonoma Valley Hospital
FY 2017 Budget

	GL #	Dept.			Comments
			A. Base Adjustments		
1			Revenue	1,100,000	
2			Salaries	(550,000)	
3			Parity	(300,000)	
4			Benefits	(493,000)	
5			Med and Prof Fees	(90,000)	$90k increase on Prima (Non-Operating)
6			Supplies	(182,000)	
7			Purchase Services	(101,000)	
8			Depreciation	(106,000)	
9			Utilities	(24,000)	
10			Insurance	(76,000)	
11			Interest	205,000	Leases being completed
			Total A	**(617,000)**	
			B. Accepted Adjustments		
1		Over all	Eliminate Supply Increase	182,000	No built in increase
2	8770-0000	Foundation	Director's Pay	(25,000)	Increase in Foundation Directors pay
3	8670-9000	Auxiliary	Auxiliary Appreciation	(5,000)	Increase for the party for Auxilary
4	6170-2500	Med/Surg	Med/Surg Registry	(40,000)	Increase due to materinity leaves
5	7290-2500	Home Care	Home Care Registry	(30,000)	Increase
6	8610-8600	Admin	AHA Dues	10,000	Not renewing our membership
7	8620-8600	Board	ACHD Dues	20,000	Not renewing our membership
8	8650-6900	HR	Press Ganey	(10,000)	Increase in the Employee Survey
9	8440-6200	Env. Serv	Xenex Maintenance	(15,000)	Requesting for Foundation to cover
10	8400-8700	Purchasing	Outside Training in Materials	(2,715)	Conference and Training for Director and Buyer
11	8750-0000	Case Manag	1.0 FTE Case Management		Pending grant
12	8700-6900	Med. Rec	Elipse Medical Coding	(80,000)	Coding Service
13	8612-2200	Marketing	Travel for Director of Marketing	(8,000)	
14	6010-2500	ICU	ICU Registry	10,000	Reduction of registry
15	8620-6900	Board	2016 Election Costs	(20,000)	Board Elections
16	8620-2200	Board	Consultants for Parcel Tax	(30,000)	Consultants for Parcel Tax elections
17	8450-6200	Engineering	R&M increase	(48,700)	Maintenance Contracts that are needed
18	8450-6900	Engineering	Security	(67,000)	Security guard
19	7500-6900	Lab	Lab Couriers	(9,000)	
20	7630-6200	Radiology	GE Maintenance	(43,500)	Ultrasound yearly maintenance contract
21	7670-8300	Ultra sound	License for Ultra Sounds	(10,800)	
22	7680-2100	CT Scan	CT Registry	44,000	Reduction of registry
23	7450-2000	Anest.	ACM Increase	(180,000)	Anesthesiologist increase
24	7630-2000	Radiology	Radiologist	(180,000)	New contract for a radiologist
25	6170-2000	Med/Surg	Napa State Services	71,000	Decrease in Napa State patients
26	7011-2000	ED	ER Physicians	24,000	Decrease in ER payment
27	8615-2000	Prima	Prima Director	12,000	Decrease in Napa State patients
28	8615-2000	Prima	Prima Sponsorship	(46,000)	$90k included in A above.
29	7560-2010	Cardio	Cardio Director	(12,000)	Increase with an additional $1k/mo
30	8610-9020	Comm. Trust	Reduce to $5k	5,000	Reduced based off last years figure
31	8610-9030	Growth	Reduce to $7k	3,000	Reduced based off last years figure
32	8610-9040	Green Team	Reduce to $3k	7,000	Reduced based off last years figure
33	8480-8500	Mamo	Telephone lines for Mammo	(45,000)	Offset with Foundation donation
34	8710-6900	Med Staff	Credentialling	(16,000)	$35k for outsourcing creditialing (netted with $19k)
35	8710-0500	Med Staff	FTE to .8 effective 9/1/16	6,024	Savings in reduction to Med Staff employee
36	7011-2000	Doctors	Pediactric Call (Jan 2017)	(9,125)	Extra $50/day for 6 months
37		Michelle	Add'l Revenue from expected new market	865,000	$75k-ECT's, $60k-Employer Direct, $480k-Surgeries, $120k-Bariatrics, $130k Solano Prison
38	8650-2300	HR	HR Legal Claims	(5,000)	Policy Review
39	7012-2000	Hospitalist	Sound Physicians	(150,000)	Increase for the yearly cap
40	7740-0200	Wound Care	.3 FTE IP RN for Wound Care	(30,576)	For quality
			Total B	**140,608**	
			Total A and B	**(476,392)**	

C. Denied Requests:

1	7420-0200	Surgery	.6 FTE RN Surgery	(74,019)	Surgery Staff for quality
2	7420-0100	Surgery	.6 FTE Tech Surgery	(43,618)	Surgery Staff for quality
3	7420-3000	Surgery	Bariatric Staples	(64,000)	
4	7450-0100	Anest.	.1 FTE Anesthesiology	(5,826)	Increase FTE's to a 1.0 FTE
5	8530-0500	Pt. Accting	1.0 FTE Superuser in PFS	(93,600)	Add'l FTE for running, creating reports
6	8612-5200	Marketing	Postage for Marketing	(5,000)	Mailings for marketing
7	8612-6900	Marketing	Marketing	(25,000)	Marketing projects
8	8612-8950	Marketing	Advertising	(34,000)	Advertising projects
9	7010-0100	ED	1.23 FTEs for ED Tech	(46,051)	
10	8480-0100	IT	1.0 Security Analysis	(83,200)	Security for IT
11	8480-0100	IT	1.0 Physician Analyses	(128,960)	Physician IT
12	8480-4900	IT	Minor Equipment	(35,000)	Removed all Minor Equipment
14	8710-0500	Med Staff	.1 FTE for Med Staff	(6,024)	Increase FTE's to a 1.0 FTE
15	6171-0200	OB	.1 FTE for Sweet Success	(12,536)	Time allocated for the Sweet Success program
16	8610-9000	Admin	Increase for catch all	(88,000)	Kelly's just in cases
17	8650-2300	HR	HR Legal Claims	(30,000)	Just in case for any HR legal claims.
			Total C	**(774,834)**	

FY 2016/2017 Budget
Cash Projections

Projected cash at 6/30/16		$ 2,917,793
Sources		
Cash from patient revenue	$ 53,604,472	
Risk contract review	1,869,252	
Other operating revenue	277,202	
Misc. revenue	23,900	
Donations (unrestricted)	-	
Parcel Tax	3,000,000	
Capital Campaign	248,372	
Restricted contributions	-	
Total Sources		$ 59,023,198
Total Cash Available		$ 61,940,991
Uses		
Salaries & Benefits	$ 36,975,978	
Operating expenses	21,259,908	
Other support	298,186	
Total Uses		$ 58,534,072
Cash at 6/30/17 (excluding capital)		$ 3,406,919

1st street west Timeshare

		DRAFT annual FY 17		
Total Potential Revenue FY 17	**$**	**155,676**		
1st street west Timeshare expenses				
Salaries:				
Front office staff ($28/hr) FT Pass Through Clerical	$	58,240		
Medical Office Coordinator ($30/hr)	$	62,400		
Medical Assistant ($20/hr) 16hr/wk Pass Through	$	16,640		
			$ 137,280	
Employee Benefits:				
Employee Benefits (25% of hrly rate)	$	9,600		
Empl Benefits-PTO	$	5,711		
			$ 15,311	
Supplies:				
Supplies -Front office staff -	$	7,200		
minor equipment total	$	3,000		
			$ 10,200	
Purchase Services:				
IT service contract	$	30,000		starting June 1st 2016
*Fax/Copier maintenance	$	1,000		
Fax/Copier monthly per copy fee + shredding	$	1,500		
			$ 32,500	
Utilities:				
Utilities (PG&E)	$	3,600		
			$ 3,600	
Other:				
Magazine subscription	$	150		
License fee for MMPC	$	5,000		
Orientation/training	$	2,160		
Lease Payment Suites K& L (3rd floor)	$	130,236		
FMV equipment (excl. IT hardware)	$	11,060		payment monthly/ 12 mns Oct 2016
			$ 148,606	
Total Expenses			$ 347,497	
Operating Income			$ (191,821)	

462 West Napa Street

	Annual/budget assumptions		Notes
Total Gross Revenue	**$ 55,740**		
Timeshare expenses			
Supplies:			
Supplies -Front office staff	$ 3,000		
		$ 3,000	
Purchase Services:			
Cleaning/linens/medical waste management	$ 21,600		Spiffys, $250/wk
Maintenance	$ 2,400		
Landscaping	$ 3,000		
Bay Area Alarm System	$ 300		
Water cooler	$ 200		Nestle
Orkin Pest control	$ 960		
Wes County Linens	$ 1,200		
Shred bins	$ 300		
Fax/Copier monthly per copy fee	$ 1,000		Shredit $21.00/mn
IT needs:	$ 21,350		Quote from At&t per Beverly updated 12/22/15
		$ 52,310	
Utilities:			
Utilities (PG&E)-triple net lease	$ 9,000		
		$ 9,000	
Insurance:			
insurance	$ 1,000		
		$ 1,000	
Other:			
taxes	$ 5,750		
Magazine subscription	$ 150		
Lease Payment 1st & 2nd floor	$ 88,711		
Fax/Copier lease payment	$ 2,184		for 59 months
		$ 96,795	
Total Expenses		$ 162,105	
Operating Income		$ (106,365)	

Sonoma Valley Hospital
Current Debt-

	Original Principal	Origination - Fiscal Year	Term - Months	Rate	Monthly Payment	Balance 6/30/2016	Balance 6/30/17
Med One - EHR	638,260	2014	60	8.50%	12,144	349,073	215,126
GE - MRI Van	1,008,145	2013	84	4.99%	14,295	585,584	439,959
Creekridge Capital	170,390	2012	60	4.60%		15,728	0
First American Radiology Equipmer	652,488	2014	60	4.87%	12,273	341,630	208,021
Celtic	2,500,000	2014	60	3.45%	45,423	1,715,654	1,206,555
Celtic #2	236,487	2016	60	4.94%	4,098	220,257	175,260
Total Leases					**76,090**	**3,227,926**	**2,244,922**
First Financial Buy Out	147,550	2016	12	7.50%	12,800	25,364	0
CEC Loan Phase 1	443,774	2012	180	1.00%		288,388	248,415
CEC Loan Phase 2	716,562	2015	180	1.00%		543,486	455,148
GO Bonds A	12,437,000	2014	20	See Amortization Sch		12,146,000	11,782,000
GO Bonds B	23,000,000	2011	20	See Amortization Sch		22,055,000	21,080,000
Total Payments & Debt					$	38,286,165	$ 35,810,485

12.

SOUTH LOT OPTION TO PURCHASE

To:	**SVHCD Board of Directors**
Meeting Date:	**June 2, 2016**
Prepared by:	**Ken Jensen, CFO**
Agenda Item Title:	**Purchase of the South Lot**

Recommendation: The "South Lot Committee" recommends establishing an entity to exercise the District's option to purchase the South Lot before August 29, 2016 and defer any decision on its use or disposition on the property until after it is acquired. It also recommends that management negotiate a $1.8 million loan with a private party to finance the acquisition. It is further recommended that the CEO be authorized to establish an entity, if necessary to secure the proposed loan and also be authorized to sign the necessary documents for the loan.

Background:
On August 30, 2011 Sonoma Valley Healthcare District entered into a 10 year lease for a 4 acre property located south of the Hospital (The South Lot.) The bank that currently owns the property and is leasing it to SVH is **Tri-Counties Bank.** The lease agreement included an option to purchase the property for a price of $2.5 million. SVH paid $250,000 for the option, which will be credited toward the purchase price if the option was exercised. The lease agreement also credits a portion of each lease payment toward the purchase price. Further it was agreed that an additional credit of $250,000 would be made if the option was exercised by August 29, 2016. Therefore, the payment necessary to exercise the option at the dates below will be:

- August 29, 2016 $1,743,054
- August 29, 2017 $1,933,515
- August 29, 2018 $1,870,930

SVH is currently paying $157,839 per year under the lease agreement and $31,000 per year in property taxes. The property taxes will be eliminated when the title to the property is held by the District.
The property was used for staging during the construction of the Emergency Room and Surgery suites. As part of that project SVH was required to develop a paved parking lot at the northern end of the property which is now in use for employee parking.

Current Situation:
The Hospital established a committee to review the alternative future uses for the property and its possible purchase. The Committee included Bill Boerum (board member), Peter Hohorst (board member), Kelly Mather (CEO), and Ken Jensen (CFO). After a number of meetings, the

Committee agreed that the only decision at this point should be to exercise the option to purchase the Lot or not. A decision on the Lot's use or disposition should be made at a later date.

There is an older California State Supreme Court decision that in effect prohibits districts from allowing a lien on property to secure a loan on that property. This creates what appears to be an impossible situation for a bank to provide financing. Additionally, some banks will not lend on vacant property and those that have an interest will loan only up to 60% with a lien. Management had the property appraised and as of May 2015 the value was set at $2.6 million. The "Appraisal Report-Transmittal Letter" from the appraiser is attached (the complete appraisal is available in the CEO's office). A neighborhood location map is also attached. The current bank made it clear that SVH would lose the $250,000 it paid for the option if it is not exercised within the 10 year period of the lease agreement and that the $250,000 reduction in the purchase price would only apply if the option was exercised within the first five years of the agreement.

