



**SVHCD BOARD OF DIRECTORS &  
FINANCE & AUDIT COMMITTEE  
JOINT MEETING**

**AGENDA**

**TUESDAY, MAY 27, 2025**

**4:00pm**

**To Be Held in Person at  
Sonoma Valley Hospital, 347 Andrieux Street  
Administrative Conference Room**

Members of the public are invited to join either in-person or via Zoom:  
[sonomavalleyhospital-org.zoom.us/j/97131874743](https://sonomavalleyhospital-org.zoom.us/j/97131874743)

Meeting ID: 971 3187 4743

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*In compliance with the Americans with Disabilities Act, the District will provide reasonable accommodations to persons with disabilities. If you require special accommodations to participate in a District meeting, please contact Whitney Reese at [wreese@sonomavalleyhospital.org](mailto:wreese@sonomavalleyhospital.org) or 707-935-5035, at least 48 hours prior to the meeting, when possible.*

**MISSION STATEMENT**

*The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.*

<b>1. CALL TO ORDER/ANNOUNCEMENTS</b>	<i>Lee Myatt</i>	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration.</i>	<i>Lee Myatt</i>	
<b>3. SONOMA VALLEY HOSPITAL BUDGET FY 2027</b>	<i>Armfield</i>	Inform
<b>4. ADJOURN</b>	<i>Lee Myatt</i>	



To: SVHCD Board of Directors & Finance Committee  
From: Ben Armfield, Chief Financial Officer  
Date: May 26, 2026  
Subject: Fiscal Year 2027 Budget Overview

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## **BUDGET OVERVIEW – FY26 LOOKBACK**

Fiscal Year 2026 represented a transformational year for Sonoma Valley Hospital and marked a major step forward in the hospital's ongoing financial recovery and operational stabilization efforts. Building upon the momentum generated in FY25, the organization experienced meaningful improvement across nearly all major operational and financial indicators.

Reflecting back on the core goals established in the FY26 budget, the hospital made significant progress in each of the following strategic areas:

- **Continuing Financial Improvement:** FY26 Estimated Actual Operating EBDA is projected at approximately \$5.1 million, representing an improvement of approximately \$3.2 million compared to FY25 actual performance and approximately \$2.4 million favorable to budget. Operating Margin is projected to improve by nearly \$4 million year-over-year, resulting in the hospital operating at approximately break-even performance for the fiscal year.
- **Cash Improvement and Financial Flexibility:** The hospital is projected to generate positive cash flow from operations for the second consecutive year. Operational cash flow improvements also allowed the organization to materially improve its accounts payable position and continue rebuilding liquidity and financial flexibility throughout FY26.
- **Funding Critical Capital Needs:** During FY26, the hospital completed or substantially advanced several major capital and infrastructure initiatives, including the AC-1 Building Repair Project, Stryker OR Equipment Replacement, Mindray Critical Care Monitor Replacement, and permanent occupancy improvements related to the 3 Tesla MRI program. Additional infrastructure projects, including East Air Handler #3 and MRI beautification improvements, also progressed during the fiscal year.
- **Strategic, Volume-Driven Growth:** Operational growth continued throughout FY26 across several key service lines. MRI utilization continued to ramp significantly following implementation of the 3 Tesla MRI magnet, while outpatient physical therapy, surgery, and emergency department activity all demonstrated continued positive momentum throughout the fiscal year.

The operational and financial improvements achieved during FY26 represent a substantial shift in the hospital's overall trajectory and serve as the foundation for the proposed FY27 budget.

## **BUDGET OVERVIEW – LOOKING FORWARD TO FY27**

The proposed FY27 budget is designed to preserve and extend the positive operational and financial momentum achieved during FY26 while continuing the hospital's broader transition from stabilization toward long-term sustainability.

While healthcare reimbursement and supplemental funding uncertainty continues to exist across the broader healthcare environment, the FY27 budget was developed based on currently known information and existing program structures. Management believes the hospital has relatively strong visibility into projected FY27

supplemental funding assumptions, particularly related to the Medi-Cal Rate Range IGT program. Potential policy and reimbursement changes are anticipated to have a more material impact beginning in FY28 and beyond. As such, no speculative adjustments related to potential future policy changes have been incorporated into the FY27 budget at this time.

The FY27 budget philosophy is centered around the following priorities:

- **Sustain Positive Momentum:** Continue improving the hospital’s operational and financial performance while preserving the gains achieved during FY26.
- **Build Financial Flexibility and Cash Reserves:** Continue rebuilding liquidity and strengthening the hospital’s ability to manage future reimbursement and operational volatility.
- **Fund Critical Capital and Infrastructure Needs:** Continue addressing critical deferred infrastructure, equipment, cybersecurity, and facility capital needs without compromising long-term financial flexibility.
- **Continue Strategic, Targeted Growth:** Support continued measured growth in MRI/imaging, physical therapy, surgery, orthopedics, and emergency medicine.

