



**SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING
Thursday, October 3, 2013
5:30 p.m. Closed Session
6:00 p.m. Regular Session**

**Location: Community Meeting Room
177 First Street West, Sonoma, CA 95476**
Alternate location: 4500 MacArthur Blvd., Newport Beach, CA.

AGENDA ITEM	RECOMMENDATION	
MISSION STATEMENT <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
1. CALL TO ORDER	<i>Hohorst</i>	
2. PUBLIC COMMENT ON CLOSED SESSION	<i>Hohorst</i>	
3. CLOSED SESSION A. <u>Calif. Health & Safety Code § 545956.9(b)(3)(A)</u> Conference with Legal Counsel Regarding Potential Litigation	<i>Hohorst</i>	Inform/Action
4. REPORT OF CLOSED SESSION	<i>Hohorst</i>	Inform/Action
5. PUBLIC COMMENT SECTION <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.</i>	<i>Hohorst</i>	
6. CONSENT CALENDAR A. Board Minutes 9.5.13 B. FC Minutes 7.30.13 and 8.27.13 C. QC Minutes 8.28.13 D. Capital Budget 2014 E. Quality Dashboard Report for Q2 2013 F. MEC Credentialing 9.25.13	<i>Hohorst</i>	Action
7. QUARTERLY STRATEGIC PLAN UPDATE AND ADMINISTRATIVE REPORT FOR AUGUST 2013	<i>Mather</i>	Inform
8. CEO PERFORMANCE EVALUATION	<i>Hohorst</i>	Inform
9. CEO COMPENSATION REVIEW	<i>Hohorst</i>	Action
10. PRESENTATION ON BROWN ACT AND PUBLIC RECORDS ACT	<i>Coffey</i>	Inform
11. QUALITY COMMITTEE REPORT, SEPT. 2013	<i>Lovejoy</i>	Inform
12. PROPOSED CHANGE OF VENDORS FOR SVH ACCREDITATION	<i>Lovejoy</i>	Action
13. FINANCIAL REPORT, AUGUST 2013	<i>Fogg/Reid</i>	Inform

14. CELL PHONE TOWER LEASE EASEMENT PURCHASE	<i>Reid</i>	Action
15. PROPOSAL FOR MANAGEMENT INCENTIVE COMPENSATION	<i>Reid</i>	Action
16. RESOLUTION No. 317 SETTING THE TAX RATE FOR FISCAL YEAR 2013-14	<i>Reid</i>	Action
17. RESOLUTION No. 318 FUND TRANSFER	<i>Reid</i>	Action
18. OFFICER AND COMMITTEE REPORTS <u>A. Construction Committee Report</u> <u>B. Quality Committee Report</u> <ol style="list-style-type: none"> 1. Residency Requirements for SVH Board Committee Members (Discussion) <u>C. Governance Committee Report</u> <ol style="list-style-type: none"> 1. New Board Member Orientation Outline (Action) 2. Policy and Procedures Governing Purchases of Materials & Services (Inform/Action) 3. John D. Golenski Letter of Agreement to serve as SVH Board Retreat Facilitator (Action) 	<i>All</i>	Inform/Action
19. ADJOURN	<i>Hohorst</i>	

6.

CONSENT CALENDAR



**SONOMA VALLEY HEALTH CARE DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING MINUTES
Thursday, September 5, 2013
Community Meeting Room**

Board Members Present	Absent/Excused	Staff/Other	cont.
Bill Boerum Peter Hohorst Sharon Nevins Kevin Carruth	Jane Hirsch	Kelly Mather Dennis Ciocca Bob Kenney Emily Charrier-Botts Robert Cohen Leslie Lovejoy	Rick Reid Kevin Coss Dick Fogg Michelle Donaldson Paula Davis Gigi Betta

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	<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>		
1. CALL TO ORDER/ANNOUNCEMENTS	6:02 p.m.		
2. PUBLIC COMMENT SECTION			
<i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.</i>	No public comment.		
3. CONSENT CALENDAR:		Action	
A. Board Minutes 8.1.13 B. FC Minutes 7.30.13, 8.27.13 C. GC Minutes 7.22.13 D. QC Minutes 7.24.13, 8.28.13 E. QC Policy & Procedure 8.28.13 F. MEC Credentialing 8.28.13		MOTION by Hohorst to approve items #3A-F and 2 nd by Nevins. All in favor.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
4. REPORT OF CEO PERFORMANCE EVALUATION AND COMPENSATION REVIEW		Inform	
	Item #4, the REPORT OF CEO PERFORMANCE EVALUATION AND COMPENSATION REVIEW, has been pulled from the Agenda by the Chair. This item will return at the next Regular Board Meeting on October 3, 2013 Board meeting as two separate items : (1) the Performance Evaluation will be an inform item and (2) the Compensation review will be an action item.	Item #4 will return as two separate items at the next Regular Board meeting October 3, 2013.	
5. APPOINTMENT TO THE AUDIT COMMITTEE OF DENNIS CIOCCA		Action	
		MOTION by Nevins to approve appointment of Dennis Ciocca and 2 nd by Carruth. All in favor.	
6. PROPOSAL FOR MANAGEMENT INCENTIVE COMPENSATION		Inform	
	Ms. Mather presented her proposal for a management incentive bonus program. The Finance Committee was in favor of this plan at the August 27 meeting and asked that the proposal to the Board be <i>understandable, objective, clear and includes independent oversight</i> . The incentive compensation plan is triggered only if net income exceeds the Hospital's financial goal by \$1M (Line 41 on <i>Statement of Revenue & Expenses</i> has been identified by the Chair). Board members were all in favor of the plan and requested that this be an action item at the next Regular meeting on October 3, 2013.	Item #6 will be put forward to the Regular Board meeting on October 3, 2013 and will be an action item.	
7. INTRODUCING THE NEW SONOMA VALLEY HOSPITAL		Inform	
	Ms. Mather gave the opening summary and overview; Ms. Donaldson presented the current service structure, the changing environment and plans for maintaining financial stability strategies; Mr. Kenney presented the marketing and communications objectives; and Ms. Kuwahara talked about what makes up a "healthy community" and how SVH plays a vital role.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
8. JUNE 2013 FINANCIAL REPORT	<i>Fogg/Reid</i>	Inform	
	<p>Mr. Fogg alerted the Board that the Finance Committee did not have a quorum at the August 27, 2013 meeting, however, they do approve the July 2013 Financials presented at said meeting</p> <p>Mr. Fogg alerted the Board that the fire alarm system at the Hospital will need to be replaced. Although it currently meets code, it needs replacement and upgrade. This did not make it on to the current budget as it is estimated to cost in excess of \$1M.</p> <p>Mr. Reid introduced a new financial report entitled <u>Operating Indicators</u> which will become a regular part of the financial report until further notice.</p> <p>Mr. Reid and Mr. Boerum are beginning the process of refinancing SVH's 2009 bonds which can be called in August 2014.</p> <p>Overall for July 2013, SVH had a net income of \$184,544 on budgeted income of \$59,910, for a favorable difference of \$124,634. Total net patient service revenue was under budget by (\$7,722). Risk contracts were under budget by (\$97,370). Other operating revenue is under budget by (\$6,455), bringing the total operating revenue to \$4,081,467 or (\$111,547) under budget. Expenses were \$4,412,550 on a budget of \$4,555,401 or \$142,851 under budget. The EBIDA prior to the restricted donations for the month was \$289,550 or 7.1%.</p>		
9. JUNE 2013 ADMINISTRATIVE REPORT		Inform	
	Ms. Mather gave an abbreviated administrative report for the month of July 2013.		
10. OFFICER AND COMMITTEE REPORTS		Inform/Action	
<p><u>A. Chair Report (Boerum/Inform)</u></p> <p>i. Northern California Health Care Authority (JPA/Inform)</p> <p><u>B. Construction Committee Report (Coss)</u></p> <p>i. SVH Phase I Expansion (Inform)</p> <p><u>C. Governance Committee Report (Carruth/Hohorst)</u></p> <p>i. JOC Legislation (Action) APPROVED</p> <p>ii. Discussion of District Policy Community Funding (Inform/discuss) PUT FORWARD</p>	<p>The JPA will host its Annual Meeting on Friday, October 25, 2013 in Healdsburg.</p> <p>Board discussed item 10.C.ii and agreed to bring it back next meeting as an action item.</p>	<p>Board discussed item 10.C.ii and agreed to bring it back next meeting as an action item.</p> <p>MOTION by Carruth to approve 10. C.i. and 2nd by</p>	.

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
iii. Policy and Procedures Governing Purchases (Action) PUT FORWARD iv. Opposition to SB718: Letter to Mike Gatto (Action) APPROVED v. Policy for Board Action (Inform) PUT FORWARD		Hohorst. All in favor. 10.C.ii Mr Carruth will call the State to confirm a key aspect of this Policy. MOTION by Carruth to approve 10. C.iv. giving the CEO authority and 2 nd by Hohorst. All in favor.	
11. ADJOURN			
	Meeting adjourned at 7:54 p.m.		



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
TUESDAY, JULY 30, 2013
Schantz Conference Room**

Board Members Present	<i>cont.</i>	Staff/ Public/Other	Absent/Excused
Dick Fogg Sharon Nevins Peter Hohorst Steve Barclay Richard Conley	Mary Smith Phil Woodward Keith Chamberlin	Rick Reid Jeannette Tarver Sam McCandless Gigi Betta	Subhash Mishra Kelly Mather Shari Glago

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	<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>		
1. CALL TO ORDER	<i>Dick Fogg</i>		
	Call to order at 5:05PM Announcements: Kelly Mather is excused and Mary Smith will leave the meeting at 6:00PM.		
2. PUBLIC COMMENT SECTION	<i>Dick Fogg</i>		
	No public comment.		
3. CONSENT CALENDAR	<i>Dick Fogg</i>	Action	
A. FC Minutes 06.25.13		MOTION to approve Item #3.A. by Hohorst, 2 nd by Smith. All in favor.	
4. RECOVERY AUDIT CONTRACTOR (RAC) UPDATE	<i>Reid</i>	Inform	
	Mr. Reid updated the Finance Committee on current RAC cases (total of 302) and their status. The majority of the cases fall into the <i>approved</i> category. The Committee discussed the need to restate previous year financial statements, and the opportunity to bring some of the RAC "appeal won money" back into 2013 earnings.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
5. UPDATES	<i>Reid</i>	Inform	
	<p>The Hospital is within \$4,000 of matching the \$1,000,000 Vadasz matching grant.</p> <p>Implementation of the new accounting software is underway and final training with both MGH and SVH was completed this week.</p> <p>In the past, the SVH payment to Prima Medical has been \$65,000/month. Accounting issues and management turnover have resulted in larger losses for Prima Medical. After negotiation, it was agreed that SVH would increase monthly payments to \$83,000, effective 7/1/13. On their part, Prima has committed to being more cost effective. The maximum monthly amount that SVH is obligated to pay is \$101,000.</p> <p>Bartko, Zankel & Bunzel is the legal representation on the Hospital's HIPAA Class Action Law Suit. The judge for the case has been selected and approved, the first round of interviews with Hospital staff are completed and motions are being filed. SVH has HIPAA insurance coverage of \$2 million with a \$50,000 deductible. SVH legal representation believes that this HIPAA case is not about <i>disclosure</i> but rather <i>exposure</i>.</p> <p>SVH has seen a slow-down in billing payments from insurance companies and CMSP is getting "take-backs".</p>		
6. JUNE 2013 FINANCIALS	<i>Reid</i>	Inform	
	<p>Overall for June, SVH has a net income of \$732,280 on budgeted income of \$63,150, for a favorable difference of \$669,130.</p> <p>Total net patient service revenue was under budget, risk contracts were over budget and other operating revenue was over budget 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%.</p> <p>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.</p>		
7. PROJECTED CASH FLOWS	<i>Reid</i>	Inform	
	Mr. Reid presented the 6-month cash projection and summary of the building program.		
8. QUARTERLY CAPITAL SPENDING REPORT	<i>Reid</i>	Inform	
	Mr. Reid presented the Quarterly Capital Spending Report.		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
9. QUARTERLY VOLUME UPDATE	<i>Reid</i>	Inform	
	Mr. Reid presented the Quarterly Volume Update.		
10. LANDMARK OPTION AGREEMENT-LEASE EASEMENT PURCHASE	<i>Reid</i>	Action	
	<p>Mr. Reid gave the Committee some background on the Option Agreement he is proposing with ATT. Currently, SVH leases space to ATT for a mechanical building and a cell phone tower and very recently, ATT proposed that SVH take a reduction in rent payment.</p> <p>Mr. Reid is recommending approval on the Option Agreement that would assign lease easement rights to Landmark for a period of 40 years for a total of \$217,176.</p> <p>Ms. Nevins recommends adding an end date to due diligence requests. Mr. Fogg suggests having a local expert review the Agreement at no cost to the Hospital.</p>	MOTION by Nevins to advise Board that Item#10, the Option Agreement, <i>as amended</i> is in process and will be presented to the Board at a future time; and 2 nd by Chamberlin. All in favor.	
11. CLOSING COMMENTS/ADJOURN	<i>Fogg</i> 6:35 PM The next Finance Committee meets on Tuesday, August 27 at 5:00PM.		



