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

SONOMA VALLEY HEALTH CARE DISTRICT

BOARD OF DIRECTORS

AGENDA

THURSDAY, NOVEMBER 4, 2021

REGULAR SESSION 6:00 P.M.

HELD VIA ZOOM VIDEOCONFERENCE ONLY

To participate via Zoom videoconferencing use the link below:

https://sonomavalleyhospital-org.zoom.us/j/95035482044?pwd=enBpRWIyYkNlbENIYkdqbWFvRmZTUT09

and enter the Meeting ID: 950 3548 2044, Passcode: 668583

To participate via telephone only, dial: 1-669 900 9128 or 1-669 219 2599 and enter the Meeting ID: 950 3548 2044, Passcode: 668583

In compliance with the Americans Disabilities Act, if you require special accommodations to participate in a District meeting, please contact District Clerk Jenny Fontes at jfontes@sonomavalleyhospital.org 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	*Bjorndal*		
2. CLOSED SESSION a. Calif. Government Code § 54956.9(d)(4): Conference Regarding Closed Litigation – Approved Contract Settlement Related to ODC b. Calif. Government Code § 37606 and Health and Safety Code § 32106: Trade Secret Regarding Proposed New Services			
3. REPORT ON CLOSED SESSION			
4. PUBLIC COMMENT *At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that 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 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.*			
5. BOARD CHAIR COMMENTS	*Bjorndal*		

6. CONSENT CALENDAR a. Board Minutes 10.07.21 b. Quality Committee Minutes 09.22.21 c. Finance Committee Minutes 09.28.21 d. Governance Committee Minutes 07.21.21/08.25.21/09.29.21 e. Resolution 362: Brown Act Amendment AB 361 -Flexibility for Virtual Meetings f. Policy and Procedures g. Medical Staff Credentialing	*Bjorndal*	Action	 Pages 1-4 Pages 5-7 Pages 8 - 11 Pages 12 - 17 Pages 18 - 20 Pages 21 - 25
7. EHR UPDATE	*Kidd*	Inform	Pages 26 -31
8. CMO REPORT	*Kidd*	Inform	Pages 32 - 33
9. ADMINISTRATIVE REPORT FOR OCTOBER 2021	*Hennelly*	Inform	Page 34
10. FINANCIALS FOR THE MONTH ENDED SEPTEMBER 31, 2021	*Jensen/Dungan*	Inform	Pages 35 - 45
11. OUTPATIENT DIAGNOSTIC CENTER RESOLUTION	*Hennelly*	Action	Pages 46 -58
12. CAPITAL SPENDING PLAN	*Hennelly*	Action	Pages 59 - 63
13. APPROVE FY 2021 AUDIT	*Boerum/Jensen/ Dungan*	Action	Pages 64 - 105
14. FINANCE COMMITTEE QUARTERLY REPORT	*Boerum*	Inform	Pages 106 - 107
15. PARCEL TAX RESOLUTION	*Bjorndal*	Inform	Page 108
16. BOARD COMMENTS	*Board Members*		
17. ADJOURN	*Bjorndal*		

Note: To view this meeting you may visit http://sonomatv.org/ or YouTube.com.

SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS' REGULAR MEETING

MINUTES

THURSDAY, OCTOBER 7, 2021
HELD VIA ZOOM VIDEOCONFERENCE

	RECOMMENDATION	
MISSION STATEMENT *The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.*		
1. CALL TO ORDER	*Rymer*	
The meeting was called to order at 6:00 p.m.		
2. PUBLIC COMMENT ON CLOSED SESSION	*Rymer*	
None		
3. CLOSED SESSION a. Calif. Government Code § 54956.9(d)(4): Conference Regarding Closed Litigation – Approved Contract Settlement Related to ODC		
4. REPORT ON CLOSED SESSION	*Rymer*	
The closed session was held to discuss potential litigation related to ODC. The closed session was informational only; no decisions were made.		
5. PUBLIC COMMENT		
None		
6. BOARD CHAIR COMMENTS		
Mr. Rymer reported on Resolution 362 Brown Act Amendment AB 361. The resolution requires agencies to recertify the need to meet virtually each month. Board will check-in during the December 2021 to determine the need to continue to meet virtually. Resolution 362 will continue as an item on the consent calendar.		
7. CONSENT CALENDAR	*Rymer*	
a. Board Minutes 09.02.21 b. Special Session Minutes 09.09.21 c. Quality Committee Minutes 08.11.21 d. Finance Committee Minutes 08.24.21 e. Policy and Procedures f. Medical Staff Credentialing	*Rymer*	Action
		MOTION: by Kornblatt-Idell to approve, 2nd by Mainardi. All in favor.
8. CEO PERFORMANCE EVALUATION/COMPENSATION/ANNUAL INCENTIVE GOALS - 2022	*Rymer*	Action

Mr. Hennelly reviewed the CEO Performance Evaluation/Compensation/Incentive Goals for 2022. He gave examples of growth, which included, bringing in new providers, developing intensivist support in the ICU, and launching bariatrics. A combination of bringing in new physicians and new programs affiliated with the hospital would equal a five. Mr. Hennelly said he would like to continue to provide excellent service and quality and would like to push that goal up to a five.		**MOTION:** by Mainardi to approve, 2nd by Boerum. All in favor.
9. MARKETING/PR UPDATE:	*Kruse De La Rosa*	
Ms. Kruse De La Rosa presented the Community Outreach and Marketing Report for September 2020 through August 2021. Her department is responsible for PIO Communications, marketing, and community outreach. Community Outreach was increased exponentially over the last 18 months due to the cyberattack and pandemic. She thanked the Sonoma Valley Health Center for helping to build the drive through vaccine clinic and thanked Dr. Kidd for her support. She spoke about the 2021 highlights to community outreach, improved perceptions since 2018 and the new CEO's core pillars. She also discussed education and services, the health and wellness magazine, website, email subscribers, and what's ahead.		
10. CMO REPORT	*Kidd*	
SVH and the community are seeing a decline in Covid cases. We will continue to offer vaccinations to unvaccinated patients. We will offer non-mandatory booster shots starting in October and are preparing to assist with local vaccination efforts to the 5-11-year-old population. A new Case Manager and Social Worker were hired, an offer was extended for the Director of Quality position. Outpatient surgery texting surveys began October 1, 2021, and Dr. Kidd discussed the disaster drill that was held on September 22, 2021. The drill focused on evacuating the hospital in a 2-hour window due to a wildfire threat.		
11. EHR UPDATE	*Kidd/ McKinney*	
Dr. Kidd welcomed the new Director of Information Services Terry McKinney. She reviewed the EHR project which included the selection of a new EHR system by September 2022, meeting SVH's strategic goals, and a cost-efficient vendor. A work group of 18 individuals participated in vendor demos. The work group made recommendations and asked questions. Dr. Kidd gave an overview of the EHR demos viewed by the work group. The two companies that were selected for further review were Community Technologies Epic and Cerner Community Works. Similarities and differences were compared, the next steps are to finalize cost projections, determine the budget, present to administrative team, present to Finance, and to the Board for approval at the November meeting.		
12. OUTPATIENT DIAGNOSTIC CENTER SETTLEMENT PROPOSAL	*Hennelly*	
No updates on the Outpatient Diagnostic Center Settlement Proposal.		
13. ADMINISTRATIVE REPORT FOR SEPTEMBER 2021	*Hennelly*	

Mr. Hennelly reviewed the Administrative Report for September 2021. He thanked the team for doing an excellent job handling Covid and said we are getting a lot of questions from parents and adapting to how we answer those questions. The ODC Phase 1 is still on hold as we transition to new contractors. Workforce is our biggest risk factor now and in the future. We are seeing weak responses to job postings which makes it difficult to ensure we are fully staffed. The new EHR will require specialists from every department to recreate and improve on process flows. Specialist will be spending some of their work hours helping to build those processes. This is expected put some additional pressure on our labor force. Housing and security in this area is also stressed and will put pressure on the labor force. Engagement and volumes continue to strengthen.		
14. FINANCIALS FOR THE MONTH END AUGUST 2021	*Dungan*	
Ms. Dungan reported outpatient and ER volumes were up in August. Inpatient volumes were under budget for surgical and overbudget for patient days. The budget was based on pandemic levels and there is currently a trend towards pre-pandemic levels. Payer-mix for August Medicare is 52.6 %, Medical is 17.5%, Commercial up to 28.8%. The cash collection goal for August was $3.9M and the hospital collected under goal by 326K. Year-to-date, under collection by $377K. Day's cash on hand were 52.3, A/R days were 41.2, A/P was $3.5M, A/P days were 44.6. Long term debt increased slightly due to the bond refinance. Gross patient revenue at $24M. Total operating revenue was over budget by $465K, operating expenses over budget by $141K. Ms. Dungan mentioned we will continue to see an increase of total people cost, professional fees, and utilities. The operating margin was a loss of $680,500 vs. a projected loss of $1 million. After accounting for non-operating revenue there was a net loss of $270,920, EBDA was -3.3% vs. budgeted EBDA - 12.7%. Month end August with total cash on hand of $7.1M. Ms. Dungan reviewed the cash flow. Cash was down by $750K during the month of August. This will be the trend until December when the Parcel Tax money is received. There is an impending IGT. SVH will pay out $1M and receive $2.6M in return by January.		
15. ALLSCRIPTS CONTRACT UPDATE	*Hennelly*	Action
Mr. Hennelly reviewed the Allscripts Contract Update requesting approval for an 18-month contract extension for the existing EHR. SVH needs a bridge to the next generation EHR from October 1st, 2021, to the first quarter of 2023. The Board agreed to the18-month contract.		**MOTION:** by Boerum to approve, 2nd by Rymer. All in favor.
16. BOARD ORIENTATION MANUAL UPDATE	*Boerum*	Action
Mr. Boerum reviewed the updated Board Orientation Manual. Dr. Bjorndal mentioned all links are now active and we have added information stating the Board Clerk will provide the hospital organizational chart, meetings, schedules & current board calendar to new Board members. We added Orientation Activities which include a tour of the hospital, introduction to hospital and leadership staff and information on required classes.		**MOTION:** by Boerum to approve, 2nd by Rymer. All in favor.
17. NOMINATION OF AMY JENKINS – GOVERNANCE COMMITTEE	*Boerum*	

Mr. Boerum welcomed Ms. Amy Jenkins to the Governance Committee as a community member. Ms. Jenkins has worked with several government entities. Her skills will assist SVH with oversight of governance issues and advise on legislative and regulatory challenges.		**MOTION:** by Boerum to approve, 2nd by Rymer. All in favor.
18. RESOLUTION 362: BROWN ACT AMENDMENT AB 361 -FLEXIBILITY FOR VIRTUAL MEETINGS	*Rymer*	
Resolution 362 will allow the Governing Board of Sonoma Valley Hospital to continue to meet remotely. Board will reconvene in December 2021 to determine the need to continue to meet virtually. Resolution 362 will continue as a recurring item on the consent calendar until either the governor ends the current state of emergency, or the Board determines based on input from public health officials that the benefits of in-person meetings outweigh the safety risks.	*Rymer*	**Vote by Roll Call:** Rymer - Aye Boerum - Aye Kornblatt Idell - Aye Bjorndal - Aye Mainardi - Aye
19. BOARD COMMENTS	*Board Members*	
None		
18. ADJOURN	*Rymer*	
Adjourned at 8:08 pm		

SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
September 22, 2021 5:00 PM

MINUTES

Via Zoom Teleconference

Members Present – Via Zoom	Members Present cont.	Excused	Public/Staff – Via Zoom
Michael Mainardi, MD Susan Kornblatt Idell Carol Snyder Ingrid Sheets Ako Walther, MD Howard Eisenstark Cathy Webber		John Hennelly, CEO	Sabrina Kidd, MD, CMO Mark Kobe, CNO Judy Bjorndal, Board Member Jenny Fontes, Board Clerk

AGENDA ITEM	DISCUSSION	ACTION
1. CALL TO ORDER/ANNOUNCEMENTS	*Mainardi*	
	5:02 pm	
2. PUBLIC COMMENT	*Mainardi*	
	None	
3. CONSENT CALENDAR	*Mainardi*	
• QC Minutes, 08.11.21		**MOTION:** by Kornblatt Idell to approve, 2nd by Sheets. All in favor.
4. SURGERY/CENTRAL STERILE PROJECT	*Fry*	
	Dana Fry, Director of Surgical Services, presented the Sterile Processing Quality Improvement Projects and Workflow Upgrades. This presentation included a summary of what has been done to insure the hospital is meeting and exceeding regulatory standards and providing the safest level of care. Employees are fully trained, and certified, new staff has been hired and training is ongoing, new equipment and PPE was purchased, vendors are being streamlined, appropriate accessory items have been purchased, temperature and humidity in Medivator room has been	

AGENDA ITEM	DISCUSSION	ACTION
	included, they have removed dangerous power strips, created instructions for use of all equipment, decluttered and reorganized Sterile Processing department and reprocessed most instruments.	
5. QUALITY INDICATOR PERFORMANCE INDICATORS/SCORECARD AUGUST 2021	*Kidd*	
	Dr. Kidd presented the Quality Performance Indicators score card for August 2021. This included reviews of patient mortality, AHRQ patient safety indicators, patient falls, readmissions, blood culture contamination, CIHQ stroke certification measures, utilization management, core measures, utilization management, core measures sepsis, infection prevention and overall inpatient patient satisfaction.	
6. COMMITTEE ROLE IN POLICIES AND PROCEDURES	*Mainardi*	
	Dr. Mainardi summarized the committee's role in policies and procedures. The Committee is no longer required to approve policies. They will review and comment. Any comments or requests for further information needs approval from the committee and if obtained will be forwarded to the policy maker. The policy maker chooses to respond or not respond to the committee's comments or requests. If the policy maker chooses not to respond, the denial is forwarded to the Board with a policy. The Board will then make a decision. The Board would like comments and procedures on the agenda to be forwarded to Dr. Kidd and the new Quality Director before the meeting.	
7. POLICIES AND PROCEDURES	*Kidd*	
	Dr. Kidd reviewed the revisions to the following 16 policies: **<u>No changes:</u>** Access to Medication When the Pharmacy is Closed Aminoglycoside Protocol Authorized Access to Medication Storage Areas Controlled Substance Management Dispensing of Medication Labeling Medications	

AGENDA ITEM	DISCUSSION	ACTION
	Licensed Pharmacy Employee Theft or Impairment Look Alike Sound Alike Medication Recalls **<u>Changes Made:</u>** Medication Shortages Ordering and Prescribing Pharmacist Review of Medication Orders Piperacillin-Tazobactam Extended Infusion Dosing Reporting Controlled Substance Theft or Loss Required Immunizations & Proof of Immunity Unapproved Abbreviations Dr. Kidd reviewed the Outpatient Infusion Service Scheduling form, policy, and procedures. She and Mr. Kobe explained the Outpatient Infusion form and policy are written at the level of the user. The primary care physician offices in Sonoma have been given a copy of the Outpatient Infusion form. If the physician does not submit that form, the hospital will fax it to them and ask them to complete it. The approval process then proceeds per policy.	
8. CLOSED SESSION: a. Calif. Health & Safety Code §32155: Medical Staff Credentialing & Peer Review Report		
9. REPORT ON CLOSED SESSION	*Mainardi*	
	The Medical Staff credentialing report was approved.	**MOTION:** by Eisenstark, 2nd by Sheets. All in favor.
10. ADJOURN	*Mainardi*	
	6:36 pm	

SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, SEPTEMBER 28, 2021
Via Zoom Teleconference

Present	Excused	Staff	Public
Bill Boerum via Zoom Joshua Rymer via Zoom Subhash Mishra, MD via Zoom Bruce Flynn via Zoom Peter Hohorst via Zoom Wendy Lee via Zoom Carl Gerlach via Zoom Catherine Donahue via Zoom		Jenny Fontes via Zoom Sarah Dungan via Zoom Dawn Kuwahara, CAO, via Zoom John Hennelly via Zoom	

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/ANNOUNCEMENTS	*Boerum*		
	Called to order at 5:15 p.m.		
2. PUBLIC COMMENT SECTION	*Boerum*		
3. CONSENT CALENDAR (ACTION)	*Boerum*		
a. Finance Committee Minutes 08.24.21		**MOTION:** by Flynn to approve, 2nd by Hohorst. All in favor.	
4. FY 2021 AUDIT UPDATE	*Dungan*		
	The field work ended in August and there were no significant issues. Auditors are still reviewing the net AR to determine cash collections after year end. A new item this year is the Single Subject Audit, pertaining to the provider relief funds that SVH received in 2020. Auditors are reviewing those		

	expenses and the net revenue loss. SVH did not receive phase 3 funding. Phase 4 funding is opening September 29. Phase 4 funding is focused on rural hospitals. It is possible SVH with get phase 4 funding.		
5. REVIEW CURRENT INSURANCE POLICIES	*Jensen*		
	Mr. Jensen reviewed the summary of insurance renewals and premiums. There were no changes in Professional and General Liability. All hospitals received 8% increase for Directors and Officers Liability. He said Excess Workers' Compensation increased due to increased Workers Compensation claims. Property insurance went up because of increased values, the cyber-attack, and fire claim. He mentioned SVH does not have earthquake insurance. Mr. Boerum suggested that Finance get a quote on earthquake insurance. Mr. Jensen said they receive a quote every few years and the cost is prohibited.		
6. CAPITOL SPENDING PLAN (ACTION)	*Dungan*		
	Ms. Dungan presented the capital spending plan. She said there are several key items that will be purchased soon. Endoscope storage, drying cabinets, an EHR system, roof repairs and medivator compliance. Ms. Dungan highlighted capital needs that will be supported by the Foundation. Mr. Rymer suggested a list of capital needs likely to be funded by the Foundation versus unlikely to be funded and a comparison of capital spending in previous years.		
7. ADMINISTRATIVE REPORT FOR SEPTEMBER 2021	*Hennelly*		
	Mr. Hennelly reviewed the Administrative Report for September 2021. The data report will not be presented because of the changes in Quality Leadership. Regarding the Outpatient Diagnostic		

	Center, the contractor is still struggling to get the air-handler in compliance. He noted that it could take several months to rectify. The front entrance has been reopened to provide more screening and speed up access into the hospital and new staff has been hired to monitor entrances.		
8. FINANCIAL REPORT FOR MONTH ENDED AUGUST	*Dungan*		
	Ms. Dungan reported outpatient and ER volumes were up in August. Inpatient volumes were under budget for surgical and overbudget for patient days. She noted, the budget was based on pandemic levels and there is currently a trend towards pre-pandemic levels. The cash collection goal for August was $3.9M and the hospital collected under goal by 326K. Year-to-date, under collection by $377K. Days cash on hand were 52.3, A/R days were 41.2, A/P was $3.5M, A/P days were 44.6. Long term debt increased due to bond refinance. Total operating revenue was over budget by $465K, operating expenses over budget by $141K. Ms. Dungan mentioned we will continue to see an increase of total people cost, professional fees, and utilities. The operating margin was a loss of $680,500 vs. a budget of $326K. After accounting for non-operating revenue there was a loss of $270,920, EBDA was -3.3% vs. budgeted EBDA - 12.7%. Ms. Dungan briefly reviewed the cash flow. Cash was down by $750K during the month of August. This will be the trend until December when the Parcel Tax money is received. There is an impending IGT. SVH will pay out $1M and receive $2.6M in return by January.		
9. UPDATE ALLSCRIPS CONTRACT	*Hennelly*		
	Mr. Hennelly reported that the hospital has been negotiating an extension of the current contract with Allscripts for the EHR. The current contract expired on October 1st. The likely extension will run 18		

	months at a 15% increase price. Committee members suggested that the hospital see if there was an option to get an optional 6-month additional extension should the build out of the EHR take longer than anticipated.		
10. TOWARD ENTERPRISE PROFITABILITY	*Boerum*		
	Mr. Gerlach reviewed the Toward Enterprise Profitability Spreadsheet. FY 2019 was used for the calculations. Mr. Gerlach said SVH does well with Medi-Cal and traditional 3rd parties but not well with Medicare. Mr. Jensen explained Medi-Cal payments are dependent on IGT. SVH Finance calculations for Medicare were around 5.5M and 25M in gross. In terms of developing new programs there may be investment money needed to get programs started. Mr. Boerum asked that two or three people from the Committee meet with Mr. Gerlach to refine the spreadsheet to help with Mr. Hennelly's strategic plan.		
11. ADJOURN	*Boerum*		
	Meeting adjourned at 6:20 p.m.		