### **FY27 BUDGET - OVERALL SUMMARY**

The FY27 budget reflects continued operational improvement and further advancement in the hospital’s financial performance and sustainability.

Most notably, the FY27 budget represents the first operating budget in the hospital’s history projected at approximately break-even operating performance. This marks a substantial improvement from the approximately \$4.3 million operating loss experienced in FY25 and reflects the significant operational and financial progress achieved over the past two fiscal years.

Compared to FY26 estimated actual performance, the FY27 budget projects:

- **Operating Revenue** | Growth of approximately \$5.4 million (+6.4%), driven by continued supplemental funding growth and targeted operational initiatives.
- **Operating EBDA** | Approximately \$5.9 million, representing an increase of approximately \$780K (+15%) compared to FY26 estimated actual performance.
- **Operating Margin** | Approximately break-even operations, representing an improvement of approximately \$440K compared to FY26 estimated actual performance and over \$4 million improvement compared to FY25 actual performance.
- **Cash Flow from Operations** | Approximately \$4.5 million positive cash flow from operations prior to hospital-funded capital expenditures.

	FY27 Budget	FY26 Estimated Actual	Change	% Chg	FY25 ACTUAL	Change	% Chg
<b>Operating Margin</b>	\$ 19,869	\$ (419,070)	\$ 438,939	104.7%	\$ (4,276,953)	\$ 4,296,822	100.5%
<b>Operating EBDA</b>	\$ 5,859,229	\$ 5,079,276	\$ 779,953	15.4%	\$ 1,889,671	\$ 3,969,557	210.1%
<b>Total Net Income</b>	\$ 3,015,489	\$ 2,629,242	\$ 386,247	14.7%	\$ (1,558,868)	\$ 4,574,356	293.4%
<b>Net Patient Revenue</b>	\$ 58,409,431	\$ 55,336,183	\$ 3,073,248	5.6%	\$ 49,637,851	\$ 8,771,580	17.7%
<b>Operating Revenue</b>	\$ 89,096,013	\$ 83,716,696	\$ 5,379,317	6.4%	\$ 69,474,246	\$ 19,621,767	28.2%
<b>Operating Expenses</b>	\$ 89,076,145	\$ 84,135,766	\$ 4,940,378	5.9%	\$ 73,751,200	\$ 15,324,945	20.8%
<b>Total FTEs</b>	261.22	253.53	7.7	3.0%	243.46	17.8	7.3%
<b>IGT Net Benefit</b>	\$ 14,389,470	\$ 12,493,807	\$ 1,895,663	15.2%	\$ 8,726,641	\$ 5,662,829	64.9%

## **STRATEGIC INITIATIVES / GROWTH**

The FY27 budget includes continued targeted growth initiatives across several key operational areas:

- **MRI / Imaging Growth** | Continued ramp-up and optimization of the 3 Tesla MRI program, with MRI volumes budgeted to increase more than 15% compared to FY26 estimated actual performance.
- **Surgical Growth** | Continued orthopedic and GI growth, with surgical volumes budgeted to increase approximately 5% compared to FY26 estimated actual performance.
- **Physical Therapy Optimization** | Continued outpatient physical therapy growth and optimization following expansion initiatives completed during FY26.
- **Emergency Department** | Modest continued emergency department growth reflecting ongoing community demand and utilization trends.

## **REVENUE GROWTH**

Revenue growth in the FY27 budget is driven by both supplemental funding optimization and continued targeted operational growth initiatives.

- **IGT Program Growth** | The FY27 budget includes an estimated increase of approximately \$2.3 million in Rate Range IGT revenue compared to FY26 estimated actual performance. Management continues to maintain a relatively high level of visibility into projected FY27 supplemental funding assumptions based on currently known program structures and negotiated participation levels.
- **Strategic Operational Growth** | In addition to supplemental funding increases, the budget includes continued growth assumptions tied to operational initiatives and service line expansion, including MRI growth, surgical utilization, emergency department activity, and outpatient physical therapy optimization.

## **EXPENSE CONSIDERATIONS**

While the hospital continues to manage expenses in a disciplined manner, the FY27 budget reflects several necessary operational and strategic investments to support continued growth, recruitment, infrastructure, and supplemental funding participation.

Key expense considerations incorporated into the FY27 budget include:

- **Annual Salary and Market Adjustments** | Includes a 3% annual salary increase as well as targeted market adjustments for select positions.
- **Strategic Staffing Investments** | Net increase of approximately 7.7 FTEs to support operational growth, infrastructure support, and strategic organizational priorities.
- **Physician and Professional Service Agreements** | Includes adjustments related to hospitalist coverage, physician service agreements, and clinic-related professional fee support.
- **IGT Matching Fees** | Increase in matching fee expense associated with projected increases in supplemental funding participation.
- **Supply and Purchased Service Inflation** | Budget reflects continued inflationary pressures related to supplies, pharmaceuticals, purchased services, utilities, and insurance.

