



SVHCD FINANCE COMMITTEE

REVISED AGENDA

TUESDAY, JULY 26, 2022

5:00 p.m. Regular Session

TO BE HELD VIA ZOOM VIDEOCONFERENCE

To Participate via Zoom Videoconferencing,
use the link below:

<https://sonomavalleyhospital-org.zoom.us/j/93270771849?pwd=ViszUTROdE0ralRkZnhKcGRtUTFldz09&from=addon>

Meeting ID: 932 7077 1849

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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 or (707) 935.5005 at least 48 hours prior to the meeting.	
AGENDA ITEM	RECOMMENDATION
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>	
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Boerum</i>
2. PUBLIC COMMENT SECTION <i>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.</i>	<i>Boerum</i>
3. CONSENT CALENDAR a. Finance Committee Minutes 06.28.22	<i>Boerum</i> Action
4. ODC UPDATE	<i>Drummond</i> Inform
5. UNISON ENERGY Tim Lukes, Co-CEO	<i>Drummond/Armfield</i> Action
6. FINANCIAL REPORT FOR MONTH END JUNE 2022	<i>Armfield</i> Inform

7. ADJOURN	<i>Boerum</i>	
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**SVHCD
FINANCE COMMITTEE MEETING
MINUTES
TUESDAY, JUNE 28, 2022
Via Zoom Teleconference**

Present		Not Present/Excused	Staff	Public	
Bill Boerum via Zoom Catherine Donahue via Zoom Bruce Flynn via Zoom Carl Gerlach via Zoom Art Grandy via Zoom Peter Hohorst via Zoom Subhash Mishra (MD) via Zoom Wendy Lee via Zoom Joshua Rymer via Zoom			Ben Armfield via Zoom Kimberly Drummond via Zoom Sarah Dungan via Zoom Jenny Fontes via Zoom John Hennelly via Zoom Dawn Kuwahara via Zoom Celia Kruse De La Rosa via Zoom	Judy Bjorndal via Zoom	
AGENDA ITEM			DISCUSSION	ACTIONS	FOLLOW-UP
MISSION & VISION STATEMENT <i>The mission of SVHCD is to maintain, improve and restore the health of everyone in our community.</i>					
1. CALL TO ORDER/ANNOUNCEMENTS			<i>Rymer</i>		
			Called to order at 5:01 p.m.		
2. PUBLIC COMMENT SECTION			<i>Boerum</i>		
			None		
3. CONSENT CALENDAR (ACTION)			<i>Rymer</i>	Action	
a. Finance Committee Minutes 05.24.22				MOTION: by Grandy to approve 2 Nd by Flynn. All in favor.	
4. ADDENDUM REVIEW PIVOTPOINT			<i>Hennelly</i>	Inform	

Mr. Hennelly and Mr. Grandy discussed the contract specs regarding additional fees should a client convert a Pivot Point contractor to an employee. Mr. Hennelly and Mr. Rymer said that it is standard procedure. Mr. Gerlach stated the CIO should be the EPIC lead. Ms. Lee agreed and said a tri-partnership between the CEO, CMO, and CIO is a recipe for success. Mr. Resendez said IT needs to be tied in and is important for a successful EPIC implementation.			
5. EPIC UPDATE	<i>Hennelly/Resendez</i>	Inform	
Mr. Resendez is a Project Manager and has been working with EPIC for many years at multi hospital sites and small and large organizations. He said the team is doing well at Sonoma Valley Hospital and CT is in a data discovery stage. They are looking for potential gaps to ensure the build is done to properly to support Sonoma Valley Hospital. The Pharmacy has completed the first round of formulary, and departments and 3 rd parties are being identified and documented. Mr. Resendez and Ms. Kruse De La Rosa are working together on communications for the EPIC project. Mr. Rymer asked if the community will receive information about MyChart. Mr. Resendez said MyChart information and other communications will be available to the community. Ms. Lee said data strategy, clinical workflows, integrations with other systems, and revenue management is important to the hospital, and she would like Mr. Resendez to write down and document opportunities that he sees.			
6. ODC UPDATE – TIMELINE ADJUSTMENT	<i>Drummond</i>	Action	
<p>The CT is currently tracking under budget and application training will take place the first week of August. The electrical coordination study was submitted and accepted by HCAI; the corrective work is happening before occupancy. The final test and balance are currently in progress.</p> <p>The architects have concerns with the current location plans for the MRI. They are submitting additional location options to the hospital. Mr. Hennelly said the cost of risks will be more expensive than a new location for the MRI. He said they are looking at options right now.</p> <p>Ms. Drummond presented a memo requesting an extension of the emergency contract with GMH and SKA for additional work. The request was approved by the committee.</p>		MOTION: by Flynn to approve 2 Nd by Boerum. All in favor.	
7. UNISON ENERGY AGREEMENT	<i>Armfield</i>	Action <i>Not Approved</i>	

<p>Mr. Armfield reviewed the Unison Energy Agreement. He included a historical recommendation to the committee. In September 2020, the BOD approved a 20-year agreement with Unison for the installation of a heat and power system on the campus that could save 1.5M in utility costs over 20 years. Since the execution of the agreement, several conditions have changed which presented an overall loss on the project. Unison asked SVH to modify the agreement with the choice of three new options. Mr. Armfield said all options project favorably, but option number two is the best choice. Mr. Grandy asked how far along the project is. Ms. Drummond said they have design plans which have been approved by HCAI and a building permit. Ms. Lee suggested signing the amended agreement after a successful implementation. Mr. Gerlach would like to see a risk assessment done. The committee has concerns with the company amending the contract so soon and would like Unison to attend the next Finance Committee meeting to discuss the agreement. The amended agreement was not approved by the committee.</p>			
<p>8. PROPOSED CAPITAL PLAN FY 2023</p>	<p><i>Armfield</i></p>	<p>Inform</p>	
<p>Mr. Armfield reviewed the 5-year capital spending plan. The capital items on the plan are those that will be funded directly by the hospital and excludes items funded by the Foundation. About \$10.5M is expected to be spent on capital items in the next 5 years. The capital plan estimate is driven by two main investments, the EPIC implementation, and the completion of the ODC project. Cash on hand considers the capital spending plan. The projected operational margin analysis includes IGT but excludes parcel tax revenues and appreciation expenses. In FY 2027 the hospital is expected to break even from a \$3.6M operating loss in 2023. This is a \$400K per year improvement from FY 2024 through FY 2027. Ms. Lee would like a column that says original project cost and a revised project cost, and the start year of the project. She would also like an assumptions and risk analysis column on the capital plan. Mr. Armfield said he plans on bringing the capital plan back next month and would like to incorporate the plan into the annual budget analysis and have quarterly updates. Mr. Grandy suggested reconciling the volatility of cash on hand in actual cash dollars with the average days of cash on hand, because it masks how much operating cash the hospital has and what minimum level is needed to maintain.</p>			
<p>9. FINANCIAL REPORT FOR MONTH END MAY 2022</p>	<p><i>Armfield</i></p>	<p>Inform</p>	
<p>Mr. Armfield reviewed the Financial Report for month end May 2022. There was a positive net income of 11K in the month of May. May's net revenue was \$4.15M, 10% greater than what the FY rate has been. There</p>			

was an uptick in utilities in May, inpatient surgery volumes increased, and there were 923 ER visits. Mr. Armfield said there are positive trends emerging in net revenue and volumes.			
10. ADJOURN	<i>Rymer</i>		
	Meeting adjourned at 6:57 p.m.		



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Chief Financial Officer; Kimberly Drummond, Director of Facilities
Date: July 26, 2022
Subject: Unison Energy, LLC – Amended Energy Services Agreement

Historical Background: In September 2020, the Sonoma Valley Health Care District Finance Committee recommended to the Board of Directors that they approve a 20-year Energy Service Agreement (ESA) with Unison Energy, LLC and install a Combined Heat and Power (CHP) system. By entering into this arrangement and installing a CHP system, it was projected that the hospital would realize cost savings up to \$1.5 million (~\$27K per year) over the course of the 20-year agreement. The Board of Directors approved this agreement on September 3rd, 2020.