SVHCD GOVERNANCE COMMITTEE MEETING

MINUTES

TUESDAY JULY 21, 2021

Present	Absent	Staff	Public
Bill Boerum via Zoom Judith Bjorndal via Zoom			

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/ANNOUNCEMENTS	*Boerum*		
	Called to order at 6:00 pm		
2. PUBLIC COMMENT SECTION	*Boerum*		
	None		
3. CONSENT CALENDAR			
Governance Committee Minutes 05.19.21	Revise minutes that the committee will review the responsibilities. Not Dr. Bjorndal	**MOTION:** by Bjorndal to approve with identified revisions, 2nd by Boerum. All in favor.	
4. GOVERNANCE COMMITTEE CHARTER a. Review composition and skill sets of other standing committees and their members b. Review Code of Conduct and Compliance Plan	a. GC will request other committee chairs to review committee membership and expertise be presented to GC chair. b. Code of Conduct review deferred until next meeting	CODE OF CONDUCT	

5. AFFILIATION OVERSITE COMMITTEE CHARTER	The committee reviewed both the newly drafted as well as the UCSF revised draft of the Affiliation Oversite Committee Charter. Ms. Bjorndal identified that the composition of the committee is not in line with the Bylaws requirement of living within the district. Discussion regarding a revision to the bylaws to make an exception for this committee. Mr. Boerum recommends adding a community member to the Affiliation Committee. Discussion regarding the addition of identifying voting membership. Committee agrees to revise statement "The AOC shall have four voting members, as follows:" Committee recommends the next step is the send the recommendation revisions to both the Board and UCSF for input and approval.	**MOTION:** by Bjorndal to approve subject to stated recommendations of revisions, 2nd by Boerum. All in favor.	
6. BOARD ORIENTATION DOCUMENT	The committee reviewed the current Board Orientation document. Additions and revisions recommended were: • Organizational Chart needs to be included • Ms. Bjorndal recommended that the Brown Act reference info be included as well as educational opportunities included. • Committee recommends that an addition of "Board Clerk will create a physical manual with all current documents." Documents to be listed Revised Orientation Guide to be presented at the next meeting.		
8. ADJOURN	*Boerum*		
	Adjourned at 7:00 p.m.		

SVHCD GOVERNANCE COMMITTEE MEETING

MINUTES

TUESDAY AUGUST 25, 2021

Present	Absent	Staff	Public
Bill Boerum via Zoom Judith Bjorndal via Zoom			

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/ANNOUNCEMENTS	*Boerum*		
	Called to order at 6:01 pm		
2. PUBLIC COMMENT SECTION	*Boerum*		
	None		
3. CONSENT CALENDAR			
Governance Committee Minutes 07-21-21	Mr. Boerum will follow up and initiate a memo on 4a, Governance Committee Charter and will copy Board Chair. 4b Code of Conduct Determination is on Agenda, it was deferred. Mr. Boerum and Dr. Bjorndal suggested removing "Code of Conduct" text and the following sentence in item number 5 "Mr. Boerum recommends adding a community member to the Affiliation Committee." Dr. Bjorndal suggested we add her comment that she will send list of recommended orientation items to the Board Clerk.	**MOTION:** by Bjorndal to approve with identified revisions, 2nd by Boerum. All in favor.	
4. BOARD ORIENTATION DOCUMENT	Dr. Bjorndal and Mr. Boerum discussed changes to Orientation Manual and Reference Guide. Dr. Bjorndal and Jenny to revise document before next Governance Meeting. Leave attachments as is.	Inform	

5. COMMITTEE CHARTER REVISION	Recommend change to Committee Charter, the GC shall have 3 members. Mr. Boerum advised adding plus the Community Member to the Committee Charter. Governance Committee Charter Edit Memo to go on Agenda, Board of Directors meeting on 9/2/21.	**MOTION:** by Boerum to approve subject to stated recommendations of revisions, 2nd by Dr. Bjorndal. All in favor.	
6. CODE OF CONDUCT DETERMINATION	Dr. Bjorndal pointed out that Governance Committee Charter says, "Governance Committee shall annually review District Code of Conduct and compliance program." Dr Bjorndal suggested changing Charter or doing something about it. Dr. Bjorndal and Mr. Boerum stated they are not aware of a code of conduct and this could be another charter edit. Will carry over to next Governance meeting, Agenda item, Committee Charter Revision. Mr. Boerum will identify the reference and make a recommendation. Dr. Bjorndal questioned how to document self-assessment is complete. Mr. Boerum explains, it is the Board Members responsibility.	Inform	
7. WORK PLAN CREATION	Mr. Boerum recommends that work plan will be discussed in leu of the Charter review and suggests making a work plan for next year. Dr. Bjorndal noted that under Board Policy says GC monitors ethics training. Mr. Boerum suggests we include this as a bullet on the Charter review, ethics training for the Board. Agenda item next meeting Work Plan and Charter Review.	Inform	
8. MEETING SCHEDULE	Next GC meetings will converge on Wednesday September 15th and Wednesday October 20th at 6pm	Inform	
9. ADJOURN	*Boerum*		
	Adjourned at 6:57 p.m.		

SVHCD GOVERNANCE COMMITTEE MEETING

MINUTES

WEDNESDAY SEPTEMBER 29, 2021

Present	Absent	Staff	Public
Bill Boerum via Zoom Judith Bjorndal via Zoom		Jenny Fontes via Zoom	Silver John Hall via Zoom

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/ANNOUNCEMENTS	*Boerum*		
	Called to order at 6:04 pm. Mr. Boerum welcomed guest Mr. Silver John Hall and explained the public rules. Name, address, limited to three minutes, cannot speak about anything on the agenda, may speak to the item when invited to do so.		
2. PUBLIC COMMENT SECTION	*Boerum*		
	Mr. Hall stated his address and mentioned Sonoma Valley Community Health Center has started a Patient Advisory Council. Ms. Cheryl Johnson attended the Patient Advisory Council, and is seeking details about communications, information, and advertising in connection with SVH. Mr. Hall is Advisory to the Sonoma Valley Community Health Center.		
3. CONSENT CALENDAR	*Boerum*		
Governance Committee Minutes 08/25/21		**MOTION:** by Bjorndal to approve, 2nd by Boerum. All in favor.	

4. BOARD ORIENTATION MANUAL AND REFERENCE GUIDE-FINAL	*Boerum*		
	All revisions to Board Orientation Manual and Reference Guide approved.	**MOTION:** by Boerum to approve, 2nd by Bjorndal. All in favor.	
5. MEETING SCHEDULE	*Boerum*		
	All agree Governance Committee will meet every 3rd Wednesday of the month. Code of Conduct Reference and 2022 Work Plan will be added to the next Agenda. Dr. Bjorndal to review sources to formulate 2022 Work Plan. Mr. Boerum will research the Code of Conduct Reference as it pertains to the charter.		
6. ADJOURN	*Boerum*		
	Adjourned at 6:31 p.m.		

RESOLUTION NO. 362

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SONOMA VALLEY HEALTHCARE DISTRICT PROCLAIMING A LOCAL EMERGENCY PERSISTS, RE-RATIFYING THE PROCLAMATION OF A STATE OF EMERGENCY BY AB361, AND RE-AUTHORIZING REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF SONOMA VALLEY HEALTHCARE DISTRICT FOR THE PERIOD OCTOBER 1ST, 2021 TO OCTOBER 31ST, 2021 PURSUANT TO BROWN ACT PROVISIONS.

WHEREAS, the SONOMA VALLEY HEALTHCARE DISTRICT is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of SONOMA VALLEY HEALTHCARE DISTRICT's legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District's legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provision for remote teleconferencing participation in meetings by members of a legislative body, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, a proclamation is made when there is an actual incident, threat of disaster, or extreme peril to the safety of persons and property within the jurisdictions that are within the District's boundaries, caused by natural, technological or human-caused disasters; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, as a condition of extending the use of the provisions found in section 54953(e), the Board of Directors must reconsider the circumstances of the state of emergency that exists in the District, and the Board of Directors has done so; and

WHEREAS, emergency conditions persist throughout the State of California, specifically, where the governor of the state signed emergency legislation to permit the continued use of online and teleconferencing for public meetings in AB361; and

WHEREAS, COVID-19 continues to circulate in moderate to serious levels across the County and the District; and

WHEREAS, SONOMA VALLEY HOSPITAL maintains strict social distancing and vaccination requirements throughout its facilities; and

WHEREAS, SONOMA VALLEY HEALTHCARE DISTRICT acts as role model for safe behavior for the community; and

WHEREAS, Sonoma County's Public Health Officer has strongly recommended that, in compliance with Government Code 54953(e), local government agencies continue to hold public meetings via online and via teleconference (https://socoemergency.org/recommendation-of-the-health-officer-public-meetings/); and

WHEREAS, SONOMA VALLEY HEALTHCARE DISTRICT Chief Medical Officer has recommended that all public meetings be conducted online or via teleconference to minimize the risk of COVID-19 transmission; and

WHEREAS, the Board of Directors does hereby find that the ongoing pandemic and need to maintain social distance in public gatherings would create an unnecessary risk to staff, board members and the public, has caused, and will continue to cause, conditions of peril to the safety of persons within the District that are likely to be beyond the control of services, personnel, equipment, and facilities of the District, and desires to affirm a local emergency exists and re-ratify the proclamation of state of emergency by the Governor of the State of California; and

WHEREAS, as a consequence of the local emergency persisting, the Board of Directors does hereby find that the legislative bodies of SONOMA VALLEY HEALTHCARE DISTRICT shall continue to conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall continue to comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, all Sonoma Valley Healthcare District Board and Committee meetings will be fully noticed and agenized in compliance with the Brown Act and accessible to all via video conference. In addition, public comment will be permitted up to and including during the public comment portion of each meeting.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTHCARE DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Affirmation that Local Emergency Persists. The Board of Directors hereby considers the conditions of the state of emergency in the District and proclaims that a local emergency persists throughout the District, and

> WHEREAS, COVID-19 CONTINUES TO CIRCULATE IN MODERATE TO SERIOUS LEVELS ACROSS THE COUNTY, SONOMA VALLEY HOSPITAL MAINTAINS STRICT SOCIAL DISTANCING AND VACCINATION REQUIREMENTS IN ITS FACILITIES; AND,
>
> WHEREAS THE COUNTY'S PUBLIC HEALTH OFFICER AND THE HOSPITAL'S CHIEF MEDICAL OFFICER RECOMMEND AGAINST HOLDING IN-PERSON, PUBLIC MEETINGS INDOORS.

Section 3. Re-ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of September 16th 2021.

Section 4. Remote Teleconference Meetings. The Chief Executive Officer and legislative bodies of SONOMA VALLEY HEALTHCARE DISTRICT are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, continuing to conduct open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 5. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) November 6th, 2021, or such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the legislative bodies of SONOMA VALLEY HEALTHCARE DISTRICT may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Directors of SONOMA VALLEY HEALTHCARE DISTRICT, this 4th day of November, 2021, by the following vote:

AYES:
NOES:
ABSENT: None
ABSTAIN: None

Document Tasks by Committee

Listing of currently pending and/or upcoming document tasks grouped by committee.

Sonoma Valley Hospital

Run by: Newman, Cindi (cnewman)
Run date: 10/31/2021 9:11 PM

Report Parameters

Filtered by: Document Set: all applicable
Committee: 09 BOD-Board of Directors
Include Current Tasks: Yes
Include Upcoming Tasks: No

Grouped by: Committee

Sorted by: Document Name, Document Location

Report Statistics

Total Documents: 19

Committee: **09 BOD-Board of Directors**

Committee Members: **Fontes, Jenny (jfontes)**

Current Approval Tasks (due now)

Document	Task/Status	Pending Since	Days Pending
Charging for Surgical Services *Surgical Services/OR Dept*	**Pending Approval**	10/26/2021	5

Summary Of Changes: **Reviewed, no changes**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

DVT-PE Prophylaxis and Treatment Protocol *Medication Management Policies (MM)*	**Pending Approval**	10/29/2021	2

Summary Of Changes: **Reviewed, no changes**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Kutza, Chris (ckutza)**
Approvers: **01 P&P Committee -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Electrosurgical Units Safety *Surgical Services/OR Dept*	**Pending Approval**	10/26/2021	5

Summary Of Changes: **Added the following -Active electrode in the presence of abdominal gasses 'should be used with caution.' Corrected spelling and punctuation errors.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Fasting Guidelines Prior to Surgery	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Reviewed, no changes**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Fluid Warmer Use	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Reviewed=recommend retire**
Use EBSCO Dynamic Health instead
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Gowning and Gloving	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Corrected punctuation and spelling errors.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Implant Reimbursements, Protocol for Surgical	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Retired. Outdated process.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Implantation of a Medical Device	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Minor formatting changes made.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Latex Allergy Precautions	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Corrected spelling and grammar errors.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Loaner Instrument Trays from Outside the Facility, Care and Handling of	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Reviewed, no changes**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Managing Patients in Isolation Requiring Rehab Services	**Pending Approval**	10/29/2021	2
Infection Prevention & Control Policies (IC)			

Summary Of Changes: **Reviewed no changes.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Montecino, Stephanie (smontecino)**
Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> Kidd, Sabrina (skidd) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Norovirus Outbreak Management	**Pending Approval**	10/29/2021	2
Infection Prevention & Control Policies (IC)			

Summary Of Changes: **Added "bleach" and "enteric contact precautions". Took out "Appendix" reference. Added public health phone number.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Montecino, Stephanie (smontecino)**
Approvers: **Cooper, Kylie (kcooper) -> 01 P&P Committee - (Committee) -> Kidd, Sabrina (skidd) -> 04 MS-Performance Improvement/Pharmacy & Therapeutics Committee - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Observers-visitors-vendors in OR	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes: **Retired.**
Moderators: **Newman, Cindi (cnewman)**
Lead Authors: **Fry, Dana (dfry)**
Approvers: **Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

On Call, Surgery	**Pending Approval**	10/26/2021	5
Surgical Services/OR Dept			

Summary Of Changes:	**Changed 30 minute response time to 40 minute response time. The department has been operating under the 40 minute rule for the past few years as traffic patterns and volume has increased.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Pacemaker ICD - Care of Patients Undergoing Surgery — **Pending Approval** — 10/26/2021 — 5

Surgical Services/OR Dept

Summary Of Changes:	**Deleted "8.For pacemakers and ICDs the device should be reprogrammed to an asynchronous mode and adaptive-rate features should be programmed off (usually done with a deprogrammer unit or magnet)." Too specific, care of device and any reprogramming should be determined case by case.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Pathology Handling Cultures and Specimens — **Pending Approval** — 10/26/2021 — 5

Surgical Services/OR Dept

Summary Of Changes:	**Made format and spelling corrections.** **Updated to current protocols for specimen handling and culture handling for surgery**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Patient Safety in the Operating Room — **Pending Approval** — 10/26/2021 — 5

Surgical Services/OR Dept

Summary Of Changes:	**Grammatical corrections made.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Radiological Safety — **Pending Approval** — 10/26/2021 — 5

Surgical Services/OR Dept

Summary Of Changes:	**Reviewed, no changes.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

Sales Representative in the Operating Room — **Pending Approval** — 10/26/2021 — 5

Surgical Services/OR Dept

Summary Of Changes:	**Corrected spelling errors.**
Moderators:	**Newman, Cindi (cnewman)**
Lead Authors:	**Fry, Dana (dfry)**
Approvers:	**Kobe, Mark (mkobe) -> 01 P&P Committee - (Committee) -> 03 MS-Surgery Department - (Committee) -> 05 MS-Medical Executive - (Committee) -> 07 BOD-Quality Committee of the Board - (Committee) -> 09 BOD-Board of Directors - (Committee)**

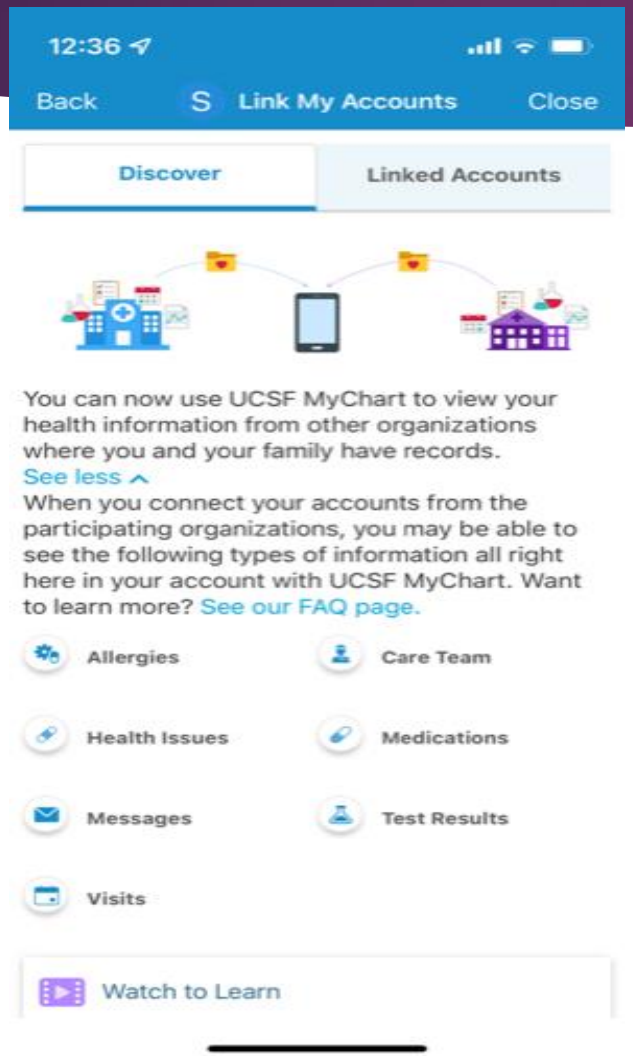
EHR Update

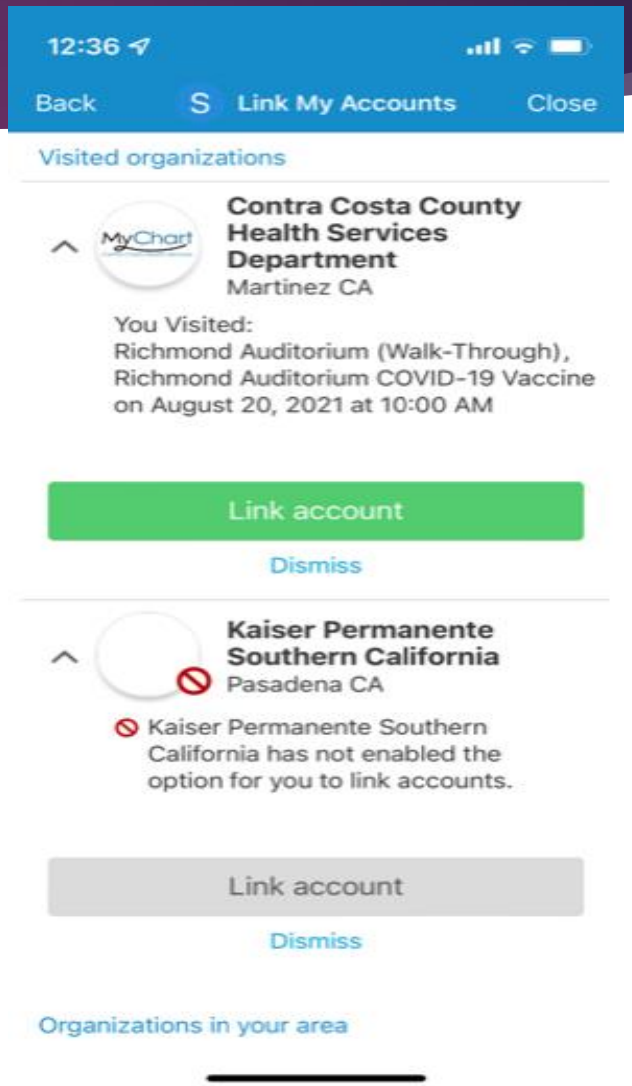
NOVEMBER 4, 2021

#1: Providence Community Technologies EPIC

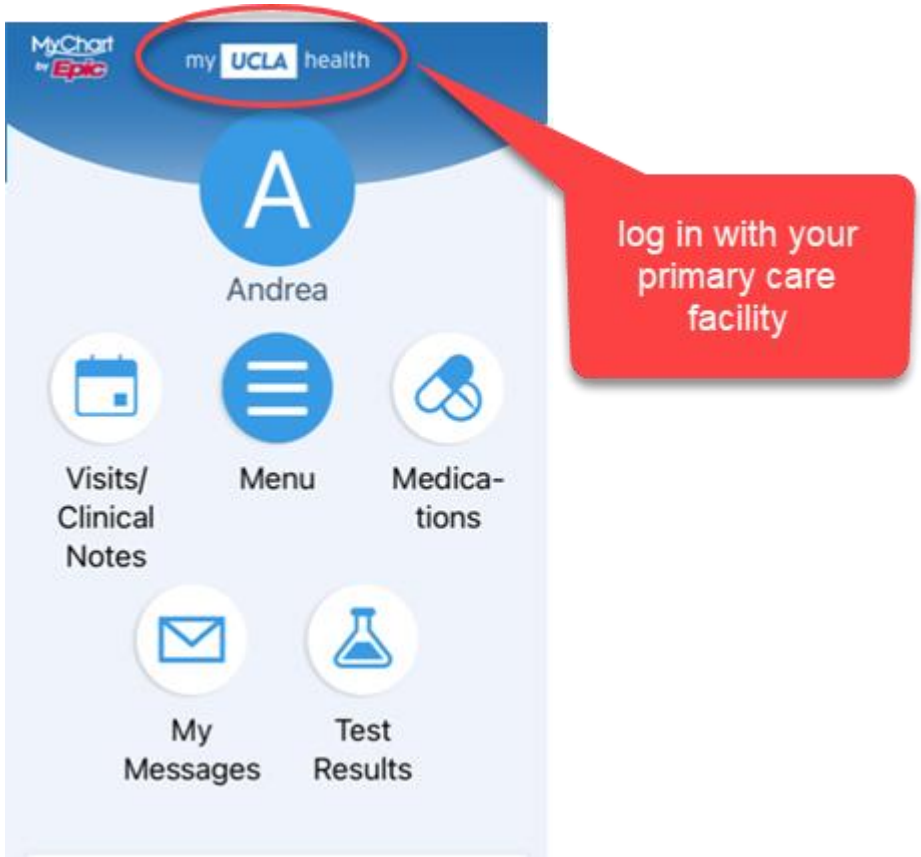
- 1. **Interoperability**
  - SVH and Community Physicians will be able to view and share patient charts across networks and hospitals using Care Everywhere.
  - My Chart provides patients integrated access to their labs, imaging results, and physician notes across instances.
- 2. Discrete data fields increase automatic charge capture which will **increase revenue.**
  - Estimates from reference hospitals are 3-10% over pre-EPIC.
- 3. Discrete data fields help drive accurate data capture which drives **quality and process improvement.**