## **CAPITAL NEEDS**

The FY27 budget continues to prioritize several critical capital, infrastructure, and technology-related initiatives necessary to support ongoing operations, patient care, compliance, and long-term sustainability.

The current FY27 capital plan includes approximately \$4.9 million in identified critical capital projects, including HVAC infrastructure replacement, cybersecurity and disaster recovery investments, security enhancements, operating room equipment needs, and seismic planning activities.

Importantly, the hospital continues to face substantial long-term infrastructure and capital requirements extending well beyond the FY27 budget cycle. The FY27 budget reflects a disciplined and prioritized approach focused on addressing the most immediate operational and patient care-related needs while continuing to preserve financial flexibility.

## **CASH IMPACT**

The FY27 budget projects approximately \$4.5 million in positive cash flow from operations prior to hospital-funded capital expenditures. Even after incorporating approximately \$2.6 million in projected hospital-funded capital spending, the hospital is projected to continue improving its overall liquidity position throughout FY27.

Projected Days Cash on Hand is budgeted to improve from approximately 27.8 days at the beginning of FY27 to approximately 38.9 days by fiscal year-end. This projected improvement represents a significant operational and financial milestone for the organization, particularly while simultaneously continuing to fund critical capital investments and debt service obligations.

## **CONCLUSION**

The FY27 budget reflects continued positive operational and financial momentum for Sonoma Valley Hospital and represents another important step in the organization's ongoing transition from stabilization toward long-term sustainability.

Building upon the transformational improvement achieved during FY26, the FY27 budget continues to focus on disciplined operations, positive cash flow generation, strategic growth initiatives, liquidity improvement, and targeted reinvestment into critical infrastructure and capital priorities.

While broader healthcare reimbursement and policy uncertainty remains present, Sonoma Valley Hospital enters FY27 from a substantially stronger operational and financial position than in prior years. The proposed FY27 budget is designed to preserve this momentum while continuing to strengthen the hospital's long-term financial flexibility and ability to serve the Sonoma Valley community.

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## **ATTACHMENTS:**

- **SVH Fiscal Year 2027 Budget PowerPoint Presentation**

## **FINANCIAL SCHEDULES:**

- Schedule A                      **High Level Budget Comparison Summary |**  
FY27 Budget vs. FY26 Estimated Actual vs. FY25 Actual

- Schedule B **Income Statement Comparison |**  
FY26 Estimated Actual to FY27 Budget
- Schedule C **Variance Analysis FY26 to FY27 Crosswalk |**  
FY26 Estimated Actual to FY27 Budget
- Schedule D **Cash Flow Forecast |**  
FY27
- Schedule E **Capital Spending Projection |**  
Critical Projects and Funding Plan FY27
- Schedule F **SVH Capital Needs Plan |**  
Short and Long-Term Capital Needs Plan FY27-FY37

# SVH FY27 BUDGET

May 26, 2026



# SVH FY27 OPERATIONAL BUDGET



**Goals & Guiding Principles** | FY26 Lookback and Progress



**Goals & Guiding Principles** | FY27 Budget



**F27 Budget Assumptions** | General Methodology



**F27 Budget Assumptions** | Operating EBDA Target Setting



**F27 Budget Assumptions** | High Level Assumptions

# FY26 Budget Lookback | Goals & Guiding Principles

✓ **Sustain Positive Momentum** | Preserve and extend improvements achieved in FY25

- **FY26 Est. Actual Operating EBDA \$5.2M | +\$2.4M vs Budget, +\$3.3M vs PY**
- **FY26 Est. Actual Operating Margin \$(420K) | +\$3.5M vs Budget, +\$4.0M vs PY**

✓ **Strengthen Cash Position & Financial Flexibility** | Maximize supplemental funding to support financial stability and weather long-term volatility

- **Days Cash on Hand | March 2026 = 35.7 FYE 2025 = 29.2**
- **Right-sized Accounts Payable | Reduced by over 25% since FYE 2025**
- **Projected to generate positive cash flow from operations – 2<sup>nd</sup> Straight Year**

✓ **Fund Critical Capital Needs** | Budget to fund critical capital needs without compromising cash preservation

- **AC-1 Building Repair | COMPLETED**
- **Stryker OR Equipment Replacement | COMPLETED**
- **Mindray Critical Care Monitor Replacement | COMPLETED**
- **Gain Permanent Occupancy to 3T MRI Trailer | COMPLETED**
- **East Air Handler #3 | IN PROGRESS**
- **3T MRI Beautification | IN PROGRESS**