Current State: External conditions have shifted since the execution of this agreement which has resulted in a significant change to Unison's position on this project. The driving forces are as follows:

- PG&E interconnectivity requires Unison to upgrade their substation as part of our project.
- Significant supply chain cost increases due to COVID-19 that were unanticipated at the time of contract negotiations.
- Unison Energy covered 50% (\$150,000) of the cost to upgrade the existing boiler room at the request of the hospital, which depleted their contingency funding allocated for this project.

These changes have now caused Unison to project an overall loss on this project, and while the hospital has no contractual obligation to share in the responsibility of these costs, they have requested we consider a change in our agreement that would allow them to mitigate their overall risk while at the same time, avoid negatively impacting the overall opportunity for the hospital.

Options: Unison Energy presented the following proposal, which includes three potential adjustments to our overall agreement with them:

- **Option #1** - Increase annual ESA escalator from 2.50% to 3.25%.
- **Option #2** - Extend term from 20 years to 25 years. No change to any rates or other terms.
- **Option #3** – Increase electric ESA rate from \$.074/kWh to \$.080/kWh

#	Option	Year 1 Savings	ESA Term (years)	Year 1 ESA \$/kWh	Annual Escalator	Projected Savings (years 1-20)	Chg in Proj Savings vs Original ProForma (years 1-20)
-	Original Pro Forma	\$ 49,422	20	\$0.0739	2.50%	\$ 2,146,298	-
1	Increase annual ESA escalator to 3.25%	\$ 49,422	20	\$0.0739	3.25%	\$ 1,593,477	\$ (552,882)
2	Extend ESA term to 25 years	\$ 49,422	25	\$0.0739	2.50%	\$ 2,146,298 *	-
3	Raise electric ESA rate by 0.65 cents/kWh	\$ 30,015	20	\$0.0804	2.50%	\$ 1,650,544	\$ (495,755)

*Projected savings based on first 20 years of agreement. Total projected savings over full 25 year term is \$3,216,662.

Financial Impact: All three options still project to be very favorable financially for the hospital compared to our current utility rates. That said, only Option #2 preserves our originally agreed to annual escalator and per kWh electricity rates, and due to the projected annual escalation of our current utility costs, offers more financial upside than Options #1 & #3.



To: Sonoma Valley Hospital Finance Committee
Meeting Date: May 26, 2020
Prepared by: Ken Jensen, CFO; Kimberly Drummond, Director of Facilities
Agenda Item Title: Unison Energy, LLC – 20 year Energy Services Agreement

Recommendation: Management proposes that the Finance Committee recommends to the Board of Directors that they approve staff to review the Unison Energy, LLC (“Unison”) Energy Services Agreement (“ESA”) with the Hospital’s legal firm. If the legal firm deems the agreement acceptable, the Board of Director’s should approve that the Hospital sign the 20 year ESA with Unison and install a Combined Heat and Power (CHP) system and connect to the Hospital’s Central Utility Plant (“CUP”).

Background: In February 2020, the Finance Committee reviewed the October 2019 proforma from Unison Energy that showed a \$27K annual/\$1.5M lifetime utility savings by installing a CHP system. The Finance Committee approved the recommendation to enter into a letter of agreement (“LOA”) with Unison to conduct an on-site feasibility study to validate the proforma. The LOA stated that if the proforma is validated, SVH has the choice to move forward with a 20 year ESA with Unison or bear \$15K of the feasibility costs and walk away.

The feasibility study was conducted in March 2020 and validated the original proforma. In Unison Energy’s April 2020 updated proforma, it reflects a greater savings of \$40K annual/\$1.8M lifetime utility savings. The added savings is due to SVH not having a Direct Access agreement in place and that our agreements are with PG&E/Sonoma Clean Power for electricity and Commercial Energy for gas.

Benefits of proceeding with the Unison Energy 20 year ESA:

- Savings projections are conservative with Unison cost increases at 2.5% annually vs. 3.5% Utility cost increase. In reality, annual Utility cost increases will likely be higher than the proforma projections.
- No capital investment required by the Hospital.
- No maintenance investment or labor required by the Hospital for the life of the agreement.
- Unison provides Engineered Drawings, Permitting, OSHPD Approval, and Project Management for the installation of the system and connection to the Hospital’s infrastructure.
- Unison’s CHP system will power 80% of the Main Hospital (West, Central, East Wing) during a planned PG&E or unplanned power shutdown. The existing back-up diesel generator will power all services connected to the Emergency Power outlets.
- Unison’s CHP system will power the Chillers in the Main Hospital CUP and allow for temperature regulation of patient rooms during a power outage during hot weather. High temperatures can trigger patient evacuation if room temperature cannot be controlled.

- Unison projects 92% uptime of the CHP system. Unison ESA is structured so that maximum CHP uptime is an incentive as they are paid for the energy they are generating.
- Unison provides a 24 hour/365 day monitoring center including instant communications with technicians, engineers and engine experts.
- Rates are not affected by commodity price fluctuations.

The feasibility study showed that it was not financially viable to install a 2nd CHP system to power the New Wing. The trenching, copper costs and OSHPD fees made the break even beyond 5 years. The Hospital's electrician was unsure that the connection was even possible.

The cost projected by Vertran Associates for the Hospital to install additional back-up power for the New Wing to power its cooling tower is projected at \$527K (no escalation). This project is being tracked on the 10 yr. Master Facility and Infrastructure Plan to be completed as deemed necessary by Hospital Management and Governance.

Contract Terms ESA:

- 20 years (but flexible with pricing adjustment)
- Electricity billed at actual usage per kWh
- Thermal output billed at per therm rate for actual usage
- Natural gas can be purchased by the Hospital from any source or purchased by Unison and passed through with no mark-up
- All capital and maintenance costs paid by Unison
- Early termination – SVH can pay to relocate the system to a new site or pay down the remaining principle on Unison's debt
- Construction with Engineering/Permitting – 10-15 months

Unison Energy has no direct competitor as they currently are the only company who's business model manages/provides the Equipment, Finance and Operation/Maintenance of Equipment. Other companies are a single/double source of equipment, finance or maintenance but not everything.

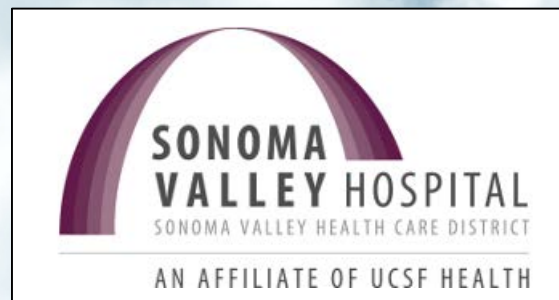
Consequences of Negative Action/Alternative Actions:

The Hospital can take no action on the ESA and pay Unison \$15,000 for the feasibility study. If the Hospital opts to walk away, it will not receive:

- A no cost back-up power source for the Main Hospital.
- Fixed annual price increases for majority of electrical costs for 20 years.

Financial Impact:

The financial impact is \$15,000 if the Hospital does not opt to sign the ESA agreement. The financial impact is \$0 if the Hospital proceeds with the ESA agreement.