South Lot Summary:

Current Owner	Tri-Counties Bank (Chico)
Appraised Value as of May 2015	$2.6 million
Loan Balance as of 3/1/16	$1.772 million
Annual Lease Payments	$157,839
Annual Property Tax	$ 31,000
Option to Purchase Aug 2016	$1.743 million

Financing Options Considered:

Staff contacted a number of lending institutions to determine alternatives that might be available. Staff contacted a number of lending institutions including General Electric Finance, Union Bank, City Bank, MB Financial (parent of Celtic Leasing) and the current property owner Tri Counties Bank. The only institution that expressed interest was Tri Counties Bank. The bank stated that it would lend only 50-60% on the property. Management then contacted a possible donor to assist with the purchase. After discussion a possible donor agreed to loan $2 million to the District for two years at 5% interest if we could find some way of securing the loan. Staff discussed the possibility of allowing a lien to be filed on the property to secure the proposed loan with its legal counsel. Staff was advised that there are a number of alternatives and legal counsel is of the opinion that the District could find a way to secure the loan.

Attachments:

Property Appraisal

David R. Lewis, ASA, MRICS, SR/WA
Real Property Appraiser and Land Use Planner
2111 Crosspoint Avenue
Santa Rosa, CA 95403
Telephone: 707-523-1417
e-mail: slewis@sonic.net

APPRAISAL REPORT - TRANSMITTAL LETTER

June 8, 2015

Sonoma Valley Health Care District
Attn: Kelly Mater, CEO
347 Andriux Street
Sonoma, CA 95476

Dear Ms. Mater:

Ref: ***Vacant Site (not including parking lot)***
West MacArthur, Fourth St. West and Hayes Street
Sonoma, California 95476

The *purpose* of this appraisal is to provide an opinion of the *market value* of the vacant residential zoned site. The *client* is the Sonoma Valley Health Care District ("District").

The *intended use* of the information and value opinion contained in this report is to assist the client with regard to a real estate purchase decision. In December of 2010 I submitted an appraisal for the subject property to the "District." At that time the District was in negotiations to acquire the subject property for the "In-Town" option approved by the Sonoma Valley Health Care District Board of Directors.

The *intended users* of the appraisal report are officers and board members of Sonoma Valley Health Care District and the executive officers of Sonoma Valley Hospital. Sonoma Valley Health Care District, a non-profit quasi-public entity with publicly elected directors. This appraisal report is being treated as confidential. Disclosure of the contents of this report or any part of same to any third party other than individuals authorized by the client is strictly prohibited, and would render this appraisal invalid.

A narrative "Appraisal Report" is attached. It is intended to conform with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice (USPAP) relating to "Appraisal Report," and with the Codes of Professional Ethics and Standards of the American Society of Appraisers.

Adequate information regarding the investigation, supporting data and analyses is included in the report. Market comparables are considered reasonable and relevant to this valuation under the sales comparison approach.

The sales comparison approach was applied as the best indication of market value for the land in the December 2010 report, as though vacant and available for development. The subject property was also previously appraised by Ray Mattison and reported in a Summary Appraisal Dated December 18, 2007. At that time an income approach - subdivision development method - land residual analysis, was used in conjunction with a land analysis. Development of the subject property would start with a new approval process. Since the prior December 2010 appraisal market conditions have improved. The cost approach was not applicable since there were no structures or sufficient proposed construction details available.

In August of 2005 the median price of homes in Sonoma County had a record high of $619,000. In November of 2010 the median price was $351,000. The median price as of April 2015 was $541,000, a 54% increase from November of 2010.

Growth management allocations are restricted to 65 units per year. There does not appear to be a limiting factor with the allocations that have not been used. Development of the subject property for single family development should not be restricted by the current allocation conditions.

The opinion of value is as if the property was not encumbered by the parking lot. A "hypothetical condition" is used assuming the parking lot does not exist. The opinion of value does not include a parking lot that supports a special purpose use (hospital).

The *date of value* is May 14, 2015, the property inspection date. The client understands that any substantive change in regional/local economic/market conditions could materially impact value. Any changes in use, general plan/zoning, other regulations, environmental conditions, demolition, alterations to the property would also be considered with regard to the level of risk and impact upon value. My opinion of the *fee simple value* of the real property is:

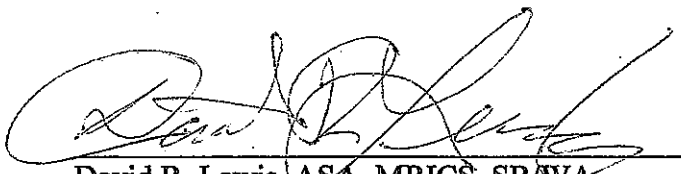
TWO MILLION SIX HUNDRED THOUSAND DOLLARS
($2,600,000).

Marketing Time and Market Exposure Period:

Up to twenty-four months, if professionally marketed and exposed to end-users and real estate investors on the open market.

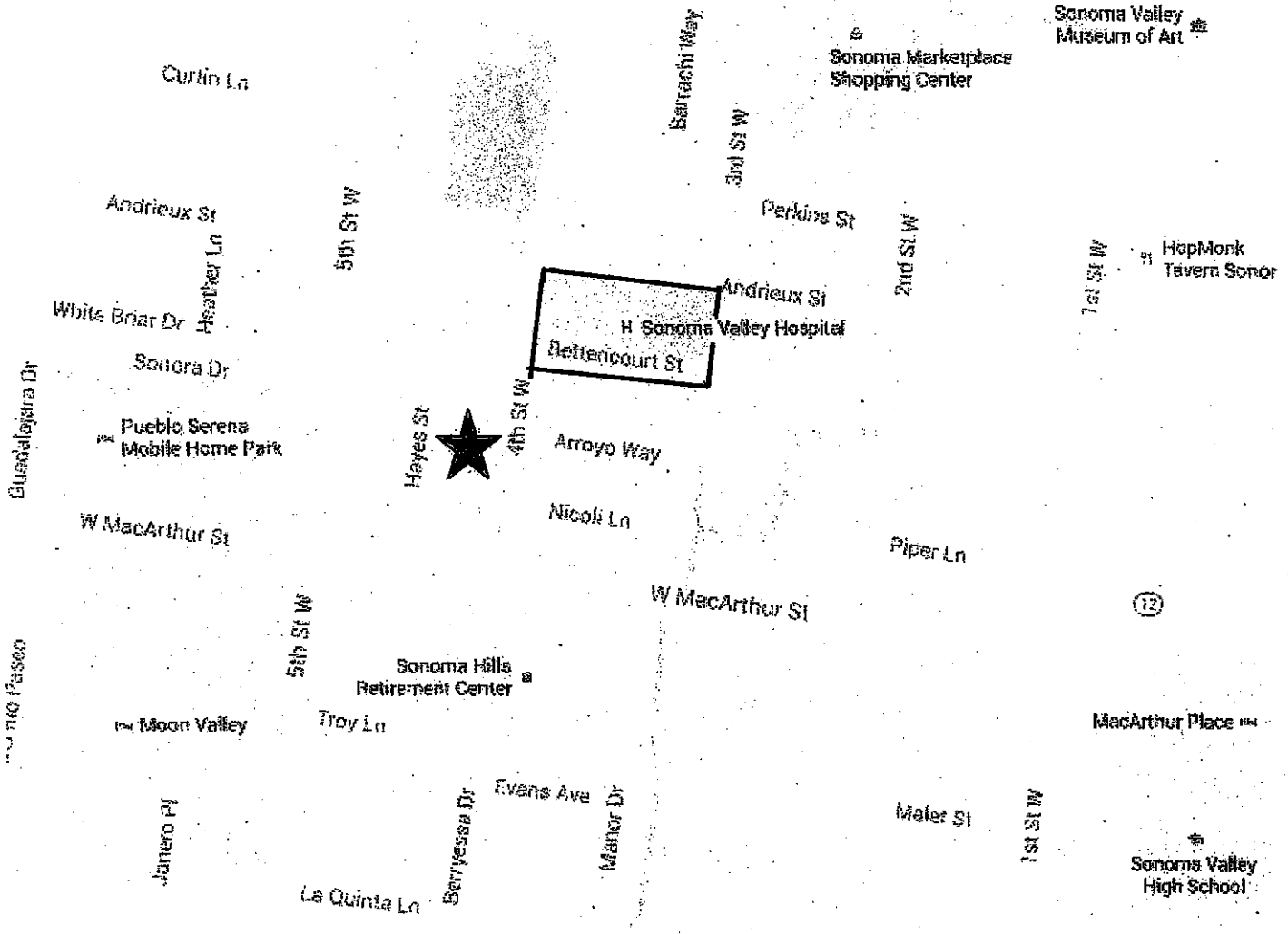
I hereby certify that the property has been inspected and that I have impartially considered all data collected in the investigation. Further, I have no interest in the property, neither past, present or anticipated in the future. It is noted that this letter must remain attached to the report in order for the value opinion set forth above to be considered valid.

Respectfully submitted,



David R. Lewis, ASA, MRICS, SR/WA
California State Certification No. AG015430

NEIGHBORHOOD LOCATION MAP



SUBJECT PROPERTY PHOTOGRAPHS

Looking northerly from West MacArthur Street. Note parking lot at northeasterly portion of subject property.

13.

FINANCIAL REPORT
MONTH ENDING
MAY 31, 2016

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **SVH Finance Committee**
From: **Ken Jensen, CFO**
Date: **May 24, 2016**
Subject: **Financial Report for the Month Ending April 30, 2016**

April's Operating Margin for the hospital had a loss of ($355,981), which is favorable to budget by $109,601. The year-to date actual loss from operations is ($3,103,232) which is favorable to the budgeted year-to-date loss of ($3,745,826). In the month of April the hospital received its final E.H.R. incentive payment from CMS in the amount of $289,253. After accounting for all other activity, the April net loss was ($99,235) vs. a budgeted net loss of ($49,083). The April EBIDA was 2.5% vs. a budgeted 2.0%. Year-to-date, the total net income is $382,424 better than budget with a year to date EBIDA of 5.2% vs. the budget of 4.0%.

Gross patient revenue for April was $20,049,429, $1,728,479 better than expected. Inpatient gross revenue was over budget by $871,748 due to patient days being over budgeted expectations by 111 days. Outpatient revenue was under budget by (84,294) due to a lower than budgeted volume for both outpatient visits and procedures. The Emergency Room gross revenue is over budget by $1,470,294 due to the consistent increase in volume. SNF was under expectations by ($448,406) due to lower than projected volume. Home Health is under budgeted expectations due to purposely reducing services provided to Marin patients ($80,863).

Deductions from revenue were unfavorable to budgeted expectations by ($1,515,559) primarily due to the ER gross revenue being significantly over the budgeted. This was offset by an accrual of additional IGT funds for FY 2014/15 of $122,413. For the month of April Medi-Cal accounts accounted for 19.4% of gross revenue vs. a budgeted 17.1% and commercial accounts accounted for 18.3% vs. a budgeted 20.3%

After accounting for all other operating revenue, the **total operating revenue** was favorable to budget by $454,911.

Operating Expenses of $5,142,764 were over budget by (345,310). The significant negative variances were: Salaries, Wages, and Agency fees ($67,228), Employee Benefits ($105,197), physician and professional fees ($25,192), supplies (96,661), interest expense (26,651), and Other Expenses ($75,995). Salaries and wages were at budget but agency fees were over by ($65,336) due to ICU, Med-Surg, and OP Physical Therapy. PTO was over budget in April by ($62,568) due to paid sick leave for per diem employees that were not budgeted and an increased use of PTO in April primarily in Med-Surg, OB, and

SNF. Employee benefits are over budget by ($42,629) due to an increase in the cost of health benefits and employer contributions to the pension plan due to an increase in participation in employee benefits. Physician fees are over budget by ($25,192) due to an increase in physician contracts ($42,142). Physician fees were offset by a positive variance for Professional fees of $16,949. Supplies are over budget ($96,661) primarily in Pharmacy ($99,833) due to a high use of pharmaceuticals excluded from the capitated rate including $50,000 for Anti-venom needed for a snake bite patient seen in April. Interest expense is over budgeted expectations due to the true up of the Celtic lease. Other expenses are over budget due to a Calif. Department of Public Health Penalty ($37,500) and the hospitals portion of the EMTALA penalty ($25,000).

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for April was ($227,923) vs. a budgeted net loss of ($233,620). The total net loss for April after all activity was ($99,235) vs. a budgeted net loss of ($49,083).

EBIDA for the month of April was 2.5% vs. the budgeted 2.0%.