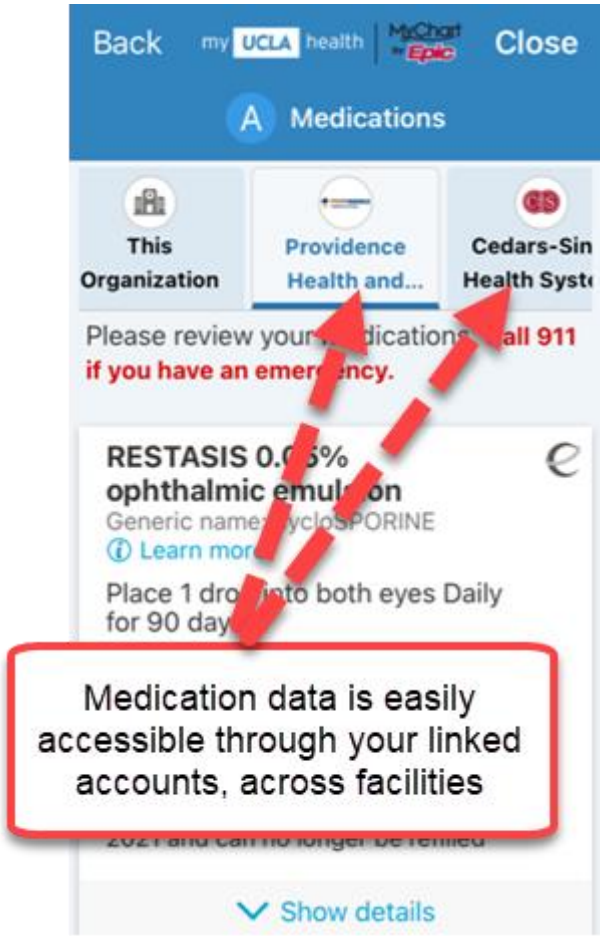
My Chart – Multiple Accounts

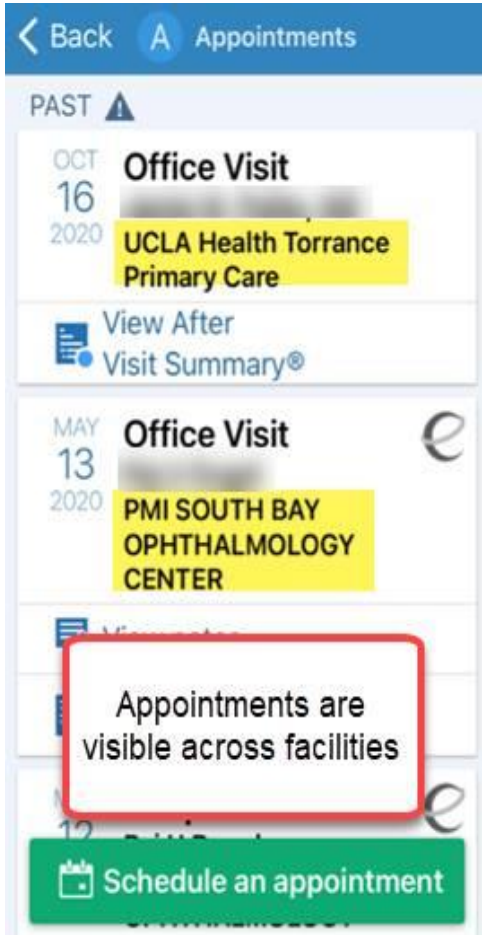




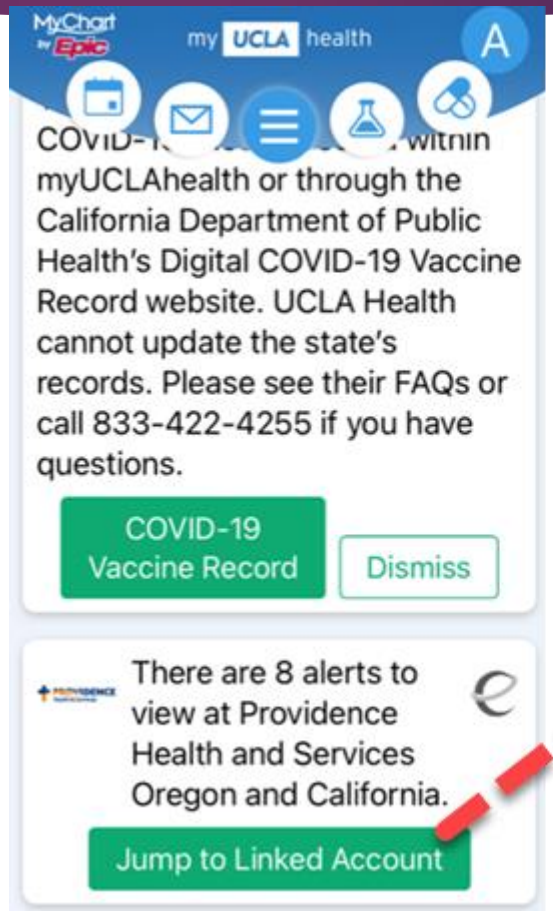
My Chart Examples

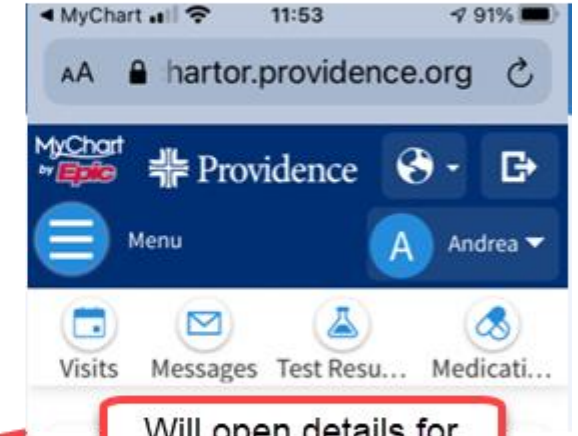






My Chart Examples





Next steps

- Final cost estimate and inventory of modules in process
- EHR Contracting
- General ledger / materials management software selections
- Goal Go Live with EHR: Late 2022

To:	**SVHCD Board of Directors**
From:	**Sabrina Kidd, MD**
Meeting Date:	**November 4, 2021**
Subject:	**CMO Report**

October Highlights Included:

1. COVID-19:
    a. Case numbers continued to decline in October with only a few hospitalizations throughout the month.
    b. Vaccines:
        i. Boosters:
            1. SVH offered optional Booster shots to all staff and physicians in conjunction with our annual Fall Health Fair. Flu shots are mandatory and were also provided.
            2. SVH in conjunction with SVCHC and SVUSD offered a series of webinars to provided education on the Pediatric COVID-19 vaccine. We will be working together to provide vaccines to this population over the next several weeks.
2. Med-Surg / ICU / Surgery / ED Updates:
    a. Case Management/ Social Work: We now have a fully staffed Case Management and Social Work department. This change has been well received.
    b. Central Sterile: Work continues in this department. Recent staff turnover has been challenging, but the team is navigating this well.
    c. Successful Meaningful Use Interoperability with the transfer for Continuity of Care Documents (CCDs) from SVH to PCPs at discharge and now working on importing these from PCPs at admit.
3. Medical Staff:
    a. October meetings included: MEC/Peer Review, Performance Improvement/Pharmacy & Therapeutics.
    b. Dr. Alexandridis, Surgery Department Chair, is leading an effort to improve pre-operative patient evaluations.
4. Quality:
    a. Reportable Events: None
    b. Our new Director of Quality & Risk Management, Kylie Cooper, RN, began on October 25, 2021.

c. We have signed a contract for data abstraction with Q-Centrix. This connection was made through our UCSF Affiliation. Implementation will be Spring 2022.
d. The patient experience team has reviewed our current HCAHPS and OASCAPHS reports and set new targets for monitoring and accountability which are being shared with staff and physicians.

5. Disaster:
    a. The ICC was opened on 10-24-2021 for a flood involving the basement and first floor secondary to the heavy rains. Patient care was not interrupted.

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

To: **SVHCD Board of Directors**
From: **John Hennelly**
Date: **11.04.21**
Subject: **Administrative Report**

Summary:

September continued moderate to strong volumes from ED and outpatient services. The hospital welcomed both a new Director of IT and a new Director of Quality and will be working to complete a new quality dashboard for tracking and trending. The ODC project is moving again. We have retained an architecture firm to review the project and prepare to work with a new GC to complete the CT work. We are working to resolve the outstanding payables with Dome and their subcontractors. We are in the final stages of EHR selection and will be presenting status at this meeting.

Covid remains a focus as we work to evolve with conditions in the valley. Vaccine requirements for hospital employees took effect 10/1. We have lost 3-5 individuals due to the requirement. We are planning, with community partners, to begin vaccinations for 5–11-year-olds shortly.

The fall storms have brought quite a bit of rain. The hospital saw more rain than we could handle. Intrusions impacted our main lobby, draw stations, engineering, IT, supplies storage and administration. Through quick action the team prevented any impact to patient care areas. Remediation is in progress. Replacement of some drywall and flooring will likely occur.

Update from 2025 Strategic Plan:

Strategic Priorities	Update
Enhance Quality and Services through the affiliation with UCSF Health	➢ The hospital has engaged Q-Centrix to assist with data abstraction for quality reviews. Q-Centrix is a nationally recognized firm providing services to hospitals across the country. ➢ Terry McKinney has joined SVH as the Director of IT. ➢ Kylie Cooper has joined SVH as the Director of Quality. ➢ Recruitment continues for physicians in partnership with UCSF.
Exceed Community Expectations especially in Emergency Services	➢ Phase 1 of the ODC has restarted with the retention of a new architect to review the plans. ➢ An RFP will be issued for Phase 2 of the project. ➢ Engagement continues with community groups and community members. ➢ The hospital continues to provide guidance to our community regarding Covid guidelines. The hospital hosted virtual townhalls to inform both public school parents and private/charter school parents about the vaccination process for 5-11 year olds.
Ensure Patients receive Excellent, Safe care	➢ Covid screening protocols continue to be deployed throughout the hospital. No issues have been identified. ➢ The team is finalizing reviews of electronic health record (EHR) solutions.
Provide Access to Excellent Physicians	➢ The team continues to work on recruitment efforts to bring MDs to Sonoma. Focus currently on primary care and surgery.
Be a Healthy Hospital	➢ With the requirement for all employees to be vaccinated as of 9/30, 97% of our employees and 99% of our medical staff have chosen to be vaccinated. There are roughly 10 medical and religious exemptions.

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

To: **SVH Finance Committee**
From: **Ken Jensen, CFO**
Date: **October 26, 2021**
Subject: **Financial Report for the Month Ending September 30, 2021**

Following the trend of the first couple months of FY 2022, September had higher than budgeted volumes for outpatient and emergency services and lower than budgeted volumes for inpatient stays and surgeries. For the month of September the hospital's actual operating margin of ($775,025) was $280,457 favorable to the budgeted operating margin of ($1,055,482). After accounting for all other activity; the net loss for September was ($264,569) vs. the budgeted net loss of ($16,248) with a monthly EBDA of -5.7% vs. a budgeted -14.6%.

Gross patient revenue for September was $23,588,474; $3,092,764 over budget. Inpatient gross revenue was under budget by ($1,010,218). Inpatient days were under budget by (16) days and inpatient surgeries were under budget by (8) cases. Outpatient gross revenue was over budget by $1,978,084. Outpatient visits were over budget by 595 visits, outpatient surgeries were over budget by 19 cases, and special procedures were at budget at 14 cases. The Emergency Room gross revenue was over budget by $2,124,898 with ER visits over budgeted expectations by 156 visits.

Deductions from revenue were unfavorable to budgeted expectations by ($2,464,313) due to higher gross revenue than budgeted. The hospital received $51,360 for a Non-Designated Public Hospital Intergovernmental Transfer (NDPH-IGT) program for FY 19/20.

After accounting for all other operating revenue, the **total operating revenue** was favorable to budgeted expectations by $616,158.

Operating Expenses of $4,704,949 were unfavorable to budget by ($335,701). Salaries and wages and agency fees were over budget by ($15,470) due to registry costs in surgery, respiratory therapy, and outpatient physical therapy. Professional fees were over budget by ($117,154) due to higher than budgeted UCSF management costs including the new IT director and Human Resource legal costs related to an employee case. Supplies are over budget by ($84,840) due to lab supplies being over budget in the lab ($48,596) due to COVID testing supplies and in the pharmacy ($17,445) due to higher costs of pharmaceuticals than budgeted. Purchased services are over budget ($108,334) primarily due to the payout to Banyan Medical to cancel the case management contract.

After accounting for all income and expenses, but not including Restricted Contributions and GO bond activity, the net loss for September was ($471,878) vs. a budgeted net loss of ($737,839). In the month

of September the hospital received $27,342 in donations from the Sonoma Valley Hospital Foundation. The total net loss for September after all activity was ($264,569) vs. a budgeted net loss of ($16,248).

EBDA for the month of September was -5.7% vs. the budgeted -14.6%.

Patient Volumes – September

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	58	66	-8	60
Acute Patient Days	240	256	-16	214
Observation Days	22	0	22	32
OP Gross Revenue	$18,682	$14,579	$4,103	$14,581
Surgical Cases	114	103	11	115

Gross Revenue Overall Payer Mix – September

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	32.8%	39.7%	-6.9%	35.3%	39.7%	-4.4%
Medicare Mgd Care	13.7%	15.5%	-1.8%	16.1%	15.5%	0.6%
Medi-Cal	18.8%	19.2%	-0.4%	17.3%	19.2%	-1.9%
Self Pay	3.6%	1.1%	2.5%	2.4%	1.1%	1.3%
Commercial	28.2%	21.5%	6.7%	25.9%	21.5%	4.4%
Workers Comp	2.9%	3.0%	-0.1%	3.0%	3.0%	0.0%
Total	100.0%	100.0%		100.0%	100.0%	

Cash Activity for September:

For the month of September the cash collection goal was $3,997,845 and the Hospital collected $3,622,547 or under the goal by ($375,298). The year-to-date cash collection goal was $11,718,892 and the Hospital has collected $10,966,315 or under goal by ($752,577).

	CURRENT MONTH	PRIOR MONTH	VARIANCE	PRIOR YEAR
Days of Cash on Hand – Avg.	45.5	52.3	-6.8	63.0
Accounts Receivable Days	42.4	41.2	1.2	38.9
Accounts Payable	$3,519,605	$3,535,407	-$15,802	$2,849,681
Accounts Payable Days	43.1	44.6	-1.5	40.8

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
- Attachment F is the Cash Projection

Sonoma Valley Hospital
Payer Mix for the month of September 30, 2021

ATTACHMENT A

	Month				Year-to-Date			
Gross Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	7,745,553	8,138,316	-392,763	-4.8%	25,545,003	24,684,010	860,993	3.5%
Medicare Managed Care	3,228,957	3,163,157	65,800	2.1%	11,664,792	9,599,292	2,065,500	21.5%
Medi-Cal	4,423,560	3,923,665	499,895	12.7%	12,555,807	11,915,046	640,761	5.4%
Self Pay	851,156	217,203	633,953	291.9%	1,709,284	662,867	1,046,417	157.9%
Commercial & Other Government	6,655,824	4,429,906	2,225,918	50.2%	18,833,842	13,450,586	5,383,256	40.0%
Worker's Comp.	683,424	623,463	59,961	9.6%	2,193,151	1,891,270	301,881	16.0%
Total	**23,588,474**	**20,495,710**	**3,092,764**		**72,501,879**	**62,203,071**	**10,298,808**	

-

Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	821,276	983,973	-162,697	-16.5%	2,847,652	2,969,329	-121,677	-4.1%
Medicare Managed Care	364,549	365,028	-479	-0.1%	1,298,931	1,107,758	191,173	17.3%
Medi-Cal	476,860	413,162	63,698	15.4%	1,328,578	1,234,655	93,923	7.6%
Self Pay	365,997	81,951	284,046	346.6%	713,320	250,100	463,220	185.2%
Commercial & Other Government	1,648,628	1,261,600	387,028	30.7%	5,002,375	3,863,016	1,139,359	29.5%
Worker's Comp.	120,898	115,403	5,495	4.8%	391,936	350,074	41,862	12.0%
Prior Period Adj/IGT	51,360	-	51,360	*	121,698	-	121,698	*
Total	**3,849,568**	**3,221,117**	**628,451**	**19.5%**	**11,704,490**	**9,774,932**	**1,929,558**	**19.7%**

Percent of Net Revenue:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	21.4%	30.6%	-9.2%	-30.1%	24.4%	30.4%	-6.1%	-20.1%
Medicare Managed Care	9.5%	11.3%	-1.8%	-15.9%	11.1%	11.3%	-0.2%	-1.8%
Medi-Cal	12.4%	12.8%	-0.4%	-3.1%	11.4%	12.6%	-1.2%	-9.5%
Self Pay	9.5%	2.5%	7.0%	280.0%	6.1%	2.6%	3.5%	134.6%
Commercial & Other Government	42.8%	39.2%	3.6%	9.2%	42.7%	39.5%	3.2%	8.1%
Worker's Comp.	3.1%	3.6%	-0.5%	-13.9%	3.3%	3.6%	-0.3%	-8.3%
Prior Period Adj/IGT	1.3%	0.0%	1.3%	*	1.0%	0.0%	1.0%	*
Total	**100.0%**	**100.0%**	**0.0%**	**0.0%**	**100.0%**	**100.0%**	**-0.1%**	**-0.1%**

Projected Collection Percentage:	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**
Medicare	10.6%	12.1%	-1.5%	-12.4%	11.1%	12.0%	-0.9%	-7.5%
Medicare Managed Care	11.3%	11.5%	-0.2%	-1.7%	11.1%	11.5%	-0.4%	-3.5%
Medi-Cal	10.8%	10.5%	0.3%	2.9%	10.6%	10.4%	0.2%	1.9%
Self Pay	43.0%	37.7%	5.3%	14.1%	41.7%	37.7%	4.0%	10.6%
Commercial & Other Government	24.8%	28.5%	-3.7%	-13.0%	26.6%	28.7%	-2.1%	-7.3%
Worker's Comp.	17.7%	18.5%	-0.8%	-4.3%	17.9%	18.5%	-0.6%	-3.2%