**SONOMA VALLEY HEALTH CARE DISTRICT
FINANCE COMMITTEE
MEETING MINUTES
TUESDAY, AUGUST 27, 2013
Schantz Conference Room**

Board Members Present	<i>cont.</i>	Staff/ Public/Other	Absent/Excused
Dick Fogg Steve Barclay Shari Glago Phil Woodward Subhash Mishra		Rick Reid Jeannette Tarver Sam McCandless Gigi Betta Lisa Duarte Kelly Mather	Richard Conley Peter Hohorst Keith Chamberlin Mary Smith Sharon Nevins

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
MISSION AND VISION STATEMENTS	<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>		
1. CALL TO ORDER	<i>Dick Fogg</i>		
	Meeting was called to order at 5:10 PM There were not enough Committee Members in attendance to make a quorum and therefore all action items requiring action or approval will be put forward to the next FC meeting on 9/24/13.		All action items requiring action or approval will be put forward to the next FC meeting on 9/24/13.
2. PUBLIC COMMENT SECTION	<i>Dick Fogg</i>		
	No public comment.		
3. CONSENT CALENDAR	<i>Dick Fogg</i>	Action	
A. FC Minutes 07.30.13			Consent Calendar put forward to 9/24/13.
4. EDUCATION SESSION-COVEREDED CALIFORNIA AND MEDI-CAL CHANGES	<i>Duarte</i>	Inform	

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
			Presentation put forward to 9/24/13.
5. CAPITAL BUDGET APPROVAL	<i>Reid</i>	Action	
	Mr. Reid presented the Capital Budget items for 2014. The largest item is the main lobby remodel and Ms. Mather provided some detail on these plans. Two items not on the list, because they are cost prohibitive, are the fire alarm and pipes. Mr. Reid will bring these items to the Board's attention.		Correction: remove one freezer at \$5,000, it is listed twice. Capital Budget approval put forward to 9/24/13.
6. RAC UPDATE	<i>Reid</i>	Inform	
	Mr. Reid reviewed the RAC balances as of 8/27/13. RAC updates will be a standing item at both the Finance Committee and Board of Director meetings until further notice.		
7. OTHER UPDATES	<i>Reid</i>	Inform	
	<p><u>Proposed SVH Management Bonus Plan</u> Ms. Mather and Mr. Reid would like to institute a management bonus plan at SVH in an effort to keep good people on staff.</p> <p>It was proposed and if SVH has a minimum budget profit of \$1M (strictly based on operations and prior to any restricted contributions), then currently 28 directors and managers <i>could</i> qualify. Qualification would be based on a weighted system already in use at the Hospital devised by the Studer Group. The maximum bonus amounts are \$6,000 directors and \$3,000 managers.</p> <p>There was a lot of discussion and some push back on the proposed plan. There were several suggestions made about how to present the plan to both Board and public including making it more understandable, objective, clear and include an independent oversight.</p> <p><u>Capital Campaign Update</u> The Capital Campaign total is \$9.3M with a verbal of \$1.3M for a total of \$10.6M.</p> <p><u>Accounting</u> Moss Adams, SVH Auditors, have suggested that SVH account for donations received by <i>booking</i> the income (or pledge) before receiving the cash. Auditors are concerned about the growth of A/R and aging and SVH could receive an A/R adjustment.</p>		

AGENDA ITEM	DISCUSSION	ACTIONS	FOLLOW-UP
	<p>Patient Accounting practices are under review and areas of improvement have been discovered. Ideally, the next Patient Accounting manager would have extensive experience with accounting practices, front line management and provide greater oversight.</p> <p>Ms. Tarver has done an excellent job resolving previous personnel issues in the accounting department and has increased department morale.</p>		
8. JULY 2013 FINANCIALS	<i>Reid</i>	Inform	
	<p>Overall for July, SVH has a net income of \$184,544 on budgeted income of \$59,910, for a difference of \$124,634. Total net patient service revenue was under budget (\$7,722). Risk contracts were under budget (\$97,370). Other operating revenue is under budget (\$6,455), bringing the total operating revenue to \$4,081,467 or (\$111,547) under budget. Expenses were \$4,412,550 on a budget of \$4,555,401 or \$142,851 under budget. The EBIDA prior to the restricted donations for the month was \$289,550 or 7.1%.</p> <p>The <i>Operating Indicators</i> report has been added to the financials this month and the order of the reports has been changed...</p>		
9. PROJECTED CASH FLOWS	<i>Reid</i>	Inform	
	<p>In the interest of transparency, Mr. Woodard and Mr. Fogg recommend that the SVH Foundation be audited.</p>		
10. UPDATE ON LANDMARK OPTION AGREEMENT-LEASE EASEMENT PURCHASE	<p><i>Reid</i></p> <p>Since last month, three bids have been received, over 30 lease contracts have been reviewed and there have been several interviews. A company out of San Francisco is up for consideration and Mr. Fogg will do some research on their background.</p>	Inform	
11. CLOSING COMMENTS/ADJOURN	<p><i>Fogg</i></p> <p>Meeting was adjourned at 6:50 PM</p> <p>The next Finance Committee meets on Tuesday, September 24, 2013 at 5:00PM.</p>		



**SONOMA VALLEY HEALTH CARE DISTRICT
QUALITY COMMITTEE
REGULAR MEETING MINUTES
Wednesday, August 28, 2013
Schantz Conference Room**

Committee Members Present	Committee Members Absent/Excused	Guests	Administrative Staff Present
John Perez Leslie Lovejoy Howard Eisenstark Susan Idell Robert Cohen Jane Hirsch Paul Amara Joel Hoffman	Brenda Epperly Jerome Smith Sharon Nevins Mark Kobe		Gigi Betta

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
MISSION AND VISION STATEMENTS	<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>		
1. CALL TO ORDER/ANNOUNCEMENTS	<i>Hirsch</i>		
	5:04 PM		
2. PUBLIC COMMENT	<i>Hirsch</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</i>	No public comment.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<i>invited to make comments at the time the item comes up for Committee consideration.</i>			
3. CONSENT CALENDAR	<i>Hirsch</i>	Inform/action	
A. QC Meeting Minutes, 7.24.13		MOTION: by Eisenstark to approve (3.A.) and 2 nd by Idell. All in favor.	
4. QUALITY REPORT	<i>Lovejoy</i>	Inform	
	Ms Lovejoy presented the Quality and Resource Management Report and Priorities touching on Nurse Forums, Midas upgrade to Data Vision, Completion of EHR and Physician Advisor Implementation, Building Activation Team and Nursing Education.		
5. POLICY AND PROCEDURES	<i>Lovejoy/Kobe</i>	Inform/Action	
A. Provisions of Care B. Medical Imaging		MOTION: by Eisenstark and 2 nd by Amara to approve both A and B. All in favor.	
6. CLOSING COMMENTS	<i>Hirsch</i>		
	The Quality Indicators Subcommittee dashboard was presented to the Board on 8/1/13 and accepted. It has been passed to Bob Kenney who will make the information accessible to the public.		
7. ADJOURN	<i>Hirsch</i>		
	5:30 PM	.	
8. UPON ADJOURNMENT OF REGULAR OPEN SESSION	<i>Hirsch</i>		
9. CLOSED SESSION	<i>Amara</i>	Inform/action	
		MOTION: by Hoffman and 2 nd by Hirsch. All in favor.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
10. REPORT OF CLOSED SESSION/ADJOURN	<i>Hirsch</i>		
	Adjourn 5:35 PM		



Meeting Date: October 3, 2013

Prepared by: Rick Reid, CFO

Agenda Item Title: 2013/2014 Capital Budget Allocation

Recommendation: The Finance Committee recommends to the District Board that they approve the allocation of the Approved capital budget. The recommendation also includes that the CEO has the authority to reallocate the dollars to other projects.

Background and Reasoning In the Board Approved 2013/2014 operating budget, it allocated \$769,000 for capital purchases. The attached is a listing of capital items, including \$100,844 for contingency purchases.

Consequences of Negative Action/Alternative Actions

Financial Impact: \$769,000, included in the Board Approved 2013/2014 operating budget.

Selection Process and Contract History: NA

Board Committee: Finance

Attachments: Listing of Capital Items

Sonoma Valley Hosp
2014 Capital Budget Items

#	Description	Justification	Reason Code	Estimated Purchase Date	Costs
1	Plant Operation Projects	Main Projects: Fire Alarm \$50,000; SNF pipes \$50,000; Air Handlers \$100,000	Replacement	01/01/2014	\$ 200,000
2	Blinds for all windows in lab	They are the original blinds, dirty, cords breaking, slats are bent. Visible to the public.	Replacement	09/30/2013	\$ 1,081
3	Refrigerator for Micro	Refrigerator is very old & too small for the inventory since adding PDH Micro.	Replacement	09/30/2013	\$ 3,000
4	Freezer	door was dented & no longer seals properly	Replacement	09/30/2013	\$ 5,000
5	Lab Computer Equipment: 1. computer & tracking boards 2. computer & monitor	1. Tracking boards for Lab Assistants & second one in back. 2. Blood Bank inventory system, replacing a handwritten log book.	New service; new technology	10/31/2013	\$ 3,000
6	Blood gas instrument	Outdated, TJC suggested we should replace our instrument at 2011 inspection. Will purchase an instrument which provides backup to the Vitros 5600	End of Equipment Life	01/01/2014	\$ 17,250
7	Microbiology incubators	Our incubators were purchased in 1984. They are obsolete, the seals no longer hold the required CO2 levels. They are no longer repairable.	End of Equipment Life	09/30/2013	\$ 10,000
8	Doppler	Current one is technologically outdated	End of Equipment Life	01/01/2014	\$ 3,000
9	Versacare ICU beds	remaining two beds are very old and do not drop to a low position for patient safety.	End of Equipment Life	11/01/2013	\$ 28,723
10	Temporal Thermometers	Current one is broken, need to replace	Replacement	12/31/2013	\$ 500
11	Bilicheck system	Previously performed by Lab, equipment recently broken and lab has not replaced, instead doing invasive procedure for infants	Replacement	09/30/2013	\$ 4,602
12	Locking Medication carts	Regulatory compliance	End of Equipment Life	10/31/2013	\$ 3,200
13	HRIS	Current system unsupported	Replacement	01/01/2014	\$ 53,137
14	20 Wheelchairs	to replace aging, broken wheelchairs with missing parts	Replacement	11/01/2013	\$ 3,663
15	Surgical Lap instrument set	current instrument set old, surgeons won't use it	Replacement	10/31/2013	\$ 10,301
16	Patient Supply Charging	Increase efficiency of charge capture	New service; new technology	03/31/2014	\$ 40,488
17	Pathways Compliance Advisor & Real Time Eligibility	Implement real time ABN function & Real Time Eligibility with Paragon integration	New service; new technology	03/31/2014	\$ 89,298
18	Outpatient Endo/Cardio			06/30/2014	\$ 100,000
19	HI-Low Table	to replace outdated, malfunctioning table	Replacement	11/01/2013	\$ 1,913
20	Hallway Carpet		Replacement	03/31/2014	\$ 90,000
21	Contingency				\$ 100,844
Capital Budget Amount per 2014 Budget Free Cash Flow					\$ 769,000



BOARD QUALITY COMMITTEE DASHBOARD 2013

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
Totals	140	354	117	360	132	321	116	356	1896

2. Emergency Department Patient Performance



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

Measurement:	Emergency Department Patient Throughput (Lower # is Better)
Category:	Patient Safety
Definition:	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	11.94				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.



Measurement:	Time from admit decision to depart to bed (Lower # is Better)
Category:	Patient Safety
Definition:	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	64.28				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.



Measurement:	Noise Level in and around rooms (Higher # is Better)
Category:	Patient Satisfaction
Definition:	% 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%	70.7%	71.9%				N/A	90.00%	

Measurement:	Explanations re: tests and treatments (Higher # is Better)
Category:	Patient Satisfaction
Definition:	% 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%	85.7%	86.1%				N/A	90.00%	



Measurement:	Likelihood to recommend SVH to others (Higher # is better)
Category:	Patient Satisfaction
Definition:	% 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%	91.4%	88.7%				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.


Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	4.2%				N/A	16.0%	



Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	4.2%				N/A	TBD	TBD



Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	0.00%				N/A	18.0%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	0.00%				N/A	23.0%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	11.11%	0.00%				N/A	17.6%	

Measurement:	Readmission Rates for Medicare Patients (Lower # is better)
Category:	Quality Patient Outcomes
Definition:	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%	0.00%				N/A	TBD	TBD

Chart Definitions:	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	

7.

**QUARTERLY STRATEGIC PLAN UPDATE
AND
ADMINISTRATIVE REPORT FOR
AUGUST 2013**



To: Sonoma Valley Healthcare District Board of Directors
From: Kelly Mather
Date: 9/26/13
Subject: Administrative Report

Summary: The community opening for the new wing is set for November 16th with a big celebration. It will be operational by Christmas, 2013. The FY 2013 audited financial results will be presented at the November board meeting. Unexpected events occurred in May and June that will reflect in negative results with most of the cause due to prior year adjustments. We have made significant changes in our revenue cycle management with outsourcing leadership to Marin General Hospital to improve cash on hand. The FY 2013 annual report will be complete and ready for distribution in November.

Leadership and Organizational Results (Dashboard)

As you can see from the August dashboard, we have had a good start for the new fiscal year. We are making strides toward meeting the patient satisfaction goals and expect that when the new wing is complete and the construction noise decreases, we will consistently meet goal. Expenses are under budget for the year. Inpatient volumes continue to be low, but outpatient services and surgeries are better than budget. Community hours will increase significantly with the Bi-national health fair in October and many wellness outreach education programs this fall.

New Wing Construction & Fundraising

The construction project is still on budget and scheduled to be complete in November. The community and business capital campaign appeals started in September with goals of \$100,000 each. The campaign steering committee has \$600,000 left to raise to meet the \$11 million goal. The donor wall and name recognitions are underway with a few more spots for naming opportunities. We hope to meet goal before the opening.