Patient Volumes – April

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	**97**	**79**	**18**	**95**
Newborn Discharges	**16**	**13**	**3**	**7**
Acute Patient Days	**409**	**298**	**111**	**378**
SNF Patient Days	**578**	**674**	**-96**	**487**
Home Care Visits	**999**	**1,328**	**-329**	**1,154**
OP Gross Revenue	**$12,542**	**$11,143**	**$1,399**	**$11,237**
Surgical Cases	**118**	**147**	**-29**	**144**

Overall Payer Mix – April

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	**48.9%**	**49.9%**	**-1.0%**	**46.7%**	**49.2%**	**-2.5%**
Medicare Mgd Care	**7.8%**	**4.7%**	**3.1%**	**8.1%**	**4.7%**	**3.4%**
Medi-Cal	**19.4%**	**17.1%**	**2.3%**	**19.3%**	**17.6%**	**1.7%**
Self Pay	**0.4%**	**1.8%**	**-1.4%**	**0.8%**	**1.8%**	**-1.0%**
Commercial	**18.3%**	**20.3%**	**-2.0%**	**19.7%**	**20.4%**	**-0.7%**
Workers Comp	**2.6%**	**3.2%**	**-0.6%**	**2.9%**	**3.3%**	**-0.4%**
Capitated	**2.6%**	**3.0%**	**-0.4%**	**2.5%**	**3.0%**	**-0.5%**
Total	**100.0%**	**100.0%**		**100.0%**	**100.0%**	

Cash Activity for April:

For the month of April the cash collection goal was $3,358,750 and the Hospital collected $3,364,856, or over the goal by $6,106. The year-to-date cash goal is $34,092,710 and the Hospital has collected

$35,071,018 or over the goal by $978,308. The cash collection goal is based upon net hospital revenue from 90 days ago. Days of cash on hand are 13 days at April 30, 2016. Accounts Receivable increased from March, from 49.7 days to 50.2 days in April. Accounts Payable has increased by $210,689 from March and Accounts Payable days are at 50.5.

ATTACHMENTS:

-Attachment A is the Payer Mix Analysis which includes the projected collection percentage by payer.
-Attachment B is the Operating Indicators Report
-Attachment C is the Balance Sheet
-Attachment D (two pages) is the Statement of Revenue and Expense. The first page breaks out the hospital operations and page two includes all other activity.
-Attachment E is the Variance Analysis. The line number tie to the Statement of Revenue and Expense line numbers and explains any significant variances.
-Attachment F are the graphs for Revenue and Accounts Payable.
-Attachment G is the Statistical Analysis
-Attachment H is the Cash Forecast

Sonoma Valley Hospital
Net Revenue by Payer for the month of April 30, 2016

ATTACHMENT A

	April-16				YTD			
Gross Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	9,795,072	9,087,223	707,849	7.8%	94,618,011	92,898,915	1,719,096	1.9%
Medi-Cal	3,891,476	3,123,079	768,397	24.6%	39,006,931	33,326,808	5,680,123	17.0%
Self Pay	74,675	325,305	-250,630	-77.0%	1,687,082	3,349,019	-1,661,937	-49.6%
Commercial	3,663,048	3,786,008	-122,960	-3.2%	40,115,604	39,445,373	670,231	1.7%
Medicare Managed Care	1,588,687	873,943	714,744	81.8%	16,313,014	9,135,501	7,177,513	78.6%
Worker's Comp.	520,958	582,869	-61,911	-10.6%	5,879,437	6,153,259	-273,822	-4.5%
Capitated	515,513	542,523	-27,010	-5.0%	5,021,254	5,618,596	-597,342	-10.6%
Total	**20,049,429**	**18,320,950**	**1,728,479**		**202,641,333**	**189,927,471**	**12,713,862**	

-

Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	1,759,195	1,625,451	133,744	8.2%	16,740,029	17,393,174	-653,145	-3.8%
Medi-Cal	592,283	495,207	97,076	19.6%	5,711,786	5,177,915	533,871	10.3%
Self Pay	44,804	195,183	-150,379	-77.0%	573,743	1,330,162	-756,419	-56.9%
Commercial	1,477,332	1,407,906	69,426	4.9%	15,010,044	14,675,306	334,738	2.3%
Medicare Managed Care	226,070	137,828	88,242	64.0%	2,344,236	1,431,354	912,882	63.8%
Worker's Comp.	120,602	137,330	-16,728	-12.2%	1,327,455	1,489,030	-161,575	-10.9%
Capitated	16,451	22,075	-5,624	-25.5%	177,145	207,064	-29,919	-14.4%
Prior Period Adj/IGT	122,413	125,250	-2,837	-2.3%	2,038,468	1,252,000	786,468	62.8%
Total	**4,359,150**	**4,146,230**	**212,920**	**5.1%**	**43,922,906**	**42,956,004**	**966,901**	**2.3%**

Percent of Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	40.4%	39.2%	1.2%	3.1%	38.1%	40.5%	-2.5%	-6.2%
Medi-Cal	13.6%	11.9%	1.7%	14.3%	13.0%	12.1%	0.9%	7.4%
Self Pay	1.0%	4.7%	-3.7%	-78.7%	1.3%	3.1%	-1.8%	-58.1%
Commercial	33.8%	34.1%	-0.3%	-0.9%	34.3%	34.1%	0.2%	0.6%
Medicare Managed Care	5.2%	3.3%	1.9%	57.6%	5.3%	3.3%	2.0%	60.6%
Worker's Comp.	2.8%	3.3%	-0.5%	-15.2%	3.0%	3.5%	-0.5%	-14.3%
Capitated	0.4%	0.5%	-0.1%	-20.0%	0.4%	0.5%	-0.1%	-20.0%
Prior Period Adj/IGT	2.8%	3.0%	-0.2%	-6.7%	4.6%	2.9%	1.8%	62.1%
Total	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**100.0%**	**100.0%**	**0.0%**	**0.0%**

Projected Collection Percentage:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	18.0%	17.9%	0.1%	0.6%	17.7%	18.7%	-1.0%	-5.3%
Medi-Cal	15.2%	15.9%	-0.7%	-4.4%	14.6%	15.5%	-0.9%	-5.8%
Self Pay	60.0%	60.0%	0.0%	0.0%	34.0%	39.7%	-5.7%	-14.4%
Commercial	40.3%	37.2%	3.1%	8.3%	37.4%	37.2%	0.2%	0.5%
Medicare Managed Care	14.2%	15.8%	-1.6%	-10.1%	14.4%	15.7%	-1.3%	-8.3%
Worker's Comp.	23.2%	23.6%	-0.4%	-1.7%	22.6%	24.2%	-1.6%	-6.6%
Capitated	3.2%	4.1%	-0.9%	-22.0%	3.5%	3.7%	-0.2%	-5.4%
Prior Period Adj/IGT	0.6%	0.7%	-0.1%	-14.3%	0.1%	0.7%	-0.6%	-85.7%

ATTACHMENT C

Sonoma Valley Health Care District
Balance Sheet
As of April 30, 2016

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 1,983,203	$ 1,544,645	$ 2,973,579
2	Trustee Funds	3,419,803	2,286,037	1,825,643
3	Net Patient Receivables	8,194,105	8,150,659	6,852,498
4	Allow Uncollect Accts	(623,894)	(718,232)	(680,729)
5	Net A/R	7,570,211	7,432,427	6,171,769
6	Other Accts/Notes Rec	1,628,167	3,875,906	3,193,255
7	3rd Party Receivables, Net	872,289	875,069	938,297
8	Inventory	818,199	915,675	755,552
9	Prepaid Expenses	792,314	845,029	820,866
10	Total Current Assets	$ 17,084,186	$ 17,774,788	$ 16,678,961
12	Property,Plant & Equip, Net	$ 52,684,341	$ 52,968,535	$ 55,338,981
13	Specific Funds	382,893	439,199	101,455
14	Other Assets	144,203	143,918	143,321
15	Total Assets	$ 70,295,623	$ 71,326,440	$ 72,262,718
	Liabilities & Fund Balances			
	Current Liabilities:			
16	Accounts Payable	$ 3,640,960	$ 3,430,271	$ 3,305,748
17	Accrued Compensation	4,103,607	4,211,103	3,671,223
18	Interest Payable	342,768	228,513	353,787
19	Accrued Expenses	1,117,266	1,483,266	1,118,830
20	Advances From 3rd Parties	214,931	186,530	857,138
21	Deferred Tax Revenue	985,555	1,478,332	1,486,037
22	Current Maturities-LTD	1,604,735	1,658,687	1,604,735
23	Line of Credit - Union Bank	5,923,734	5,923,734	5,698,734
24	Other Liabilities	9,966	158,932	723,926
25	Total Current Liabilities	$ 17,943,522	$ 18,759,368	$ 18,820,158
26	Long Term Debt, net current portion	$ 36,772,079	$ 36,887,816	$ 39,350,966
27	Fund Balances:			
28	Unrestricted	$ 12,467,196	$ 12,566,598	$ 12,050,153
29	Restricted	3,112,826	3,112,659	2,041,441
30	Total Fund Balances	$ 15,580,022	$ 15,679,257	$ 14,091,594
31	Total Liabilities & Fund Balances	$ 70,295,623	$ 71,326,440	$ 72,262,718

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2016

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	$	%		Actual	Budget	$	%	Prior Year
					Volume Information					
1	97	79	18	23%	Acute Discharges	988	1,008	(20)	-2%	1,020
2	578	674	(96)	-14%	SNF Days	6,257	6,357	(100)	-2%	6,055
3	999	1,328	(329)	-25%	Home Care Visits	9,497	12,194	(2,697)	-22%	11,470
4	12,542	11,143	1,399	13%	Gross O/P Revenue (000's)	$ 126,543	$ 114,214	12,329	11%	$ 110,983
					Financial Results					
					Gross Patient Revenue					
5	$ 5,477,131	$ 4,605,383	871,748	19%	Inpatient	$ 54,426,927	$ 51,511,295	2,915,632	6%	$ 52,673,217
6	6,747,773	6,832,067	(84,294)	-1%	Outpatient	71,569,442	69,673,317	1,896,125	3%	66,623,168
7	5,469,356	3,999,062	1,470,294	37%	Emergency	52,100,852	41,743,210	10,357,642	25%	40,817,536
8	2,030,259	2,478,665	(448,406)	-18%	SNF	21,421,045	23,267,721	(1,846,676)	-8%	20,305,534
9	324,910	405,773	(80,863)	-20%	Home Care	3,123,067	3,731,928	(608,861)	-16%	3,542,385
10	**$ 20,049,429**	**$ 18,320,950**	**1,728,479**	**9%**	**Total Gross Patient Revenue**	**$ 202,641,333**	**$ 189,927,471**	**12,713,862**	**7%**	**$ 183,961,841**
					Deductions from Revenue					
11	$ (15,658,092)	$ (14,189,392)	(1,468,700)	-10%	Contractual Discounts	$ (159,655,229)	$ (147,118,187)	(12,537,042)	-9%	$ (144,475,990)
12	(150,000)	(89,314)	(60,686)	-68%	Bad Debt	(840,000)	(893,140)	53,140	6%	(1,065,000)
13	(4,600)	(21,264)	16,664	78%	Charity Care Provision	(261,666)	(212,640)	(49,026)	-23%	(204,100)
14	122,413	125,250	(2,837)	-2%	Prior Period Adj/Government Program Revenue	2,038,468	1,252,500	785,968	0%	1,735,013
15	**$ (15,690,279)**	**$ (14,174,720)**	**(1,515,559)**	**11%**	**Total Deductions from Revenue**	**$ (158,718,427)**	**$ (146,971,467)**	**(11,746,960)**	**8%**	**$ (144,010,077)**
16	**$ 4,359,150**	**$ 4,146,230**	**212,920**	**5%**	**Net Patient Service Revenue**	**$ 43,922,906**	**$ 42,956,004**	**966,902**	**2%**	**$ 39,951,764**
17	$ 121,523	$ 171,184	(49,661)	-29%	Risk contract revenue	$ 1,424,765	$ 1,711,840	(287,075)	-17%	$ 2,468,296
18	$ 4,480,673	$ 4,317,414	163,259	4%	Net Hospital Revenue	$ 45,347,671	$ 44,667,844	679,827	2%	$ 42,420,060
19	$ 306,110	$ 14,458	291,652	*	Other Op Rev & Electronic Health Records	$ 515,582	$ 144,580	371,002	257%	$ 496,848
20	**$ 4,786,783**	**$ 4,331,872**	**454,911**	**11%**	**Total Operating Revenue**	**$ 45,863,253**	**$ 44,812,424**	**1,050,829**	**2%**	**$ 42,916,908**
					Operating Expenses					
21	$ 2,264,788	$ 2,197,560	(67,228)	-3%	Salary and Wages and Agency Fees	$ 22,205,670	$ 22,003,571	(202,099)	-1%	$ 20,318,778
22	882,251	$ 777,054	(105,197)	-14%	Employee Benefits	8,493,824	7,950,843	(542,981)	-7%	7,816,289
23	$ 3,147,039	$ 2,974,614	(172,425)	-6%	Total People Cost	$ 30,699,494	$ 29,954,414	(745,080)	-2%	$ 28,135,067
24	$ 366,798	$ 341,606	(25,192)	-7%	Med and Prof Fees (excld Agency)	$ 3,622,872	$ 3,529,971	(92,901)	-3%	$ 3,522,925
25	567,382	470,721	(96,661)	-21%	Supplies	5,148,418	4,925,118	(223,300)	-5%	4,854,657
26	369,858	352,170	(17,688)	-5%	Purchased Services	2,809,325	3,521,700	712,375	20%	3,433,414
27	283,454	283,132	(322)	0%	Depreciation	2,890,327	2,831,315	(59,012)	-2%	2,895,606
28	87,402	98,958	11,556	12%	Utilities	930,838	989,580	58,742	6%	909,511
29	25,266	20,834	(4,432)	-21%	Insurance	252,538	208,340	(44,198)	-21%	192,550
30	63,003	36,352	(26,651)	-73%	Interest	554,100	394,656	(159,444)	-40%	418,737
31	232,562	156,567	(75,995)	-49%	Other	1,690,547	1,578,155	(112,392)	-7%	1,604,421
32	0	62,500	62,500	100%	Matching Fees (Government Programs)	368,026	625,000	256,974	41%	645,940
33	**$ 5,142,764**	**$ 4,797,454**	**(345,310)**	**-7%**	**Operating expenses**	**$ 48,966,485**	**$ 48,558,250**	**(408,235)**	**-1%**	**$ 46,612,829**
34	**$ (355,981)**	**$ (465,582)**	**109,601**	**24%**	**Operating Margin**	**$ (3,103,232)**	**$ (3,745,826)**	**642,594**	**17%**	**$ (3,695,921)**