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended September 30, 2021

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 09/30/21	Budget 09/30/21	Favorable (Unfavorable) Variance		Actual 09/30/21	Budget 09/30/21	Favorable (Unfavorable) Variance	Prior Year 09/30/20
				Inpatient Utilization				
				Discharges				
1	45	49	(4)	Med/Surg	143	144	(1)	161
2	13	17	(4)	ICU	43	41	2	39
3	58	66	(8)	Total Discharges	186	185	1	200
				Patient Days:				
4	141	168	(27)	Med/Surg	487	505	(18)	568
5	99	88	11	ICU	244	265	(21)	284
6	240	256	(16)	Total Patient Days	731	770	(39)	852
7	22	-	22	**Observation days**	83	-	83	73
				Average Length of Stay:				
8	3.1	3.4	(0.3)	Med/Surg	3.4	3.5	(0.1)	3.5
9	7.6	5.2	2.4	ICU	5.7	6.5	(0.8)	7.3
10	4.1	3.9	0.2	Avg. Length of Stay	3.9	4.2	(0.2)	4.3
				Average Daily Census:				
11	4.7	5.6	(0.9)	Med/Surg	5.3	5.5	(0.2)	6.2
12	3.3	2.9	0.4	ICU	2.7	2.9	(0.2)	3.1
13	8.0	8.5	(0.5)	Avg. Daily Census	7.9	8.4	(0.4)	9.3
				Other Utilization Statistics				
				Emergency Room Statistics				
14	756	600	156	Total ER Visits	2,394	1,836	558	2,111
				Outpatient Statistics:				
15	4,592	3,997	595	Total Outpatients Visits	14,062	13,195	867	12,125
16	7	15	(8)	IP Surgeries	29	46	(17)	54
17	107	88	19	OP Surgeries	330	268	62	290
18	52	38	14	Special Procedures	161	117	44	128
19	279	227	51	Adjusted Discharges	909	642	267	704
20	1,153	885	268	Adjusted Patient Days	3,580	2,675	905	2,976
21	38.4	29.5	8.9	Adj. Avg. Daily Census	38.9	29.1	9.8	32.3
22	1.5341	1.4000	0.134	Case Mix Index -Medicare	1.3385	1.4000	(0.062)	1.5762
23	1.3506	1.4000	(0.049)	Case Mix Index - All payers	1.3121	1.4000	(0.088)	1.5363
				Labor Statistics				
24	203	204	1	FTE's - Worked	204	203	(0.9)	205
25	231	226	(6)	FTE's - Paid	231	225	(6.2)	226
26	43.76	44.47	0.72	Average Hourly Rate	44.39	44.43	0.05	46.81
27	6.02	7.65	1.62	FTE / Adj. Pat Day	5.93	7.72	1.79	6.97
28	34.3	43.6	9.3	Manhours / Adj. Pat Day	33.8	44.0	10.2	39.7
29	142.0	169.7	27.7	Manhours / Adj. Discharge	133.2	183.5	50.3	168.0
30	25.2%	25.4%	0.1%	Benefits % of Salaries	24.8%	25.0%	0.2%	21.4%
				Non-Labor Statistics				
31	16.4%	16.9%	0.6%	Supply Expense % Net Revenue	15.5%	16.8%	1.3%	16.5%
32	2,264	2,402	138	Supply Exp. / Adj. Discharge	1,998	2,561	563	2,348
33	17,072	19,590	2,518	Total Expense / Adj. Discharge	15,840	21,023	5,183	19,106
				Other Indicators				
34	47.3			Days Cash - Operating Funds				
35	42.4	50.0	(7.6)	Days in Net AR	41.3	50.0	(8.7)	39.6
36	90%			Collections % of Net Revenue	94%			108.0%
37	43.1	55.0	(11.9)	Days in Accounts Payable	43.1	55.0	(11.9)	41.1
38	16.3%	15.7%	0.6%	% Net revenue to Gross revenue	16.2%	15.7%	0.4%	15.9%
39	18.4%			% Net AR to Gross AR	18.4%			17.4%

ATTACHMENT C

Sonoma Valley Health Care District
Balance Sheet
As of September 30, 2021

		Current Month	Prior Month	Prior Year
	Assets			
	Current Assets:			
1	Cash	$ 2,190,544	$ 1,491,246	$ 2,250,201
2	Cash - Money Market	4,639,373	5,639,115	6,237,010
3	Net Patient Receivables	6,896,918	6,632,434	5,236,334
4	Allow Uncollect Accts	(1,540,144)	(1,399,958)	(1,008,759)
5	Net A/R	5,356,774	5,232,476	4,227,575
6	Other Accts/Notes Rec	1,861,476	1,856,041	76,928
7	Parcel Tax Receivable	3,800,000	3,800,000	3,800,000
8	GO Bond Tax Receivable	2,601,816	2,601,816	3,168,950
9	3rd Party Receivables, Net	10,903	81,243	(53,941)
10	Inventory	956,962	939,153	858,424
11	Prepaid Expenses	936,852	1,009,486	763,971
12	Total Current Assets	$ 22,354,700	$ 22,650,576	$ 21,329,118
13	Property,Plant & Equip, Net	$ 52,035,381	$ 52,261,611	$ 50,401,367
14	Trustee Funds - GO Bonds	3,714,802	6,115,138	3,353,793
15	Restricted Funds - Board Approved	1,000,000	1,000,000	1,000,000
16	Total Assets	$ 79,104,883	$ 82,027,325	$ 76,084,278
	Liabilities & Fund Balances			
	Current Liabilities:			
17	Accounts Payable	$ 3,519,605	$ 3,535,407	$ 2,849,681
18	Accrued Compensation	3,719,865	3,701,343	3,767,521
19	Interest Payable - GO Bonds	56,023	542,516	179,449
20	Accrued Expenses	1,809,503	1,530,251	1,422,137
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	2,850,003	3,166,670	2,849,987
23	Deferred GO Bond Tax Revenue	2,086,309	2,318,121	2,481,890
24	Current Maturities-LTD	417,385	424,998	309,121
25	Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26	Other Liabilities	243,786	252,339	121,966
27	Total Current Liabilities	$ 20,176,213	$ 20,945,379	$ 19,455,486
28	Long Term Debt, net current portion	$ 25,134,696	$ 27,023,403	$ 26,811,823
29	Fund Balances:			
30	Unrestricted	$ 18,325,831	$ 18,617,742	$ 18,690,817
31	Restricted	15,468,143	15,440,801	11,126,152
32	Total Fund Balances	$ 33,793,974	$ 34,058,543	$ 29,816,969
33	Total Liabilities & Fund Balances	$ 79,104,883	$ 82,027,325	$ 76,084,278

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended September 30, 2021

	Month						Year-To- Date					YTD
	This Year		Variance				This Year		Variance			
	Actual		$	%			Actual	Budget	$	%		Prior Year
					Volume Information							
1	58	66	(8)	-12%	Acute Discharges		186	185	1	1%		200
2	240	256	(16)	-6%	Patient Days		731	770	(39)	-5%		852
3	22	-	22	0%	Observation Days		83	-	83	*		73
4	$ 18,682	$ 14,579	$ 4,103	28%	Gross O/P Revenue (000's)	$	57,676	$ 44,327	$ 13,349	30%	$	45,015
					Financial Results							
					Gross Patient Revenue							
5	$ 4,906,403	$ 5,916,621	(1,010,218)	-17%	Inpatient	$	14,826,363	$ 17,876,308	(3,049,945)	-17%	$	17,962,073
6	11,087,477	9,109,393	1,978,084	22%	Outpatient		35,233,112	27,652,972	7,580,140	27%		26,393,813
7	7,594,594	5,469,696	2,124,898	39%	Emergency		22,442,404	16,673,791	5,768,613	35%		18,696,345
8	**$ 23,588,474**	**$ 20,495,710**	**3,092,764**	**15%**	**Total Gross Patient Revenue**	**$**	**72,501,879**	**$ 62,203,071**	**10,298,808**	**17%**	**$**	**63,052,231**
					Deductions from Revenue							
9	(19,486,616)	(17,097,022)	(2,389,594)	-14%	Contractual Discounts	$	(60,189,937)	$ (51,895,426)	(8,294,511)	-16%	$	(52,606,138)
10	(300,000)	(150,000)	(150,000)	-100%	Bad Debt		(700,000)	(450,000)	(250,000)	-56%		(410,000)
11	(3,650)	(27,571)	23,921	87%	Charity Care Provision		(29,150)	(82,713)	53,563	65%		(33,000)
12	51,360	-	51,360	*	Prior Period Adj/Government Program Revenue		121,698	-	121,698	*		-
13	**$ (19,738,906)**	**$ (17,274,593)**	**(2,464,313)**	**14%**	**Total Deductions from Revenue**	**$**	**(60,797,389)**	**$ (52,428,139)**	**(8,369,250)**	**16%**	**$**	**(53,049,138)**
14	**$ 3,849,568**	**$ 3,221,117**	**628,451**	**20%**	**Net Patient Service Revenue**	**$**	**11,704,490**	**$ 9,774,932**	**1,929,558**	**20%**	**$**	**10,003,093**
15	$ 80,356	$ 92,649	(12,293)	**-13%**	Other Op Rev & Electronic Health Records	$	232,318	$ 277,947	(45,629)	-16%	$	294,083
16	**$ 3,929,924**	**$ 3,313,766**	**616,158**	**19%**	**Total Operating Revenue**	**$**	**11,936,808**	**$ 10,052,879**	**$ 1,883,929**	**19%**	**$**	**10,297,176**
					Operating Expenses							
17	$ 1,731,321	$ 1,715,851	(15,470)	-1%	Salary and Wages and Agency Fees	$	5,371,158	$ 5,231,839	(139,319)	-3%	$	5,535,271
18	671,564	$ 666,519	(5,045)	-1%	Employee Benefits		2,054,626	2,007,509	(47,117)	-2%		1,916,098
19	$ 2,402,885	$ 2,382,370	(20,515)	-1%	Total People Cost	$	7,425,784	$ 7,239,348	(186,436)	-3%	$	7,451,369
20	$ 628,429	$ 511,275	(117,154)	-23%	Med and Prof Fees (excld Agency)	$	1,705,406	$ 1,534,191	(171,215)	-11%	$	1,231,310
21	630,755	545,915	(84,840)	-16%	Supplies		1,815,585	1,643,197	(172,388)	-10%		1,652,653
22	499,893	391,559	(108,334)	-28%	Purchased Services		1,356,763	1,200,476	(156,287)	-13%		1,259,951
23	247,731	252,880	5,149	2%	Depreciation		741,826	758,640	16,814	2%		773,526
24	127,668	120,248	(7,420)	-6%	Utilities		425,260	361,668	(63,592)	-18%		324,766
25	52,984	46,909	(6,075)	-13%	Insurance		152,643	140,727	(11,916)	-8%		133,398
26	15,927	17,966	2,039	11%	Interest		48,442	53,898	5,456	10%		57,219
27	98,677	100,126	1,449	1%	Other		321,625	300,873	(20,752)	-7%		290,991
28	-	-	-	*	Matching Fees (Government Programs)		29,494	-	(29,494)	*		0
29	**$ 4,704,949**	**$ 4,369,248**	**(335,701)**	**-8%**	**Operating expenses**	**$**	**14,022,828**	**$ 13,233,018**	**(789,810)**	**-6%**	**$**	**13,175,183**
30	**$ (775,025)**	**$ (1,055,482)**	**$ 280,457**	**27%**	**Operating Margin**	**$**	**(2,086,020)**	**$ (3,180,139)**	**1,094,119**	**34%**	**$**	**(2,878,007)**

ATTACHMENT D

Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended September 30, 2021

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual		$	%		Actual	Budget	$	%	Prior Year
					Non Operating Rev and Expense					
31	$ (13,470)	$ 976	(14,446)	-1480%	Miscellaneous Revenue/(Expenses)	$ (39,839)	$ 2,928	(42,767)	*	$ 44,416
32	-	-	-	0%	Donations	-	-	-	0%	0
33	-	-	-	*	Physician Practice Support-Prima	-	-	-	*	0
34	316,667	316,667	-	0%	Parcel Tax Assessment Rev	950,001	950,001	-	0%	950,001
35	-	-	-	0%	Extraordinary Items	-	-	-	0%	0
36	**$ 303,197**	**$ 317,643**	**(14,446)**	**-5%**	**Total Non-Operating Rev/Exp**	**$ 910,162**	**$ 952,929**	**(42,767)**	**-4%**	**$ 994,417**
37	**$ (471,828)**	**$ (737,839)**	**266,011**	**-36%**	**Net Income / (Loss) prior to Restricted Contributions**	**$ (1,175,858)**	**$ (2,227,210)**	**1,051,352**	**-47%**	**$ (1,883,590)**
38	$ -	$ -	-	0%	Capital Campaign Contribution	$ -	$ -	-	0%	$ -
39	$ 27,342	$ 523,803	(496,461)	0%	Restricted Foundation Contributions	$ 250,587	$ 1,571,409	(1,320,822)	100%	$ 1,831,219
40	**$ (444,486)**	**$ (214,036)**	**(230,450)**	**108%**	**Net Income / (Loss) w/ Restricted Contributions**	**$ (925,271)**	**$ (655,801)**	**(269,470)**	**41%**	**$ (52,371)**
41	179,917	197,788	(17,871)	-9%	GO Bond Activity, Net	324,665	587,281	(262,616)	-45%	552,402
42	**$ (264,569)**	**$ (16,248)**	**(248,321)**	**1528%**	**Net Income/(Loss) w GO Bond Activity**	**$ (600,606)**	**$ (68,520)**	**(532,086)**	**777%**	**$ 500,031**
	$ (224,097)	$ (484,959)	260,862		**EBDA - Not including Restricted Contributions**	$ (434,032)	$ (1,468,570)	1,034,538		$ (1,110,064)
	-5.7%	-14.6%				-3.6%	-14.6%			-10.8%

*** Operating Margin without Depreciation expense:**

$ (775,025)	**$ (1,055,482)**	**$ 280,457**	**27%**	**Operating Margin**	**$ (2,086,020)**	**$ (3,180,139)**	**$ 1,094,119**	**34%**
247,731	252,880	5,149	2%	Add back Depreciation	741,826	758,640	16,814	2%
$ (527,294)	**$ (802,602)**	**$ 285,606**	**34%**	**Operating Margin without Depreciation expense**	**$ (1,344,194)**	**$ (2,421,499)**	**$ 1,110,933**	**44%**

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended September 30, 2021

ATTACHMENT E

Operating Expenses	**YTD Variance**	**Month Variance**	
Salary and Wages and Agency Fees	(139,319)	(15,470)	Salaries and wages are under budget by $14,380 and agency fees are over by ($29,850). Agency fees are over budget in surgery, respiratory therapy, and OP physical therapy.
Employee Benefits	(47,117)	(5,045)	
Total People Cost	**(186,436)**	**(20,515)**	
Med and Prof Fees (excld Agency)	(171,215)	(117,154)	Professional fees are over budget due to higher than budgeted UCSF management costs including the unbudgeted position of IT director which is offset by a savings in salaries & wages.
Supplies	(172,388)	(84,840)	Supplies are over budget primarily due to the costs of COVID testing supplies in the lab.
Purchased Services	(156,287)	(108,334)	Purchsed services are over budget due to the final payout for Banyan case management services.
Depreciation	16,814	5,149	
Utilities	(63,592)	(7,420)	
Insurance	(11,916)	(6,075)	
Interest	5,456	2,039	
Other	(20,752)	1,449	
Matching Fees (Government Programs)	(29,494)	-	
Operating expenses	**(789,810)**	**(335,701)**	

Sonoma Valley Hospital **ATTACHMENT F**
Cash Forecast
FY 2022

		Actual July	Actual Aug	Actual Sept	Forecast Oct	Forecast Nov	Forecast Dec	Forecast Jan	Forecast Feb	Forecast Mar	Forecast Apr	Forecast May	Forecast Jun	TOTAL
	Hospital Operating Sources													
1	Patient Payments Collected	3,768,614	3,604,012	3,741,094	3,560,232	3,535,250	3,481,361	3,667,320	3,580,044	3,818,142	3,646,790	3,763,729	3,682,225	43,848,813
2	Other Operating Revenue	50,926	33,133	27,360	92,649	92,649	92,649	77,649	77,649	77,649	77,649	77,649	77,637	855,248
3	Other Non-Operating Revenue	10,121	10,229	9,624	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,518	160,620
4	Unrestricted Contributions	14,875												14,875
5	Line of Credit													-
	Sub-Total Hospital Sources	**3,844,535**	**3,647,375**	**3,778,079**	**3,667,397**	**3,642,415**	**3,588,526**	**3,759,485**	**3,672,209**	**3,910,307**	**3,738,955**	**3,855,894**	**3,774,380**	**44,879,557**
	Hospital Uses of Cash													
6	Operating Expenses	5,686,921	4,339,055	4,171,999	4,258,835	4,202,649	4,225,711	4,382,476	4,221,825	4,421,291	4,324,996	4,397,288	4,356,571	52,989,618
7	Add Capital Lease Payments	116,550	26,560	34,320	22,140	22,166	89,458	14,502	14,502	14,502	14,502	14,502	82,109	465,813
8	Additional Liabilities/LOC													-
9	Capital Expenditures	114,099	104,421	21,501	525,512	525,512	525,512	525,512	525,512	525,512	525,512	525,512	525,511	4,969,629
	Total Hospital Uses	**5,917,571**	**4,470,037**	**4,227,821**	**4,806,487**	**4,750,327**	**4,840,681**	**4,922,490**	**4,761,839**	**4,961,305**	**4,865,010**	**4,937,302**	**4,964,191**	**58,425,060**
	Net Hospital Sources/Uses of Cash	**(2,073,036)**	**(822,662)**	**(449,742)**	**(1,139,090)**	**(1,107,912)**	**(1,252,155)**	**(1,163,005)**	**(1,089,630)**	**(1,050,998)**	**(1,126,055)**	**(1,081,408)**	**(1,189,811)**	**(13,545,503)**
	Non-Hospital Sources													
10	Restricted Cash/Money Market			1,000,000	2,000,000			(2,000,000)						1,000,000
11	Restricted Capital Donations	107,079	101,291	27,342	525,512	525,512	525,512	525,512	525,512	525,512	525,512	525,512	525,511	4,965,319
12	Parcel Tax Revenue	164,000					2,050,000				1,662,000			3,876,000
13	Other Payments - Ins. Claims/HHS/Grants													-
14	Other:													-
15	IGT			51,360				2,674,000	1,298,801				89,000	4,113,161
16	IGT - AB915			70,338								335,000		405,338
17	QIP													-
	Sub-Total Non-Hospital Sources	**271,080**	**101,291**	**1,149,040**	**2,525,512**	**525,512**	**2,575,512**	**1,199,512**	**1,824,313**	**525,512**	**2,187,512**	**860,512**	**614,511**	**14,359,818**
	Non-Hospital Uses of Cash													
18	Matching Fees		29,494		1,096,301		397,247					44,500		1,567,542
	Sub-Total Non-Hospital Uses of Cash	-	29,494	-	1,096,301	-	397,247	-	-	-	-	44,500	-	1,567,542
	Net Non-Hospital Sources/Uses of Cash	**271,080**	**71,797**	**1,149,040**	**1,429,211**	**525,512**	**2,178,265**	**1,199,512**	**1,824,313**	**525,512**	**2,187,512**	**816,012**	**614,511**	**12,792,276**
	Net Sources/Uses	**(1,801,956)**	**(750,865)**	**699,298**	**290,121**	**(582,400)**	**926,110**	**36,507**	**734,683**	**(525,486)**	**1,061,457**	**(265,396)**	**(575,300)**	
	Operating Cash at beginning of period	4,044,067	2,242,111	1,491,246	2,190,544	2,480,665	1,898,265	2,824,375	2,860,882	3,595,565	3,070,079	4,131,536	3,866,140	
	Operating Cash at End of Period	**2,242,111**	**1,491,246**	**2,190,544**	**2,480,665**	**1,898,265**	**2,824,375**	**2,860,882**	**3,595,565**	**3,070,079**	**4,131,536**	**3,866,140**	**3,290,840**	
	Money Market Account Balance - Unrestricted	5,638,824	5,639,115	4,639,373	2,639,373	2,639,373	2,639,373	4,639,373	4,639,373	4,639,373	4,639,373	4,639,373	4,639,373	
	Total Cash at End of Period	**7,880,935**	**7,130,361**	**6,829,917**	**5,120,038**	**4,537,638**	**5,463,748**	**7,500,255**	**8,234,938**	**7,709,452**	**8,770,909**	**8,505,513**	**7,930,213**	
	Average Days of Cash on Hand	**58.8**	**52.3**	**45.5**										
	Days of Cash on Hand at End of Month	**54.6**	**50.1**	**47.3**	**34.8**	**30.9**	**37.2**	**51.0**	**56.0**	**52.4**	**59.7**	**57.9**	**54.0**	

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

To: **SVH Board of Directors**
From: **John Hennelly, CEO**
Date: **11/01/2021**
Subject: **Exception for Emergency Contract**

RECOMMENDATION TO THE BOARD OF DIRECTORS:
Management is recommending to the Sonoma Valley Hospital Board of Directors that they authorize the completion of CT Project – Phase 1 of the Outpatient Diagnostic Center as an emergency contract per the exception clause in the Policy and Procedures Governing Bidding for Facility Projects.