Strategic Planning & Marketing

We agreed to review the strategic plan each quarter. The following initiatives were expected by 9/30:

Strategic Objective	Status	Comments/Update
Focused marketing on Orthopedic & Bariatric Surgery	Underway	Obesity help.com, website up
Promote Women's Health program and services	Underway	New name, Resource room, Dr. Bose increasing, Project Pink
Promote WHA to local employers	Complete	May do another round of mailings, first round did well
Complete physician sub-specialty clinics	Complete	Spine surgeons and Pediatric Cardiology complete
Promote Hospice room & Palliative care program	Complete	Positive press, room being used
Implement cost accounting system	Beginning	Mapping the system now
Market Integrative Health Network	Complete	Quarterly seminars, brochure
Promote and expand Senior Wellness program	Underway	Active aging classes, gentle yoga, PT balance screenings started
Health Round table health improvement criteria	Beginning	Looking at substance abuse as new measure, strategic plan



AUGUST 2013 DASHBOARD

PERFORMANCE GOAL	OBJECTIVE	METRIC	ACTUAL RESULT	GOAL LEVEL
Service Excellence	High In-Patient Satisfaction	5 out of 8 HCAHPS results above the 50 th percentile	3 out of 5 86.5%	>5 = 5 (stretch) >4 = 4 >3 = 3 (Goal) >2 = 2 <1=1
	High Out-Patient Satisfaction	Press Ganey monthly mean score	Outpatient 93.7% Surgery 94.1 % Emergency 89.6%	>94% = 5 (stretch) >93%=4 >92% =3 (Goal) >91%=2 <90%=1
Quality	Excellent Clinical Outcomes	Value Based Purchasing Clinical Score	100% for 6 months of the last 12	100% for 12 mos= 5 100% 9/12 mos=4 100% 6/12 mos =3 >90%=2 <80%=1
People	Highly Engaged and Satisfied Staff	Press Ganey percentile ranking of current mean score	2012 77% mean score at 80 th percentile	>85 th = 5 (stretch) >82nd=4 >80th=3 (Goal) >77th=2 <76 th =1
Finance	Financial Viability	YTD EBIDA	10%	>10% (stretch) >9%=4 >8% (Goal) <7%=2 <6%=1
	Efficiency and Financial Management	FY 2014 Budgeted Expenses	\$8,853,102 (actual) \$9,086,597 (budget)	<2% =5 (stretch) <1% = 4 <Budget=3 (Goal) >1% =2 >2% = 1
Growth	Surgical Cases	Increase surgeries by 2% over prior year	265 YTD FY2014 261 YTD FY 2013	>2% (stretch) >1%=4 >0% (Goal) <0%=2 <1%=1
	Outpatient Volumes	2% increase (gross outpatient revenue over prior year)	\$19.8 million YTD \$17.1 million 2013	
Community	Community Benefit Hours	Hours of time spent on community benefit activities for the fiscal year	258 hours for 2 months	>1500 = 5 >1200 = 4 >1000 = 3 >750 = <500 = 1



FY 2013 - 2014 TRENDED RESULTS

MEASUREMENT	Goal FY 2014	Jul 2013	Aug 2013	Sep 2012	Oct 2012	Nov 2012	Dec 2012	Jan 2013	Feb 2013	Mar 2013	Apr 2013	May 2013	Jun 2013
Inpatient Satisfaction	>87%	86.9	86.5	85.2	84.2	88.8	88.1	86.9	86.6	87.1	86.5	86.1	86.5
Outpatient Satisfaction	>93%	93.8	94.2	94.4	92	93.7	91.7	94	93.5	91.6	92.8	91.8	92.7
Surgery Satisfaction	>93%	93.2	94.1	90.8	93.8	91.9	87.5	94.5	93.7	92.9	92.8	92.0	92.6
Emergency Satisfaction	>89%	89.4	89.6	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	100	88		90	91	91	100	100	100	100	100	90	100
Staff Satisfaction	>77%	77	77	75	75	75	75	77	77	77	77	77	77
Turnover	<10%	2.8	2.8	7.6	7.6	7.6	8.6	8.6	8.6	8.6	3.6	3.6	3.6
EBIDA	>8%	7	12	8	8	7	7	8	8	8	9	0	8
Net Revenues	>3.9m	4.08	4.35	3.7	3.96	3.7	4.09	4.3	3.9	4.2	3.9	3.3	3.8
Expense Management	<4.5m	4.4	4.4	4.2	4.4	4.4	4.5	4.3	4.3	4.5	4.4	4.5	4.7
Net Income	>50	62	318	65	55	174	90	219	61	114	91	-651	732
Days Cash on Hand	>20	8	11	14	12	7	14	9	9	15	17	12	7
A/R Days	<55	64	53	50	53	52	53	51	53	51	55	56	62
Total FTE's	<320	315	315	330	316	313	317	321	322	322	320	311	317
FTEs/AOB	<4.5	4.25	4.33	4.37	4.43	4.24	4.24	3.84	3.7	4.12	4.29	4.25	4.25
Inpatient Discharges	>100	100	102	109	121	104	117	159	128	122	88	99	87
Outpatient Revenue	>\$8.8m	10.1	9.8	8.1	8.9	8.5	8.3	8.8	8.0	8.1	8.9	9.3	8.3
Surgeries	>130	135	130	97	128	130	126	116	113	131	115	147	116
Home Health	>1000	760	760	802	1043	921	940	1076	1001	1067	1101	1140	990
Births	>15	15	11	11	9	14	13	19	11	16	12	15	8
SNF days	>660	457	615	617	576	638	671	707	678	725	589	638	470
MRI	>120	119	121	82	130	99	100	83	82	107	125	104	106
Cardiology (Echos)	>70	76	68	74	72	67	75	86	68	74	70	91	73
Laboratory	>12.5	12.0	11.8	11.7	13.7	12.2	11.9	14.2	11.8	12.2	11.9	12.4	10.7
Radiology	>850	959	931	811	931	819	811	940	902	900	829	915	828
Rehab	>2587	2868	2893	2455	2471	2175	2051	2502	2526	2690	2771	2736	2657
CT	>300	392	368	281	327	295	279	345	324	277	328	272	301
ER	>775	838	789	788	801	732	741	852	804	757	729	795	716
Mammography	>475	486	457	472	629	556	475	431	431	494	481	545	431
Ultrasound	>300	263	343	275	336	287	290	348	295	298	343	302	292
Occupational Health	>550	492	576	465	521	451	405	538	574	521	523	556	494

8.

CEO PERFORMANCE
EVALUATION



Meeting Date: October 3, 2013

Prepared by: Bill Boerum, Board Chair

Agenda Item Title: CEO Evaluation for Information Only

Background and Reasoning:

A thorough evaluation was conducted of the performance of the President & Chief Executive Officer; Kelly Mather with recommendations and observations initially by the Board's designated Evaluation Sub-Committee consisting of myself and Jane Hirsch, Second Vice Chair.

Two closed sessions of the full Board were conducted allowing for discussion of the information and metrics received along with interchange with CEO Mather. Detailed information and memorandum is in her personnel file.

It is safe to say that the full Board is very highly satisfied with the performance of Kelly Mather, a decisive and skilled executive.

Consequences of Negative Action/Alternative Actions:

Violation of the Contract with Kelly Mather for annual performance evaluation and contrary to Board policy.

Financial Impact:

As may be approved in separate public action by the Board for base salary and incentive compensation.

Board Committee:

CEO Evaluation Sub-Committee

Attachments: None

9.

**CEO COMPENSATION
REVIEW**



Meeting Date: October 3, 2013

Prepared by: Bill Boerum

Agenda Item Title: CEO COMPENSATION REVIEW

Background:

In keeping with our employment contract with Kelly Mather as President and CEO and in keeping with District Board Policy, a review of her compensation is to be conducted annually and changes are to be considered at a regular, public meeting of the Board. The Board-designated CEO Evaluation Sub-Committee (Jane Hirsch, Second Vice Chair, and I) reviewed Kelly Mather's very highly satisfactory performance as recognized by the full Board, as well as taking into consideration her salary in comparison to her peer group of hospital executives. As to the latter, the Sub-Committee referenced the latest available (May 2012) Executive Compensation Report compiled for the California Hospital Association, the Hospital Council of Northern California, and two other hospital associations in the State.

Recommendation:

Accordingly, the Sub-Committee recommends to the full Board for approval a salary increase of 6% (\$16,871) bringing her base pay to \$298,061 retroactive to July 1, 2013. Additionally, as incentive compensation based on the dashboard performance and scaled metrics agreed upon by the Board and Kelly Mather, the Sub-Committee recommends a bonus of \$24,534. No other changes in compensation, benefits or contractual terms are recommended by the Sub-Committee for Board consideration. The employment contract expires in July 2015.

Consequences of Negative Action/Alternative Actions:

Violation of the contract with Kelly Mather for annual compensation review and contrary to Board Policy.

Financial Impact:

Above recommended salary increase and incentive compensation is within the approved annual budget.

Board Committee:

Board-designated CEO Evaluation Sub-Committee

11.

QUALITY COMMITTEE REPORT
SEPTEMBER 2013

To: Sonoma Valley Healthcare District Board Quality Committee
From: Leslie Lovejoy
Date: 9/25/2013
Subject: Quality and Resource Management Report

September Priorities:

1. New Building Construction and Activation Plan
2. Second Quarter Quality Measures
3. Policies and Procedures Process

1. New Building Construction and Activation Plan

The official and formal report of the new wing construction, building activation and the permanent closure of seven acute care licensed beds was sent to the California Department of Public Health. The construction is on time and the Building Activation Team is now meeting weekly to prepare for the OSHPD Substantial Completion Certification inspection slated for October 25th. We are awaiting response and next steps regarding the application and subsequent licensing visit. Administration has set the community open house for the 1st of November and we plan, provided we obtain the approvals for a move in just prior to the holidays in December.

2. Second Quarter Quality Core Measures

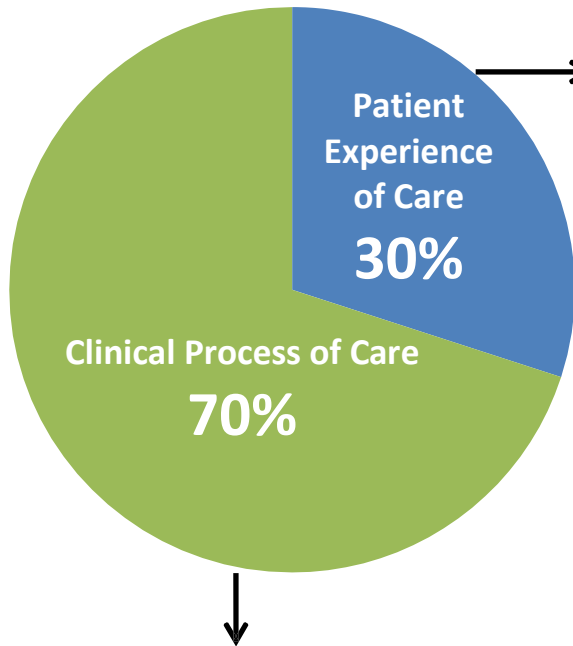
Attached please find our Hospital Compare data through first quarter 2013. Also attached is an education piece entitled: Is your hospital ready for value based purchasing. Of particular interest are the last three pages that outline the changes each performance period and the weighting.

3. Policies and Procedures Process

For the past two years we have been using a web based policy and procedure management database that tracked each step in the approval process and mapped out responsibilities. We changed our policy and procedure on policies and procedures and started this process after very lengthy training of leadership. It has not worked well and I will not be renewing the contract in March of 2014. The program is cumbersome and too big for a small hospital. Starting in January, we will be going back to a policy and procedure committee process as part of a Clinical Operations Meeting. Clinical Operations will meet monthly and consists of all leaders who directly provide patient care. We are in the process of creating a tracking structure and defining responsibilities. It will be the responsibility of the Quality Assistant to track, post and monitor progress. The process will be rolled out at the January Leadership meeting.

Topic for discussion: Change in Accreditation Vendor

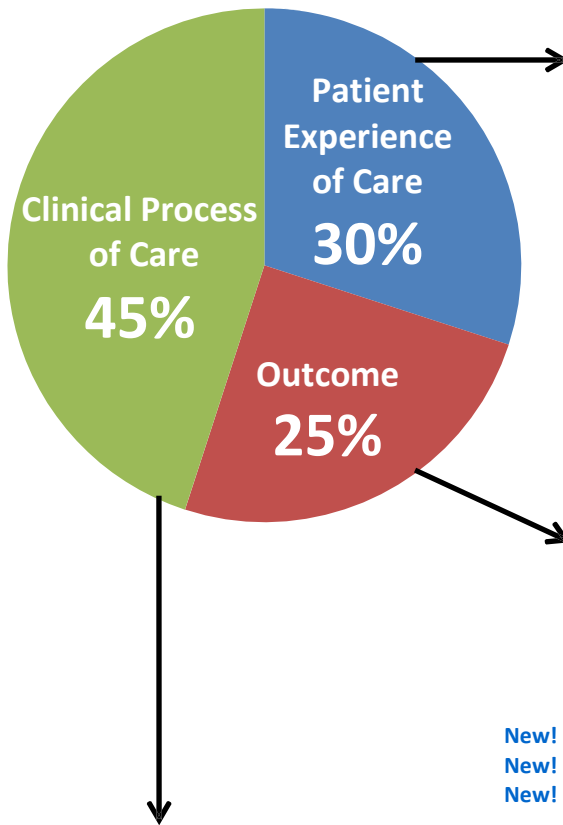
FY 2013 Value-Based Purchasing
(Discharges from October 1, 2012, to September 30, 2013)



PATIENT EXPERIENCE OF CARE DIMENSIONS			
Baseline Period		Performance Period	
July 1, 2009 – March 31, 2010		July 1, 2011 – March 31, 2012	
HCAHPS Survey Dimensions	HCAHPS Performance Standard		
	Floor (%)	Threshold (%)	Benchmark (%)
Communication with nurses	38.98	75.18	84.70
Communication with doctors	51.51	79.42	88.95
Responsiveness of hospital staff	30.25	61.82	77.69
Pain management	34.76	68.75	77.90
Communication about medications	29.27	59.28	70.42
Cleanliness and quietness	36.88	62.80	77.64
Discharge information	50.47	81.93	89.09
Overall rating of hospital	29.32	66.02	82.52