Reliable energy

Using on-site microgrids

December 2021

Executive Summary

Sonoma Valley's savings have improved since we signed the contract due to 2 market events

- California Public Utilities Commission mandated that the utilities (including PG&E) remove any standby charges for microgrids such as the one we are installing at Sonoma Valley Hospital
- PG&E costs have increased substantially over the past 2 years

Unison Energy has had significant cost overruns for the Sonoma Valley project due to

- PG&E interconnect requires substation upgrade
- COVID-19 supply chain issues have caused significant cost increases
- Unison Energy covered the cost for ½ of the cost to upgrade the existing boiler room out of our contingency which left the project contingency depleted

Sonoma Valley Hospital is under no obligation to cover these costs; however, we request that Sonoma Valley adjust the contract for one of the two options listed below which will still provide resiliency and savings to the hospital

#	Option	Year 1 Savings	Lifetime Savings	ESA Term (years)	Year 1 ESA \$/kWh	Annual Escalator
1	Increase annual ESA escalator to 3.25%	49,422	1,593,477	20	\$0.0739	3.25%
2	Extend ESA term to 25 years	49,422	3,216,662	25	\$0.0739	2.50%
3	Raise electric ESA rate by 0.65 cents/kWh	30,015	1,650,544	20	\$0.0804	2.50%

Detailed pro formas are provided on the following pages

Option 1: Increase ESA escalator to 3.25% – The hospital's first year energy savings are projected to be approximately \$49k

Year 1 Pro Forma, 20-year ESA

UTILITY			
Electric			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Utility</i>	3,311,431	0.1459	483,226
Total Current Electric Cost ----->			483,226
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
<i>Natural gas - Utility</i>	137,634	0.644	88,636
Total Current Thermal Cost ----->			88,636
TOTAL CURRENT ENERGY COST			571,862

UNISON ENERGY			
Electric (incl. electric offsets)			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Unison</i>	2,985,749	0.1190	355,310
Unison - generation ESA	2,985,749	0.0739	220,545
Unison - fuel ^{1,2}	2,985,749	0.0451	134,765
<i>Electricity - Utility</i>	325,682	0.2780	90,527
Total New Electric Cost ----->			445,837
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
<i>Natural gas - Utility</i>	36,364	0.644	23,418
<i>Hot water - Unison</i>	91,143	0.584	53,185
Unison - hot water ESA	91,143	0.584	53,185
Total New Thermal Cost ----->			76,603
TOTAL NEW ENERGY COST			522,440

Combined Year 1 Energy Savings:

\$49,422

Note 1: Generation fuel usage billed in conjunction with remaining thermal fuel usage in the form of USD/therm (total USD is the same as presented above)

Note 2: Generation natural gas usage is 319,356 therms at a unit price of \$0.422 per therm

Option 1: Increase ESA escalator to 3.25% – Over the course of a 20-year ESA, the facility is expected to save approximately **\$1.6M**

Lifetime Pro Forma, 20-year ESA

Nominal year	0	1	2	3	4	17	18	19
PRO-FORMA: PROJECT LIFETIME								
Electric (incl. electric offsets)								
<i>Electricity - current</i>								
Current consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
Current cost (USD)	483,226	500,139	517,643	535,761	554,513	867,233	897,586	929,002
Current unit cost (USD/kWh)	0.146	0.151	0.156	0.162	0.167	0.262	0.271	0.281
<i>Electricity - new</i>								
New consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
New cost (USD)	445,837	460,890	476,452	492,540	509,172	784,190	810,687	838,080
New unit cost (USD/kWh)	0.135	0.139	0.144	0.149	0.154	0.237	0.245	0.253
Total electricity savings (USD)	37,389	39,249	41,192	43,221	45,341	83,043	86,900	90,922
Thermal								
<i>Natural gas - current</i>								
Current consumption (Therms)	137,634	137,634	137,634	137,634	137,634	137,634	137,634	137,634
Current cost (USD)	88,636	91,739	94,950	98,273	101,712	159,074	164,641	170,404
Current unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.156	1.196	1.238
<i>Natural gas - new</i>								
New consumption (Therms)	36,364	36,364	36,364	36,364	36,364	36,364	36,364	36,364
New cost (USD)	23,418	24,238	25,086	25,964	26,873	42,028	43,499	45,022
New unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.156	1.196	1.238
<i>Unison hot water - new</i>								
New consumption - hot water (Therms)	91,143	91,143	91,143	91,143	91,143	91,143	91,143	91,143
New cost - hot water (USD)	53,185	54,913	56,698	58,541	60,443	91,605	94,582	97,656
New unit cost - hot water (USD/Therm)	0.584	0.602	0.622	0.642	0.663	1.005	1.038	1.071
Total thermal savings (USD)	12,033	12,587	13,165	13,768	14,396	25,440	26,560	27,726
Total savings								
Total energy savings (USD)	49,422	51,836	54,357	56,989	59,737	108,484	113,459	118,647

ASSUMPTIONS

Utility unit cost:
 ↑ 3.5%/year
Source: historical increases are 5-11% so 3.5% is conservative assumption

Unison unit cost:
 ↑ 2.5%/year
Source: Long-term CPI

Residual utility cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Gas cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Lifetime savings: \$1,593,477

Option 2: Increase ESA term to 25 years – The hospital's first year energy savings are projected to be approximately \$49k

Year 1 Pro Forma, 25-year ESA

UTILITY			
Electric			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Utility</i>	3,311,431	0.1459	483,226
Total Current Electric Cost ----->			483,226
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
<i>Natural gas - Utility</i>	137,634	0.644	88,636
Total Current Thermal Cost ----->			88,636
TOTAL CURRENT ENERGY COST			571,862

UNISON ENERGY			
Electric (incl. electric offsets)			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Unison</i>	2,985,749	0.1190	355,310
Unison - generation ESA	2,985,749	0.0739	220,545
Unison - fuel ^{1,2}	2,985,749	0.0451	134,765
<i>Electricity - Utility</i>	325,682	0.2780	90,527
Total New Electric Cost ----->			445,837
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
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Unison - hot water ESA	91,143	0.584	53,185
Total New Thermal Cost ----->			76,603
TOTAL NEW ENERGY COST			522,440

Combined Year 1 Energy Savings:

\$49,422

Note 1: Generation fuel usage billed in conjunction with remaining thermal fuel usage in the form of USD/therm (total USD is the same as presented above)

Note 2: Generation natural gas usage is 319,356 therms at a unit price of \$0.422 per therm

Option 1: Increase ESA term to 25 years – Over the course of a 20-year ESA, the facility is expected to save approximately \$3.2M

Lifetime Pro Forma, 25-year ESA

Nominal year	0	1	2	3	4	22	23	24
PRO-FORMA: PROJECT LIFETIME								
Electric (incl. electric offsets)								
<i>Electricity - current</i>								
Current consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,065,803
Current cost (USD)	483,226	500,139	517,643	535,761	554,513	1,030,001	1,066,051	1,021,520
Current unit cost (USD/kWh)	0.146	0.151	0.156	0.162	0.167	0.311	0.322	0.333
<i>Electricity - new</i>								
New consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,065,803
New cost (USD)	445,837	459,236	473,048	487,288	501,968	859,896	886,196	847,929
New unit cost (USD/kWh)	0.135	0.139	0.143	0.147	0.152	0.260	0.268	0.277
Total electricity savings (USD)	37,389	40,903	44,595	48,473	52,545	170,105	179,856	173,591
Thermal								
<i>Natural gas - current</i>								
Current consumption (Therms)	137,634	137,634	137,634	137,634	137,634	137,634	137,634	128,735
Current cost (USD)	88,636	91,739	94,950	98,273	101,712	188,930	195,542	189,300
Current unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.373	1.421	1.470
<i>Natural gas - new</i>								
New consumption (Therms)	36,364	36,364	36,364	36,364	36,364	36,364	36,364	34,397
New cost (USD)	23,418	24,238	25,086	25,964	26,873	49,916	51,663	50,579
New unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.373	1.421	1.470
<i>Unison hot water - new</i>								
New consumption - hot water (Therms)	91,143	91,143	91,143	91,143	91,143	91,143	91,143	84,904
New cost - hot water (USD)	53,185	54,515	55,877	57,274	58,706	91,562	93,851	89,612
New unit cost - hot water (USD/Therm)	0.584	0.598	0.613	0.628	0.644	1.005	1.030	1.055
Total thermal savings (USD)	12,033	12,986	13,986	15,034	16,133	47,452	50,028	49,109
Total savings								
Total energy savings (USD)	49,422	53,889	58,581	63,507	68,678	217,557	229,884	222,700

