



**SONOMA VALLEY HEALTH CARE DISTRICT  
GOVERNANCE COMMITTEE  
REGULAR MEETING AGENDA  
MONDAY, JULY 22, 2013  
10:15 AM**

**Location: Schantz Conference Room  
Sonoma Valley Hospital  
347 Andrieux Street, Sonoma, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	Carruth	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>	Carruth	
<b>3. CONSENT CALENDAR:</b> 1. GC Meeting Minutes, 6.24.13	Carruth	Action
<b>4. CONFLICT OF INTEREST POLICY AND CODE 2012</b>	Carruth/Hohorst	Inform/Action
<b>5. POLICY AND PROCEDURES GOVERNING PURCHASES OF MATERIALS, SUPPLIES AND EQUIPMENT AND PROCUREMENT OF PROFESSIONAL SERVICES</b>	Carruth/Hohorst	Inform/Action
<b>6. GC WORK PLAN 2013</b>	Carruth/Hohorst	Inform/Action
<b>7. TRANSPARENCY ACCREDITATION</b>	Carruth/Hohorst	Inform/Action
<b>8. SVHCD BOARD MEMBER AND BOARD CHAIRPERSON LEGAL DUTIES, ROLES AND RESPONSIBILITIES AND LIMITS ON POWER AND AUTHORITY</b>	Carruth/Hohorst	Inform/Action
<b>9. SVH AUTHORITY TO PURSUE LEGISLATION TO USE JOB ORDER CONTRACTING</b>	Carruth/Hohorst	Inform/Action
<b>10. SVH POLICY ON NON-PROFIT DONATIONS AND GIFTS</b>	Carruth/Hohorst	Inform/Action
<b>11. CLOSING COMMENTS/ADJOURN</b>	Carruth	

3.

# CONSENT CALENDAR



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

<b>Committee Members Present</b> Kevin Carruth, Chair Peter Hohorst	<b>Committee Members Absent</b>	<b>Administrative Staff Present</b>
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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>MISSION AND VISION STATEMENTS</b>	<i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community. The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i>		
<b>1. CALL TO ORDER</b>	8:30 AM		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration.</i>			
<b>3. CONSENT CALENDAR:</b> A. GC Meeting Minutes, 5.28.13		<b>MOTION</b> to approve GC Minutes from 5.28.13 <i>as amended</i> by Carruth; 2 <sup>nd</sup> by Hohorst. All in favor.	
<b>8. PROCUREMENT POLICY</b> 1. Public Works 2. Goods and Services	The discussion centered on Goods and Services. Mr. Hohorst will prepare issues discussed and bring them back to the next Governance Committee meeting on Monday, July 22, 2013 8:30AM.		
<b>15. CLOSING COMMENTS/ADJOURN</b>	For the remainder of 2013, GC meetings will occur monthly on the Monday prior to the regularly scheduled Finance Committee meetings. <u>Proposed agenda Items for July 22:</u> 1. 2013 Work plan 2. Transparency Accreditation 3. JOC 4. Procurement: a) goods/services b) public works c) scope.		The Board Clerk will send out a revised 2013 SVH Committee Meeting Schedule to include the 2013 GC meeting

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

4.

2012 CONFLICT OF  
INTEREST POLICY  
AND CODE

8.A.

CONFLICT OF  
INTEREST CODE  
POLICY

**SONOMA VALLEY  
HEALTHCARE DISTRICT**

**CONFLICT OF INTEREST CODE  
(Incorporated here by Reference  
is 2 Cal. Code of Regs. 18730)  
AND  
APPENDIX**

**Adopted by the Board of Directors, (\_\_\_\_\_, 2012)**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730, hereinafter “Regulation”) which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The Regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix (Appendix A and B attached hereto) shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307.

Therefore, the terms of the Regulation and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. The Regulation and the attached Appendix designating officials and employees and establishing disclosure categories constitute the Conflict of Interest Code of the Sonoma Valley Healthcare District, doing business as

Sonoma Valley Hospital.

Designated officials and employees and any person who manages the District's investments shall file statements of economic interests (Form 700) with the District. Such officers covered by this Code who are also public officials specified in Section 87200 of the Government Code, including those who manage public investments, shall file Form 700s pursuant to that Government Code provision as long as the categories of disclosure are the same or broader than those under this Code. The Form 700s will be available for public inspection and reproduction. (California Government Code Section 81008). Upon receipt of the statements of all designated officials and employees, the District shall make and retain a copy and forward the original of these statements to the County Clerk for the County of Sonoma.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Board of Directors



# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix "A"

<u>Designated Positions</u>	<u>Disclosure Category</u>
Member of the Board of Directors	1
President and Chief Executive Officer	1
<del>VP Finance and</del> Chief Financial Officer	2
<del>Controller</del> Director of Finance	2
<del>VP Operations/Patient Services</del> Chief Nursing Officer	2
<del>VP Business Development and Marketing</del> Director of Public Relations	2
<del>VP Physician Relations/Clinical Development</del>	<del>2</del>
<del>VP Development</del>	<del>2</del>
<del>Human Resources Director</del> Chief Human Resources Officer	2
Assistant Hospital Administrator	2
Director of Professional Services	2
Director of Nursing	2
<del>Materials Manager</del> Director of Materials Management	2
<del>Chief Engineer</del> Director of Facilities	3
Nutritional Services Manager	3
Consultants	*

\*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The chief executive officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure

requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The chief executive officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

*Draft temporary notes:*

- *VP Finance and have been deleted from Chief Financial Officer title*
- *Controller title changed to Director of Finance*
- *VP Operations/Patient Services title changed to Chief Nursing Officer*
- *VP Business Development and Marketing title changed to Director of Public Relations*
- *VP Physician Relations/Clinical Development position deleted*
- *VP Development position deleted*
- *Chief Medical Officer position added*
- *Human Resources Director reclassified to Chief Human Resources Officer*
- *Assistant Hospital Administrator position added*
- *Director of Professional Services position added*
- *Director of Nursing position added*
- *Materials Manager reclassified to Director of Materials Management*
- *Chief Engineer reclassified to Director of Facilities*

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix “B”

#### Disclosure Categories

#### General Rule

The District has adopted Section 18730 of Title 2 of the California Code of Regulations, as it may hereinafter be revised, as the District’s standing Conflict of Interest Code provisions, supplemented by this Appendix and its preamble. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee or officer by virtue of the his or her position. Form 700 provides guidelines on what are “reportable” interests within each category and the corresponding disclosure schedule in Form 700, i.e., Schedules A-1, A-2, B, C, D, E, F.