CLINICAL PROCESS OF CARE		
Baseline Period		Performance Period
July 1, 2009 – March 31, 2010		July 1, 2011 – March 31, 2012
MEASURES	Threshold (%)	Benchmark (%)
AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival	65.48	91.91
AMI 8a PCI received w/in 90' of hospital arrival	91.86	100.00
HF 1 Discharge instructions	90.77	100.00
PN 3b Blood culture before 1 st antibiotic received in hospital	96.43	100.00
PN 6 Initial antibiotic selection for CAP immunocompetent pt	92.77	99.58
SCIP 1 Abx w/in 1 hr before incision or w/in 2 hrs if Vancomycin/Quinolone is used	97.35	99.98
SCIP 2 Received prophylactic Abx consistent with recommendations	97.66	100.00
SCIP 3 Prophylactic Abx discontinued w/in 24 hrs of surgery end time or 48 hrs for cardiac surgery	95.07	99.68
SCIP 4 Controlled 6 AM postoperative serum glucose – cardiac surgery	94.28	99.63
SCIP-VTE 1 Recommended VTE prophylaxis ordered during admission	95.00	100.00
SCIP VTE2 Received VTE prophylaxis w/in 24 hrs prior to or after surgery	93.07	99.85
SCIP-Card 2 Pre-admission beta-blocker and perioperative period beta blocker	93.99	100.00

**FY 2014 Value-Based Purchasing
Domain Weighting**
(Discharges from October 1, 2013 to September 30, 2014)



PATIENT EXPERIENCE OF CARE			
Baseline Period		Performance Period	
April 1, 2010 – December 31, 2010		April 1, 2012 – December 31, 2012	
HCAHPS Survey Dimensions	HCAHPS Performance Standard		
	Floor (%)	Threshold (%)	Benchmark (%)
Communication with nurses	42.84	75.79	84.99
Communication with doctors	55.49	79.57	88.45
Responsiveness of hospital staff	32.15	62.21	78.08
Pain management	40.79	68.99	77.92
Communication about medications	36.01	59.85	71.54
Cleanliness and quietness	38.52	63.54	78.10
Discharge information	54.73	82.72	89.24
Overall rating of hospital	30.91	67.33	82.55

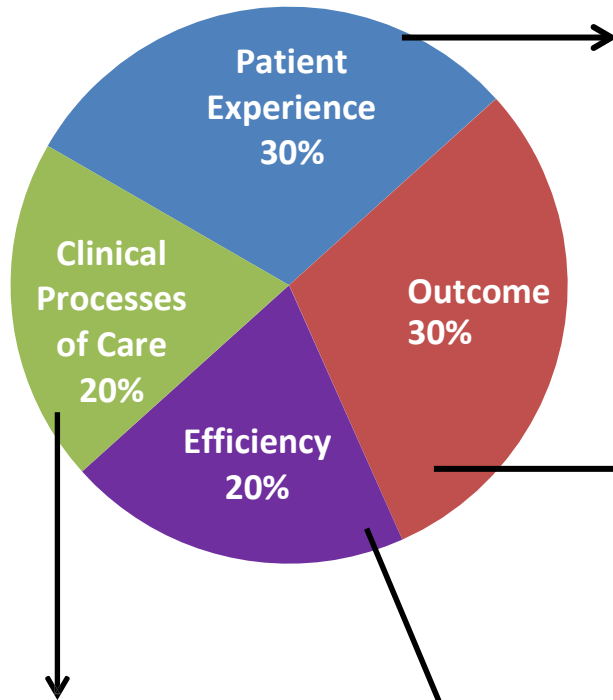
OUTCOME		
Baseline Period		Performance Period
July 1, 2009 – June 30, 2010		July 1, 2011 – June 30, 2012
Measure (Displayed as survival rate)	Threshold (%)	Benchmark (%)
30-day mortality, AMI	84.77	86.73
30-day mortality, heart failure	88.61	90.42
30-day mortality, pneumonia	88.18	90.21

New!
New!
New!

CLINICAL PROCESS OF CARE		
Baseline Period		Performance Period
April 1, 2010 – December 31, 2010		April 1, 2012 – December 31, 2012
Measures	Threshold (%)	Benchmark (%)
AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival	80.66	96.30
AMI 8a PCI received w/in 90' of hospital arrival	93.44	100.00
HF 1 Discharge instructions	92.66	100.00
PN 3b Blood culture before 1 st antibiotic received in hospital	97.30	100.00
PN 6 Initial antibiotic selection for CAP immunocompetent pt	94.46	100.00
SCIP 1 Abx w/in 1 hr before incision or w/in 2 hrs if Vancomycin/Quinolone is used	98.07	100.00
SCIP 2 Received prophylactic Abx consistent with recommendations	98.13	100.00
SCIP 3 Prophylactic Abx discontinued w/in 24 hrs of surgery end time or 48 hrs for cardiac surgery	96.63	99.96
SCIP 4 Controlled 6 AM postoperative serum glucose – cardiac surgery	96.34	100.00
SCIP 9 Postoperative Urinary Catheter Removal on Post Operative Day 1 or 2	92.86	99.89
SCIP-Card 2 Pre-admission beta-blocker and perioperative period beta blocker	95.65	100.00
SCIP-VTE 1 Recommended VTE prophylaxis ordered during admission	94.62	100.00
SCIP VTE2 Received VTE prophylaxis w/in 24 hrs prior to or after surgery	94.92	99.83

New!

**FY 2015 Value-Based Purchasing
Domain Weighting**
(Discharges from October 1, 2014 to September 30, 2015)



PATIENT EXPERIENCE OF CARE			
Baseline Period		Performance Period	
January 1, 2011 – December 31, 2011		January 1, 2013 – December 31, 2013	
HCAHPS Survey Dimensions	HCAHPS Performance Standard		
	Floor (%)	Threshold (%)	Benchmark (%)
Communication with nurses	47.77	76.56	85.70
Communication with doctors	55.62	79.88	88.79
Responsiveness of hospital staff	35.10	63.17	79.06
Pain management	43.58	69.46	78.17
Communication about medications	35.48	60.89	71.85
Cleanliness and quietness	41.94	64.07	78.90
Discharge information	57.67	83.54	89.72
Overall rating of hospital	32.82	67.96	83.44

OUTCOME		
Mortality		
Baseline Period		Performance Period
October 1, 2010 – June 30, 2011		October 1, 2012 – June 30, 2013
Measure (Displayed as survival rate)	Threshold (%)	Benchmark (%)
30-day mortality, AMI	84.74	86.23
30-day mortality, heart failure	88.15	90.03
30-day mortality, pneumonia	88.26	90.41
Complication/Patient Safety for Selected Indicators		
Baseline Period		Performance Period
October 15, 2010 – June 30, 2011		October 15, 2012 – June 30, 2013
Measure	Threshold (%)	Benchmark (%)
AHRQ PSI composite	New! 62.28	45.17
Central Line-associated Blood Stream Infection		
Baseline Period		Performance Period
January 1, 2011 – December 31, 2011		February 1, 2013 – December 31, 2013
Measure	Threshold (*)	Benchmark (%)
CLABSI	New! .437	00.00

*Standardized infection ratio

EFFICIENCY		
Baseline Period		Performance Period
May 1, 2011 – December 31, 2011		May 1, 2013 – December 31, 2013
Measure	Threshold (%)	Benchmark (%)
MSPB-1 Medicare spending per beneficiary	Median Medicare spending per beneficiary ratio across all hospitals during the performance period.	Mean of lowest decile of Medicare spending per beneficiary ratios across all hospitals during the performance period.
	New!	

CLINICAL PROCESS OF CARE		
Baseline Period		Performance Period
January 1, 2011 – December 31, 2011		January 1, 2013 – December 31, 2013
Measures	Threshold (%)	Benchmark (%)
AMI 7a Fibrinolytic agent received w/in 30' of hospital arrival	80.00	100
AMI 8a PCI received w/in 90' of hospital arrival	95.34	100
HF 1 Discharge instructions	92.09*	100.00
PN 3b Blood culture before 1 st antibiotic received in hospital	94.11	100
PN 6 Initial antibiotic selection for CAP immunocompetent pt	97.78	100
SCIP 1 Abx w/in 1 hr before incision or w/in 2 hrs if Vancomycin/Quinolone is used	97.17	100
SCIP 2 Received prophylactic Abx consistent with recommendations	98.63	100
SCIP 3 Prophylactic Abx discontinued w/in 24 hrs of surgery end time or 48 hrs for cardiac surgery	98.63	100
SCIP 4 Controlled 6 AM postoperative serum glucose – cardiac surgery	97.49	100
SCIP 9 Postoperative Urinary Catheter Removal on Post Operative Day 1 or 2	95.79	99.76
SCIP-Card 2 Pre-admission beta-blocker and perioperative period beta blocker	95.91	100
New! SCIP VTE-1 was removed from FY2015 measures	-----	-----
SCIP VTE2 Received VTE prophylaxis within 24 hrs prior to or after surgery	94.89	99.99

*This is the proposed achievement threshold in the August 31, 2012, IPPS rule. The final performance standard was not listed for this measure.

12.

**PROPOSED CHANGE OF
VENDORS FOR SVH
ACCREDITATION**

To: Sonoma Valley Healthcare District Board
From: Leslie Lovejoy
Date: 9/25/2013
Subject: Proposal to Change Hospital Accreditation Vendors

Background

In order to receive federal reimbursement from the Centers for Medicare and Medicaid Services, hospitals have been required to participate in a triennial survey to ensure the Medicare Conditions of Participation have been met. The Conditions of Participation outline the necessary patient care standards that must be met in order for the hospital to provide care for and be reimbursed by Medicare and Medicaid. CMS contracts with organizations to do their surveys for them and to document that a hospital has achieved deemed status (compliance with the Conditions of Participation). CMS does not have an interest in which a hospital contracts with once they have accredited them as a vendor who can provide this function. CMS also does not prohibit the vendor from adding non-Conditions of Participation standards to the ones required by CMS.

Case Statement

The Joint Commission is perhaps the most well known vendor. Based in Chicago, The Joint Commission has written functional chapters that extend and add to the many mandatory regulations from CMS. The proliferation of standards has resulted in a great deal of added staff time and effort for not very much return. That does not mean that the hospital will abandon those added value standards that improve patient safety and the provision of quality patient care. Because TJC has grown so large the value of their website, the access to resources and the intensity and value of the survey process has suffered. In addition, the fees continue to grow. The other issue is that The Joint Commission has come under some criticism from CMS about the rigor of the survey process. This has resulted in CMS validation surveys, adding another layer to the survey process. This hospital was involved in such a scenario during our triennial survey in 2011.

CIHQ began as a consulting business in the 90's which helped hospitals prepare and stay current with both CMS and TJC. CIHQ provided memberships to hospitals and provided them with an easy to use website, a huge resource and reference library, webinar trainings, consultants that returned your call the same or the next day, and provided "Mock Survey" sessions. Sonoma Valley Hospital is a founding member of CIHQ and we currently subscribe on an annual basis for all these services and has hugely benefitted from this relationship. We supported their bid to become a vendor for CMS accreditation. They are currently contracted with 267 hospitals throughout the country. In order to have this occur, CIHQ has created three separate functional businesses: Accreditation, Consulting, and Education. Since we already are a member, the cost of the accreditation process is already included in the fees and we reimburse them for their travel. The hospital leadership has a good relationship with the CIHQ team and has adopted many of their templates and tools over the years. They completed our last "Mock" Survey in March of 2012.

A review of contractual arrangements with the hospital did not find very many that included the Joint Commission in name as the accrediting body. These will be amended to more generic statements requiring the hospital to be a CMS approved accrediting body. The Hospital Administration, Medical Executive Committee and Leadership are in favor of the change.

Therefore, the hospital is proposing to make the change from The Joint Commission to the Center for Improvement in Healthcare Quality effective January 1, 2014.

13.

FINANCIAL REPORT
AUGUST 2013

**Sonoma Valley Hospital
Sonoma Valley Health Care District
August 31, 2013 Financial Report**

SVH Board Meeting
October 3, 2013

August's Patient Volumes

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Prior Year</u>
Acute Discharges	102	120	-18	117
Acute Patient Days	385	394	-9	432
SNF Patient Days	615	592	23	682
Outpatient Gross Revenue (in thousands)	\$9,801	\$9,486	\$315	\$9,014
Surgical Cases	130	128	2	138

Summary Statement of Revenues and Expenses Month of August 31, 2013

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 4,351,410	\$ 4,180,393	\$ 171,017	4%	\$ 3,986,975
2 Total Operating Expenses	\$ 4,440,552	\$ 4,465,566	\$ 25,014	1%	\$ 4,312,179
3 Operating Margin	\$ (89,142)	\$ (285,173)	\$ 196,031	69%	\$ (325,204)
4 NonOperating Rev/Exp	\$ 407,804	\$ 417,942	\$ (10,138)	-2%	\$ 449,887
5 Net Income before Restricted Cont.	\$ 318,662	\$ 132,769	\$ 185,893	140%	\$ 124,683
6 Restricted Contribution	\$ 121,011	\$ 3,853	\$ 117,158	3041%	\$ 2,683
7 Net Income with Restricted Contributions	\$ 439,673	\$ 136,622	\$ 303,051	222%	\$ 127,366
8 EBIDA before Restricted Contributions	\$ 531,952	\$ 370,112	\$ 161,840		\$ 361,086
9 EBIDA before Restricted Cont. %	12%	9%	3%		9%
10 Net Income without GO Bond Activity	\$ 322,272	\$ 13,049	\$ 309,223		\$ 3,810

Summary Statement of Revenues and Expenses Year to Date August 31, 2013 (2 months)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Percentage</u>	<u>Prior Year</u>
1 Total Operating Revenue	\$ 8,432,877	\$ 8,373,407	\$ 59,470	1%	\$ 7,822,896
2 Total Operating Expenses	\$ 8,853,102	\$ 9,086,597	\$ 233,495	3%	\$ 8,569,010
3 Operating Margin	\$ (420,225)	\$ (713,190)	\$ 292,965	41%	\$ (746,114)
4 NonOperating Rev/Exp	\$ 801,042	\$ 830,972	\$ (29,930)	-4%	\$ 899,987
5 Net Income before Restricted Cont.	\$ 380,817	\$ 117,782	\$ 263,035	223%	\$ 153,873
6 Restricted Contribution	\$ 243,400	\$ 13,120	\$ 230,280	1755%	\$ 4,433
7 Net Income with Restricted Contributions	\$ 624,217	\$ 130,902	\$ 493,315	377%	\$ 158,306
8 EBIDA before Restricted Contributions	\$ 821,430	\$ 642,705	\$ 178,725		\$ 626,915
9 EBIDA before Restricted Cont. %	10%	8%	2%		8%
10 Net Income without GO Bond Activity	\$ 146,015	\$ (124,450)	\$ 270,465		\$ (93,239)



To: SVH Finance Committee
From: Rick Reid, CFO
Date: September 24, 2013
Subject: Financial Report for the Month Ending August 31, 2013

Overall Results for August 2013

Overall for August, SVH has income of \$439,673 on budgeted income of \$136,622, for a favorable difference of \$303,051. Total net patient service revenue was over budget by \$161,942. Risk contracts were under budget by (\$71,904). Other operating revenue is over budget by \$80,979, bringing the total operating revenue to \$4,351,410 or \$171,017 over budget. Expenses were \$4,440,552 on a budget of \$4,465,566 or \$25,014 under budget. The EBIDA prior to the restricted donations for the month was \$531,952 or 12.2%.