ASSUMPTIONS

Utility unit cost:
 ↑ 3.5%/year
Source: historical increases are 5-11% so 3.5% is conservative assumption

Unison unit cost:
 ↑ 2.5%/year
Source: Long-term CPI

Residual utility cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Gas cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Lifetime savings: \$3,216,662

Option 3: Raise electric ESA rate by 0.65 cents/kWh – The hospital's first year energy savings are projected to be approximately \$30k

Year 1 Pro Forma, 20-year ESA

UTILITY			
Electric			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Utility</i>	3,311,431	0.1459	483,226
Total Current Electric Cost ----->			483,226
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
<i>Natural gas - Utility</i>	137,634	0.644	88,636
Total Current Thermal Cost ----->			88,636
TOTAL CURRENT ENERGY COST			571,862

UNISON ENERGY			
Electric (incl. electric offsets)			
	Consumption kWh	Unit Cost USD/kWh	Total Cost USD
<i>Electricity - Unison</i>	2,985,749	0.1255	374,718
Unison - generation ESA	2,985,749	0.0804	239,953
Unison - fuel ^{1,2}	2,985,749	0.0451	134,765
<i>Electricity - Utility</i>	325,682	0.2780	90,527
Total New Electric Cost ----->			465,244
Addressable Thermal			
	Consumption Therms	Unit Cost USD/Therm	Total Cost USD
<i>Natural gas - Utility</i>	36,364	0.644	23,418
<i>Hot water - Unison</i>	91,143	0.584	53,185
Unison - hot water ESA	91,143	0.584	53,185
Total New Thermal Cost ----->			76,603
TOTAL NEW ENERGY COST			541,847



Combined Year 1 Energy Savings:

\$30,015

Note 1: Generation fuel usage billed in conjunction with remaining thermal fuel usage in the form of USD/therm (total USD is the same as presented above)

Note 2: Generation natural gas usage is 319,356 therms at a unit price of \$0.422 per therm

Option 3: Raise electric ESA rate by 0.65 cents/kWh – Over the course of a 20-year ESA, the facility is expected to save approximately **\$1.7M**

Lifetime Pro Forma, 20-year ESA

Nominal year	0	1	2	3	4	17	18	19
PRO-FORMA: PROJECT LIFETIME								
Electric (incl. electric offsets)								
<i>Electricity - current</i>								
Current consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
Current cost (USD)	483,226	500,139	517,643	535,761	554,513	867,233	897,586	929,002
Current unit cost (USD/kWh)	0.146	0.151	0.156	0.162	0.167	0.262	0.271	0.281
<i>Electricity - new</i>								
New consumption (kWh)	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431	3,311,431
New cost (USD)	465,244	479,128	493,438	508,188	523,390	769,442	792,721	816,724
New unit cost (USD/kWh)	0.140	0.145	0.149	0.153	0.158	0.232	0.239	0.247
Total electricity savings (USD)	17,981	21,010	24,205	27,573	31,123	97,792	104,866	112,278
Thermal								
<i>Natural gas - current</i>								
Current consumption (Therms)	137,634	137,634	137,634	137,634	137,634	137,634	137,634	137,634
Current cost (USD)	88,636	91,739	94,950	98,273	101,712	159,074	164,641	170,404
Current unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.156	1.196	1.238
<i>Natural gas - new</i>								
New consumption (Therms)	36,364	36,364	36,364	36,364	36,364	36,364	36,364	36,364
New cost (USD)	23,418	24,238	25,086	25,964	26,873	42,028	43,499	45,022
New unit cost (USD/Therm)	0.644	0.667	0.690	0.714	0.739	1.156	1.196	1.238
<i>Unison hot water - new</i>								
New consumption - hot water (Therms)	91,143	91,143	91,143	91,143	91,143	91,143	91,143	91,143
New cost - hot water (USD)	53,185	54,515	55,877	57,274	58,706	80,927	82,950	85,024
New unit cost - hot water (USD/Therm)	0.584	0.598	0.613	0.628	0.644	0.888	0.910	0.933
Total thermal savings (USD)	12,033	12,986	13,986	15,034	16,133	36,118	38,192	40,358
Total savings								
Total energy savings (USD)	30,015	33,997	38,191	42,608	47,256	133,910	143,057	152,636

ASSUMPTIONS

Utility unit cost:
 ↑ 3.5%/year
Source: historical increases are 5-11% so 3.5% is conservative assumption

Unison unit cost:
 ↑ 2.5%/year
Source: Long-term CPI

Residual utility cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Gas cost:
 ↑ 3.5%/year
Source: matches Utility assumption

Lifetime savings: \$1,650,544



To: Sonoma Valley Health Care District Finance Committee
From: Ben Armfield, Chief Financial Officer
Date: July 26, 2022
Subject: Financial Report for June 2022

OVERALL PERFORMANCE – MONTH:

Financial performance from operations in the month of June dipped compared to April and May, but it was still favorable compared to budget and marks the third straight month where the hospital's operating performance exceeded the monthly target. The operating margin of (\$753,785) in June was 21% better than what was budgeted for the month, while our Operating EDBA (operating margin excluding depreciation) of (\$524,027) was 26% better than budget as well.

After accounting for all operating and non-operating revenues and expenses (including parcel tax and GO bond activity), SVH posted a positive net income of \$920,627 for the month, which far exceeded the \$80,602 that was budgeted. Much of this is due to the Provider Relief Funds we booked in June.. We did recognize \$1,377,724 in Provider Relief Funds that we have received this year as non-operating revenue in June (*Attachment D, Line 31*). This did not impact operating cash since funds had already been received, but we completed the necessary reporting that allowed the hospital to recognize the funds on the income statement.

OVERALL PERFORMANCE – YEAR TO DATE:

Closing the books on June marks the end of our fiscal year 2022. While still needing to go through the financial audit, the hospital posted an operating loss of (\$7.0M) for FY2022, which fell short of our budget & prior year by 7% and 10%, respectively. It is worth noting that much of this variance for the year relates to changes in our Intergovernmental Transfer Program (IGT) funding. Without accounting for the net proceeds of the IGT, our operating margin for FY2022 exceeded both the current year budget and prior year by 4% and 15%, respectively.

Table 1 | Operating Margin - June 2022

	Month of June 2022				Year To Date June 2022							
	Current Year		Variance		Current Year				Prior Year		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Operating Margin	\$ (753,785)	\$ (958,630)	\$ 204,845	21%	\$ (7,017,390)	\$ (6,573,480)	\$ (443,910)	-7%	\$ (6,402,371)	\$ (615,019)	-10%	
Operating EDBA*	\$ (524,027)	\$ (705,750)	\$ 181,723	26%	\$ (4,234,432)	\$ (3,538,920)	\$ (695,512)	-20%	\$ (3,346,102)	\$ (888,330)	-27%	

* Operating Margin less Depreciation

Table 2 | 4th Quarter Operating Margin

	Actual	Budget	Variance	%
April 2022	\$ (630,363)	\$ (712,451)	\$ 82,088	12%
May 2022	\$ (609,936)	\$ (792,444)	\$ 182,508	23%
June 2022	\$ (753,785)	\$ (958,630)	\$ 204,845	21%
4th Quarter FY22	\$ (1,994,084)	\$ (2,463,525)	\$ 469,441	19%

NET REVENUE:

Despite not quite reaching the levels of recent months, net revenue continues to trend in the right direction and remains positive compared to budget. The \$3.82M of net patient revenue in June was +4% compared to budget, and year-to-date we are favorable to both the budget and prior year.

OPERATING EXPENSES:

Operating expenses of \$4.68M tracked close to budget for the month, ending up favorable by about \$40,000, or 1%. As in similar months, we continue to see cost overages in some of the same areas that have been reported on throughout the fiscal year – purchased services due to unbudgeted UCSF IT director and mgmt. costs, supplies due to increased volumes as well as ongoing COVID testing, and utilities due to continued increases in our PG&E utility costs.