As evidenced by the background iterated below, Management is asserting that this phase of the project is in a state of emergency and will not permit a delay resulting from a competitive solicitation of bid.

BACKGROUND:
The current Design Build Team ("DBT") – Dome/Taylor has been suspended from the Outpatient Diagnostic Center project due to non-performance. SVH is in the process of terminating the DBT and procuring a negotiated settlement.

The current status of the construction for the CT Phase 1 is incomplete and posing a risk to the organization. The existing CT is at end of life and has maintenance issues that have rendered it inoperable during the repair. This phase of the project is 90% completed with outstanding issues surrounding the mechanical performance of the new air handler unit. The penthouse on the West Wing unit has been temporarily secured from the elements. It is imperative that the project move forward without delay that would occur with a public bid once the settlement with the DBT is complete.

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

POLICY AND PROCEDURES GOVERNING BIDDING FOR FACILITY PROJECTS # P-2019.08.01

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. The Policy will take effect when the District Board notifies the State Controller of its intention to become subject to The Uniform Public Construction Cost Accounting Act.

1.2 The District's public contracting areas for Facility Projects 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. This Policy covers the contracting for professional services related to Facility Projects. It does not cover contracting for professional services that are not related. The Policy does not apply to contracts for the procurement of materials and supplies that are not related to Facility Projects. For these contracts the District's Policy Governing Purchases of Materials, Supplies and Equipment and Procurement of Professional Services shall be used.

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 District 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 (e)).

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 (c)).

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 (c)(1))

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, $60,000.

(d) The total project cost for a contract awarded by informal bidding procedures would not exceed the dollar amount of $200,0000.

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.

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[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.

(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

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:

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

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

(c) 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 $60,000.** The CEO shall award contracts for District Facility Projects of sixty thousand dollars ($60,000) 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), 22034 (e)).

4.8.2 **Between $60,000 and $200,000.** The CEO shall award contracts for District Facility Projects more than sixty thousand dollars ($60,000) but less than two hundred thousand dollars ($200,000) or less by informal procedures as set forth in this Policy. (PCC § 22032(b), 22034 (e))

4.8.3 **Over $200,000.** The Board shall award contracts for District Facility Projects of more than two hundred thousand dollars ($200,000), 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 $60,000 but less than $200,000 – Informal Bidding Procedure.** Facility Projects of more than sixty thousand dollars ($60,000) but less than two hundred thousand dollars ($200,000), 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) Annually, 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 4.9.1, 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 4.9.1 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 ($60,000 to $200,000) to the lowest responsible bidder who shall give the security the District requires. (PCC § 22032; PCC § 22020)

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 $200,000**. If the project cost for all bids received is in excess of $200,000, the Board may, by adoption of a resolution by a four-fifths vote, award the contract, at $212,500 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 $212,500 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 $200,000 – Formal Bidding Procedure.** District Facility Projects of more than two hundred thousand dollars ($200,000) 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 $200,000, 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 in this policy.

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 $200,000 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.

Sonoma Valley Hospital
Project/Capital Costs and Projected Funding
FY 2022 & FY 2023

Projects/Capital items:	Capital Item Number Per Schedule		FY 2022		FY 2023
ODC:					
Projected Dome Settlement		$ 1,200,000			
CT Phase 1 - Completion					
(over the costs of what was budgeted)		1,000,000	2,200,000		
E.H.R. Implementation (Estimate)	**65**		875,000		$ 2,625,000
Financial ERP (Estimate)	**65**		500,000		
Planned Capital:					
Capital - Equipment	**44 - 50**	**272,137**		240,000	
Capital - IT Equipment		**-**		100,000	
Capital - Building Improvements	**74 - 78**	**320,400**	**592,537**	1,580,000	1,920,000
Total Estimated Projects/Capital Items			**4,167,537**		**4,545,000**
Funding Sources:					
E.H.R./Financial ERP - FY 2022 funds from Operating cash			1,375,000		
Board Designated $1M - a)			1,000,000		
Cyber-attack insurance proceeds (Estimate)					
Less: outstanding lease			850,000		
GI Physician (Beginning January 2022)					
Estimating $300,000/annual of net revenue			150,000		300,000
New E.H.R. - Annual operating costs savings					
(9 months of FY 2023)					108,750
Improved billing efficiencies with new E.H.R.					
(6 months of FY 2023) - Estimate					600,000
Total Funding Sources (Estimate)			**$ 3,375,000**		**$ 1,008,750**
Funding Gap			**$ 792,537**		**$ 3,536,250**

Other Possible Sources:

* Applied for Phase 4 funding of provider relief funds from the CARES Act
* Increased referrals (benefit from increased operability from new E.H.R.)
* Increased volumes from ODC (CT in late FY 2022)
* Financing/lease for 75% of E.H.R. costs

a) - In September the board approved to designate $1M of cash to go towards any funding shortfalls that may occur between the timing of ODC construction costs vs. pledged funds collected by the Foundation. The board may release the designation.

Sonoma Valley Hospital
Project/Capital Costs and Projected Funding
FY 2022 & FY 2023

Projects/Capital items:		**FY 2022**	**FY 2023**
ODC:			
Projected Dome Settlement	$ 1,200,000		
CT Phase 1 - Completion			
(over the costs of what was budgeted)	1,000,000	2,200,000	
E.H.R. Implementation (Estimate)		875,000	$ 2,625,000
Financial ERP (Estimate)		500,000	
Capital (Estimate - subject to change):			
Capital - Equipment		329,858	240,000
Capital - IT Equipment		40,820	100,000
Capital - Building Improvements		320,400	1,580,000
Total Estimated Projects/Capital Items		**4,266,078**	**4,545,000**
Funding Sources:			
E.H.R./Financial ERP - FY 2022 funds from Operating cash		1,375,000	
Board Restricted $1M - a)		1,000,000	
Cyber-attack insurance proceeds (Estimate)			
Less: outstanding lease		850,000	
GI Physician (Beginning January 2022)			
Estimating $300,000/annual of net revenue		150,000	300,000
New E.H.R. - Annual operating costs savings			
(9 months of FY 2023)			108,750
Improved billing efficiencies with new E.H.R.			
(6 months of FY 2023) - Estimate			600,000
Total Funding Sources (Estimate)		**$ 3,375,000**	**$ 1,008,750**
Funding Gap		**$ 891,078**	**$ 3,536,250**

Other Possible Sources:

* Applied for Phase 4 funding of provider relief funds from the CARES Act
* Increased referrals (benefit from increased operability from new E.H.R.)
* Increased volumes from ODC (CT in late FY 2022)
* Financing/lease for 75% of E.H.R. costs

a) - In September the board approved to restrict $1M of cash to go towards any funding shortfalls that may occur between the timing of ODC construction costs vs. pledged funds collected by the Foundation. The board may release the resriction and use funds towards the ODC.

Sonoma Valley Hospital
Capital Spending and Planned, CIP, and Capital Leases
Historical Capital Spend For Fiscal Years Ending June 30, 2019, 2020, 2021 & YTD FY 2022 and
Planned Capital Spend for Fiscal Years Ending June 30, 2022, 2023, 2024, & 2025

	Foundation Support:			**Historical Capital Spend**			**Current**	**Planned Capital Spend**			
	Dept #	**Department**	**DESCRIPTION**	**FY 2019**	**FY 2020**	**FY 2021**	**FYTD 2022**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
1	8340	Dietary	Walk in Freezer	8,498							
2	7500	Laboratory	ABL Flex Plus Analyzer	16,049							
3	8450	Engineering/Plant Ops	Infrared Thermal Imager		10,336						
4	6010	ICU	Patient Lift for ICU		8,605						
5	8450	Engineering/Plant Ops	A Women's Place - Building Improvements (Closed CIP in FY 2020)	22,601							
6	8450	Engineering/Plant Ops	A Women's Place - Equipment and Furniture (Closed CIP in FY 2020)	33,280							
7	6170	Med-Surg	MDM Patient Journey System		71,155						
8	8440	Environmental Services	Xenex - Lightstrike Germ Zapping Robot			87,960					
9	7420	Surgery	Olympus America - Refurbished Bronchoscope			13,088					
10	6010/6170	ICU/Med-Surg	Third floor move (Closed CIP in FY 2021)	233,942							
11	6010/6170	ICU/Med-Surg	Gentherm Medical - Hypothermia unit blanketrol				7,652				
12	7420	Surgery	Anesthesia Machines (3) - current machines are end of life					225,000			
13	7500	Laboratory	Coagulation Machine - current equipment end of life					46,336			
14	7775	Occupational Health	Audio Booth - current system out-of-date					5,386			
15	7420	Surgery	Surgery Table - ProAxis						157,686		
16	7420	Surgery	Stealth S8 System with software and spine referencing						383,736		
17	7420	Surgery	O-Arm base unit						597,758		
18	8480	Information Technology	Mobile Nursing Carts - 30						132,000		
19	7420	Surgery	Mazor X Robotic Guidance system with software and instruments							1,011,363	
			Foundation Support Sub-total	$ 314,371	$ 90,096	$ 101,048	$ 7,652	$ 276,722	$ 1,271,180	$ 1,011,363	$ -

	Equipment:			**Historical Capital Spend**			**Current**	**Planned Capital Spend**			
	Dept #	**Department**	**DESCRIPTION**	**FY 2019**	**FY 2020**	**FY 2021**	**FYTD 2022**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
20	8340	Dietary	Mobile shelving - Uline	6,909							
21	8480	Information Systems	GHA Technologies UCSF Telemedicine Cart	8,265							
22	7420	Surgery	Stryker Medical - Refurbished PI drive/attachments	15,415							
23	7420	Surgery	Olympus - EVIS EXERA III	29,716							
24	8450	Engineering/Plant Ops	UCSF signage - multiple sites	8,182							
25	7420	Surgery	Stryker Medical - System 8 Drill/saws	107,487							
26	Various		Celtic **Lease payoff** - various equipment		421,904						
27	7420	Surgery	Zimmer Biomet Intellicart System w/Evac Station		22,034						
28	7420	Surgery	Alcon Centurian Phaco Machine		65,250						
29	7420	Surgery	Olympus America - Urology equipment		62,118						
30	8340	Dietary	Commercial Blenders - 2		4,838						
31	6010	ICU	Smart IV Pumps - 27		56,994						
32	8450	Engineering/Plant Ops	Security Camera system - South Lot			11,660					
33	7500	Laboratory	Bactec FX40 Blood Culture Unit			36,759					
34	8610	Administration	History Wall Panels - Hallway			18,819					
35	6010	ICU	Series 980S Ventilator			36,921					
36	6010	ICU	CAPR Hood Ventilator (PPE)			14,777					
37	7420	Surgery	Stryker Medical - Eye Surgery Stretcher			13,140					
38	8340	Dietary	Alladin Temp Rite - Activator/base/dome/heating unit			5,475					
39	7630	Medical Imaging	Stryker Medical - Transport Gurney			4,569					
40	7630	Medical Imaging	Stryker Medical - OB Gyn Stretcher			7,250					
41	7500	Laboratory	Fisher Healthcare - Logic Purifier Bio-safety cab			11,397					
42	7420	Surgery	Steris Corp - Surgical table				42,724				
43	7420	Surgery	Depuy - Monobloc flexible reamers				14,997				
44	8340	Dietary	Kitchen - Drying Rack on Wheels (Compliance issue)					6,000			
45	8340	Dietary	Kitchen - Soiled Tray Carts (2) (Compliance issue)					10,000			
46	6010/6170	ICU/Med-Surg	Nursing - 10 Defibrillators used in crash carts					180,000			
47	6010/6170	ICU/Med-Surg	Nursing - Hovermat					5,898			
48	7072	Special Procedures	Endoscope storage and drying cabinet with seismic anchorage					13,072			
49	7590	EKG	EKG Machines - 3					30,000			
50	7420	Surgery	Processing sink - 3 basin and installation					27,167			
51	8340	Dietary	Kitchen - Pass-thru warming cabinet						10,000		
52	8340	Dietary	Café Refresh - Grab & Go Refrigeration (4) (OSHPD permit costs not included)						100,000		

Sonoma Valley Hospital
Capital Spending and Planned, CIP, and Capital Leases
Historical Capital Spend For Fiscal Years Ending June 30, 2019, 2020, 2021 & YTD FY 2022 and
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53	8340	Dietary	Café Refresh - Stand alone Refrigerators (2) (OSHPD permit costs not included)						20,000		
54	8340	Dietary	Kitchen - Cooking & Serving Table/Steam table						85,000		
55	8340	Dietary	Kitchen - Walk-in-freezer (OSHPD permit costs not included)						25,000		
			Equipment Sub-total	$ 175,974	$ 633,138	$ 160,767	$ 57,721	$ 272,137	$ 240,000	$ -	$ -

	Information Systems/Electronic Health Records:			**Historical Capital Spend**			**Current**	**Planned Capital Spend**			
	Dept #	**Department**	**DESCRIPTION**	**FY 2019**	**FY 2020**	**FY 2021**	**FYTD 2022**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
56	8480	Information Systems	Dell Computers - 20		17,252						
57	8480	Information Systems	Dragon One Speech Recognition - Physician dictation		11,300						
58	8480	Information Systems	Lenovo Thinkpads - Laptops			8,760					
59	8480	Information Systems	Dell computers with monitors			25,311					
60	8480	Information Systems	Vx Rail Server Upgrades			24,981					
61	8480	Information Systems	Dell computers with monitors			21,450					
62	8480	Information Systems	Vx Rail Server Upgrades			10,376					
63	8480	Information Systems	Dell computers (Optiplex 7080)			37,261					
64	8480	Information Systems	Cisco catalyst network switch upgrade				40,820				
65	8480	Information Systems	EHR - Paragon contract expires 9/2021 (extension granted)(Estimate)					1,375,000	2,625,000		
66	8480	Information Systems	Network switch - replacements						100,000	100,000	100,000
67	8480	Information Systems	Space Lab Monitors (qty. 26)							500,000	
68	8480	Information Systems	Paging System - Conversion (Waiting for estimate)								
			Equipment Sub-total	$ -	$ 28,552	$ 128,139	$ 40,820	$ 1,375,000	$ 2,725,000	$ 600,000	$ 100,000

	Building/Leasehold Improvements			**Historical**			**Current**	**Planned**			
	Dept #	**Department**	**DESCRIPTION**	**FY 2019**	**FY 2020**	**FY 2021**	**FYTD 2022**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**
69	7073	SFP Clinic - Perkins	Conklin Bros Flooring	16,859							
70	8450	Engineering/Plant Ops	Conversion of Rooms - 215-217 - Closed CIP	87,317							
71	8450	Engineering/Plant Ops	SNF Courtyard walkway (1/2)		5,240						
72	8610	Administration	Garden Murals			9,336					
73	8450	Engineering/Plant Ops	Energy mgt system BAS upgrade			30,214					
74	8450	Engineering/Plant Ops	Roof Restoration - Center and East Wings, and boiler room					117,000			
75	8450	Engineering/Plant Ops	GI Suite - Medivator compliance					82,720			
76	8450	Engineering/Plant Ops	Endoscopy cabinet - permit and installation prep work					20,680			
77	8450	Engineering/Plant Ops	Sewer pumps - basement					40,000			
78	8450	Engineering/Plant Ops	Pipes - replacement due to corosion (East Wing)					60,000			
79	8450	Engineering/Plant Ops	Elevators - NPC compliance (replace jacks/doors)						550,000		
80	8450	Engineering/Plant Ops	Electrical - Automatic Transfer Switches						250,000		
81	8450	Engineering/Plant Ops	Cooling - Back-up power - New Wing						550,000		
82	8450	Engineering/Plant Ops	Café refresh - flooring, paint, refrigerator anchor, & counter reface						230,000		
83	8450	Engineering/Plant Ops	Seismic - SPC4D compliance analysis(OSHPD 2024)							150,000	
84	8450	Engineering/Plant Ops	Seismic -Anchorage NPC assessment (OSHPD 2024)							120,000	
85	8450	Engineering/Plant Ops	Medical Air & Vacuum Systems								350,000
86	8450	Engineering/Plant Ops	Security Access - Exterior doors								250,000
			Infrastructure Sub-total	104,176	5,240	39,550	-	320,400	1,580,000	270,000	600,000
			Total Capital Assets	$ 594,521	$ 757,026	$ 429,504	$ 106,193	$ 2,244,259	$ 5,816,180	$ 1,881,363	$ 700,000
			Recap:								
			Capital Spend - Hospital	280,150	666,930	328,456	98,541	1,967,537	4,545,000	870,000	700,000
			Capital Spend - Foundation	314,371	90,096	101,048	7,652	276,722	1,271,180	1,011,363	-
			Total Capital Assets	$ 594,521	$ 757,026	$ 429,504	$ 106,193	$ 2,244,259	$ 5,816,180	$ 1,881,363	$ 700,000

Sonoma Valley Hospital
Capital Spending and Planned, CIP, and Capital Leases
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Planned Capital Spend for Fiscal Years Ending June 30, 2022, 2023, 2024, & 2025

Account #	Construction In Progress (CIP)	CIP Budget	CIP Balance at 6/30/2021	Spending Fiscal YTD 2022	CIP Balance Fiscal YTD 2022	Funding
1258-0050	ODC - Project CT & MRI	21,000,000	9,991,080	206,586	10,197,666	**Foundation**
1258-0440	EHR Implementation	6,315,356	44,955	-	44,955	**MedOne Leases/operations**
1258-0830	Wound Care Expansion	74,350	43,176		43,176	**Foundation/Operations**
1258-9200	ATS (Automatic Transfer Switches)	49,281	-	54,515	54,515	**Operations**
	CIP Balance	$ 27,438,987	$ 10,079,211	$ 261,101	$ 10,340,312	

Capital Financing/Leasing:

Dept #	Department	DESCRIPTION	Original Principal	Origination - Fiscal Year	Term - Months	Monthly Cost		Balance at 9/30/2021	Final Payment	
8450	CEC Loan Phase 1	California Energy Commission loan	443,774	2012	180	3,563		84,480	6/22/2023	Bi-annual Payments
8450	CEC Loan Phase 2	California Energy Commission loan	675,452	2014	96	7,796		92,856	6/22/2022	Bi-annual Payments
7630	Medical Imaging	Fluoroscopy Equipment	418,171	2016	60	7,717		22,993	12/1/2021	Monthly Payments
8480	Information Systems	Citrix Netscaler	380,237	2018	48	6,677		80,315	8/1/2022	Annual payments
8480	Information Systems	Dell Financing - Recovery labor costs *	522,032	2021	36	14,502		382,437	2/1/2024	Interest free
		Capital Financing/Leasing Total	$ 2,439,666			$ 40,255		$ 663,081		

* - Financing will be paid off when insurance proceeds are received from cyber claim.

Sonoma Valley Health Care District

Financial Statements
and Supplementary Information

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Sonoma Valley Health Care District
Sonoma, California

We have audited the accompanying financial statements of Sonoma Valley Health Care District (the "District"), which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and change in net position, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sonoma Valley Health Care District as of June 30, 2021 and 2020, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 39 - 40, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

DRAFT

Armanino LLP
San Ramon, California

October 21, 2021

Sonoma Valley Health Care District
Management's Discussion and Analysis (Unaudited)
As of, and for the Years Ended, June 30, 2021, 2020 and 2019

Introduction

This management's discussion and analysis of the financial performance of Sonoma Valley Health Care District (the "District") provides an overview of the District's financial activities for the years ended June 30, 2021 and 2020. It should be read in conjunction with the accompanying financial statements and notes to financial statements of the District.

Financial highlights

- The District's net position increased in 2021 by approximately $5,078,000 or 17% and increased in 2020 by approximately $9,238,000 or 46%.
- Cash and cash equivalents decreased in 2021 by approximately $372,000 or 3% and increased in 2020 by approximately $5,403,000 or 96%. The decrease in 2021 was due to an increase in payments for operating expenses over net revenue collected. The increase in 2020 was due to a significant decrease in operating expenses during 2020 as well as a decrease in capital leases and notes payable
- Net patient accounts receivable increased in 2021 by approximately $960,000 or 24% and decreased in 2020 by approximately $1,935,000 or 33%. The increase in 2021 is attributable to the increase in net revenue from increased volumes. The decrease in 2020 was due to the transfer of the hospital’s skilled nursing facility management to a third party company and the significant reduction of patient volume from late March 2020 through June 2020 due to the COVID19 pandemic.
- The District reported operating losses in both 2021 ($7,618,000) and 2020 ($7,013,000). The operating loss in 2021 increased by approximately $605,000 or 9% from the operating loss reported in 2020. The increase in the operating loss in 2021 is due to an increase in operating expenses over net revenue. The operating loss in 2020 increased by approximately $4,178,000 or 147% from the operating loss reported in 2019. The increase in the operating loss in 2020 is due to the significant reduction in patient volumes and subsequent net revenues from late March 2020 through June 2020 due to the COVID19 pandemic.