#### Designated Employees in Category #1 Must Report:

A. Investments in any business entity which (a) has an interest in real property within the area on the map attached hereto and designated Exhibit “C” (“Designated Area”); (b) does business with Sonoma Valley Health Care District (“District”), or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code; or (c) engages in the following businesses:

1. Ambulance service
2. Banks, Savings and Loan
3. Collection agencies
4. Communications equipment
5. Computer hardware or software

6. Construction or building materials
7. Construction companies
8. Data processing consultants
9. Dietetic, kitchen or equipment consultants
10. Dietetic or kitchen supplies, equipment, including food and food products
11. Educational and training supplies, equipment or material
12. Employment agencies
13. Engineering services
14. Equipment consultants
15. Equipment or fixture manufacturers
16. Health care equipment or instruments
17. Health care facilities
18. Health care materials or supplies
19. Health facilities or services
20. Housekeeping or linen supplies or equipment
21. Housekeeping service agencies
22. Insurance companies
23. Laboratory supplies or equipment
24. Landscaping consultants or companies
25. Laundries
26. Medical laboratories
27. Medical records supplies or equipment
28. Motor vehicles and specialty vehicles and parts
29. Nursing service supplies, equipment or material
30. Office equipment or supplies
31. Petroleum products
32. Pharmaceutical supplies or equipment
33. Physical therapy supplies or equipment
34. Plant, building, grounds supplies or equipment

35. Printing and distribution
36. Public relations or advertising
37. Publications
38. Radiology supplies or equipment
39. Real property
40. Respiratory therapy supplies or equipment
41. Safety equipment
42. Safety instruction material
43. Social services agencies
44. Structural, mechanical, electrical, etc., engineering firms
45. Temporary help agencies
46. Testing laboratories or services
47. Utilities

- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity described in subparagraph A.
- D. Each interest in real property located in the Designated Area.

Designated Employees in Category #2 must report:

- A. Investments in any business entity which does business with the District or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #3 must report:

- A. Investments in any business entity which, within the last two years, has supplied or in the future foreseeably may supply building maintenance

materials, gardening materials, or other materials for use in the maintenance and report of the physical plant of the hospital.

- B. Income from any business entity described in subparagraph A.
- C. Status as a director officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #4 must report:

- A. Investments in any business entity which engages in the business of supplying food or other culinary supplies which may be used in hospitals.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations.)

§ 18730. Provisions of Conflict-of-Interest Codes.

(a) Incorporation by reference of the terms of this regulation along with the designation of employees and the formulation of disclosure categories in the Appendix referred to below constitute the adoption and promulgation of a conflict-of-interest code within the meaning of Section 87300 or the amendment of a conflict-of-interest code within the meaning of Section 87306 if the terms of this regulation are substituted for terms of a conflict-of-interest code already in effect. A code so amended or adopted and promulgated requires the reporting of reportable items in a manner substantially equivalent to the requirements of article 2 of chapter 7 of the Political Reform Act, Sections 81000, et seq. The requirements of a conflict-of-interest code are in addition to other requirements of the Political Reform Act, such as the general prohibition against conflicts of interest contained in Section 87100, and to other state or local laws pertaining to conflicts of interest.

(b) The terms of a conflict-of-interest code amended or adopted and promulgated pursuant to this regulation are as follows:

(1) Section 1. Definitions.

The definitions contained in the Political Reform Act of 1974, regulations of the Fair Political Practices Commission (Regulations 18110, et seq.), and any amendments to the Act or regulations, are incorporated by reference into this conflict-of-interest code.

(2) Section 2. Designated Employees.

The persons holding positions listed in the Appendix are designated employees. It has been determined that these persons make or participate in the making of decisions which may foreseeably have a material effect on economic interests.

(3) Section 3. Disclosure Categories.

This code does not establish any disclosure obligation for those designated employees who are also specified in Section 87200 if they are designated in this code in that same capacity or if the geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction in which those persons must report their economic interests pursuant to article 2 of chapter 7 of the Political Reform Act, Sections 87200, et seq.

In addition, this code does not establish any disclosure obligation for any designated employees who are designated in a conflict-of-interest code for another agency, if all of the following apply:

(A) The geographical jurisdiction of this agency is the same as or is wholly included within the jurisdiction of the other agency;

(B) The disclosure assigned in the code of the other agency is the same as that required under article 2 of chapter 7 of the Political Reform Act, Section 87200; and

(C) The filing officer is the same for both agencies.<sup>1</sup>

Such persons are covered by this code for disqualification purposes only. With respect to all other designated employees, the disclosure categories set forth in the Appendix specify which kinds of economic interests are reportable. Such a designated employee shall disclose in his or her statement of economic interests those economic interests he or she has which are of the kind described in the disclosure categories to which he or she is assigned in the Appendix. It has been determined that the economic interests set forth in a designated employee's disclosure categories



are the kinds of economic interests which he or she foreseeably can affect materially through the conduct of his or her office.

(4) Section 4. Statements of Economic Interests: Place of Filing.

The code reviewing body shall instruct all designated employees within its code to file statements of economic interests with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict-of-interest code.<sup>2</sup>

(5) Section 5. Statements of Economic Interests: Time of Filing.

