



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING  
Thursday, August 1, 2013  
6:00 p.m. Regular Session**

**Location: Community Meeting Room  
177 First Street West, Sonoma, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER</b>	Boerum	
<b>2. PUBLIC COMMENT SECTION</b> <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. At all times please use the microphone.</i>	Boerum	
<b>3. CONSENT CALENDAR</b> A. Board Minutes 6.4.13; 6.6.13 B. FC Minutes 5.28.13; 6.25.13 C. GC Minutes 5.28, 13; 6.24.13 D. QC Minutes 5.22.13; 6.26.13 E. Extension of Labor Compliance Agreement F. Approved QC Policies 6.26.13; 7.24.13 G. MEC Credentialing 5.22.13 <i>revised</i> ; 6.26.13; 7.24.13	Boerum	Action
<b>4. SONOMA COUNTY DEPARTMENT OF HEALTH SERVICES HEALTH IMPROVEMENT AND MAINTENANCE PLAN PRESENTATION</b>	Scardaci/Lewis	Inform
<b>5. SVH-MGH AFFILIATION AGREEMENT – REVISED EXHIBIT A</b>	Boerum	Action
<b>6. LANDMARK OPTION AGREEMENT/LEASE EASEMENT PURCHASE</b>	Boerum/Reid	Action
<b>7. CITY OF SONOMA SOUTH LOT DEFERRED IMPROVEMENT AGREEMENT</b>	Boerum/Hohorst	Action
<b>8. CEO INCENTIVE COMPENSATION GOALS FY14</b>	Nevis/Carruth	Action

AGENDA ITEM	RECOMMENDATION	
<b>9. JUNE 2013 FINANCIAL REPORT</b>	Fogg/Reid	Inform
<b>10. JUNE 2013 ADMINISTRATIVE REPORT</b>	Mather	Inform
<p><b>11. OFFICER AND COMMITTEE REPORTS</b></p> <p><u>A. Chair Report (Boerum/Inform)</u></p> <ul style="list-style-type: none"> <li>i. Annual Meeting Assn. Calif. Healthcare Districts</li> <li>ii. Attendance at ACHD Board Meeting, 6.28.13</li> <li>iii. Northern California Health Care Authority Status</li> <li>iv. Visit of Assembly Member Marc Levine, 11.07.13</li> </ul> <p><u>B. Governance Committee Report (Carruth/Hohorst)</u></p> <ul style="list-style-type: none"> <li>i. Community Funding/Charitable Giving Policy (Action)</li> <li>ii. Board Legal Duties, Roles, Responsibilities, Limits (Action)</li> <li>iii. Contracting Policy for Materials and Services (Action)</li> </ul> <p><u>C. CEO Construction Committee Status Report (Coss/Inform)</u></p> <p><u>D. Quality Committee Report (Hirsch)</u></p> <ul style="list-style-type: none"> <li>i. QC Dashboard 2013 (Action)</li> </ul>		Inform/ Action
<b>12. ADJOURN</b>	Boerum	

3.

# CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE  
 DISTRICT  
 BOARD OF DIRECTORS  
 SPECIAL SESSION MINUTES  
 Tuesday, June 4, 2013  
 Schantz Conference Room**

<b>Board Members Present</b>	<b>Board Members Absent</b>	<b>Administrative Staff/Other Present</b>
Bill Boerum, Chair Kevin Carruth Peter Hohorst Sharon Nevins	Jane Hirsch	Kelly Mather, SVH President & CEO Rick Reid, SVH CFO Lee Domanico, MGH CEO David Cox, MGH CFO Gigi Betta, Board Clerk

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.                      The vision of the SVHCD is that:                      SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Boerum</i>		
	5:00 p.m.		
<b>2. PUBLIC COMMENT ON CLOSED SESSION</b>	<i>Boerum</i>		
	No public comment.		
<b>3. CLOSED SESSION:</b> A. <u>Calif. Health &amp; Safety Code § 32106</u> – Trade Secrets Regarding Business Strategies.	<i>Boerum</i>		
<b>4. REPORT OF CLOSED SESSION AND RECOMMENDED ACTION</b>	<i>Boerum</i>		
	No action taken.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>5. PUBLIC COMMENT SECTION</b>	<i>Boerum</i>		
<p><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. At all times please use the microphone.</i></p>	No public comment.		
<b>6. SVH/MGH AFFILIATION SAVINGS AND BENEFITS</b>	<i>Domanico/Reid</i>	Inform	
	<p>Mr. Domanico gave an overview of the savings and benefits to be realized through an affiliation between MGH and SVH.</p> <p>Mr. Reid spoke about two benefits that were not in the presentation. They are Union Bank and the \$5M line of credit, both a direct result of the affiliation with MGH. The insurance review, a requirement for the line of credit, resulted in additional property insurance for SVH. The insurance includes (at no additional cost) HIPPA insurance with a \$50,000 deductible.</p> <p>Mr. Reid went on the present specific examples of cost savings including:</p> <ul style="list-style-type: none"> <li>• opportunities for even more savings in IT</li> <li>• improved physician relationships and lowered recruitment costs (Prima)</li> <li>• North Bay initiatives like Palm Drive, Meritage, and WHA; and</li> <li>• other future initiatives including continued staff sharing, system identity and centralized IT.</li> </ul>		
<b>7. ADJOURN</b>	<i>Boerum</i>	Inform	
	6:35 p.m.		



**SONOMA VALLEY HEALTH CARE DISTRICT  
BOARD OF DIRECTORS  
REGULAR MEETING MINUTES  
Thursday, June 6, 2013  
Community Meeting Room**

<b>Board Members Present</b>	<b>Board Members Absent</b>	<b>Administrative Staff/Other Present</b>
Peter Hohorst, Acting Chair Sharon Nevins Jane Hirsch Kevin Carruth	Bill Boerum, Chair	Kelly Mather, President & CEO Dr. Robert Cohen , CMO Leslie Lovejoy, CNO Rick Reid, CFO Kevin Coss, Construction Committee Chair John Perez, Quality/Finance Committees Brenda Epperly, Quality Committee Member Dick Fogg, Finance Committee Chair Gigi Betta, Board Clerk

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community. The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Hohorst</i>		
	Mr. Boerum was absent from the meeting and Mr. Hohorst served as acting Chair. 6:03 p.m.		
<b>2. PUBLIC COMMENT ON CLOSED SESSION</b>			
<b>3. CLOSED SESSION:</b>	<i>Hohorst</i>		
A. <u>Calif. Health &amp; Safety Code § 54956.9(b)(3)(C)</u> – Conference regarding potential litigation without legal counsel.			
<b>4. REPORT OF CLOSED SESSION AND RECOMMENDED ACTION</b>	<i>Hohorst</i>		
	No report.		
<b>5. PUBLIC COMMENT SECTION</b>	<i>Hohorst</i>		
<i>At this time, members of the public may comment on</i>	No public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p><i>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. At all times please use the microphone.</i></p>			
<p><b>6. CONSENT CALENDAR:</b></p>	<p><i>Hohorst</i></p>	<p>Action</p>	
<p>A. Special Board Minutes, 5.21.13  B. Special Board Minutes, 5.7.13  C. Regular Board Minutes, 5.2.13  D. Finance Committee Minutes, 4.23.13  E. Finance Committee Minutes, 3.26.13  F. Governance Committee Minutes, 12.20.12  G. Governance Committee Minutes, 3.4.13  H. Quality Committee Minutes, 4.24.13  I. Quality Committee Minutes, 3.27.13  J. Medical Staff Appointments, 5.22.13</p>			<p><b>MOTION:</b>  By Carruth to approve all consent calendar items at once (A-J), 2<sup>nd</sup> by Nevins. All in favor.</p>
<p><b>7. CAPITAL CAMPAIGN UPDATE</b></p>	<p><i>Mather</i></p>	<p>Inform</p>	
<p><b>8. SVH-MGH AFFILIATION AGREEMENT ANNUAL REVIEW</b></p>	<p><i>Mather/Reid</i></p>	<p>Action</p>	
	<p>No motion needed to accept/approve the Affiliation Agreement as it automatically renews itself annually (unless terminated). All were in favor of the acceptance of the Agreement with revisions and updates to Exhibit A (to be presented at Board meeting on August 1, 2013).</p>		<p>Motion not needed.</p>
<p><b>9. SVH 2013 THREE-YEAR ROLLING STRATEGIC PLAN</b></p>	<p><i>Mather</i></p>	<p>Action</p>	
	<p>The next update on the Strategic Plan will be in November 2013.</p>		<p><b>MOTION:</b>  By Hirsch and 2<sup>nd</sup> by Carruth. All in favor.</p>
<p><b>10. SVHCD 2014 OPERATING BUDGET</b></p>	<p><i>Reid</i></p>	<p>Action</p>	
	<p>Mr. Reid presented the same operating budget as he did on May 21, 2013. There have been no changes to the budget since. Ms. Hirsch moved to delete the last sentence on page 9.</p>		<p><b>MOTION:</b>  By Carruth to approve 2014 Operating Budget <i>as amended</i>, 2<sup>nd</sup></p>

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
			by Hirsch. All in favor.
<b>11. APRIL 2013 FINANCIAL REPORT</b>	<i>Reid</i>	Inform	
<b>12. APRIL 2013 ADMINISTRATIVE REPORT</b>	<i>Mather</i>	Inform	
	<ul style="list-style-type: none"> <li>• It is ten months into the year and the Hospital still reports a great year</li> <li>• Congratulations were extended to Mr. Reid and both the SVH and MGH finance teams on completion of the 2014 Operating Budget.</li> <li>• The SVH Emergency Department continues to do a great job from the patient's perspective and will only improve with the completion of new construction.</li> <li>• A major project to upgrade the SVH Lobby and Laboratory areas is planned for next year.</li> <li>• Ms. Mather celebrates and congratulates the SVH Community on a total of 1,700 volunteer hours.</li> <li>• Bob Kenney the new SVH marketing representative, together with Michelle Donaldson and Dawn Kuwahara will present the marketing plan at the Board meeting on August 1, 2013.</li> <li>• Melissa Evans, RN, in the Skilled Nursing Facility was awarded a bronze medal which will be presented in October 2013.</li> </ul>		
<b>13. OFFICER AND COMMITTEE REPORTS</b>	<i>Hohorst, Nevins, Hirsch, Lovejoy, Carruth, Coss</i>	Inform/Action	
<p><u>A. Chair Report (Boerum)</u></p> <p>i. July 2013 Regular District Board Meeting Status ii. Assoc. of Calif. HealthCare Districts Annual Meeting</p> <p><u>B. Quality Committee Report (Nevins/Lovejoy)</u></p> <p>i. Annual Quality and Risk Evaluation Report ii. External Report Card iii. Johns Hopkins Recognition and CMS Grant</p> <p><u>C. Governance Committee Report (Carruth/Hohorst)</u></p> <p>i. CEO Annual Evaluation Procedure ii. Establishment of CEO Objectives and Committee iii. Board Legislative and Regulatory Policy Positions iv. Board Legal Duties/Roles &amp; Limits on Power v. MOU between SVHCD/SVH Foundation</p> <p><u>D. Audit Committee Report (Hohorst)</u></p> <p><u>E. Construction Committee Report (Coss)</u></p>	<p>Mr. Hohorst announced that the SVH Board of Director's meeting for July 11, 2013 is cancelled. The next meeting of the Board will be August 1, 2013.</p> <p><b><u>Governance Committee Report:</u></b></p> <ul style="list-style-type: none"> <li>• Moved, 2nd and approved, Policy Concerning CEO Annual Evaluation Procedure and Schedule (Ci) with amendment to change date from July to June and to add 6 direct reports to list of individuals who will complete the evaluation survey (section 5). The 6 direct reports are CHRO, CMO, CFO, CNO, Dawn Kuwahara and Michelle Donaldson</li> <li>• Moved, 2nd and approved, Policy Concerning Establishment of Annual Objectives (Cii)</li> <li>• Moved, 2nd and approved, the establishment of a Board Advisory Committee to evaluate the performance of the CEO during the prior fiscal year</li> </ul>		<p><b>MOTION:</b> to approve (Bi) and (Bii) by Carruth and 2<sup>nd</sup> Hohorst. All in favor.</p> <p><b>MOTION</b> to approve (Ci) <b>as amended</b> by Nevins 2<sup>nd</sup> by Hirsch. All in favor.</p> <p><b>MOTION</b> to approve (Cii) by Hirsch and 2<sup>nd</sup> by Nevins. All in</p>



AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>and to prepare a CEO Evaluation Report (Ci)</p> <ul style="list-style-type: none"> <li>• Moved, 2nd and approved, the appointment of Bill Boerum and Jane Hirsch to serve on the Board Advisory Committee to evaluate the performance of the CEO during the prior fiscal year and to prepare a CEO Evaluation Report (Ci)</li> <li>• Moved, 2nd and approved, the establishment of a Board Advisory Committee to work with the CEO to develop the annual CEO objectives. Objectives to be finalized by the August 1 Board meeting (Cii)</li> <li>• Moved, 2nd and approved, the appointment of Sharon Nevins and Kevin Carruth to serve on the Board Advisory Committee to work with the CEO to develop the annual CEO objectives (Cii)</li> <li>• Board Legal Duties/Roles &amp; Limits on Power (Civ) was an <b>inform only</b> item. Mr. Hohorst moved to edit page 3 and change <i>two</i> to <i>one</i>. This item will be brought back to the next Board meeting on August 1.</li> <li>• Regarding the MOU between MGH/SVH (Cv), Mr. Hohorst moved to delete “<i>after approval by District Board</i>” on page 3. Note: the MOU renews itself automatically on June 30 of each year (unless terminated).</li> </ul> <p><b><u>Audit Committee Report:</u></b></p> <ul style="list-style-type: none"> <li>• AC met on May 28, 2013 and approved Moss Adams as the audit firm for this year. Moss Adams was used last year and they understand the SVH-Prima relationship which will save the Hospital both time and money.</li> <li>• There remains one (1) open position on the Audit Committee. Two applications for this position have been received and one candidate will be appointed at the Board Meeting on September 5, 2013.</li> </ul>		<p>favor.</p> <p><b>MOTION to approve (Ciii) by Hirsch and 2<sup>nd</sup> by Nevins. All in favor.</b></p> <p><b>MOTION to approve(Cv) as <i>amended</i> by Carruth and 2<sup>nd</sup> by Hirsch. All in favor.</b></p>
<b>14. HIPPA BREACH UPDATE</b>	<i>Reid</i>	Inform	
	Mr. Reid gave a brief update on the Hospital’s HIPPA Breach including the preventative plans that have been put in place.		
<b>15. ADJOURN</b>	<i>Hohorst</i>		
	7:19 p.m.		



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
MEETING MINUTES  
TUESDAY, MAY 28, 2013  
Schantz Conference Room**

<b>Board Members Present</b>	<i>cont.</i>	<b>Administrative Staff/ Other Present</b>	<b>Absent</b>
Dick Fogg, Chair Sharon Nevins Peter Hohorst Steve Barclay Richard Conley	Mary Smith Phil Woodward Subhash Mishra, MD Shari Glago	Rick Reid, CFO Jeannette Tarver, Controller Gigi Betta, Board Clerk Sam McCandless Norman Gilroy	Kelly Mather Keith Chamberlin M.D.

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Dick Fogg</i>		
	Ms. Mather and Dr. Chamberlin were absent from the meeting. 5:06 PM		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Dick Fogg</i>		
	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Dick Fogg</i>	Action	
A. FC Minutes 04.23.13		<b>MOTION</b> to approve (A) by Nevins, second by Conley. All in favor.	
<b>4. EDUCATION SESSION ON ACCOUNTABLE CARE ORGANIZATION (ACO)</b>	<i>Glago</i>	Inform	
	In the first part of the presentation, Ms. Glago spoke in broad terms about ACOs and models of accountability. Most important is the alignment of incentives and		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>definition of the population served. Accurate measurements and cost savings figures are dependent on population definition.</p> <p>In the second part of the presentation, Ms Glago gave specific examples taken from several of the Blue Cross ACO models.</p>		
<p><b>5. RECOMMENDATION TO SVHCD BOARD TO APPROVE THE 2014 OPERATING BUDGET</b></p>	<p><i>Rick Reid</i></p>	<p>Action</p>	
	<p>The Committee consensus is that the 2014 budget is both conservative and fair furthermore, Committee members are comfortable with the budget as presented. The only major issue of any concern is IT expense. IT costs will continue to increase in future.</p> <p>Mr. Barclay requested that there be a forecast of the fiscal year two-years in advance (instead of one year) so that the Committee can get in front of next fiscal year even early.</p>	<p><b>MOTION</b> to approve the 2014 Operating Budget by Barclay second by Nevins. All in favor</p>	
<p><b>6. UPDATES</b></p>	<p><i>Rick Reid</i></p>		
	<p>Over the past month, Mr. Reid and the SVH finance department have been focused on the 2014 Operating Budget and now set their sights on the Audit, which will run from May through October 2013.</p> <p>Mr. Conley asked about the HIPPA breach, news of which was released in the Press today. Mr. Reid explained the circumstances around the breach and exactly what took place. The Hospital has since disclosed to the State and all patients, both privately and publicly. Furthermore, steps have been taken to ensure that such an event cannot occur again. Mr. Reid added that the Hospital is insured up to \$2 million.</p>		
<p><b>7. APRIL 2013 FINANCIALS</b></p>	<p><i>Rick Reid</i></p>		
	<p>Page 28 of the April Financials was updated after the Agenda Package was electronically distributed. The corrected page was distributed at the meeting.</p>		
<p><b>8. PROJECTED CASH FLOWS</b></p>	<p><i>Rick Reid</i></p>		
	<p>Lines 39-41 of the Projected Cash Flows are under revision and will be presented with greater clarity at the next Finance Committee meeting.</p> <p>Mr. Woodward asked why last month's projected cash flow does not equal this month's actual figures. Mr. Reid explained that differences are due to Napa State Hospital payments.</p>		
<p><b>9. CLOSING COMMENTS/ADJOURN</b></p>	<p><i>Dick Fogg</i> 6:30 PM</p>		



**SONOMA VALLEY HEALTH CARE DISTRICT  
FINANCE COMMITTEE  
MEETING MINUTES  
TUESDAY, JUNE 25, 2013  
Schantz Conference Room**

<b>Board Members Present</b>	<i>cont.</i>	<b>Administrative Staff/ Other Present</b>	<b>Absent</b>
Dick Fogg, Chair Sharon Nevins Peter Hohorst Steve Barclay Richard Conley	Mary Smith Phil Woodward Subhash Mishra, M.D. Shari Glago Keith Chamberlin M.D. (call-in)	Rick Reid, CFO Robert Cohen, M.D., CMO Jeannette Tarver, Controller Sam McCandless, Community Member Gigi Betta, Board Clerk Kelly Mather (call-in) Leslie Lovejoy (call-in)	

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>ACTIONS</b>	<b>FOLLOW-UP</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER</b>	<i>Dick Fogg</i>		
	5:00 PM		
<b>2. PUBLIC COMMENT SECTION</b>	<i>Dick Fogg</i>		
	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Dick Fogg</i>	Action	
A. FC Minutes 05.28.13		<b>MOTION</b> to approve (A) by Hohorst, 2 <sup>nd</sup> by Nevins. All in favor.	
<b>4. RAC UPDATE</b>	<i>Lovejoy/Cohen/ Reid</i>	Inform	
	Dr. Cohen explained how SVH physicians decide whether to “admit” or “observe” a patient, gave several examples and clarified many questions from the Committee. Mr. Reid defined “RAC” and gave an overview on how the process works. Mr. Reid then reviewed the handout, <i>Reducing RAC Audits and Denials Project</i> , in Ms.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	Lovejoy's absence. SVH has hired EHR to scrutinize <i>observation</i> patients and to assist with RAC appeals (SVH wants to be very aggressive in the appeals process).		
<b>5. EDUCATIONAL SESSION</b>	<i>Glago</i>	Inform	
	No topic presented this meeting.		
<b>6. UPDATES</b>	<i>Rick Reid</i>	Inform	
	<p>The attorney representing SVH in the current HIPPA class action law suit, feels that SVH has a HIPPA <b>exposure</b> not disclosure issue. Mr. Reid reviewed the terms and conditions of the legal representation.</p> <p>Pledge loan update: SVH is required to have new pledge documentation from the Nelsons to be able to borrow against that amount. Hospital Administration is in the process of collecting this documentation. Note: come September 2013, SVH will no longer be able to borrow against pledges.</p>		
<b>7. MAY 2013 FINANCIALS</b>	<i>Rick Reid</i>	Inform	
	Mr. Reid reviewed May 2013 Financials with special attention to explained the specific RAC impact for the month of May. (past narrative here)		
<b>8. PROJECTED HOSPITAL AND BUILDING PROJECT CASH FLOWS</b>	<i>Rick Reid</i>	Inform	
	<p>SVH is experiencing slower payments from insurance companies. On a regular basis, Ms. Mather and Mr. Reid review and analyze the Hospital's cash situation (flow) to determine if any action is required.</p> <p>The four sections of the cash flow summary page, (page 30 of agenda package) were reviewed. This data is in direct response to a request from the Committee at a previous meeting.</p>		
<b>9. CLOSING COMMENTS/ADJOURN</b>	<i>Fogg</i> 6:50 PM		



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING MINUTES  
TUESDAY, May 28, 2013  
Solarium Conference Room/K. Mather's Office**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
Kevin Carruth, Chair Peter Hohorst		

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community. The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	Called to order 8:30 AM Minutes taken by Mr. Hohorst and Mr. Carruth.		
<b>2. PUBLIC COMMENT</b> <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 Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>	There were no public comments		
<b>3. CONSENT CALENDAR:</b> A. GC Meeting Minutes, 4.23.13		MOTION to approve by Hohorst. All in favor	
<b>4. MEMORANDUM OF UNDERSTANDING AND GIFT ACCEPTANCE POLICY WITH SONOMA VALLEY HOSPITAL FOUNDATION</b>	There was a discussion about a number of provisions in the MOU and GAP.	Motion by Carruth to have Hohorst write up the item for the presentation to the Board for their action on June 6 <sup>th</sup> . All in favor	Hohorst to write up for Board meeting action.
<b>5. CEO EVALUATION AND OBJECTIVE SETTING TIME LINE</b>			Hohorst to present at June Board meeting.

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
		Motion by Carruth to present at June 6 <sup>th</sup> Board meeting for approval. All in favor.	
<b>6. LEGISLATION</b> <ol style="list-style-type: none"> <li>1. SB 785-Design-Built Authority for SCVHD</li> <li>2. Development of Board Policy Positions</li> </ol>	<p>The value of continuing authorization of Design Build authority was discussed. SB 785 would provide this authorization</p> <p>Five policy points, which would give the CEO guidance on supporting legislative direction were discussed</p>	<p>Moved by Hohorst to support SB 785. All were in favor.</p> <p>Moved by Hohorst that Carruth would write up the five points for presentation to the Board at the June meeting for approval. All in favor</p>	<p>Carruth to write up for the June Board meeting for action.</p>
<b>7. ROLE CLARIFICATIONS</b> <ol style="list-style-type: none"> <li>1. Board Members</li> <li>2. Board Chairman</li> <li>3. Committee Members</li> </ol>	<p>Suggested amendments to the Board Policy on Board Member and Board Chair duties, roles and responsibilities were reviewed.</p> <p>A suggested Policy for duties, roles and responsibilities for Board Committee members was reviewed and discussed</p>	<p>Moved by Carruth that the suggested amendments be presented to the Board for review at the June Board meeting. All in favor</p> <p>Moved by Hohorst that a policy regarding committee members be dropped since we have committee charters. All in favor.</p>	<p>Carruth to write up and present to the June Board meeting for action at the following Board meeting.</p>
<b>8. PROCUREMENT POLICY</b> <ol style="list-style-type: none"> <li>1. Public Works</li> <li>2. Goods and Services</li> </ol>	<p>The Procurement Policies were discussed and it was agreed that they are not yet ready to bring to the Board for action and the GC will continue to work on them. This should be placed on the next GC meeting agenda.</p>		
<b>9. SUCCESSION PLANNING</b> <ol style="list-style-type: none"> <li>1. Board Committee members</li> <li>2. CEO “C-Suite” Plan</li> </ol>	<p>Succession Planning is an item for the GC to address in the future.</p>	<p>Motion by Carruth to put forward the issue until later this year or next. All in favor</p>	
<b>10. STRATEGIC PLAN AND ANNUAL BUDGET TIME LINES</b>	<p>It was agreed that the policy template used for the CEO objective setting policy and the CEO evaluation policy was a good model. It was also</p>	<p>Motion by Hohorst to use the policy</p>	<p>GC Chair</p>

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	agreed to that a request be made to Sharon Nevins to work with the CEO to translate this year's process and schedule into this policy template and processed by the GC at a later date	template from the CEO evaluation and to request that S. Nevins work with the CEO to document this year's process and schedule and the GC will convert it to a policy statement for Board action. All in favor	
<b>11. BOARD ORIENTATION POLICY</b> <ol style="list-style-type: none"> <li>1. SVHC District's Brown Act lawsuit</li> <li>2. List of books for new members</li> <li>3. List magazine subscriptions for Board</li> <li>4. Description of MGH and Palm Drive</li> <li>5. Outline 1<sup>st</sup> Meeting for New Member</li> <li>6. Outline process by which CEO links new Board Members with SVH Staff</li> <li>7. Schedule for completion/adoption by Board</li> </ol>	The items were all seen as worthy of including in the Board Orientation items listed in the agenda in the package being developed. It was also agreed that the work on this should wait until later in the year when Paula Davis has more time to work on this issue with the GC because she is splitting her time with Palm Drive Hospital. There is no time crisis since the next election is about 16n months away. The GC will determine when to place this back on the GC agenda and to invite Jane Hirsch to make suggestions based on her experience with the current orientation package.	Motion by Carruth to include all listed items in the Orientation Program and to put off further work until Paula Davis available. All in favor.	The GC chair will place it back on the GC agenda at a later date, probably in 2013.
<b>12. BOARD POLICY ON COMMUNITY HEALTH NEEDS ASSESSMENT AND ANNUAL COMMUNITY BENEFITS</b>	Kevin Carruth said this requirement is not applicable to SVH and the District per Kelly Mather so it was not discussed and there is no plan for further action by the GC		
<b>13. TRANSPARENCY</b>	Transparency is an item for the GC to address in the future.	Motion by Carruth to place this item onto a list of issues for consideration later this year or next. All in favor	
<b>14. INTEGRATION OF BOARD, ADMINISTRATIVE AND MEDICAL STAFF COMMUNICATIONS</b>	This issue is an item for the GC to address in the future.	Motion by Carruth to place this item onto a list of issues for consideration later this year or next. All in favor	



<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>15. CLOSING COMMENTS/ADJOURN</b>	10:00 AM		



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING MINUTES  
Monday, June 24, 2013  
Schantz Conference Room**

<b>Committee Members Present</b> Kevin Carruth, Chair Peter Hohorst	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community. The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	8:30 AM		
<b>2. PUBLIC COMMENT</b> <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 Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>			
<b>3. CONSENT CALENDAR:</b> A. GC Meeting Minutes, 5.28.13		<b>MOTION</b> to approve GC Minutes from 5.28.13 <i>as amended</i> by Carruth; 2 <sup>nd</sup> by Hohorst. All in favor.	
<b>8. PROCUREMENT POLICY</b> 1. Public Works 2. Goods and Services	The discussion centered on Goods and Services. Mr. Hohorst will prepare issues discussed and bring them back to the next Governance Committee meeting on Monday, July 22, 2013 8:30AM.		
<b>15. CLOSING COMMENTS/ADJOURN</b>	For the remainder of 2013, GC meetings will occur monthly on the Monday prior to the regularly scheduled Finance Committee meetings. <u>Proposed agenda Items for July 22:</u> 1. 2013 Work plan 2. Transparency Accreditation 3. JOC 4. Procurement: a) goods/services b) public works c) scope.		The Board Clerk will send out a revised 2013 SVH Committee Meeting Schedule to include the 2013 GC meeting

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
	Adjourn 10:30 AM		dates.