✓ **Targeted, Strategic Growth** | Budget for modest, volume-driven growth with ramping services:

- **MRI Utilization | MRI volumes +30% compared to FY25**
- **Physical Therapy Expansion | OP PT volumes +2% compared to FY25**
- **Surgical Volumes | Surgical volumes +7% compared to FY25**

# FY27 Budget | Goals & Guiding Principles

## Stability -> Sustainability | Fund Critical Capital | Build Cash Reserves

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- **Sustain Positive Momentum** | Preserve and extend improvements achieved in FY25.
- **Strengthen Cash Reserves & Enhance Financial Flexibility** | Build cash reserves through continued growth and IGT optimization
- **Fund Critical Capital Needs** | Continue to fund critical capital needs without compromising cash preservation
- **Continued Growth** | Budget for continued growth in targeted service lines:
  - MRI / Imaging Utilization
  - Physical Therapy Optimization
  - Surgical Suite Utilization
  - Emergency Medicine

# FY27 Budget Assumptions | General Methodology

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- **General Methodology**

- Fiscal year 2027 budget is based on our current fiscal year 2026 baseline, July-January
- Adjusted based on anticipated impacts of planned strategic initiatives and known external factors
- FY 2027 Budget is compared to FY 2026 Estimated Actual & FY 2025 Actual

- **Fiscal Year 2026 Estimated Actual**

- Annualized based on current fiscal year run-rate, **July 2025 through March 2026**
- IGT Income & Foundation Donations for April-June based on known estimates

# FY27 Budget Assumptions | Overall High Level Assumptions

- **Volumes**

- Based on current year baseline, July 2025-January 2026
- Targeted Budgeted growth | MRI (3T Magnet), OP PT Optimization, Surgical Volume Growth

- **Revenue**

- Net patient revenue driven by budgeted volumes
- Budgeted revenue enhancements | Rate Range IGT Estimations for FY27
- Budgeted revenue due to growth | MRI (3T Magnet), OP PT Optimization, Surgical Volume Growth

- **Expenses**

- Based on current year baseline, July 2025-January 2026
- Annual salary merit increases of 3%
- Inflation of 5% for drugs, 5% for blood, and 3% for other supplies
- FTEs based on July-January and adjusted based on department volumes
- IGT matching fee expense based on current estimate
- Investments to support strategic growth | PT Optimization, Strategic additions to support growth

# FY27 Budget | FY25 -> FY27 Roll Forward

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**FY25 to FY26 Roll Forward**



**FY26 to FY27 Budget Roll Forward**



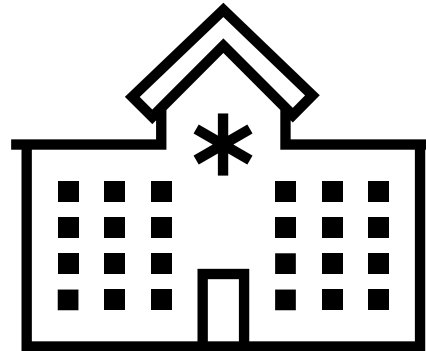
**FY27 Budget Highlights**



**FY27 Budget High Level Summary**

# SVH Operations Roll Forward | FY25 Actual – FY26 Estimated Actual

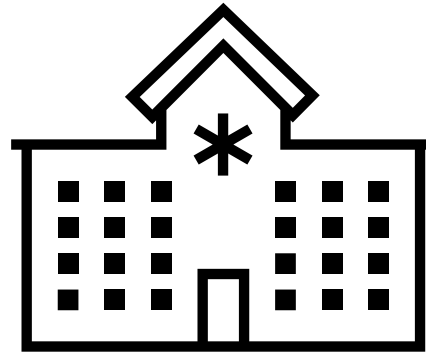
FY25 ACTUAL	\$
Net Patient Revenue	\$ 49.6M
IGT Revenue	\$ 14.6M
Parcel Tax Revenue	\$ 3.7M
Other Operating Revenue	\$ 1.5M
<b>TOTAL Revenues</b>	<b>\$ 69.5M</b>
Labor	\$ 35.6M
Supplies	\$ 7.9M
Purch/Contracted Serv	\$ 13.3M
Utilities, Insurance, Interest	\$ 3.4M
Other Expenses	\$ 1.5M
IGT Matching Fees	\$ 5.9M
Depreciation	\$ 6.2M
<b>TOTAL Operating Expenses</b>	<b>\$ 73.8M</b>
Operating Margin	<b>(\$ 4.3M)</b>
<b>Operating EBDA</b>	<b>\$ 1.9M</b>