Patient Volumes - August

	ACTUAL	BUDGET	VARIANCE	PRIOR YEAR
Acute Discharges	102	120	-18	117
Acute Patient Days	385	394	-9	432
SNF Patient Days	615	592	23	682
OP Gross Revenue	\$9,801	\$9,486	\$315	\$9,014
Surgical Cases	130	128	2	138

Overall Payer Mix - August

	ACTUAL	BUDGET	VARIANCE	YTD ACTUAL	YTD BUDGET	VARIANCE
Medicare	49.3%	48.7%	0.6%	48.6%	48.9%	-0.3%
Medi-Cal	15.4%	13.3%	2.1%	14.3%	13.4%	0.9%
Self Pay	4.4%	3.9%	0.5%	4.4%	3.9%	0.5%
Commercial	20.8%	24.1%	-3.3%	21.6%	23.8%	-2.2%
Managed MC	5.5%	2.8%	2.7%	4.8%	2.8%	2.0%
Workers Comp	1.9%	1.5%	0.4%	3.3%	1.5%	2.2%
Capitated	2.7%	5.7%	-3.0%	3.0%	5.7%	-2.3%
Total	100%	100%		100%	100%	

Total Operating Revenues

Total operating revenues for August were \$4.4 million on a budget of \$4.2 million or \$171,017 over budget.

Net Patient Revenue is over budget by \$161,942 or 4%, due to the following:

- Overall inpatient volume was under budget by 18 discharges
- Net Revenue does include the accrual of the IGT.
- Skilled Nursing Home volume was under budget by 23 days
- Outpatient was over budget in volume but had a higher mix of Medi-Cal patient and lower commercial insured patients.
- Home Care volume was over budget by 85 visits.
- Bad Debts and Charity Care were favorable to budget by \$114,587. This was due to less charity care during the month.
- Prior Period Adjustments are for the settlement of the 2010 Medi-Cal cost report.

Risk Contract Revenue was under budget due to lower Napa State volume.

Other Operating Revenue is over budget due to the insurance dividend of \$84,557 from our liability insurance carrier.

Expenses

August's expenses were \$4.4million on a budget of \$4.5 million or under budget by \$25,014.

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

- Total productivity FTE's were over budget by 17 at 286, on a budget of 269. Total salaries and Agency fees were over budget by a total of (\$100,226). Salaries were over budget by (\$76,214) due to Home Health Care training of their Electronic Health Records and higher patient volume by (\$59,967) or 7 FTE's, Surgery was over budget by (\$19,594) or 2 FTE's due to volume. Agency fees were over budget by (\$24,012) due to the use of registry in Radiology by (\$12,943), ICU by (\$5,106) and Labor and Delivery by (\$6,248).
- Employee benefits were under budget by \$43,058, of this health insurance was under budget.
- Supplies were over budget by (\$73,588) due to volume in Surgery by (\$27,740), Blood Bank by (\$14,674), IV Therapy by (\$17,404) and Pharmacy by (\$16,144).
- Purchased services are under budget by \$77,133 due to Information Systems and Plant Operation budgeted projects not starting in August.
- Other expenses are under budget by \$37,938 due to the reclass of sales tax for July and August for \$18,526.

Cash Collections on Patient Receivables:

For the month of August, the cash collection goal was \$3,224,017, the Hospital collected \$3,265,144 or over the goal by \$41,097. Year to date the Hospital patient collections goal was \$6,371,836 and had collection of \$6,536,583 or \$164,747 better than the goal. The cash collection goal is based upon net hospital revenue from 60 days ago.

RAC Activity

	August	Year to Date
Payments to Medicare	\$130,614	\$185,369
Appeals Won and Repaid to the Hospital	\$47,430	\$47,430
Payments from Rebilling Received	\$0	\$0

Capital Campaign Summary:

For the month of August the Hospital received \$121,011 in capital campaign donations. The total amount received from the Capital Campaign to date is \$4,145,279 offset with spending of \$962,056. The funds are included on line 16, Specific Funds on the Balance Sheet. Included on line 16 is also \$21,456 for miscellaneous restricted funds, \$114,552 received from the Foundation for the X-ray machine and \$32,270 for the Health Round Table.

	Receipts	Spending	Balance
Emergency Dept.	\$1,011,046	\$0	\$1,011,046
Operating Room	\$0	\$0	\$0
Art Work/Lobby	\$400,000	\$67,000	\$333,000
General	\$2,484,242	\$895,056	\$1,589,186
Children's Area	\$250,000	\$0	\$250,000
Interest Earned	\$10,115	\$0	\$10,115
Total Capital Campaign	\$4,155,403	\$962,056	\$3,193,347
X-Ray Machine	\$114,552	\$0	\$114,552
Misc. Restricted Funds	\$21,456	\$0	\$21,456
Health Round Table	\$32,515	\$245	\$32,270
Total Specific Funds	\$4,323,926	\$962,301	\$3,361,625

These comparisons are for actual FY 2014 compared to actual FY 2013. These are not budget comparisons.

ER Visits

	ER – Inpatient				ER - Outpatient			
	CY	PY	Change	%	CY	PY	Change	%
July	109	109	0	0%	641	729	-88	-12.1%
Aug	94	106	-12	-11.3%	695	778	-83	-10.7%
YTD	203	215	-12	-5.6%	1,336	1,507	-171	-11.3%

**OPERATING INDICATORS
SONOMA VALLEY HOSPITAL**

For the month ended August,2013

	CURRENT MONTH			YEAR-TO-DATE			
	Actual 08/31/13	Budget 08/31/13	Favorable (Unfavorable) Variance	Actual 08/31/13	Budget 08/31/13	Favorable (Unfavorable) Variance	Prior Year 08/31/12
Inpatient Utilization							
Discharges							
1 Acute	89	99	(10)	166	196	(30)	214
2 ICU	13	21	(8)	36	42	(6)	18
3 Total Discharges	102	120	(18)	202	238	(36)	232
4 Newborn	11	14	(3)	26	27	(1)	25
5 Total Discharges inc. Newborns	113	120	(21)	228	265	(37)	257
Patient Days:							
6 Acute	277	270	7	503	571	(68)	698
7 ICU	108	124	(16)	220	248	(28)	130
8 Total Patient Days	385	394	(9)	723	819	(96)	828
9 Newborn	23	30	(7)	51	60	(9)	57
10 Total Patient Days inc. Newborns	408	424	(16)	774	879	(105)	885
Average Length of Stay:							
11 Acute	3.1	2.7	0.4	3.0	2.9	0.1	3.3
12 ICU	8.3	5.9	2.4	6.1	5.9	0.2	7.2
13 Avg. Length of Stay	3.8	3.3	0.5	3.6	3.4	0.1	3.6
14 Newborn ALOS	2.1	2.2	(0.1)	2.0	2.2	0.2	2.3
Average Daily Census:							
15 Acute	8.9	8.7	0.2	8.1	9.2	(1.1)	11.3
16 ICU	3.5	4.0	(0.5)	3.5	4.0	(0.5)	2.1
17 Avg. Daily Census	12.4	12.7	(0.3)	11.7	13.2	(1.5)	13.4
18 Newborn	0.7	1.0	(0.2)	0.8	1.0	(0.1)	0.9
Long Term Care:							
19 SNF Patient Days	615	592	23	1,072	1,255	(183)	1,315
20 SNF Discharges	35	36	(1)	56	74	(18)	70
21 Average Daily Census	19.8	19.1	1	17.3	20.2	(3)	21.2
Other Utilization Statistics							
Emergency Room Statistics							
22 Total ER Visits	789	865	(76)	1,539	1,735	(196)	1,722
Outpatient Statistics:							
23 Total Outpatients Visits	4,235	4,490	(255)	8,444	8,625	(181)	8,483
24 IP Surgeries	35	36	(1)	68	73	(5)	81
25 OP Surgeries	95	92	3	197	188	9	180
26 Special Procedures	11	33	(22)	51	84	(33)	91
27 Home Health Visits	760	675	85	1,520	1,150	370	1,989
28 Adjusted Discharges	309	361	(52)	605	698	(93)	663
29 Adjusted Patient Days	2,256	2,280	(24)	4,212	4,638	(426)	4,707
30 Adj. Avg. Daily Census	72.8	73.6	(0.8)	67.9	74.8	(6.9)	75.9
31 Case Mix Index - Medicare	1.6409	1.4000	0.241	1.5904	1.4000	0.190	1.5244
32 Case Mix Index - All payers	1.6647	1.4000	0.265	0.0000	1.4000	(1.400)	1.4863
Labor Statistics							
33 FTE's - Worked	286	269	(16.7)	282	269	(12.6)	282
34 FTE's - Paid	315	304	(10.8)	315	305	(10.0)	321
35 Average Hourly Rate	36.82	35.55	(1.27)	35.98	35.84	(0.14)	33.90
36 Manhours / Adj. Pat Day	24.7	23.6	(1.1)	26.4	23.2	(3.2)	24.1
37 Manhours / Adj. Discharge	180.1	148.9	(31.2)	183.9	154.3	(29.6)	171.2
38 Benefits % of Salaries	22%	24%	2.5%	23%	24%	1.7%	22%
Non-Labor Statistics							
39 Supply Expense % Revenue	3%	3%	0%	3%	3%	0%	3%
40 Supply Exp. / Adj. Discharge	1,444.71	1,352.46	(92)	1,583.72	1,416.65	(167)	1,449.27
41 Total Expense / Adj. Discharge	13,886.38	12,633.39	(1,253)	14,573.50	13,196.68	(1,377)	13,207.11
Other Indicators							
42 Days Cash - Operating Funds	11.0			11.0			
43 Days in Net AR	53.0	50.0	3.0	51.5	50.0	1	50.47
44 Collections % of Net Revenue	89%			84%			
45 Days in Accounts Payable	64.0	60.0	4.0	59	60.0	(1)	-
46 % Net revenue to Gross revenue	19.5%	23.0%	-3.5%	21.0%	23.3%	-2.3%	22.6%
47 % Net AR to Gross AR	22.7%			24.5%			20.2%

Sonoma Valley Health Care District
Balance Sheet
For The Period Ended
As of August 31, 2013

	<u>Current Month</u>	<u>Prior Month</u>	<u>Prior Year</u>
Assets			
Current Assets:			
1 Cash	\$ 1,361,592	\$ 1,103,756	\$ 1,721,263
2 Trustee Funds	540,405	1,263,697	339,459
3 Net Patient Receivables	8,256,117	8,310,157	9,146,081
4 Allow Uncollect Accts	(1,635,908)	(1,568,133)	(2,896,731)
5 Net A/R	6,620,209	6,742,024	6,249,350
6 Other Accts/Notes Rec	7,699,672	7,487,988	5,440,549
7 3rd Party Receivables, Net	1,054,321	583,673	954,637
8 Due Frm Restrict Funds	-	-	-
9 Inventory	759,696	755,936	890,431
10 Prepaid Expenses	1,190,381	1,185,586	676,779
11 Total Current Assets	<u>\$ 19,226,276</u>	<u>\$ 19,122,660</u>	<u>\$ 16,272,468</u>
12 Board Designated Assets	\$ 5,381	\$ 5,381	\$ 186,028
13 Property, Plant & Equip, Net	11,010,557	10,877,433	10,898,541
14 Hospital Renewal Program	32,304,149	31,884,478	15,776,640
15 Unexpended Hospital Renewal Funds	1,680,075	3,909,629	17,729,962
16 Investments	-	-	(3,639)
17 Specific Funds	3,361,624	3,307,614	2,071,531
18 Other Assets	267,516	270,175	447,507
19 Total Assets	<u>\$ 67,855,578</u>	<u>\$ 69,377,370</u>	<u>\$ 63,379,038</u>
Liabilities & Fund Balances			
Current Liabilities:			
20 Accounts Payable	\$ 4,462,252	\$ 5,724,431	\$ 5,775,961
21 Accrued Compensation	3,688,749	3,352,333	3,340,704
22 Interest Payable	139,670	857,115	142,852
23 Accrued Expenses	1,329,475	1,421,080	104,198
24 Advances From 3rd Parties	1,835,174	1,573,699	1,155,160
25 Deferred Tax Revenue	4,045,951	4,435,776	3,972,140
26 Current Maturities-LTD	846,035	850,707	1,542,287
27 Other Liabilities	2,423,891	2,424,891	212,223
28 Total Current Liabilities	<u>\$ 18,771,197</u>	<u>\$ 20,640,032</u>	<u>\$ 16,245,525</u>
29 Long Term Debt, net current portion	\$ 37,600,238	\$ 37,692,868	\$ 38,077,931
Fund Balances:			
31 Unrestricted	\$ 5,155,287	\$ 4,836,625	\$ 6,909,806
32 Restricted	6,328,856	6,207,845	2,145,776
33 Total Fund Balances	<u>\$ 11,484,143</u>	<u>\$ 11,044,470</u>	<u>\$ 9,055,582</u>
34 Total Liabilities & Fund Balances	<u>\$ 67,855,578</u>	<u>\$ 69,377,370</u>	<u>\$ 63,379,038</u>