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended April 30, 2016

	Month						Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	$	%		Actual	Budget	$	%	Prior Year
					Non Operating Rev and Expense					
35	$ (84,442)	$ 13,657	(98,099)	-718%	Miscellaneous Revenue	$ (81,377)	$ 136,570	(217,947)	*	$ 227,642
36	-	5,805	(5,805)	-100%	Donations	11,584	58,050	(46,466)	80%	48,587
37	(37,500)	(37,500)	-	0%	Physician Practice Support-Prima	(375,000)	(375,000)	-	0%	(375,000)
38	250,000	250,000	-	0%	Parcel Tax Assessment Rev	2,501,954	2,500,000	1,954	0%	2,500,000
39	**$ 128,058**	**$ 231,962**	**(103,904)**	**-45%**	**Total Non-Operating Rev/Exp**	**$ 2,057,161**	**$ 2,319,620**	**(262,459)**	**-11%**	**$ 2,401,229**
40	**$ (227,923)**	**$ (233,620)**	**5,697**	**-2%**	**Net Income / (Loss) prior to Restricted Contributions**	**$ (1,046,071)**	**$ (1,426,206)**	**380,135**	**-27%**	**$ (1,294,692)**
41	$ 167	$ 35,183	(35,016)	-100%	Capital Campaign Contribution	$ 612,451	$ 351,830	260,621	74%	$ 747,406
42	$ -	$ 20,833	(20,833)	0%	Restricted Foundation Contributions	$ 450,000	$ 708,334	(258,334)	100%	$ -
43	**$ (227,756)**	**$ (177,604)**	**(50,152)**	**28%**	**Net Income / (Loss) w/ Restricted Contributions**	**$ 16,380**	**$ (366,042)**	**382,423**	**-104%**	**$ (547,286)**
44	242,777	242,777	-	0%	GO Bond Tax Assessment Rev	2,427,770	2,427,770	-	0%	1,865,640
45	(114,256)	(114,256)	-	0%	GO Bond Interest	(1,146,233)	(1,146,234)	1	0%	(1,242,879)
46	**$ (99,235)**	**$ (49,083)**	**(50,152)**	**102%**	**Net Income/(Loss) w GO Bond Activity**	**$ 1,297,917**	**$ 915,494**	**382,424**	**42%**	**$ 75,476**
	$ 118,534	$ 85,863			**EBIDA - Not including Restricted Contributions**	$ 2,398,356	$ 1,799,765			$ 2,019,652
	2.5%	2.0%				5.2%	4.0%			4.7%

Sonoma Valley Health Care District **ATTACHMENT E**

Statement of Revenue and Expenses Variance Analysis

For the Period Ended April 30, 2016

		YTD	MONTH	
	Description	**Variance**	**Variance**	
	Volume Information			
1	Acute Discharges	(20)	18	
2	SNF Days	(100)	(96)	
3	Home Care Visits	(2,697)	(329)	
4	Gross O/P Revenue (000's)	12,329	1,399	
	Financial Results			
	Gross Patient Revenue			
5	Inpatient	2,915,632	871,748	Inpatient surgeries were under budget by(8) cases,and was offset by acute patient days being over budget by 111 days.
6	Outpatient	1,896,125	(84,294)	Outpatient visits were under budget by (343) visits and outpatient surgeries were under budget by (21) cases.
7	Emergency	10,357,642	1,470,294	ER visits were over budget by 120 visits and had a higher than expected case mix (higher acuity).
8	SNF	(1,846,676)	(448,406)	SNF patient days were under budget by (96) days.
9	Home Care	(608,861)	(80,863)	Home Care visits were under budget by (329) visits.
10	**Total Gross Patient Revenue**	**12,713,862**	**1,728,479**	
	Deductions from Revenue			
11	Contractual Discounts	(12,537,042)	(1,468,700)	The unfavorable variance in revenue deductions is primarily due to the ER gross revenue being over budgeted expectations by $1.47M and IP gross revenue being over budget by $872K. Furthermore, Medi-Cal was 19.4% of gross revenue vs. 17.1% budgeted and commercial accounts were 18.3% of gross revenue vs. 20.3% budgeted..
12	Bad Debt	53,140	(60,686)	
13	Charity Care Provision	(49,026)	16,664	
14	Prior Period Adj/Government Program Revenue	785,968	(2,837)	
15	**Total Deductions from Revenue**	**(11,746,960)**	**(1,515,559)**	
16	**Net Patient Service Revenue**	**966,902**	**212,920**	
17	Risk contract revenue	(287,075)	(49,661)	Blue Shield capitation received was under budget.
18	Net Hospital Revenue	**679,827**	**163,259**	
19	Other Op Rev & Electronic Health Records	371,002	291,652	The hospital received the final CMS E.H.R. payment of $289,253
20	**Total Operating Revenue**	**1,050,829**	**454,911**	
	Operating Expenses			
21	Salary and Wages and Agency Fees	(202,099)	(67,228)	Salaries & wages were at budgeted expectations and agency costs over were budget ($65,336).
22	Employee Benefits	(542,981)	(105,197)	PTO was over budget in April by ($62,568) due to unbudgeted paid sick leave for per diem employees and an increase in use over budgeted expectations. Employee benefits are over budget by ($42,629) due to an increase in the cost of health benefits and pension costs due to increased participation in hospital benefits.
23	Total People Cost	**(745,080)**	**(172,425)**	
24	Med and Prof Fees (excld Agency)	(92,901)	(25,192)	Physician fees are over budget by ($42,142) due to an increase in physician contracts. Physician fees were offset by a positive variance for Professional fees of $16,949.
25	Supplies	(223,300)	(96,661)	Supplies are over budget due to an increase use of pharmaceuticals excluded from the capitation rate including antivenom for a snake bite patient with a cost of $50,000.
26	Purchased Services	712,375	(17,688)	
27	Depreciation	(59,012)	(322)	
28	Utilities	58,742	11,556	
29	Insurance	(44,198)	(4,432)	Insurance premiums increased over budgeted expectations.
30	Interest	(159,444)	(26,651)	Variance due to the true up of the Celtic financing lease - true up being spread over 6 months.
31	Other	(112,392)	(75,995)	Variance due to a Dept of Public Health penalty of ($37,500) and EMTALA penalty cost of ($25,000)
32	Matching Fees (Government Programs)	256,974	62,500	There were no matching fees in April. This expense is offset from the revenue above from line 14.
33	**Operating expenses**	**(408,235)**	**(345,310)**	
34	**Operating Margin**	**642,594**	**109,601**	
	Non Operating Rev and Expense			

Sonoma Valley Health Care District

ATTACHMENT E

Statement of Revenue and Expenses Variance Analysis

For the Period Ended April 30, 2016

		YTD	MONTH	
	Description	**Variance**	**Variance**	
35	Miscellaneous Revenue	(217,947)	(98,099)	Western Health Advantage (WHA) share of Risk pool ($66,000) for 3rd quarter - currently the payable to WHA is a net ($33,000).
36	Donations	(46,466)	(5,805)	No unrestricted donations received in April.
37	Physician Practice Support-Prima	-	-	
38	Parcel Tax Assessment Rev	1,954	-	
39	**Total Non-Operating Rev/Exp**	**(262,459)**	**(103,904)**	
			-	
40	**Net Income / (Loss) prior to Restricted Contributions**	**380,135**	**5,697**	
			-	
41	Capital Campaign Contribution	260,621	(35,016)	Capital campaign donations received from the Foundation were under budgeted expectations.
42	Restricted Foundation Contributions	(258,334)	(20,833)	There were no restricted donations in April.
43	**Net Income / (Loss) w/ Restricted Contributions**	**382,423**	**(50,152)**	
44	GO Bond Tax Assessment Rev	-	-	
45	GO Bond Interest	**1**	-	
46	**Net Income/(Loss) w GO Bond Activity**	**382,424**	**(50,152)**	

14.

ADMINISTRATIVE REPORT
MAY 2016

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

To: **SVHCD Board of Directors**
From: **Kelly Mather**
Date: **5/27/16**
Subject: **Administrative Report**

Summary
The Celebration of Women fundraiser put on by the SVH Foundation was successful again. The event is always well attended and enjoyed. The new rolling strategic plan and the FY 2016 budget are complete and ready for board approval. The budget study session was held with the Board and Finance committee this week to review the details and reach a consensus on our financial goals for next year. We are planning for a 3.4% EBIDA. We had a rather large settlement to pay off in FY 2016 and a pledge payment will be paid in June of this year. So, we hope the cash on hand is much higher than it was this past fiscal year.

Dashboard and Trended Results

The inpatient and emergency satisfaction results continue to be inconsistent and the patient experience team is now following a new action plan. The Value Based Purchasing score no longer represents many of the quality outcomes, so we are moving to a new goal for this calendar year. We ended 2015 at the 90th percentile. The leaders are completing the staff satisfaction action plans and we have budgeted another $850,000 for salary increases in FY 2016. The inpatient discharges were higher than budget, but still under 100 per month. We also met our community hour goal 2 months early this year.

Strategic Update for FY 2016 Rolling Strategic Plan:

Strategic Priorities	Update	Completion Date
Patient Experience	We were inconsistent in meeting the goal of 70th	Not Complete
Staff satisfaction	84th percentile. Two issues: salaries and opportunities for career advancement	Completed for 2016
Patient HARM score	Quality Committee will discuss this year	Not Complete
Timeshare Office	Implemented two offices instead of one	Complete
Parcel Tax Renewal plan	Committee did polling and a plan is ready for fall	Complete
South Lot	A recommendation will be made to the board this month to purchase the property	August
Improve partnership with Medi-Cal	We made major improvements to our reimbursement with Partnership Health Plan	On-going
Physician Alignment	Prima (1206l) continues and is recruiting a PCP; We are now looking at 1206(b) clinics. All hospital based physician groups received an increase in salary in FY 2015 which was over $1 million	On-going
Electronic Health Record	We did not update the system this year	Not Complete
ICD 10 Readiness	Everything went extremely well	Complete
Community Opinion Survey	This survey showed 93% positivity about SVH	Complete
Population Health	Three levels with a focus on kids, maintaining adult health were complete. A grant was received to now help people with symptoms.	
Advanced Health Planning	We've had several community education sessions	Complete
SVHF raise over $750k	The foundation raised over $1 million	Complete

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

APRIL DASHBOARD

PILLAR	PERFORMANCE GOAL	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	Highly satisfied Inpatients	Maintain at least 5 out of 9 HCAHPS domain results above the 70th percentile	1 out of 9 in March	>7 = 5 (stretch) 6 = 4 5 = 3 (Goal) 4 = 2 <4=1
Service Excellence	Highly satisfied Emergency Patients	Maintain at least 5 out of 7 ERCAPS domain results above the 70th percentile	6 out of 7 in March	7 = 5 (stretch) 6 = 4 5 = 3 (Goal) 4 = 2 3 = 1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score at 50 or higher	53.5 (90TH percentile for CY 2015)	>55 = 5 (stretch) >52 =4 >50 =3 (Goal) >47=2 <40 =1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of 75th percentile or higher	4.33/5 or the 84th percentile	>80th = 5 (stretch) >77th=4 >75th=3 (Goal) >72nd=2 <70th =1
Finance	Financial Viability	YTD EBIDA	5.2%	>5% (stretch) >4.5%=4 >4.0% (Goal) >3/5%=2 <3.5%=1
	Efficiency and Financial Management	Meet FY 2016 Budgeted Expenses	$48,966,485 (actual) $48,558,250 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	1278 YTD FY2016 1262 YTD FY2015	>2% = 5 >1% = 3 < 1% = 2
	Outpatient & Emergency Volumes	2% increase (gross outpatient revenue over prior year)	$124 mm YTD $107 mm prior year	>5% = 5 (stretch) >3% = 4 >2% = 3 (Goal) <2% = 2
Community	Community Benefit Hours	Hours of time spent on community benefit activities per year	1515 hours for 7 months	>1500 = 5 >1200 = 4 >1000 = 3 >750 = 2 >500 = 1