(A) Initial Statements. All designated employees employed by the agency on the effective date of this code, as originally adopted, promulgated and approved by the code reviewing body, shall file statements within 30 days after the effective date of this code. Thereafter, each person already in a position when it is designated by an amendment to this code shall file an initial statement within 30 days after the effective date of the amendment.

(B) Assuming Office Statements. All persons assuming designated positions after the effective date of this code shall file statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed.

(C) Annual Statements. All designated employees shall file statements no later than April 1.

(D) Leaving Office Statements. All persons who leave designated positions shall file statements within 30 days after leaving office.

(5.5) Section 5.5. Statements for Persons Who Resign Prior to Assuming Office.

Any person who resigns within 12 months of initial appointment, or within 30 days of the date of notice provided by the filing officer to file an assuming office statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making

of, or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office statement.

(A) Any person who resigns a position within 30 days of the date of a notice from the filing officer shall do both of the following:

(1) File a written resignation with the appointing power; and

(2) File a written statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the agency or receive, or become entitled to receive, any form of payment by virtue of being appointed to the position.

(6) Section 6. Contents of and Period Covered by Statements of Economic Interests.

(A) Contents of Initial Statements.

Initial statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the code and income received during the 12 months prior to the effective date of the code.

(B) Contents of Assuming Office Statements.

Assuming office statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office or, if subject to State Senate confirmation or appointment, on the date of nomination, and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.

(C) Contents of Annual Statements. Annual statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the

previous calendar year provided, however, that the period covered by an employee's first annual statement shall begin on the effective date of the code or the date of assuming office whichever is later, or for a board or commission member subject to Section 87302.6, the day after the closing date of the most recent statement filed by the member pursuant to Regulation 18754.

(D) Contents of Leaving Office Statements.

Leaving office statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last statement filed and the date of leaving office.

(7) Section 7. Manner of Reporting.

Statements of economic interests shall be made on forms prescribed by the Fair Political Practices Commission and supplied by the agency, and shall contain the following information:

(A) Investment and Real Property Disclosure.

When an investment or an interest in real property<sup>3</sup> is required to be reported,<sup>4</sup> the statement shall contain the following:

1. A statement of the nature of the investment or interest;
2. The name of the business entity in which each investment is held, and a general description of the business activity in which the business entity is engaged;
3. The address or other precise location of the real property;
4. A statement whether the fair market value of the investment or interest in real property equals or exceeds \$2,000, exceeds \$10,000, exceeds \$100,000, or exceeds \$1,000,000.

(B) Personal Income Disclosure. When personal income is required to be reported,<sup>5</sup> the statement shall contain:

1. The name and address of each source of income aggregating \$500 or more in value, or \$50 or more in value if the income was a gift, and a general description of the business activity, if any, of each source;

2. A statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was \$1,000 or less, greater than \$1,000, greater than \$10,000, or greater than \$100,000;

3. A description of the consideration, if any, for which the income was received;

4. In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made; a description of the gift; the amount or value of the gift; and the date on which the gift was received;

5. In the case of a loan, the annual interest rate and the security, if any, given for the loan and the term of the loan.

(C) Business Entity Income Disclosure. When income of a business entity, including income of a sole proprietorship, is required to be reported,<sup>6</sup> the statement shall contain:

1. The name, address, and a general description of the business activity of the business entity;

2. The name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than \$10,000.

(D) Business Position Disclosure. When business positions are required to be reported, a designated employee shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated employee's position with the business entity.

(E) Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

(8) Section 8. Prohibition on Receipt of Honoraria.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept any honorarium from any source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (a), (b), and (c) of Section 89501 shall apply to the prohibitions in this section.

This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Section 89506.

(8.1) Section 8.1. Prohibition on Receipt of Gifts in Excess of \$420.

(A) No member of a state board or commission, and no designated employee of a state or local government agency, shall accept gifts with a total value of more than \$420 in a calendar year from any single source, if the member or employee would be required to report the receipt of income or gifts from that source on his or her statement of economic interests. This section shall not apply to any part-time member of the governing board of any public institution of higher education, unless the member is also an elected official.

Subdivisions (e), (f), and (g) of Section 89503 shall apply to the prohibitions in this section.

(8.2) Section 8.2. Loans to Public Officials.

(A) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the elected officer holds office or over which the elected officer's agency has direction and control.

(B) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any officer, employee, member, or consultant of the state or local government agency in which the public official holds office or over which the public official's agency has direction and control. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(C) No elected officer of a state or local government agency shall, from the date of his or her election to office through the date that he or she vacates office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status.

(D) No public official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which that elected officer's agency has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to the elected officer's official status. This subdivision shall not apply to loans made to a public official whose duties are solely secretarial, clerical, or manual.

(E) This section shall not apply to the following:

1. Loans made to the campaign committee of an elected officer or candidate for elective office.

2. Loans made by a public official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans from a person which, in the aggregate, do not exceed five hundred dollars (\$500) at any given time.

4. Loans made, or offered in writing, before January 1, 1998.

(8.3) Section 8.3. Loan Terms.

(A) Except as set forth in subdivision (B), no elected officer of a state or local government agency shall, from the date of his or her election to office through the date he or she

vacates office, receive a personal loan of \$500 or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.

(B) This section shall not apply to the following types of loans:

1. Loans made to the campaign committee of the elected officer.
2. Loans made to the elected officer by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this section.

3. Loans made, or offered in writing, before January 1, 1998.

(C) Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

(8.4) Section 8.4. Personal Loans.

(A) Except as set forth in subdivision (B), a personal loan received by any designated employee shall become a gift to the designated employee for the purposes of this section in the following circumstances:

1. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired.

2. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:

- a. The date the loan was made.



b. The date the last payment of \$100 or more was made on the loan.

c. The date upon which the debtor has made payments on the loan aggregating to less than \$250 during the previous 12 months.