Operational Changes and Future Plans

During 2021 the hospital continued to experience challenges related to the COVID-19 pandemic that included lower volumes and an increase in costs. Although the volumes began to improve during the year the hospital has not experienced the same volumes from before the pandemic. Additional costs related to the COVID-19 pandemic have been outsourcing the COVID-19 test processing, testing supplies, additional PPE, increased cost in nursing registry, as well as front lobby screeners to screen all staff, patients, and visitors. In 2021 the health care district did not receive any additional CARES Act provider relief funding as in 2020.

In October 2020 the hospital experienced a ransomware cyber-attack. In response, the hospital's network was immediately shut down to prevent the spread of the virus and the hospital's incident command center was initiated. The hospital engaged with several third-party vendors as well as had access to UCSF resources to respond to the breach as well the network recovery. It was determined that the hospital could restore operations from the back-ups and therefore the ransom was not paid. During the process of data and systems recovery there was minimal impact on patient care. The hospital incurred significant costs related to the breach response and data recovery but expect a full recoupment from the hospital's cyber insurance policy.

The hospital continued to grow their affiliation with UCSF and as of January 2021 the CFO and CMO became UCSF employees. In 2021 the health care district with UCSF recruited and hired a new CEO who is also a UCSF employee. With the chief positions being UCSF employees the health care district has access to UCSF resources. Furthermore, in 2022 the hospital and UCSF hired a Director of Information Systems Technology further expanding the affiliation resources to our IT department that will enhance IT security and assist in the future implementation of a new Electronic Health Record and financial system.

The CT project, which is part of the Outpatient Diagnostic Center, was initially projected to be completed in early 2021 but was delayed due to both the COVID-19 pandemic and unforeseen structural issues discovered during the construction. The new CT scanner machine is on campus and the project is expected to be completed by early 2022. The MRI project which is the second phase of the Outpatient Diagnostic Center will begin in 2022.

In November 2021, Sonoma Valley Health Care District residents will vote on renewing the parcel tax supporting Sonoma Valley Hospital. The current parcel tax expires in June 2022 and the District Board approved a resolution to put a renewal of the tax on the ballot this Fall. This vote asks the community to renew the tax at the same yearly amount of $250 but extend the term from five to ten years.

The District will continue to grow their affiliation with UCSF to provide access to specialty physicians to keep patients in the community and will focus on the acute care hospital needs of the community with emergency and outpatient services being a priority.

Using this annual report

The District's financial statements consist of three statements—statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. These statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The statement of net position and statement of revenues, expenses and changes in net position

The statement of net position and the statement of revenues, expenses and changes in net position report information about the District's resources and its activities. One of the most important questions asked about the District's finances is, "Is the District as a whole, better or worse off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses and change in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes thereto. The District's net position - the difference between assets and liabilities - is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, such as changes in the District's patient base and measures of the quality of service it provides to the community, should be considered, as well as local economic factors.

The statement of cash flows

The final required statement is the statement of cash flows. The statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to questions such as where did cash come from, what was cash used for and what was the change in cash and cash equivalents during the reporting period.

The District's net position

The District's net position is the difference between its assets and liabilities reported in the statement of financial position. The District's net position increased by $5,078,000, or 17% in 2021 from 2020 and increased by $9,238,000 or 46% in 2020 from 2019, as shown in Table 2.

The increase in net position in 2021 is primarily the result of a significant increase in capital contributions from the Sonoma Valley Hospital Foundation for the construction of the Outpatient Diagnostic Center. The increase in net revenue in 2021 was offset by an increase in overall expenses primarily in salaries and wages, purchased services, and supplies.

In 2021, estimated third party cost report settlements increased by $96,800 or 102% compared to 2020. The increase in 2021 is due to the outstanding balance due from a third-party. Property tax receivable decreased by $450,000 or 6% from 2020. Other receivables increased by $245,400 or 19% from 2020, from the balance due from the hospital's cyber insurance claim related to the cyber-attack and is offset by the collection of the outstanding pledges from 2020 related to the Outpatient Diagnostic Center construction costs.

Table 1: Statements of Net Position

	2021	2020	2019
ASSETS			
Current assets			
Cash and cash equivalents	$ 10,682,617	$ 11,054,230	$ 5,651,697
Patient accounts receivable, net of allowance for doubtful accounts of $1,440,049 and 920,518 in 2021 and 2020, respectively	4,880,570	3,920,682	5,856,145
Estimated third-party payor settlements	191,797	94,987	445,220
Property tax receivable	6,745,740	7,195,321	7,004,881
Other receivables	1,517,831	1,272,442	544,948
Inventories	934,048	864,337	901,652
Prepaid expenses and other current assets	871,738	764,658	1,116,921
Total current assets	25,824,341	25,166,657	21,521,464
Capital assets, net	52,581,236	49,267,897	50,868,937
Noncurrent investments			
Restricted for debt service	5,935,165	5,528,299	5,016,479
Total noncurrent investments	5,935,165	5,528,299	5,016,479
Total assets	$ 84,340,742	$ 79,962,853	$ 77,406,880
LIABILITIES AND NET POSITION			
Current liabilities			
Accounts payable and accrued expenses	$ 6,065,424	$ 4,968,824	$ 6,510,167
Accrued payroll and related liabilities	3,482,666	3,389,085	3,150,043
Deferred tax revenue	6,581,749	7,109,173	6,904,781
Line of credit	5,473,734	5,473,734	6,723,734
Bonds payable, current portion	1,862,000	1,743,000	1,631,000
Capital lease obligations, current portion	263,030	82,652	344,477
Notes payable, current portion	186,787	252,342	2,419,733
Total current liabilities	23,915,390	23,018,810	27,683,935
Long-term liabilities			
Accrued workers' compensation liability	973,000	707,000	650,000
Bonds payable, net of current portion	24,664,000	26,526,000	28,269,000
Capital lease obligations, net of current portion	354,392	171,018	279,128
Notes payable, net of current portion	39,383	223,090	445,532
Total long-term liabilities	26,030,775	27,627,108	29,643,660
Total liabilities	49,946,165	50,645,918	57,327,595
Net position			
Net investment in capital assets	19,737,910	14,796,061	10,756,333
Restricted			
For debt service	5,935,165	5,528,299	5,016,479
Expendable for capital assets	-	-	2,337,205
Total restricted	5,935,165	5,528,299	7,353,684
Unrestricted	8,721,502	8,992,575	1,969,268
Total net position	34,394,577	29,316,935	20,079,285
Total liabilities and net position	$ 84,340,742	$ 79,962,853	$ 77,406,880

Table 2: Statements of Revenues, Expenses and Changes in Net Position

In 2021 the District's operating loss increased by $605,000 or 9% from 2020. In 2020 the operating loss increased by $4,178,000 or 147% from 2019, as shown in Table 2 below:

	2021	2020	2019
Operating revenues			
Net patient service revenue	$ 48,979,099	$ 46,618,700	$ 57,553,690
Capitation revenue	245,100	287,390	755,801
	49,224,199	46,906,090	58,309,491
Operating expenses			
Salaries and wages	23,740,884	23,077,573	26,834,013
Employee benefits	5,575,741	5,565,682	6,104,110
Purchased services	5,227,906	4,589,543	4,867,261
Professional fees, medical	5,802,960	5,418,479	6,669,310
Professional fees, non-medical	770,008	304,758	658,575
Supplies	6,665,341	6,119,489	6,898,410
Facilities and equipment	644,186	622,096	668,684
Utilities	1,353,824	1,188,966	1,172,033
Insurance	540,199	466,482	441,380
Depreciation and amortization	3,056,269	3,108,248	3,392,233
Other expenses	3,465,064	3,457,769	3,438,909
Total operating expenses	56,842,382	53,919,085	61,144,918
Loss from operations	(7,618,183)	(7,012,995)	(2,835,427)
Nonoperating income (expenses)			
General obligation bond tax assessment revenues	3,259,264	3,264,864	3,273,235
Parcel tax assessment revenues	3,777,872	3,771,152	3,781,005
General obligation bond interest	(1,083,722)	(1,151,759)	(1,217,171)
Interest expense	(207,077)	(312,663)	(657,499)
Gain on sale of assets	4,600	2,005,303	5,512
Provider relief funds	-	5,572,969	-
Contributions to Prima Medical Foundation	-	(133,171)	(452,439)
Investment income	24,912	111,196	99,989
Other income, net	996,855	661,394	246,028
Total nonoperating income (expenses), net	6,772,704	13,789,285	5,078,660
Capital contributions	5,923,121	2,461,360	1,995,220
Changes in net position	5,077,642	9,237,650	4,238,453
Net position, beginning of year	29,316,935	20,079,285	15,840,832
Net position, end of year	$ 34,394,577	$ 29,316,935	$ 20,079,285

*The District's net patient revenue is comprised of comprehensive services that span the continuum of healthcare services: inpatient and outpatient hospital patient care services and emergency room services. The following is the payor mix based upon net patient service revenue. Net patient service revenue represents payments made by insurance companies and patients and is not the gross billed charges.

The following chart shows the percentage of Government programs (Medicare, Medicare HMO, Medi-Cal and Medi-Cal Managed Care), commercial insurance and other net patient revenue. Government programs generally do not cover the cost of providing patient care services and therefore are augmented by commercial insurance payments. The District's payor mix is the reason that the parcel tax is so critical to the ongoing operations of the District.

Payor mix - Percentage of total cash collections;

	FY 2021	FY 2020	FY 2019
Medicare	25.6 %	26.8 %	30.5 %
Medicare HMO	9.0 %	8.3 %	8.4 %
Medi-Cal	1.6 %	1.8 %	1.6 %
Medi-Cal Managed Care	21.8 %	22.4 %	21.3 %
Commercial insurance	30.6 %	31.6 %	28.1 %
Workers compensation	3.1 %	2.8 %	1.9 %
Capitated	0.1 %	0.2 %	0.5 %
Other government	1.8 %	1.5 %	1.4 %
Self pay - other	6.4 %	4.6 %	6.3 %
	100.0 %	100.0 %	100.0 %

Over the period, the District has continued to experience the shift from inpatient to outpatient care. The District's experience with this shift in patient care services is consistent across all hospitals in the United States. Insurance companies, including Medicare, the District's largest payor, are more frequently requiring services to be provided in the outpatient setting.

Operating losses

The first component of the overall change in the District's net position is its operating income or loss; generally, the difference between net patient services and other operating revenues and the expenses incurred to perform those services. In each of the past three years, the District has reported an operating loss. This is consistent with the District's operating history as the District was formed and operates primarily to serve residents of Sonoma Valley, regardless of their ability to pay. The District levies property taxes to provide sufficient resources to enable the facility to serve lower income and other residents.

The operating loss for 2021 2021 increased by $605,000, or 9% as compared to 2020. In 2020 the operating loss increased by $4,178,000 or over 100% as compared to 2019. The major components of those changes in operating loss are:

- Total operating revenues increased by $2,318,000 or 5% in 2021. Total operating revenues decreased by $11,403,000 or 20% in 2020 compared to 2019. The increase in 2021 is from the slow recovery of outpatient and emergency service volumes from the COVID-19 pandemic.

- Salaries and wages and benefits increased in 2021 by $673,000 or 2%. Salaries, wages, and benefits increased during 2021 in clinical departments related to the increase of outpatient and emergency service volumes and was offset by the decrease in administrative salaries from the CEO, CFO, and CMO being employed by UCSF as of January 2021. Salaries, wages and benefits decreased in 2020 by $4,295,000 or 13% due to the elimination of salaries, wages, and benefits related to the skilled nursing facility and to the reduction of staff due to lower volumes from the COVID-19 pandemic.

- Purchased services increased in 2021 by $638,000 or 14% compared to 2020 and decreased in 2020 by $278,000 or 6% compared to 2019. The increase in 2021 is from the outsourcing of COVID-19 test processing, CEO recruitment costs, and an increase of information technology security costs in response to the cyber-attack.

- Medical Professional fees increased in 2021 by 384,000 or 7% from 2020 due to the increase in use and hourly cost (due to COVID-19) of nursing and clinical registry. Medical professional fees decreased in 2020 by $1,251,000 or 19% primarily due to a significant reduction in nurse registry costs from 2019.

- Nonmedical professional fees increased in 2021 by $465,000, or 153% from 2020 due to the CEO, CFO, and CMO being employed by UCSF as part of our affiliation agreement. This increase in cost was offset by a savings in administrative salaries, wages, and benefits. Nonmedical professional fees decreased in 2020 by $354,000 or 54% from 2019 due to the elimination of professional management fees associated with the hospital's family practice physician clinic and the elimination of other Administrative professional costs.

- Supplies increased in 2021 by $546,000 or 9% from 2020 due to the increased outpatient and emergency room volumes and the cost of COVID-19 testing supplies. Supplies decreased in 2020 by $779,000 or 11% from 2019 primarily due to a decrease in patient volumes due to COVID-19.

- Facilities and equipment increased in 2021 by 22,000 or 4% from 2020 due to an increase of costs related to equipment leased in the pharmacy. Facilities and equipment decreased in 2020 by $47,000 or 7% from 2019 due to a reduction in rents and leases.

- Other expenses increased in 2021 by $7,000 or less than 1% compared to 2020. Other expenses increased in 2020 by $20,000 or 1% compared to 2019.

Nonoperating revenues and expenses

Nonoperating revenues and expenses consist primarily of parcel taxes levied by the District, investment income, interest expense and noncapital grants and gifts.

Parcel taxes remained consistent in both 2021 and 2020. In 2021 interest expense decreased by $174,000 or 12% due to the payoff of notes and lease obligations. In 2020 interest expense decreased by $410,000 or 22% from 2019 due to the payoff of several notes and lease obligations. Furthermore, in 2020 nonoperating revenues include the onetime gain on sale of land of $2,005,000 and provider relief funds from the CARES Act of $5,573,000.

Capital grants and gifts

The District received gifts from Sonoma Valley Hospital Foundation and various individuals for the construction costs related to the outpatient diagnostic center and to purchase capital assets in the amount of $5,923,000 in 2021 and $2,461,000 in 2020; an increase of $3,462,000 in 2021 over 2020. Capital grants and gifts increased by $466,000 in 2020 over 2019.

The District's cash flows

Changes in the District's cash flows are consistent with changes in operating losses and nonoperating revenues and expenses, as discussed earlier.

Capital assets

At the end of 2021 and 2020, the District had $52,581,000 and $49,268,000, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 8 to the financial statements. In 2021 and 2020, the District purchased new equipment and made capital improvements costing $6,370,000 and $3,085,000, respectively.

Debt

At June 30, 2021 and 2020, the District had $27,370,000 and $28,998,000, respectively, in bonds, equipment notes payable and notes payable outstanding as detailed in Notes 10 and 11 to the financial statements. The District has a line of credit agreement with a bank for an amount not to exceed $5,500,000, maturing on January 31, 2022. The District had unused credit on the line of $26,000 as of June 30, 2021.

Contacting the District's financial management

This financial report is designed to provide our patients, suppliers, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Chief Financial Officer by telephoning (707) 935-5003.

Sonoma Valley Health Care District
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,682,617	$ 11,054,230
Patient accounts receivable, net of allowance for doubtful accounts of $1,440,049 and $920,518 in 2021 and 2020, respectively	4,880,570	3,920,682
Estimated third-party payor settlements	191,797	94,987
Property tax receivable	6,745,740	7,195,321
Other receivables	1,517,831	1,272,442
Inventories	934,048	864,337
Prepaid expenses and other current assets	871,738	764,658
Total current assets	25,824,341	25,166,657
Capital assets, net	52,581,236	49,267,897
Noncurrent investments		
Restricted for debt service	5,935,165	5,528,299
Total noncurrent investments	5,935,165	5,528,299
Total assets	$ 84,340,742	$ 79,962,853
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable and accrued expenses	$ 6,065,424	$ 4,968,824
Accrued payroll and related liabilities	3,482,666	3,389,085
Deferred tax revenue	6,581,749	7,109,173
Line of of credit	5,473,734	5,473,734
Bonds payable, current portion	1,862,000	1,743,000
Capital lease obligations, current portion	263,030	82,652
Notes payable, current portion	186,787	252,342
Total current liabilities	23,915,390	23,018,810
Long-term liabilities		
Accrued workers' compensation liability	973,000	707,000
Bonds payable, net of current portion	24,664,000	26,526,000
Capital lease obligations, net of current portion	354,392	171,018
Notes payable, net of current portion	39,383	223,090
Total long-term liabilities	26,030,775	27,627,108
Total liabilities	49,946,165	50,645,918
Net position		
Net investment in capital assets	19,737,910	14,796,061
Restricted		
For debt service	5,935,165	5,528,299
Expendable for capital assets	-	-
Total restricted	5,935,165	5,528,299
Unrestricted	8,721,502	8,992,575
Total net position	34,394,577	29,316,935
Total liabilities and net position	$ 84,340,742	$ 79,962,853

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues		
Net patient service revenue	$ 48,979,099	$ 46,618,700
Capitation revenue	245,100	287,390
Total operating revenues	49,224,199	46,906,090
Operating expenses		
Salaries and wages	23,740,884	23,077,573
Employee benefits	5,575,741	5,565,682
Purchased services	5,227,906	4,589,543
Professional fees, medical	5,802,960	5,418,479
Professional fees, non-medical	770,008	304,758
Supplies	6,665,341	6,119,489
Facilities and equipment	644,186	622,096
Utilities	1,353,824	1,188,966
Insurance	540,199	466,482
Depreciation and amortization	3,056,269	3,108,248
Other expenses	3,465,064	3,457,769
Total operating expenses	56,842,382	53,919,085
Loss from operations	(7,618,183)	(7,012,995)
Nonoperating income (expenses)		
General obligation bond tax assessment revenues	3,259,264	3,264,864
Parcel tax assessment revenues	3,777,872	3,771,152
General obligation bond interest	(1,083,722)	(1,151,759)
Interest expense	(207,077)	(312,663)
Contributions to Prima Medical Foundation	-	(133,171)
Investment income	24,912	111,196
Gain on sale of assets	4,600	2,005,303
Provider relief funds	-	5,572,969
Other income, net	996,855	661,394
Total nonoperating income, net	6,772,704	13,789,285
Capital contributions	5,923,121	2,461,360
Change in net position	5,077,642	9,237,650
Net position, beginning of year	29,316,935	20,079,285
Net position, end of year	$ 34,394,577	$ 29,316,935

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Cash received from patients and third-parties	$ 48,187,609	$ 49,166,690
Cash payments to contractors, vendors and suppliers	(23,434,913)	(23,292,662)
Cash payments to employees and benefit programs	(29,043,309)	(28,147,363)
Net cash used in operating activities	(4,290,613)	(2,273,335)
Cash flows from noncapital financing activities		
Noncapital grants, contributions and other	735,958	5,531,965
Contribution to Prima Medical Foundation	-	(133,171)
District tax revenues	3,700,029	3,785,106
Net cash provided by noncapital financing activities	4,435,987	9,183,900
Cash flows from capital and related financing activities		
Purchase of capital assets	(5,845,442)	(2,850,272)
Principal payments on note payable	(249,262)	(2,389,683)
Principal payments on capital lease obligations	(160,928)	(369,935)
Payment on line of credit	-	(1,250,000)
Principal payments on bond payable	(1,743,000)	(1,631,000)
Interest paid on long-term debt	(1,319,300)	(1,491,107)
Proceeds from sale of capital assets	514	3,148,367
Tax revenue related to general obligation bonds	3,259,264	3,264,862
Capital grants and gifts	5,923,121	2,461,360
Net cash used in capital financing activities	(135,033)	(1,107,408)
Cash flows from investing activities		
Purchases of investments	(406,866)	(511,820)
Interest received from investments	24,912	111,196
Net cash used in investing activities	(381,954)	(400,624)
Net increase (decrease) in cash and cash equivalents	(371,613)	5,402,533
Cash and cash equivalents, beginning of year	11,054,230	5,651,697
Cash and cash equivalents, end of year	$ 10,682,617	$ 11,054,230

The accompanying notes are an integral part of these financial statements.