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

	Month				Year-To-Date				YTD Prior Year
	This Year		Variance		This Year		Variance		
	Actual	Budget	\$	%	Actual	Budget	\$	%	
Volume Information									
1 Acute Discharges	102	120	(18)	-15%	202	238	(36)	-15%	232
2 SNF Days	615	592	23	4%	1,072	1,255	(183)	-15%	1,315
3 Home Care Visits	760	675	85	13%	1,520	1,150	370	32%	1,989
4 Gross O/P Revenue (000's)	9,801	9,486	315	3%	\$ 19,872	\$ 18,382	1,489	8%	\$ 17,167
Financial Results									
Gross Patient Revenue									
5 Inpatient	\$ 5,441,722	\$ 5,172,322	269,400	5%	\$ 10,598,694	\$ 10,530,759	67,935	1%	\$ 10,284,287
6 Outpatient & Emergency	9,569,368	9,309,359	260,009	3%	19,408,639	18,088,297	1,320,342	7%	16,578,993
7 SNF	2,358,966	2,053,546	305,420	15%	4,161,432	4,339,826	(178,394)	-4%	4,064,501
8 Home Care	231,484	176,572	54,912	31%	462,968	294,164	168,804	57%	587,553
9 Total Gross Patient Revenue	\$ 17,601,540	\$ 16,711,799	889,741	5%	\$ 34,631,733	\$ 33,253,046	1,378,687	4%	\$ 31,515,334
Deductions from Revenue									
10 Contractual Discounts	\$ (13,385,741)	\$ (12,531,690)	(854,051)	-7%	\$ (26,297,951)	\$ (24,878,424)	(1,419,527)	-6%	\$ (23,311,148)
11 Bad Debt	(200,000)	(209,544)	9,544	5%	(400,000)	(416,949)	16,949	4%	(790,000)
12 Charity Care Provision	(86,594)	(131,658)	45,064	34%	(89,127)	(267,238)	178,111	67%	(279,036)
13 Prior Period Adjustments	71,644	-	71,644	0%	71,644	-	71,644	0%	-
14 Total Deductions from Revenue	\$ (13,600,691)	\$ (12,872,892)	(727,799)	6%	\$ (26,787,078)	\$ (25,562,611)	(1,224,467)	5%	\$ (24,380,184)
15 Net Patient Service Revenue	\$ 4,000,849	\$ 3,838,907	161,942	4%	\$ 7,844,655	\$ 7,690,435	154,220	2%	\$ 7,135,150
16 Risk contract revenue	\$ 250,013	\$ 321,917	(71,904)	-22%	\$ 474,560	\$ 643,834	(169,274)	-26%	\$ 613,164
17 Net Hospital Revenue	\$ 4,250,862	\$ 4,160,824	90,038	2%	\$ 8,319,215	\$ 8,334,269	(15,054)	0%	\$ 7,748,314
18 Other Operating Revenue	\$ 100,548	\$ 19,569	80,979	-414%	\$ 113,662	\$ 39,138	74,524	190%	\$ 74,582
19 Total Operating Revenue	\$ 4,351,410	\$ 4,180,393	171,017	4%	\$ 8,432,877	\$ 8,373,407	59,470	1%	\$ 7,822,896
Operating Expenses									
20 Salary and Wages and Agency Fees	\$ 2,050,118	\$ 1,949,892	(100,226)	-5%	\$ 4,004,925	\$ 3,899,779	(105,146)	-3%	\$ 3,849,972
21 Employee Benefits	730,321	773,379	43,058	6%	1,475,159	1,546,758	71,599	5%	1,404,477
22 Total People Cost	\$ 2,780,439	\$ 2,723,271	(57,168)	-2%	\$ 5,480,084	\$ 5,446,537	(33,547)	-1%	\$ 5,254,449
23 Med and Prof Fees (excl Agency)	\$ 373,670	\$ 386,494	12,824	3%	\$ 766,038	\$ 848,062	82,024	10%	\$ 734,691
24 Supplies	561,884	488,296	(73,588)	-15%	1,073,980	989,450	(84,530)	-9%	961,309
25 Purchased Services	358,869	436,002	77,133	18%	748,153	873,000	124,847	14%	835,383
26 Depreciation	165,771	187,558	21,787	12%	332,283	423,980	91,697	22%	346,776
27 Utilities	78,269	77,354	(915)	-1%	162,383	184,708	22,325	12%	170,827
28 Insurance	18,888	18,699	(189)	-1%	37,776	37,398	(378)	-1%	38,750
29 Interest	12,582	19,774	7,192	36%	38,480	36,007	(2,473)	-7%	66,244
30 Other	90,180	128,118	37,938	30%	213,925	247,455	33,530	14%	160,581
31 Operating expenses	\$ 4,440,552	\$ 4,465,566	25,014	1%	\$ 8,853,102	\$ 9,086,597	233,495	3%	\$ 8,569,010
32 Operating Margin	\$ (89,142)	\$ (285,173)	196,031	69%	\$ (420,225)	\$ (713,190)	292,965	41%	\$ (746,114)
Non Operating Rev and Expense									
33 Electronic Health Records & Misc. Rev.	\$ 134,773	\$ 119,167	15,606	13%	\$ 254,032	\$ 238,334	15,698	7%	\$ 294,099
34 Donations	-	3,332	(3,332)	0%	948	6,666	(5,718)	86%	0
35 Professional Center/Phys Recruit	-	-	-	0%	-	-	-	0%	0
36 Physician Practice Support-Prima	(81,870)	(65,630)	(16,240)	25%	(163,740)	(131,260)	(32,480)	25%	(131,260)
37 Parcel Tax Assessment Rev	237,500	237,500	-	0%	475,000	475,000	-	0%	490,036
38 GO Bond Tax Assessment Rev	152,326	153,584	(1,258)	-1%	304,652	307,168	(2,516)	-1%	307,134
39 GO Bond Interest	(34,925)	(30,011)	(4,914)	16%	(69,850)	(64,936)	(4,914)	8%	(60,022)
40 Total Non-Operating Rev/Exp	\$ 407,804	\$ 417,942	(10,138)	-2%	\$ 801,042	\$ 830,972	(29,930)	-4%	\$ 899,987
41 Net Income / (Loss) prior to Restricted Contributor	\$ 318,662	\$ 132,769	185,893	140%	\$ 380,817	\$ 117,782	263,035	223%	\$ 153,873
42 Capital Campaign Contribution	\$ 121,011	\$ 3,853	117,158	3041%	\$ 243,400	\$ 13,120	230,280	1755%	\$ 4,433
43 Restricted Foundation Contributions	\$ -	\$ -	-	0%	\$ -	\$ -	-	100%	\$ -
44 Net Income / (Loss) w/ Restricted Contributions	\$ 439,673	\$ 136,622	303,051	222%	\$ 624,217	\$ 130,902	493,315	377%	\$ 158,306
45 Net Income w/o GO Bond Activity	\$ 322,272	\$ 13,049	309,223	-2370%	\$ 146,015	\$ (124,450)	270,465	217%	\$ (93,239)

Sonoma Valley Hospital
Statement of Cash Flows
For the Period Ended

	<u>Current Month</u>	<u>Year To Date</u>
Operating Activities		
Net Income (Loss)	439,673	624,217
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	163,771	330,283
Net changes in operating assets and liabilities:		
(Increase)/Decrease Patient accounts receivable - net	121,815	(94,187)
(Increase)/Decrease Other receivables and other assets	(679,673)	(655,431)
(Increase)/Decrease Prepaid expenses	(4,795)	(115,969)
(Increase)/Decrease in Inventories	(3,760)	34,938
(Decrease)/Increase in Deferred revenues	(128,350)	(633,831)
(Decrease)/Increase in Accounts payable, accrued expenses	(1,735,813)	(2,246,540)
Net Cash Provided/(Used) by operating activities	<u>(1,827,132)</u>	<u>(2,756,520)</u>
Investing Activities		
Net Purchases of property, plant and equipment - Other Fixed Assets	(296,894)	(666,387)
Net Purchases of property, plant and equipment - GO Bond Purchases	(419,672)	(502,273)
Net Proceeds and Distributions from investments	-	-
Net Book Value of Assets Disposed	-	-
Change in Restricted Funds	-	-
Change in Limited Use Cash	2,898,836	3,317,561
(Payment)/Refund of Deposits	-	-
Net cash Provided/(Used) by investing activities	<u>2,182,270</u>	<u>2,148,901</u>
Financing Activities		
Proceeds (Repayments) from Borrowings - Banks & Carriers	(97,302)	(169,191)
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)		
Net cash Provided/(Used) by financing activities	<u>(97,302)</u>	<u>(169,191)</u>
Net increase/(Decrease) in cash and cash equivalents	<u>257,836</u>	<u>(776,810)</u>
Cash and Equivalents at beginning of period	<u>1,103,756</u>	<u>2,138,402</u>
Cash and Equivalents at August 31, 2013	<u><u>1,361,592</u></u>	<u><u>1,361,592</u></u>

Sonoma Valley Hospital
Statistical Analysis
FY 2014

Statistics	ACTUAL	BUDGET	ACTUAL												
	Aug-13	Aug-13	Jul-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
Acute															
Acute Patient Days	385	394	338	323	396	315	447	449	613	456	351	443	347	432	396
Acute Discharges	102	120	100	87	99	88	122	128	159	117	104	121	109	117	115
SNF Days	615	592	457	470	638	589	725	678	707	671	638	576	617	682	633
HHA Visits	760	675	760	990	1,140	1,101	1,067	1,001	1,076	940	921	1,043	802	1,052	937
Emergency Room Visits	789	865	750	716	795	729	757	710	852	793	732	801	788	884	838
Gross Outpatient Revenue (000's)	\$9,801	\$9,486	\$10,071	\$8,353	\$9,289	\$8,906	\$8,167	\$8,065	\$8,805	\$8,302	\$8,485	\$8,935	\$8,151	\$9,014	\$8,153
Equivalent Patient Days	2,256	2,280	1,945	1,892	2,266	2,237	2,422	2,314	2,594	2,353	2,213	2,214	2,202	2,509	2,202
Births	11	14	15	8	15	12	16	11	19	13	14	9	11	16	9
Surgical Cases - Inpatient	35	36	33	30	42	25	35	33	38	32	35	37	37	40	41
Surgical Cases - Outpatient	95	92	102	86	105	90	96	80	78	94	95	91	97	98	82
Total Surgical Cases	130	128	135	116	147	115	131	113	116	126	130	128	134	138	123
Medicare Case Mix Index	1.64	1.40	1.54	1.58	1.62	1.50	1.55	1.36	1.52	1.51	1.47	1.29	1.49	1.40	1.61
Income Statement															
Net Revenue (000's)	4,251	4,161	4,068	3,821	3,324	3,986	3,945	3,938	4,006	4,085	3,679	3,963	3,707	3,926	3,822
Operating Expenses (000's)	4,441	4,466	4,413	4,694	4,529	4,407	4,577	4,353	4,632	4,482	4,235	4,407	4,221	4,312	4,257
Net Income (000's)	440	137	185	732	(651)	149	251	114	237	134	174	67	65	127	31
Productivity															
Total Operating Expense Per Equivalent Patient Day	\$1,968	\$1,959	\$2,269	\$2,481	\$1,999	\$1,970	\$1,890	\$1,881	\$1,786	\$1,905	\$1,914	\$1,990	\$1,917	\$1,719	\$1,933
Productive FTEs	286	269	279	277	282	286	291	290	284	284	266	281	291	284	281
Non-Productive FTE's	30	36	36	40	28	34	31	32	37	33	47	36	39	37	41
Total FTEs	315	304	315	317	311	320	322	322	321	317	313	316	330	321	322
FTEs per Adjusted Occupied Bed	4.33		4.25	4.25	4.25	4.29	4.12	3.77	3.84	4.24	4.24	4.43	4.37	3.97	4.53
Balance Sheet															
Days of Expense In General Operating Cash	11		8	7	12	17	15	9	9	14	7	12	14	13	14
Net Days of Revenue in AR	53		50	62	59	55	51	53	51	53	52	53	50	50	50

14.

**CELL PHONE TOWER LEASE
EASEMENT PURCHASE**



Meeting Date: October 3, 2013

Prepared by: Rick Reid

Agenda Item Title: Cell Phone Tower Lease Easement Purchase and AT&T Expansion

Recommendation:

The Finance committee recommends to the district Board to approve the term sheet and contracting with Lease Advisors for 480 months or 40 years, for \$230,000 and future revenues will be shared 75% to the district and 25% to Lease Advisors. The final contract will be reviewed by outside legal counsel and brought back to the District Board for approval.

In addition, management would like to add to the current ATT lease space by adding additional equipment to the existing lease. Additional rent for this space is \$440. 53`

Background and Reasoning

The District was approached to sell its future lease payments for the current ATT cell phone tower lease. After discussions at the Finance Committee and in consultation with a local cell phone tower expert, the District sought other bids for the easement. After review of many cell phone contracts from other California governmental entities and receiving other proposals, Lease Advisors' offer was the best for the District. The major advantage was the future revenue sharing of 75%/25%.