Year to date, our operating expenses are 2% over budget and 3% higher than the prior year.

Table 3 | Operating Revenues & Expenses - June 2022

	Month of June 2022				Year To Date June 2022							
	Current Year		Variance		Current Year		Variance		Prior Year		Variance	
	Actual	Budget	\$	%	Actual	Budget	\$	%	Actual	\$	%	
Net Patient Revenue	\$ 3,823,941	\$ 3,682,225	\$ 141,716	4%	\$ 50,004,206	\$ 49,423,987	\$ 580,219	1%	\$ 49,151,216	\$ 852,990	2%	
Total Operating Revenue	\$ 3,925,811	\$ 3,759,862	\$ 165,949	4%	\$ 51,159,893	\$ 50,445,763	\$ 714,130	1%	\$ 50,186,231	\$ 973,662	2%	
Total Operating Expenses	\$ 4,679,596	\$ 4,718,492	\$ 38,896	1%	\$ 58,177,283	\$ 57,019,243	\$ (1,158,040)	-2%	\$ 56,588,602	\$ (1,588,681)	-3%	

VOLUMES:

We did see a bit of a dip in overall volumes in the month of June. After reaching a 2-year high in May, our inpatient volumes ran 7% under budget for the month. Total surgeries were also down, primarily on the outpatient side. Inpatient surgeries continue to trend in a positive direction after a slow start to the year. ER volumes continue to be high, despite pulling back from an incredibly busy May.

For the fiscal year end, most key statistical indicators either met and/or exceeded both budget and prior year – especially on the outpatient side. Patient days were basically flat, although still favorable to both budget and prior year. We significantly outpaced the prior year in both ER and total OP visits. Surgical volumes are pretty much flat compared to budget. They do trail FY21 when looking year over year, although when you add-in special procedures we are basically flat compared to prior fiscal year as well.

Table 4 | Patient Volumes - June 2022

	Month of June 2022				Year To Date June 2022							
	Current Year		Variance		Current Year		Variance		Prior Year	Variance		
	Actual	Budget	Var	%	Actual	Budget	Var	%	Actual	Var	%	
Acute Discharges	71	80	(9)	-11%	776	917	(141)	-15%	787	(11)	-1%	
Acute Patient Days	243	261	(18)	-7%	3,188	3,165	23	1%	3,168	20	1%	
IP Surgeries	16	17	(1)	-6%	158	198	(40)	-20%	197	(39)	-20%	
OP Surgeries	89	103	(14)	-14%	1,219	1,189	30	3%	1,221	(2)	0%	
Total Surgeries	105	120	(15)	-13%	1,377	1,387	(10)	-1%	1,418	(41)	-3%	
Special Procedures	45	45	-	0%	624	518	106	20%	587	37	6%	
Total Outpatient Visits	4,511	4,709	(198)	-4%	55,809	55,069	740	1%	48,705	7,104	15%	
Total ER Visits	862	716	146	20%	9,308	7,750	1,558	20%	8,689	619	7%	

CASH ACTIVITY:

We missed our cash goal for the month, collecting 96%, or \$3.4M, of the \$3.5M target. For the year, we fell just short of the fiscal year goal, collecting 99%, or \$42.7M compared to our annual target of \$43.1M. Average days cash on hand still above our target of 50.0.

Table 5 | Cash / Revenue Cycle Indicators- June 2022

	Current Year		Variance		Prior Year	Variance	
	Jun-22	May-22	Var	%	Jun-21	Var	%
Days Cash on Hand - Avg	58.6	60.6	(2.0)	-3%	65.5	(6.9)	-11%
A/R Days	41.2	39.9	1.3	3%	48.8	(7.6)	-16%
A/P Days	50.0	51.7	(1.7)	-3%	46.3	3.7	8%



MONTHLY FINANCE UPDATES:

Please see below for a summary of key initiatives and highlights pertaining to our finance team and the work we are prioritizing in the month ahead:

Departmental Collaboration Opportunities:

As mentioned last month, we are evaluating opportunities to engage third-party partners to help us identify management solutions related to operational and clinical best practices in a couple different areas. We have a similar arrangement in place with Pharmacy and we have experienced much success with that partnership. We are in the process of receiving statements of work and proposal bids from multiple vendors as we vet them for value and fit. We plan to finish our due diligence over the next month and bring our recommendation to both the Finance Committee and Board of Directors in August and September, respectively.

Revenue Cycle Payor Contracting Review:

Our work continues in performing due diligence with potential partners to engage in this initiative. We are working with multiple third-party firms to assess our opportunities within the managed care contracting space. We are finishing up receiving statements of work and competitive bids, are targeting next month to bring our recommendations to both the Finance Committee and Board of Directors.

Healthcare Expansion Loan Program II (HELP II):

We are finalizing the application process on the Healthcare Expansion Loan Program II (HELP II) and will have it submitted for review in the following weeks. As mentioned last month, the HELP II program provides low, fixed interest loans for the capital needs of California's nonprofit small and rural health facilities. These loans can be used for a variety of sources, and eligible health facilities can borrow up to \$2 million. Once the application process is complete we would like to bring this forward to the committee with our recommendation on proceeding.

Cyber-Attack Insurance Claim:

We have received a response after our preliminary review has been performed on our ransomware insurance claim. Our total claim submitted was \$1.5M and much of that claim is still outstanding based on the initial correspondence received. We are now in the process of working with technical experts responding to their requests for additional correspondence and detail. As we re-engage this process to move this forward we will keep the committee updated on progress.

Financial Audit:

Pre-work has begun on our FY2022 financial audit with Armanino LLP. Efforts will ramp up this next month as fieldwork is set to begin August 15th.

Departmental Staffing Updates:

We are in the process of recruiting a replacement for Sarah Dungan, who officially departed SVH last week. At this point in time we are not looking to replace with a controller level position.

In addition to Sarah, we had another vacancy in our accounting department we have been trying to fill as our AP accountant, Elizet Gutierrez, took a promotional opportunity elsewhere. I am happy to report we successfully filled this position and our new hire will begin transitioning this week. We are very



appreciative of Elizet's efforts through this transition. She was instrumental in helping us land her replacement, and has also agreed to continue assisting us on a per-diem basis to help train through the transition.

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 June 30, 2022

ATTACHMENT A

Gross Revenue	Month			
	Actual	Budget	Variance	% Variance
Medicare	10,134,378	9,246,691	887,687	9.6%
Medicare Managed Care	5,653,072	3,613,651	2,039,421	56.4%
Medi-Cal	4,393,653	4,487,795	-94,142	-2.1%
Self Pay	354,049	261,862	92,187	35.2%
Commercial & Other Gov't	6,237,846	5,123,352	1,114,494	21.8%
Worker's Comp.	878,306	720,996	157,310	21.8%
Total	27,651,304	23,454,347	4,196,957	17.9%

	Year-to-Date			
	Actual	Budget	Variance	% Variance
	106,873,767	106,756,152	117,615	0.1%
	53,279,343	41,585,318	11,694,025	28.1%
	50,296,555	51,367,174	-1,070,619	-2.1%
	4,577,500	2,905,690	1,671,810	57.5%
	70,235,949	58,674,840	11,561,109	19.7%
	9,668,775	8,307,146	1,361,629	16.4%
Total	294,931,889	269,596,320	25,335,569	9.4%

Net Revenue	Month			
	Actual	Budget	Variance	% Variance
Medicare	990,444	1,062,358	-71,914	-6.8%
Medicare Managed Care	513,485	392,015	121,470	31.0%
Medi-Cal	388,715	457,565	-68,850	-15.0%
Self Pay	197,205	98,801	98,404	99.6%
Commercial & Other Gov't	1,710,983	1,538,030	172,953	11.2%
Worker's Comp.	137,894	133,456	4,438	3.3%
Prior Period Adj./IGT	(114,785)	-	-114,785	*
Total	3,823,941	3,682,225	141,716	3.8%