**SONOMA VALLEY HEALTH CARE DISTRICT  
QUALITY COMMITTEE  
REGULAR MEETING MINUTES  
Wednesday, May 22, 2013  
Schantz Conference Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Community Members</b>	<b>Administrative Staff Present</b>
Sharon Nevins, Chair Dr. Paul Amara John Perez Joel Hoffman Leslie Lovejoy Brenda Epperly Dr. Jerome Smith Dr. Howard Eisenstark Dr. Jerome Smith Susan Idell	Jane Hirsch Dr. Robert Cohen, CMO		Mark Kobe Gigi Betta, Board Clerk

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Nevins</i>		
	5:03 PM Ms. Nevins proposed (and it was widely accepted) that in future QC Agenda Packages and any other materials for meetings, will be brought by the Committee Members (either on an electronic device or as a hardcopy). The Board Clerk will bring only a few hardcopies for distribution. This in an effort to go green and reduce paper waste. Further, it was requested the Board Clerk REMIND Committee Members to bring their own meeting materials before each meeting.		
<b>2. PUBLIC COMMENT</b>	<i>Nevins</i>		
<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 Committee at this time. For</i>	No public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<i>items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>			
<b>3. CONSENT CALENDAR</b>	<i>Nevins</i>	<b>Inform/action</b>	
A. QC Meeting Minutes, 1.23.13 B. QC Meeting Minutes, 2.27.13		<b>MOTION</b> by Perez to approve both A&B and second by Amara. All in favor and none opposed.	
<b>4. QUALITY INDICATORS SUBCOMMITTEE</b>	<i>Perez</i>	<b>Inform/action</b>	
	<p>Mr. Perez on behalf of the Quality Indicators Subcommittee, presented in two parts: <b>Part I: BOARD QUALITY COMMITTEE DASHBOARD 2013</b> and <b>Part II: QUALITY REPORT CARD</b>.</p> <p>Formatting, wording, errors and missing data discussed in an effort to find the best way to represent data overall with an eye to educating public and SVH Board of Directors.</p> <p><b><u>Part I Decisions:</u></b> There was no official Motion or a Second however, it was decided that Part I would be revised and brought back to the next QC meeting in June. It will not go to the Board at this time.</p> <p><b><u>Part II Decisions:</u></b> There was no official Motion or a Second however, Part II was approved by all and it was agreed that the next steps are to present it to the Board for approval to post it on the SVH website.</p>		
<b>5. QUALITY REPORT</b>	<i>Lovejoy</i>	<b>Inform</b>	
	<p>Ms. Lovejoy presented a lengthy report this month mainly due to the mock survey and the (relatively minor) issues the survey uncovered. Ms. Lovejoy gave the Quality Report and talked about department priorities for May 2013. Priorities included regulatory compliance, departmental changes and the <i>Good Catch Program</i>.</p> <p>The Committee was very impressed with the Good Catch Program, a program which publicly recognizes staff members, issues them a thank you letter signed by the CEO and the Chairman of the Board, and awards a pewter pin in the shape of a catcher's mitt. The Committee suggested that this Program be presented at the next Regular Board meeting.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
6. ANNUAL PERFORMANCE IMPROVEMENT AND RISK MGMT PROGRAM EVALUATION REPORTS	<i>Lovejoy</i>	<b>Inform</b>	
	Ms. Lovejoy talked about the Performance Improvement Plan and the Risk Management Program with an accompanying PowerPoint presentation. It was decided that the Risk Management Report will continue to be treated as a confidential document. Although these reports were not presented as official action items, there was an unofficial motion by Dr. Amara and a 2 <sup>nd</sup> by Mr. Perez to approve the reports.		
7. CLOSING COMMENTS	<i>Nevins</i>		
	The SVH Quality Committee will immediately advise the Medical Staff know whenever a Regular SVH Board Meeting is cancelled or not planned for any given month. Dr. Smith requested a 60-90 day advance notice if possible.		
8. UPON ADJOURNMENT OF THE REGULAR OPEN SESSION	<i>Nevins</i>		
	Opening of closed session.		
9. CLOSED SESSION	<i>Smith/Amara</i>	<b>Inform/action</b>	
	Medical Staff Credentialing & Peer Review Report was presented by Dr. Smith and approved by the Committee. There is one item that requires <i>expedition</i> from the SVH Board Chairman, Bill Boerum. Nancy Iredale, Medical Staff Assistant will contact Mr. Boerum for the <i>expedition</i> in email format (done on 5/24/13).		
10. REPORT OF CLOSED SESSION/ADJOURN	<i>Nevins</i>		
	6:35PM		



**SONOMA VALLEY HEALTH CARE DISTRICT  
QUALITY COMMITTEE  
REGULAR MEETING MINUTES  
Wednesday, June 26, 2013  
Schantz Conference Room**

<b>Committee Members Present</b>	<b>Committee Members Absent</b>	<b>Community Members</b>	<b>Administrative Staff Present</b>
Sharon Nevins, Chair John Perez Leslie Lovejoy (call-in) Dr. Howard Eisenstark Susan Idell Dr. Robert Cohen, CMO Jane Hirsch Joel Hoffman Dr. Paul Amara Dr. Jerome Smith	Brenda Epperly		Mark Kobe Courtney McMahon Gigi Betta, Board Clerk

<b>AGENDA ITEM</b>	<b>DISCUSSION</b>	<b>CONCLUSIONS/ ACTION</b>	<b>FOLLOW-UP/ RESPONSIBLE PARTY</b>
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve and restore the health of everyone in our community. The vision of the SVHCD is that SVH will be a nationally recognized, compassionate place of healing known for excellence in clinical quality. We serve as the guide and indispensable link in our community members' health care journey.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Nevins</i>		
	5:02 PM		
<b>2. PUBLIC COMMENT</b>	<i>Nevins</i>		
<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 Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>	No public comment.		
<b>3. CONSENT CALENDAR</b>	<i>Nevins</i>	Inform/action	
A. QC Meeting Minutes, 5.22.13	Correction to 5/22 Minutes: Dr. Jerome Smith's name appears twice under <i>Present</i> .	<b>MOTION:</b> by Eisenstark to approve (A) as amended and 2 <sup>nd</sup> by Perez. All in favor.	
<b>4. ANNUAL INFECTION CONTROL REPORT</b>	McMahon	Inform	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	Ms. McMahon presented the Annual Infection Control Board Report including 2013 goals, historical rates of infection, prevention methodology, and the Antimicrobial Stewardship Program (ASP).		
<b>5. QUALITY REPORT AND BUILDING ACTIVATION TIMELINE</b>	Lovejoy	Inform	
	Ms. Lovejoy presented the Quality Report for May 2013 which included the building activation project, utilization management and clerical informatics.		
<b>6. ORGANIZATIONAL MATERIALS MANAGEMENT POLICIES AND PROCEDURES</b>	Lovejoy	Inform/Action	
	Approved as amended. Ms. Lovejoy will correct the spelling on Mr. Boerum's name on the signature page.	<b>MOTION:</b> by Hirsch and 2 <sup>nd</sup> by Eisenstark to approve #6 as amended. All in favor.	
<b>7. REPORT FROM QUALITY INDICATORS SUBCOMMITTEE AND DASHBOARD</b>	Hirsch	Inform	
	<p>Dr. Eisenstark suggested using a "rolling" quarterly format for the Dashboard and it was the general consensus of the group to do so. Ms. Lovejoy will reformat the data in the suggested way.</p> <p>Dr. Cohen comments that item 2.a. <i>ED Patient Performance</i>, is a benchmark (25 minutes) set by Valley Emergency Physicians and the national benchmark is 30 minutes. So SVH performs above the national average.</p>		
<b>8. CLOSING COMMENTS</b>	<i>Nevins</i>		
<b>9. ADJOURN</b>	Nevins		
	6:01		
<b>10. UPON ADJOURNMENT OF THE REGULAR OPEN SESSION</b>	<i>Nevins</i>		
<b>11. CLOSED SESSION</b>	<i>Smith/Amara</i>	Inform/action	
<b>12. REPORT OF CLOSED SESSION/ADJOURN</b>	<i>Nevins</i>		



AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<ol style="list-style-type: none"> <li>1. <b>May 22 revised</b> - approval contingent on one PPD by next QC meeting on July 24.</li> <li>2. <b>June 26</b> - approved contingent on one PPD by next QC meeting on July 24. There was on emergency expedition” by Hirsch and Nevins.</li> </ol> <p>NOTE: Requested that the Board Clerk put Board Members’ names on credentialing documentation at all future Board meetings and collect documentation at the end of the meeting.</p> <p>6:15 PM</p>		



**Meeting Date:** August 1, 2013  
**Prepared by:** Peter Hohorst, Board Member  
**Agenda Item Title:** Extension of Professional Services Agreement

**Recommendation:**

That the existing Labor Compliance Program Contract with Labor Compliance Specialists that is due to expire on August 4<sup>th</sup>, 2013 be extended for three months to November 4<sup>th</sup>, 2013

**Background and Reasoning:**

The District is required under Health and Safety Code 32132,5 and Public Contract code 20133 to pay prevailing wages for the GO Bond project and to have proof that prevailing wages have been paid. In August, 2011, the District contracted with Labor Compliance Specialists for two years to monitor and review all wages paid with GO Bond funds in order to ensure that prevailing wages had been paid. At the time it was expected that the project would be completed during the two year period.

To date there have been no challenges to the payments made to any of the workers engaged on the project.

The present target for substantial completion of the project is October 25, 2013. An extension of the present contract for three months will extend the service until the project is completed.

**Consequences of Negative Action/Alternative Actions:**

Probably none, but the possibility exists of a problem and the remedy is simple

**Financial Impact:**

Cost of 3 months service \$10,100

**Selection Process:**

Extension of existing professional service agreement

**Attachments:**

Copy of original agreement

# PROFESSIONAL SERVICES AGREEMENT

between

**Sonoma Valley Hospital**

**And**

**Labor Compliance Specialists, Inc.**

1. This AGREEMENT is made on \_\_\_\_\_, between Sonoma Valley Hospital, hereinafter called "SVH," and Labor Compliance Specialists, Inc., hereinafter called "Consultant", to furnish certain services with regard to the facility upgrade project under a contract with Otto Construction Inc., hereinafter called "Project", upon the following terms and conditions:

## I. CONSULTANT SERVICES AND RESPONSIBILITIES

- A. Consultant shall furnish the service set forth and described in the Scope of Work attached to this Agreement as Exhibit A.

## II. TERM

- A. Term of Agreement.

The period of performance shall be from August 4, 2011, to August 4, 2013, and may be extended by the mutual agreement of SVH and Consultant. No extension of the period of performance of this Agreement shall be effective unless in writing and executed by SVH and Consultant.

- B. SVH -Termination for Cause.

If SVH determines that Consultant has failed to perform in accordance with the terms and conditions of this Agreement, SVH may terminate all or part of the Agreement for cause. This termination shall become effective if Consultant does not cure its failure to perform within 10 days (or more, if authorized in writing by SVH) after receipt of a notice of intention to terminate from SVH specifying the failure in performance.

- C. SVH -Termination for Convenience.

SVH may terminate this Agreement for convenience at any time upon written notice to Consultant. Upon such termination Consultant shall immediately cease work and SVH shall promptly pay Consultant for all amounts then due and payable under this Agreement. Consultant shall not be entitled to any compensation for lost profit for work not performed.

D. Consultant-Initiated Termination.

Consultant may terminate this Agreement for cause if SVH fails to cure a material default in performance within a period of 30 days, or such longer period as Consultant may allow, after receipt from Consultant of a written termination notice specifying the default in performance; provided, however, that a good faith dispute between Consultant and SVH regarding the performance of Consultant's work hereunder, and any withholding of payment related to such dispute, shall not constitute grounds for Consultant to terminate this Agreement. In the event of termination for cause by Consultant, SVH will pay Consultant in accordance with paragraph IV.B.

III. GENERAL PROVISIONS

A. Independent Contractor.

Consultant shall perform the services hereunder as an independent contractor and not as an agent or employee of SVH. Nothing in this Agreement should be construed to create a partnership, joint venture, or employer-employee relationship. Consultant is not the agent of SVH and is not authorized to make any representation, contract, or commitment on behalf of SVH unless specifically authorized to do so in writing signed by an officer of SVH. Consultant shall assume full and sole responsibility for the payment of all compensation and expenses of its employees and agents, including without limitation, all taxes imposed by any federal, state or local taxing authority on all compensation under this Agreement; unemployment insurance; social security and other applicable employee withholdings. Consultant agrees to indemnify, defend and hold harmless SVH against any costs, expenses, damages, liability or claim associated with the compensation and expense of its employees, subcontractors or agents.

B. Consultant Hiring.

Consultant shall not hire any officer or employee of SVH to perform any service covered by this Agreement. This provision shall survive for one (1) year after the expiration of the Term of this Agreement.

C. Subconsultants.

Consultant shall cooperate with other professionals, consultants, contractors, subcontractors and independent contractors employed by SVH in the production of other work related to its services. Subject to approval by SVH, Consultant shall contract for or employ, at its expense, such professional subconsultants as Consultant deems necessary for the completion of the services. Consultant may hire the services of subconsultants with SVH's approval in place of or in addition to those employed or retained by Consultant. Consultant is as responsible for the performance of its subconsultants as it would be if it had rendered these services

itself. Nothing in the foregoing procedure shall create any contractual relationship between SVH and the professionals employed by Consultant under the terms and conditions of this Agreement. Consultant is solely responsible for payment of any subconsultants.

D. Legal and Regulatory Compliance.

Consultant shall perform all services and prepare all work product in compliance with the applicable requirements of laws, codes, rules, regulations, ordinances, and standards governing the scope of Consultant's services hereunder.

E. Ownership and Use of Work Product.

Drawings, documents, reports, surveys, estimates, field notes, calculations, renderings, exhibits, models, prints, and photographs, reproducible copies on linen or mylar of maps, and other materials prepared and furnished by Consultant hereunder shall be and shall remain the property of SVH.

In the event of Agreement termination by either party for any reason, as provided under this Agreement, SVH will have the right to receive, and Consultant shall promptly provide to SVH, all drawings, documents, reports, surveys, renderings, exhibits, models, prints, and photographs, and other materials prepared by Consultant for the services under this Agreement. In the event of termination, and any dispute regarding the amount to be paid under this Agreement notwithstanding, SVH retains the right to receive and use any such documents or materials.

F. Consultant's Accounting Records.

All books and records relating to this Agreement shall be maintained in accordance with generally accepted accounting principles. SVH or SVH's authorized representative shall have access to and the right to audit and the right to copy all of Consultant's books and records as they relate to this Agreement. Consultant records shall include but not be limited to accounting records (hard copy, as well as computer readable data if it can be made available); contracts; payroll records; subconsultant agreements; vendor agreements; purchase orders; leases; original estimates; estimating work sheets; correspondence; receipts; memoranda; and any other supporting evidence deemed necessary to substantiate charges under this Agreement. All such books and records shall be preserved for a period of at least three (3) years from the date of Final Payment under this Agreement.

G. Conflict of Interest.

Consultant represents and warrants that to the best of its knowledge, no actual or potential conflict of interest exists between Consultant's family, business, or financial interests ("Consultant's interests") on the one hand, and the interests of SVH on the other hand, that may affect Consultant's faithful and diligent

performance of the services to be rendered by Consultant hereunder. If after the date hereof Consultant becomes aware of circumstances which evidence an actual or potential conflict of interest as described above, Consultant shall promptly and fully disclose such circumstances to SVH.

H. Successors and Assigns.

If Consultant transacts business as an individual, upon Consultant's death or incapacitation, this Agreement shall automatically terminate as of the date of such event. If so terminated SVH shall pay Consultant or Consultant's estate the prorated unpaid compensation due under Article IV for any services rendered prior to termination.

If Consultant is comprised of two or more individuals, or is a partnership, corporation or other entity, and any Principal (as defined below) dies or becomes incapacitated, either Consultant or SVH may terminate this Agreement upon written notice to the other party. If the parties do not terminate this Agreement within thirty days after such event, SVH will make payments to those continuing as though there had been no death or incapacitation; SVH will not be obliged to take any account of the person who died or became incapacitated or to make any payment to this person or this person's estate. "Principal" for purposes hereof shall mean any individual, partner, shareholder, manager or officer who, at or immediately prior to the relevant time, provides or provided services at a supervisory or principal level to SVH on behalf of Consultant hereunder.

As this Agreement is for the professional services of Consultant, Consultant shall not delegate responsibility for rendition of such professional services to any other party without the prior written consent of SVH, which consent may be granted or withheld in the sole discretion of SVH. Consultant shall not assign any monies due or to become due hereunder without the prior written consent and approval of SVH.

SVH shall have the absolute right to assign all benefits of this Agreement to any organization associated with SVH, or to any other financially responsible organization upon such organization's agreement to assume and perform the unperformed obligations of SVH hereunder.

Except as provided in this Section III.H, this Agreement shall be binding upon SVH and Consultant and their respective successors and assigns.

I. Information Furnished by SVH.

If required for the performance of Consultant's services, SVH will furnish information, surveys, reports, as-builts, and other materials in its possession at SVH's expense. SVH shall, at Consultant's request, provide topographical maps of adjacent areas, as-built drawings of existing utilities and structures, existing photogrammetric surveys of adjacent areas, and all other readily available

pertinent data as may be determined by SVH to be necessary. Consultant shall review and become familiar with any such information provided by SVH.

#### IV. COMPENSATION

##### A. Payment During Term.

SVH will have the right to withhold payment from Consultant for any unsatisfactory service until such time service is performed satisfactorily. SVH will compensate Consultant for the scope of services provided in accordance with this Agreement, computed as follows:

1. Compensation for the scope of work set forth in Exhibit A shall not exceed a maximum of \$81,450.00. This maximum compensation may be increased only with the prior written approval of SVH.
2. All fees shall be computed in accordance with Consultant Fee Schedule attached hereto as Exhibit B. Each monthly fee shall be for the Labor Compliance Program services rendered during that month.
- ~~3.~~ Payments to Consultant shall be made monthly, subsequent to the receipt by SVH of an invoice
4. Compensation for services in addition to those described in Exhibit A, if required, shall be negotiated separately. No additional services shall be authorized except by written addendum to Exhibit A signed by Consultant and SVH.

##### B. Payment upon Termination.

1. Termination Pursuant to Section II.B. In the event of termination of this Agreement by SVH pursuant to Section II.B above, SVH shall have the right to withhold monies otherwise payable to Consultant until Consultant's services under this Agreement are completed. If SVH incurs additional costs, expenses, or other damages due to the failure of Consultant to properly perform pursuant to the Agreement, these costs, expenses, or other damages shall be deducted from the amounts withheld. Should the amounts withheld exceed the amounts deducted, the balance will be paid to Consultant upon completion of the services to be provided under this Agreement. If the costs, expenses, or other damages incurred by SVH exceed the amounts withheld, Consultant shall be liable to SVH for the difference.
2. Termination Pursuant to Section II.C or II.D. In the event of termination of this Agreement pursuant to Section II.C or II.D above, SVH will pay Consultant in full for all services performed, up to and including the effective date of termination. In ascertaining the services actually rendered up to the date of termination, consideration shall be given to both

completed service and service in progress, whether delivered to SVH or in the possession of Consultant.

3. Waiver of Claims. Consultant hereby waives all claims against SVH, whether based on contract or tort, for any special, indirect or incidental damages and loss of anticipated profits on account of any termination of this Agreement by SVH and, as the sole right or remedy of Consultant on account of such termination, Consultant shall receive the amounts payable to Consultant under this Section IV.A.

## V. INDEMNIFICATION

- A. With the exception that this Article V shall in no event be construed to require indemnification by Consultant to a greater extent than permitted by the laws and the public policy of the State of California and without in any manner limiting the rights and remedies of SVH in the event of a breach of this Agreement, Consultant agrees to indemnify, protect and defend, and hold harmless SVH, Jtec HCM, Inc., the project manager, any lender on all or any portion of the Project, their affiliated parent and subsidiary companies and the directors, officers, agents and employees of each of them, together with their successors and assigns (individually, "Indemnified Party" and collectively the "Indemnified Parties") from and against any and all causes of action, demands, losses, violations, infringements of law, patent, license or trademark, costs, attorneys' and experts' fees, claims, damages, judgments and liabilities of every kind and nature (including, without limitation, attorneys' fees and expenses of every kind and nature whatsoever (collectively, the "Claims") arising out of, alleged to have arisen out of, or resulting in any way from this Agreement, the Work hereunder or any other work performed by Consultant and its Subconsultants relating to the Project provided that a Claim (i) is attributable to personal or bodily injury to or death of any person or persons, including, without limitation, employees of Consultant or any Subconsultant, or damage to property of any kind whatsoever, other than the work itself, including, without limitation, loss of use thereof, or violation of laws, and (ii) is caused in whole or in part by any act or omission to act or willful misconduct by Consultant, any Subconsultant, anyone directly or indirectly employed by Consultant or any Subconsultant or anyone for whose acts Consultant or any Subconsultant may be liable. Consultant's obligation to indemnify and hold the Indemnified Parties harmless shall apply with full force and effect regardless of any active and/or passive negligent act or omission by any Indemnified Party. However, Consultant shall have no obligation to indemnify any Indemnified Party against liability for death, injury or damage or other loss, damage or expense arising solely from the negligence or willful misconduct of such Indemnified Party or for defects in design furnished by SVH, its agents or employees or independent contractors, other than Consultant, who are directly responsible to SVH.

- B. The indemnification obligations of Consultant under this Article V (the "Indemnification Obligations") shall not be limited by the amounts or types of



insurance which Consultant is required to carry under this Agreement. In claims against SVH and/or any of the Indemnified Parties hereunder by an employee of Consultant, any Subconsultant, or anyone directly or indirectly employed by Consultant, any Subconsultant or anyone for whose act Consultant or any Subconsultant may be liable, the indemnification obligation shall not be limited by a limitation in amounts or types of damages, compensation or benefits payable by or for Consultant, any Subconsultant or anyone directly or indirectly employed by Consultant, any Subconsultant or anyone for whose acts Consultant or any Subconsultant may be liable.

- C. The Indemnification Obligations shall survive the expiration or earlier termination of this Agreement, and shall continue until the last to occur of (i) the last day permitted by law for the bringing of any claim or action with respect to which indemnification may be claimed by any of the Indemnified Parties against Consultant under this Article V, or (ii) the date on which any claim or action for which indemnification may be claimed under this Article V or elsewhere in this Agreement or the Exhibits hereto is fully and finally resolved and, if applicable, any compromise thereof or judgment or award thereon is paid in full by Consultant, any Indemnified Party is reimbursed by Consultant for any amounts paid by the Indemnified Party in compromise thereof or upon a judgment or award thereon and in defense of such action or claim, including, without limitation, attorneys' fees and expenses, court costs and litigation expenses which are incurred. The Indemnification Obligations shall extend to costs incurred by any Indemnified Party in the good faith settlement of any disputes or claims brought by third parties (including, without limitation, governmental agencies) against SVH, Consultant and/or Subconsultant and related to Consultant's or any Subcontractor's performance of the services hereunder, or any other work done by Consultant or any Subconsultant under or in connection with this Agreement or the Project. Consultant shall have the right to post a bond for said disputed amounts. The Indemnification Obligations shall not be construed to negate, abridge or otherwise reduce any other right or obligation of indemnity which otherwise exists as to any Indemnified Party. Acceptance of any Work by SVH shall not operate as a waiver of any Indemnification Obligation.

## VI. INSURANCE REQUIREMENTS

Consultant, at Consultant's sole cost and expense, shall insure its activities in connection with this Agreement, and shall obtain, keep in force, and maintain insurance as listed below. The coverage's required under this Article VI shall not in any way limit the liability of Consultant.

- A. Either Comprehensive Form General Liability Insurance (Contractual, products, and completed operations coverage's included) with a combined single limit of no less than ***\$1,000,000*** per occurrence, or Commercial-Form General Liability Insurance with coverage and minimum limits as follows:
1. Each Occurrence **\$1,000,000**

2. Products Completed, Operations Aggregate **\$1,000,000**
  3. Personal and Advertising Injury **\$1,000,000**
  4. General Aggregate **\$2,000,000**
- B. Business Automobile Liability insurance for owned, scheduled, no owned, or hired automobiles, with a combined single limit of no less than \$1 million per accident.
- C. If the above insurance (subparagraphs VI.A-VI.B) is written on a claims-made basis, it shall be maintained continuously for a period of no less than 3 years after the date of Final Completion of the services authorized pursuant to each Exhibit A executed. The insurance shall have a retroactive date of placement prior to or coinciding with the date services are first provided that are governed by the terms of this Agreement and shall include, without limitation, coverage for professional services as called for in this Agreement. Insurance required by Paragraphs VI.A-VI.C shall be issued by companies that have a Best rating of A- or better, and a financial classification of VIII or better (or an equivalent rating by Standard & Poor or Moody's).
- D. Workers' Compensation insurance as required and under the Workers' Compensation Insurance and Safety Act of the State of California, as amended from time to time. Insurance required by this Paragraph VI.E shall be issued by companies (i) that have a Best rating of A- or better, and a financial classification of VIII or better (or an equivalent rating by Standard & Poor or Moody's); or (ii) that are acceptable to SVH.
- E. Consultant, upon the execution of this Agreement, shall furnish SVH with one or more Certificates of Insurance evidencing compliance with this Article VI, including the following requirements:
1. Provide that coverage cannot be canceled without 30 days advance written notice to SVH.
  2. If insurance policies are canceled for non-payment, SVH reserves the right to maintain policies in effect by continuing to make the policy payments or by obtaining new policies and assessing the costs thereby incurred against Consultant.
  3. The General Liability Insurance policy and the Business Automobile Liability Insurance policy shall name SVH and any other parties requested in writing by SVH as Additional Insureds.

## VII. STATUTORY REQUIREMENTS

### A. Nondiscrimination

Consultant acknowledges that SVH is subject to various federal, state and local laws, executive orders, rules and regulations regarding equal opportunity and affirmative action, and that some or all of such laws, orders, rules and regulations may also be applicable to its consultants and contractors. Consultant therefore agrees to abide by, and to require all Consultant's subconsultants to abide by any and all applicable equal opportunity and affirmative action requirements set forth in federal, state and local laws, executive orders, rules and regulations, including without limitation the following:

1. The nondiscrimination and affirmative action clauses contained in: Executive Order 11246, as amended, relative to equal opportunity for all persons without regard to race, color, religion, sex or national origin; the Vocational Rehabilitation Act of 1973, as amended, relative to the employment of qualified handicapped individuals without discrimination based upon their physical or mental handicaps; the Vietnam Era Veterans Readjustment Assistance Act of 1974, as amended, relative to the employment of disabled veterans and veterans of the Vietnam Era; and the implementing rules and regulations prescribed by the Secretary of Labor in Title 41, Code of Federal Regulations ("CFR"), Part 60 et seq.; and
2. The utilization of small and minority-owned business concerns clauses contained in: the Small Business Act, as amended; Executive Order 11625; and the Federal Acquisition Regulation (FAR) at 48 CFR Chapter 1, Part 19, Subchapter D, and Part 52, Subchapter H, relative to the utilization of minority business enterprises, small business concerns and small business concerns owned and controlled by socially and economically disadvantaged individuals, in the performance of contracts awarded by federal agencies.