(B) This section shall not apply to the following types of loans:

1. A loan made to the campaign committee of an elected officer or a candidate for elective office.

2. A loan that would otherwise not be a gift as defined in this title.

3. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor has taken reasonable action to collect the balance due.

4. A loan that would otherwise be a gift as set forth under subdivision (A), but on which the creditor, based on reasonable business considerations, has not undertaken collection action. Except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations.

5. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

(C) Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

(9) Section 9. Disqualification.

No designated employee shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any governmental decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect,

distinguishable from its effect on the public generally, on the official or a member of his or her immediate family or on:

(A) Any business entity in which the designated employee has a direct or indirect investment worth \$2,000 or more;

(B) Any real property in which the designated employee has a direct or indirect interest worth \$2,000 or more;

(C) Any source of income, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating \$500 or more in value provided to, received by or promised to the designated employee within 12 months prior to the time when the decision is made;

(D) Any business entity in which the designated employee is a director, officer, partner, trustee, employee, or holds any position of management; or

(E) Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating \$420 or more provided to, received by, or promised to the designated employee within 12 months prior to the time when the decision is made.

#### (9.3) Section 9.3. Legally Required Participation.

No designated employee shall be prevented from making or participating in the making of any decision to the extent his or her participation is legally required for the decision to be made. The fact that the vote of a designated employee who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this section.

#### (9.5) Section 9.5. Disqualification of State Officers and Employees.

In addition to the general disqualification provisions of section 9, no state administrative official shall make, participate in making, or use his or her official position to influence any

governmental decision directly relating to any contract where the state administrative official knows or has reason to know that any party to the contract is a person with whom the state administrative official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

(A) Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or

(B) Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value \$1,000 or more.

(10) Section 10. Disclosure of Disqualifying Interest.

When a designated employee determines that he or she should not make a governmental decision because he or she has a disqualifying interest in it, the determination not to act may be accompanied by disclosure of the disqualifying interest.

(11) Section 11. Assistance of the Commission and Counsel.

Any designated employee who is unsure of his or her duties under this code may request assistance from the Fair Political Practices Commission pursuant to Section 83114 and Regulations 18329 and 18329.5 or from the attorney for his or her agency, provided that nothing in this section requires the attorney for the agency to issue any formal or informal opinion.

(12) Section 12. Violations.

This code has the force and effect of law. Designated employees violating any provision of this code are subject to the administrative, criminal and civil sanctions provided in the Political Reform Act, Sections 81000-91014. In addition, a decision in relation to which a violation of the disqualification provisions of this code or of Section 87100 or 87450 has occurred may be set aside as void pursuant to Section 91003.

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<sup>1</sup>Designated employees who are required to file statements of economic interests under any other agency's conflict-of-interest code, or under article 2 for a different jurisdiction, may expand their statement of economic interests to cover reportable interests in both jurisdictions, and file copies of this expanded statement with both entities in lieu of filing separate and distinct statements, provided that each copy of such expanded statement filed in place of an original is signed and verified by the designated employee as if it were an original. See Section 81004.

<sup>2</sup>See Section 81010 and Regulation 18115 for the duties of filing officers and persons in agencies who make and retain copies of statements and forward the originals to the filing officer.

<sup>3</sup>For the purpose of disclosure only (not disqualification), an interest in real property does not include the principal residence of the filer.

<sup>4</sup>Investments and interests in real property which have a fair market value of less than \$2,000 are not investments and interests in real property within the meaning of the Political Reform Act. However, investments or interests in real property of an individual include those held by the individual's spouse and dependent children as well as a pro rata share of any investment or interest in real property of any business entity or trust in which the individual, spouse and dependent children own, in the aggregate, a direct, indirect or beneficial interest of 10 percent or greater.

<sup>5</sup>A designated employee's income includes his or her community property interest in the income of his or her spouse but does not include salary or reimbursement for expenses received from a state, local or federal government agency.

<sup>6</sup>Income of a business entity is reportable if the direct, indirect or beneficial interest of the filer and the filer's spouse in the business entity aggregates a 10 percent or greater interest. In

addition, the disclosure of persons who are clients or customers of a business entity is required only if the clients or customers are within one of the disclosure categories of the filer.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 87103(e), 87300-87302, 89501, 89502 and 89503, Government Code.

### HISTORY

1. New section filed 4-2-80 as an emergency; effective upon filing (Register 80, No. 14).  
Certificate of Compliance included.
2. Editorial correction (Register 80, No. 29).
3. Amendment of subsection (b) filed 1-9-81; effective thirtieth day thereafter (Register 81, No. 2).
4. Amendment of subsection (b)(7)(B)1. filed 1-26-83; effective thirtieth day thereafter (Register 83, No. 5).
5. Amendment of subsection (b)(7)(A) filed 11-10-83; effective thirtieth day thereafter (Register 83, No. 46).
6. Amendment filed 4-13-87; operative 5-13-87 (Register 87, No. 16).
7. Amendment of subsection (b) filed 10-21-88; operative 11-20-88 (Register 88, No. 46).
8. Amendment of subsections (b)(8)(A) and (b)(8)(B) and numerous editorial changes filed 8-28-90; operative 9-27-90 (Reg. 90, No. 42).
9. Amendment of subsections (b)(3), (b)(8) and renumbering of following subsections and amendment of Note filed 8-7-92; operative 9-7-92 (Register 92, No. 32).
10. Amendment of subsection (b)(5.5) and new subsections (b)(5.5)(A)-(A)(2) filed 2-4-93; operative 2-4-93 (Register 93, No. 6).