	Year-to-Date			
	Actual	Budget	Variance	% Variance
	11,923,439	12,677,298	-753,859	-5.9%
	5,507,433	4,748,945	758,488	16.0%
	5,022,337	5,363,964	-341,627	-6.4%
	1,969,139	1,096,317	872,822	79.6%
	18,990,102	16,927,224	2,062,878	12.2%
	1,563,645	1,525,209	38,436	2.5%
	5,028,111	7,085,030	-2,056,919	-29.0%
Total	50,004,206	49,423,987	580,219	1.2%

Percent of Net Revenue	Month			
	Actual	Budget	Variance	% Variance
Medicare	25.9%	28.9%	-3.0%	-10.4%
Medicare Managed Care	13.4%	10.6%	2.8%	26.4%
Medi-Cal	10.2%	12.4%	-2.2%	-17.7%
Self Pay	5.2%	2.7%	2.5%	92.6%
Commercial & Other Gov't	44.7%	41.8%	2.9%	6.9%
Worker's Comp.	3.6%	3.6%	0.0%	0.0%
Prior Period Adj./IGT	-3.0%	0.0%	-3.0%	*
Total	100.0%	100.0%	0.0%	0.0%

	Year-to-Date			
	Actual	Budget	Variance	% Variance
	23.8%	25.7%	-2.0%	-7.8%
	11.1%	9.6%	1.5%	15.6%
	10.0%	10.9%	-0.9%	-8.3%
	3.9%	2.2%	1.7%	77.3%
	38.0%	34.2%	3.8%	11.1%
	3.1%	3.1%	0.0%	0.0%
	10.1%	14.3%	-4.2%	-29.4%
Total	100.0%	100.0%	-0.1%	-0.1%

SONOMA VALLEY HOSPITAL
OPERATING INDICATORS
For the Period Ended June 30, 2022

ATTACHMENT B

	CURRENT MONTH				YEAR-TO-DATE			YTD
	Actual 06/30/22	Budget 06/30/22	Favorable (Unfavorable) Variance		Actual 06/30/22	Budget 06/30/22	Favorable (Unfavorable) Variance	Prior Year 06/30/21
				Inpatient Utilization				
				Discharges				
1	57	64	(7)	Med/Surg	596	732	(136)	617
2	16	16	-	ICU	182	185	(3)	170
3	73	80	(7)	Total Discharges	778	917	(139)	787
				Patient Days:				
4	189	173	16	Med/Surg	2,100	2,078	22	2,116
5	99	88	11	ICU	1,133	1,087	46	1,052
6	288	261	27	Total Patient Days	3,233	3,165	68	3,168
7	10	-	10	Observation days	203	-	203	233
				Average Length of Stay:				
8	3.3	2.7	0.6	Med/Surg	3.5	2.8	0.7	3.4
9	6.2	5.5	0.7	ICU	6.2	5.9	0.3	6.2
10	3.9	3.3	0.7	Avg. Length of Stay	4.2	3.5	0.7	4.0
				Average Daily Census:				
11	6.3	5.8	0.5	Med/Surg	5.8	5.7	0.1	5.8
12	3.3	2.9	0.4	ICU	3.1	3.0	0.1	2.9
13	9.6	8.7	0.9	Avg. Daily Census	8.9	8.7	0.2	8.7
				Other Utilization Statistics				
				Emergency Room Statistics				
14	862	716	146	Total ER Visits	9,308	7,750	1,558	8,689
				Outpatient Statistics:				
15	4,511	4,709	(198)	Total Outpatients Visits	55,809	55,069	740	48,705
16	16	17	(1)	IP Surgeries	158	198	(40)	197
17	89	103	(14)	OP Surgeries	1,219	1,189	30	1,221
18	45	45	-	Special Procedures	624	518	106	587
19	277	301	(24)	Adjusted Discharges	3,296	3,332	(36)	3,016
20	1,092	981	112	Adjusted Patient Days	13,735	11,475	2,261	12,041
21	36.4	32.7	3.7	Adj. Avg. Daily Census	37.6	31.4	6.2	33.0
22	1.5561	1.4000	0.156	Case Mix Index - Medicare	1.4571	1.4000	0.057	1.5359
23	1.4873	1.4000	0.087	Case Mix Index - All payers	1.4297	1.4000	0.030	1.4779
				Labor Statistics				
24	205	214	9	FTE's - Worked	205	210	4.6	207
25	234	237	2	FTE's - Paid	228	232	3.9	229
26	47.10	45.79	(1.31)	Average Hourly Rate	46.75	45.13	(1.62)	46.55
27	6.44	7.24	0.80	FTE / Adj. Pat Day	6.06	7.38	1.32	6.93
28	36.7	41.3	4.6	Manhours / Adj. Pat Day	34.5	42.1	7.5	39.5
29	144.8	134.6	(10.2)	Manhours / Adj. Discharge	144.0	144.9	0.9	157.6
30	23.7%	24.7%	1.0%	Benefits % of Salaries	24.5%	24.6%	0.2%	22.4%
				Non-Labor Statistics				
31	17.5%	15.5%	-2.0%	Supply Expense % Net Revenue	16.6%	13.7%	-2.9%	13.6%
32	2,417	1,900	(517)	Supply Exp. / Adj. Discharge	2,302	2,034	(268)	2,216
33	17,093	15,978	(1,114)	Total Expense / Adj. Discharge	17,908	17,418	(490)	19,125
				Other Indicators				
34	54.9			Days Cash - Operating Funds				
35	41.2	50.0	(8.8)	Days in Net AR	41.3	50.0	(8.7)	48.8
36	100%			Collections % of Cash Goal	99%			102.2%
37	50.0	55.0	(5.0)	Days in Accounts Payable	50.0	55.0	(5.0)	46.3
38	13.8%	15.7%	-1.9%	% Net revenue to Gross revenue	15.5%	18.4%	-2.9%	19.6%
39	14.7%			% Net AR to Gross AR	14.7%			17.5%

Sonoma Valley Health Care District
Balance Sheet
As of June 30, 2022
UNAUDITED

ATTACHMENT C

		<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets				
Current Assets:				
1	Cash	\$ 2,493,558	\$ 3,687,036	\$ 4,044,067
2	Cash - Money Market	5,845,329	5,845,048	5,638,551
3	Net Patient Receivables	6,701,039	6,458,134	6,320,618
4	Allow Uncollect Accts	(1,426,077)	(1,401,209)	(1,440,050)
5	Net A/R	5,274,962	5,056,925	4,880,568
6	Other Accts/Notes Rec	1,604,206	1,737,108	1,723,815
7	Parcel Tax Receivable	4,007,928	207,928	3,854,846
8	GO Bond Tax Receivable	2,485,089	260,172	3,317,232
9	3rd Party Receivables, Net	10,905	173,533	(46,595)
10	Inventory	1,037,598	1,035,056	934,048
11	Prepaid Expenses	828,299	873,195	871,737
12	Total Current Assets	\$ 23,587,874	\$ 18,876,001	\$ 25,218,269
13	Property, Plant & Equip, Net	\$ 52,121,398	\$ 52,153,382	\$ 52,588,887
14	Trustee Funds - GO Bonds	5,752,065	5,751,245	5,935,165
15	Designated Funds - Board Approved	1,000,000	1,000,000	1,000,000
16	Total Assets	\$ 82,461,337	\$ 77,780,628	\$ 84,742,321
Liabilities & Fund Balances				
Current Liabilities:				
17	Accounts Payable	\$ 4,187,686	\$ 4,328,839	\$ 3,572,451
18	Accrued Compensation	3,694,715	4,193,635	4,112,966
19	Interest Payable - GO Bonds	217,400	165,504	448,640
20	Accrued Expenses	1,845,632	1,834,206	1,724,407
21	Advances From 3rd Parties	-	-	-
22	Deferred Parcel Tax Revenue	3,800,000	316,667	3,800,004
23	Deferred GO Bond Tax Revenue	2,485,090	231,813	3,317,236
24	Current Maturities-LTD	301,957	348,292	263,571
25	Line of Credit - Union Bank	5,473,734	5,473,734	5,473,734
26	Other Liabilities	106,158	1,492,509	252,412
27	Total Current Liabilities	\$ 22,112,372	\$ 18,385,199	\$ 22,965,421
28	Long Term Debt, net current portion	\$ 25,476,513	\$ 25,443,604	\$ 27,102,345
29	Fund Balances:			
30	Unrestricted	\$ 18,822,273	\$ 17,979,645	\$ 19,456,999
31	Restricted	16,050,179	15,972,180	15,217,556
32	Total Fund Balances	\$ 34,872,452	\$ 33,951,825	\$ 34,674,555
33	Total Liabilities & Fund Balances	\$ 82,461,337	\$ 77,780,628	\$ 84,742,321