## VIII. CONFIDENTIALITY

- A. In performing the Services, Consultant will have access to SVH's Confidential Information. The term "Confidential Information" includes, without limitation, all information regarding SVH's business activities, finances, trade secrets, existing and prospective contracts and business relationships, past operating results, and such other information about SVH's management, administration, operations, business methods, and finances, whether now known or acquired or created in the future, and whether or not the information is in writing, which Consultant knows or should reasonably believe is of a confidential nature. Consultant understands and agrees that his misuse or wrongful disclosure of Confidential Information shall not only constitute a breach of this Agreement, but a violation of his duty to act in SVH's best interests. Consultant shall not at any time use or otherwise exploit any Confidential Information for Consultant's personal benefit or for the

benefit of any other person, or disclose any such Confidential Information to any third person or entity without SVH's prior written consent, whether during or after the Term of this Agreement.

- B. Notwithstanding the foregoing, Consultant shall have no obligation with respect to Confidential Information which: (i) is or becomes generally known to the public by any means other than a breach of Consultant's obligations hereunder; (ii) was previously known to Consultant or rightly received by Consultant from a third party; (iii) is independently developed by Consultant without reference to information derived from SVH; and (iv) is subject to disclosure under court order or other lawful process.
- C. Except as hereafter provided, Consultant shall not, without prior written approval of SVH, use SVH's name in advertising, publicity, press releases, or other graphic or written materials distributed to prospective customers, third parties, or to other persons.
- D. Consultant's use of SVH's name without the prior written consent of SVH shall be limited to the placement of a short abstract of the Projects in the standard statement of qualifications that Consultant provides prospective customers; provided, however, that such abstract shall comply in all respects with the confidentiality requirements set forth in this Article VIII.

## IX. DISPUTE RESOLUTION PROCEDURE.

### A. Intent.

The parties intend to resolve all disputes or other matters in question arising out of or relating to the interpretation, application, performance or breach of any term, covenant or condition of this Agreement through reasonable business-like negotiations without resort to litigation. If a dispute should arise regarding the obligations of Consultant or SVH towards each other or the Project, the parties shall attempt to resolve the dispute in accordance with this Article IX. Neither SVH nor Consultant shall initiate any legal proceedings against the other before completing the procedures identified in Section IX.A.2.(A)-(C) below. Unless SVH requires otherwise, and regardless of the size or nature of the dispute, Consultant shall not cease or delay performance of its obligations under this Agreement during the existence of any dispute, and SVH shall pay to Consultant all amounts owing and not subject to dispute or offset.

1. Consultant shall incorporate the provisions of this Article IX into contracts with all of Consultant's subconsultants so that such consultants shall also be bound to this dispute resolution procedure.
2. **Resolution Procedure.** Consultant and SVH shall employ reasonable efforts to resolve any disputes in accordance with the following procedures:

- (A) **Special Meeting.** SVH or Consultant may call a special meeting for the resolution of disputes. The meeting shall be held within three (3) working days of a written request for the meeting, which shall specify the nature of the dispute to be resolved. The meeting shall be held at SVH's offices. The meeting shall be attended by representatives of SVH, Consultant, any of Consultant's subconsultants involved, and, at SVH's request, any other agents, contractors, subcontractors or independent contractors of SVH. Such representatives shall have authority to resolve the dispute and shall not be attorney(s) actively practicing law.
- (B) **Senior Management Meeting.** If the dispute has not been resolved within five (5) working days after the special meeting has occurred, then a senior management meeting will be held to attempt to resolve the dispute. The attendees of this meeting shall include applicable parties to the dispute and, in addition, senior level representatives of Consultant, SVH and other parties subject to the dispute. The purpose of this meeting will be to expeditiously resolve the dispute.
- (C) **Mandatory Mediation.** If the dispute has not been resolved within five (5) working days after the senior management meeting has occurred, any party thereto may, at its option, initiate a mediation proceeding which shall be attended by all parties to the dispute and which, unless all parties to such proposed mediation proceeding agree otherwise, shall be conducted by an independent mediator from Judicial Arbitration and Mediation Services in accordance with its procedures. The costs of the mediation shall be shared equally by all parties to such mediation.
- (D) **Settlement.** If, as a result of the mediation, a voluntary settlement is reached and the parties agree that such settlement shall be reduced to writing, the mediator shall hereby be deemed appointed and constituted an arbitrator for the sole purpose of signing the mediation agreement. Such agreement shall have the same force and effect as an arbitration award and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.
- (E) The proceedings under this Section shall be subject to the California Evidence Code. Further, the parties agree that evidence of anything said or presented, or of any admission made during or in the course of the special meeting, senior management meeting or mediation shall not be admissible in evidence or subject to discovery, and disclosure of such evidence shall not be compelled, in any arbitration, court action or proceeding. All communication, negotiations, or settlement discussions by and between participants

in the special meeting, senior management meeting or between participants or mediators in the mediation shall remain confidential. This provision shall not limit the discoverability or admissibility of evidence if all persons who conducted or otherwise participated in the mediation consent to its disclosure. The parties further and expressly agree that the presentation of evidence from any expert or consultant shall not waive any attorney-client privilege, attorney work product immunity or any other exclusionary rule a party may later seek to assert in another proceeding.

- (F) This dispute resolution procedure shall not in any way affect any statutes of limitation relating to any claim, dispute or other matter or question arising out of or relating to this Agreement or the breach thereof. This dispute resolution procedure may be conducted before or during the pendency of any other legal proceedings.

## X. NOTICES

### A. SVH.

Any notice may be served upon SVH by delivering it, in writing, to SVH at the address set forth on the last page of this Agreement, by depositing it in a United States Postal Service deposit box with sufficient first class postage fully prepaid and with the notice addressed to SVH at the aforementioned address, or by sending a facsimile of it to SVH facsimile number set forth on the last page of this Agreement.

### B. Consultant.

Any notice may be served upon Consultant by delivering it, in writing, to Consultant at the address set forth on the last page of this Agreement, by depositing it in a United States Postal Service deposit box with sufficient first class postage fully prepaid and with the notice addressed to Consultant at this address, or by sending a facsimile of it to Consultant facsimile number set forth on the last page of this Agreement.

## XI. AUTHORITY OF AGREEMENT

- A. This Agreement represents the entire and integrated agreement between SVH and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both SVH and Consultant.
- B. Severability. If any provision of this Agreement is held invalid or unenforceable, the remainder of the Agreement shall continue to be valid and enforceable.

- C. Governing Law. This Agreement is governed by the laws of California
- D. This Agreement represents the entire and integrated agreement between SVH and Consultant and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by a written instrument signed by both SVH and Consultant.
- E. This Agreement includes the following exhibits attached herewith:
  - Exhibit A: Scope of Services
  - Exhibit B: Consultant Fee Schedule

IN WITNESS WHEREOF, SVH and Consultant have executed this Agreement on the

**SVH:**

Sonoma Valley Hospital

**CONSULTANT:**

Labor Compliance Specialists, Inc.

\_\_\_\_\_  
(Signature)  
Kelly Mather, President and CEO

\_\_\_\_\_  
(Signature)  
Doug Shortridge  
President/Program Manager

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

**SVH ADDRESS:**

Sonoma Valley Hospital  
347 Andrieux Street  
Sonoma, CA 95476

**CONSULTANT ADDRESS:**

Labor Compliance Specialists, Inc.  
PO Box 2085  
Napa, CA, 94558

Tel. No.: (707) 935-5005  
Fax No.: (707) 935-5433

Tel. No.: (707) 257-2260  
Fax No.: (707) 257-2261



EXHIBIT A  
Scope of Services

- Consulting services to initiate and enforce a Labor Compliance Program pursuant to Labor Code §1771.5 for the facility upgrade project under the contract with Otto Construction Inc. for the Sonoma Valley Health Care District as described below.
- Department of Industrial Relations (DIR)-Approved LCP #2003.00032 adopted by the Board of Directors of the Sonoma Valley Health Care District on August 4, 2011, Resolution No. 304.
- Notification to the DIR of resolution on August 5, 2011.
- Continued implementation of adopted program *as consultant* after “grandfathering” process occurs September 1, 2011.
- Contract documents and Notice to Bidders LCP language support.
- Outreach and education to contractors in advance of project bid as directed.
- Public relations and CPR request responses to unions or other outside parties as directed.
- Official preconstruction meeting for LCP as required by statute.
- Certified Payroll Records and pertinent contractor documents receipt, review, and audits. (All payroll records and other LCP documents to be mailed to specially designated USPS Post Office Box 3059, Napa, CA 94558 – Note this address is different than consultant business address.)
- Weekly site visits as required by regulations.
- Assistance, correction and payroll practice consulting to contractors throughout project.
- Formal Audit/Investigation if required by complaint or evidence of improper payroll practices.
- Request for Approval of Forfeiture to Labor Commissioner if required after investigation.
- Taking cognizance and informing enforcement authorities regarding suspected Apprenticeship Law violations (regulation requirement).
- All required jobsite, DIR, District, and contractor notices and documents during LCP implementation and any formal investigation/withholding process documents as required.

- Administrative review hearing engagement if required by contractor appeal.
- Annual Reports for fiscal years ending June 30, 2012 and June 30, 2013.

**EXHIBIT B**

**CONSULTANT FEE SCHEDULE**

Fixed Lump Sum Fee: \$81,450.00 (eighty-one thousand four hundred fifty dollars).

Initial Fee portion to provide and facilitate all required procedures for “grandfathering” by SVH pursuant to Director of Industrial Relations Policy Letter dated July 1, 2011, the established and pre-approved Labor Compliance Program DIR #2003.00032 – 25% of fee - \$20,362.50 to be invoiced upon execution of contract.

Remaining \$61,087.50 to be paid in 20 equal monthly increments of \$3,054.37 for the period December 2011 through July 31, 2013, and a final payment of \$.10 (ten cents – adjusting amount) for the period of August 1-4, 2013.



**POLICY AND PROCEDURE  
Approvals Signature Page**

**Review and Approval Requirements**

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

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

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

<b>Organizational – Materials Management</b>	
APPROVED BY: <b>Director of Materials Management</b>	DATE: 5.17.13
Director's/Manager's Signature <i>Ellen Shannahan</i>	Printed Name Ellen Shannahan

*Rick Reid*  
 \_\_\_\_\_  
 Rick Reid – Chief Financial Officer

5-20-13  
 \_\_\_\_\_  
 Date

*Jerome Smith*  
 \_\_\_\_\_  
 Jerome Smith, MD  
 President of Medical Staff

6/20/13  
 \_\_\_\_\_  
 Date

*Bill Boerum*  
 \_\_\_\_\_  
 Bill Boerum  
 Chair, Board of Directors

7/26/13  
 \_\_\_\_\_  
 Date



**POLICIES/PROCEDURES MANUAL**  
**Materials / Organizational**  
**TABLE OF CONTENTS**

<b>A.</b>	
<b>B.</b>	
<b>8610-407</b>	Bidding for Public Works Contracts
<b>8610-408</b>	Bidding Regulations Governing Purchases of Materials, Supplies and Equipment and Procurement of Professional Services
<b>C.</b>	
<b>8610-300</b>	Capital Acquisition Policy
<b>8610-182</b>	Contract Administration
<b>D.</b>	
<b>E.</b>	
<b>F.</b>	
<b>G.</b>	
<b>H.</b>	
<b>I.</b>	
<b>J.</b>	
<b>K.</b>	
<b>L.</b>	
<b>M.</b>	
<b>N.</b>	
<b>O.</b>	
<b>P.</b>	
<b>8610-411</b>	Product Evaluation Guidelines
<b>8610-410</b>	Purchasing Policy
<b>Q.</b>	
<b>R.</b>	
<b>S.</b>	
<b>8610-409</b>	Sales of Supplies to Employees and Community to SVH
<b>8610-405</b>	Service Contracts
<b>T.</b>	
<b>8610-406</b>	Terms and Conditions of Selling and Renting to SVH
<b>U.</b>	
<b>V.</b>	
<b>W.</b>	
<b>X.</b>	
<b>Y.</b>	
<b>Z.</b>	



**POLICY AND PROCEDURE  
Approvals Signature Page**

**Review and Approval Requirements**

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

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

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

<b>Departmental/Organizational Leadership</b>	
APPROVED BY: <b>Leslie Lovejoy, RN, CQO</b>	DATE: <i>July 10, 2013</i>
Director's/Manager's Signature <i>Leslie Lovejoy</i>	Printed Name <i>LESLIE LOVEJOY</i>

*Kelly Mather*  
\_\_\_\_\_  
**Kelly Mather,**  
**Chief Executive Officer**

*7/10/13*  
\_\_\_\_\_  
**Date**

*Robert Cohen*  
\_\_\_\_\_  
**Robert Cohen, MD**  
**Chief Medical Officer**

*7/10/13*  
\_\_\_\_\_  
**Date**

*D. Paul Amara*  
\_\_\_\_\_  
**D. Paul Amara, MD**  
**President of Medical Staff**

*7/24/13*  
\_\_\_\_\_  
**Date**

*Bill Boerum*  
\_\_\_\_\_  
**Bill Boerum**  
**Chair, Board of Directors**

*7/25/13*  
\_\_\_\_\_  
**Date**



**Policy Submission Summary Sheet**

Title of Document: Organizational Leadership P/P's

New document or revision written by: Leslie Lovejoy

<b>Type: Leadership</b>  <b>X Revision (4) X New (2) Policy</b>	<b>Regulatory</b> <b>X CMS</b> <input type="checkbox"/> CDPH (formerly DHS) <b>X TJC (formerly JCHAO)</b> <input type="checkbox"/> Other:
<b>X Organizational: Clinical</b> <i>(circle which type)</i>	<input type="checkbox"/> Departmental <input type="checkbox"/> Interdepartmental <i>(List departments effected)</i>

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

LD 8610-103 Clinical Practice Guidelines: reviewed only minor wording changes  
 LD 8610-311 Code of Conduct: reviewed only; no changes  
 LD 8610-312 Conflict Management: reviewed only, no changes  
 LD 8610-313 Culture of Safety: revised to update new training and orientation process

LD 8610-413 Good Catch Program: new policy outlining program and incentivizing proactive reporting of unsafe situations that place patients, visitor, employees potentially at risk for an event. Adjunct to Sentinel Event and Near Miss policy and part of Culture of Safety Program.

LD 8610-410 Scope and Integration of Services: replaces the cumbersome Plan for the Provision of Patient Care and meets CMS and TJC revised standards.

Reviewed By	Date	Approved (Y/N)	Comment
Courtney McMahon Infection control	2/13	Y	
Lorna Gantenbein Risk manager	2/13	Y	
Leslie Lovejoy, CQO	4/1/13	Y	
Chris Kutza, Dir Pharmacy	10/25/12	Y	
Approved by Safety Committee	10/12	Y	





<b>E.</b>	
<b>LD 8610-</b>	
<b>F.</b>	
<b>LD 8610-</b>	
<b>G.</b>	
<b>LD 8610-413</b>	Good Catch Program
<b>H.</b>	
<b>LD 8610-</b>	
<b>I.</b>	
<b>J.</b>	
<b>K.</b>	
<b>L.</b>	
<b>M.</b>	
<b>N.</b>	

<b>O.</b>	
<b>P.</b>	
<b>Q.</b>	
<b>R.</b>	
<b>S.</b>	
<b>LD8610-416</b>	<b>Scope and Integration of Services</b>
<b>T.</b>	
<b>U.</b>	
<b>V.</b>	

4.

**SONOMA CO. DEPT. OF HEALTH  
SERVICES**

**HEALTH  
IMPROVEMENT AND  
MAINTENANCE PLAN  
PRESENTATION**

# Sonoma County Community Health Needs Assessment

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Sonoma County 2013–2016

## I. EXECUTIVE SUMMARY

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The Sonoma County Community Needs Assessment (CHNA) 2013 is a collaborative effort by Sutter Medical Center of Santa Rosa, St. Joseph Health System – Sonoma County, Kaiser Permanente Medical Center – Santa Rosa and the Sonoma County Department of Health Services to assess the health status of Sonoma County residents and to identify critical areas for health improvement. The 2013 Assessment continues a successful collaboration between the hospital partners and local health department, begun in 2000, to identify and jointly address significant community health issues.

Since 1994, not-for-profit hospitals in California have been required by state law to assess community health needs every three years and to use that assessment as the basis for community benefit planning and coordination. Beginning with tax year 2013, under the requirements of the Federal Affordable Care Act (ACA), not-for-profit hospitals throughout the United States are also required to file a community health needs assessment with the Internal Revenue Service. ACA regulations include additional requirements to prioritize community health needs through a comprehensive review of local health data and the gathering of local community input. In 2014, each not-for-profit hospital will be required to prepare an implementation plan that shows how the hospital will use its community benefit resources and the assets of local communities to address the prioritized health needs.

### **Data Collection and Analysis**

The goal of the CHNA data development process was to gather, analyze and summarize current local data on the residents of Sonoma County, their health status and the variety of features and conditions which impact their health, healthy development and quality of life. To accomplish this, the CHNA partners developed and utilized both primary and secondary data sources. Over the course of 5 months (April – September 2012), the partners conducted the following activities to create the 2013 Sonoma County CHNA:

- Developed a demographic summary of Sonoma County's current population along with population growth projections when available. Information is provided on a variety of demographic indicators including population distribution, age, ethnicity, income, healthcare coverage, education and employment.
- Assembled summary data from a variety of secondary sources identifying health behaviors and conditions that compromise the health and healthy development of children and contribute most prominently to illness and injury, disability and death for Sonoma County adults and children. Where known, information on contributing factors is presented along with each health indicator. Health disparities are highlighted.
- Conducted key informant interviews, community-based focus groups and a countywide random telephone survey to gather data on health status and elicit information on

community health issues of greatest concern and perspectives on local opportunities to improve population health and/or the healthcare delivery system.

### **Results of the Community Needs Assessment Priority Setting Process**

With completion of the information-gathering phase in September 2012, the Community Health Improvement Committee (CHIC) convened a priority-setting session engaging 20 Sonoma County health and community leaders to review the data and work together to select priority health issues for inclusion in CHNA document. Recommendations were developed using a set of selection criteria developed by the CHNA planning group along with information from the CHNA data profile, findings from the key informant interviews, focus groups, telephone survey respondents and other local data sources.

#### **The health priorities identified are:**

- 1. Healthy eating and physical fitness.** Poor nutrition and lack of physical activity are driving a national and local obesity epidemic and are contributing to increasing rates chronic disease, disability and premature mortality in Sonoma County. Low-income children and families are especially at risk when they reside in neighborhoods that offer few options to obtain healthy, nutritious food or engage safely in physical activity. Expansion of current efforts in schools and communities to improve nutrition and fitness among youth and adults can help to reduce the growing burden of disease.
- 2. Gaps in access to primary care.** Strong primary care systems are associated with improved health outcomes and reduced health care costs. While most Sonoma County residents have a regular source of care and can access health care when they need it, too many do not. Those who are uninsured, low-income, or are members of racial and ethnic minorities are less likely to have an ongoing source of care and more likely to defer needed care, medicines and diagnostics, often at the cost of unnecessary suffering and poor health outcomes. Increasing access to affordable, prevention-focused primary care can help to eliminate health disparities and promote health and wellbeing.
- 3. Access to services for substance use disorders.** Treatment works. Early screening, intervention and appropriate treatment for harmful substance use and addiction behaviors is critical to intervening with teens, pregnant women and others who can benefit from treatment. Unfortunately, despite increasing levels of addiction, access to substance abuse treatment in Sonoma County is severely limited for low-income individuals without healthcare coverage. Insuring timely access to culturally competent substance abuse treatment, tailored to the specific needs of those seeking help can break the cycle of addiction and benefit individuals, families and the community.
- 4. Barriers to healthy aging.** People over 60 now make up a larger proportion of the population of Sonoma County than ever before. As growth in this population continues, it will challenge families and communities to provide the support seniors need to stay

healthy, safe, engaged and independent. Current senior service “systems” are fragmented, under-funded and often difficult for seniors and their families to understand and utilize. Low-income seniors are especially at risk for neglect, abuse and isolation. Lack of adequate, local supportive services often result in early institutionalization, poor health outcomes and reduced quality of life for many vulnerable seniors. Further development of community-based systems of services and supports for seniors can improve health outcomes and quality of life and significantly reduce costs for long-term institutional care.

5. **Access to mental health services.** Many mental health problems can be effectively treated and managed with access to assessment, early detection, and links with ongoing treatment and supports. In Sonoma County, however, many low income individuals with mental health concerns do not have access to the treatment they need. Insufficient private insurance coverage for mental health services and insufficient availability of publicly-funded treatment services are significant barriers for many. Limited integration of mental health services within the health care system also leads to missed opportunities for early problem identification and prevention.
6. **Disparities in educational attainment.** Educational attainment is the single greatest predictor of both income and employment status in later life and both factors are powerful determinants of health and wellbeing. In Sonoma County, Hispanics currently lag behind their White counterparts in educational attainment at all levels. Just over 6% of Whites do not have a high school diploma as compared with 45.9% of the Hispanic population. Among current students, 93.6% of White 9<sup>th</sup> - graders graduate from high school 4 years later as compared with only 64.4% of Latino students.
7. **Cardiovascular disease.** Cardiovascular disease is the third leading cause of death for people ages 18-59 in Sonoma County. For residents, age 60 and older, coronary heart disease and stroke are the second and third most common cause of death, behind cancer. Major behavioral contributors to cardiovascular disease include tobacco use, physical inactivity, unhealthy diet and harmful use of alcohol. Education and prevention efforts targeting these “lifestyle” choices and behaviors should be expanded along with continued emphasis on early detection and management of chronic disease.
8. **Adverse childhood exposure to stress (ACES).** “Adverse childhood experiences (ACES),” which include a variety of ongoing conditions or events that can be categorized as recurrent childhood trauma, have been documented to lead to health and social problems, risk-taking behaviors and a shortened lifespan for the adults who survive them. ACES have been linked to a range of adverse health outcomes in adulthood, including substance abuse, depression, cardiovascular disease, diabetes, cancer, and premature mortality. The prevalence of ACES underscores the need for additional efforts to reduce and prevent child maltreatment and associated family dysfunction and



the need for further development and dissemination of trauma-focused services to treat stress-related health outcomes associated with ACES.

9. **Access to health care coverage.** Insuring access to affordable, quality health care services is important to protecting both individual and population health, eliminating health disparities and promoting overall quality of life in the community. For uninsured people, the cost of both routine and emergency care can be financially devastating. Individuals without health care insurance coverage may defer needed care, diagnostics and medicines for themselves and their families and may, as a result, experience higher rates of preventable illness, suffering, disability and mortality than those who have insurance. While a significant portion of Sonoma County's uninsured population will be eligible for more affordable health care coverage under The Affordable Care Act, financial barriers may still exist for low-wage earners who are unable to meet premium requirements. And, undocumented individuals will continue to be ineligible for publicly-funded coverage, leaving many individuals and families vulnerable.
10. **Tobacco use.** Approximately one-third of all tobacco-using Americans will die prematurely from lung cancer, emphysema, cardiovascular disease and other causes related to their dependence on tobacco. Chewing tobacco is a principal contributor to oral cancers. Most smokers become addicted before the age of 19. Those who start smoking young are more likely to have difficulty quitting and more likely to develop smoking-related illness and disability. Sonoma County's adult smoking rate does not meet the Healthy People 2020 target and is higher than the California average. Smoking rates for teens also exceeds both national and state-level benchmarks. Education programs to prevent smoking initiation among youth should be strengthened along with efforts to expand access to cessation programs for both youth and adults.
11. **Coordination and integration of local health care system.** Integration of health care services may take a variety of forms, but essentially consists of the coordination of care to reduce fragmentation and unnecessary use of services, prevent avoidable conditions, and promote independence and self-care. The ability of care providers to effectively develop and use Electronic Medical Records will be critical to the coordination and integration of care. The Affordable Care Act expands health care coverage options for more Sonoma County residents. To maximize resources and provide high quality health care for newly insured patients and those already established in care, local health care services must be better coordinated and integrated with an emphasis on those most vulnerable – the aged, those living in poverty or geographic isolation and those with multiple disabilities.
12. **Disparities in oral health.** Poor oral health status can threaten the health and healthy development of young children and compromise the health and wellbeing of adults. Low-income children suffer disproportionately from dental caries in Sonoma County.



Low-income residents have few options for affordable oral health care and even those with insurance find access to preventive services severely limited. Fluoridated drinking water has proven to be an effective public health measure for prevention of tooth decay, yet only 3% of the public water supply in Sonoma County is fluoridated. Among the cities, only Healdsburg fluoridates its water. Stronger prevention initiatives and expanded access to prevention-focused oral health care are critical to protecting the health and wellbeing of low-income children and adults.

13. **Lung, breast, and colorectal cancer.** With the exception of stomach cancer, Sonoma County's all-cancer incidence is higher than the California rate. Research shows that routine screening for certain cancers, including breast, cervical and colorectal cancers, can increase detection at an early and often treatable stage, thereby reducing morbidity and mortality. Lung, breast, and colorectal cancer were identified as priorities because they are significant contributors to morbidity and mortality in Sonoma County and present significant opportunities for early detection through expanded education and screening.

#### **Health Priority Profiles and Community Assets**

A profile was prepared for each of the thirteen health priorities including the rationale for selecting each issue as a priority. A list of community assets per priority are identified as consideration for collaboration opportunities and to leverage efforts to address each selected issue.

#### **Next Steps**

The purpose of the Community Health Needs Assessment (CHNA) 2013-2016 is to document key information on the health and well being of Sonoma County residents. The CHNA will be used by the hospital partners to develop Community Benefit implementation strategies as required by the Affordable Care Act. The CHNA will also be made available as a resource to the broader community. It is hoped that, in this way, the CHNA be a useful resource for further communitywide health improvement efforts.

Please visit [www.healthysonoma.org](http://www.healthysonoma.org) <<http://www.healthysonoma.org>> for copies of each organization's implementation plan and for more information about community health issues in Sonoma County.

**5.**

**SVH-MGH AFFILIATION  
AGREEMENT –  
REVISED EXHIBIT A**

## **EXHIBIT A**

### **PROJECTS**

The purpose of this Agreement is to provide a structure for the exploration, development and implementation of joint projects and programs deemed mutually beneficial to MGH and SVH, as exemplified by the following:

#### On Going Priority Projects:

- Chief Financial Officer oversight of all financial functions at SVH by MGH employee
- Director of Health Information Services oversight of SVH medical records department
- Financial services consolidation of budgeting and accounting functions for SVH
- Supply chain consolidation
- Prima Medical Foundation physicians in Sonoma

#### Priority Projects:

- Patient Accounting consolidations
- Home Care expansion of SVH to Marin County
- Information Services consolidations
- Materials Management services consolidations

#### Other Projects:

- Regional strategic planning with physician and hospital partners in the North Bay
- Service line marketing for North Bay
- One call referral system to MGH
- Skilled Nursing services at SVH
- Investigate options for legally permitted Payor Contracting

**6.**

**LANDMARK OPTION  
AGREEMENT-  
LEASE EASEMENT  
PURCHASE**



May 17, 2013

Bill Boerum  
Sonoma Valley Hospital District  
347 Andrieux St  
Sonoma, CA 95476  
USA

**RE: Option Agreement – Lease Easement Purchase**

Landmark Dividend LLC ("Landmark") is pleased to offer you the following proposal. Landmark has completed an initial analysis of the lease(s) and associated revenue for 1 lease(s) located on property owned by you (the "Premises") and identified in **Exhibit A** (the "Lease(s)"). Based on this preliminary analysis, Landmark will provide **\$212,000.00** in exchange for a 480 month easement to the Premises and assignment of your interest in the Leases and associated rent revenue.

By signing below, you grant Landmark an option to complete the contemplated transaction and purchase from you the landlord interest in the Leases. Landmark may exercise the option granted herein at any time within 90 calendar days of the date of full execution of this letter and receipt of necessary due diligence items.

You acknowledge that a \$100 non-refundable cash deposit by Landmark and Landmark's commitment to expend time, effort and expense to evaluate this transaction are good, valuable and sufficient consideration for the option granted herein. You agree to cooperate fully with Landmark in connection with its evaluation of this transaction. You shall not, directly or indirectly, (a) offer the Leases or the Premises for sale or assignment to any other person; (b) negotiate, solicit or entertain any offers to sell or assign any interest in the Leases or Premises to any other person; or (c) modify, amend, supplement, extend, renew, terminate or cancel the Leases.