SONOMA VALLEY HOSPITAL
SONOMA VALLEY HEALTH CARE DISTRICT
Healing Here at Home

FY 2016 TRENDED RESULTS

MEASUREMENT	Goal FY 2016	Jul 2015	Aug 2015	Sep 2015	Oct 2015	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2015	May 2015	Jun 2015
Inpatient Satisfaction	6/9	5	5	2	6	7	8	3	4	1			
Emergency Satisfaction	5/7	2	3	4	5	5	6	1	2	6			
Value Based Purchasing	>50	52	52.2	53.5	52.5	53	53.5	n/a	n/a	n/a	n/a	48	48
Staff Satisfaction	>75th	91	91	91	91	91	91	91	91	84	84	91	91
FY YTD Turnover	<10%	1.2	1.2	1.8	2.8	3.4	4.6	5.2	6.1	6.7	7.9	8	8.3
YTD EBIDA	>4%	8.2	7.6	7.7	7.3	5.7	6.6	6.2	6	5.6	5.2	4.2	3.8
Net Patient Revenue	>4.5m	4.48	4.6	4.7	4.7	4.1	4.7	4.5	4.6	4.5	4.3	4.1	4.5
Expense Management	<4.8m	4.7	4.8	4.9	4.9	4.6	4.8	4.9	4.9	4.9	5.1	4.6	5.1
Net Income	>50k	202	174	27.8	104	244	575	19	203	-131	-99	74	139
Days Cash on Hand	>20	22	16	18	13	9	21	14	12	12	13	17	16
A/R Days	<50	46	45	49	47	53	51	53	52	50	50	43	47
Total FTE's	<315	313	310	312	327	322	317	319	324	326	324	307	309
FTEs/AOB	<4.0	3.6	3.77	3.65	3.77	4.1	3.77	3.57	3.58	3.5	3.7	3.91	3.36
Inpatient Discharges	>100	110	74	92	97	85	109	124	101	99	97	97	97
Outpatient Revenue	>$12m	12.6	12.9	12.7	13.1	11.9	12.2	12.1	12.1	14.2	12.5	10.7	12.0
Surgeries	>130	125	122	127	131	114	136	124	127	141	118	118	122
Home Health	>1000	981	917	948	948	1088	915	933	889	879	999	963	1014
Births	>15	16	15	11	11	14	24	17	9	17	17	11	24
SNF days	>660	619	634	607	666	544	648	710	671	580	578	626	669
MRI	>120	143	131	119	132	109	113	102	119	127	105	125	144
Cardiology (Echos)	>65	66	62	63	77	41	50	46	60	67	61	63	66
Laboratory	>12.5	12.1	12.2	11.5	11.7	11.6	11.4	11.9	12.1	12.4	12.0	11.9	12.3
Radiology	>850	1036	1011	997	1018	875	907	904	961	1010	963	1014	965
Rehab	>2587	3014	2384	2773	2886	2297	3003	2815	2708	2979	2780	3008	2873
CT	>300	384	352	343	336	381	323	379	352	398	333	357	335
ER	>800	878	888	871	820	841	863	864	919	945	912	943	846
Mammography	>475	462	439	367	543	406	492	446	437	432	384	476	453
Ultrasound	>325	395	314	320	353	246	290	296	304	317	325	354	345
Occupational Health	>650	733	728	646	871	681	683	600	597	757	663	573	660
Wound Care										222	276		

15.

BOARD COMMITTEE REPORTS

From: Keith Chamberlin, MD, MBA, Chief of Staff and
Peter Hohorst, Chair Governance Committee

To: SVHCD Board of Directors

Date: June 6, 210

RE: **PROPOSED REVISIONS TO SVH MEDICAL STAFF BYLAWS**

Recommendation: To make the following revisions to the SVH Medical Staff Bylaws in order to conform to industry standard titles for the general offices of a Medical Staff.

7.1 Medical Staff Offices-General Provisions

7.1-1 Identification

a. There shall be the following general officers of the Medical Staff:

1) Chief of Staff
2) Vice-Chief of Staff

Reviewed by:	Meeting Date	Approved
Medical Executive Committee	10/15/15	yes
Board Governance Committee	5/24/16	yes
Board of Directors	6/2/16	pending

Meeting Date: June 2, 2016

Prepared by: Peter Hohorst

Agenda Item Title: Draft, Revised Policy and Procedures Governing Bidding for Facilities Projects

Recommendations:
That the Board review the proposed policy that will be submitted for approval at the July Board meeting

Background:
This draft of the Contracting Policy contains the changes recommended by legal cousel.
The draft policy relies on Sections 22000 to 22050 of the California Civil Code (California Uniform Construction Cost Accounting) which permits higher dollar limits before formal bidding is required and also has reasonable provisions for delegating authority to the CEO for awarding contracts after informal bidding and for awarding contracts in cases of emergency. Both of these options are not available in other sections of the Health and Safety Code or the California Civil Code.
Despite its name, no accounting changes are required to conform to the California Uniform Construction Cost Accounting rules. The "accounting" changes apply only to the determination of bidding requirements.
In general, the policy's provisions for formal bidding remain unchanged from previous drafts. The policy makes major changes to allow informal bidding for Facility Projects which cost less than $175,000

- A requirement to maintain and update yearly a list of reliable contractors based on objective criteria.
- A procedure to use this list to solicit bids without requiring notices in trade journals and other publications.

Consequences of Negative Action/Alternative Actions:
Without an approved policy the District Board is required to approve all contracts for facility projects and to solicit formal bids for all contracts over $25,000.

Financial Impact:
The simplified procedures should reduce administrative costs for handling facility projects.

Attachment:
Policy and Procedures Governing Bidding for Facility Projects.

May 25, 2016
DRAFT
POLICY AND PROCEDURES GOVERNING BIDDING FOR FACILITY PROJECTS

1. Purpose

1.1 The purpose of this policy is to clarify the public contracting processes for Facility Projects (as defined in Section 2) of the Sonoma Valley Health Care District ("District") and to provide guidance regarding these processes to the District's Board of Directors ("Board"), President and Chief Executive Officer ("CEO"), and employees.

1.2 The District's public contracting areas include purchasing, professional services, leasing and real estate and facilities construction. This Construction Bidding Policy ("Policy") contains general bidding policy guidelines and specifically addresses projects relating to the construction or improvement of a hospital or health care facility. For guidelines relating to the procurement of materials and supplies, please refer to the District's Procurement Policy.

1.3 It is the intent of the Board, consistent with the District's obligations, to obtain the best value for all expenditures, consistent with the responsibility to provide quality health care to its patients.

1.4 It is the intent of the Board to provide an equal opportunity to all qualified and responsible parties wishing to participate in the bidding process with respect to Facility Projects for the District and the Hospital.

1.5 It is the intent of the Board to clarify, with this policy, the Board's legal authority granted to the President and Chief Operating Officer ("CEO") by the Board with regard to Facility Projects for the District and Hospital. It is also the intent to clarify the legal authority retained by the Board.

1.6 Any contract awarded by the Board shall be subject to all applicable provisions of federal, California and local laws, including without limitation, laws relating to the performance of work for a public agency. In the event of a conflict between any contract documents and any applicable law, the law shall prevail.

1.7 This policy does not address or govern contracting with providers or physicians.

2. Definitions

2.1 **"Facility"** means any plant, building, structure, ground facility, utility system, real property, streets and highways, or other public work improvement. (PCC § 22002).

2.2 **"Facility Project"** means work relating to projects involving construction, reconstruction, erection, alteration, renovation, improvement, demolition, and repair work involving the hospital and any leased, or operated facility of the hospital. Excluded from this definition is routine, recurring, and usual work for the preservation or protection of the facility and minor repainting ("Facility Maintenance"). (PCC § 22002).

2.3 **"Responsible Bidder"** means a bidder who has demonstrated the attribute of trustworthiness and quality during prior service, a reputation for reliability

and satisfactory service with other clients, sufficient financial capacity and the physical capability and the technical and non-technical expertise in order to perform the contract satisfactorily. (PCC § 1103).

3. **Ethics**

3.1 **Conflict of Interest.** No Board member or employee of the District/Hospital may participate in any selection process when such person has a relationship with a person or business entity seeking a contract which would subject that person to the prohibitions in Government Code § 87100.

3.2 **No Kickbacks.** With respect to all contracts covered by this Policy, any practices or procedures which might result in unlawful activity are prohibited, including practices which might result in rebates, kickbacks or other unlawful consideration.

3.3 **No Advantage.** No illegal, unfair, unethical or otherwise improper advantage shall be accorded to any bidder by the District, a Board member or an employee of the District/Hospital.

4. **Contracting For Facilities Projects**

4.1 **Election To Become Subject To The Uniform Public Construction Cost Accounting Act.** The Board hereby elects under PCC § 22030 to become subject to the Uniform Public Construction Cost Accounting Act (the "Act"), codified at PCC §§ 22000 to 22050, and the uniform construction cost accounting procedures adopted by the California Uniform Construction Cost Accounting Commission established under the Act (the "Commission"), as they may each from time to time be amended, and directs that the CEO notify the State Controller forthwith of this election. The management of all District Facility Projects shall meet the requirements prescribed in those provisions, and shall be guided by the Commission's Cost Accounting Policies and Procedures Manual (the "Manual"). By becoming subject to the Act and as set forth in this policy, the Board clarifies the Board's legal authority granted by the Board to the CEO with regard to the contracting of Facility Projects for the District and Sonoma Valley Hospital ("Hospital"), and the legal authority retained by the Board.

4.2 **Delegation of Authority** Except as specified in Section 6 of this policy and elsewhere in this policy where it is explicitly stated, the Board hereby delegates to the CEO the authority to act on behalf of the Board in the implementation of the provisions of this Policy. In all instances where the Board's legal authority is granted to the CEO, it is understood that the CEO may in turn delegate this authority to a member of the CEO's staff. Responsibility for adherence to this policy, when the authority is delegated by the CEO to a staff member, remains with the CEO. The CEO is responsible for developing written procedures to implement and manage this Board Policy.

4.2.1 **Purchasing.** The CEO is authorized by this Policy to make all purchases and to execute all purchase orders or contracts for the District and the Hospital duly authorized by the Board pursuant to this policy. All purchases and contracts shall be upon written order. (H&S § 32132(b); *id*. § 32121(c),

4.3 **Policy Revisions** If the CEO determines that any portion of this Board Policy is in need of revision, or an exception is needed, the CEO shall bring the issue, in

writing, with a recommendation for the change or exception along with the rationale, to the Board's Governance Committee for its review and then to the Board for its action.

4.4 **Exemptions to Bidding and Lowest Bid Acceptance** The Board shall not be required to apply the lowest bid policy to:

(i) Emergency contracts and emergency service contracts (PCC 22035)

(ii) Change orders to existing contracts that are less than 5% of the original contract (H&S Code 32132)

(iii) Professional services of private architectural, landscape architectural, engineering, environmental, land surveying, or construction project management firms for work on Facility Projects (Government Code 4526, H&S Code 32132.b)

(iv) Facility Projects where the District has elected to use a design-build method to select the contractor (PCC, 20133)

(v) Purchasing of medical equipment or surgical equipment or supplies, or electronic data processing and telecommunications goods and services (H&S § 32132(b), (d).)

(vi) Land and building leases and purchases

4.4.1 **Exception For Emergency Contracts and Emergency Service Contracts.** In cases of emergency when repair or replacements are necessary, the District may proceed at once to replace or repair any facility without adopting plans, specifications, strain sheets, or working details, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts. (Public Contract Code ("PCC") § 22035; *id*. 22050(a)(1).) If notice for bids to let contracts will not be given, the District shall comply with the following procedures:

(a) **Finding Of Emergency.** Before emergency procedures may be used, the Board shall make a finding, based on substantial evidence set forth in the minutes of its meeting, that the emergency will not permit a delay resulting from a competitive solicitation for bids, and that the action is necessary to respond to the emergency. (PCC § 22050(a)(2).)

(b) **Delegation To CEO.** The Board, by a four-fifths vote in approving this policy, shall delegate, to the CEO the authority to order emergency action. (PCC § 22050(b)(1).)

(c) **Reporting By CEO.** If the CEO orders any emergency action, the CEO shall report to the Board Chair within 24 hours of the action, and report to the Board at its next regularly scheduled meeting or at a special session of the Board within 14 days, the reasons justifying why the emergency did not permit a delay resulting from a competitive solicitation for bids and why the action was necessary to respond to the emergency. The CEO shall also report on the status of the emergency contracts at each following Board meeting until the action is terminated (contracts completed). (PCC § 22050)

4.4.2 **Exception For Change Orders.** The CEO shall not be required to secure bids for change orders that do not materially change the scope of work set forth in a contract previously made pursuant to this policy, provided: (H&S Code 32132 (c))

(a) The contract was made in compliance with bidding thresholds stated in Section 4.

(b) No individual change order amounts to more than five percent (5%) of the contract.

(c) The total project cost for a negotiated contract project would not exceed the dollar amount for negotiated contracts, $45,000.

(d) The total project cost for a contract awarded by informal bidding procedures would not exceed the dollar amount of $175,000.

4.4.3 **Exception For Facility Project Professional Services**

Competitive bidding is not required for contracts for professional services. (H&S § 32132(b).)

(a) Where required by Facility Projects, the CEO shall award contracts for professional services of private architectural, landscape architectural, engineering, environmental, land surveying or construction management firms on the basis of demonstrated competence and on the professional qualifications necessary for the satisfactory performance of the types of services to be performed and at fair and reasonable prices. (Government Code ("Govt") § 4526; H&S § 32132(b))

(b) The CEO shall establish procedures for verifying competence and professional qualifications and for determining fair and reasonable benchmark prices for these services (Govt § 4526.).

(c) When bids are solicited for architectural, landscape architectural, engineering, environmental, land surveying or construction management firms, the Notice Inviting Bids for these services shall contain the following statement in boldface type: **"Please be advised that the successful design professional will be required to indemnify, defend and hold harmless the District against liability for claims that arise out of or relate to the negligence, recklessness or willful misconduct of the design professional."** (Civil Code § 2782.8.)