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended June 30, 2022
UNAUDITED**

ATTACHMENT D

	Month					Year-To- Date				YTD
	This Year		Variance			This Year		Variance		
	Actual	Budget	\$	%		Actual	Budget	\$	%	Prior Year
					Volume Information					
1	71	80	(9)	-11%	Acute Discharges	776	917	(141)	-15%	787
2	243	261	(18)	-7%	Patient Days	3,188	3,165	23	1%	3,168
3	28	-	28	0%	Observation Days	221	-	221	*	233
4	\$ 20,367	\$ 17,220	\$ 3,148	18%	Gross O/P Revenue (000's)	\$ 224,910	\$ 195,361	\$ 29,549	15%	\$ 184,796
					Financial Results					
					Gross Patient Revenue					
5	\$ 7,284,343	\$ 6,234,831	\$ 1,049,512	17%	Inpatient	\$ 70,021,823	\$ 74,235,061	(4,213,238)	-6%	\$ 65,918,617
6	11,099,226	10,726,075	373,151	3%	Outpatient	133,329,913	123,035,765	10,294,148	8%	112,384,102
7	9,267,735	6,493,441	2,774,294	43%	Emergency	91,580,153	72,325,494	19,254,659	27%	72,733,266
8	\$ 27,651,304	\$ 23,454,347	4,196,957	18%	Total Gross Patient Revenue	\$ 294,931,889	\$ 269,596,320	25,335,569	9%	\$ 251,035,985
					Deductions from Revenue					
9	(23,529,978)	(19,594,551)	(3,935,427)	-20%	Contractual Discounts	\$ (247,702,407)	\$ (225,126,511)	(22,575,896)	-10%	\$ (208,666,503)
10	(150,000)	(150,000)	-	0%	Bad Debt	(2,000,000)	(1,800,000)	(200,000)	-11%	(1,370,000)
11	(32,600)	(27,571)	(5,029)	-18%	Charity Care Provision	(253,387)	(330,852)	77,465	23%	(266,903)
12	(114,785)	-	(114,785)	*	Prior Period Adj/Government Program Revenue	5,028,111	7,085,030	(2,056,919)	-29%	8,418,637
13	\$ (23,827,363)	\$ (19,772,122)	(4,055,241)	21%	Total Deductions from Revenue	\$ (244,927,683)	\$ (220,172,333)	(24,755,350)	11%	\$ (201,884,769)
14	\$ 3,823,941	\$ 3,682,225	141,716	4%	Net Patient Service Revenue	\$ 50,004,206	\$ 49,423,987	580,219	1%	\$ 49,151,216
15	\$ 101,870	\$ 77,637	24,233	31%	Other Op Rev & Electronic Health Records	\$ 1,155,687	\$ 1,021,776	133,911	13%	\$ 1,035,015
16	\$ 3,925,811	\$ 3,759,862	165,949	4%	Total Operating Revenue	\$ 51,159,893	\$ 50,445,763	\$ 714,130	1%	\$ 50,186,231
					Operating Expenses					
17	\$ 1,887,972	\$ 1,852,712	(35,260)	-2%	Salary and Wages and Agency Fees	\$ 22,178,925	\$ 21,778,192	(400,733)	-2%	\$ 22,124,844
18	676,833	705,553	28,720	4%	Employee Benefits	8,285,901	8,270,828	(15,073)	0%	7,927,255
19	\$ 2,564,805	\$ 2,558,265	(6,540)	0%	Total People Cost	\$ 30,464,826	\$ 30,049,020	(415,806)	-1%	\$ 30,052,099
20	\$ 486,540	\$ 513,137	26,597	5%	Med and Prof Fees (excl Agency)	\$ 6,683,040	\$ 6,151,222	(531,818)	-9%	\$ 5,466,815
21	669,196	571,103	(98,093)	-17%	Supplies	7,584,712	6,774,922	(809,790)	-12%	6,681,948
22	434,900	405,818	(29,082)	-7%	Purchased Services	5,230,851	4,810,661	(420,190)	-9%	5,137,072
23	229,758	252,880	23,122	9%	Depreciation	2,782,958	3,034,560	251,602	8%	3,056,269
24	159,858	123,400	(36,458)	-30%	Utilities	1,589,238	1,341,561	(247,677)	-18%	1,351,614
25	48,877	46,914	(1,963)	-4%	Insurance	614,362	562,913	(51,449)	-9%	540,195
26	21,164	17,973	(3,191)	-18%	Interest	211,239	215,599	4,360	2%	207,731
27	64,498	103,612	39,114	38%	Other	1,364,054	1,228,005	(136,049)	-11%	1,276,285
28	-	125,390	125,390	-100%	Matching Fees (Government Programs)	1,652,003	2,850,780	1,198,777	-42%	2,818,574
29	\$ 4,679,596	\$ 4,718,492	38,896	1%	Operating expenses	\$ 58,177,283	\$ 57,019,243	(1,158,040)	-2.0%	\$ 56,588,602
30	\$ (753,785)	\$ (958,630)	\$ 204,845	21%	Operating Margin	\$ (7,017,390)	\$ (6,573,480)	(443,910)	-7%	\$ (6,402,371)

**Sonoma Valley Health Care District
Statement of Revenue and Expenses
Comparative Results
For the Period Ended June 30, 2022
UNAUDITED**

ATTACHMENT D

Month						Year-To- Date						YTD
This Year			Variance			This Year			Variance			Prior Year
Actual	Budget		\$	%	Actual	Budget	\$	%				
31	\$ 1,360,001	\$ 973	1,359,028	*	Non Operating Rev and Expense	\$ 1,249,958	\$ 11,709	1,238,249	*	\$ (9,429)		
32	-	-	-	0%	Miscellaneous Revenue/(Expenses)	26,864	-	26,864	0%	498		
33	-	-	-	*	Donations	-	-	-	*	0		
34	316,667	316,663	4	0%	Physician Practice Support-Prima	3,800,004	3,800,000	4	0%	3,669,468		
35	-	-	-	0%	Parcel Tax Assessment Rev	(97,933)	-	(97,933)	0%	36		
36	\$ 1,676,668	\$ 317,636	1,359,032	*	Extraordinary Items	\$ 4,978,893	\$ 3,811,709	1,265,117	31%	\$ 3,660,573		
Total Non-Operating Rev/Exp						\$ 4,978,893	\$ 3,811,709	1,265,117	31%	\$ 3,660,573		
37	\$ 922,883	\$ (640,994)	1,563,877	-244%	Net Income / (Loss) prior to Restricted Contributions	\$ (2,038,497)	\$ (2,761,771)	821,207	-30%	\$ (2,741,798)		
38	\$ -	\$ -	-	0%	Capital Campaign Contribution	\$ -	\$ -	-	0%	\$ -		
39	\$ 77,999	\$ 523,808	(445,809)	0%	Restricted Foundation Contributions	\$ 832,623	\$ 6,285,641	(5,453,018)	100%	\$ 5,922,623		
40	\$ 1,000,882	\$ (117,186)	1,118,068	-954%	Net Income / (Loss) w/ Restricted Contributions	\$ (1,205,874)	\$ 3,523,870	(4,729,744)	-134%	\$ 3,180,825		
41	(80,255)	197,788	(278,043)	-141%	GO Bond Activity, Net	1,683,746	2,367,373	(683,627)	-29%	2,176,792		
42	\$ 920,627	\$ 80,602	840,025	1042%	Net Income/(Loss) w GO Bond Activity	\$ 477,872	\$ 5,891,243	(5,413,371)	-92%	\$ 5,357,617		
	\$ 1,152,641	\$ (388,114)	1,540,755		EBDA - Not including Restricted Contributions	\$ 744,461	\$ 272,789	471,672		\$ 314,471		
	29.4%	-10.3%				1.5%	0.5%			0.6%		
	\$ (524,027)	\$ (705,750)	181,723	26%	Operating EBDA - Not including Restricted Contributions	\$ (4,234,432)	\$ (3,538,920)	(695,512)	-20%	\$ (3,346,102)		