This letter is intended as and shall be a legally binding commitment. In the event of a breach of this letter agreement, Landmark shall, in addition to its other rights and remedies, be entitled to compensation for its time, effort and expense to evaluate this transaction and, in any action to enforce this letter agreement, to recovery of its reasonable attorneys' fees.

Your signature below will indicate your agreement to the foregoing and will provide authorization for Landmark to proceed with the evaluation of this transaction and completion of its due diligence including but not limited to verification with the tenants of the accuracy of the due diligence items.

We look forward to working with you on this transaction. Should you have any questions, please feel free to contact me at any time.

AGREED TO AND ACCEPTED AS INDICATED BELOW AS OF THE \_\_\_\_\_ DAY OF \_\_\_\_\_, \_\_\_\_\_

**LANDMARK DIVIDEND LLC**

**Sonoma Valley Hospital District**

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Bill Boerum

## Exhibit A

Tenant/ Carrier	Term Purchased	Current Rent	Rent Frequency	Escalation Rate	Escalation Frequency	Date of Next Escalation
AT&T Mobility	480 Months	\$1,688.00	Monthly	9.00 %	Term	March 01, 2017

**7.**

**CITY OF SONOMA  
SOUTH LOT DEFERRED  
IMPROVEMENT  
AGREEMENT**



**Meeting Date:** August 1, 2013

**Prepared by:** Peter Hohorst, Board Member

**Agenda Item Title:** Deferred Approval Agreement with the City of Sonoma

**Recommendation:**

That the Board approve the Deferred Approval Agreement with the City of Sonoma for the future street improvements to 4<sup>th</sup> and Hayes Streets adjacent to the new 81 space parking lot on the South lot.

**Background and Reasoning:**

It is the standard practice of the City of Sonoma to require owners of property that is being developed to improve the street and sidewalk on the frontage of the property. It is also standard practice to defer these improvements until all of the frontage on that block is under development.

As part of the use permit process for the GO Bond project the City Planning Commission required the District to provide an 81 space parking lot on the South lot. This lot has been completed and is being used on a temporary use permit while the details of a deferred improvement agreement were being worked out between the North Valley Bank (the owner of the property), the District (the lessee of the property) and the City of Sonoma.

The deferred improvement agreement that has been accepted by the City would limit the District's obligation to provide street and sidewalk improvements to the 200 feet of frontage of the property improved by the parking lot. The improvements will be deferred until the south end of the property is developed.

An agreement is also required with the North Valley Bank to absolve the North Valley Bank of any responsibility for the cost of the future improvements.

**Consequences of Negative Action/Alternative Actions:**

The City could revoke the temporary use permit for the parking lot until the deferred improvement agreement was approved by the Board, thereby requiring employees and visitors to park on the street.

The City could require the street improvements to be made before a use permit for the parking lot would be issued, again requiring employees and visitors to park on the street.



The City could withdraw their approval of the deferred improvement agreement and instead require the street improvements be made to the entire length of both 4<sup>th</sup> and Hayes Streets.

**Financial Impact:**

The deferred improvement agreement commits the District to an estimated \$500,000 to provide the street and sidewalk improvements sometime in the future. It does not commit the District to an estimated cost of \$2,000,000 to provide street and sidewalk improvements the full length of both 4<sup>th</sup> and Hayes streets.

**Attachments:**

Deferred Improvement Agreement between the City and the North Valley Bank

Performance and Indemnity Agreement between the North Valley Bank and the District

Conditions of Approval for the development of the South Lot

Drawing of the South Lot showing the limit of the required street and sidewalk improvements

Recording requested by and when recorded mail to:  
City Clerk  
City of Sonoma  
No. 1 The Plaza  
Sonoma, CA 95476

OFFICIAL BUSINESS: Exempt from Recording Fees Pursuant to California Government Code §6103.

*Space above this Line for Recorder's Use*

A.P. No. 018-392-001 and 018-392-045

Location: 851-853 Fourth Street West, Sonoma, CA 95476

### DEFERRED IMPROVEMENT AGREEMENT

THIS AGREEMENT is made by and between the City of Sonoma ("C") and North Valley Bank, a California Corporation ("Owner"), and the Sonoma Valley Health Care District, a political subdivision of the State of California ("District")

WHEREAS, Owner owns that certain parcel of real property (hereinafter described as the "subject property"), located in the City of Sonoma, State of California, described as follows: APN 018-392-001 and 018-393-045 and leases said property to the District, and the District desires to develop or improve the Owner's property.

WHEREAS, the City Planning Commission, on October 13, 2011, has approved a Use Permit for the District's project on the Owner's Property consisting of the expansion of the Sonoma Valley Hospital and the improvement and expansion of a parking lot on the subject property, subject to the condition that the Owner enter into a Deferred Improvement Agreement for the installation of road widening, curbs, gutters and sidewalks for a portion of the subject property.

WHEREAS, Owner owns the subject property and consents to the expansion of the existing parking lot and agrees with said conditions; and

WHEREAS, Owner and the District wish to proceed with the project without prior completion of such conditions.

NOW, THEREFORE, City and Owner agree as follows:

1. Owner shall satisfy all conditions and perform all the work (referred to hereinafter as "work", "work of improvement" or "conditions") described below:

Improve adjacent roadway to full width, including installation of additional pavement, curb, gutter and sidewalk along that portion of the property frontage on Fourth Street West and Hayes Street that has been improved by the South Parking Lot. The portion of the frontage that has been improved

shall be that area beginning 25 feet south of the north edge of AP No. 018-392-045 and continuing south for 200 feet (see Exhibit A).

The design and construction of the additional pavement, curb, gutter and sidewalk shall commence upon future development of the south portion of AP 018-392-001 and within 60 days after receipt of City's "demand to construct" said improvements. Said "demand to construct" shall mean written notice from the City to Owner that the development of the south portion of AP 018-392-001 has been approved by the City and that the street and sidewalk improvements are deemed necessary or desirable as determined by the Public Works Director in his/her sole discretion.

Upon said "demand to construct", Owner shall construct the improvements specified above. Said construction shall be completed within 90 days after the date of the City's "demand to construct."

Satisfaction of said conditions is deferred in accordance with the provisions of this Agreement.

2. A. Owner shall complete the above identified conditions in a workmanlike and professional manner and in accordance with the applicable provisions of the development standards and standard specifications of the City and as specified in its City's Municipal Code, as the same may be revised from time to time.

B. Owner understands that work in the public right of way may not be commenced until an encroachment permit is obtained from and the required insurance submitted to the City.

C. Owner shall submit detailed plans and specifications for the work of improvement prepared by a civil engineer licensed in the State of California necessary to complete the condition(s) set forth in paragraph 1. Such plans and specifications shall be completed and submitted to the City for its review within 30 days after Owner's receipt of said notification. Said plans and specifications shall be subject to the approval of the City Engineer. After approval of same, construction shall commence in accordance with the directions of the Director of Public Works as specified in the notice set forth in Paragraph 3(A). At the time plans and specifications are submitted to City, Owner shall pay all the required inspection fees then in effect and pay all deposits required to cover actual costs in reviewing and checking Owner's plans and specifications and administering the design and construction of the work. Owner shall be responsible for paying all costs the City incurs in reviewing the plans and specifications, administering the design and construction of the work and inspecting the work, all in accordance with the cost recovery/fee program then in effect. The Department of Public Works shall be the responsible department for review and approval of such plans and any revisions as well as for inspection of the work. However, the City has not and will not make an independent investigation of the job site, soils conditions and other conditions which might affect the design and construction of any improvements to be made to satisfy the conditions. It is the responsibility of the Owner to design and construct all required work in such a manner as to ensure reasonable accomplishment of their purposes and satisfaction of the conditions. In the event that job conditions require changes in the approved plans and specifications, a request for such deviation must be submitted in writing by Owner along with checking and inspection costs for prior approval by the City; no deviation will be allowed without such approval.

D. Wherever the word "Owner" is used in this Agreement, it means not only the person/entity executing this Agreement as "Owner", but also every successor-in-interest to the Owner.

3. A. When the Public Works Director has been informed that the City has approved the development of the south portion of AP 018-392-001 and determines that there is no further reason to defer construction of the work because its construction is necessary for orderly development of the area, s/he shall send the "demand to construct" notice described in Section 1 above to Owner to commence the work's design, installation and construction. The notice shall be mailed to the Owner and the then current owner or owners of the subject property as shown on the latest adopted County Assessment roll and as specified in Paragraph 16. The notice shall describe the work to be done by the Owner, the time within which the work shall commence and the time within which the work shall be completed, all in accordance with Sections 1 and 2 above.

B. If the Owner disagrees with the requirements set forth in any notice to commence design and installation of the work s/he shall, within 20 days of the date the notice was mailed, request a review of the requirements by the City Manager. The decision of the City Manager shall be binding upon the Owner.

4. Owner shall, in accordance with the plans described in Paragraph 2.C, including all details and notes shown thereon, promptly complete or cause to be completed the required work to the satisfaction of the City within the time specified by the Director of Public Works in accordance with Sections 1 and 2 above. The completion date may be extended by the mutual written consent of the parties to this Agreement; any such extension will be conditioned on an increase in the amount of any performance security posted to the City pursuant to this Agreement and inspection fees to reflect current costs as well as such other conditions as may be imposed by the City. Such extension shall not constitute a waiver of any of the obligations of the Owner as contained herein.

5. Owner shall allow City's duly authorized representatives access to the work at all times and shall furnish them with every reasonable facility for ascertaining that the methods, materials and workmanship comply with the requirements and intent of the approved plans. The Owner is required to give at least one day's advance notice of the date upon which work is commenced and the date upon which the work is to be completed. City may reject defective work and require its repair, replacement or removal by Owner, all at no expense to City.

6. The estimated cost of completing the condition(s) described in Paragraph 1 will be determined when the plans described in Paragraph 2 are approved.

7. Immediately after the estimate described in Paragraph 6 is made and that estimate is conveyed to the Owner, Owner shall deliver to the City security in a form satisfactory to the City Attorney: either a cash deposit, performance and payment bonds or another instrument of credit acceptable to the City Attorney each with a face value equal to one hundred per cent (100%) of the estimate set forth in Paragraph 6 and sufficient to assure City that the condition(s) described in Paragraph 1 will be satisfactorily completed and that all laborers and material shall be paid. The surety for such security shall be currently admitted to transact surety insurance by the California Department of Insurance and shall carry a Best's rating of no less than A+. Along with any non-cash bond submitted by the Owner to satisfy this Paragraph 7, the Owner shall deliver to the City the certificate described in Cal. Code of Civil Procedure §995.640. The content and manner of posting bonds, instruments of credit or cash shall be done to the satisfaction of the City Attorney. Certificates of deposit shall not be deemed to be satisfactory security unless such certificates provide that the City is the owner of record of such funds. City shall be the sole obligee named on any instrument required by this Agreement. In addition

to the full amount of the security, there shall be included costs and reasonable expenses and fees including attorney's and expert's fees incurred in enforcing the obligation secured.

8. City shall not be required to exonerate any surety, release any security relating to satisfactory completion of the condition(s) or issue occupancy permits until acceptance of the works of improvements by the City Engineer or, in the case of improvements which will not be dedicated and accepted by City, until the improvements have passed final inspection by City Engineer. In addition, release of security, exoneration of sureties and issuance of occupancy permit will be predicated upon the receipt of required maintenance and/or warranty Agreements and security therefor. No work of improvement shall be accepted by the City unless and until it is free of all liens and encumbrances, free of all material defects and conditions which may create a hazard to the public health, safety or welfare, until City has received a full set of photomylar reproduced "as-built" plans, and until the City has received one year warranty and maintenance agreements and security therefor. Upon completion of the improvements described herein, the Owner shall notify the City and request inspection and acceptance of the improvements.

9. In the event that the condition(s) are not timely commenced or completed to the satisfaction of City within the time specified by this Agreement, City, in addition to any other remedy at law or equity, may complete such work with its own forces or by contract. By execution of this Agreement, Owner grants City permission to enter onto the subject property as may be necessary or convenient to construct such works of improvements and perform the work. In the event of such default by Owner, the surety and any person, firm, partnership, entity, corporation or association claiming any interest in the subject property hereinabove described and each of them shall totally reimburse City for the entire cost and expense incurred by the City in performing said work, including interest thereon at the maximum rate allowed by law from the date of notification of such cost and expense until paid (collectively, said costs, expenses and interest shall be referred to as "Reimbursables"). Such obligation of reimbursement shall be unlimited by the amount of the estimates hereinabove set forth or by such security as may have been provided to City in connection with this Agreement. Owner acknowledges and agrees that if the conditions are not completed to the satisfaction of the City within the time specified by this Agreement, the City, in addition to any other remedy at law or equity or in this Agreement, may withhold occupancy, building and zoning permits until the improvements have been satisfactorily completed.

10. A. All Reimbursables and all costs incurred by the City in enforcing and/or exercising its rights under the provisions of this Agreement, together with interest thereon at the rate of 10% per annum, costs of collection and reasonable attorney's fees, shall be a continuing lien upon the subject property. The personal obligation for payment of costs as herein provided shall pass to the Owner's successors in title, and upon transfer of the subject property the lien shall remain in effect and, if unpaid, it may be foreclosed as herein provided.

B. Recordation of this Agreement shall constitute a present lien on the subject property and every portion thereof to secure Owner's performance hereunder and the payment of any and all Reimbursables and other costs and expenses incurred by the City in exercising and/or enforcing its rights under the provisions of this instrument together with interest thereon at the rate of 10% per annum, costs of collection, and reasonable attorney's fees. No action shall be brought to foreclose the lien for any such unpaid charge until notice of the amount due and the lien claimed signed by the City Manager has been delivered to the Owner and a copy of such notice recorded in the Office of the Recorder of Sonoma County, California. The notice shall state the amount of the charges together with

the interest, costs and reasonable attorney's fees, a description of the property against which the lien is claimed, and the name or names of the record owner. The notice shall be in substantially the same form as that shown in Exhibit "C" attached hereto. After the expiration of 30 days from the date the notice has been recorded and delivered to such Owner during which time the noticed arrearages are not fully paid, an action may be commenced to foreclose the lien.

C. Any lien upon the subject property, arising out of the provisions of this instrument, shall be subject and subordinated to, and shall not affect the rights of, a holder of any indebtedness secured by any mortgage or deed of trust upon the subject property made in good faith or for value; provided said mortgage or deed of trust is recorded prior to the recording of the notice of claim of lien as provided in Paragraph 10(B).

11. It is the intention of the parties hereto that this Agreement bind themselves, their heirs, assigns and successors in interest and for the obligations to run with the land. In addition, the parties agree that this Agreement shall be recorded by the City and by recordation of this Agreement, it is the intention of the parties to give notice to all future purchasers of this intent to bind as described above. Upon sale or division of the subject property, the terms hereof shall apply separately to each parcel, and the Owner of each parcel shall succeed to the obligations imposed on Owner by this Agreement. Notwithstanding the above, this Agreement shall not be assigned by Owner without the written consent of City. The consent of City to any assignment shall not be unreasonably withheld, provided the proposed assignee ("Successor") can demonstrate its ability to perform and complete the obligations of Owner under this Agreement, as determined by objective standards of financial capability, creditworthiness and experience required for such performance. The City shall have the right to compel the Successor to disclose all documents, information and other material which, in the City's reasonable discretion, may establish or tend to establish that the proposed Successor meets the standards specified hereinabove. No assignment permitted hereunder shall be complete until substitute security is provided by the Successor to fulfill its obligations hereunder. Provided that Owner provides the City at least forty-five (45) days advance written notice of Owner's intent to assign this Agreement and delivers that notice as well as all documents, information and other material requested by the City and sufficient to enable the City to exercise the discretion vested in it pursuant to this Section 11. No later than thirty (30) calendar days after the City receives the materials submitted by the Owner, the City shall deliver to the Owner a written determination whether the submitted materials are complete. If the City's written determination is not delivered within said thirty (30) day period, the submission shall be deemed complete. If within said thirty (30) day period, the City delivers a notice to the Owner that the submitted materials are incomplete, the Owner shall have thirty (30) calendar days to submit the necessary, additional information and after timely submittal thereof, the City shall have thirty (30) calendar days within which to, again, deliver notice to the Owner whether the submitted materials are complete. If the Owner does not submit additional materials within thirty (30) calendar days after receiving the City's determination of incompleteness, it shall be conclusively deemed that the Owner has withdrawn its request for consent to the assignment in question. Not later than forty-five (45) days after the Owner's submittal is determined or deemed complete, the City shall accept or reject the proposed assignment. The existence of any legitimate dispute between City and Owner over the acceptance by City of any proposed Successor may, in City's unfettered discretion, result in an extension of the time for performance of Owner's obligations hereunder, equal to the amount of time required for resolution of such dispute. If the City consents to an assignment, this Agreement shall be deemed to have been amended to provide: (1) that Successor shall be acknowledged by City to be the Owner hereunder; (2) that Successor shall assume all obligations of Owner hereunder; (3) that all Work and Improvements to which this Agreement relates shall be completed by Successor as required hereunder; (4) that all cash

security deposited with the City shall be retained by the City pursuant to the terms hereof and any balance owing to the Owner shall be paid to the Successor; and (5) Owner shall remain jointly and severally responsible with the Successor for all of the Owner's obligations hereunder. This Section 11 shall survive termination of this Agreement for any reason.

12. Owner warrants s/he/it is the sole owner of the subject property. Owner shall bear the cost of recordation of this Agreement or a sufficient memorandum hereof and no City permit shall be issued until proof of recordation is provided to the City.

13. Owner hereby warrant that the design and construction of any improvements required by the condition(s) will not adversely affect any portion of adjacent properties and that all work will be performed in a proper manner and in accordance with all applicable laws and regulations. To the full extent permitted by law, Owner agrees to indemnify, defend, release and save harmless City, its officers and employees from and against any and all claims, suits, liabilities, actions, damages, failure to comply with any current or prospective laws, penalties or causes of actions by any person including Owner, their employees and agents for any personal injury, death or damage to property from any cause whatsoever arising out of or in connection with this Agreement or the actions and obligations hereunder or approval of Owner's project. Owner shall so indemnify City regardless of: City's passive negligence, City's approval of plans or inspection, approval or acceptance of improvements or any limitation on the amount or type of damages or compensation payable by or for Owner under Workers' Compensation, Disability or other employee benefit acts, or acceptance of insurance certificates required under this Agreement, or the terms, applicability or limitations of any insurance held by Owner.

14. In the event any party to this Agreement brings an action to enforce or interpret the provisions of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees from the other party. This provision shall be in addition to any provisions regarding attorney's fees set forth in the bonds securing this Agreement.

15. Upon notice by City, Owner agrees to cooperate with other property owners, the City and other public entities to provide the work of improvements described herein under a joint plan including participation in the formation of a local improvement district to secure the construction of such improvements. Owner agrees to and do hereby waive all rights to protest the formation of a district including the rights of protest under the Special Investigation, Limitation and Majority Protest Act of 1931. In the event such district is formed or such joint project is consummated, Owner shall receive a credit against (i) Owner's share of the costs of such project and/or (ii) assessments levied against the subject property in an amount no more than the costs incurred by the Owner in designing and constructing the work, depending upon the scope of the joint project or district project and the extent to which the work is included in that joint or district project, all of which shall be determined in the reasonable judgment of the City.

16. Notice required to be given hereunder is considered given upon the first of the following to occur: (a) when delivered in person to the recipient named as below, (b) on the date shown when the notice is sent by facsimile device to the recipient as named below, or (c) on the date shown on the return receipt after deposit in the United States mail in a sealed envelope, either registered or certified mail, return receipt requested, postage and postal charges prepaid, addressed by name and address to the party or person intended as follows:

Notice to the Owner:

North Valley Bank  
300 Park Marina Circle  
Redding, CA 96001

With a Copy to:

Sonoma Valley Health Care District  
Attention: Kelly Mather  
347 Andrieux Street  
Sonoma, CA 95476

Notice to the City of Sonoma:  
Attn: City Clerk  
No. 1 The Plaza  
Sonoma, CA 95476

Either party may, by notice given at any time, require subsequent notices to be given to another individual person or party to a different address. Notices given before actual receipt of notice of change shall not be invalidated by the change.

17. This Agreement represents the entire understanding of the parties pertaining to the subject matters addressed herein and supersedes all other prior or contemporaneous written or oral agreements pertaining to the subject matter of this Agreement. This Agreement may be modified only in writing and signed by the authorized representatives of both the City and the Owner. All modifications of this Agreement must be approved by the City Council of the City of Sonoma.

18. Except as otherwise expressly stated, time is of the essence in the performance of each and every action required pursuant to this Agreement.

19. The City and the Owner agree that this Agreement is the product of mutual negotiations and is an arms-length transaction. Each party has negotiated this Agreement with the advice and assistance of legal counsel of its own choosing or has freely and voluntarily chosen to forego the advice and assistance of legal counsel in negotiating this Agreement.

It is further agreed that the terms of this Agreement shall be construed in accordance with the meaning of the language and shall not be construed for or against either party by reason of authorship and the rule that ambiguities in a document shall be construed against the drafter of the document shall have no application to this Agreement. In construing and interpreting this Agreement, the finder of fact shall give effect to the mutual intention of the parties, notwithstanding such ambiguity, and may refer to the facts and circumstances under which this Agreement is made and such other extraneous evidence as may assist the finder of fact in ascertaining the intent of the parties.

20. Each party signing this Agreement on behalf of a party which is not a natural person hereby represents and warrants to the other party that all necessary legal prerequisites to that party's execution of this Agreement have been satisfied and that he/she has been authorized to sign this Agreement and bind the party on whose behalf he/she signs.



IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed on the date first written above.

Dated this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

OWNER

By: \_\_\_\_\_

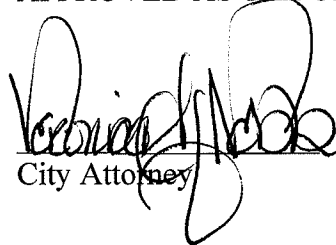
(Include authorization by signatory to bind Owner)

CITY

By: 

(Signatures Must be Notarized)

APPROVED AS TO FORM:

  
City Attorney

DISTRICT:

Sonoma Valley Health Care District

By: \_\_\_\_\_

Its: \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT**

State of California }

County of Sonoma }

On 4-12-13 before me, Gay Johann, Notary Public, personally appeared

Carol Giovanatto

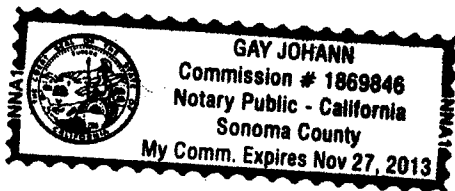
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which their person(s) acted, executed the instrument.

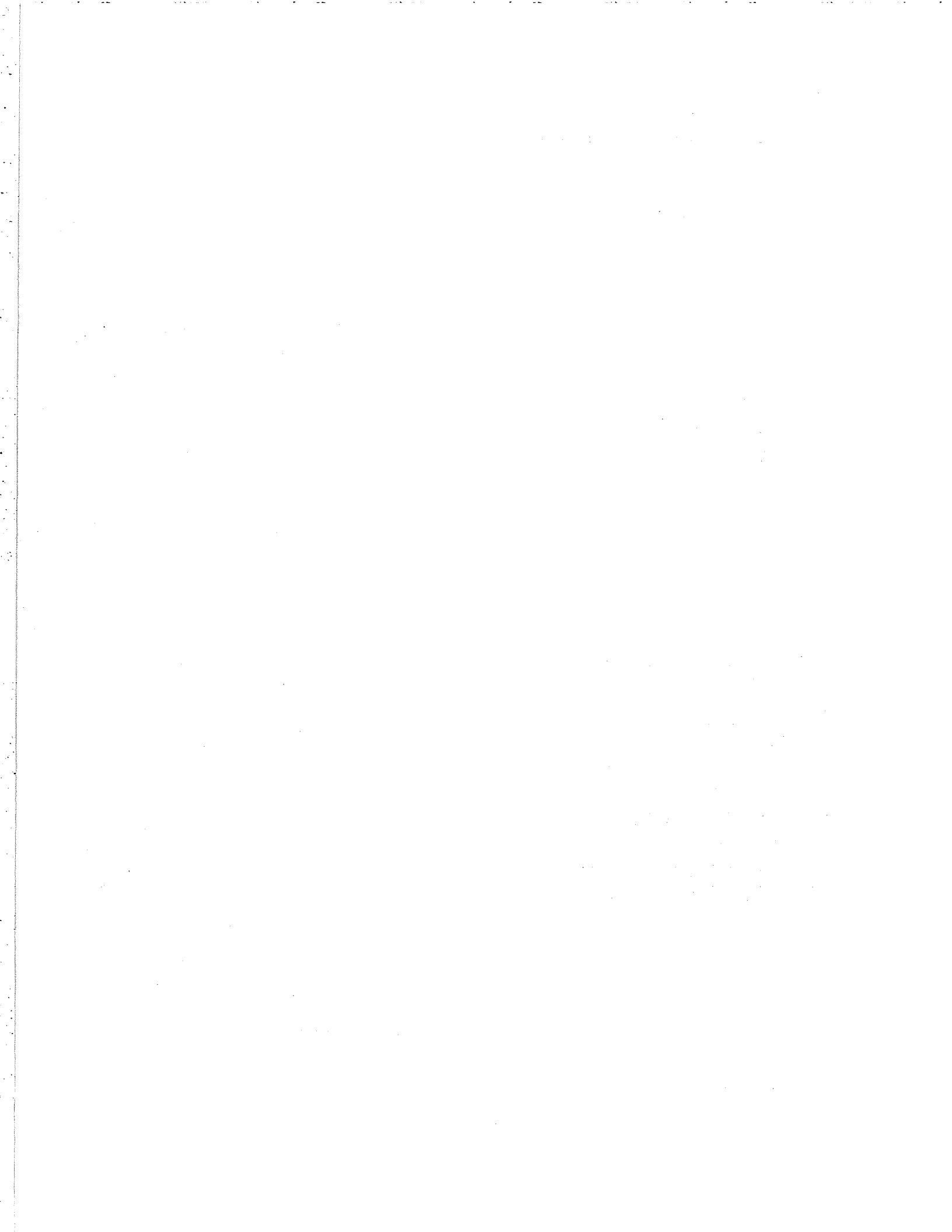
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Gay Johann  
Gay Johann

(Seal)





Recording requested by:  
City Clerk  
City of Sonoma  
No. 1 The Plaza  
Sonoma, CA 95476

When recorded mail to:  
City of Sonoma  
Attention: City Clerk

\_\_\_\_\_  
\_\_\_\_\_  
*Space above this line for Recorder's Use*

**NOTICE OF LIEN CLAIM**  
[To be Mailed to Applicant and Owner and Recorded]

TO: \_\_\_\_\_ [name of record owner and applicant]

FROM: \_\_\_\_\_

RE: The subject real property against which this Notice of Lien Claim shall be recorded is described as: \_\_\_\_\_

PLEASE BE ADVISED that the \_\_\_\_\_ asserts that pursuant to the Deferred Improvement Agreement into which you entered on \_\_\_\_\_ pertinent to the development project entitled \_\_\_\_\_ and located on the real property which is described above, you are in default under said Agreement and by virtue thereof you owe to the \_\_\_\_\_ the following amounts:

	Principal:	\$ _____
	Interest:	\$ _____
	Attorneys' Fees:	\$ _____
	Costs:	\$ _____
TOTAL		\$ _____

PLEASE BE FURTHER ADVISED that the \_\_\_\_\_ claims a lien against said subject property and, pursuant to the said Agreement, shall forthwith record this Notice of Lien Claim in the records of the County Recorder's Office, County of \_\_\_\_\_, California, and that should the total amount specified above not be paid within 30 days of your receipt of this Notice of Lien Claim, the \_\_\_\_\_ shall proceed to foreclose said lien.