FY26 ESTIMATED ACTUAL	\$	YOY CHG
Net Patient Revenue	\$ 55.3M	\$ 5.7M
IGT Revenue	\$ 23.4M	\$ 8.8M
Parcel Tax Revenue	\$ 3.7M	-
Other Operating Revenue	\$ 1.2M	(\$ .3M)
<b>TOTAL Revenues</b>	<b>\$ 83.7M</b>	<b>\$ 14.2M</b>
Labor	\$ 38.6M	\$ 3.0M
Supplies	\$ 8.9M	\$ 1.0M
Purch/Contracted Serv	\$ 14.7M	\$ 1.4M
Utilities, Insurance, Interest	\$ 3.9M	\$ .5M
Other Expenses	\$ 1.6M	\$ .1M
IGT Matching Fees	\$ 10.9M	\$ 5.1M
Depreciation	\$ 5.5M	(\$ .7M)
<b>TOTAL Operating Expenses</b>	<b>\$ 84.1M</b>	<b>\$ 10.4M</b>
Operating Margin	<b>(\$ .4M)</b>	<b>\$ 3.9M</b>
<b>Operating EBDA</b>	<b>\$ 5.1M</b>	<b>\$ 3.2M</b>

# SVH Operations Roll Forward | FY26 Estimated Actual - FY27 Budget

FY26 ESTIMATED ACTUAL	\$
Net Patient Revenue	\$ 55.3M
IGT Revenue	\$ 23.4M
Parcel Tax Revenue	\$ 3.7M
Other Operating Revenue	\$ 1.2M
<b>TOTAL Revenues</b>	<b>\$ 83.7M</b>
Labor	\$ 38.6M
Supplies	\$ 8.9M
Purch/Contracted Serv	\$ 14.7M
Utilities, Insurance, Interest	\$ 3.9M
Other Expenses	\$ 1.6M
IGT Matching Fees	\$ 10.9M
Depreciation	\$ 5.5M
<b>TOTAL Operating Expenses</b>	<b>\$ 84.1M</b>
Operating Margin	<b>(\$ .4M)</b>
<b>Operating EBDA</b>	<b>\$ 5.1M</b>



FY27 BUDGET	\$	YOY CHG
Net Patient Revenue	\$ 58.4M	\$ 3.1M
IGT Revenue	\$ 25.7M	\$ 2.3M
Parcel Tax Revenue	\$ 3.8M	\$ .01M
Other Operating Revenue	\$ 1.2M	-
<b>TOTAL Revenues</b>	<b>\$ 89.1M</b>	<b>\$ 5.4M</b>
Labor	\$ 40.9M	\$ 2.3M
Supplies	\$ 9.3M	\$ .4M
Purch/Contracted Serv	\$ 16.0M	\$ 1.3M
Utilities, Insurance, Interest	\$ 4.1M	\$ .2M
Other Expenses	\$ 1.6M	-
IGT Matching Fees	\$ 11.3M	\$ .4M
Depreciation	\$ 5.8M	\$ .3M
<b>TOTAL Operating Expenses</b>	<b>\$ 89.1M</b>	<b>\$ 4.9M</b>
Operating Margin	\$ .02M	\$ .4M
<b>Operating EBDA</b>	<b>\$ 5.9M</b>	<b>\$ .8M</b>

# FY27 Budget | Highlights

- **Operational Margin Improvement** | **+\$440K** improvement from operations vs FY26 | **+\$4.3 million** improvement from operations vs FY25
  - **Cash** | Budget estimated to generate a net **+\$4 million in cash** from operations, prior to capital expenditures
  - **Capital** | Budgeting to fund targeted critical capital needs of **\$4.9 million** (total outlay estimated to be approximately **\$2.6 million** split between direct purchases & financed projects)
- 
- **Operating Revenue** | **+\$5.4 Million, +6.4%** compared to FY26
    - *Key Driver(s)* | Rate Range IGT Increase (**+\$2.3M**), Price Increases (**+\$305K**)
    - *Other Contributors* | Growth initiatives – MRI 3T & OP PT Optimization, Continued Orthopedics Ramp-Up, Surgical Volume Growth
  - **Operating Expenses** | **+\$4.9 Million, +6.0%** compared to FY26
    - *Key Driver(s)* | **Staffing** - 3% annual salary increase + annual market adjustments (**\$1M**), 7.7 FTE Additions with benefit costs (**\$1M**), Increase in Employee Benefit Expense (**\$575K**), Renegotiation / Increase in Physician Services (**\$900K**)
    - *Other Contributors* | Rate Range IGT Matching Fee increase (**+\$400K**)