Consequences of Negative Action/Alternative Actions

The District would continue to receive the monthly rent but would assume the risk of a payment reduction or lease cancellation.

Financial Impact

The District would receive \$230,000 at the closing of the transaction, approximately 60 days and would share in future revenue at 75%/25% split.

Selection Process and Contract History: NA

Board Committee: Finance

Attachments: Term Sheet

Term Sheet

September 10, 2013

Confidential

By executing this agreement, you grant Telecom Lease Advisors, LLC ("TLA") an option to purchase an easement and the lease (the "Lease") on land (the "Site") owned by Seller. TLA may exercise the option at any time within the Option Period.

If TLA exercises the option, you will sell and TLA will purchase the Lease. Seller agrees to cooperate fully with TLA in connection with its evaluation of this transaction. Seller shall not, directly or indirectly, (a) offer the Lease or the Site for sale or assignment to any other person; (b) negotiate, solicit or entertain any offers to sell or assign any interest in the Lease or Site to any other person; or (c) modify, amend, supplement, extend, renew, terminate, alter or cancel the Lease. For \$10.00 consideration and other services provided, this letter is intended as and shall be a legally binding commitment. In the event of a breach of this letter agreement by you, TLA 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. As a condition of this transaction, Purchaser agrees to close the transaction and will not allow a third party to complete the contemplated lease purchase.

Terms, Lease and Site Information:

Purchaser:	Telecom Lease Advisors, LLC
Seller:	Sonoma Valley Health Care District
Purchase Price:	\$230,000.00
Purchase Term:	480 Months
Option Period:	60 Days from Seller execution of Term Sheet
Other Terms (if applicable):	N/A

Site Address:	347 Andrieux St
City, St, Zip:	Sonoma, CA 95476
Tenant:	AT&T
Current Rent:	\$1,688.14
Escalation Amount:	9%
Next Escalation Date:	3/1/2017
Settlement Statement:	Issued for signature prior to closing
Seller Closing Costs:	\$0.00
Future Revenue Share:	75% to Seller / 25% to Purchaser

Your signature below indicates an agreement to the foregoing and provides authorization for TLA to proceed with the evaluation of this transaction. If this agreement is not executed within 14 days of the date hereof, the terms of this agreement shall be null and void.

Telecom Lease Advisors, LLC
Date:

Sonoma Valley Health Care District
Date:

Due Diligence Items

September 10, 2013

Confidential

- _____ Signed Term Sheet
- _____ Signed & Completed Application
- _____ Lease & all Amendments
- _____ Easement and Lease Purchase Agreement Approval
- _____ Proof of Payments (last 3 months)
- _____ Confirmation of Lease Economics
- _____ Entity Documentation

15.

**PROPOSAL FOR MANAGEMENT
INCENTIVE COMPENSATION**



Meeting Date: September 5, 2013

Prepared by: Kelly Mather, CEO and Rick Reid, CFO

Agenda Item Title: Proposal for Management Incentive Compensation

Recommendation: It is recommended that the hospital offer a Management incentive compensation plan if the organization exceeds the budgeted net income (line 41 of the Statement of Revenue and Expenses) financial goal by \$1,000,000 or more and leaders meet or exceed their FY 2014 goals. The maximum costs to the hospital would be \$117,000.

Background and Reasoning: Incentive compensation programs are very common in hospitals and an important in recruiting. They also build a sense of teamwork within the management ranks. The incentive compensation will only be available after the District has exceeded the budget for net income prior to and capital donations by one million dollars. The payments would not be paid until the annual audit was completed.

This was discussed at the August 27 finance committee. The committee was in favor of this program as long as it was understandable, objective, clear and had independent oversight. The plan would be based on each leader's measurable goals as recorded in the Leadership Evaluation Manager (see scores from FY 2103.) The goals are measurable and determined prior to the beginning of the fiscal year. We also recommend that the incentive calculations be reviewed by an outside auditor to provide the independent oversight. This review would include testing of the measurements and their related amounts.

The maximum incentive compensation is based on the leader's position and will be capped at \$3,000 for managers and \$6,000 for directors. Only Sonoma Valley Hospital employees would be eligible for the plan.

Consequences of Negative Action/Alternative Actions: This is an enhancement to the management compensation plan. The negative consequence would be management dissatisfaction and the potential loss of qualified recruits.

Financial Impact: Maximum payout of \$117,000 if the Hospital exceeds the budgeted net income (line 41 of the Statement of Revenue and Expenses) financial goal by \$1,000,000 or more and leaders meet or exceed their FY 2014 goals.

Selection Process and Contract History: NA

Board Committee: Finance

Attachments: Leadership Evaluation Manager scores for 2013 and sample goal

16.

**RESOLUTION No. 317
SETTING THE TAX RATE FOR
FISCAL YEAR 2013-14**



Meeting Date: October 3, 2012

Prepared by: Rick Reid, CFO

Agenda Item Title: RESOLUTION NO. 317 FOR Setting the Tax Rate for GO Bonds

Recommendation:

The Finance Committee recommends to the District Board the approval of the General Obligation Bonds tax rate of \$27.10 per \$100,000 of the assessed value of the secured property in the District .

Background and Reasoning:

This is consistent with prior year resolutions. The total assessed value of the secured property in the District (\$7,181,776,085), the tax required to assure payment of the principle, interest and reasonable reserve for the Bonds for Fiscal Year 2013-2014. The rate, calculated per the Sonoma County's approved formula is \$27.10 per \$100,000 of assessed valuation. This will generate \$1,942,000. The required principle and interest portion is \$1,807,000. The reserve is \$125,000.

Consequences of Negative Action/Alternative Actions:

Without the resolution, the County cannot collect the General Obligation Bond tax.

Financial Impact:

The resolution will instruct the county to collect the General Obligation Bond tax to be paid to the bond holders.

Selection Process and Contract History:

The Hospital has done similar resolutions in the past.

Board Committee:

Finance

Attachments:

Resolution

SONOMA VALLEY HEALTH CARE DISTRICT

RESOLUTION No. 317

**RESOLUTION SETTING THE TAX RATE FOR THE 2013-2014 FISCAL YEAR
FOR THE PAYMENT OF INTEREST ON THE SONOMA VALLEY HEALTH
CARE DISTRICT (SONOMA COUNTY, CALIFORNIA) GENERAL
OBLIGATION BONDS, ELECTION OF 2008, SERIES A (2009)**

WHEREAS, by resolution, adopted by the Board of Directors (the "Board") of the Sonoma Valley Health Care District (the "District") on October 3, 2013, the Board determined and declared that public interest and necessity demanded the need to raise moneys for the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District (the "Project"), and the Board called a mailed ballot election to be held within the boundaries of the District in accordance with the California Elections Code;

WHEREAS, a special municipal election was held in the District on November 4, 2008 and thereafter canvassed pursuant to law;

WHEREAS, at such election there was submitted to and approved by the requisite two-thirds (2/3) vote of the qualified electors of the District a question as to the issuance and sale of general obligation bonds of the District for the purpose of raising money for the Project in the maximum aggregate principal amount of \$35,000,000, payable from the levy of an *ad valorem* tax against all taxable property in the District;

WHEREAS, pursuant to Chapter 4 of Division 23 (commencing with section 32300) of the California Health and Safety Code (the "Act"), the District is empowered to issue general obligation bonds;

WHEREAS, the District sold, on January 27, 2009, an initial series of bonds for the purpose of raising funds needed for the Project and for other authorized costs in the aggregate principal amount of \$12,000,000, identified as the "Sonoma Valley Health Care District (Sonoma County, California) General Obligation Bonds, Election of 2008, Series A (2009)" (the "Bonds"); and

WHEREAS, the County has requested that the District provide to the County the tax rate required for Fiscal Year 2013-2014 to pay interest on the Bonds and to provide a reasonable reserve;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF SONOMA VALLEY HEALTH CARE DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. Recitals. All of the recitals herein are true and correct. To the extent that the recitals relate to findings and determinations of the Board, the Board declares such findings or determinations to be made thereby.

Section 2. Tax Rate; Remittance.

(a) Based upon the County's estimate of assessed valuation of all secured property in the District (\$7,181,776,085), the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2013-2014 is \$27.10 per \$100,000 of assessed valuation. It is the intent of the District to provide to the County, by resolution, the tax rate required to assure payment of the principal of, interest on and a reasonable reserve for the Bonds for Fiscal Year 2014-2015 and each Fiscal Year thereafter, so long as the Bonds remain outstanding. However, in the event the District fails to provide a tax rate in any year, the County is directed to apply the most recently provided tax rate in such year.

(b) The District hereby delegates to the County Board of Supervisors the authority to annually levy and collect the annual *ad valorem* property taxes required for the payment of the principal of and interest on the Bonds.

(c) The District hereby requests that such amounts, as collected, be remitted directly to The Bank of New York Mellon Trust Company, N.A., the District's paying agent for the Bonds.

Section 3. Request for Necessary County Actions. The County Board of Supervisors and the County Auditor-Controller-Treasurer-Tax Collector, and other officials of the County, are hereby directed to take whatever action that may be necessary pursuant to law to provide for the levy and collection of a property tax on all taxable property within the District at the tax rate specified in Section 2(a) above.

Section 4. General Authority. The Chair, the Secretary, the Chief Executive Officer and the Chief Financial Officer, and their respective designees, are each hereby authorized, empowered and directed in the name and on behalf of the District to take any and all steps which they or any of them might deem necessary or appropriate in order to give effect to this resolution.

Section 5. Effective Date. This resolution shall take effect immediately on and after its adoption.

PASSED AND ADOPTED this 3rd day of OCTOBER 2013, by the following vote:

AYES:

NAYS:

ABSENT:

Bill Boerum
Chairman, Board of Directors
Sonoma Valley Health Care District

ATTEST:

Kevin Carruth
Secretary, Board of Directors
Sonoma Valley Health Care District

17.

**RESOLUTION No. 318
FUND TRANSFER**



Meeting Date: October 3, 2012

Prepared by: Rick Reid, CFO

Agenda Item Title: RESOLUTION NO. 318 FOR PARCEL TAX ADVANCE (FUND TRANSFER)

Recommendation:

The Finance Committee recommends to the District Board the approval of the Parcel Tax Advance resolution for Fiscal year 2014.

Background and Reasoning:

This is consistent with prior year resolutions. The resolution allows Management to request from the County an advance on the Parcel Tax proceeds. The advance cannot exceed 85% of the total parcel tax and will be used for operational costs of the Hospital. The cash advances are used to improve the cash flow for the Hospital.

Consequences of Negative Action/Alternative Actions:

Cash flow will be dependent on the county payments rather than the needs of the Hospital.

Financial Impact:

None

Selection Process and Contract History:

The Hospital has done similar resolutions in the past.

Board Committee:

Finance

Attachments:

Resolution and required cash flow statement.

SONOMA VALLEY HEALTH CARE DISTRICT

RESOLUTION No. 318

RESOLUTION OF THE GOVERNING BOARD OF SONOMA VALLEY HEALTH
CARE DISTRICT OF THE COUNTY OF SONOMA, STATE OF CALIFORNIA,
**REQUESTING FUND TRANSFER UNDER ARTICLE XVI, SECTION 6 OF THE
STATE CONSTITUTION**

RESOLVED by the Governing Board of the Sonoma Valley Health Care District, a District of the County of Sonoma, State of California, that:

WHEREAS, this District does not have sufficient funds on hand to provide for the operation of the District during the 2014 fiscal year, and

WHEREAS, Article XVI, Section 6 of the State Constitution authorizes a temporary transfer of funds in the custody of the County Treasurer upon approval of the Board of Supervisors, and

WHEREAS, the revenues to said District for the current fiscal year, \$51,665,000;

NOW, THEREFORE, IT IS DETERMINED AND ORDERED as follows:

1. That the Board of Supervisors of the County of Sonoma be and it is hereby requested to authorize a temporary transfer to this District on an as-needed basis of not to exceed \$2,500,000 during the 2014 fiscal year; said sum will not exceed 85% of the revenues to said District during said fiscal year.

2. For the convenience of the County Treasurer and County Auditor a schedule of monthly anticipated cash flow is attached hereto.

3. That the County Treasurer of the County of Sonoma be requested to recommend and the County Auditor of the County of Sonoma be requested to acknowledge said transfer.

4. That certified copies of this resolution be forwarded by the Clerk of this Board to the Board of Supervisors of the County of Sonoma, the County Auditor and County Treasurer of this County.

The foregoing resolution was introduced by _____,
Who moved its adoption, seconded by _____, and
adopted on roll call on **October 3, 2013** by the following vote:

<u>Board Member</u>	<u>Vote</u>
Bill Boerum _____	_____
Peter Hohorst _____	_____
Sharon Nevins _____	_____
Kevin Carruth _____	_____
Jane Hirsch _____	_____

Ayes: _____ Noes: _____ Absent or not voting: _____

WHEREUPON, the Chairman declared the foregoing resolution adopted, and
SO ORDERED.

Bill Boerum, Chairman

SONOMA VALLEY HEALTH CARE DISTRICT

PARCEL TAX FUND
ANTICIPATED MONTHLY ENDING BALANCES

From July 1, 2013 to June 30, 2014

	<u>Cash</u> <u>Income</u>	<u>Cash</u> <u>Expenditures</u>	<u>Cash</u> <u>Balances</u>
<u>Beginning Cash Balance:</u>			<u>\$189,656</u>
<u>July</u>		<u>\$189,656</u>	
<u>August</u>			
<u>September</u>			
<u>October</u>		<u>450,000</u>	<u>(450,000)</u>
<u>November</u>			<u>(450,000)</u>
<u>December</u>	<u>\$1,500,000</u>	<u>450,000</u>	<u>600,000</u>
<u>January</u>		<u>600,000</u>	
<u>February</u>		<u>450,000</u>	<u>(450,000)</u>
<u>March</u>			<u>(450,000)</u>
<u>April</u>	<u>1,200,000</u>	<u>450,000</u>	<u>300,000</u>
<u>May</u>		<u>200,000</u>	<u>100,000</u>
<u>June</u>	<u>100,000</u>		<u>200,000</u>
Carry Over			
Capital Outlay (Current Year)			
General Reserves			
Approp. for Contingencies			
	<u>\$2,800,000</u>	<u>\$2,789,656</u>	<u>\$200,000</u>

NOTE: Copies of the Cash Flow Statement are to be attached to each Resolution.