DATED: \_\_\_\_\_

By: \_\_\_\_\_

## PERFORMANCE AND INDEMNITY AGREEMENT

This Performance and Indemnity Agreement (“**Agreement**”) is entered into on \_\_\_\_\_, 2013 (“**Execution Date**”) by and between North Valley Bank, a California banking corporation (“**NVB**”) and the Sonoma Valley Health Care District, dba Sonoma Valley Hospital, a political subdivision of the State of California (the “**District**”).

### RECITALS

A. NVB owns that certain real property, commonly known as 851-853 Fourth Street West, Sonoma, California, APN 018-392-001 and 018-392-045, and described in more detail in Exhibit A attached to this Agreement (the “**Property**”). NVB leases the Property to the District, pursuant to that certain Lease and Option to Purchase, dated August 30, 2011 (the “**Lease**”).

B. The District has obtained a Use Permit from the City of Sonoma (the “**City**”) to make certain improvements to parking facilities on the Property, subject to certain conditions as set forth in the document entitled Conditions of Project Approval, dated October 13, 2011, a copy of which is attached to this Agreement as Exhibit B (the “**Conditions of Approval**”). Condition of Approval #4 requires NVB, as owner of the Property, to enter into a Deferred Improvement Agreement with the City for the future construction of certain improvements to the streets adjacent to the Property.

C. The District and NVB have agreed with the City on the form of the Deferred Improvement Agreement, which is attached to this Agreement as Exhibit C (the “**DIA**”).

D. NVB will only agree to enter into the DIA with the City if the District agrees to fully perform, and indemnify NVB against, all of the obligations of NVB under the DIA. The District agrees to do so, as without NVB’s agreement to enter into the DIA with the City, the District will not be able to complete and use the parking improvements the District is constructing on the Property pursuant to the Use Permit.

E. In light of the above, the parties desire to enter into this Agreement to provide for the District’s performance of all of NVB’s obligations under the DIA and for the District’s indemnification of NVB with respect to any and all obligations arising under DIA. Accordingly, the parties now hereby agree as follows.

### AGREEMENT

1. Performance of DIA Obligations. The District shall, at its own cost and expense, fully and timely perform all obligations of the “Owner” as set forth in the DIA, including without limitation the planning, designing and construction of the improvements required thereunder and the payment of all fees and costs required thereunder.

2. NVB Cooperation. NVB shall reasonably cooperate with the District with respect to the performance of the obligations of the “Owner” under the DIA; provided, however, that NVB’s cooperation shall be at the District’s cost and expense and the District shall

reimburse NVB for all reasonable costs and expenses NVB incurs to cooperate with the District with respect to the DIA and the obligations of the "Owner" thereunder. NVB's cooperation shall include, without limitation, promptly forwarding to the District all communications NVB receives from the City under or with respect to the DIA and signing, as the owner of the Property, all applications, submittals, drawings, plans and other documents that the District desires to submit to the City with respect to the DIA and/or the improvements required thereunder.

3. Approval/Execution of DIA. The District and NVB approve the form of the DIA attached hereto as Exhibit C. When the City is ready to execute the DIA, NVB shall do so and the parties shall concurrently execute this Agreement. This Agreement shall only be effective if and when NVB and the City execute the DIA. NVB shall not agree to any amendment or modification of the DIA without the District's prior written approval, which the District can withhold, condition, or delay in its sole discretion. If the City requires the amendment or modification, District will indemnify NVB for any claim arising from any delay, condition or withholding of approval by District.

4. Indemnity. The District hereby agrees to indemnify, defend and hold harmless NVB and its trustees, beneficiaries, officers, members, partners, employees, attorneys, agents, invitees, contractors, subcontractors, representatives, and affiliates (for purposes of this Section 3, collectively "NVB") in connection with the defense, prosecution, satisfaction, settlement, or compromise, including the reasonable cost and expense of litigation (including reasonable attorneys' fees and accountants fees, travel expense, judgments, court costs, and related litigation expenses and such other actual and reasonable costs in connection with the defense, prosecution, satisfaction, settlement or compromise) of any claims, demands, controversies, actions, causes of action, obligations, expenses, fees, charges, damages, fines, penalties and liabilities of any nature whatsoever, whether at law or in equity (collectively "Claims"), to the extent arising out of, contributed to by, based upon, and/or related to, the DIA, the obligations of the "Owner" under the DIA, or the failure or delay of the District to timely and fully perform any of the obligations of the "Owner" under the DIA; provided, however, that the District shall have no obligation to indemnify, defend or hold harmless NVB with respect to any Claim to the extent same is caused by the material failure of NVB to perform its obligations under this Agreement. The terms of this Section 4 and the parties' rights and obligations hereunder, shall survive the termination or expiration of this Agreement.

5. Term. This Agreement shall be effective as of the later of (i) Execution Date, or (ii) the date the City and NVB execute the DIA. The term hereof shall terminate or expire upon the first to occur of the following: (a) the City has confirmed in writing that all of the obligations of the "Owner" under the DIA have been fully performed; (b) the City has released NVB from its obligations as "Owner" under the DIA; (c) the City has terminated the DIA or replaced it with another agreement that does not contain any obligations of NVB; or (d) the District has acquired from NVB fee title to the Property and the City has consented to the assignment to the District of the DIA and all of the obligations of the "Owner" under the DIA.

6. Miscellaneous.

a. Notices. All notices and other communications between the parties under this Agreement shall be sent in accordance with the notice provisions of the Lease.

b. Integration/Amendment. This instrument constitutes the entire agreement between the parties relating to the DIA. Any prior agreements, promises, negotiations, or representations regarding the DIA or this Agreement not expressly set forth in this Agreement are of no force and effect; provided, however, that nothing in this Agreement shall amend, alter, or modify the Lease or the parties' respective rights and obligations thereunder. Any amendment to this Agreement will be of no force and effect unless it is in writing and signed by all parties.

c. Binding Agreement. This Agreement shall bind and inure to the benefit of the parties to this Agreement and their employees, agents, representatives, heirs, personal representatives, successors, and assigns, except as otherwise provided in this Agreement.

d. Choice of Law/Interpretation. This Agreement shall be construed and governed in accordance with laws of the State of California. All of the parties to this Agreement have participated fully in the negotiation and preparation hereof and accordingly, this Agreement shall not be more strictly construed against any one of the parties hereto. In construing this Agreement, the singular shall be deemed to include the plural, the plural shall be deemed to include the singular and the use of any gender shall include every other gender and all captions and Section headings shall be discarded.

e. Severability. In the event any interpretation of a provision of this Agreement is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or reconstrued as deleted as such authority determines and the remainder of this Agreement shall be construed to be in full force and effect.

f. Attorneys' Fees. If either party hereto institutes an action or proceeding (including arbitration) for a declaration of the rights of the parties under this Agreement, for injunctive relief, for an alleged breach or default of, or any other action arising out of, this Agreement, or the transactions contemplated hereby, or in the event any party is in default of its obligations pursuant thereto, whether or not suit is filed or prosecuted to final judgment, the non-defaulting party or prevailing party shall be entitled to its actual attorneys' fees and to any court costs incurred in addition to any other damages or relief awarded.

g. Execution/Counterparts. This Agreement may be executed in any number of counterparts, each of which, when executed, shall be deemed to be an original, all of which shall be deemed to be one and the same instrument. Facsimile transmission signatures shall be deemed original signatures if followed by hard copy delivery.

7. Alternative Dispute Resolution/Judicial Reference. Other than (i) non-judicial foreclosure and all matters in connection therewith regarding security interests in real or personal property; or (ii) the appointment of a receiver, or the exercise of other provisional remedies (any and all of which may be initiated pursuant to applicable law), each controversy, dispute or claim between the parties arising out of or relating to this Agreement, which controversy, dispute or



claim is not settled in writing within thirty (30) days after the "**Claim Date**" (defined as the date on which a party subject to the Agreement gives written notice to all other parties that a controversy, dispute or claim exists), will be settled by a reference proceeding in California in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure ("**CCP**"), or their successor section, which shall constitute the exclusive remedy for the settlement of any controversy, dispute or claim concerning this Agreement, including whether such controversy, dispute or claim is subject to the reference proceeding and except as set forth above, the parties waive their rights to initiate any legal proceedings against each other in any court or jurisdiction other than the Superior Court in the County where the Real Property, which is the subject of the Indemnity Agreement, is located or Shasta County if none (the "**Court**"). The referee shall be a retired Judge of the Court selected by mutual agreement of the parties, and if they cannot so agree within forty-five (45) days after the Claim Date, the referee shall be promptly selected by the Presiding Judge of the Court (or his representative). The referee shall be appointed to sit as a temporary judge, with all of the powers of a temporary judge, as authorized by law, and upon selection should take and subscribe to the oath of office as provided for in Rule 244 of the California Rules of Court (or any subsequently enacted Rule). Each party shall have one peremptory challenge pursuant to CCP §170.6. The referee shall (a) be requested to set the matter for hearing within sixty (60) days after the Claim Date and (b) try any and all issues of law or fact and report a statement of decision upon them, if possible, within ninety (90) days of the Claim Date. Any decision rendered by the referee will be final, binding and conclusive and judgment shall be entered pursuant to CCP §644 in any court in the State of California having jurisdiction. Any party may apply for a reference proceeding at any time after thirty (30) days following the notice to any other party of the nature of the controversy, dispute or claim, by filing a petition for a hearing and/or trial. All discovery permitted by this Alternate Dispute Resolution provision shall be completed no later than fifteen (15) days before the first hearing date established by the referee. The referee may extend such period in the event of a party's refusal to provide requested discovery for any reason whatsoever, including, without limitation, legal objections raised to such discovery or unavailability of a witness due to absence or illness. No party shall be entitled to "priority" in conducting discovery. Depositions may be taken by either party upon seven (7) days written notice, and request for production or inspection of documents shall be responded to within ten (10) days after service. All disputes relating to discovery which cannot be resolved by the parties shall be submitted to the referee whose decision shall be final and binding upon the parties. Pending appointment of the referee as provided herein, the Court is empowered to issue temporary and/or provisional remedies, as appropriate.

a. Manner of Proceeding. Except as expressly set forth in this Alternative Dispute Resolution provision, the referee shall determine the manner in which the reference proceeding is conducted including the time and place of all hearings, the order of presentation of evidence, and all other questions that arise with respect to the course of the reference proceeding. All proceedings and hearings conducted before the referee, except for trial, shall be conducted without a court reporter, except that when any party so requests, a court reporter will be used at any hearing conducted before the referee. The party making such a request shall have the obligation to arrange for and pay for the court reporter. The costs of the court reporter at the trial shall be borne equally by the parties.

b. California Law. The referee shall be required to determine all issues in accordance with existing case law and the statutory laws of the State of California. The rules of evidence applicable to proceedings at law in the State of California will be applicable to the reference proceeding. The referee shall be empowered to enter equitable as well as legal relief, to provide all temporary and/or provisional remedies and to enter equitable orders that will be binding upon the parties. The referee shall issue a single judgment at the close of the reference proceeding which shall dispose of all of the claims of the parties that are the subject of the reference. The parties hereto expressly reserve the right to contest or appeal from the final judgment or any appealable order or appealable judgment entered by the referee. The parties hereto expressly reserve the right to findings of fact, conclusions of law, a written statement of decision, and the right to move for a new trial or a different judgment, which new trial, if granted, is also to be a reference proceeding under this provision.

c. Repeal of Judicial Reference Statute. In the event that the enabling legislation which provides for appointment of a referee is repealed (and no successor statute is enacted), any dispute between the parties that would otherwise be determined by the reference procedure herein described will be resolved and determined by arbitration. The arbitration will be conducted by a retired judge of the Court, in accordance with the California Arbitration Act, §1280 through §1294.2 of the CCP as amended from time to time. The limitations with respect to discovery as set forth hereinabove shall apply to any such arbitration proceeding.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

**THE DISTRICT:**

Sonoma Valley Health Care District  
dba Sonoma Valley Hospital,  
a political subdivision of the State of California

By: \_\_\_\_\_  
Kelly Mather, President and CEO

**NVB:**

North Valley Bank,  
a California banking corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## LIST OF EXHIBITS

- Exhibit A      Legal Description of the Property
- Exhibit B      Conditions of Approval
- Exhibit C      Form of Deferred Improvement Agreement

City of Sonoma Planning Commission  
**CONDITIONS OF PROJECT APPROVAL**  
Sonoma Valley Hospital South Parking Lot Expansion  
851 & 853 Fourth Street West  
(APN 018-392-001 and 018-392-045)

October 13, 2011

1. Expansion of the south parking lot and provisions for temporary parking shall be constructed and implemented in conformance with the project narrative dated October 10, 2011 and approved revised site plan, except as modified by these conditions, and the following:
  - a. The temporary, 50-vehicle, gravel parking lot to be installed directly south of the "south parking lot" shall be removed upon completion of the hospital upgrade project.
  - b. The permanent lot shall provide a total of 81 parking spaces.
  - c. A flow through planter drainage system shall be required for the permanent parking lot.
  - d. The berms to the north and west of the parking lot shall be four feet in height as measured from finished grade, and an additional four-foot tall green screen shall be placed on top of the west berm.

*Enforcement Responsibility:*      *Planning Department; Building Department; Public Works Department*  
*Timing:*                              *Expansion of the south lot prior to final of grading permit; Removal of temporary parking lot upon completion of hospital upgrade project.*

2. A grading and drainage plan and an erosion and sediment control plan shall be prepared by a registered civil engineer and submitted to the City Engineer and the Sonoma County Water Agency for review and approval. The required plans shall be approved prior to the issuance of a grading permit and commencement of grading/construction activities. The erosion control measures specified in the approved plan shall be implemented during construction prior to the first rains or October 1<sup>st</sup>. Grade differences between lots will not be permitted unless separated by properly designed concrete or masonry retaining walls. This requirement may be modified or waived at the discretion of the City Engineer. An NPDES permit shall be required and the plans shall conform to the 2005 SUSMP Guidelines and the City of Sonoma Grading Ordinance (Chapter 14.20 of the Municipal Code). Applicable erosion control measures shall be identified on the erosion control plan and shall be implemented throughout the construction phase of the project: soil stabilization techniques such as hydroseeding and short-term biodegradable erosion control blankets or wattles, silt fences and/or some kind of inlet protection at downstream storm drain inlets, post-construction inspection of all facilities for accumulated sediment, and post-construction clearing of all drainage structures of debris and sediment. Applicant shall submit a preliminary Stormwater Mitigation Plan (SMP) in accordance with the 2005 SUSMP Guidelines with the grading plans. The improvement plans (see Condition #3 below) will not be accepted by the City Engineer for review without first reviewing and approving the preliminary SMP.

*Enforcement Responsibility:*      *City Engineer; SCWA; Public Works Department*  
*Timing:*                              *Prior to issuance of the grading permit*

3. The following improvements shall be required and shown on the improvement plans and are subject to the review of the City Engineer, Planning Administrator and Fire Chief. Public improvements shall meet City standards. The improvement plans shall be prepared by a registered civil engineer and approved by the City Engineer prior to issuance of a grading permit or building permit. All drainage improvements shall be designed in accordance with the Sonoma County Water Agency "Flood Control Design Criteria." Plans and engineering calculations for any drainage improvements, and plans for sanitary sewer facilities (if any), shall be submitted to the Sonoma County Water Agency (and copy of submittal packet to the City Engineer) for review and approval.

- a. The portion of Fourth Street West located directly east of and fronting the south parking lot shall be widened to a total AC pavement width of 24 feet.
- b. Existing frontage improvements along the east side of Fourth Street West (i.e., curb, gutter, and sidewalk) shall be repaired, widened, replaced and/or improved as necessary to meet City and ADA standards from Arroyo Way to its intersection with Bettencourt Street. The telephone guy wire within this section of frontage shall be relocated for compliance with ADA standards and the driveway located at the creek access shall be replaced in conformance with the City's standard plan for commercial driveways.
- c. ADA compliant crosswalks shall be provided from the south parking lot across Fourth Street West and at the east leg of Fourth Street West/Bettencourt Street.
- d. Retaining walls shall not be permitted on City right-of-way.
- e. Storm drains and related facilities, including off-site storm drain facilities as necessary to connect to existing storm drain facilities, including the ditch on the north side of the parking lot which may require acquiring permit from various resource agencies. Any necessary permits from the Army Corps of Engineers and/or Regional Water Quality Control Board and/or other, shall be obtained prior to issuance of the grading permit.
- f. Stormwater BMPs and other stormwater-related features as shown on the stormwater mitigation plan (SMP) shall be shown on the drainage and improvement plans.
- g. Grading plans shall be included in the improvement plans and are subject to the review and approval of the City Engineer, Planning Administrator and the Building Official.
- h. New water service/connection for landscape irrigation, including a separate water meter. The location of the new water meter shall be subject to the review and approval of the City Engineer. The location of water meters and backflow assemblies shall be identified on the plans and the locations approved by the City Engineer and Fire Chief. Applicant shall install State-approved backflow devices, as required, consistent with the City's Cross Connection Control Ordinance.
- i. Signing and striping plans shall be submitted to the City Engineer and Planning Administrator (for the parking lot striping) for review and approval. Said plans shall include the striping of cross-walks from the south parking lot across Fourth Street West and at the east leg of Fourth Street West/Bettencourt Street.
- j. Parking and drives shall be surfaced with an all-weather surface material as approved by the Building Department and the structural section of the parking lot shall be in conformance with the geotechnical engineer's recommendations.
- k. All public sidewalk, street, storm drainage, water, sewer, access and public utility easements shall be dedicated to the City of Sonoma or to other affected agencies of jurisdiction, as required.
- l. The applicant shall show proof of payment of all outstanding engineering plan check fees within thirty (30) days of notice for payment and prior to the approval of the improvement plans, whichever occurs first.
- m. All grading, including all swales, etc., shall be performed between April 1<sup>st</sup> and October 15<sup>th</sup> of any year, unless otherwise approved by the City Engineer.

*Enforcement Responsibility:* City Engineer; Public Works Department; Building Department; Planning Department; Fire Department; SCWA

*Timing:* Prior to issuance of the grading permit

4. As provided for under Section 12.14.051 of the Sonoma Municipal Code, the property owner shall enter into a Deferred Improvement Agreement with the City to improve adjacent roadway to full width, including installation of additional pavement, curb, gutter and sidewalk along the property frontage on Fourth Street West and Hayes Street, upon future development of the parcel. The agreement shall be subject to the approval of the City Attorney.

*Enforcement Responsibility:* City Attorney; City Engineer; City Manager; Planning Department

*Timing:* Prior to finaling any grading/building permit

5. The applicant shall be required to pay for all inspections prior to the acceptance of public improvements, or within 30 days of receipt of invoice; all plan checking fees at the time of the plan checks; and any other fees charged by the City of Sonoma, the Sonoma County Water Agency or other affected agencies with reviewing authority over this project, except those fees from which any designated affordable units are specifically exempted.

*Enforcement Responsibility:* Public Works Dept.; Building Department; City Engineer; Affected agency

*Timing:* Prior to the acceptance of public improvements, or plan check, or within 30 days of receipt of invoice, as specified above

6. No structures of any kind shall be constructed within the public easements dedicated for public use, except for structures for which the easements are intended.

*Enforcement Responsibility:* City Engineer; Public Works Department; Planning Department

*Timing:* Prior to the issuance of any grading/building permit; Ongoing

7. The project shall comply with the applicable standards set forth in the 2005 SUSMP Guidelines (i.e., the City-adopted document entitled "Guidelines for the Standard Urban Storm Water Mitigation Plan" for the Santa Rosa Area and Unincorporated Areas around Petaluma and Sonoma, dated June 3, 2005) herein referred to as SUSMP guidelines. Applicant shall submit a preliminary and final Stormwater Mitigation Plan (SWP) in accordance with the SUSMP guidelines to the City's Stormwater Coordinator and City Engineer for review and approval. Said SMP shall identify specific BMPs and include the BMPs in the project drainage and improvement plans.

*Enforcement Responsibility:* City Engineer; Public Works Department

*Timing:* Prior to the issuance of any grading/building permit

8. The project applicant/developer shall comply with all applicable Phase II NPDES requirements. A Notice of Intent (NOI) and Storm Water Pollution Prevention Plan (SWPPP) shall be prepared and submitted to the State Water Resource Control Board (SWRCB) Division of Water Quality.

*Enforcement Responsibility:* SWRCB; City Engineer; Public Works Dept.; Stormwater Coordinator

*Timing:* Prior to the issuance of any grading/building permit; Ongoing through construction

9. A soils and geotechnical investigation and report, prepared by a licensed civil engineer, shall be required for the south parking lot expansion prior to the issuance of a grading permit and/or approval of the grading and improvement plans. Recommendations identified in the geotechnical investigation and report, including recommendations for structural section of pavements, shall be incorporated into the construction plans for the project and into the building permits.

*Enforcement Responsibility:* City Engineer; Building Department  
*Timing:* Prior to issuance of any grading/building permit

10. The following agencies must be contacted by the applicant to determine permit or other regulatory requirements of the agency prior to issuance of a building permit, including the payment of applicable fees:
- Sonoma County Water Agency [For grading, drainage, and erosion control plans];
  - Sonoma County Department of Environmental Health [For abandonment of wells]
  - Army Corps of Engineers, Regional Water Quality Control Board, and/or Department of Fish & Game [For discharge into potential waters of the U.S.]

*Enforcement Responsibility:* Building Department; Public Works Department  
*Timing:* Prior to the issuance of any grading/building permit

11. The following dust control measures shall be implemented as necessary during the construction phase of the project: 1) all exposed soil areas (i.e. building sites, unpaved access roads, parking or staging areas) shall be watered at least twice daily or as required by the City's construction inspector; 2) exposed soil stockpiles shall be enclosed, covered, or watered twice daily; and 3) the portions of Fourth Street West Lyon and/or Hayes Street providing construction vehicle access to the project site shall be swept daily, if visible soil material is deposited onto the road.

*Enforcement Responsibility:* Building Inspector; Public Works Inspector; Stormwater Coordinator  
*Timing:* Ongoing during construction

12. In the event that any artifacts or cultural soil deposits are unexpectedly discovered during future grading and underground excavation, all work shall stop in the vicinity of the find and an archaeologist shall be contacted to assess the find and make further recommendations. Artifacts that are typically found associated with prehistoric sites include humanly modified stone, shell, bone or other cultural materials such as charcoal, ash and burned rock indicative of food procurement or processing activities. Prehistoric domestic features include hearths, firepits, or house floor depressions whereas typical mortuary features are represented by human skeletal remains. Historic artifacts potentially include all by-products of human land use greater than 50 years of age.

*Enforcement Responsibility:* Planning Department; Building Department; Public Works Department  
*Timing:* Throughout project construction

13. If human remains are encountered, all work shall stop in the immediate vicinity of the discovered remains and the County Coroner and a qualified archaeologist shall be notified immediately so that an evaluation can be performed. If the remains are deemed to be Native American and prehistoric, the Native American Heritage Commission shall be contacted by the Coroner so that a "Most Likely Descendant" can be designated.

*Enforcement Responsibility:* Planning Department; Building Department; County Coroner  
*Timing:* Throughout project construction

14. If paleontological resources are identified during construction activities, all work in the immediate area will cease until a qualified paleontologist has evaluated the finds in accordance with the standard guidelines established by the Society of Vertebrate Paleontology. If the paleontological resources are considered to be significant, a data recovery program will be implemented in accordance with the guidelines established by the Society of Vertebrate Paleontology.

*Enforcement Responsibility:* Planning Department; Building Department; Public Works Department  
*Timing:* Throughout project construction

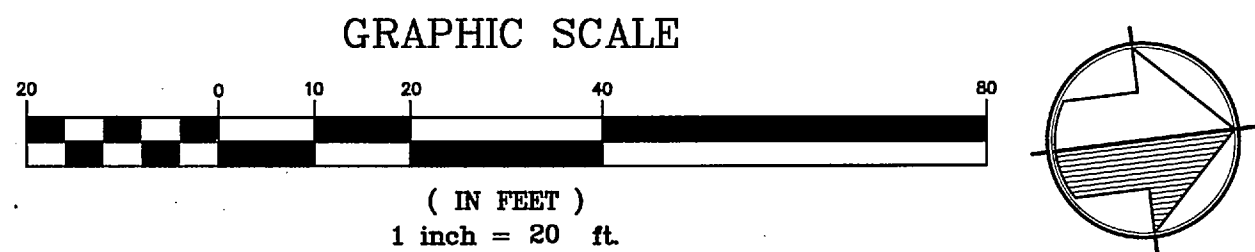
15. A landscape plan for the expanded south parking lot shall be prepared by a licensed landscape architect. The plan shall be subject to the review and approval of the Design Review Commission (DRC). The landscape plan shall comply with City of Sonoma's Water Efficient Landscaping Ordinance (Municipal Code §14.32) and Development Code Sections 19.40.100 (Screening and Buffering), 19.48.090 (Landscaping of Parking Facilities), and 19.40.060 (Landscape Standards).

*Enforcement Responsibility:* Planning Department; DRC  
*Timing:* Prior to issuance of any grading permit

16. Onsite lighting shall be addressed through a lighting plan, subject to the review and approval of the Design Review Commission (DRC). All proposed exterior lighting for the south parking lot shall be indicated on the lighting plan and specifications for light fixtures shall be included. The lighting shall conform to the standards and guidelines contained under Section 19.40.030 of the Development Code (Exterior Lighting). No light or glare shall be directed toward, or allowed to spill onto any offsite areas. All exterior light fixtures shall be shielded to avoid glare onto neighboring properties, and shall be the minimum necessary for site safety and security.