11. Change without regulatory effect adopting Conflict of Interest Code for California Mental Health Planning Council filed 11-22-93 pursuant to title 1, section 100, California Code of Regulations (Register 93, No. 48). Approved by Fair Political Practices Commission 9-21-93.
12. Change without regulatory effect redesignating Conflict of Interest Code for California Mental Health Planning Council as chapter 62, section 55100 filed 1-4-94 pursuant to title 1, section 100, California Code of Regulations (Register 94, No. 1).
13. Editorial correction adding History 11 and 12 and deleting duplicate section number (Register 94, No. 17).
14. Amendment of subsection (b)(8), designation of subsection (b)(8)(A), new subsection (b)(8)(B), and amendment of subsections (b)(8.1)-(b)(8.1)(B), (b)(9)(E) and Note filed 3-14-95; operative 3-14-95 pursuant to Government Code section 11343.4(d) (Register 95, No. 11).
15. Editorial correction inserting inadvertently omitted language in footnote 4 (Register 96, No. 13).
16. Amendment of subsections (b)(8)(A)-(B) and (b)(8.1)(A), repealer of subsection (b)(8.1)(B), and amendment of subsection (b)(12) filed 10-23-96; operative 10-23-96 pursuant to Government Code section 11343.4(d) (Register 96, No. 43).
17. Amendment of subsections (b)(8.1) and (9)(E) filed 4-9-97; operative 4-9-97 pursuant to Government Code section 11343.4(d) (Register 97, No. 15).
18. Amendment of subsections (b)(7)(B)5., new subsections (b)(8.2)-(b)(8.4)(C) and amendment of Note filed 8-24-98; operative 8-24-98 pursuant to Government Code section 11343.4(d) (Register 98, No. 35).
19. Editorial correction of subsection (a) (Register 98, No. 47).
20. Amendment of subsections (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 5-11-99; operative

5-11-99 pursuant to Government Code section 11343.4(d) (Register 99, No. 20).

21. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 12-6-2000; operative 1-1-2001 pursuant to the 1974 version of Government Code section 11380.2 and Title 2, California Code of Regulations, section 18312(d) and (e) (Register 2000, No. 49).

22. Amendment of subsections (b)(3) and (b)(10) filed 1-10-2001; operative 2-1-2001.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 2).

23. Amendment of subsections (b)(7)(A)4., (b)(7)(B)1.-2., (b)(8.2)(E)3., (b)(9)(A)-(C) and footnote 4. filed 2-13-2001. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2001, No. 7).

24. Amendment of subsections (b)(8.1)-(b)(8.1)(A) filed 1-16-2003; operative 1-1-2003.

Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2003, No. 3).

25. Editorial correction of History 24 (Register 2003, No. 12).

26. Editorial correction removing extraneous phrase in subsection (b)(9.5)(B) (Register 2004, No. 33).

27. Amendment of subsections (b)(2)-(3), (b)(3)(C), (b)(6)(C), (b)(8.1)-(b)(8.1)(A), (b)(9)(E) and (b)(11)-(12) filed 1-4-2005; operative 1-1-2005 pursuant to Government Code section 11343.4 (Register 2005, No. 1).

28. Amendment of subsection (b)(7)(A)4. filed 10-11-2005; operative 11-10-2005 (Register 2005, No. 41).

29. Amendment of subsections (a), (b)(1), (b)(3), (b)(8.1), (b)(8.1)(A) and (b)(9)(E) filed 12-18-2006; operative 1-1-2007. Submitted to OAL pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements) (Register 2006, No. 51).

30. Amendment of subsections (b)(8.1)-(b)(8.1)(A) and (b)(9)(E) filed 10-31-2008; operative 11-30-2008. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2008, No. 44).

31. Amendment of section heading and section filed 11-15-2010; operative 12-15-2010. Submitted to OAL for filing pursuant to *Fair Political Practices Commission v. Office of Administrative Law*, 3 Civil C010924, California Court of Appeal, Third Appellate District, nonpublished decision, April 27, 1992 (FPPC regulations only subject to 1974 Administrative Procedure Act rulemaking requirements and not subject to procedural or substantive review by OAL) (Register 2010, No. 47).

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**Meeting Date:** October 4, 2012

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

**Agenda Item Title:** District Conflict of Interest Code

**Recommendation:**

The Board shall approve the attached Conflict of Interest Code for the District.

**Background:**

Hospital staff, working with District Counsel, has prepared the attached Conflict of Interest Code for the Board to consider adopting. From a Board policy perspective it will bring the District into compliance with the state's statutory reporting requirements. The CEO continues to be responsible for ensuring that Fair Political Practice Commission Form 700s are filled out by all parties as required and notifying the Board if there is any noncompliance with that requirement.

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

The Board and the District will not have a Conflict of Interest Code.

**Financial Impact:**

None

**Selection Process and Contract History:**

None

**Board Committee:**

The GC unanimously recommends approval.

**Attachment:**

SVHCD Conflict of Interest Code

**SONOMA VALLEY  
HEALTHCARE DISTRICT**

**CONFLICT OF INTEREST CODE  
(Incorporated here by Reference  
is 2 Cal. Code of Regs. 18730)  
AND  
APPENDIX**

**Adopted by the Board of Directors, (\_\_\_\_\_, 2012)**

The Political Reform Act (California Government code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate Conflict of Interest Codes. The California Fair Political Practices Commission has adopted a regulation (2 California Code of Regulations Section 18730, hereinafter “Regulation”) which contains the terms of a standard Conflict of Interest Code which can be incorporated by reference and may be amended by the Fair Political Practices Commission after public notice and hearings to conform to amendments in the Political Reform Act. The Regulation further provides that incorporation of its terms by reference along with the designation of employees and the formulation of disclosure categories in an Appendix (Appendix A and B attached hereto) shall constitute the adoption and promulgation of a conflict of interest code within the meaning of Government Code Section 87300 or the amendment of a conflict of interest code within the meaning of Government Code Section 87307.

Therefore, the terms of the Regulation and any amendments to it, duly adopted by the Fair Political Practices Commission, are hereby incorporated by reference. The Regulation and the attached Appendix designating officials and employees and establishing disclosure categories constitute the Conflict of Interest Code of the Sonoma Valley Healthcare District, doing business as

Sonoma Valley Hospital.