# FY27 Budget | High Level Summary

	FY27 Budget	FY26 Estimated Actual	Change	% Chg	FY25 ACTUAL	Change	% Chg	FY26 Budget	Change	% Chg
<b>Operating Margin</b>	\$ 19,869	\$ (419,070)	\$ 438,939	104.7%	\$ (4,276,953)	\$ 4,296,822	100.5%	\$ (3,412,488)	\$ 3,432,356	100.6%
<b>Operating EBDA</b>	\$ 5,859,229	\$ 5,079,276	\$ 779,953	15.4%	\$ 1,889,671	\$ 3,969,557	-210.1%	\$ 3,480,229	\$ 2,379,000	68.4%
<b>Total Net Income</b>	\$ 3,015,489	\$ 2,629,242	\$ 386,247	-14.7%	\$ (1,558,868)	\$ 4,574,356	293.4%	\$ (1,542,034)	\$ 4,557,523	295.6%
<b>Net Patient Revenue</b>	\$ 58,409,431	\$ 55,336,183	\$ 3,073,248	5.6%	\$ 49,637,851	\$ 8,771,580	17.7%	\$ 51,200,968	\$ 7,208,463	14.1%
<b>Operating Revenue</b>	\$ 89,096,013	\$ 83,716,696	\$ 5,379,317	6.4%	\$ 69,474,246	\$ 19,621,767	28.2%	\$ 76,350,542	\$ 12,745,471	16.7%
<b>Operating Expenses</b>	\$ 89,076,145	\$ 84,135,766	\$ 4,940,378	5.9%	\$ 73,751,200	\$ 15,324,945	20.8%	\$ 79,763,030	\$ 9,313,115	11.7%
<b>Total FTEs</b>	261.22	253.53	7.7	3.0%	243.46	17.8	7.3%	245.75	15.5	6.3%
<b>IGT Net Benefit</b>	\$ 14,389,470	\$ 12,493,807	\$ 1,895,663	15.2%	\$ 8,726,641	\$ 5,662,829	64.9%	\$ 19,844,250	\$ (5,454,780)	-27.5%
<b>Net Pt. Revenue % of Gross</b>	13.8%	13.7%		0.3%	13.6%		1.3%	14.1%		-2.5%

# FY27 Budget | Volumes

- **Main Budgeted Themes**

- **Continued Ancillary Growth** | Physical Therapy Expansion, MRI Ramp-Up
  - **Surgical Volumes** | Modest growth due to service line ramp-ups
- 

- **Surgical Volumes** | **+5.0%** compared to FY26

- Modest increase due to continued ramp-up of Orthopedics and GI
- Monthly Surgical Volumes | FY25 Actual=140 -> FY26 Estimated=152 -> FY27 Budget=159

- **MRI Volumes** | **Increasing by over 15%** compared to FY26

- MRI Scans / Month | FY24 Actual=131 -> FY25 Actual=181 -> FY26 Estimated=232 -> FY27 Budget=270

- **Physical Therapy** | **+15%** increase compared to FY26

- **Emergency Room** | Modest, **2.0%** increase vs FY26

# FY26 Est. Actual to FY27 Budget – Key Drivers

	FY26 Est.	FY27 Budget	Chg	% Chg	% Chg
Net Patient Revenue	\$ 55.3M	\$ 58.4M	\$ 3.1M	+6%	MRI Growth (\$650K), Surgery Growth (\$450K), Emergency Room Growth (\$325K), PT Optimization (\$280K), Gross Price Increases (\$305K)
IGT Revenue	\$ 23.4M	\$ 25.7M	\$ 2.3M	+10%	Renegotiation of next FY Rate Range IGT   Anticipated increase (\$2.3M)
Parcel Tax Revenue	\$ 3.7M	\$ 3.8M	\$ .01M	-	No anticipated changes
Other Operating Revenue	\$ 1.2M	\$ 1.2M	-	-	No major changes anticipated
<b>TOTAL Revenues</b>	<b>\$ 83.7M</b>	<b>\$ 89.1M</b>	<b>\$ 5.4M</b>	<b>+6.4%</b>	
Labor	\$ 38.6M	\$ 40.9M	\$ 2.3M	+6%	3% Merit Increases & select market adjustments (\$1M), Net 7.7 FTE additions (\$814K), Savings of converting registry staff to direct hires 3.5 FTEs (\$225K)
Supplies	\$ 8.9M	\$ 9.3M	\$ .4M	+4%	Global inflation (3% supplies, 5% blood & drugs) (\$230K), Increase in Supplies due to Volume Growth (\$125,000)
Purch/Contracted Serv	\$ 14.7M	\$ 16.0M	\$ 1.3M	+9%	Adjustments / Service coverage enhancements on Physician Services agreements (\$900K), True-Up for full-year of executive leadership (\$85,000)
Utilities, Insurance, Interest	\$ 3.9M	\$ 4.1M	\$ .2M	+5%	Estimating 5% increase in utilities, 6% increase in insurance
Other Expenses	\$ 1.6M	\$ 1.6M	-	-	No major changes anticipated
IGT Matching Fees	\$ 10.9M	\$ 11.3M	\$ .4M	+4%	Increase in IGT matching fees due to projected increase in IGT funding
Depreciation	\$ 5.5M	\$ 5.8M	\$ .3M	+6%	Full-year of depreciation on projects completed during FY26 (\$160K) ODC Central Wing Demo, PT Expansion, ICU Upgrade Project   Depreciation on new equipment (Stryker OR Replacement, Mindray Equipment Replacement (\$158K)
<b>TOTAL Operating Expenses</b>	<b>\$ 84.1M</b>	<b>\$ 89.1M</b>	<b>\$ 4.9M</b>	<b>+5.9%</b>	
Operating Margin	(\$ .4M)	\$ .02M	\$ .4M	+105%	+\$400K in Operating Margin
<b>Operating EBDA</b>	<b>\$ 5.1M</b>	<b>\$ 5.9M</b>	<b>\$ .8M</b>	<b>+15.4%</b>	<b>+\$780K in Operating EBDA</b>