4.4.4 **Exception For Design-Build Projects.** Notwithstanding anything to the contrary, the Board may elect to use the Design – Build method for bidding on Facility Projects if the project amount will be greater than $1.0 million. The design-build procedure is described in Chapter 4 (commencing with Section 22160) of Part 3 of Division 2 of the Public Contract Code. (H&S § 32132.5)

(a) In estimating the cost of a Design – Build Facility Project, the costs for OSHPD and City of Sonoma Permits and the costs for design professionals shall be included. The overhead allocation required for uniform construction cost accounting procedures shall not be added to the cost of subcontractors and the cost for material purchases.

(b) If the Board elects to use the Design – Build method, the Board shall follow the contracting provisions of Public Contract Code § 20133 and shall

award the contract based on "best value" as defined in section 20133. Because of their complexity, the Design – Build contracting provisions are not included in this policy.[1]

4.4.5 **Exception for Purchases of Medical and IT Equipment** Competitive bidding is not required for purchases of medical or surgical equipment or supplies, or for electronic data processing and telecommunications goods and services. The phrase "medical or surgical equipment or supplies" includes only equipment or supplies commonly, necessarily, and directly used by, or under the direction of, a physician and surgeon in caring for or treating a patient in a hospital. (H&S § 32132(b), (d).)

4.4.6 **Exception For Leasing And Real Estate.** Contracts regarding land purchases and leases which bind the District to the terms of a contractual agreement shall be approved by the Board and shall be signed by the Chair of the Board unless the Board designates an alternate signer when the contract is approved.

4.5 **Project Specifications** The CEO shall prepare bid packages for any Facility Project contract. The bid packages shall include specifications as follows:

4.5.1 **Project Description** The CEO shall prepare plans, specifications or a description of general conditions ("Specifications") for the project. The Specifications shall be in such detail and written with such specificity as may be required to allow all potential bidders to understand the project and give a level playing field to all bidders. (PCC § 22039, as amended 1/1/16 by Omnibus Bill SB 184)

4.5.2 **Bidder's Security** The specifications shall include the requirement for bidder's security, performance bonds and payment bonds.

4.5.3 **Facility Contract Construction Subcontractors.** The CEO shall include in the Specifications a provision that any prime contractor shall include in his/her bid:

(a) The name and address of each subcontractor who will perform labor or render service or fabricate and install a portion of the Facility Project in excess of 5% of the total amount of the contract.

(b) A description of portion of the Facility Project to be performed by each subcontractor listed.

(c) The bidder shall list only one subcontractor for each portion of the Facility Project as is defined by the bidder in the bid. (PCC § 4104.)

(d) A prime contractor whose bid is accepted may not substitute a new subcontractor in place of the subcontractor listed in the original bid except as allowed under Public Contract Code 4107. Any work not listed for a specific subcontractor must be done by the prime contractor and shall not be substituted

[1] In 2009 the Board developed and adopted procedures and contract language, etc. for the use of the Design – Build method on the 2008 General Obligation Bond Project and these procedures and contract language are available for use again.

4.5.4 **Completion Date.** The CEO shall include in the Specifications a time within which the whole or any specified portion of the Facility Project shall be completed. (Govt § 53069.85.)

(a) The CEO may include in the Specifications a provision that the contractor shall forfeit a specified sum of money for each day completion is delayed beyond the date stated in the Specifications.

(b) The Board may include in the Specifications a provision for the payment of a bonus to the contractor for completion of the project prior to the specified date stated in the Specifications when such timely completion would be beneficial to the District. (Govt § 53069.85.)

4.6 **Facility Project Cost Estimate.** A project cost estimate shall be prepared by the CEO for each Facility Project. The Cost Estimate, at a minimum, shall contain: (The Manual, Chapter 3)

(a) A description of the project with sufficient detail to allow reasonable accuracy of cost estimates.

(b) A description of the method used to estimate each cost segment.

(c) An estimate of all direct and indirect costs for the project.

(d) A calculated administrative overhead percentage (maximum 30%) shall be added to all estimates for sub-contractor costs and direct material purchases.

Prevailing wage rates shall be used in all estimates.

The estimate shall be used to determine the appropriate process for the selection of contractors or sub-contractors.

The estimate shall be prepared in sufficient specificity to enable comparisons to actual cost when the project is completed.

4.6.1 **Costs To Be Excluded From Estimate** The following costs may be excluded from the cost estimate:

(e) OSHPD and City of Sonoma permits; (ii)

(f) Facility Project engineering, architectural and construction management services

(g) Medical equipment. Section 4.4.5 of this Policy covers the selection process for these services

4.7 **Submission of Bids** With respect to all bids submitted for Facility Projects covered by this Policy:

4.7.1 All bids shall be presented under sealed cover and accompanied by one of the following forms of bidder's security: (PCC § 10167.)

(a) An electronic bidder's bond by an admitted surety insurer submitted using an electronic registry service approved by the department advertising the contract.

(b) A signed bidder's bond by an admitted surety insurer received by the department advertising the contract.

(c) Cash, a cashier's check, or certified check received by, and made payable to, the director of the department advertising the contract.

(d) The required bidder's security shall be in an amount equal to at least 10 percent of the amount bid. A bid shall not be considered unless one of the forms of bidder's security is enclosed with it.

(e) All bids submitted pursuant to this section shall also comply with the provisions of Section 1601 of the Public Contract Code.

The CEO shall return to all unsuccessful bidders their respective bidder's security within five (5) working days after the contracts for the project have been awarded. :

4.8 **Categories Of Contracts By Dollar Thresholds.** For purposes of bidding procedures, Facility Projects are divided into three different categories by dollar thresholds, as follows:

4.8.1 **Under to $45,000.** The CEO shall award contracts for District Facility Projects of forty-five thousand dollars ($45,000) or less by negotiated contract, or by purchase order. The CEO is not bound to accept the bid of the lowest responsible bidder (PCC § 22032(a)).

4.8.2 **Between $45,000 and $175,000.** The CEO shall award contracts for District Facility Projects more than forty five thousand dollars ($45,000) but less than one hundred seventy-five thousand dollars ($175,000) or less by informal procedures as set forth in this Policy. (PCC § 22032(b))

4.8.3 **Over $175,000.** The Board shall award contracts for District Facility Projects of more than one hundred seventy-five thousand dollars ($175,000), except as otherwise provided in this Policy, by formal bidding procedure as set forth in this policy. (PCC § 22032(c))

4.8.4 **Separation of Work Orders of Facility Projects.** Splitting or separating Facility Projects into smaller work orders or projects after competitive bidding for the purpose of evading the provisions of this policy is prohibited. (PCC § 22033)

4.9 **Procedures For Projects More than $45,000 but less than $175,000 – Informal Bidding Procedure.** Facility Projects of more than forty five thousand dollars ($45,000) but less than one hundred seventy-five thousand dollars ($175,000), the District shall use informal bidding procedures, as follows:

4.9.1 **List of Trade Journals.** The CEO shall use the list of trade journals provided in the Cost Accounting Policies and Procedures Manual ("The Manual"), Chapter 1.05 for all mailings to trade journals required by this section.

4.9.2 **List of Registered Contractors.** The CEO shall develop an objective pre-qualification criteria and process for use in the formation and maintenance of the District's contractor's lists. (The Manual, Chapter 1.04)

(a) During November of each year, the CEO shall establish a new or update its existing list of registered contractors by mailing, faxing, or emailing a written notice to all construction trade journals designated in Section 4.8.1, inviting all licensed contractors to submit the name of their firm to the District for inclusion on the District's list of qualified bidders for the following calendar year.

(b) The notice shall require that the contractor provide the name and address, fax number, and email address to which a Notice to Contractors or Proposal should be mailed, faxed, or emailed, a phone number at which the contractor may be reached, the type of work in which the contractor is interested and currently licensed to do (earthwork, pipelines, electrical, painting, general building, etc.) together with the class of contractor's license(s) held and contractor license numbers(s).

(c) The CEO may include any contractor names it desires on the list, but the list must include, at a minimum, all contractors who meet the objective pre-qualification criteria and who have properly provided the District with the information required under (b) above, either during the calendar year in which the list is valid or during November or December of the previous year.

(d) A contractor who supplies the required information and meets the objective pre-qualification criteria may have their firm added to the District's contractors list at any time during the year.

(e) The CEO shall maintain the list of qualified contractors, identified according to categories of work

4.9.3 **Mailing of Notices Inviting Informal Bids.** The CEO shall provide notice to contractors inviting informal bids. (PCC § 22034).

(a) The CEO shall mail, fax, or email the notice inviting informal bids to all contractors on the list for the category of work being bid unless the product or service is proprietary. (PCC § 22034(b))

(b) The CEO may mail, fax, or email a notice inviting informal bids to all trade journals listed in Section 4.8.1 unless the product or service is proprietary. (PCC § 22034 (b))

(c) The mailing, faxing, or emailing of notices to contractors and construction trade journals pursuant to subdivisions (a) and (b) shall be completed not less than 10 calendar days before bids are due. (PCC § 22034 (c))

(d) The notice inviting informal bids shall describe the project in general terms, state how more detailed information about the project may be obtained, state the time and place for the submission of bids and the time and place for opening the bids. (PCC § 22034(d))

4.9.4 **Award of Bids, Delegation to CEO.** The Board delegates the authority to award informal contracts to the CEO and the CEO shall award the contracts for each type of work for Informally Bid Facility Projects ($45,000 to $175,000) to the

lowest responsible bidder who shall give the security the District requires. (PCC § 22034(e); *id*. § 22038(b); H&S § 32132)

4.9.5 **Minimum Number of Informal Bids.** The CEO shall consider a minimum of three (3) informal bids whenever possible; however, where the CEO cannot obtain three informal bids or when the CEO decides that time will not permit obtaining three informal bids, the CEO may consider a minimum of two (2) informal bids. All bids shall be in writing, sealed, and subject to the following general conditions.

4.9.6 **Multiple Informal Bids.** When informal bids for multiple items are solicited at the same time, the CEO may accept parts of one or more bids (provided the Notice Inviting Bids so indicates) unless the bidder has specified to the contrary, in which event the District reserves the right to disregard the bid in its entirety.

4.9.7 **Total Project Cost in Excess of $175,000**. If the project cost for all bids received is in excess of $175,000, the Board may, by adoption of a resolution by a four-fifths vote, award the contract, at $187,500 or less, to the lowest responsible bidder, if it determines the cost estimate of the District was reasonable. (PCC § 22034(f))

If the total Project Cost is greater than $187,500 the Board shall reject all bids and may direct the CEO to rebid the project.

4.9.8 **Minor Deviations.** The CEO reserves the right to waive inconsequential deviations from the specifications in the substance or form of informal bids received.

4.10 **Procedures For Projects Over $175,000 – Formal Bidding Procedure.** District Facility Projects of more than one hundred seventy-five thousand dollars ($175,000) shall, except as otherwise provided in this Policy, be let to contract by formal bidding procedure as follows.

4.10.1 **Plans and Specifications**. When the CEO determines that the estimated cost for a Facility Project is more than $175,000, the CEO shall prepare plans, specifications or a description of general conditions ("Specifications") for the project. The Specifications shall be in such detail and written with such specificity as may be required to allow all potential bidders to understand the project and give a level playing field to all bidders. (PCC § 22039, as amended 1/1/16 by Omnibus Bill SB 184)

The specifications shall include the requirement for bidder's security, performance bonds and payment bonds. The specifications shall also include the time within which the whole or any specified portion of the Facility Project shall be completed. (Govt § 53069.85.)

4.10.2 **Requirements of Notice Inviting Formal Bids.** The notice inviting formal bids shall at a minimum include all of the following in the notice inviting formal bids (PCC § 22037):

(a) Description of the contemplated Facility Project.

(b) The procedure by which potential bidders may obtain electronic copies of the Plans and Specifications (or printed copies if not available electronically)

(c) The final time, date and address (or e-mail address) for receiving and opening of bids (including designation of the appropriate District person or office) (Govt § 53068; PCC § 4104.5; *id*. § 22037)

(d) The date, time and place, and the name and address of the person responsible for receiving bids;

(e) The payment and performance bond amounts required by the Specifications (Civil Code § 9550)

(f) The time within which the whole or any specified portion of the Facility Project shall be completed (Govt § 53069.85)

(g) The penalty amount, if required by the Specifications, for each day completion is delayed beyond the specified time. (Govt 53069.85)

(h) The Board approved bonus amount payable to the contractor for completion of the work prior to the specified completion day, if a bonus payment is included in the Specifications. (Govt § 53069.85)

4.10.3 **Publication Of Notice Inviting Formal Bids.** The notice shall be published at least 14 calendar days before the date of opening the bids in The Sonoma Index Tribune. The notice inviting formal bids shall also be mailed, faxed or emailed to trade journals listed in the Cost Accounting Policies and Procedures Manual ("The Manual"), Chapter 1.05. The notice shall be mailed, faxed or emailed at least 15 calendar days before the date of opening the bids. In addition to notice required by this section, the CEO may give such other notice as she/he deems proper. (PCC § 22037)

4.10.4 **Prequalification.** The CEO shall prepare a uniform prequalification system using a standard questionnaire to evaluate the ability, competency and integrity of bidders as outlined in the Local Agency Public Construction Act, PCC § 20101 *et seq*. and it shall be used for all projects estimated to cost over $500,000. In such event, the CEO shall require each prospective bidder to complete and submit a standardized questionnaire and financial statement. The standardized questionnaires and financial statements received from interested contractors are not public documents and shall not be made public. The CEO may use the prequalification procedure for any Facility Project that requires formal bidding.