Designated officials and employees and any person who manages the District's investments shall file statements of economic interests (Form 700) with the District. Such officers covered by this Code who are also public officials specified in Section 87200 of the Government Code, including those who manage public investments, shall file Form 700s pursuant to that Government Code provision as long as the categories of disclosure are the same or broader than those under this Code. The Form 700s will be available for public inspection and reproduction. (California Government Code Section 81008). Upon receipt of the statements of all designated officials and employees, the District shall make and retain a copy and forward the original of these statements to the County Clerk for the County of Sonoma.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Secretary, Board of Directors

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix "A"

<u>Designated Positions</u>	<u>Disclosure Category</u>
Member of the Board of Directors	1
President and Chief Executive Officer	1
<del>VP Finance and</del> Chief Financial Officer	2
<del>Controller</del> Director of Finance	2
<del>VP Operations/Patient Services</del> Chief Nursing Officer	2
<del>VP Business Development and Marketing</del> Director of Public Relations	2
<del>VP Physician Relations/Clinical Development</del>	<del>2</del>
<del>VP Development</del>	<del>2</del>
<del>Human Resources Director</del> Chief Human Resources Officer	2
Assistant Hospital Administrator	2
Director of Professional Services	2
Director of Nursing	2
<del>Materials Manager</del> Director of Materials Management	2
<del>Chief Engineer</del> Director of Facilities	3
Nutritional Services Manager	3
Consultants	*

\*Consultants shall be included in the list of designated employees and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The chief executive officer may determine in writing that a particular consultant, although a "designated position," is hired to perform a range of duties that is limited in scope and thus is not required to comply fully with the disclosure

requirements described in this section. Such determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The chief executive officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

*Draft temporary notes:*

- *VP Finance and have been deleted from Chief Financial Officer title*
- *Controller title changed to Director of Finance*
- *VP Operations/Patient Services title changed to Chief Nursing Officer*
- *VP Business Development and Marketing title changed to Director of Public Relations*
- *VP Physician Relations/Clinical Development position deleted*
- *VP Development position deleted*
- *Chief Medical Officer position added*
- *Human Resources Director reclassified to Chief Human Resources Officer*
- *Assistant Hospital Administrator position added*
- *Director of Professional Services position added*
- *Director of Nursing position added*
- *Materials Manager reclassified to Director of Materials Management*
- *Chief Engineer reclassified to Director of Facilities*

# SONOMA VALLEY HEALTH CARE DISTRICT

## CONFLICT OF INTEREST CODE

### Appendix “B”

#### Disclosure Categories

#### General Rule

The District has adopted Section 18730 of Title 2 of the California Code of Regulations, as it may hereinafter be revised, as the District’s standing Conflict of Interest Code provisions, supplemented by this Appendix and its preamble. An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee or officer by virtue of the his or her position. Form 700 provides guidelines on what are “reportable” interests within each category and the corresponding disclosure schedule in Form 700, i.e., Schedules A-1, A-2, B, C, D, E, F.

#### Designated Employees in Category #1 Must Report:

A. Investments in any business entity which (a) has an interest in real property within the area on the map attached hereto and designated Exhibit “C” (“Designated Area”); (b) does business with Sonoma Valley Health Care District (“District”), or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code; or (c) engages in the following businesses:

1. Ambulance service
2. Banks, Savings and Loan
3. Collection agencies
4. Communications equipment
5. Computer hardware or software

6. Construction or building materials
7. Construction companies
8. Data processing consultants
9. Dietetic, kitchen or equipment consultants
10. Dietetic or kitchen supplies, equipment, including food and food products
11. Educational and training supplies, equipment or material
12. Employment agencies
13. Engineering services
14. Equipment consultants
15. Equipment or fixture manufacturers
16. Health care equipment or instruments
17. Health care facilities
18. Health care materials or supplies
19. Health facilities or services
20. Housekeeping or linen supplies or equipment
21. Housekeeping service agencies
22. Insurance companies
23. Laboratory supplies or equipment
24. Landscaping consultants or companies
25. Laundries
26. Medical laboratories
27. Medical records supplies or equipment
28. Motor vehicles and specialty vehicles and parts
29. Nursing service supplies, equipment or material
30. Office equipment or supplies
31. Petroleum products
32. Pharmaceutical supplies or equipment
33. Physical therapy supplies or equipment
34. Plant, building, grounds supplies or equipment

35. Printing and distribution
36. Public relations or advertising
37. Publications
38. Radiology supplies or equipment
39. Real property
40. Respiratory therapy supplies or equipment
41. Safety equipment
42. Safety instruction material
43. Social services agencies
44. Structural, mechanical, electrical, etc., engineering firms
45. Temporary help agencies
46. Testing laboratories or services
47. Utilities

- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee or holder of a position of management in any business entity described in subparagraph A.
- D. Each interest in real property located in the Designated Area.

Designated Employees in Category #2 must report:

- A. Investments in any business entity which does business with the District or has done business with the District at any time during the two years prior to the time any statement or other action is required under this code.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #3 must report:

- A. Investments in any business entity which, within the last two years, has supplied or in the future foreseeably may supply building maintenance



materials, gardening materials, or other materials for use in the maintenance and report of the physical plant of the hospital.

- B. Income from any business entity described in subparagraph A.
- C. Status as a director officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

Designated Employees in Category #4 must report:

- A. Investments in any business entity which engages in the business of supplying food or other culinary supplies which may be used in hospitals.
- B. Income from any business entity described in subparagraph A.
- C. Status as a director, officer, partner, trustee, employee, or holder of a position of management in any business entity described in subparagraph A.

5.