Sonoma Valley Health Care District
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of loss from operations to net cash used in operating activities		
Loss from operations	$ (7,618,183)	$ (7,012,995)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation and amortization	3,056,269	3,108,248
Provision for doubtful accounts	1,370,000	2,130,000
Changes in operating assets and liabilities		
Patient accounts receivable, net	(2,309,780)	(219,633)
Estimated third-party payor settlements	(96,810)	350,233
Accounts payable and accrued expenses	1,398,417	(1,018,766)
Other assets and liabilities	(90,526)	389,578
Net cash used in operating activities	$ (4,290,613)	$ (2,273,335)

The accompanying notes are an integral part of these financial statements.

1. NATURE OF OPERATIONS

Sonoma Valley Health Care District (the "District") is a political subdivision of the State of California organized under the State of California Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The Health Care District is governed by an elected Board of Directors and is considered the primary government for financial reporting purposes.

The Health Care District owns and operates Sonoma Valley Hospital (the "Hospital"). The Hospital is located in Sonoma, California, and is licensed for 48 general acute care beds and 27 skilled nursing beds. It also provides 24-hour basic emergency care, outpatient diagnostic and therapeutic services, and it operated a home health agency through September 2018. The Hospital derives a significant portion of its revenues from third-party payors, including Medicare, Medi-Cal and commercial insurance organizations.

The District approved the closure of the obstetrics service line effective October 31, 2018 due to the ongoing decline in births locally and continuous losses that have been incurred. The District also approved the transfer of home health care to the organization Incare Home Care, LLC effective September 30, 2018. Effective July 1, 2019, the District Board approved the transfer of the skilled nursing facility management to a third party.

The District Board has approved the planning phase and construction of a new outpatient diagnostic center (the "center"). The construction of the center commenced during fiscal year 2020, and is funded entirely by donor contributions raised by the Sonoma Valley Hospital Foundation. See Note 15, Transactions with Sonoma Valley Hospital Foundation, for further discussion.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The District's financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation, required by GASB Statements No. 34, 37 and 38 provides a full accrual basis, comprehensive, entity-wide perspective of the District's assets, results of operations and cash flows. The District follows the "business-type activities" reporting requirements of GASB Statement No. 34. For purposes of presentation, transactions deemed by management to be ongoing, major or central to the provision of health care services are reported as operating revenues and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments ("GASB No. 76"), which is effective for financial statements for periods beginning after June 15, 2015. The objective of GASB No. 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles ("GAAP"). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

Proprietary fund accounting and financial statement presentation

The District utilizes the proprietary fund method of accounting whereby revenues and expenses are recognized on the accrual basis and the financial statements are prepared using the economic resources measurement focus.

Net position of the District is comprised of the following three components:

Net investment in capital assets - consists of capital assets (both restricted and unrestricted), net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those capital assets.

Restricted net position - consists of net position with limits on their use that are externally imposed by creditors (such as through debt covenants), grantors, contributors or by laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - consists of the remaining net position that does not meet the definition of invested in capital assets, net of related debt or restricted net position.

Use of estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include deposits with financial institutions and investments in highly liquid debt instruments with an original maturity of three months or less. Cash and cash equivalents exclude amounts whose use is limited by Board designation or by legal restriction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Patient accounts receivable and concentration of credit risk

Patient accounts receivable consist of amounts owed by various governmental agencies, insurance companies and private patients. The District manages its receivables by regularly reviewing the accounts, providing appropriate reserves for contractual allowances and uncollectible accounts based upon historical net collections, the aging of individual accounts, as well as current economic and regulatory conditions. Patient accounts receivable from government agencies represent the only concentrated group of credit risk for the District and management does not believe there are any material credit risks associated with these governmental agencies. Contracted and other private patient accounts receivable consist of various payors including individuals involved in diverse activities, subject to differing economic conditions. While the overall concentration of these other payor receivables is significant, they do not represent any individual concentrated credit risk to the District. Medicare and Medi-Cal receivables combined account for approximately 18% and 23% of net patient accounts receivable as of June 30, 2021 and 2020, respectively.

Allowance for uncollectible patient accounts receivable

The District provides care to patients without requiring collateral or other security. Patient charges not covered by a third-party payor are billed directly to the patient if it is determined that the patient has the ability to pay. A provision for uncollectible accounts is recognized based on management's estimate of amounts that ultimately may be uncollectible given historical collection trends. At June 30, 2021 and 2020, the District recorded an allowance for uncollectible accounts receivable for amounts due directly from patients totaling $1,440,049 and $920,518, respectively.

Investments

The District maintains a portion of its cash in the State of California Local Agency Investment Fund ("LAIF") pooled investment. The funds deposited in LAIF are invested in accordance with Government Code Sections 16340 and 16480, the stated investment authority for the Pooled Money Investment Account. Balances are stated at their estimated fair value.

Noncurrent investments consist of Board-designated and restricted funds set aside by the Board for future capital improvements and other operational reserves, over which the Board retains control and may at its discretion, use for other purposes; assets set aside for qualified capital outlay projects in compliance with state law and assets restricted by donors or grantors.

Investment income, realized gains and losses and unrealized gains and losses on investments are reflected as nonoperating income or expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application ("GASB No. 72"), which is effective for financial statements for periods beginning after June 15, 2015. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District reports the fair value of its investments in accordance with GASB 72. This standard requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the District reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. Fair value measurement standards also require the District to classify these financial instruments into a three-level hierarchy based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock-up and notice periods associated with the underlying funds.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.

Level 3 - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes principal expedient investments with notice periods for redemption of more than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements (continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the District's financial statements.

Pledges receivable

Pledges are recorded at their present value net of applicable discounts. There are no discounts recorded as of June 30, 2021 and 2020, as all pledge balances are expected to be collected within one year. An allowance for uncollectible pledges receivable is established based upon management's judgment including such factors as prior collection history and aging statistics of pledge balances. At June 30, 2021 and 2020, management determined that no allowance for uncollectible pledges was required, as all balances are considered to be fully collectible.

Inventories

Inventories consist primarily of hospital operating supplies and pharmaceuticals and are stated at cost, determined by the first-in, first-out method, not in excess of fair value.

Restricted for debt services

According to the terms of the General Obligation Bond indenture agreements, certain amounts are held by the bond trustee and paying agent and are maintained and managed by the trustee and are invested in noncurrent investments. These assets are available for the settlement of future current bond obligations.

Capital assets

Capital asset acquisitions over $5,000 are capitalized and recorded at cost. Donated property is recorded at its fair value on the date of donation. Equipment under capital lease is amortized on the straight-line basis over the shorter of the lease term or the estimated useful life of the equipment. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the related assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets (continued)

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Land improvements	10 - 20 years
Buildings and improvements	20 - 40 years
Equipment	2 - 10 years

Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the District, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the asset's carrying value is adjusted to fair value. As of June 30, 2021 and 2020, the District has determined that no capital assets are significantly impaired.

Costs of borrowing

Except for capital assets acquired through gifts, contributions or capital grants, interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

Risk management

The District is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health, dental and accidents; and medical malpractice. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District maintains professional liability insurance on a claims-made basis, with liability limits of $15,000,000 per claim and $25,000,000 in aggregate, which is subject to a $5,000 per claim deductible. Additionally, the District is self-insured for workers' compensation benefits. The District purchases a workers' compensation excess policy that insures claims with no limits in the amounts and a $500,000 deductible. An actuarial estimate of uninsured losses from workers' compensation claims has been accrued as a liability in the accompanying financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Statements of revenues, expenses and changes in net position

The District's statement of revenues, expenses and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing health care services, which is the District's principal activity. Operating expenses are all expenses incurred to provide health care services, other than financing costs. Other transactions such as property tax revenue, interest expense, investment income, gain on sale of capital assets, gifts and contributions, and government grants and bequests are reported as nonoperating income.

Net patient service revenue

Net patient service revenue is reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined.

The distribution of net patient revenue, which represents both cash collected and expected to be collected, by payor is as follows:

	2021	2020
Medicare	25.6 %	26.8 %
Medicare HMO	9.0 %	8.3 %
Medi-Cal	1.6 %	1.8 %
Medi-Cal Managed Care	21.8 %	22.4 %
Commercial Insurance	30.6 %	31.6 %
Workers Compensation	3.1 %	2.8 %
Capitated	0.1 %	0.2 %
Self-pay-other	6.4 %	4.6 %
Other government	1.8 %	1.5 %

Charity care

The District provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the District does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capitation revenues

The District, in association with Meritage Medical Network (formerly Marin Independent Practice Association) ("Meritage") has an agreement with a health maintenance organization ("HMO") to provide medical services to subscribing participants. Under this agreement, the District receives monthly capitation payments based on the number of each HMO's participants, regardless of the services actually performed by the District. The District is not responsible for the cost of services provided to subscribing participants by other hospitals. The District reassesses the profitability of the agreements for exposure risks in the event future medical costs to provide medical services exceed the related future capitation payments.

Property tax revenues

Taxes for District operations and for debt service payments related to District General Obligation Bonds are levied annually on the taxable property within the District.

In March 2002, the District voters adopted a special tax on each taxable parcel of land within the District at an annual rate of up to $130 per parcel for five years. In March 2007, the District voters extended the special tax at an annual rate of up to $195 per parcel. In June 2017, the District voters approved an extension of the special tax at an annual rate of up to $250 per parcel for a five-year period through 2022. In November 2021, District residents will vote on renewing the parcel tax; the District Board approved a resolution to put a renewal of the tax on the November 2021 ballot. This vote asks the community to renew the tax at the same yearly amount of $250, but will extend the term from five to ten years.

The purpose of the special parcel tax is to ensure continued local access to emergency room and acute hospital care and other medical services for residents of the District and for visitors to the area.

Property tax revenue funds were designated as follows:

	2021	2020
Designated for hospital operations	$ 3,777,872	$ 3,771,152
Levied for hospital operations and debt service payments	3,259,264	3,264,864
	$ 7,037,136	$ 7,036,016

The District recognizes property taxes receivable when the enforceable legal claim arises (January 1) and recognizes revenues over the period for which the taxes are levied (July 1 to June 30). Property taxes are considered delinquent on the day following each payment due date. Property tax revenues are nonexchange transactions that are reported as nonoperating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and contributions

The District receives grants as well as contributions from individuals and private organizations. Revenues from grants and contributions are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating income.

Compensated absences

District policies permit most employees to accumulate paid time-off benefits that may be realized as paid time-off or as a cash payment upon termination. The expense and the related liability are recognized as paid time-off benefits when earned. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of financial position date plus an additional amount for compensation-related payments, such as social security and Medicare taxes computed using rates in effect at the date of computation.

Income taxes

The District operates under the purview of the Internal Revenue Code, Section 115, and corresponding California Revenue and Taxation Code provisions. As such, it is not subject to state or federal taxes on income. However, income from the unrelated business activities of the District may be subject to income taxes.

3. CASH DEPOSITS

At June 30, 2021 and 2020, the District's cash deposits had carrying amounts of $10,682,617 and $11,054,230, respectively, and bank balances of $11,140,756 and $11,418,826, respectively. All of the bank balances at June 30, 2021 and 2020, were covered by federal depository insurance.

4. NET PATIENT SERVICE REVENUES

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. The difference between the Hospital's established rates and the amounts paid under third-party contracts are reflected as contractual adjustments. Medicare and Medi-Cal settlements are estimated and recorded in the financial statements in the year services are provided, or when amounts are estimable. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. The District believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquires have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare and Medi-Cal programs. Changes in Medicare, Medi-Cal, or other programs or the reduction of program funding could have an adverse impact on future net patient service revenues.

4. NET PATIENT SERVICE REVENUES (continued)

A summary of the payment arrangements with major third-party payors is as follows:

Medicare - Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge for the District. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The District's classification of inpatients under the Medicare program and the appropriateness of their admissions are subject to an independent review by a peer review organization under contract with the District. Most outpatient services at the District provided to Medicare beneficiaries are paid at prospectively determined rates per encounter that vary according to procedures performed. At June 30, 2021, the District's Medicare cost reports have been audited and final settled by the fiscal intermediary through June 30, 2018.

Medi-Cal - Payments for inpatient acute care services rendered to Medi-Cal program beneficiaries are reimbursed under a diagnostic related group (DRG) methodology. Under this methodology, similar to Medicare, services are paid at prospectively determined rates per discharge according to a patient classification system that is based on clinical, diagnostic and other factors. Inpatient skilled nursing care services rendered to Medi-Cal program beneficiaries are reimbursed at prospectively determined per diem rates. Outpatient services rendered to Medi-Cal program beneficiaries are reimbursed based on prospectively determined fee schedules. At June 30, 2021 the District's Medi-Cal cost reports have been audited and final settled through June 30, 2019.

Others - Payments for services rendered to other than Medicare and Medi-Cal patients are based on established rates or agreements with certain commercial insurance companies, health maintenance organizations, Napa State, and preferred provider organizations which provide for various discounts from established rates.

Net patient service revenues consisted of the following:

	2021	2020
Services provided to Medicare patients	$ 138,551,115	$ 132,528,038
Services provided to Medi-Cal patients	46,739,072	42,665,195
Services provided to other patients	65,500,698	63,459,126
Gross patient service revenues	250,790,885	238,652,359
Contractual allowances and allowance for doubtful accounts	(201,811,786)	(192,033,659)
Total net patient service revenue	$ 48,979,099	$ 46,618,700

4. NET PATIENT SERVICE REVENUES (continued)

The District receives funds under Assembly Bill No. 915 legislation for MediCal services provided through an Inter-Governmental Transfer (IGT) whereby funds are advanced by the District to be matched by the federal government. As a result of participation in the Hospital Provider Fee and the Rate Range IGT programs, the District recognized gross revenues of $7,706,425 and IGT expense of $2,818,573 for the year ended June 30, 2021. The District recognized gross revenues of $7,010,496 and IGT expense of $2,827,534 for the year ended June 30, 2020 under these two programs. Revenue and expense under these programs are recorded upon notification by the Department of Health Care Services of final earned amounts for MediCal services in the specific service year of calculation. The revenues recognized under these programs are recorded within net patient service revenues, and the IGT expense paid into the programs is reflected within other expenses.

5. INVESTMENTS RESTRICTED FOR DEBT SERVICE

District investment balances and average maturities were as follows at June 30, 2021:

	Fair Value	Less than 1	1 to 5
Money market mutual fund	$ 5,935,165	$ 5,935,165	$ -

District investment balances and average maturities were as follows at June 30, 2020:

	Fair Value	Less than 1	1 to 5
Money market mutual fund	$ 5,528,299	$ 5,528,299	$ -

Except for the investment of unexpended funds borrowed for construction, the District's investment policy limits the first $5,000,000 of investments to the LAIF. Once investments exceed $5,000,000, the policy (California Government Code) limits investments to bonds and other obligations of the US Treasury, US agencies or instrumentalities, or the state of California; bonds of any city, county, school district, or special road district of the state of California; bonds of banks for cooperatives, federal land banks, federal intermediate credit banks, Federal Home Loan Bank, Tennessee Valley Authority and the National Mortgage Association or certificates of deposit.

The investment policy does not specifically address interest rate risk, credit risk, custodial credit risk, concentration of credit risk or foreign currency risk.

Inherent rate risk

Inherent rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest. The money market mutual fund has a maturity of less than one year and is redeemable in full immediately.

5. INVESTMENTS RESTRICTED FOR DEBT SERVICE (continued)

Credit risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2021 and 2020, the District's investment in a money market mutual fund was rated AAA by both Moody's Investors Service and Standard and Poor's.

Concentration of credit risk

This risk relates to the risk of loss attributed to the magnitude of the District's investment in a single issuer. For the year ended June 30, 2021 the District had a single money market mutual fund investment.

6. FAIR VALUE MEASUREMENTS

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2021:

	Level 1	Level 2	Level 3	Fair Value
Money market mutual funds	$ 5,935,165	$ -	$ -	$ 5,935,165

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2020:

	Level 1	Level 2	Level 3	Fair Value
Money market mutual funds	$ 5,528,299	$ -	$ -	$ 5,528,299

7. PROPERTY TAX RECEIVABLES

Property tax receivables consisted of the following:

	2021	2020
Special parcel tax	$ 3,964,000	$ 3,886,141
Tax for general obligation bond debt service payments	2,781,740	3,309,180
	$ 6,745,740	$ 7,195,321

8. CAPITAL ASSETS

Capital assets activity as of June 30, 2021, consisted of the following:

	Balance, June 30, 2020	Purchases and Transfers	Sales, Transfers, and Retirements	Balance, June 30, 2021
Non-depreciable capital assets				
Land	$ 646,687	$ -	$ -	$ 646,687
Construction in progress	4,556,924	5,576,802	-	10,133,726
Total non-depreciable capital assets	5,203,611	5,576,802	-	10,780,413
Depreciable capital assets				
Land improvements	794,811	-	-	794,811
Buildings and improvements	64,576,291	166,808	-	64,743,099
Equipment	30,652,514	626,513	(225,273)	31,053,754
	96,023,616	793,321	(225,273)	96,591,664
Less accumulated depreciation	(51,959,330)	(3,056,269)	224,758	(54,790,841)
Total depreciable capital assets	44,064,286	(2,262,948)	(515)	41,800,823
Total capital assets, net	$ 49,267,897	$ 3,313,854	$ (515)	$ 52,581,236

Capital assets activity as of June 30, 2020, consisted of the following:

	Balance, June 30, 2019	Purchases and Transfers	Sales, Transfers, and Retirements	Balance, June 30, 2020
Non-depreciable capital assets				
Land	$ 1,934,206	$ -	$ (1,287,519)	$ 646,687
Construction in progress	2,722,198	2,068,956	(234,230)	4,556,924
Total non-depreciable capital assets	4,656,404	2,068,956	(1,521,749)	5,203,611
Depreciable capital assets				
Land improvements	805,238	5,240	(15,667)	794,811
Buildings and improvements	64,517,952	136,992	(78,653)	64,576,291
Equipment	31,117,458	873,316	(1,338,260)	30,652,514
	96,440,648	1,015,548	(1,432,580)	96,023,616
Less accumulated depreciation	(50,228,115)	(3,108,248)	1,377,033	(51,959,330)
Total depreciable capital assets	46,212,533	(2,092,700)	(55,547)	44,064,286
Total capital assets, net	$ 50,868,937	$ (23,744)	$ (1,577,296)	$ 49,267,897

9. LINE OF CREDIT

The District had a line of credit agreement with a bank for an amount not to exceed $7,000,000 that matured on January 31, 2019. On this date, the line of credit was extended for an amount not to exceed $6,750,000, with an interest rate of 2.5% plus LIBOR, maturing on January 31, 2022. The line of credit is collateralized with the District's cash, cash equivalents and receivables. At any time prior to the maturity date, subject to the terms of the loan, the District may borrow, repay and reborrow so long as the maximum principal balance outstanding does not exceed $6,750,000 on or before March 31, 2020, $5,500,000 on or before April 1, 2020 and $5,000,000 on or before April 1, 2021.

On March 30, 2020, the District entered into an amended line of credit agreement with the bank for a loan amount not to exceed $6,750,000, with an interest rate of 2.5% plus LIBOR, maturing on January 31, 2022. At any time prior to the maturity date of this note, the District may borrow, repay and reborrow so long as the principal amounts outstanding do not exceed $6,750,000 from March 30, 2020 through March 31, 2021, and $5,500,000 at all other times during the terms of the note.

The District is required to comply with certain restrictive covenants, including maintaining a total liabilities to tangible net worth ratio of not greater than 2.0 to 1.0, at all times tangible net worth to be no less than $9 million and the loan outstanding balance shall be limited to 70% of the sum of net accounts receivable, contributions receivable, special parcel tax and cash. The District was in compliance with these covenants as of June 30, 2021 and 2020.

The District had unused credit on the line of credit of $26,266 at June 30, 2021 and 2020.

10. LONG-TERM DEBT

The District's long-term debt transactions as of June 30, 2021, consisted of the following:

	Balance, June 30, 2020	Additions	Decreases / Amortization	Balance, June 30, 2021
GO Bond principal	$ 28,269,000	$ -	$ (1,743,000)	$ 26,526,000
Notes payable	475,432	-	(249,262)	226,170
	$ 28,744,432	$ -	$ (1,992,262)	$ 26,752,170

10. LONG-TERM DEBT (continued)

The District's long-term debt transactions as of June 30, 2020, consisted of the following:

	Balance, June 30, 2019	Additions	Decreases / Amortization	Balance, June 30, 2020
GO Bond Principal	$ 29,900,000	$ -	$ (1,631,000)	$ 28,269,000
Notes payable	2,865,265	-	(2,389,833)	475,432
Anticipation notes	-	1,000,000	(1,000,000)	-
	$ 32,765,265	$ 1,000,000	$ (5,020,833)	$ 28,744,432

General obligation bonds payable

On November 4, 2008, the District electorate approved the authorization to issue a total of $35,000,000 in general obligation bonds. On April 1, 2009, the District issued $12,000,000 principal amount of general obligation bonds (Sonoma Valley Health Care District General Obligation Bonds, Election of 2008, Series A 2009). Bond proceeds are to be used to pay for a portion of the costs of renovating and retrofitting the District's existing hospital facility, to purchase equipment, to refund outstanding indebtedness, to pay costs of issuance and to pay bond interest due August 1, 2009. $4,000,000 of the proceeds were used to refund all of the then outstanding Revenue Bonds. $8,000,000 of the proceeds and the proceeds from all future bonds authorized by the election will be used to construct a new central utility plant, improve utility infrastructure, make all necessary seismic upgrades to existing facilities, and purchase additional medical equipment and install information systems wiring (the "Project").