*Enforcement Responsibility:* Planning Department, Design Review Commission  
*Timing:* Prior to the issuance of any grading permit

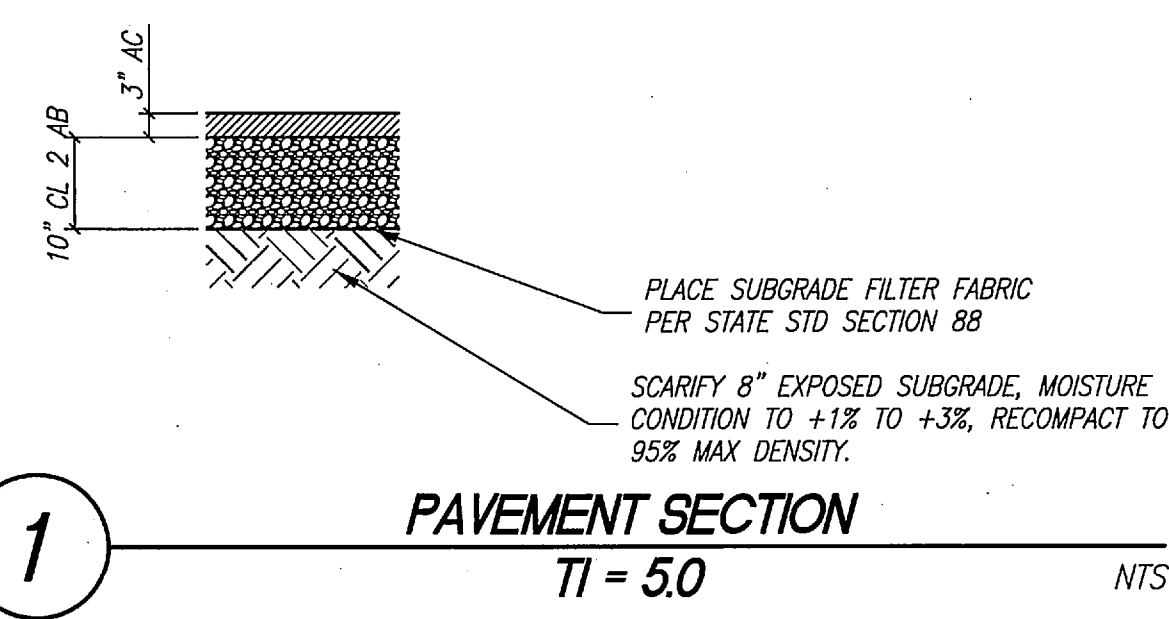
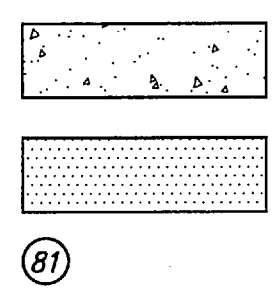




PROJECT INFORMATION	
DRIVE AISLE WIDTH BETWEEN HEAD STALLS	27'
PARKING STALLS	9'x18' (TYP.)
PARKING STALLS (COMPACT)	8.5'x18' (TYP.)
ADA STALLS	9'x18' (TYP.)
VAN ACCESS AISLE	9'
ADA ACCESS AISLE	5' (MIN.)
TOTAL NUMBER OF STALLS	81 (77 REGULAR, 4 COMPACT)
VAN ACCESSIBLE	1
ACCESSIBLE	3

**LEGEND**

- (N) PCC WALK - 4" PCC OVER 4" CL 2 AB WITH #3 @ 1.5' OCEW PER DTL D SHT CA.01 7 DTLS A-C, SHT CA.02
- (N) LANDSCAPED AREA WITH STORMWATER BMP
- PARKING STALL COUNT



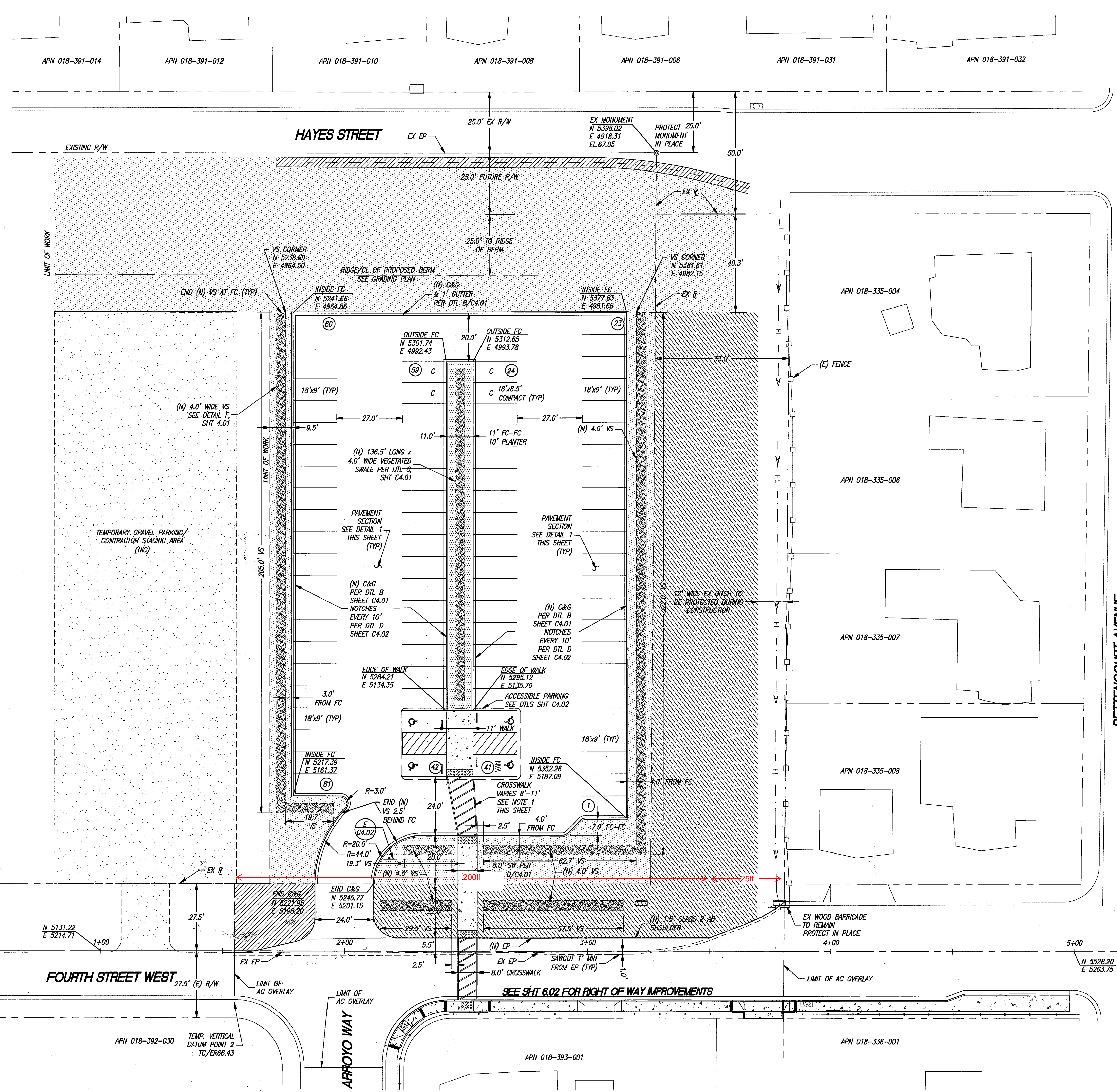
**1 PAVEMENT SECTION**  
TI = 5.0 NTS

- NOTES:**
- 4" WIDE PAINT WHITE STRIPE PER STATE STANDARD SPECIFICATIONS SECTION 84.
  - TEMPORARY GRAVEL PARKING LOT TO BE REMOVED UPON COMPLETION OF THE SONOMA VALLEY HOSPITAL UPGRADE PROJECT.

**PROJECT VERTICAL DATUM**

THE TEMPORARY VERTICAL DATUM FOR THIS PROJECT ARE TWO TOPOGRAPHY POINTS AT THE TOP OF CURB ON THE EAST SIDE OF 4TH STREET WEST AT THE INTERSECTIONS OF NICOLI STREET AND ARROYO WAY AS SHOWN.

ASSUMED VERTICAL DATUM FOR IS TOP OF MONUMENT SCREW AT NORTHEASTERLY MOST CORNER OF LOTS NUMBERED 423 AND 426 OF THE FORMER PUEBLO OF SONOMA IN THE COUNTY OF SONOMA, STATE OF CALIFORNIA. ELEVATION TAKEN AS 67.05 FEET. MONUMENT LOCATED INSIDE MONUMENT WELL AT THE EDGE OF PAVEMENT ALONG HAYES STREET.



**Sonoma Valley Hospital**  
**Facilities Improvement Project**  
**South Parking Lot**  
 851-853 Fourth Street West, Sonoma CA  
**Sonoma Valley Hospital**

CONSULTANTS

**Creegan+D'Angelo**  
INFRASTRUCTURE ENGINEERS  
2420 Martin Road, Suite 380  
Fairfield, CA 94534  
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Fax: (707) 429-2086  
www.cdengineers.com

**APPROVED**

By: \_\_\_\_\_  
Date: \_\_\_\_\_

ARCHITECT

**OTTO CONSTRUCTION**  
1717 2nd Street  
Sacramento, CA 95811  
916/441-6870

**NLA ARCHITECTS**  
600 Q Street, Suite 100  
Sacramento, CA 95814  
916/329-4000  
www.nlarch.com

REVISIONS

NO.	DESCRIPTION	DATE

DATE 2/29/12  
JOB NO. 610005  
OSHPD NO. IS102429-49  
SHEET TITLE

**LAYOUT PLAN**



**8.**

**CEO INCENTIVE  
COMPENSATION GOALS  
FY14**



**Meeting Date: August 1, 2013**

**Prepared by:** Sharon Nevins

**Agenda Item Title: 2014 Incentive Compensation**

**Recommendations:**

Approval of the recommendation from the Incentive Compensation Committee for 2014 incentive compensation for the CEO

**Background:**

This recommendation for the CEO incentive compensation for 2014 reflects changes in the health care environment, specifically in the areas of hospital services as well as the increased emphasis on a health community. This results in a merger of the CEO incentive goals of hospital performance, as measured in the past, with the implementation of the Three-Year Strategic Plan. The committee has included the 2013 incentive compensation guidelines for comparison.

The following relates the committee's comments on the reasons for the changes

Items that have lost significance in the new trends in healthcare and have been eliminated from the incentive compensation guidelines include inpatient growth and measuring outpatient growth in gross revenue over prior years.

Inpatient shrinkage continues to occur nationally, regionally and in our hospital with many of the providers reimbursing for services on an outpatient basis rather than an inpatient stay.

While growth in outpatient services is desirable, measurement of success as reflected in the budgeted financials (that evaluates the net revenues) will be a more reliable guideline.

Service Excellence, Quality, People and Finance remain strong indicators of success in hospital with minor adjustments to the objective and metric

Service Excellence for inpatient satisfaction will reflect the results of the HCAHPS percentiles instead of the previous Press Ganey rankings.

Service Excellence for outpatient satisfaction for 2014 will focus on the objective of high emergency department satisfaction as we transition to the new facility and attempt to increase the public perception of excellence.

Quality of Care through the objective of excellent clinical outcomes will continue to be measured by the value based purchasing clinical score  
Staff engagement and satisfaction will continue to be monitored through the Press Ganey percentile ranking of the current mean score  
For 2014, Financial Success will be based on achieving the 2014 budget, adjusted for unanticipated and uncontrollable prior period adjustments. While EBIDA can still be calculated and used for review purposes, it is proposed that the 2014 budget be used for incentive compensation purposes.

Success in Community Activities has been shifted away from community benefit hours and towards achieving recognition for the development of Healthy Community goals with community partners as envisioned in the Three-Year Strategic Plan.

Shifts of performance goals percentages used for calculation of the total compensation were reviewed and approved by the Committee based on the changing environment.

**Consequences of Negative Action/Alternative Actions:**

The Board has approved the creation of the incentive compensation guidelines and negative action/alternative action would delay the implementation of this project

**Financial Impact:**

**Attachment:**

2014 CEO Goals

2013 CEO Goals



## FY 2014 CEO GOALS

Level 3: 10% Salary Incentive Compensation

Level 4: 13% Salary Incentive Compensation

Level 5: 15% Salary Incentive Compensation

PERFRMANCE GOAL	OBJECTIVE	METRIC	ACTUAL RESULT FY 2013	GOAL LEVEL
<b>Service Excellence</b> 20%	High In-Patient Satisfaction	5 out of 8 HCAHPS questions above 50 <sup>th</sup> percentile	2	>7 out of 8 = 5 >6 out of 8 = 4 >5 out of 8 = 3 (Goal) >2 out of 8 = 2 <2 out of 8 = 1
<b>Service Excellence</b> 10%	High Emergency Department Satisfaction	75 <sup>th</sup> percentile	72nd	>85 <sup>th</sup> = 5 >80 <sup>th</sup> =4 >75 <sup>th</sup> =3 (Goal) >70 <sup>th</sup> =2 <70 <sup>th</sup> = 1
<b>Quality</b> 20%	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score	5	100% for 12 mos= 5 100% 9/12 mos=4 100% 6/12 mos =3 (Goal) 100% 3/12 mos = 2 <100% 3/12 mos = 1
<b>People</b> 10%	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of current mean score	80 <sup>th</sup> percentile	>85 <sup>th</sup> = 5 >82 <sup>nd</sup> =4 >80 <sup>th</sup> =3 (Goal) >75 <sup>th</sup> =2 <70 <sup>th</sup> =1
<b>Finance</b> 30%	Financial Viability	Meet budgeted expectations	Met budget without prior year adjustments	>2% = 5 >1% = 4 At budget = 3 (Goal) <1% = 2 <2% = 1
<b>Healthy Community</b> 10%	Collaborate on Valley Health Dashboard	Determine at least 3 community health measures and create programs to improve them with community partners	2 initiatives with Health Round Table but not measured	5 measures = 5 4 measures = 4 3 measures = 3 (Goal) 2 measures = 2 1 measure = 1

**9.**

**JUNE 2013 FINANCIAL  
REPORT**

**Sonoma Valley Hospital  
Sonoma Valley Health Care District  
June 30, 2013 Financial Report**

Finance Committee

July 30, 2013

# June's Patient Volumes

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year</u>
Acute Discharges	87	126	-39	107
Acute Patient Days	323	446	-123	354
SNF Patient Days	470	589	-119	688
Outpatient Gross Revenue (in thousands)	\$8,353	\$8,441	-\$88	\$7,667
Surgical Cases	116	129	-13	120



# Summary Statement of Revenues and Expenses Month of June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 3,905,296	\$ 3,912,788	\$ (7,492)	0%	\$ 3,893,235
2 Total Operating Expenses	\$ 4,693,845	\$ 4,357,080	\$ (336,765)	-8%	\$ 5,143,165
3 Operating Margin	\$ (788,549)	\$ (444,292)	\$ (344,257)	-77%	\$ (1,249,930)
4 NonOperating Rev/Exp	\$ 336,839	\$ 459,942	\$ (123,103)	-27%	\$ 1,182,290
5 Net Income before Restricted Cont.	\$ (451,710)	\$ 15,650	\$ (467,360)	-2986%	\$ (67,640)
6 Restricted Contribution	\$ 1,183,975	\$ 47,500	\$ 1,136,475	2393%	\$ -
7 Net Income with Restricted Contributions	\$ 732,265	\$ 63,150	\$ 669,115	1060%	\$ (67,640)
8 EBIDA before Restricted Contributions	\$ (191,010)	\$ 271,013	\$ (462,023)		\$ 175,630
9 EBIDA before Restricted Cont. %	-5%	7%	-2%		5%
10 Net Income without GO Bond Activity	\$ 622,414	\$ (65,172)	\$ 687,586		\$ (191,196)

# Summary Statement of Revenues and Expenses Year to Date June 30, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 47,079,081	\$ 47,398,148	\$ (319,067)	-1%	\$ 47,355,473
2 Total Operating Expenses	\$ 53,105,418	\$ 52,484,254	\$ (621,164)	-1%	\$ 52,238,915
3 Operating Margin	\$ (6,026,337)	\$ (5,086,106)	\$ (940,231)	-18%	\$ (4,883,442)
4 NonOperating Rev/Exp	\$ 5,484,701	\$ 5,519,304	\$ (34,603)	-1%	\$ 4,250,312
5 Net Income before Restricted Cont.	\$ (541,636)	\$ 433,198	\$ (974,834)	-225%	\$ (633,130)
6 Restricted Contribution	\$ 1,973,186	\$ 570,000	\$ 1,403,186	246%	\$ 2,043,087
Net Income with Restricted 7 Contributions	<u>\$ 1,431,550</u>	<u>\$ 1,003,198</u>	<u>\$ 428,352</u>	43%	<u>\$ 1,409,957</u>
8 EBIDA before Restricted Contributions	\$ 2,312,713	\$ 3,497,565	\$ (1,184,852)		\$ 2,090,723
9 EBIDA before Restricted Cont. %	6%	7%	-1%		4%
10 Net Income without GO Bond Activity	\$ (2,010,603)	\$ (1,106,666)	\$ (903,937)		\$ (3,072,885)



**To:** SVH Finance Committee  
**From:** Rick Reid, CFO  
**Date:** July 30, 2013  
**Subject:** Financial Report for the Month Ending June 30, 2013

**Overall Results for June 2013**

Overall for June, SVH has a net income of \$732,280 on budgeted income of \$63,150, for an favorable difference of \$669,130. Total net patient service revenue was under budget by (\$151,537). Risk contracts were over budget by \$72,107. Other operating revenue is over budget by \$71,953, bringing the total operating revenue to \$3,905,311 or (\$7,477) under budget. Expenses were \$4,693,845 on a budget of \$4,357,080 or (\$336,765) over budget. The EBIDA prior to the restricted donations for the month was (\$191,000) or -4.9%.

On a year to date basis, the loss prior to the restricted contributions was \$618,860. This loss includes the Medicare paybacks due to the RAC audits of \$1,109,223. Adjusting for RAC audits, the income prior to the restricted contributions would have by \$490,363 on a budget of \$433,198 or \$57,165 better than budget.

**Patient Volumes - June**

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	87	126	-39	107
Acute Patient Days	323	446	-123	354
SNF Patient Days	470	589	-119	688
OP Gross Revenue	\$8,353	\$8,441	-\$88	\$7,667
Surgical Cases	116	129	-13	120

**Overall Payer Mix - June**

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	47.0%	46.7%	0.3%	48.9%	47.3%	1.6%
Medi-Cal	17.1%	13.3%	3.8%	14.4%	13.3%	1.1%
Self Pay	1.5%	3.4%	-1.9%	3.2%	3.4%	-0.2%
Other:						
Commercial	22.7%			20.5%		
Managed MC	4.4%			4.8%		
Workers Comp	2.0%			3.4%		
Capitated	5.3%			4.8%		
Total Other	34.4%	36.6%	-2.6%	33.5%	36.0%	-2.5%
Total	100%	100%		100%	100%	

## **Total Operating Revenues**

Total operating revenues for June were \$3.9 million on a budget of \$3.9 million or (\$7,477) under budget.

Inpatient Net Revenue is under budget by (\$422,024) or 27%, due to the following:

- Medicare discharges under budget by 29, with a favorable rate variance due to the pickup of the Medicare pass through payments of \$164,812 for a total impact of (\$91,444)
- Medi-Cal patient days under budget by 7, with an unfavorable rate variance for a total impact of (\$64,500)
- Self pay patient days under budget by 25, with a favorable rate variance for a total impact of (\$185,705). Patient days were under this month due 31 patients days that were self pay becoming eligible for Medi-Cal services. The self pay discount of approximately \$130,000 is included in this category.
- Commercial patient days were under budget by 17 days, with a favorable rate variance for a total impact of (\$80,375)

Skilled Nursing Home:

- Volume was under budget by 119 days and patient acuity was slightly over budget, net impact (\$64,800)

Outpatient:

- Volume was under budget by (\$83,040) and rates were over budget , net impact of \$218,006

Home Care:

- Volume was under budget by 30 visits or \$13,051.

Bad Debts and Charity Care:

- Bad Debt and charity care are favorable to budget by \$102,412. This was due to a higher volume of self pay patients qualifying for Medi-Cal. This offset some of the prior month's gains.

Risk Contract Revenue:

- Napa State was over budget by \$84,080, due to higher volume.

Other Operating Revenue:

- Other revenue is over budget by \$71,953, due to the receipt incentive payment for first and second quarter of 2013 from Western Health for \$65,834.

## **Expenses**

June's expenses were \$4.7million on a budget of \$4.4 million or over budget by (\$336,765).

The following is a summary of the operating expense variances for the month of June:

- Total productivity FTE's were under budget at 277, on a budget of 286. Total salaries and Agency Fees were under budget by a total of \$4,641. Higher agency costs in June offset the 9 FTE savings.
- Employee benefits were over budget by (\$22,773), of this health insurance was over budget by (\$27,906), paid time off was over budget by (\$24,052). State unemployment insurance was under budget by 33,552 due to the last quarter adjustment from the insurance company.
- Medical and Professional Fees were under budget by (\$58,361) due to the \$50,000 legal fee associated with the HIPPA matter.
- Purchase services are over budget by (\$243,281) due to Information Systems related to the Electronic Health Records that was previously budgeted in as capital and an unbudgeted operating lease for the Electronic Health Records. The variance also reflects the true up on the



balance sheet prepaid accounts that were under expensed for a portion of the year of approximately \$60,000. Also Radiology was over budget by (\$25,273) due to lower than the minimum usage per the contract. Patient Accounting was over budget by (\$20,586) due to late collection agency invoices received that were larger than the monthly estimates. Plant Operations were over budget by (\$14,560) due to life safety plans. Facilities were over budget (\$12,420) due to the department moves. Public Relation is over budget by (\$10,680) due to purchase services for advertising.

- Interest expense over budget by budget (\$32,961) due to the line of credit and late fees.

**Capital Campaign Summary:**

For the month of June the Hospital received \$1,183,975 in capital campaign donations. The total amount received from the Capital Campaign to date is \$3,901,939 offset with spending of \$648,056. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,446 for miscellaneous restricted funds, \$114,500 received from the Foundation for the X-ray machine and \$32,255 for the Health Round Table.

	Receipts	Spending	Balance
Emergency Dept.	\$1,003,640	\$0	\$1,003,640
Operating Room	\$0	\$0	\$0
Art Work	\$100,000	\$0	\$100,000
General	\$2,798,299	\$648,056	\$2,150,243
Interest Earned	\$8,343	\$0	\$8,343
<b>Total Capital Campaign</b>	<b>\$3,910,282</b>	<b>\$648,056</b>	<b>\$3,262,226</b>
X-Ray Machine	\$114,500	\$0	\$114,500
Misc. Restricted Funds	\$21,446	\$0	\$21,446
Health Round Table	\$32,500	\$245	\$32,255
<b>Total Specific Funds</b>	<b>\$4,078,728</b>	<b>\$648,301</b>	<b>\$3,430,427</b>

These comparisons are for actual FY 2013 compared to actual FY 2012. These are not budget comparisons.

**ER Visits**

	ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%
July	109	114	-5	-4.4%	729	772	-43	-5.6%
Aug	106	105	1	.9%	778	718	60	8.4%
Sept	111	107	4	3.1%	677	693	-16	2.3%
Oct	95	108	-13	-12%	706	679	27	4.0%
Nov	101	107	-6	-5.6%	631	632	-1	-0.2%
Dec	100	119	-19	-16%	693	622	71	11.4%
Jan	141	93	48	51.6%	711	698	13	1.9%
Feb	112	94	18	19.1%	598	598	0	0.0%
Mar	97	121	-24	-19.8%	660	662	-2	-0.3%
April	88	88	0	0.0%	641	629	12	1.9%
May	97	107	-10	-9.3%	698	756	-58	-7.7%
June	89	95	-6	-6.3%	627	715	-88	-12.3%
YTD	1,246	1,258	-12	-1.0%	8,149	8,174	-25	-0.3%

**Sonoma Valley Health Care District**  
**Statement of Revenue and Expenses**  
**Comparative Results**  
**For the Period Ended June 2013**

	Month				Year-To-Date				YTD Prior Year	
	This Year		Variance		This Year		Variance			
	Actual	Budget	\$	%	Actual	Budget	\$	%		
<b>Volume Information</b>										
1	Acute Discharges	87	126	(39)	-31%	1,366	1,543	(177)	-11%	1,526
2	SNF Days	470	589	(119)	-20%	7,624	8,024	(400)	-5%	7,490
3	Home Care Visits	990	1,020	(30)	-3%	12,070	11,215	855	8%	11,512
4	Gross O/P Revenue (000's)	8,353	8,441	(88)	-1%	\$ 102,624	\$ 100,567	2,057	2%	\$ 94,837
<b>Financial Results</b>										
<b>Gross Patient Revenue</b>										
5	Inpatient	\$ 4,367,755	\$ 5,121,630	(753,875)	-15%	\$ 61,939,766	\$ 63,032,497	(1,092,731)	-2%	\$ 57,964,875
6	Outpatient & Emergency	8,058,099	8,141,084	(82,985)	-1%	99,124,148	97,268,193	1,855,955	2%	91,718,430
7	SNF	1,621,275	1,776,963	(155,688)	-9%	25,104,020	23,736,947	1,367,073	6%	23,548,942
8	Home Care	294,696	299,457	(4,761)	-2%	3,499,514	3,298,364	201,150	6%	3,118,552
9	Total Gross Patient Revenue	\$ 14,341,825	\$ 15,339,134	(997,309)	-7%	\$ 189,667,448	\$ 187,336,001	2,331,447	1%	\$ 176,350,799
<b>Deductions from Revenue</b>										
10	Contractual Discounts	\$ (11,640,707)	\$ (11,235,237)	(405,470)	-4%	\$ (141,741,184)	\$ (137,538,110)	(4,203,074)	-3%	\$ (127,295,324)
11	Bad Debt	(226,255)	(328,667)	102,412	31%	(2,901,255)	(4,013,995)	1,112,740	28%	(3,490,000)
12	Charity Care Provision	(22,523)	(171,138)	148,615	87%	(2,040,452)	(2,090,100)	49,648	2%	(1,773,377)
13	Prior Period Adjustments	1,000,215	-	1,000,215	0%	(836,022)	-	(836,022)	0%	957,082
14	Total Deductions from Revenue	\$ (10,889,270)	\$ (11,735,042)	(154,443)	1%	\$ (146,682,891)	\$ (143,642,205)	(3,040,686)	2%	\$ (132,558,701)
15	Net Patient Service Revenue	\$ 3,452,555	\$ 3,604,092	(151,537)	-4%	\$ 42,984,557	\$ 43,693,796	(709,239)	-2%	\$ 43,792,098
16	Risk contract revenue	\$ 368,765	\$ 296,658	72,107	24%	\$ 3,825,992	\$ 3,559,896	266,096	7%	\$ 3,396,375
17	Net Hospital Revenue	\$ 3,821,320	\$ 3,900,750	(79,430)	-2%	\$ 46,810,549	\$ 47,253,692	(443,143)	-1%	\$ 47,188,473
18	Other Operating Revenue	\$ 83,991	\$ 12,038	71,953	-598%	\$ 268,541	\$ 144,456	124,085	86%	\$ 167,000
19	Total Operating Revenue	\$ 3,905,311	\$ 3,912,788	(7,477)	0%	\$ 47,079,090	\$ 47,398,148	(319,058)	-1%	\$ 47,355,473
<b>Operating Expenses</b>										
20	Salary and Wages and Agency Fees	\$ 2,019,841	\$ 2,024,482	4,641	0%	\$ 23,757,873	\$ 23,949,999	192,126	1%	\$ 22,622,659
21	Employee Benefits	695,461	672,688	(22,773)	-3%	8,774,661	8,233,431	(541,230)	-7%	8,326,784
22	Total People Cost	\$ 2,715,302	\$ 2,697,170	(18,132)	-1%	\$ 32,532,534	\$ 32,183,430	(349,104)	-1%	\$ 30,949,443
23	Med and Prof Fees (excl Agency)	\$ 448,365	\$ 390,004	(58,361)	-15%	\$ 4,581,763	\$ 4,686,288	104,525	2%	\$ 5,805,666
24	Supplies	493,285	498,685	5,400	1%	6,156,796	5,922,938	(233,858)	-4%	6,230,877
25	Purchased Services	571,426	328,145	(243,281)	-74%	5,083,928	4,367,598	(716,330)	-16%	3,852,433
26	Depreciation	172,043	199,672	27,629	14%	2,132,705	2,396,064	263,359	11%	1,991,127
27	Utilities	85,768	85,888	120	0%	899,734	994,598	94,864	10%	854,790
28	Insurance	29,044	20,374	(8,670)	-43%	243,607	244,488	881	0%	230,965
29	Interest	58,641	25,680	(32,961)	-128%	361,512	308,171	(53,341)	-17%	372,596
30	Other	119,971	111,462	(8,509)	-8%	1,112,839	1,380,679	267,840	19%	1,951,018
31	Operating expenses	\$ 4,693,845	\$ 4,357,080	(336,765)	-8%	\$ 53,105,418	\$ 52,484,254	(621,164)	-1%	\$ 52,238,915
32	Operating Margin	\$ (788,534)	\$ (444,292)	(344,242)	-77%	\$ (6,026,328)	\$ (5,086,106)	(940,222)	-18%	\$ (4,883,442)
<b>Non Operating Rev and Expense</b>										
33	Electronic Health Records & Misc. Rev.	\$ (13,413)	\$ 147,250	(160,663)	-109%	\$ 1,717,163	\$ 1,767,000	(49,837)	-3%	\$ 487,322
34	Donations	31,577	-	31,577	0%	118,139	-	118,139	0%	149,906
35	Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	(1,550)
36	Physician Practice Support-Prima	(65,630)	(65,630)	-	0%	(787,560)	(787,560)	-	0%	(782,817)
37	Parcel Tax Assessment Rev	274,448	250,000	24,448	10%	2,967,986	3,000,000	(32,014)	-1%	2,914,779
38	GO Bond Tax Assessment Rev	139,868	158,333	(18,465)	-12%	1,829,105	1,899,996	(70,891)	-4%	1,842,802
39	GO Bond Interest	(30,011)	(30,011)	-	0%	(360,132)	(360,132)	-	0%	(360,130)
40	Total Non-Operating Rev/Exp	\$ 336,839	\$ 459,942	(123,103)	-27%	\$ 5,484,701	\$ 5,519,304	(34,603)	-1%	\$ 4,250,312
41	Net Income / (Loss) prior to Restricted Contributor	\$ (451,695)	\$ 15,650	(467,345)	-2986%	\$ (541,627)	\$ 433,198	(974,825)	-225%	\$ (633,130)
42	Capital Campaign Contribution	\$ 1,183,975	\$ 47,500	1,136,475	2393%	\$ 1,858,852	\$ 570,000	1,288,852	226%	\$ 2,043,087
43	Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ 114,334	\$ -	114,334	100%	\$ -
44	Net Income / (Loss) w/ Restricted Contributions	\$ 732,280	\$ 63,150	669,130	1060%	\$ 1,431,559	\$ 1,003,198	428,361	43%	\$ 1,409,957
45	Net Income w/o GO Bond Activity	\$ 622,423	\$ (65,172)	687,595	1055%	\$ (2,010,600)	\$ (1,106,666)	(903,934)	-82%	\$ (2,115,802)