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

July 18, 2013

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

**Purpose:**

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

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

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

In all instances where authority is granted to the CEO, it is understood that the CEO may in turn delegate this authority to a member of the CEO's staff. Responsibility for adherence to this policy, when the authority is delegated by the CEO to a staff member, remains with the CEO,

**Statement of Board Policy:**

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

**1.1 Delegation of Authority**

The Board hereby delegates to the CEO the authority to act on behalf of the Board in the implementation of the provisions of this Policy. The Board limits the CEO's contract approval authority as specified in Section 5 [Limit of Authority Delegated to the CEO] of this policy

**1.2 Bidding Threshold**

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

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

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

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

### **1.4 Contract File**

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

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

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

### **1.5 Conflict of Interest**

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

### **1.6 No Advantage.**

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

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

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

## **Section 2.1 Emergency Contracts.**

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

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

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

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

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

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

## **Section 2.4 Energy Services Contract**

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

## **Section 2.5 Group Purchasing Organizations**

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

## **Section 2.6 Professional Services**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On the date, time and at the location provided in the Notice Inviting Bids, the District shall publicly open the sealed bids. A person designated by the CEO, shall attend and officiate over the opening of bids ("Opening"). The bids shall be made public for bidders and other properly interested parties who may be present at the Opening.

The District reserves the right not to determine the low bidder at the Opening, to obtain the opinion of counsel on the legality and sufficiency of all bids, and to determine at a later date which bid to accept. Such determination shall be made within sixty (60) days of the Opening or unless a different period of time is specified in the Notice Inviting Bids.

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

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

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

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

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

### **Section 3.7 Responsible Bidder**

a. For purposes of this Policy, "responsible bidder" means a bidder who has demonstrated the attribute of trustworthiness and quality during prior service, a reputation for reliability and satisfactory service with other clients, sufficient financial capacity and the physical capability and the technical and non technical expertise in order to perform the contract satisfactorily (Public Contract Code 1103).

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

c. If the Board decides to award the contract to a bidder other than the lowest bidder pursuant to subparagraph (b), the Board shall first notify the low bidder of any evidence, either obtained from third parties or concluded as a result of the District's investigation, which reflects on such bidder's responsibility. The District shall afford the low bidder an opportunity to rebut such adverse evidence and shall permit such bidder to present evidence that it is qualified. Such opportunity to rebut adverse evidence and to present evidence of qualification shall be submitted in writing to the District.

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

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

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

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

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

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

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

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

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

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

The CEO may approve 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 approve 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, but is not in excess of \$25,000 of the amount in the budget. 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.



6.

GC 2013  
WORK PLAN

## 2013 Governance Committee Work Plan

<p><b>January</b></p> <ul style="list-style-type: none"> <li>• CEO Spending authority</li> <li>• Delegation of authority to CEO</li> <li>• Board Education system</li> <li>• Board Retreats</li> <li>• Board Assessment</li> <li>• Regular CEO Board reviews</li> <li>• CEO Adv Comm on Comm Perceptions</li> <li>• Monthly Board Development</li> <li>• Annual CEO Evaluation</li> <li>• Annual CEO Performance Objectives</li> <li>• Brown Act training for Board</li> </ul>	<p><b>February</b></p>	<p><b>March</b></p> <ul style="list-style-type: none"> <li>• Evaluating governance performance CEO</li> <li>• Spending Limits</li> <li>• Board ethics Training Assessment</li> </ul>	<p><b>April</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>• Board Self Assessment</li> <li>• Review Board and Committee proposed resources for FY 2014</li> <li>•</li> </ul>
<p><b>May</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p><b>June</b></p> <ul style="list-style-type: none"> <li>• Financial Policies to GC for review</li> <li>• Assess standing committee members and committee's member needs</li> <li>• Board Orientation plan complete</li> </ul>	<p><b>July</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p><b>August</b></p> <ul style="list-style-type: none"> <li>• Compliance Report</li> <li>•</li> </ul>

<p><b>September</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p><b>October</b></p> <ul style="list-style-type: none"> <li>• Code of Conduct/Compliance Review</li> <li>• Advise committees of charter and 2013 Work Plan review dates</li> </ul>	<p><b>November</b></p> <ul style="list-style-type: none"> <li>•</li> </ul>	<p><b>December</b></p> <ul style="list-style-type: none"> <li>• Review committee charters</li> <li>• 2014 work plan and charter review report</li> <li>• 2013 work plan report</li> </ul>
<p><b>COMPLETED</b></p>	<p><b>IN PROCESS</b></p>	<p><b>UNDONE</b></p>	

**Ongoing:**

Review and recommend legislation.

8.

**SVHCD BOARD  
MEMBER AND BOARD  
CHAIRPERSON LEGAL  
DUTIES, ROLES AND  
RESPONSIBILITIES AND  
LIMITS ON POWER AND  
AUTHORITY**

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

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**Board Responsibilities**

**Legal Duties**

The Board has three legal duties:

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

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

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

**Roles**

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

**Policy Formulation**

Specify and convey Board expectations, directives and constraints

Approve and periodically review major policies affecting the District, Hospital and the operation of the Board.

**Decision Making**

Choose among alternatives regarding matters requiring Board attention and input.

**Oversight**

Monitor and assess key organizational process and outcomes.

**Responsibilities**

The Board has five primary responsibilities:

**Strategic Direction**

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

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

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

Monitor organizational performance against goals.

**Executive Performance**

Ensure high levels of executive performance;

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

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

#### **Quality**

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

#### **Finances**

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

#### **Board Effectiveness and Efficiency**

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

## **Board Chairperson Responsibilities**

### **Leadership**

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

### **Annual Work Plan and Board Calendar**

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

### **Agendas**

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

### **Meeting Management**

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

### **Committee Direction**

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

### **CEO Relationship**

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

#### **CEO Performance Appraisal**

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

#### **Board Conduct**

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

#### **Board Learning and Development**

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

#### **Succession Planning**

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

#### **Self-evaluation**

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

## **Board Member Responsibilities**

### **Citizenship**

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

### **Performance**

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

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

## **Limits on Power and Authority**

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

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



# 9.

## **SVH AUTHORITY TO PURSUE LEGISLATION TO USE JOB ORDER CONTRACTING (JOC)**



**Meeting Date:** TBD

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

**Agenda Item Title:** Job Order Contracting (JOC)

**Recommendation:**

The Board shall approve the CEO to work with the Association of California Health Districts, the California Special District's Association, the Gordian Group and others as needed to introduce legislation in the 2013-14 legislative session, and then work to pass and have signed legislation that would result in the District having the option to use Job Order Contracting (JOC) for renovation, rehabilitation and repair of its facilities and infrastructure.