4.10.5 **Submission of Formal Bids.** The Board shall accept only written sealed bids from the prospective bidders. Upon receipt, the bid shall be stamped with the date and time the bid was received. All bids shall remain sealed until the date and time set forth for opening the bids in the Notice Inviting Bids. Any bid received by the District/Hospital after the time specified in the Notice Inviting Bids shall be returned unopened. (Govt § 53068). The CEO may elect to receive bids and supporting materials electronically using procedures in compliance with PCC § 1601.

4.10.6 **Examination and Evaluation of Formal Bids.** On the date provided in the Notice Inviting Bids, a person designated by the CEO shall attend and officiate over the opening of bids ("Opening"). The bids shall be made public for bidders and members of the public who may be present at the Opening. The District reserves the right not to determine the low bidder at the Opening, to obtain the opinion of counsel on the legality and sufficiency of all bids, and to determine at a later date which bid to

accept. Such determination shall be made within sixty (60) calendar days of the Opening or unless a different period of time is specified in the Notice Inviting Bids.

4.10.7 **Award of Contract.** The Board shall award the contract to the lowest Responsible Bidder, as defined in Section 2.3, provided the bid is reasonable and meets the requirements and criteria set forth in the notice inviting bids. (PCC § 22038(b))

(a) If two or more bids are the same and the lowest, the Board may accept the one it chooses. (PCC § 22038(b))

(b) If the Board determines that the lowest bidder is not responsible, the Board may award the contract to the next lowest responsible bidder.

(c) If the CEO anticipates that the Board may decide to award the contract to a bidder other than the lowest bidder pursuant to subparagraph (b), the CEO shall, with the assistance of District Counsel, first notify the low bidder of any evidence, either obtained from third parties or concluded as a result of the District's investigation, which reflects on such bidder's responsibility. The CEO shall afford the low bidder an opportunity to rebut such adverse evidence and shall permit such bidder to present evidence that it is qualified. The opportunity to rebut adverse evidence and to present evidence of qualification may be submitted in writing or at an informal hearing of the Board, individual and/or committee as determined by the Board.

4.10.8 **Minor Deviations.** The Board reserves the right to waive inconsequential deviations from the specifications in the substance or form of formal bids received.

4.10.9 **Rejection Of Bids.** Notwithstanding anything to the contrary, the Board is under no obligation to accept the lowest responsible bidder and reserves the right to reject all bids. (PCC § 22038(a); H&S Code § 32132. If after the first invitation of bids all bids are rejected, after reevaluating its cost estimates of the project, the Board shall abandon the project or re-advertise for bids in the manner described by this article.

4.10.10 **If No Bids Received.** If no bids are received through the formal or informal procedure, the project may be performed by negotiated contract without further complying with this article. PCC § 22038 (c))

5. Bond Requirements

5.1 **Performance Bond** For any contract in excess of $25,000, the successful bidder shall furnish a performance bond in the amount of one hundred percent (100%) of the contract sum at the time of entering into the contract. The performance bond shall be filed with the CEO to insure the District against faulty, improper or incomplete materials or workmanship, and to insure the District of complete and proper performance of the contract.

5.2 **Payment Bond** For any contract in excess of $25,000, the successful bidder to whom a contract is awarded shall furnish a payment bond acceptable to the District. (Civil Code § 9550). This labor and material bond shall be filed with the CEO pursuant to applicable laws of the State of California.

5.3 **Professional Services** The CEO shall not require a payment bond for architectural, landscape architectural, engineering, land surveying or construction management services.

6. Limits Of Authority Delegated To The CEO, Capital Project Contracts

Facility Project contracts for capital projects that will financially obligate the District to more than $100,000 shall be reviewed by the Finance Committee.

Facility Project contracts for capital projects that are included in the capital budget and will obligate the District to more than $175,000 shall be approved by the Board.

Facility Project contracts for capital projects that are not included in the capital budget and will obligate the District to more than $100,000 shall be approved by the Board.

Facility Project change orders that in aggregate increase the scope of the Facility Project by more than 20% shall be approved by the Board.

Meeting Date: **June 2, 2016**

Prepared by: **Bill Boerum, Member – Board of Directors**

Agenda Item Title: **ACHD Membership**

Recommendation: It is recommended that the District Board continue for another year its membership of many years in the Association of California Healthcare Districts (ACHD).

Background:
The Association is the professional, non-profit organization of the state-chartered industry of which we are apart in California's healthcare infrastructure. The 50+ member districts include those operating hospitals and those who provide other healthcare facilities and benefits to their communities. The hospital-operating districts (though not identical) are more like ours including in range of size than the populations of organizations in other industry associations. It is important to recognize that legislatively the healthcare district industry is and will be treated as one.

There are intangible and non-quantifiable reasons to ban together as an industry association to educate both state and local authorities and the public as to the special benefits provided by district hospitals and facilities to the communities served.

ACHD provides tangible member benefits in terms in terms of: education, advocacy, and networking for peer relationships. The education component is delivered primarily through the annual Leadership Academy and sessions at the Annual Meeting. Improvements in process and increased attendance have been accomplished at the latter two events. Given the size of the industry and the association's resources it should not be expected that programs and publications will equal those of larger organizations which in fact serve a much more diverse population.

Advocacy for our industry of healthcare districts is conducted through the traditional "Leg Day" approach and by the newly engaged advocacy firm of Hurst, Brooks, Espinosa. This pertains to state legislation and regulation specifically. ACHD Leg Day activities have enabled our District to be identified as part of this industry in front of legislators such as Senators Mike McGuire, Lois Wolk and Assemblymembers Marc Levine, and Jim Wood and their staffs. I have come to know McGuire, Levine and Wood and their staffs in addition to meeting with them representing CHA. My position as ACHD's Advocacy Committee Chair will increase the familiarity with the

legislators and staff for issues that might arise for our District in the future, as well as forming consensus with our Committee members from other districts across the state.

More impactful for ACDH members will be the efforts in the industry's and our behalf by the Advocacy firm of Hurst, Brooks, Espinosa. Partner Kelly Brooks Lindsey visited us a few months ago outlining the firm's capabilities. The Board and our CEO have been receiving the firm's weekly update (sample attached). Also attached and worth of a close read is the report I received on the "2016 Legislative Climate" highlighting areas of likely legislative attention specifically for healthcare districts: executive compensation; district versus at-large trustee elections; and LAFCO control. It appears that districts may be in for more active scrutiny. It will be worthwhile to have the resources of an advocacy both directly (with my close acquaintance with HBE) as well as through ACHD representing the industry.

A third dimension of value to our District is something we have not utilized: building peer relationships with other trustees and CEO's. These people are our people, our particular industry. ACHD is focused on trustees not administrative and clinical staff. The themes and program content has been for trustees. However, a greater role for CEO's has been consciously introduced, recruiting CEO's for Committees, the Board and most recently enabling them to be officers on the Board.

Neighboring districts (Marin and Petaluma) are active in ACHD on the Board and are active on Committees. Please give a close read to my report on the Annual Membership Meeting for more detail. It has been evident to me that the personal acquaintances formed (from across the state are valuable (facing common challenges, identifying enterprise opportunities).

Currently, ACHD is considering strategic options – including reconfiguration - which will focus further on resources and benefits for members.

For the above reasons, this is the trade organization and professional association of our industry. There are resources to be utilized and benefits realized, but not always when we expect them nor as we would want to quantify them.

Budget Impact:
It is my understanding that the annual membership fee of $20,000 can be accommodated within the proposed budget for 2016-17. Unfortunately, given ACHD's own tight, break-even budget, it cannot accommodate a reduced or "hardship" fee as is granted by other associations. There are districts less stable than ours which are paying full membership fees. ACHD would be agreeable to installment payments as was done last year.

Attachments:

- Report on the Annual Membership Meeting
- Program for the ACHD annual meeting
- Typical weekly update by the HBE firm, "This Week in Sacramento"
- Update on the "2016 Legislative Climate" the advocacy firm, Hurst+Brooks+Espinosa

May 5, 2016

To: Jane Hirsch & Kelly Mather

From: Bill Boerum

Subject: ACHD 2016 Annual Meeting

This year's annual meeting of the Association of California Health Care Districts, the 64th was held in Monterey, May 4-5 and for me also included on May 3 two meetings, the Executive Committee and the Board of Directors as well as a dinner for the Board. As you know ACHD represents the industry of which we are a part with more than 50 of the 60+ districts as members.

Attendance

The event was the second highest ever, just under last year's record of 117. Significantly, participants included three adjacent healthcare districts to ours: Marin; Petaluma; and Palm Drive. The Marin contingent included three board members of the five including Hank Simmons, Board Chair, who usually attends as well as Lee Domanico, CEO. Petaluma had two attendees including CEO Ramona Faith. Lee and Ramona asked for Kelly. Palm Drive had two attendees as it usually does.

Program

Theme of the meeting was "Waves of Change – Oceans of Opportunity" and this was quickly fulfilled by the opening speaker, Gyre Renwick of Lyft (the ride-share company) who heads the newly established healthcare industry focus. As he did last year when he was at Google (where he was among the first 300 employees), Gyre brought to awareness the potential for healthcare applications. This time, applications seemed more tangible because they related directly to increasing transportation access for patients. Based on my contacts with Gyre there may be an opportunity for either SVH or the JPA to conduct a pilot project with Lyft.

Consultant Mark Finucane held forth on what he saw as “environment-defined populations” for which healthcare districts have an advantage. Last September, Mark conducted a compelling strategy retreat for the ACHD board and senior staff. Another session by the California Telehealth Network was largely an update on that organization’s capabilities, but not too relevant for us. However, I might review the slides from the session with Fe Sendaydiago for any possible gaps in capabilities which we might want to explore. The program included separate break-out sessions for hospital-based districts and for community (non-hospital) based districts addressing challenges common to each of those constituencies.

Kyle Packham of the California Special Districts Association spoke about what is seen as increasing legislative regulatory interest in special districts (water, sanitary and healthcare etc.); of which there are more 2,000 in the state (half are members). ACHD has decided to work actively with CSDA on issues of common interest.

Additionally, part of the “State of the Association” segment included a well-researched and articulated legislative overview by ACHD’s advocacy firm: Hurst, Brooks, Espinosa. Partners Jean Hurst and Kelly Brooks again showed their experienced insights on bills in-progress in the legislature as well as comments on new leaders of the chambers and relevant committees. Somewhat in line with CSDA, they reported on a growing interest for hearings on the healthcare district industry with a view toward revising the state code for more regulation of the operations of districts as well as specific areas of regulation. I did receive and have attached here a non-circulated memo from HBE to Executive Director Ken Cohen regarding the 2016 Legislative Climate and recommendations to counter specific concerns. The firm provides a routine weekly update to all members. It is my intention in the coming year, as Chair of the Advocacy Committee to work closely with Jean and Kelly for more effective on-going coverage of the Legislature.

As had been my suggestion previously (in part based on feed-back from our District attendees), every session was concluded with an evaluation page with closed and open-ended questions.

Additionally, each attendee received a digital evaluation form for the conference as a whole by email following the event.

Recognition

Sonoma Valley Health Care District along with three other districts was recognized publicly during the State of the Association segment as having qualified for "Certification" by ACHD for its governance practices.

Board & Bylaw Changes

ACHD has been dedicated primarily to serving district trustees and is distinctly a "district" organization as indicated in its name. However a continuing effort has been made to involve hospital and facility CEOs in the organization both on the board of directors as well as on committees. At the board meeting last month coincident with Leg Day, two new directors were appointed CEO's: Ramona Faith of Petaluma and Lee Michelson of Sequoia. At this meeting we welcomed on the board Bob Hemker, CEO of Palomar Health in San Diego which at 800 beds is the largest district hospital in the state.

Further wanting to engage with CEOs, the board approved a change in the bylaws to allow CEO board members to be elected officers. This prompted Hemker to be elected Treasurer. Other officer changes based on the regular two year cycle included: Julie Nygaard of the Tri-City Healthcare District moved up from Treasurer to Board Chair; I moved up from Secretary to Vice Chair; and Dr. Michele Bholat (UCLA) was elected Secretary.

Summary

ACHD continues to transform itself as evidenced by the quality of its programs, improved self-governance (including raising the bar for governance through district certification), opportunities for networking and idea sharing among peer trustees (and now CEOs), and most importantly the strength of its advocacy capabilities. I strongly recommend a close reading of the HBE memo on Legislative Climate for highlighting areas of potential legislative action: executive compensation; community-based districts; governance/transparency/accountability; and at-large vs. by-district elections.

As validated by the annual meeting, ACHD represents with a clear focus the industry and size segment we are in, small to medium size community hospitals and healthcare facilities.

HURST+BROOKS+ESPINOSA

April 27, 2016

TO: Kenneth B. Cohen
Executive Director, ACHD

FROM: Jean Hurst & Kelly Brooks

Re: 2016 Legislative Climate

This memorandum provides an update on the current legislative climate facing healthcare districts in the Legislature. The Legislature is interested in a number of policy issues, outlined below, that affect healthcare districts. Additionally, media attention on special districts and healthcare districts may create additional issues.