* Operating Margin without Depreciation expense:

\$ (753,785)	\$ (958,630)	\$ 204,845	21%	Operating Margin	\$ (7,017,390)	\$ (6,573,480)	\$ (443,910)	-7%	\$ (6,402,371)
229,758	252,880	23,122	9%	Add back Depreciation	2,782,958	3,034,560	251,602	8%	3,056,269
\$ (524,027)	\$ (705,750)	\$ 227,967	26%	Operating Margin without Depreciation expense	\$ (4,234,432)	\$ (3,538,920)	\$ (192,308)	-20%	\$ (3,346,102)

Sonoma Valley Health Care District
Variance Analysis
For the Period Ended June 30, 2022

ATTACHMENT E

Operating Expenses	YTD Variance	Month Variance	
Salary and Wages and Agency Fees	(400,733)	(35,260)	Salaries and wages are under budget by \$123,977 and agency fees are over by (\$159,237). Agency fees are over budget in ICU, Med-Surg, Emergency room, EKG, Radiology, Respiratory Therapy, and OP physical therapy.
Employee Benefits	(15,073)	28,720	
Total People Cost	(415,806)	(6,540)	
Med and Prof Fees (excl Agency)	(531,818)	26,597	Professional fees are under budget due to a true-up in UCSF management fees.
Supplies	(809,790)	(98,093)	Patient chargeable supplies are over budget in surgery (\$58,910) and in the Emergency department (\$11,753).
Purchased Services	(420,190)	(29,082)	Purchased services are over budget primarily due to higher than budgeted costs in IT (\$20,565).
Depreciation	251,602	23,122	
Utilities	(247,677)	(36,458)	Utilities are over budget due to higher monthly electrical costs.
Insurance	(51,449)	(1,963)	
Interest	4,360	(3,191)	
Other	(136,049)	39,114	Other costs are under budget due to a credit received from a recruiting invoice (\$41,000)
Matching Fees (Government Programs)	1,198,777	125,390	
Operating expenses	(1,158,040)	38,896	

Sonoma Valley Hospital
Cash Forecast
FY 2022

ATTACHMENT F

	Actual July	Actual Aug	Actual Sept	Actual Oct	Actual Nov	Actual Dec	Actual Jan	Actual Feb	Actual Mar	Actual Apr	Actual May	Actual Jun	TOTAL
Hospital Operating Sources													
1 Patient Payments Collected	3,768,614	3,604,012	3,741,094	3,556,171	3,899,456	4,078,858	3,650,080	3,486,789	4,046,254	3,503,549	4,052,749	3,767,039	45,154,665
2 Other Operating Revenue	50,926	33,133	27,360	158,301	168,773	44,417	57,192	298,629	63,676	264,816	56,618	130,465	1,354,307
3 Other Non-Operating Revenue	10,121	10,229	9,624	10,574	10,823	9,676	11,783	17,553	5,064	9,937	17,119	4,118	126,621
4 Unrestricted Contributions	14,875			6,564	12,201		8,303	6,126	279	15,416	2,225	860	66,848
5 Line of Credit												1,942	1,942
Sub-Total Hospital Sources	3,844,535	3,647,375	3,778,079	3,731,610	4,091,253	4,132,951	3,727,358	3,809,097	4,115,273	3,793,717	4,128,711	3,904,424	46,704,383
Hospital Uses of Cash													
6 Operating Expenses	5,686,921	4,339,055	4,171,999	4,009,059	3,881,749	5,466,683	4,329,164	4,812,819	4,572,839	5,000,268	3,771,660	5,113,643	55,155,859
7 Add Capital Lease Payments	116,550	26,560	34,320	20,919	15,355	93,827	13,280	13,280	13,280	101,402	97,328	13,427	559,529
8 Additional Liabilities/LOC													-
9 Capital Expenditures	114,099	104,421	21,501	56,972	29,172	308,751	190,985	66,365	32,940	940,342	301,819	92,621	2,259,988
Total Hospital Uses	5,917,571	4,470,037	4,227,821	4,086,949	3,926,275	5,869,260	4,533,429	4,892,464	4,619,059	6,042,012	4,170,808	5,219,691	57,975,376
Net Hospital Sources/Uses of Cash	(2,073,036)	(822,662)	(449,742)	(355,339)	164,978	(1,736,310)	(806,072)	(1,083,367)	(503,786)	(2,248,295)	(42,097)	(1,315,267)	(11,270,994)
Non-Hospital Sources													
10 Restricted Cash/Money Market			1,000,000	2,000,000	(1,203,742)		(2,000,000)						(203,742)
11 Restricted Capital Donations	107,079	101,291	27,342	19,084	8,258		146,527		17,940	168,037	129,168	73,946	798,673
12 Parcel Tax Revenue	164,000					2,134,112				1,457,960			3,756,072
13 Other Payments - Ins. Claims/HHS/Grants/Loans					1,203,742	173,982					602,403		1,980,127
14 Other:													-
15 IGT			51,360				2,717,483	1,298,801			86,363	47,843	4,201,850
16 IGT - AB915			70,338							386,922			457,259
17 QIP					42,180					340,880			383,060
Sub-Total Non-Hospital Sources	271,080	101,291	1,149,040	2,019,084	50,438	2,308,094	864,010	1,298,801	17,940	2,353,799	817,933	121,789	11,373,299
Non-Hospital Uses of Cash													
18 Matching Fees		29,494		1,096,301		398,059		78,482		41,568	8,911		1,652,815
Sub-Total Non-Hospital Uses of Cash	-	29,494	-	1,096,301	-	398,059	-	78,482	-	41,568	8,911	-	1,652,815
Net Non-Hospital Sources/Uses of Cash	271,080	71,797	1,149,040	922,783	50,438	1,910,035	864,010	1,220,319	17,940	2,312,231	809,022	121,789	9,720,484
Net Sources/Uses													
Net Sources/Uses	(1,801,956)	(750,865)	699,298	567,444	215,416	173,725	57,939	136,952	(485,846)	63,937	766,925	(1,193,478)	
Operating Cash at beginning of period	4,044,067	2,242,111	1,491,246	2,190,544	2,757,988	2,973,404	3,147,129	3,205,068	3,342,020	2,856,174	2,920,110	3,687,036	
Operating Cash at End of Period	2,242,111	1,491,246	2,190,544	2,757,988	2,973,404	3,147,129	3,205,068	3,342,020	2,856,174	2,920,110	3,687,036	2,493,558	
Money Market Account Balance - Undesignated	5,638,824	5,639,115	4,639,373	2,639,564	3,843,478	3,843,684	5,843,923	5,844,185	5,844,476	5,844,748	5,845,048	5,845,329	
Total Cash at End of Period	7,880,935	7,130,361	6,829,917	5,397,552	6,816,883	6,990,813	9,048,991	9,186,205	8,700,650	8,764,858	9,532,084	8,338,887	
Average Days of Cash on Hand	58.8	52.3	45.5	40.0	36.6	46.3	54.3	58.5	58.8	59.2	60.6	58.6	
Days of Cash on Hand at End of Month	54.6	50.1	47.3	35.3	45.1	46.0	59.7	60.0	57.2	57.5	62.7	54.9	