Sonoma Valley Health Care District  
Balance Sheet  
For The Period Ended  
As of June 30, 2013

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
<b>Assets</b>			
Current Assets:			
1	\$ 974,983	\$ 1,804,380	\$ 1,790,849
2	1,263,697	1,263,697	276,368
3	9,521,613	9,386,703	8,068,207
4	5,501,182	341,917	6,344,008
5	(1,471,800)	(1,454,077)	(1,976,621)
6	372,888	196,514	1,395,719
7	-	-	-
8	794,634	881,191	864,137
9	1,074,412	1,224,325	569,480
10	<u>\$ 18,031,609</u>	<u>\$ 13,644,650</u>	<u>\$ 17,332,147</u>
11	\$ 186,468	\$ 186,468	\$ 185,909
12	10,674,452	10,698,381	11,273,989
13	29,991,133	25,906,659	13,942,317
14	4,024,454	8,028,978	18,963,901
15	-	-	36,839
16	3,430,427	2,214,442	1,869,491
17	271,813	263,474	420,714
18	<u>\$ 66,610,356</u>	<u>\$ 60,943,052</u>	<u>\$ 64,025,307</u>
<b>Liabilities &amp; Fund Balances</b>			
Current Liabilities:			
19	\$ 4,689,937	\$ 4,415,867	\$ 5,364,280
20	3,163,388	3,009,609	3,123,812
21	714,262	571,410	714,262
22	304,818	304,923	152,010
23	1,689,354	1,514,354	950,253
24	4,677,907	384,885	4,769,308
25	795,004	800,202	1,478,198
26	2,424,868	2,424,868	182,110
27	<u>\$ 18,459,538</u>	<u>\$ 13,426,118</u>	<u>\$ 16,734,233</u>
28	\$ 37,820,460	\$ 37,918,367	\$ 38,393,797
29	Fund Balances:		
30	\$ 6,244,842	\$ 6,697,026	\$ 6,823,472
31	4,085,516	2,901,541	2,073,805
32	<u>\$ 10,330,358</u>	<u>\$ 9,598,567</u>	<u>\$ 8,897,277</u>
33	<u>\$ 66,610,356</u>	<u>\$ 60,943,052</u>	<u>\$ 64,025,307</u>

**Sonoma Valley Hospital**  
**Statistical Analysis**  
**FY 2013**

	ACTUAL	BUDGET	ACTUAL												
	Jun-13	Jun-13	May-13	Apr-13	Mar-13	Feb-13	Jan-13	Dec-12	Nov-12	Oct-12	Sep-12	Aug-12	Jul-12	Jun-12	May-12
<b>Statistics</b>															
<b>Acute</b>															
Acute Patient Days	323	446	396	315	447	449	613	456	351	443	347	432	396	354	363
Acute Discharges	87	126	99	88	122	128	159	117	104	121	109	117	115	107	116
<b>SNF Days</b>	470	589	638	589	725	678	707	671	638	576	617	682	633	688	729
<b>HHA Visits</b>	990	1,020	1,140	1,101	1,067	1,001	1,076	940	921	1,043	802	1,052	937	941	989
<b>Emergency Room Visits</b>	716	762	795	729	757	710	852	793	732	801	788	884	838	810	863
<b>Gross Outpatient Revenue (000's)</b>	\$8,353	\$8,441	\$9,289	\$8,906	\$8,167	\$8,065	\$8,805	\$8,302	\$8,485	\$8,935	\$8,151	\$9,014	\$8,153	\$7,667	\$8,120
<b>Equivalent Patient Days</b>	1,892	2,301	2,266	2,237	2,422	2,314	2,594	2,353	2,213	2,214	2,202	2,509	2,202	2,355	2,362
<b>Births</b>	8	16	15	12	16	11	19	13	14	9	11	16	9	15	6
<b>Surgical Cases - Inpatient</b>	30	38	42	25	35	33	38	32	35	37	37	40	41	28	37
<b>Surgical Cases - Outpatient</b>	86	91	105	90	96	80	78	94	95	91	97	98	82	92	99
<b>Total Surgical Cases</b>	116	129	147	115	131	113	116	126	130	128	134	138	123	120	136
<b>Medicare Case Mix Index</b>	1.58	1.40	1.62	1.50	1.55	1.36	1.52	1.51	1.47	1.29	1.49	1.40	1.61	1.50	1.64
<b>Income Statement</b>															
Net Revenue (000's)	3,821	3,901	3,324	3,986	3,945	3,938	4,006	4,085	3,679	3,963	3,707	3,926	3,822	4,832	3,741
Operating Expenses (000's)	4,694	4,357	4,529	4,407	4,577	4,353	4,632	4,482	4,235	4,407	4,221	4,312	4,257	5,278	4,686
Net Income (000's)	732	63	(651)	149	251	114	237	134	174	67	65	127	31	889	343
<b>Productivity</b>															
Total Operating Expense Per Equivalent Patient Day	\$2,481	\$1,893	\$1,999	\$1,970	\$1,890	\$1,881	\$1,786	\$1,905	\$1,914	\$1,990	\$1,917	\$1,719	\$1,933	\$2,241	\$1,984
Productive FTEs	277	286	282	286	291	290	284	284	266	281	291	284	281	285	285
Non-Productive FTE's	40	30	28	34	31	32	37	33	47	36	39	37	41	34	28
Total FTEs	317	316	311	320	322	322	321	317	313	316	330	321	322	318	313
FTEs per Adjusted Occupied Bed	4.25		4.25	4.29	4.12	3.77	3.84	4.24	4.24	4.43	4.37	3.97	4.53	4.05	4.11
<b>Balance Sheet</b>															
Days of Expense In General Operating Cash	7		12	17	15	9	9	14	7	12	14	13	14	13	15
Net Days of Revenue in AR	62		59	55	51	53	51	53	52	53	50	50	50	48	47





**Sonoma Valley Hospital**  
**Statement of Cash Flows**  
**For the Period Ended**

	<u>Current Month</u>	<u>Year To Date</u>
<b>Operating Activities</b>		
Net Income (Loss)	732,280	1,431,559
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation and amortization	(2,278,651)	(316,623)
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	(272,085)	(2,118,227)
(Increase)/Decrease Other receivables and other assets	(4,173,509)	3,190,465
(Increase)/Decrease Prepaid expenses	137,863	(504,932)
(Increase)/Decrease in Inventories	86,557	69,503
(Decrease)/Increase in Deferred revenues	3,452,115	(368,207)
(Decrease)/Increase in Accounts payable, accrued expenses	582,993	1,762,323
<b>Net Cash Provided/(Used) by operating activities</b>	<u>(1,732,437)</u>	<u>3,145,861</u>
<b>Investing Activities</b>		
Net Purchases of property, plant and equipment - Other Fixed Assets	3,537,799	(26,082,380)
Net Purchases of property, plant and equipment - GO Bond Purchases	(5,320,193)	10,951,184
Net Proceeds and Distributions from investments	-	36,839
Net Book Value of Assets Disposed	-	(1,462)
Change in Restricted Funds	-	-
Change in Limited Use Cash	2,788,539	12,390,623
(Payment)/Refund of Deposits		
<b>Net cash Provided/(Used) by investing activities</b>	<u>1,006,145</u>	<u>(2,705,196)</u>
<b>Financing Activities</b>		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(103,105)	(1,256,531)
Proceeds (Repayments) from Borrowings - Other		
Net Intercompany Borrowings/(Repayments)		
Change in Post Retirement Obligations & Other Net Assets	-	-
Net Equity Transfers to related entities (Cash and Non-Cash)		
<b>Net cash Provided/(Used) by financing activities</b>	<u>(103,105)</u>	<u>(1,256,531)</u>
<b>Net increase/(Decrease) in cash and cash equivalents</b>	<u>(829,397)</u>	<u>(815,866)</u>
Cash and Equivalents at beginning of period	<u>1,804,380</u>	<u>1,790,849</u>
<b>Cash and Equivalents at June 30, 2013</b>	<u>974,983</u>	<u>974,983</u>

**10.**

**JUNE 2013  
ADMINISTRATIVE  
REPORT**



**To:** Sonoma Valley Healthcare District Board of Directors  
**From:** Kelly Mather  
**Date:** 7/25/13  
**Subject:** Administrative Report

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**Summary:** Our business has changed significantly in this fiscal year. For example: Quality is improving through technology as medication errors have reduced dramatically with the Electronic Health Record. Quality is evident through rapid adoption of best practices such as our new anemia clinic which reduces costly blood transfusions, associated risks and increases patient health. The United States had the lowest birth rate in history in June, 2013 and OB programs are suffering. Home Care is growing much faster than expected in our market and telemedicine or tele-monitoring is a standard practice now. Physicians are partnering with the hospital and taking the lead to achieve the triple aim of affordable, quality and lower cost care. Inpatient discharges significantly decreased and more patients have outpatient status or are going home. Billing has become an art form as insurance companies and our government makes it more and more difficult to “justify” payment. Capitation and risk arrangements are becoming the norm in healthcare. SVH has done an outstanding job managing through this change.

#### **Leadership and Organizational Results (Dashboard)**

As you can see from the June dashboard, our results in patient satisfaction has experienced a slight improvement and we ended the year at goal. We also met our goal in quality outcomes and staff satisfaction for the fiscal year 2013. Without prior year adjustments, we ended the year ahead of budget. We have ended the year at a net income of \$1,327,946 with contributions and a loss of \$618,860 without contributions. Outpatient gross revenue increased by \$7 million over the prior year. Inpatient discharges decreased by 11% over prior year. Skilled nursing days were higher than the prior year. Community outreach was evident and seems to have helped improve our reputation and support.

#### **New Wing Construction & Fundraising**

The construction project is on budget and on time. The 2<sup>nd</sup> floor medical surgical unit move is complete and our patients are finally staying in nice, comfortable rooms. We continue to work with the community leaders to raise \$11 million for this project to avoid any debt for the new building and we believe we can hit our goal by September. The community wide capital campaign starts in August. The New Wing community opening is Saturday, November 9<sup>th</sup>.

#### **Strategic Planning & Marketing**

The marketing and growth plan for FY 2014 will be presented at the August medical staff and the September board meeting. The main focus this fall will be to “re-introduce the hospital” to the community this fall with the new wing. We have a great number of physician specialists now coming to Sonoma and they will be introduced to the community with more of a splash this September. A MAJOR push to ask employers in the district to offer Western Health Advantage in addition to Kaiser is underway.



## JUNE 2013 DASHBOARD

PERFORMANCE GOAL	OBJECTIVE	METRIC	ACTUAL RESULT	GOAL LEVEL
<b>Service Excellence</b>	High In-Patient Satisfaction	Press Ganey percentile ranking of current mean score	Inpatient 86.5 mean at 50th percentile in AHA region 9	>70th = 5 (stretch) >60th = 4 <b>&gt;50th = 3 (Goal)</b> >40th = 2 <40th=1
	High Out-Patient Satisfaction	Press Ganey monthly mean score	Outpatient 92.7% Surgery 92.6 % Emergency 88.9%	>93% = 5 (stretch) >92%=4 <b>&gt;91% =3 (Goal)</b> >90%=2 <90%=1
<b>Quality</b>	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score	100% for 7 months of the last 12	100% for 12 mos= 5 <b>100% 6/12 mos=4</b> 100% 3/12 mos =3 >90%=2 <80%=1
<b>People</b>	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of current mean score	2012 77% mean score at 80 <sup>th</sup> percentile	<b>&gt;70<sup>th</sup> = 5 (stretch)</b> >65th=4 >60th=3 (Goal) >55th=2 <55 <sup>th</sup> =1
<b>Finance</b>	Financial Viability	YTD EBIDA	0% (before restricted contributions without prior year)	>10% (stretch) >9%=4 <b>&gt;8% (Goal)</b> <7%=2 <6%=1
	Efficiency and Financial Management	FY 2013 Budgeted Expenses	\$53,124,099 (actual) \$52,484,254 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) <b>&gt;1% =2</b> >2% = 1
<b>Growth</b>	Inpatient Volumes	1% increase (acute discharges over prior year)	1366 YTD FY20 13 1526 YTD FY 2012	<b>&gt;2% (stretch)</b> (Outpt) >1%=4 >0% (Goal) <0%=2 <b>&lt;1%=1</b> (Inpatient)
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	\$103 million YTD \$94 million in 2012	
<b>Community</b>	Community Benefit Hours	Hours of time spent on community benefit activities	1844 hours	<b>&gt;1000 = 5</b> >800 = 4 >600 = 3 >400 = >200 = 1



## FY 2012 TRENDED RESULTS

MEASUREMENT	Goal FY 2013	Jul 2012	Aug 2012	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013
Inpatient Satisfaction	>86%	86.3	85.6	85.2	84.2	88.8	88.1	86.9	86.6	87.1	86.5	86.1	86.5
Outpatient Satisfaction	>92%	91.	94.2	94.4	92	93.7	91.7	94	93.5	91.6	92.8	91.8	92.7
Surgery Satisfaction	>92%	90.2	91.9	90.8	93.8	91.9	87.5	94.5	93.7	92.9	92.8	92.0	92.6
Emergency Satisfaction	>85%	87.3	88.2	82.5	84.5	87.2	90.1	90.7	89.4	88.8	89.1	89.5	88.9
Value Based Purchasing Clinical Score	>75	100	90	90	91	91	100	100	100	100	100	90	100
Staff Satisfaction	75%	75	75	75	75	75	75	77	77	77	77	77	77
Turnover	<12%	7.9	7.9	7.6	7.6	7.6	8.6	8.6	8.6	8.6	3.6	3.6	3.6
EBIDA	>8%	9	9	8	8	7	7	8	8	8	9	0	8
Net Revenues	>3.9m	3.83	3.98	3.7	3.96	3.7	4.09	4.3	3.9	4.2	3.9	3.3	3.8
Expense Management	<4.3m	4.2	4.3	4.2	4.4	4.4	4.5	4.3	4.3	4.5	4.4	4.5	4.7
Net Income	>50	29	125	65	55	174	90	219	61	114	91	-651	732
Days Cash on Hand	>35	16	13	14	12	7	14	9	9	15	17	12	7
A/R Days	<55	50	50	50	53	52	53	51	53	51	55	56	62
Total FTE's	<321	322	321	330	316	313	317	321	322	322	320	311	317
FTEs/AOB	<4.5	4.53	4.53	4.37	4.43	4.24	4.24	3.84	3.7	4.12	4.29	4.25	4.25
Inpatient Discharges	>148	115	117	109	121	104	117	159	128	122	88	99	87
Outpatient Revenue	>\$7.5m	8.1	9.0	8.1	8.9	8.5	8.3	8.8	8.0	8.1	8.9	9.3	8.3
Surgeries	>130	123	138	97	128	130	126	116	113	131	115	147	116
Home Health	>900	937	1052	802	1043	921	940	1076	1001	1067	1101	1140	990
Births	>15	9	16	11	9	14	13	19	11	16	12	15	8
SNF days	>630	633	682	617	576	638	671	707	678	725	589	638	470
MRI	>120	84	95	82	130	99	100	83	82	107	125	104	106
Cardiology (Echos)	>70	78	56	74	72	67	75	86	68	74	70	91	73
Laboratory	>12.5	12.6	12.9	11.7	13.7	12.2	11.9	14.2	11.8	12.2	11.9	12.4	10.7
Radiology	>850	892	876	811	931	819	811	940	902	900	829	915	828
Rehab	>2587	2612	2798	2455	2471	2175	2051	2502	2526	2690	2771	2736	2657
CT	>356	304	326	281	327	295	279	345	324	277	328	272	301
ER	>775	838	823	788	801	732	741	852	804	757	729	795	716
Mammography	>475	404	487	472	629	556	475	431	431	494	481	545	431
Ultrasound	>300	312	352	275	336	287	290	348	295	298	343	302	292
Occupational Health	>550	585	538	465	521	451	405	538	574	521	523	556	494

**11.**

**OFFICER AND  
COMMITTEE REPORTS**



Meeting Date: August 1, 2013  
Prepared by: Bill Boerum, Board Chair  
Agenda Item Title: Annual Meeting: Assn. Calif. Healthcare Districts (ACHD)  
Recommendation: Receive Report

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During May 22-24, the Association of California Health Care Districts conducted its Annual Meeting in Torrey Pines at the Hilton Hotel. ACHD continued its 2013 theme of “Turning the Tide,” an apt title for the turnaround displayed by this organization during the past two years.

As such, the conference itself recorded an increase over last year in registrant attendance and as well in participation by the number of districts. (This continued the improvement experienced at its Legislative Conference, April 8 & 9 in Sacramento - which I also attended - where the registration was at an all-time high.) Attendance at the annual meeting by Northern California district and hospital colleagues (with whom I had the chance to chat) included two from Marin Healthcare (the Board Chair, Jennifer Rienks and Vice Chair, Hank Simmonds), four from Healdsburg (Board Chair, E.J. Neil, Secretary, Bill Esselstein as well as new CEO, Nancy Schmid and Interim CEO, George Protos), and one from Southern Humboldt (CEO Harry Jasper). Additionally as I did during Leg Day, I had the opportunity for several informative discussions with Colin Coffey of the Archer Norris firm, our Counsel as well as that for the Marin District.

The general session and workshop sessions were very well designed and delivered by recognized experts as well district panelists, and were very informative. Given that this is a California statewide organization of and conference for health care districts – our direct industry peers - I recommend attendance in the future by other board members of our District. The interactions and questions during sessions as well as informal networking will broaden the context and knowledge of directly relevant issues and challenges for any of us – including our CEO.

The meeting also included the election of new directors and officers. Kathleen M. Kane of Sequoia Healthcare was succeeded as chair (after two years of service) by Dr. Don Parazo of the Antelope Valley District. I was impressed (as I was during Leg Day) by the performance and hospitality of ACHD officers, Dave McGhee, CEO and Tom Petersen, EVP as well as the highly professional staff they have recruited.

As your nominee in March for a position on the ACHD Board of Directors, I was fortunate to have been elected by the Board in April to fill a vacancy before the annual meeting, and therefore attended in the capacity of a Director saving our District the cost of transportation and one night in the hotel.





Meeting Date: August 1, 2013  
Prepared by: Bill Boerum, Board Chair  
Agenda Item Title: Attendance at ACHD Board Meeting – June 28  
Recommendation: Receive Report

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This was the next of ACHD's regular meetings its Board of Directors and was held at the Marriott Burbank Airport Hotel. In addition to the regular board meeting scheduled for Friday, June 28, I made a point - in my capacity as a relatively new member of the Board – to take an extra day – Thursday, June 27 - to attend meetings of the Finance Committee and the Advocacy Committee scheduled the day before.

The Board received and approved the fiscal year financials as well as next year's budget along with the reports of its committees. The organization has been restored to financial viability and is funded to a large extent by the proceeds of the successful operations of its sister enterprise, the ALPHA Fund

Members of the ACHD Board also serve as Directors of the ALPHA Fund, a worker's compensation company with health care districts and other special districts and other entities as clients. Overall, given the very good claims experience of almost of the insured entities (now exceeding 80 organizations); the financial results of ALPHA have continued to improve in every recent year in every category. Currently the Fund's investment portfolio exceeds \$100 million.

Though our District finds it convenient and worthwhile (given our very low claims experience) to continue to be "self-insured," I will take the opportunity to query our Administration as to its evaluation of what I understand to be a recent bid by ALPHA to provide coverage.

The Board also received the results of the performance appraisals and compensation reviews of the CEO and the EVP.

It came to my attention during both the ACHD Board meeting during the Annual Meeting and more so at this session, that ACHD just has launched two member benefit capabilities which may be of use to our District Board: a CEO performance assessment tool and a Board self-assessment tool, each of which - essentially software applications - includes automated features. I will introduce them through our normal board committee processes for consideration.

Again, I see that ACDH merits more attention for relevancy than it has been given in prior years.

As a member of the ACHD Board my transportation and lodging expenses are covered at no cost to our District. Additionally, I receive a \$200 fee for serving.

The next meeting of the ACHD Board of Directors will be during its annual retreat in October.



**Meeting Date:** August 1, 2013

**Prepared by:** Kevin Carruth, Governance Committee Chair  
Peter Hohorst, Governance Committee Member

**Agenda Item Title:** Discussion of District Policy on Community Funding and Charitable Giving

**Recommendation:**

The Board shall discuss the issue and give general guidance to the Governance Committee to develop a draft policy for Board action. The issues for Board discussion include, but are not necessarily limited to:

1. How should decisions about such funding be made—by the Board, delegated to the CEO by the Board, some combination of the two?
2. What criteria should be used to approve/disapprove requests for funding?
3. Regardless of whether the Board or the CEO is making the decision, before approving a request there shall be written justification containing the following:
  - a. The name of the community organization,
  - b. The event or activity to be financially supported,
  - c. The amount requested,
  - d. How such support benefits the Mission of the District, and
  - e. How District funding for this project fits the District's Mission, the Board approved policy, and the Hospital procedures.Is there additional information needed before making a decision?
4. If authority for these decisions is delegated to the CEO how shall the Board and public know when, to whom, and how much community funding is provided, as well as any constraints on the funding?
5. If the District receives tickets to events and they are provided to Board members or employees, how shall this information be tracked and publicly reported.

**Background:**

In March 2012 the Bureau of State Audits released its audit of the Salinas Valley Memorial Health Care District. That audit was entitled *Salinas Valley Memorial Healthcare System -- Increased Transparency and Stronger Controls Are Necessary as It Focuses on Improving Its Financial Situation*. (The audit can be found at

<http://www.bsa.ca.gov/pdfs/reports/2011-113.pdf>) This issue was one of the items specifically addressed in that audit.

The California Constitution prohibits public agencies from making gifts of public funds. Currently the District does not have a policy or written procedures to ensure that it complies with this requirement when making decisions about providing funds to community programs. As a public agency managing public funds, the District must ensure that its charitable donations and sponsorships (community funding) further the specific public purposes for which the District was created. Our District's Mission is, "To restore, maintain and improve the health of everyone in our community." Without a Board policy and Hospital procedures to ensure that the District's and Hospital's community funding furthers its public purposes, it risks making or appearing to make gifts of public funds.

It is clearly within the purview of the District to authorize funding to other organizations which further the District's public purposes.

The District policy and procedures shall track the disposition to its Board Members and/or employees of event tickets or anything else it receives of value from entities to which it provides community funding, so that it can meet applicable state and District Conflict of Interest reporting requirements. When the District Board or employees receive such tickets to events from the District or the Hospital, the tickets could be considered either income or gifts. State regulations require the District to publicly disclose who receives the tickets. If the tickets are considered gifts, they may also be economic interests that could prohibit the Board or Hospital decision makers who receive them from making decisions involving the entities that provided the gifts, should that occasion arise.

The intent is that this Board Policy, when followed with Hospital procedures to implement the policy, should fully implement the recommendations made in that audit report on this issue.

**Consequences of Negative Action/Alternative Actions:**

The Board and the District will still not have a policy addressing this issue. There have been at least two such requests in the past year.

**Financial Impact:**

None.

**Selection Process and Contract History:**

None.

**Board Committee:**

The GC unanimously recommends discussion and guidance on the development of the draft policy.

**Attachment:**

None.

**Insert the Logo**



**Meeting Date:** August 1, 2013

**Prepared by:** Kevin Carruth, Chair, Governance Committee  
Peter Hohorst, Governance Committee

**Agenda Item Title:** Suggested Amendments to Board Policy -- Sonoma Valley Health Care District, Board Member and Board Chairperson Legal Duties, Roles and Responsibilities and Limits on Power and Authority

**Recommendation:**  
The Board adopt the suggested amendments to the policy.

**Background and Reasoning:**  
At the May Board meeting there was a discussion that addressed areas for improvement in the way the Board was governing itself, and in the roles and responsibilities of the Board Chair and the Board Members. Based on that discussion and those suggestions the GC initiated a review of the policy and has suggested amendments. At the June Board meeting suggested amendments were presented for discussion only and were to be brought back in July for Board Action. The suggested changes in June are in red and the additional changes since then are also in red but also underlined. The principle change since the June meeting is the addition of the very last paragraph.

**Consequences of Negative Action/Alternative Actions:**  
The policy will stand as originally approved without the benefit of improvement.

**Financial Impact:**  
None.

**Selection Process and Contract History:**  
Not applicable.

**Board Committee:**  
The GC will take Board feedback and amend the draft policy for action at the July Board meeting.

**Attachments:**  
Suggested amendments to the Sonoma Valley Health Care District, Board Member and Board Chairperson Legal Duties, Roles and Responsibilities and Limits on Power and Authority

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**Sonoma Valley Health Care District  
Board Member and Board Chairperson  
Legal Duties, Roles and Responsibilities  
And  
Limits on Power and Authority**

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**Board Responsibilities**

**Legal Duties**

The Board has three legal duties:

**A duty of obedience** to the charitable purpose of the organization, a duty that should be demonstrable in all the Board's decisions.

**A duty of loyalty**, to act based on best interests of the organization and the wider community it serves, not the narrow interests of an individual or stakeholder group

**A duty of care**, to be diligent in carrying out the work of the Board by preparing for meetings, attending faithfully, participating in discussions, asking questions, making sound and independent business judgments, and seeking independent opinions when necessary.

**Roles**

The role of the Board is to govern, not manage, the organization. Board work involves three main roles with respect to five primary responsibilities:

**Policy Formulation**

Specify and convey Board expectations, directives and constraints  
Approve and periodically review major policies affecting the District, Hospital and the operation of the Board.

**Decision Making**

Choose among alternatives regarding matters requiring Board attention and input.

**Oversight**

Monitor and assess key organizational process and outcomes.

**Responsibilities**

The Board has five primary responsibilities:

**Strategic Direction**

Formulate the District's ends, its vision, and key goals, and ensure that management strategies are aligned;

Review and approve the District's Mission, Vision, Values and Annual Strategic Plan and updates;

Review and approve major transactions and significant new programs and services;  
and

Monitor organizational performance against goals.

**Executive Performance**

Ensure high levels of executive performance;

Select, support, advise, and set policy for the CEO; and

Establish and approve annual performance expectations and criteria, evaluate, and determine annual compensation including benefits and bonus, and determine retention or termination of the CEO.

**Quality**

Ensure the Hospital provides high quality patient care and patient experiences; Review recommendations from the Medical Staff and approve the credentialing of physicians and other medical professionals; and Establish quality goals, review the Hospital's means and methods of measuring quality patient care and patient experiences and the results, and take corrective action when necessary.