In recent months, Health Care Districts have suffered from concerns from the Legislature including:

- Outsized executive compensation
- Unclear roles/community value as roles have shifted away from directly administering hospitals
- Questions of transparency and accountability

Suggested Strategies

As we work to address these concerns as they occur, it is important that Healthcare Districts begin the long-term work of demonstrating their value, inclusiveness, and transparency and accountability to the public. Such an effort must be undertaken with a view toward the long term, and the efforts must be demonstrably consistent to be effective.

Additionally, we recommend that the Association contemplate a legislative strategy to help address the policy issues and questions being raised.

Get ahead of negative bills.

- Develop messages for use inside the Capitol and with local leaders.
- Develop proactive communications strategies highlighting healthcare district accomplishments.
- Develop messengers, such as stories of people who count on health care districts; potential messengers could include: patients, doctors, nurses, EMTs, etc.; identify experts — people who are influential who can talk about HCDs as a vital part of the healthcare system, especially in rural areas.

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916.245.3445
hbeadvocacy.com

Coordinate response to unfavorable bills.

- Develop messages for use inside Capitol and with local leaders
- Work with targeted districts and individual district lobbyists (where applicable) to encourage coordinated messaging
- Track news and develop rapid response strategies

Push a *proactive legislative agenda* that includes common-sense reforms that address legislative concerns and develop a communications strategy that aligns with legislative strategy.

- Develop reforms to address the Legislature's concerns
- Embrace "local government" aspect of our work
- Tell our story in the community and to elected leaders

Executive Compensation

There are potential ballot measures and legislation (AB 2476/Gomez) to address executive compensation, which would apply to healthcare districts operating hospitals. While the discussion is being driven by labor, there may be interest in more detailed information from public agencies about the race and gender of the executive team.

The compensation issue might be viewed by certain sectors as related to the growing income inequality in California. Questions are being raised about whether executive compensation is related to quality of performance and outcomes. Given the strong support in California for raising the minimum wage to $15/hour (as evidenced by the Governor's move to negotiate a deal rather than face two ballot measures), the issue of income inequality resonates with voters.

Community-Based Districts

Members of the Legislature continue to express concerns about the role of community-based districts, particularly those that receive property tax revenues. Should these districts continue to exist? Could the United Way or another level of government fill the same role? Are they just landlords?

Governance/Transparency/Accountability

Two members of the Assembly have introduced bills to address a specific community-based healthcare district. One measure addresses whether the healthcare district continues to exist (AB 2741/Quirk) and requires elimination under certain criteria, circumventing the regular LAFCO process. The other bill puts caps on administrative expenditures (AB 2737/Bonta).

As part of the Assembly Local Government Committee discussion of the bills, some issues have been raised:

- Under current law, LAFCOs may dissolve special districts without a vote of the people under certain circumstances (AB 912, Gordon, Statutes of 2011). While there was a legislative staff and stakeholder consensus at the time that the bill passed that it included healthcare districts, the statute does not specifically cross-reference healthcare districts. However, Mt. Diablo Healthcare District relied on this statute in moving from an independent to a dependent district. Perhaps this section of the statute should be amended to provide more clarity and certainty under the LAFCO law.

- Are the services/expenditures of the healthcare district appropriate? Could other entities provide those services in a more efficient/effective manner?
- What is LAFCO's role in ensuring healthcare districts are providing appropriate levels of services?

At-large vs. By-district Elections
Members of the Legislature are concerned that district boards are not reflective of the communities they serve. As a result, they are pushing for special districts generally to consider moving to by-district elections, as required under the California Voting Rights Act. While ACHD is supporting a measure (AB 2389/Ridley-Thomas) that would authorize a district board to move to by-district elections by ordinance rather than a public vote, few healthcare districts are currently elected in such a manner.

We all know that the media tend to report the bad news, as opposed to the good news; however, in Sacramento, the default is all are painted with the same brush. We've seen this happen with the scandals in the City of Bell and with redevelopment agencies. In order to effectively address the Legislature's concerns, it is imperative that ACHD work proactively to lead reform efforts and change the dialogue on healthcare districts for more positive outcomes.

Wednesday, May 4

10:00 am	Registration Opens
12:00 pm – 1:30 pm	Luncheon Keynote Speaker Gyre Renwick, Lyft | Dolphins Ballroom Give Healthcare a Lyft – Solving Transportation
1:30 pm – 1:45 pm	Break
1:45 pm – 3:00 pm	Breakout Session By District Type • Hospital Districts | Dolphins Ballroom • Community Health Districts | Cypress Ballroom
3:00 pm – 3:15 pm	Break
3:15 pm – 4:30 pm	General Session Mark Finucane, Alvarez & Marsal | Cypress Ballroom The Healthcare District Advantage in today's environment-defined populations in an undefined environment
5:30 pm – 6:30 pm	Reception | Lower Terrace

Thursday, May 5

7:00 am – 8:15 am	General Breakfast | Dolphins Ballroom
8:30 am – 10:00 am	State of the Association | Cypress Ballroom
10:00 am – 10:15 am	Break
10:15 am – 11:30 am	General Session Eric Brown, California Telehealth Network Cypress Ballroom California Telehealth Network Update
11:45 am – 1:00 pm	Luncheon Speaker Kyle Packham, California Special Districts Association | Dolphins Ballroom Who you gonna call? Ghost Governments!
1:00 pm – 1:30 pm	Break
1:30 pm – 3:00 pm	BETA Healthcare Group Emily Friedman, Independent Health Policy & Ethics Analyst | Cypress Ballroom The Changing Healthcare Landscape: What We Know, What We Do Not Know, What No One Knows
3:00 pm – 3:15 pm	Break
3:15 pm – 4:30 pm	Healthcare District Discussion | Cypress Ballroom
5:30 pm – 6:15 pm	Reception Sponsored by HFS Consultants | Upper Plaza
6:15 pm – 6:30 pm	Awards Presentation | Dolphins Ballroom
6:30 pm	Chair's Dinner | Dolphins Ballroom

Friday, May 6

7:00 am – 9:00 am	Farewell Breakfast | Dolphins Ballroom

HURST+BROOKS+ESPINOSA

This Week in Sacramento

INFORMATION & INSIGHTS FROM HURST BROOKS ESPINOSA ■ WEEK OF MAY 16, 2016

LAO Releases Initial Assessment of May Revision

In a series of reports, the Legislative Analyst's Office (LAO) has released its initial assessment of the Governor's May Revision. Generally, the LAO has a similar fiscal forecast to the Administration's in the near-term; however, the multiyear scenarios prepared by the Administration and the LAO differ by $2 billion to about $4 billion through 2019-20. The differences are due, in large part, to LAO's higher estimates of capital gains tax revenues. It is important to note that all of these estimates and economic growth scenarios assume that the temporary taxes approved by voters in Proposition 30 expire and are not renewed.

The LAO has also prepared a short explainer about how it develops its revenue estimates, what those estimates really mean (they're not predictions, folks), and how LAO prepares a multiyear scenario to advise the Legislature while it develops the budget. The bottom line is: no one can predict what the economy will do in the near or long-term, so be cautious.

For the LAO's initial overview of the Governor's May Revision (and a handy guide to the Administration's discretionary spending decisions), click here. For the LAO's review of the Administration's proposal on reserves, click here. Finally, for the LAO's fiscal outlook at May Revision, click here and for the multiyear revenue comparison, click here.

Other Budget News

Budget subcommittee No. 5 (with jurisdiction over corrections and public safety budget items) in both houses met this week. (Agendas for the Senate subcommittee (as well as outcomes for certain hearings) can be viewed here, and the Assembly here.) The Senate's vote-only action on the Governor's proposal to invest $250 million in General Funds in additional jail construction projects is notable. Under the Governor's proposal, counties that have received no previous or only a partial jail construction award would be eligible to bid for grant funds.

Looking Ahead: Next Week in the Capitol

The state budget and Appropriation Committee outcomes on legislative measures will top the agenda next week in the Capitol.

First, the budget. Following the May Revision release of last week, the full budget committees in each house are scheduled to meet for a revised budget overview as follows: Tuesday, May 24 in the Senate and Thursday, May 26 in the Assembly. Senate budget subcommittees have concluded their work, but we anticipate additional hearings on the Assembly side next week. These activities lead to the next immediate step in the budget process, which is the Budget Conference Committee where the houses will seek to reconcile differing actions. Conference committee typically starts just after Memorial Day.

On the bill front, the Appropriations Committees meet next week to determine the fate of bills that carry a fiscal note. The "suspense" files are set to be heard on Friday, May 27 in each house. The suspense file is where the committee places bills that contemplate notable fiscal impacts over a particular threshold. Each committee then takes up all bills on suspense during a single hearing just prior to the fiscal deadline. Those measures that move off suspense go to the floor for consideration by the full house; those that remain on suspense are dead.

In its hearing this week, the Senate budget subcommittee — in place of the proposed local rehabilitative facility funding — approved a variety of investments in initiatives that aim to reduce justice system involvement, as follows:

• Community Services Infrastructure Grants	$100 million
• Development of a continuum of children's mental health crisis services	$80 million
• Law Enforcement Assisted Diversion Pilot Project	$21 million
• Teen pregnancy prevention for at-risk youth	$10 million
• Sexually Transmitted Disease Prevention for areas with high rates of STDs	$10 million
• Adolescent Family Life Program (AFLP)	$6 million
• Implicit Bias Training for local law enforcement	$5 million
• Drug Overdose Prevention Services for local law enforcement	$3 million
• Medical Model - Substance Use Disorder Pilot Project in CDCR	$2.5 million
• Prevention and treatment of hepatitis B (HBV) and hepatitis C (HCV)	$2 million
• Underground Scholars Outreach	$500,000

The jail construction item remains open in the Assembly, so this matter is likely one that will be resolved through subsequent budget negotiations among the Governor and legislative leaders.

Finally, trailer bill language released in conjunction with the May Revision offers additional details into the Administration's proposal to make $25 million available to local governments for incentive grants associated with hard-to-site facilities. As mentioned in our May Revision summary last week, the Administration has outlined the specifics of its Community-Based Transitional Housing Program, including the following components:

- Additional funds to local communities that site (for a minimum of 10 years) new transitional housing and supportive services for offenders released from a state or local facility;
- Requirement that a portion of the funds be dedicated to increased public safety and improved communication with the neighbors in the immediate community;
- Requirement that a portion of the funds be shared with non-profit facility operators that to support rehabilitative services, security, and community outreach;
- A competitive application process that will protect facilities with existing permits; evaluate current concentration of permitted facilities; review past performance of facility operators; and give priority to local governments that leverage or contribute other funding to support the facility.

The proposed statutory language can be viewed here.

Feds Approve MCO Tax

On Tuesday, the California Department of Health Care Services (DHCS) received approval from the Centers for Medicare and Medicaid Services (CMS) on the new managed care organization (MCO) tax.

Recall that the new MCO tax was passed in the Second Extraordinary Session in March of this year. The revised tax applies to all health plans in the state, but is not uniform. Rather, it is based on the number of members in each plan and is higher for Medi-Cal members than for commercial members. Federal law allows the U.S. Secretary of Health and Human Services to waive the uniformity requirements if the net impact of the tax is generally redistributed. Based on required statistical tests, the California waiver request was approved for $3.75 billion, slightly less than the $4 billion proposed by California.

Proposition 47 ESC to Meet in June

The Board of State and Community Corrections (BSCC) has announced that the Executive Steering Committee (ESC) charged with developing applications and evaluating proposals for Proposition 47 recidivism reduction grants will meet on June 23 and 24 in Sacramento. In conjunction with the body's first meeting, the ESC also will solicit additional public input into its development of grant program criteria during an evening session. The ESC will hold all-day meetings on June 23 and 24 as well as the public meeting from 6 to 8 p.m. on June 23.

As reported previously, the ESC co-chairs are BSCC board members Scott Budnick (founder and president of the Anti-Recidivism Coalition) and Leticia Perez (Kern County Supervisor); a roster of the ESC members is available here.

The level of first-year Proposition 47 state correctional savings – most recently estimated in the May Revision to be just shy of $40 million – will be finalized this summer. The BSCC anticipates that grants will be awarded in Spring 2017.

Whole Person Care Pilot Updates

DHCS has posted a number of documents related to the Whole Person Care (WPC) Pilot in the last two weeks, including:

- The federally approved WPC attachments, which provide additional detail beyond the Special Terms and Conditions:

    1) **Attachment GG - WPC Reporting and Evaluation**: Mid-year and annual reporting requirements and evaluation process.

    2) **Attachment HH - Pilot Requirements and Application Process**: Application submission and review process, pilot funding, termination process, and WPC Learning Collaboratives.

    3) **Attachment MM - Pilot Requirements and Metrics**: Performance metrics (universal and variant), incorporation of Plan-Do-Study-Act (PDSA), and reporting requirements

In addition, the WPC Pilot applications, which are due July 1, and slides from a May 19 webinar, are now available online.

Please feel free to contact any one of us at Hurst Brooks Espinosa with questions …

JEAN HURST	KELLY BROOKS	ELIZABETH ESPINOSA
916-272-0010 | jkh@hbeadvocacy.com	916-272-0011 | kbl@hbeadvocacy.com	916-272-0012 | ehe@hbeadvocacy.com

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