Interest on the Bonds is payable semi-annually at rates ranging from 5.375% to 8.750% with principal payments due annually beginning August 1, 2013.

Bonds maturing on or before August 1, 2014, are not subject to redemption prior to their respective stated maturity dates. Bonds maturing on or after August 1, 2015, may be redeemed prior to maturity at the District's option at redemption prices equal to the par amount of Bonds redeemed. The Bonds are general obligations of the District payable from ad valorem taxes. In the event the District fails to provide sufficient funds for payment of principal and interest when due, a commercial insurance company has guaranteed to pay that portion of principal and interest for which funds are not available.

In the first phase of the Project, the District prepared a master plan, completed the detailed planning for the Project, acquired some equipment, installed the information systems wiring and began construction.

In August 2010, the District issued $23,000,000 of additional general obligation bonds (Sonoma Valley Health Care District General Obligation Bonds, Election of 2008, Series B (2010) in order to finance the second and final phase of the Project. During this phase, which was completed in February 2014, the District completed all construction and improvement aspects of the Project and finished purchasing the equipment budgeted in the Project.

10. LONG-TERM DEBT (continued)

General obligation bonds payable (continued)

In February 2014, the District issued $12,437,000 of additional general obligation bonds (Sonoma Valley Health Care District 2014 General Obligation Refunding Bond) to refund all of the outstanding Sonoma Valley Health Care District General Obligation Bonds, Election of 2008, Series A 2009. The 2009 General Obligations Bonds were refunded in February 2014 and the funds were transferred to an escrow account held by a trustee until the bonds were fully called in August 2014.

On August 10, 2021, the District issued $15,825,000 in par value 2021 General Obligation Refunding Bonds ("2021 Bonds") to refund in full the outstanding District General Obligations Bonds, Election of 2008, Series B (2010). Interest on the 2021 Bonds is payable semi-annually at a fixed rate of 1.79% with principal payments due annually beginning August 1, 2022 through August 1, 2031. See Subsequent Events, Note 20.

The future maturities of the general obligation bonds principal and interest as presented in the debt service requirements table below includes the new 2021 Bonds and refund of the Series B (2010) bonds that occurred in August 2021. The future principal payments in the debt service requirements table below includes an additional $225,000 in principal added for costs of issuance and interest from the bond refinance.

Notes payable

The District has four equipment loans totalling $226,170 and $475,432 as of June 30, 2021 and 202, respectively, maturing during the years 2022 and 2023.

On November 6, 2017, the District sold the two parcels of land to a separate third-party. On June 29, 2018, the District entered into a note payable agreement with the buyer in the amount of $2,000,000 in order to repay the third-party loan that became due on June 30, 2018. The loan was secured by a deed of trust on the property and bore interest at 6.5% per annum. The principal amount of the loan together with accrued interest was to be repaid on the maturity date which shall be the earlier to occur of (i) transfer of the land to the buyer, or (ii) thirty-six months from the date of issuance, or June 30, 2021. On July 16, 2019, the sale of the land was settled. Through the settlement of the sale of the land, the total debt of $2,130,156, including accrued interest, was paid off in full. The District recognized a gain on the sale of the land in the amount of $2,005,303 during the year ended June 30, 2020.

Anticipation notes

The District entered into a Tax and Revenue Anticipation Note Agreement with the County of Sonoma during 2020; a $1,000,000 note bearing interest at 2.80%, dated March 5, 2020 and due on May 31, 2020. The notes were secured by the District's expected parcel tax revenues from the County of Sonoma. These notes were advanced to the District for operational purposes. The note principal and accrued interest were repaid in full to the County of Sonoma with the funds being withheld from the property tax revenues paid in April 2020.

10. LONG-TERM DEBT (continued)

Debt service requirements

The future maturities of the long-term debt are as follows:

Year ending June 30,	General Obligation Bonds		Note Payable	
	Principal	Interest	Principal	Interest
2022	$ 1,862,000	$ 848,184	$ 183,707	$ 1,984
2023	2,159,000	599,161	42,463	319
2024	2,277,000	543,827	-	-
2025	2,406,000	484,472	-	-
2026	2,561,000	420,446	-	-
2027 - 2031	15,486,000	992,817	-	-
	$ 26,751,000	$ 3,888,907	$ 226,170	$ 2,303

Interest costs

Interest costs incurred on all outstanding debt during the year is summarized as follows:

	2021	2020
Interest cost:		
Paid	$ 842,159	$ 987,281
Accrued	448,640	477,141
Total interest expense	$ 1,290,799	$ 1,464,422

11. CAPITAL LEASE OBLIGATIONS

Capital lease obligations outstanding are as follows:

Description	Maturity	Interest Rates	Original Issue	June 30, 2021
Capital leases - equipment net of interest	December 2018 - February 2024	0%	$ 935,490	$ 617,422
Less current portion				(263,030)
				$ 354,392

11. CAPITAL LEASE OBLIGATIONS (continued)

Description	June 30, 2020	Increases	Decreases	Outstanding June 30, 2021
Capital leases - equipment	$ 253,670	$ 524,680	$ (160,928)	$ 617,422

Description	June 30, 2019	Increases	Decreases	Outstanding June 30, 2020
Capital leases - equipment	$ 623,605	$ -	$ (369,935)	$ 253,670

Future minimum lease payments of capital lease obligations are as follows:

Year ending June 30,	
2022	$ 263,030
2023	263,030
2024	91,362
	$ 617,422

12. EMPLOYEE BENEFITS PLAN

Defined contribution plan

The District contributes to a defined contribution pension plan (the "Plan") covering substantially all employees. Pension expense is recorded for the amount of the District's required contributions, determined in accordance with the terms of the Plan. The Plan is administered by the District's Board of Directors. The Plan provides retirement benefits to Plan members and death benefits to beneficiaries of Plan members. Benefit provisions are contained in the Plan document and are established and can be amended by action of the District's governing body. The Plan contribution by the District, expressed as a percentage of covered payroll, was 3.26% and 3.36% for 2021 and 2020, respectively.

Deferred compensation plans

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all employees and permits them to defer a portion of their salary. An employer match is also provided and is vested at the rate of 16.7% per year.

The District's contributions to the defined contribution and the deferred compensation Plans totaled $481,861 and $485,876 for 2021 and 2020, respectively.

13. MEDICAL MALPRACTICE COVERAGE AND CLAIMS

The District has joined together with other providers of health care services to form Beta Healthcare Group ("Beta"), a public entity risk pool (the "Pool") currently operating as a common risk management and insurance program for its members. The District purchases medical malpractice insurance from the Pool under a claims-made policy. The District pays an annual premium to the Pool for its tort insurance coverage. The District purchases excess liability insurance through a commercial insurer for amounts in excess of the coverage provided under Beta. The Pool's governing agreements specifies that the Pool will be self-sustaining through member premiums and will reinsure through commercial carriers for claims in excess of stop-loss amounts. The District will accrue any malpractice losses in excess of all policy limits, if they are determined to be estimable and probable of occurrence. As of June 30, 2021 and 2020, the District has determined that no accrual is required for such losses under the various medical malpractice policies in place.

14. WORKERS' COMPENSATION CLAIMS

The District is self-insured for workers' compensation claims of its employees up to $500,000, with commercial stop-loss insurance coverage purchased for claims in excess of these amounts through June 30, 2021. A liability is accrued for self-insured workers' compensation claims, including both claims reported and claims incurred but not yet reported of $973,000 and $707,000 as of June 30, 2021 and 2020, respectively. The District utilizes an actuary to estimate the ultimate costs to settle such claims. Estimated future payments related to workers' compensation claims have been discounted at a rate of 1% at June 30, 2021 and 2020. It is reasonably possible that the District's estimate could change by a material amount in the near term.

15. TRANSACTIONS WITH SONOMA VALLEY HOSPITAL FOUNDATION

Sonoma Valley Hospital Foundation, Inc. (the "Foundation") is authorized by the District to solicit contributions on behalf of the Hospital. In the absence of donor restrictions, the Foundation has discretionary control over the amounts, timing and use of their distributions. The District recorded contributions from the Foundation of $5,923,121 in 2021 and $2,461,360 in 2020. As of June 30, 2021 the Foundation raised donor restricted contributions totaling $9,963,112 related to the outpatient diagnostic center capital campaign. At June 30, 2021 and 2020, the Foundation's unaudited cash basis financial statements reported net assets of $11,269,159 and $14,437,262, respectively. The Foundation is not considered a component unit of the District because the Foundation is not controlled by the District.

16. RELATED PARTY TRANSACTIONS

During 2010, the District contributed $100,000 to Meritage for the development of Prima Medical Foundation ("PMF"), a joint venture with Meritage, Marin Healthcare District ("MHD") and Marin Medical Practice Concepts, Inc. ("MMPC"). The PMF's purpose is establishing, operating and maintaining multi-specialty medical clinics. The successful establishment and operation of PMF in Marin and Sonoma Counties is expected to be a cornerstone in the District's plans to ensure adequate health care services to the greater Sonoma Area. The District's contribution to PMF totaled $- and $(133,171) for the years ended June 30, 2021 and 2020, respectively.

17. COMMITMENTS AND CONTINGENCIES

Operating leases

The District leases certain facilities and equipment under the terms of noncancelable operating lease agreements expiring at various dates through July 2025. In 2016, the District began to sublease suites within its leased medical office under sublease agreements expiring through December 2021. Total rental expense for all operating leases amounted to $733,215 and $731,723 in 2021 and 2020, respectively. Total rental income during the years ended June 30, 2021 and 2020, amounted to $152,204 and $183,697, respectively.

The scheduled minimum lease payments under the lease terms are as follows:

Year ending June 30,	Facility and Equipment	Sub-lease Income	Net Lease Commitment
2022	$ 354,769	$ (40,209)	$ 314,560
2023	161,129	-	161,129
2024	93,753	-	93,753
2025	65,730	-	65,730
2026	5,478	-	5,478
	$ 680,859	$ (40,209)	$ 640,650

Litigation

The District is a defendant in various legal proceedings arising out of the normal conduct of its business. In the opinion of management and its legal representatives, the District has valid and substantial defenses, and settlements or awards arising from legal proceedings, if any, will not exceed existing insurance coverage, nor will they have a material adverse effect on the financial position, results of operations, or liquidity of the District.

17. COMMITMENTS AND CONTINGENCIES (continued)

Regulatory environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medi-Cal fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. The District is subject to routine surveys and reviews by federal, state and local regulatory authorities. The District has also received inquiries at times from health care regulatory authorities regarding its compliance with laws and regulations. Although the District's management is not aware of any violations of laws and regulations, it has periodically received corrective action requests as a result of completed and ongoing surveys from applicable regulatory authorities. Management continually works in a timely manner to implement operational changes and procedures to address all corrective action requests from regulatory authorities. Breaches of these laws and regulations and non-compliance with survey corrective action requests could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

18. CHARITY CARE

During the years ended June 30, 2021 and 2020, the District incurred estimated costs of $264,160 and $124,953, respectively, in free or discounted services for underserved. This includes services provided to persons who have health care needs and are uninsured, under-insured and ineligible for a government program and are otherwise unable to pay for medically necessary care based on their individual financial situation. Costs are computed based on a relationship of costs to charges similar to a Medicare cost to charge ratio. During the years ended June 30, 2021 and 2020 there were approximately 63 and 83 patient cases under this policy, respectively.

19. RISKS AND UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus ("COVID-19") a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused economic disruption through mandated and voluntary closings of businesses and shelter-in-place orders. In response, the U.S. Government enacted the Coronavirus Aid, Relief and Economic Security ("CARES") Act, which includes significant provisions to provide relief and assistance to affected organizations. As part of the CARES Act, the US Department of Health and Human Services ("HHS") distributed Provider Relief Funds to eligible hospitals and healthcare providers for financial relief. The HHS targeted funding to providers impacted by COVID-19 based on an estimation of loss in income, including lost net revenue, SNF allocation, and COVID-19 expenses. In April 2020, the District applied for Provider Relief Funds and estimated a loss of revenue and expenses to be approximately $5,900,000. The District received a total of $5,572,969 in April and May of 2020. In accordance with the CARES Act, the District will use the relief funds received to cover costs and loss of revenue as a result of COVID-19.

While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings and shelter-in-place orders and the ultimate impact of the CARES Act and other government initiatives. It is at least reasonably possible that this matter will negatively impact the Hospital. However, the financial impact and duration cannot be reasonably estimated at this time.

20. SUBSEQUENT EVENTS

The District has evaluated subsequent events through October 21, 2021, the date the financial statements were available to be issued.

On August 10, 2021, the District issued $15,825,000 in par value 2021 General Obligation Refunding Bonds ("2021 Bonds") to refund in full the outstanding District General Obligations Bonds, Election of 2008, Series B (2010). Interest on the 2021 Bonds is payable semi-annually at a fixed rate of 1.79% with principal payments due annually beginning August 1, 2022 through August 1, 2031. See Note 10.

No subsequent events, other than that described above, have occurred that would have a material impact on the presentation of the District's financial statements.

SUPPLEMENTARY INFORMATION

Sonoma Valley Health Care District
Supplementary Information Related to Community Support
For The Years Ended June 30, 2021 and 2020

Uncompensated care

In September 2004, the District adopted a formal community benefits policy, developed under guidelines provided by the California Hospital Association and began to identify those patients who are medically indigent. The District's policy is to provide service to all who require it, regardless of their ability to pay. As such, it provides substantial amounts of uncompensated care. When this care is provided to patients who lack financial resources (and therefore are deemed medically indigent), it is classified as community benefits. When it is provided to patients who have the means to pay but decline to do so, it is classified as a provision for uncollectible accounts. Neither community benefits nor the provision for uncollectible accounts is reflected in net patient service revenues.

In addition, the District provides services to other medically indigent patients under certain government-reimbursed public aid programs. Such programs pay providers amounts that are less than established charges for the services provided to the recipients and frequently the payments are less than the cost of rendering the services. Finally, some undetermined portion of the provision for uncollectible accounts represents care to indigent patients whom the District has been unable to identify.

Uncompensated charges relating to these services are as follows:

	2021	2020
Community benefits (charity care) allowances	$ 264,160	$ 124,953
State Medi-Cal and other public aid programs	46,514,354	42,592,790
Provision for uncollectible accounts	1,370,000	2,130,000
	$ 48,148,514	$ 44,847,743

The District's estimated costs of providing uncompensated care and community benefits to the poor and the broader community are as follows:

	2021	2020
Uncompensated costs of community benefits and uncollectible accounts	$ 60,240	$ 7,286
Medi-Cal and other public aid programs	5,981,537	5,376,586
	$ 6,041,777	$ 5,383,872

Benefits for the broader community include the unpaid costs of providing service to the elderly, providing health screenings and other health-related services, training health professionals, educating the community with various seminars and classes and the costs associated with providing free clinics and other community service programs.

Sonoma Valley Health Care District
Supplementary Information Related to Community Support
For The Years Ended June 30, 2021 and 2020

Community support

The District recorded the following amounts related to community support as follows:

	2021	2020
Noncapital gifts and grants included in nonoperating income	$ 135,773	$ 71,568
Capital grants and contributions from Sonoma Valley Hospital Foundation	5,787,348	2,368,408
	$ 5,923,121	$ 2,439,976
Fundraising expenses included in operating expenses	$ 35,663	$ 39,882

To:	**SVHCD Board of Directors**
From:	**Bill Boerum, Board Member & Treasurer, Finance Committee Chair**
Meeting Date:	**November 4, 2021**
Subject:	**Quarterly Report of Finance Committee**

Background:
The Finance Committee, at full complement of authorized members including six community members, has met regularly every month at 5PM on the fourth Tuesday of the month, receiving administrative and financial reports – on an Inform basis - from the hospital CEO and CFO. The same reports are delivered the following week to the Board of Directors, the Committee routinely meeting the week before the Board. As per setting its agenda with the financial staff, the Committee confers and considers various financial and contractual matters, taking Action for recommendations to the Board.

In addition to the statistical reports, the Committee received from the finance staff, updates, posed questions, and in discussion offered advice to staff on the following:

- The status of the outpatient diagnostic center and the negotiations with the general contractor, Dome Construction to cover unexpected costs and disputed work on phase 1 (CT scanner); Phase 2 (MRI) will be re-bid.
- Determination of the scope and costs of implementation of an interoperable, electronic health record system;
- A review of hospital-wide insurance programs (property and liability), related premiums, and renewals;
- Received updates on the annual audit; and
- Reviewed the hospital's capital requirements and funding sources.

The above updates were the same as those conveyed to the Board the following week with suggestions to the staff on content and presentation.

During the quarter, the Committee took action: 1) recommending extension of the expiring Allscripts contract for an interim period; and, 2) recommending the equipment and building, capital improvements and funding, deferring consideration of the ODC and EHR projects, pending refined financial estimates.

In addition, the Committee conducted two agenda item, discussions without recommendation:

- With the beginning of a search for a new chief financial officer conducted by UCSF recruiters, Committee members shared their perspectives with the CEO on the attributes and qualifications needed in a new CFO.; and,
- Engaged in a discussion of a model, submitted by a member, for estimating the additional (positive margin) revenues needed to offset the operating losses. This was in anticipation of a new strategic plan being developed by the CEO.

This concludes the Quarterly Report.

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

SONOMA VALLEY HEALTH CARE DISTRICT BOARD OF DIRECTORS
RESOLUTION No. ____

THANKING PARCEL TAX CAMPAIGN COMMITTEE AND VOLUNTEERS

Whereas, the entire committee and many volunteers have gone to extraordinary efforts to support the Sonoma Valley Hospital's Parcel Tax measure; and,

Whereas, Steve Page did a remarkable job in leading the campaign committee, recruiting volunteers, and raising funds to support the ballot measure; and,

Whereas, Bill Boerum acted as co-chair of the committee, wrote effectively in support of the campaign and provided acute marketing and communications input throughout; and,

Whereas, Donna Halow did a great job of managing the finances of the committee (in addition to logging many knocks on doors raising awareness of the campaign); and,

Whereas, Rob Muelrath and Ryan Rabellino of Muelrath Public Affairs provided their immense expertise and services to the committee with great professional, integrity, and without cost; and,

Whereas, Gary Edwards used his talents, connections and resources to create a beautiful sea of Measure F signs all around the community; and,

Whereas, John Gurney and Denise Silver organized a safe, effective and thorough community canvassing effort to raise awareness of the measure during the pandemic; and,

Whereas, Karen Collins helped connect the committee to several important supports and knocked on so many doors to support the canvassing effort; and,

Whereas, Bob Gardener used his communications wizardry to support the development of incredibly effective direct mail and video materials to support the community's perception of the hospital and the parcel tax; and,

Whereas, Bill Hutchinson and Claudia Mendoza-Carruth were incredible field organizers for the committee and helped to create a more positive reception to the campaign, in particular, within the Latin X community; and,

Whereas, Wendy Peterson, Dave Pier, Buddy Pepp and Peter and Lorrie Hohorst put in many hours of calling, cajoling and wrangling in support of the Measure F campaign; and,

Whereas, our community's physicians and hospital staff volunteered to support and contribute to the success of Measure F; and,

Whereas, generous members of the community donated and helped the committee raise nearly $120K to finance the campaign; and,

Whereas, many volunteers reached out to their friends and neighbors, wrote letters to the editor, made calls, walked precincts and contributed to the campaign; and,

Whereas, this has been the most thorough and effective campaign effort in support of a parcel tax in the history of the healthcare district.

NOW THEREFORE BE IT RESOLVED,
That Sonoma Valley Healthcare District Board of Directors, thank all of the Parcel Tax Committee Members and all of the volunteers for their efforts to win the support of Measure F during November 2021 election.

PASSED AND ADOPTED on November 4, 2021 by the following vote:

AYES: ABSENT: 0 NOES: 0 ABSTAIN: 0

Joshua M. Rymer, Chair