**Finances**

Ensure the District's financial health; Establish the financial goals, develop the financial indicators, monitor financial performance, and take corrective action when necessary; Approve the annual budget in alignment with the Strategic Plan and key financial objectives; and Ensure the necessary financial controls are in place.

**Board Effectiveness and Efficiency**

Ensure the Board is effective and efficient, focused on its roles and responsibilities.

**Board Chairperson Responsibilities**

**Leadership**

Guide and direct the governance process, centering the work of the Board on its legal duties, roles, and responsibilities, and **forward facing issues**.

**Annual Work Plan and Board Calendar**

Establish an annual Board work plan and a Board calendar for the calendar year. The Board calendar shall include all Regular and Special Board meetings, Hospital and Foundation events usually attended by the Board members, and all other annual activities.

**Agendas**

Establish agendas for Board meetings, in collaboration with the CEO. **Focus the discussion/action portion of the agendas on forward facing issues dealing via policy formulation, decision making and oversight. Place all non-action items, other than the consent calendar, at the end of the agenda. Move issues of interest to the public to the top of the meeting agenda.**

**Meeting Management**

Preside over Board meetings in a manner that encourages participation and information sharing while moving the Board toward timely closure and prudent decision-making. **Focus the discussion on forward facing issues dealing via policy formulation, decision making and oversight. Facilitate while not dominating discussions to lead to Board action. Start and end meetings on time. Attend each meeting in its entirety. Move issues of interest to the public to the top of the meeting agenda.**

**Committee Direction**

Work with committee chairpersons to align the work of Board committees annual work plans with the **Board's annual work plan**, District's Strategic Plan, including its vision and goals.

**CEO Relationship**

Serve as the Board's central point of official communication with the CEO. Develop a positive, collaborative relationship with the CEO, including acting as a sounding board for the CEO on emerging issues and alternative courses of action; and stay up-to-date about the organization and determines when an issue needs to be brought to the attention of the full Board or a committee.

**CEO Performance Appraisal**

Lead the processes of CEO goal-setting, performance evaluation and compensation review, consistent with Board policy.

**Board Conduct**

Set a high standard for Board conduct by modeling, articulating and upholding rules of conduct set out in board bylaws and policies. Intervene when necessary in instances involving breaches of conflict-of-interest, confidentiality and other Board policies.

**Board Learning and Development**

Lead the development of the Board's knowledge and capabilities by playing a central role in orientation of new Board members, mentoring and ensuring continuing education for the entire Board.

**Succession Planning**

Participate in the recruitment of new Board and Board committee members.

**Self-evaluation**

Provide for an effective, objective Board self-evaluation process and supports implementation of recommendations for improvement; and Seek feedback on his or her performance as Chairperson.

## Board Member Responsibilities

### Citizenship

1. Attend 90 percent of Regularly Scheduled Board meetings each calendar year.
2. Attend 70 percent of Special Board meetings each calendar year.
3. Attend 80 percent of Regularly Scheduled meetings of Board committees on which they serve.
4. Attend the annual Board retreat(s) and Board training conference(s).
5. Fulfill their fiduciary duty of loyalty, putting the interests of the District ahead of their own.
6. Maintain confidentiality regarding all matters that demand it, including but not limited to Closed Sessions.
7. Do nothing that would discredit the organization.

### Performance

1. Arrive at Board and committee meetings on time and do not leave early.
2. Serve as a member of at least ~~two~~ one Board committee.~~s~~
3. Carefully review Board and committee agenda packages and come to the Board and committee meetings prepared.
4. Actively participate (by sharing ideas, opinions, observations, perspectives, expertise and experience) in Board and committee meeting deliberations and discussions.



5. Listen to and respect the opinions and perspectives of the other members and do not dominate the discussion.
6. Be willing to express a dissenting opinion and vote no when the need arises.
7. Fully support the Board's policies and decisions once they have been implemented.
8. Serve as advocates of the ~~organization~~ District and the Hospital in their dealing with other organizations, groups, and individuals.

### **Limits on Power and Authority**

The Board acts only collectively, never individually. Individual Board members have absolutely no power: Board authority derives from the Board as a whole. The Board Chair, Board Officers, and Board Committee Chairs, have limited individual powers only as specifically established in the District Bylaws, Board Policy, Board Resolutions or other specific Board action.

When the Board Chair and/or members have reason to believe, in settings other than Board meetings, that others may believe they are speaking on behalf of or representing the Board, when in fact they are not, they should advise that person or group that they are in fact speaking as an individual and are not representing the Board. While the Board Chair and/or members cannot control how others perceive their them or their comments, this point is important, and Board members should error on the side of caution.



**Meeting Date:** August 1, 2013  
**Prepared by:** Peter Hohorst, Board Member  
**Agenda Item Title:** Contracting Policy for Materials and Services

**Recommendations:**

That the Board review the attached Contracting Policy for Materials and Services

**Background:**

During the summer of 2012, legal council reviewed the contracting authority granted to the District by the legislature and summarized that information in a report. The report stipulated when the Board was required to solicit bids for work to be performed and to award the contract to the lowest bidder and when this process was not required. In the report, all authority rested with the Board and no procedure was included for delegating some of this authority for contracting to the CEO.

This Policy was based on that report. The Policy delegates some of the authority for contracting to the CEO in order to have a workable process.

In addition to comments on the entire Policy the Governance Committee has three specific areas where input from discussion would be helpful.

1. On contracts which have a life of more than one year, it is good practice to include a cancellation clause. The Hospital currently adheres to that practice but there are instances where the supplier declines to accept a blanket cancellation clause. For example the linen supplier will not accept a cancellation clause during the first three years of the contract because of the upfront cost of purchasing the linens and the need to amortize this cost. The question: Should all multi-year contracts which do not have cancellation clauses require Board approval or should the Board rely on the judgment of the CEO (as delegated to staff).
2. On contracts which are not bid and awarded to the lowest bidder because of an emergency situation, the legislature requires that the Board approve the contract. An emergency Board meeting to fulfill this requirement is not always practical and counsel has agreed that common law provides that the CEO can take action in a health and safety emergency and notify the Board after the fact. The Policy provides for this and stipulates that the CEO notify the Board via email within 24 hours. This wording satisfies the intent of the law but may not be appropriate. It still needs review by counsel.
3. The Policy authorizes the CEO to sign contracts regardless of the dollar amount if the contract is included in the budget. The Policy also authorizes the CEO to sign

contracts that exceed the dollar amount included in the budget if the total amount of over budget expense from these contracts is less than \$100,000 for the year. The policy also stipulates that the CEO still has the responsibility to find operating cost savings to offset the over budget approval and maintain cost neutrality.

4. The Policy envisions that the capital budget will be split into two groups, Small Capital Items and Major Capital Items. The CEO would be authorized to sign contracts for the Small Capital Items portion of the budget as long as the total dollar amount for the Small Capital items does not exceed the budget. The CEO would be authorized to sign contracts for the items that are listed in the Major Capital Items, but would not be authorized to substitute items that are not on the list without Board approval.

**Consequences of Negative Action/Alternative Actions:**

Technically, the District is not in full compliance with the Health and Safety code with regard to contracting.

**Financial Impact:**

This Policy does not change the operating budget. It clarifies the procedures for signing contracts.

**Attachment:**

Board Contracting Policy for Materials and Services

July 18, 2013

**POLICY AND PROCEDURES GOVERNING PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT AND PROCUREMENT OF PROFESSIONAL SERVICES.**

**Purpose:**

It is the intent of the Board of Directors ("Board") of the Sonoma Valley Health Care District ("District") to provide an equal opportunity to all qualified and responsible parties wishing to participate in the bidding process with respect to the District and the Sonoma Valley Hospital ("Hospital").

It is the intent of the Board, consistent with the District's obligations, to obtain the best value for all expenditures.

It is the intent of the Board to clarify, with this policy, the authority granted to the District President and Chief Operating Officer ("CEO") by the Board with regard to District and Hospital purchases and contracts. It is also the intent to clarify the authority retained by the Board.

In all instances where 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,

**Statement of Board Policy:**

**Section 1. Scope and Application of the Policy**

**1.1 Delegation of Authority**

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. The Board limits the CEO's contract approval authority as specified in Section 5 [Limit of Authority Delegated to the CEO] of this policy

**1.2 Bidding Threshold**

The District, with certain exceptions, as covered in Section 2 [Exceptions to Bidding and Lowest Bid Policy], (H&S Code 32132) shall follow the formal bidding procedures outlined in Section 3 [Formal Bidding Procedures] for any contract exceeding twenty-five thousand dollars (\$25,000) for services, materials and supplies to be furnished, sold, or leased to the District or the Hospital and shall award the contract to the lowest responsible bidder. Alternately, the District shall reject all bids.

Bidding is not required for contracts that are excepted under Section 3 and for contracts that do not exceed \$25,000, but bidding or other suitable procedures should be followed to obtain the best value for the District

### **1.3 Authority to Make Purchases.**

The CEO is hereby given authority to make all purchases and to execute all purchase orders or contracts for the District duly authorized pursuant to this Policy. All purchases and contracts shall be upon written order.

### **1.4 Contract File**

The CEO shall keep and maintain written records of all contracts. The contract file shall include the method used to select the contractor or service provider, a copy of the request for proposal (RFP) or other form of solicitation, the amount of the contract, the expiration date of the contract, and the name of the contractor or service provider. When the formal bidding procedure is required, file shall also include a copy of the Notice of Bids and the names of all bidders and their proposals.

The contract file for all contracts awarded under the exceptions listed in section 2 shall include a description of the exception and an explanation of the method used to select the contractor or service provider.

The contract file shall include the names of any employ of the District, or any Board member who elected to recuse themselves from the award process because of a conflict of interest.

### **1.5 Conflict of Interest**

With respect to all contracts covered by this Policy, any practices or procedures which might result in unlawful activity shall be prohibited, including practices which might result in rebates, kickbacks or other unlawful consideration. No employee of the District may participate in any selection process when such employee has a relationship with a person or business entity seeking a contract which would subject those employees to the prohibitions in *Government Code* § 87100.

### **1.6 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.

## **Section 2 Exceptions to Bidding and Lowest Bid Policy**

The District shall not be required to utilize the formal bidding process or to award the contract to the lowest bidder to (a) emergency contracts, (b) contracts for medical or surgical equipment or supplies, (c) electronic data processing and telecommunications goods and services, (d) professional services, (e) energy services contracts, or (f) purchases made through a Group Purchasing Organization ("GPO") (H&S Code 32132. b, e).

## **Section 2.1 Emergency Contracts.**

Notwithstanding anything to the contrary, the Board may award contracts for more than \$25,000, without following the formal bidding and lowest bid policy, if it first determines (i) an emergency exists that warrants such expenditure due to fire, flood, storm, epidemic or other disaster and (ii) it is necessary to protect public health, safety, welfare or property. (H&S Code 32136). In the event that the emergency requires immediate action, the CEO may make the determination that an emergency condition exists and award a contract without first receiving Board approval. The CEO shall inform the Board of the emergency and the contract by email within 24 hours and shall review the emergency and the contract at the next regularly scheduled Board meeting.

## **Section 2.2 Medical Equipment and Supplies**

Notwithstanding anything to the contrary, the CEO may award contracts for more than \$25,000 without following the formal bidding and lowest bid policy for medical equipment and supplies commonly, necessarily and directly used by or under the direction of a physician or surgeon in caring for or treating a patient. (H&S Code 32132.a & d).

## **Section 2.3 Electronic Data Processing and Telecommunications Goods and Services**

Notwithstanding anything to the contrary, the CEO shall award contracts for more than \$25,000 without following the formal bidding and lowest bid policy for electronic data processing and telecommunications goods and services in based on the evaluation of competitive means. (H&S Codes 32132.b, & 32138).

The CEO shall provide the Board and the Board shall approve the competitive means that will be used for all electronic data processing and telecommunications goods and services.

## **Section 2.4 Energy Services Contract**

Notwithstanding anything to the contrary, the District shall award contracts for more than \$25,000 energy services contracts for energy conservation, cogeneration, and alternate energy supply sources without following the formal bidding and lowest bid policy if the contract is in the best interest of the District and the contract is made public at a regularly scheduled Board meeting. (Government Codes 4217.11 & 4217.12)

## **Section 2.5 Group Purchasing Organizations**

Notwithstanding anything to the contrary, the CEO may award contracts that are placed through an accredited Group Purchasing Organization ("GPO") in excess of twenty five thousand dollars (\$25,000) without following the formal bidding and lowest bid policy (Revenue and taxation Code 23704). (H&S Code 32132.e)

## **Section 2.6 Professional Services**

Notwithstanding anything to the contrary, the CEO may award contracts for professional services in excess of twenty five thousand dollars (\$25,000) without

following the formal bidding and lowest bid policy or the use of competitive means, provided such persons are specially trained, experienced and competent to perform the special services required and have been selected based on these qualifications. (H&S Code 32132.b, Government Code 53060).

The Policy and Procedures Governing Bidding for Facility Contracts shall be followed for the contracts for profession services of architectural, engineering, environmental, land surveying, or construction project management firms if the work is to be performed in conjunction with an approved facility project.

### **Section 3. Formal Bidding Procedure**

#### **Section 3.1 Bid Packet**

Where formal bidding is required, the CEO shall prepare a bid packet, including a notice inviting formal bids ("Notice Inviting Bids"). The packet shall include a description of the materials or supplies, scope of services, or work in such detail and written with such specificity as may be required to allow all potential bidders to understand the need and give a level playing field to all bidders.

#### **Section 3.2 Notice Inviting Bids**

Where formal bidding is required, the CEO shall publish the Notice Inviting Bids at least fourteen (14) calendar days, but preferably twenty (20) calendar days, before the date of opening the bids. Notice shall be published at least twice, not less than five (5) days apart, in a newspaper of general circulation, printed and published in the jurisdiction of the District. (Public Contract Code 22037).

In addition, the CEO may also publish the Notice Inviting Bids in a trade publication as specified in Public Contract Code 22036 and may give such other notice as it deems proper.

#### **Section 3.3 Requirements of Notice Inviting Bids.**

The CEO shall include all of the following in the Notice Inviting Bids:

- a. A description of the item(s) to be bid upon;
- b. The procedure by which potential bidders may obtain electronic copies of the Specifications;
- c. The final time and date for receiving and opening of bids (including designation of the appropriate District person) (Government Code § 53068; Public Contract Code §§ 4104.5, 22037). If the District elects to receive bid electronically, this option must be included in the Notice Inviting Bids.
- d. The appropriate District person to receive the bids and the address for that person, including an e-mail address.
- e. The date, time and place for opening of bids;
- f. Other matters, if any, that would reasonably enhance the number and quality of bids.

#### **Section 3.4 Submission of Bids.**

The CEO shall accept only written sealed bids from the prospective bidders. The CEO shall date and time stamp all bids upon receipt. 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 after the time specified in the Notice Inviting Bids shall be returned unopened. (Government Code 53068). Any electronic bids received after the time specified shall have their attachments deleted and the bidder notified electronically of their rejection.

### **Section 3.5 Examination and Evaluation of Bids**

On the date, time and at the location provided in the Notice Inviting Bids, the District shall publicly open the sealed 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 other properly interested parties 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) days of the Opening or unless a different period of time is specified in the Notice Inviting Bids.

In the event there are two or more identical lowest bids pursuant to any provision requiring competitive bidding, the CEO may determine by lot which bid shall be accepted. (Government Code 53064)

### **Section 3.6 Award of Contract**

When formal bidding is required the CEO shall award the contract to the lowest bidder, provided the bidder is responsible as defined by section 3.7 and the bid is reasonable and meets the requirements and criteria set forth in the Notice Inviting Bids

Any contract awarded by the District shall be subject to all applicable provisions of federal, California and local laws. In the event of a conflict between any contract documents and any applicable law, the law shall prevail.

Notwithstanding anything to the contrary, the District is under no obligation to accept the lowest responsible bidder and reserves the right to reject all bids. (H&S Code 32132)

### **Section 3.7 Responsible Bidder**

a. For purposes of this Policy, "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 (Public Contract Code 1103).

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



c. If the Board decides to award the contract to a bidder other than the lowest bidder pursuant to subparagraph (b), the Board shall 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 District shall afford the low bidder an opportunity to rebut such adverse evidence and shall permit such bidder to present evidence that it is qualified. Such opportunity to rebut adverse evidence and to present evidence of qualification shall be submitted in writing to the District.

#### **Section 4. Bid Conditions.**

All formal bids shall be subject to the following general conditions.

##### **4.1 Minimum Number of Bids.**

When formal bidding is required the CEO shall consider a minimum of three (3) bids whenever possible; however, where the CEO cannot obtain three bids or when the CEO decides that time will not permit obtaining three bids, the Board may authorize considering less than three bids.

The District may accept sole source bids for contracts that are exempt from the formal bidding policy under section 2.

##### **4.3 Multiple Bids.**

When 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.

##### **4.4 Minor Deviations.**

When formal bidding is required, the CEO, after receiving advice from counsel, may waive inconsequential deviations from the specifications in the substance or form of bids received.

#### **Section 5. Limit of Authority Delegated to CEO for Materials and Services**

The CEO may sign a contract for an operating expense, the cost of which has been included in the approved (by the Board) operating budget for the current fiscal year. The contract may cover a period of up to 5 years.

The CEO may sign a contract for an operating expense, the cost of which has been included in the approved (by the Board) operating budget for the current fiscal year, but the contract amount is greater than the amount in the budget, if the total dollar amount of contracts exceeding the budgeted amounts is not in excess of \$100,000 for the year. When a contract is signed that exceeds the budgeted amount the CEO should reduce operating costs in other areas to keep the impact of the contract "budget neutral." The contract may cover a period of up to 5 years.

The CEO may approve a contract for a capital expense, if the item meets the guidelines for capital projects which were included with the capital budget and approved by the Board.

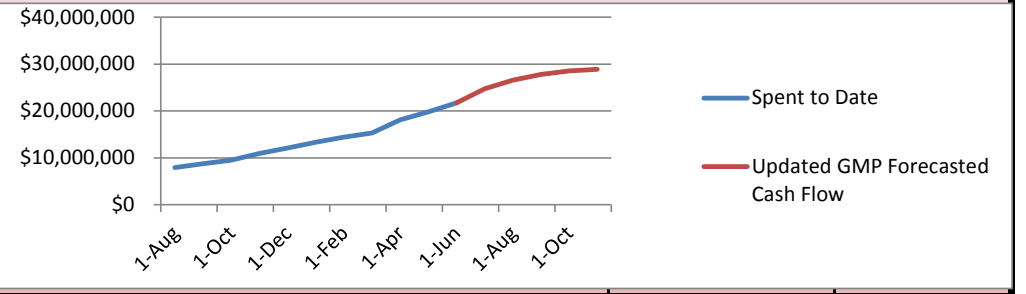
# Sonoma Valley Hospital - Phase 1 - Expansion.

Project Update/ Dashboard - Increment 1 & 3

Monday, July 15, 2013

Schedule	Target	Actual		Budget	Est Dollar Amount
MRI relocation	9/26/2012	9/26/2012		Total Approved Budget	<b>\$43,809,376</b>
Complete New Entrance	9/27/2012	9/27/2012		Project Contingency	\$550,487
Start New Building	9/27/2012	9/27/2012		Current Commitments to 5-15-13	-\$248,962
Install Footings	12/31/2012	12/27/2012		Project Contingency Remaining	\$301,525
Steel Top Out	2/13/2013	2/13/2013		SVH Contingency Project Risks	
Deck Pour Completion	4/9/2013	3/7/2013		2nd Floor West Projects	\$10,000
Roof Completion	5/15/2013	5/15/2013		Nurse Call Cabling and Oshpd requirements	\$50,000
Enclose Building Exterior	7/8/2013	In progress		4th Street Light	In Progress
Interior Wall Close Up	6/28/2013	In progress		Neptune Equipment Relocation	\$12,000
Permanent Power	8/23/2013	On Schedule		OTTO Construction Contingency Status.	
Substantial Completion	10/28/2013	On Schedule		Design Build Contingency	\$894,302
Final Completion	11/12/2013	On Schedule		Spent to Date	-\$256,877
Generator On Line	5/31/2013	Not Critical		Project Contingency remaining	\$637,425
Chillers On Line	5/13/2013	Complete		Potential Project Risk	
Contract	Target	Actual		Medical equipment coordination	In Progress
Medical Equipment	Ongoing	Lease		Building connections	In Progress
Commissioning Agent	6/15/2013	Complete		OSHPD	In Progress

Critical Issues	Target	Comments
2nd Floor West - Nurse Station Remodel	6/7/2013	OSHPD Approved. Dept move 7/16.
NPC-3 Extention	4/1/2013	NPC-2 Projects complete
Med Equipment coordination	Ongoing	In progress
PG&E Energize New Wing	8/23/2013	In planning
DIA for South Parking Lot		In progress



Facility Impacts	Target	Actual
Generator Install	6/17/2013	Complete
Utility Disruptions	Ongoing	Ongoing
2 West Patient Rm Upgrades	8/30/2013	In Progress

Owner Decisions	Target Date	Completion Date
Data Service - Comcast Installation	10/1/2013	In Progress
Medical Equipment Delivery Schedule	7/31/2013	In Progress
PBX - Coordination verification	5/15/2013	Complete
4th Street Light	7/31/2013	In Progress
Furniture coordination	8/1/2013	In Progress
Donor Wall - Plaque Information	7/1/2013	In Progress

Critical or High Impact	Potential Risk / Unresolved/ Medium Impact	On Track	





**Meeting Date: August 1, 2013**

**Prepared by:** Sharon Nevins

**Agenda Item Title: Quality Committee Dashboard/Data Report 2013**

**Recommendations:**

Approval of the report and recommendation to post to the Hospital webpage

**Background:**

Earlier in the year, the Board approved the data set for quarterly reports of the quality and patient satisfaction outcomes of Sonoma Valley Hospital. The Committee is now submitting the format for the reports as well as a recommendation to post to the Hospital webpage. These reports will be updated on a quarterly basis and the scope of the reports will be expanded over time.

The only major change that has occurred since the Board approved the data set is that the Quality Committee has removed the indicators for the Skilled Nursing Facility, deciding to focus exclusively on the Acute and Emergency Departments of the facility to avoid confusion over the data.

**Consequences of Negative Action/Alternative Actions:**

The Board has approved the creation of this data and negative action/alternative action would delay the implementation of this project

**Financial Impact:**

none

**Attachment:**



## BOARD QUALITY COMMITTEE DASHBOARD 2013

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The following are quality and patient safety indicators selected by the Board Quality Committee for quarterly reporting as part of the oversight mandate for ensuring the organization has an effective quality assurance and performance improvement program (QAPI).



### 1. Surgical Services Volumes by Service Fiscal Year 2013

SERVICE	Jul-Sept		Oct-Dec		Jan-Mar		Apr-Jun		Totals
	IP	OP	IP	OP	IP	OP	IP	OP	
General	34	35	35	31	32	29	30	48	274
OBGYN	16	17	14	22	17	16	11	22	135
Ophthalmology	0	50	0	45	0	45	0	48	188
Orthopedic	62	107	51	118	55	106	57	101	657
Pain Management	0	39	0	36	0	37	0	39	151
Podiatry	1	12	1	16	0	15	3	4	52
Urology	3	9	3	5	3	3	1	5	32
Vascular Surgery	0	5	0	3	1	4	0	7	20
Endoscopy	24	80	13	84	24	66	14	82	387
<b>Totals</b>	<b>140</b>	<b>354</b>	<b>117</b>	<b>360</b>	<b>132</b>	<b>321</b>	<b>116</b>	<b>356</b>	<b>1896</b>

## 2. Emergency Department Patient Performance



a. Time from presentation to the ED to time seen by MD based on a sampling of cases.

<b>Measurement:</b>	Emergency Department Patient Throughput (Lower # is Better)
<b>Category:</b>	Patient Safety
<b>Definition:</b>	Time from arrival in ED to being seen by an MD in minutes (Average)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
25.85	26.36					N/A	30	

b. Time from decision to admit to bed on inpatient unit until patient departure from ED based on a sampling of cases.



<b>Measurement:</b>	Time from admit decision to depart to bed (Lower # is Better)
<b>Category:</b>	Patient Safety
<b>Definition:</b>	Time from decision to admit patient to departure to assigned bed in minutes (Average)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
72.37	64.93					N/A	96	



### 3. Patient Satisfaction: Quality Patient Experience

Patient satisfaction is measured by the Press Ganey Patient Satisfaction Questionnaire that is mailed to the patient’s home two weeks post discharge. There are many questions on the survey and the hospital has shown a significant improvement over the past two years. We chose 3 questions upon which to focus our attention.



<b>Measurement:</b>	Noise Level in and around rooms (Higher # is Better)
<b>Category:</b>	Patient Satisfaction
<b>Definition:</b>	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
75.3%	69.1%					N/A	90.00%	

<b>Measurement:</b>	Explanations re: tests and treatments (Higher # is Better)
<b>Category:</b>	Patient Satisfaction
<b>Definition:</b>	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
87.1%	85.3%					N/A	90.00%	

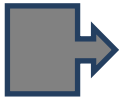

<b>Measurement:</b>	Likelihood to recommend SVH to others (Higher # is better)
<b>Category:</b>	Patient Satisfaction
<b>Definition:</b>	% of Patients responding to Press Ganey Survey who gave a score of 5 (Very Good)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
89.6%	90.6%					N/A	90.00%	


#### 4. Readmissions Rates: Quality Patient Outcomes

Data is captured for patients who return to SVH within 30 days. The hospital focuses on four specific diagnostic groups as they are currently tied to Medicare pay-for-performance.



<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days - All Diagnosis

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
8.20%	8.40%					N/A	16.0%	

<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days with Same Diagnosis



CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
2.40%	2.00%					N/A	TBD	TBD

<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days with AMI (Heart Attack)



CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
6.00%	0.00%					N/A	18.0%	




<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days with CHF (Congestive Heart Failure)



CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
2.80%	0.00%					N/A	23.0%	

<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days with PNE (Simple Pneumonia)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
8.50%	0.00%					N/A	17.6%	


<b>Measurement:</b>	Readmission Rates for Medicare Patients (Lower # is better)
<b>Category:</b>	Quality Patient Outcomes
<b>Definition:</b>	Readmitted to SVH within 30 days with COPD (Chronic Obstructive Pulmonary Disease)

CALENDAR YEAR 2012	2013 Q1	2013 Q2	2013 Q3	2013 Q4	Q Change	YTD Trend	Benchmark Goal	Benchmark Perform
0.00%	16.50%					N/A	TBD	TBD

<b>Chart Definitions:</b>	Calendar Year	Average of all quarters previous year
	Q Change	Change from previous quarter/calendar year
	YTD Trend	Change from previous calendar year based on an average of the quarterly values this year
	Benchmark goal	External standard or internally set benchmark for quality performance
	Benchmark Perform	Most recent quarter performance against the benchmark goal
		Red means performance declined or does not meet the benchmark goal
		Green means improved performance or meeting the benchmark goal

## 5. Hospital Acquired Infections: Quality Patient Outcomes and Safety

Infections are tracked for 16 different categories of infections are reported in detail only if quarterly or YTD performance does not meet the benchmark set and therefore potentially merits clinical and management remedial action. The following table summarizes those infection categories being tracked which are within benchmark.

Infection Category	Within Benchmark
Central line associated bloodstream infections	
Hospital acquired Cdiff infections	
Inpatient, MRSA infections	
VRE bloodstream infections	
Hip surgical site infections	
Knee surgical site infections	
Overall surgical site infections	
Class I SSI rate	
Class II SSI rate	
Total Joint SSI rate	
Ventilator Associated Events	
Hospital acquired Pneumonia	
Inpatient Hospital acquired Catheter associated urinary tract infections	
Home Care associated infections	
MRSA Active Surveillance cultures	
Flash sterilization measurements	