**Background:**

If there was legislative authority allowing the District to use Job Order Contracting (JOC) it would provide an optional procurement method allowing the District to get numerous, commonly encountered construction projects done quickly and easily through multi-year contracts. JOC reduces unnecessary levels of engineering, design, and contract procurement time along with construction project procurement costs by awarding long-term contracts for a wide variety of renovation, repair and construction projects.

With an emphasis on partnering and team work between owners and contractors, JOC provides the methodology to execute a wide variety of indefinite delivery, indefinite quantity, fixed-price simultaneous orders for renovation, rehabilitation and repair work for facilities and infrastructures.

In California JOC contractors are selected on qualifications and performance in accordance with state statutes. There is currently no JOC authority for Health Care Districts or Districts in general. Existing state JOC statutes allow the use of low bid. JOC is about performance, reliability, dependability and quality. At the same time, JOC is about results and working within budget and time constraints. The JOC contractor provides "on call" construction services from concept to close-out and allows for projects to move much quicker and at a clearly definable

price, which can be readily agreed upon based on the very clearly defined contractor's bid which is the basis for the JOC contract financial component.

JOC has a 25-year record of implementation within the United States Department of Defense where it was initially developed. Currently, there successful contracts going by the JOC name or by its counterparts of delivery order contracting (DOC), task order contracting (TOC) and simplified acquisition of base engineering requirements (SABER).

The JOC concept and principles have been further embraced in all areas of publicly funded state facilities, universities, housing authorities, transportation agencies, and school systems. Not only public sector but also private sector facility owners are expanding the use and implementation of the JOC procurement system. Currently counties, cities, and school districts, among others, have obtained legislative authority to use JOC in California.

If the legislature granted this authority to our District, and/or health care districts and/or Special Districts collectively, it would still be the Board's option to use JOC. However, at the current time the Board does not have the legislatively approved mechanisms in place to allow this methodology to be used by the District. In essence this will give greater flexibility to the Board, which can also reduce the time and money required to for the Hospital to do renovation, repair and construction projects within the constraints of California's procurement laws.

Legislative language is readily available in statutes already passed by the California legislature approving the use of JOC contracting for state agencies and other units of local government.

It would seem that such legislation may have broad appeal amongst health care districts and special districts, and they would appear to be natural allies and possible co-sponsors of such legislation. The Gordian Group is a private firm that provides services to those organizations that want to put JOC contracting in place. They have been instrumental in working collaboratively with the legislature and California local government and their representative organizations to have legislation introduced, passed and signed allowing those agencies the option of using JOC.

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

The Board and the District will not provide the CEO with the authority to pursue and support the introduction, passage and signing of JOC legislation which would allow the District/Hospital to adopt and contract for its use.

#### **Financial Impact:**

No impact to pursue legislation. But this will provide the District/Hospital an alternative method of contracting for smaller capital improvements that may be more cost effective, depending on the project, if the use of JOC and JOC contracts were approved by the Board.

#### **Selection Process and Contract History:**

No contracts will be required to pursue legislation. But if statutorily approved and adopted by the District Board would provide another alternative to design-bid-build and design-build that may be most appropriate for mid-sized capital projects, if the use of JOC and then JOC contracts were approved by the Board.

**Board Committee:**

The GC unanimously recommends approval.

**Attachment:**

None.

# **10.**

## **SVH POLICY ON NON-PROFIT DONATIONS AND GIFTS**



## DRAFT

**Meeting Date:** TBD

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

**Agenda Item Title:** District Policy xxxxxx

### Recommendation:

The Board shall approve the attached Board Policy. (To be developed, or possibly use the current hospital policy if it addresses all the issues.)

### Background:

In March 2012 the Bureau of State Audits released its audit of the Salinas Valley Memorial Health Care District. That audit was entitled *Salinas Valley Memorial Healthcare System -- Increased Transparency and Stronger Controls Are Necessary as It Focuses on Improving Its Financial Situation*. This issue was one of the items specifically addressed in that audit. This Board Policy, when followed with Hospital procedures to implement the policy, will fully implement the recommendations made in that audit report.

The California Constitution prohibits public agencies from making gifts of public funds (Citation ??). Currently the District does not have a policy or written procedures to ensure that it complies with this requirement when making decisions about providing funds to community programs. As a public agency managing public funds, the District must ensure that its donations and sponsorships (community funding) further the specific public purposes for which it was created.<sup>19</sup> The District's Mission is, "To restore, maintain and improve the health of everyone in our community. Without a policy (and Hospital) procedures to ensure that the District's and Hospital's community funding furthers its public purposes, it risks making or appearing to make gifts of public funds.

It is clearly within the purview of the District to authorize funding to other organizations which further its public purposes. In recommending the Board take such actions, the Board Letter recommending shall document how funding for this project fits the District's mission statement, as well as this policy and the accompanying Hospital procedures.

There shall be a presentation on the project and its health benefits at the Board meeting where funding is requested and approved by the Board.

Before approving a request, the Board shall require written justification in the form of a Board Letter, which shall contain the following:

1. The name of the community organization,
2. The event or activity to be financially supported,
3. How such support benefits the mission of the District,
4. The amount requested, and
5. How District funding for this project fits the District's Mission, the Board approved policy, and the Hospital procedures.

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

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

The Board and the District will still not have a policy addressing this issue.

**Financial Impact:**

None.

**Selection Process and Contract History:**

None.

**Board Committee:**

The GC unanimously recommends approval.

**Attachment:**