# FY27 Budget | Annual Cash Flow Projection

	FY27 ANNUAL	FY27 MONTHLY
Total Hospital Sources of Cash	\$ 89,475,304	\$ 7,456,275
Total Hospital Operating Uses of Cash	\$ 84,962,022	\$ 7,080,168
Net Hospital Sources / (Operating Uses) of Cash	\$ 4,513,283	\$ 376,107
Hospital Funded Capital Expenditures *	\$ 2,625,000	\$ 218,750
Total Net Sources / (Uses) of Cash	\$ 1,888,283	\$ 157,357
Projected Cash at Beginning of Fiscal Year	\$ 4,340,000	
Projected Cash at End of Fiscal Year	\$ 6,228,283	
Projected Days Cash on Hand - Beginning FY 2027	27.8	
Budgeted Days Cash on Hand - End FY 2027	38.9	
* Does not include SVHF (Foundation) supported capital		

**+\$4.5M Positive Cash Flow Prior to SVH funded Capital**

# FY27 Budget | Critical Capital Projects

Project/Equipment	Projected Cost	Project Description / Comments:	Proposed Funding Plan:	Required SVH Funding in FY27*
Air Handler & Exhaust Fan - AH #3	\$ 2,250,000	AH 3 has failed. Need to replace and upsize to handle load from SNF.	Finance	\$ 560,000
ODC   CT Phase II & Central Wing Demo	\$ 750,000	Beautification of 3T MRI Trailer Space - Includes Canopy	Finance	\$ 140,000
IT Infrastructure Upgrades	\$ 750,000	Critical infrastructure upgrades. Part of larger multi-year project (\$2M+ within next 5 years)	TBD (schedule assumes funding from SVH Ops)	\$ 750,000
Security Access - Badge access, Panic, Metal Detection, Camera System	\$ 300,000	Enhance security across hospital, including metal detection and badge access (OSHA Requirement starting in 2027).	Fund from SVH Operations	\$ 300,000
OR Equipment	\$ 250,000	Various equipment needs in OR - new and replacement - to support service line growth	Fund from SVH Operations	\$ 250,000
Disaster Relief / Recovery	\$ 250,000	Nutanix / Veeam - Disaster Relief Environment. Critical priority.	Fund from SVH Operations	\$ 250,000
Seismic Compliance Master Plan	\$ 100,000	Cost related to required NPC 4, NPC4D, and NPC5 Evaluation Submission	Fund from SVH Operations	\$ 100,000
Medivator / GI Suite Replacement	\$ 75,000	Medivator at end of life. Needs replacement.	Fund from SVH Operations	\$ 75,000
Routine Capital	\$ 200,000	Allotment for estimated routine capital needs for "emergency" and/or replacement purposes.	Fund from SVH Operations	\$ 200,000
<b>TOTAL SVH Critical Capital Projects</b>	<b>\$ 4,925,000</b>			<b>\$ 2,625,000</b>
* Based on proposed funding plan, which is just an estimate at this point in time.				