* Total cash income includes secured and unsecured taxes to be raised in current year budget plus estimated revenues (other than current property taxes).

CLERK'S CERTIFICATE

I, Eugenia P. Betta, Clerk of the Governing Board of the Sonoma Valley Health Care District of the County of Sonoma, State of California, do hereby certify that the foregoing is a full, true and correct copy of a resolution duly adopted at a special/regular meeting of the Governing Board of said District, regularly held at the regular meeting place thereof, on **October 3, 2013**, of which meeting all the members of said Governing Board had due notice.

I further certify that said resolution has not been amended, modified, or rescinded since the date of its adoption and the same is now in full force and effect.

ATTEST: **This 3rd day of October 2013.**

E.P. Betta, Clerk of the Governing Board
of the SVHCD, County of Sonoma, State of
California

COUNTY TREASURER'S AUTHORIZATION

(Per County of Sonoma Resolution 91-0271)

The attached request for borrowing is in compliance with the requirements of Article XVI, Section 6, of the State Constitution and with Resolution 91-0271 of the County of Sonoma.

Approved By:

David E. Sundstrom
Auditor-Controller/Treasurer-Tax Collector
County of Sonoma

Date: _____

Amount to be collected on Property Tax Bill _____

Amount requested _____

Percent of Property Tax Bill Requested _____

(Not to exceed 85% of outstanding property taxes)

18.

**OFFICER AND COMMITTEE
REPORTS**

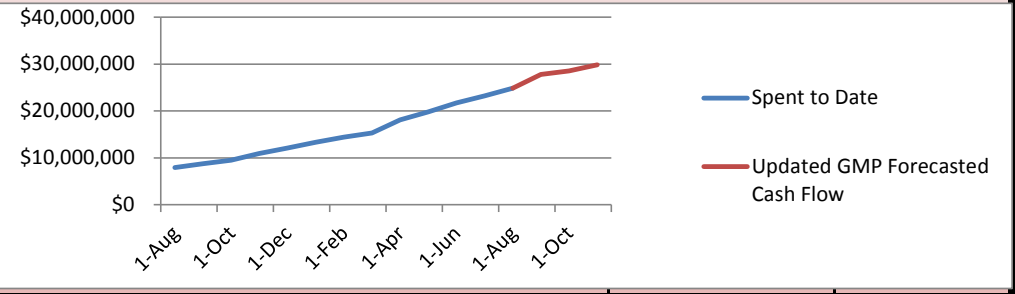
Sonoma Valley Hospital - Phase 1 - Expansion.

Project Update/ Dashboard - Increment 1 & 3

Wednesday, September 18, 2013

Schedule			Target		Actual		Budget		Est Dollar Amount	
MRI relocation		9/26/2012		9/26/2012			Total Approved Budget			\$43,809,376
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 Contengency 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		8/14/2013			4th Street Light			In Progress
Interior Wall Close Up		6/28/2013		7/26/2013			Neptune Equipment Relocation			\$12,000
Permanent Power		8/23/2013		Complete			Reserve for Move in Conflicts/Nesting Items			\$150,000
Substantial Completion		10/28/2013		On Schedule			OTTO Construction Contingency Status.			
Final Completion		11/12/2013		On Schedule			Design Build Contingency			\$894,302
Generator On Line - 900Kw		5/31/2013		8/30/2013			Spent to Date			-\$362,202
Chillers On Line		5/13/2013		Complete			Project Contingency remaining			\$532,100
Contract			Target		Actual		Potential Project Risk			
Medical Equipment		Ongoing		Lease			Medical equipment Installation			In Progress
Commissioning Agent		6/15/2013		Approved			OSHPD - Agency Completion			In Progress
IT equipment		10/31/2013		In progress			Otto GMP Cash Flow (Inc CO#1-15) including Spent to Date			

Owner Decisions			Comments	
Data Service - Comcast		10/1/2013		In Progress
Medical Equipment Delivery		10/15/2013		In Coordination
4th Street Light		7/31/2013		In Coordination
Furniture		8/1/2013		In Progress
Signage - Interior		10/10/2013		In progress
Donor Wall - Final Design		7/1/2013		In progress



Facility Impacts			
Generator - 250Kw tie in		10/15/2013	Complete
Utility Disruptions - Noise.		Ongoing	Ongoing
2 West Patient Rm Upgrades		11/12/2013	In Progress

Critical Issues		Target Date	Status
Generator Install 900kw - Existing building		8/27/2013	Complete
Generator Install 250kw - New Wing		10/15/2013	In Progress
Managing Commissioning Schedule		10/25/2013	In Progress
Seismic Joint - Final completion		9/1/2013	In Progress
Medical Equipment Installation		10/15/2013	In Progress
OSHPD - Sign off schedule		11/6/2013	In Progress
Donor Wall Completion		11/1/2013	In Progress

Upcoming Activites			
PG&E Conduit Install		7/15/2013	Complete
PG&E Energize - New Wing		8/23/2013	Complete
Comcast Install		10/1/2013	In Progress
Critical or High Impact	Potential Risk / Unresolved/ Medium Impact	On Track	





Meeting Date: October 3, 2013

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

Agenda Item Title: Adopt the Board Orientation Outline

Recommendation:

1. The Board shall approve the attached Board Orientation Outline.
2. The Board Chair shall be responsible for ensuring there is a plan to orient the new Board member and that the orientation is completed.
3. The CEO shall promptly provide all newly elected and/or appointed Board members with the outline and all the related documents.
4. Pursuant to Government Code section 6253 (c) the CEO shall provide any interested party or Board candidate the outline and all the related documents within ten days of a written request, pursuant to Government Code section 6253 (c). In unusual circumstances, the time limit prescribed in this section may be extended by written notice by the CEO or his or her designee to the person making the request, setting forth the reasons for the extension and the date on which a determination is expected to be dispatched. No notice shall specify a date that would result in an extension for more than 14 days.

Background:

The Board does not have a formal Orientation process for new Board members. With the assistance of Paula Davis the Governance Committee has developed the attached outline, and all the documents have been collected and are available for use when the next new Board member is elected/appointed.

Ms. Davis also started work on a training plan that has been put on hold due to her additional duties at Palm Drive Hospital. While not absolutely necessary for the orientation of a new Board member, such a process would be a definite improvement over simply reading all the materials in the Orientation Outline package. Hopefully, the SVH Administration will be able to complete this package at some future date.

It is the recommendation of the GC that the outline be adopted at this time without the enhanced training program. This basic outline was used when the newest Board member, Jane Hirsh, was appointed to the Board. Her recommendation to include

information on the agreements with Marin General Hospital and Palm Drive Hospital has been added.

The Public Records Act (California Government Code 6250 through 6276.48) already establishes the time limits, and this simply points out the laws applicability in this circumstance.

Consequences of Negative Action/Alternative Actions:

The District will not have a formal Board orientation process for new Board members. Similarly the District will be able to provide it to Board candidates, those considering running for the Board, or the general public if they express an interest in receiving it.

Financial Impact:

None

Selection Process and Contract History:

None

Board Committee:

The GC unanimously recommends approval.

Attachment:

SVHCD Orientation for New Board Members



SVHCD ORIENTATION FOR NEW BOARD MEMBERS

I. Board of Directors:

- Board's and Chairs Duties, Role and Responsibilities
- Limits on Power and Authority
- Ethics Policy
- Conflict of Interest Policy
- Board Committees
 - Audit
 - Citizen's Bond Oversight
 - Finance
 - Governance
 - Quality
- Local Health Care District Law
- District Bylaws
- Board Policy
- Brown Act
- Public Records Act
- Most recent financial audit
- Strategic Plan
- Facility Master Plan
- Agreement with Marin General Hospital and related agreement with Palm Drive Hospital
- Meeting Dates and Times

II. Administration:

- President and CEO
 - Roles and responsibilities
 - Current contract
 - Annual goals
- SVH Description
 - Organization structure
 - District Status and Size
 - Hospital Services and Volumes
 - Hospital: Bed Size, Scope, Clinical Depts.
 - Nurse Staffing
 - Recruitment/Retention Challenges
 - Patient Care Plan
- Financial Imperatives:

- Financial Condition of the Hospital
- Budget Fiscal Year
- Risks/Opportunities
- Health Care Regulatory Environment:
 - District Law
 - State – Title 22, etc.
 - Medicare Corporate Compliance Regulations
 - OSHPD (Office of Statewide Health Planning & Development)
 - TJC (The Joint Commission)
 - COBRA
 - Medicare: Conditions of Participation
- Physician Recruitment:
 - Current Status – Physician Specialty Recruitment
 - Current Status – New Services
 - Physician Business Plan
- Development/Foundation:
 - Articles of Incorporation, Structure, Members and Bylaws
 - Strategic Plan – Fiscal Year -Fund Raising

III. Medical Staff:

- Membership
- Role and Responsibilities of Organized Medical Staff
- Relationship to SVH Board of Directors
- Peer Review/Credentialing
- Call Responsibilities; Service Coverage
- Specialty Services Available
- Quality/Performance Improvement
- Medical Staff Bylaws

IV. Tour of Facility



Meeting Date: October 3, 2013

Prepared by: Peter Hohorst, Board Member

Agenda Item Title: Contracting Policy for Materials and Services

Recommendations:

That the Board approve 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 the authority to the CEO to award new contracts or renew existing contracts for materials, supplies and professional services that have been included in the operating budget or in the capital budget.

This Policy does not cover the contracting for facility improvements which have different requirements. A Policy for facility improvements is under development.

The provision for notifying the Board for contracts awarded to remedy an emergency situation has been reviewed and approved by counsel.

The tracking procedure for ensuring that contracts that were not included in the budgets are brought to the Board for approval will be a work it process and will require adjustment to make it smooth and workable.

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.

Board Committee Action:

The Governance Committee unanimously supports this recommendation.

Attachment:

Board Contracting Policy for Materials and Services

September 11, 2013

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

Purpose:

This policy covers the procedures governing purchases of materials, supplies and equipment and the procurement of professional services. It does not cover the procedures governing the bidding and awarding of contracts for facility projects (public works). The bidding and awarding of contracts for facility projects is covered by the Policy and Procedures Governing Bidding for Facility Contracts. Contracts for professional services in conjunction with facility projects shall also be governed by the Policy and Procedures Governing Bidding for Facility Contracts and not by this policy

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 makes selective delegation of its authority to the CEO to implement this Policy. By this Policy the Board also limits the CEO's authority as specified in Section 5 [Limit of Authority Delegated to the CEO].

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 for materials, supplies and equipment 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. **The Board shall review the emergency and the contract no later than 14 days after the action.**

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.



Meeting Date: October 3, 2013

Prepared by: Peter Hohorst, Board Member

Agenda Item Title: Letter of Agreement with John D. Golenski to serve as Retreat Facilitator

Recommendation: That a contract with Kairos Health Care Consultants be approved to provide a facilitator for the Board Retreat on November 18, 2013

Background and Reasoning:

The Board of Directors has participated in two retreats during the past three years. A facilitator was hired for both of these retreats to assist the Board in discussions of ways to improve Board and Administration effectiveness. In both cases the facilitator was instrumental in leading the discussions and the adoption of positive plans and actions.

The use of a facilitator for the Board Retreat on November 18, 2013 will build on the success of these past Retreats

Consequences of Negative Action/Alternative Actions:

Holding a Retreat without a facilitator will reduce the effectiveness of the Retreat as non of the present Board members has expertise and experience in leading retreat discussions.

Financial Impact:

The cost of \$6,250 will include one and a half days of phone interviews and preparation prior to the Retreat and one full day at the retreat. This cost is within the scope of the Board's budget.

Selection Process and Contract History:

John Golinski has been interviewed by Sharon Nevins

Board Committee:

Governance Committee

Attachments: Letter of Agreement



Partners in creating tomorrow's healthcare

30 September 2013

Sharon Nevins, MBA
Treasurer, Board of Directors
Sonoma Valley Hospital
347 Andrieux Street
Sonoma, CA 95476

Dear Sharon:

It is a pleasure to meet you and learn a bit about the issues facing you and your fellow Directors at Sonoma Valley Hospital. I look forward to assisting you by serving as Facilitator of your upcoming Board retreat.

This Letter of Agreement shall serve as the record of the terms of engagement agreed upon by the Sonoma Valley Hospital and John D. Golenski, Principal of Kairos Health Consultants. The scope of work and fee structure are based on a best estimate of effort required to carry out the work associated with the Board of Directors' retreat.

Scope of Work

1. Preliminary interviews prior to the retreat, in person or via phone, with all six members of the Board of Directors and with the Chief Executive Officer, Kelly Mather. (1 full day)
2. Preparation of retreat format and materials. Completion of written report of retreat upon completion. (1/2 day)
3. Facilitation of Board of Directors retreat. (1 full day)

Term of Engagement

This work shall begin 15 October and conclude on or about 22 November 2013 with the submission of a final report. By mutual agreement, this agreement may be terminated, extended or modified.

Cost

The fee for this engagement is based on the daily rate, discounted for non-profit institutions, for John D. Golenski's work--\$2500 per day. Thus, the total cost is **\$6,250**, due upon submission of the final report.

Can you indicate your agreement with these terms by signing below. Thank you for this opportunity to work with you, the other Board members, and the hospital CEO. I look forward to a productive and enjoyable time.

Sharon Nevins, MBA
Treasurer, Board of Directors
Sonoma Valley Hospital

John D. Golenski, Ed.D.
Principal
Kairos Health Consultants