# FY27 BUDGET SCHEDULES

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- **Schedule A | High Level Budget Comparison Summary**
  - FY27 Budget v FY26 Estimated Actual v FY25 Actual
- **Schedule B | Income Statement Comparison**
  - FY26 Estimated Actual to FY27 Budget
- **Schedule C | Variance Analysis / FY26 to FY27 Crosswalk**
  - FY26 Estimated Actual to FY27 Budget
- **Schedule D | Cash Flow Forecast**
  - FY27
- **Schedule E | FY27 Capital Spending Projection**
  - Critical Projects and Funding Plan FY27
- **Schedule F | Short & Long-Term Capital Needs Plan**
  - Capital Needs Plan | FY27-FY37

Sonoma Valley Health Care District  
 Schedule A | Budget Comparison Summary  
 FY 2027 Budget vs. FY 2026 Estimated Actual & FY 2025 Actual

Schedule A

	FY27 Budget	FY26 Estimated Actual	Change	% Chg	FY25 ACTUAL	Change	% Chg
<b>Operating Margin</b>	\$ 19,869	\$ (419,070)	\$ 438,939	104.7%	\$ (4,276,953)	\$ 4,296,822	100.5%
<b>Operating EBDA</b>	\$ 5,859,229	\$ 5,079,276	\$ 779,953	15.4%	\$ 1,889,671	\$ 3,969,557	210.1%
<b>Total Net Income</b>	\$ 3,015,489	\$ 2,629,242	\$ 386,247	14.7%	\$ (1,558,868)	\$ 4,574,356	293.4%
<b>Net Patient Revenue</b>	\$ 58,409,431	\$ 55,336,183	\$ 3,073,248	5.6%	\$ 49,637,851	\$ 8,771,580	17.7%
<b>Operating Revenue</b>	\$ 89,096,013	\$ 83,716,696	\$ 5,379,317	6.4%	\$ 69,474,246	\$ 19,621,767	28.2%
<b>Operating Expenses</b>	\$ 89,076,145	\$ 84,135,766	\$ 4,940,378	5.9%	\$ 73,751,200	\$ 15,324,945	20.8%
<b>Total FTEs</b>	261.22	253.53	7.7	3.0%	243.46	17.8	7.3%
<b>IGT Net Benefit</b>	\$ 14,389,470	\$ 12,493,807	\$ 1,895,663	15.2%	\$ 8,726,641	\$ 5,662,829	64.9%
<b>Net Pt. Revenue % of Gross</b>	13.8%	13.7%		0.3%	13.6%		1.3%

Sonoma Valley Health Care District  
 Schedule B | Income Statement Comparison  
 FY 2027 Budget vs. FY 2026 Estimated Actual & FY 2025 Actual

Schedule B

	FY 2027 BUDGET	FY 2026 EST ACTUAL	FY27 Budget vs FY26 Est		FY 2025 ACTUAL	FY27 Budget vs FY25 Actual	
			Actual			Variance	
			Variance			\$	%
<b>Volume Information</b>							
Acute Discharges	1,006	984	22	2.2%	851	155	15.4%
Patient Days	3,661	3,601	60	1.7%	3,252	409	11.2%
Average Daily Census	10.03	9.87	0.16	1.7%	8.91	1.12	11.2%
Emergency Room Visits	12,410	12,147	263	2.2%	11,283	1,127	9.1%
Total Surgeries	1,915	1,824	91	5.0%	1,753	162	8.5%
<b>Financial Results</b>							
Inpatient	\$ 88,473,590	\$ 84,517,837	\$ 3,955,753	4.7%	\$ 73,994,254	\$ 14,479,336	16.4%
Outpatient	196,713,057	183,068,653	13,644,403	7.5%	167,821,288	28,891,769	14.7%
Emergency	139,605,985	135,921,822	3,684,163	2.7%	123,828,933	15,777,053	11.3%
<b>Total Gross Patient Revenue</b>	<b>\$ 424,792,632</b>	<b>\$ 403,508,312</b>	<b>\$ 21,284,320</b>	<b>5.3%</b>	<b>\$ 365,644,474</b>	<b>\$ 59,148,158</b>	<b>13.9%</b>
<b>Revenue Adjustments</b>							
Contractual Discounts	\$ (366,383,201)	\$ (348,172,129)	\$ (18,211,072)	5.2%	\$ (316,006,623)	\$ (50,376,578)	13.7%
<b>Total Deductions from Revenue</b>	<b>\$ (366,383,201)</b>	<b>\$ (348,172,129)</b>	<b>\$ (18,211,072)</b>	<b>5.2%</b>	<b>\$ (316,006,623)</b>	<b>\$ (50,376,578)</b>	<b>13.7%</b>
<b>Net Patient Service Revenue</b>	<b>\$ 58,409,431</b>	<b>\$ 55,336,183</b>	<b>\$ 3,073,248</b>	<b>5.6%</b>	<b>\$ 49,637,851</b>	<b>\$ 8,771,580</b>	<b>15.0%</b>
IGT Revenue	25,730,000	23,442,787	2,287,213	9.8%	14,624,610	11,105,390	43.2%
Parcel Tax Revenue	3,759,960	3,735,648	24,312	0.7%	3,735,688	24,272	0.6%
Other Operating Revenue	1,196,622	1,202,078	(5,456)	-0.5%	1,476,097	(279,475)	-23.4%
<b>Total Operating Revenue</b>	<b>\$ 89,096,013</b>	<b>\$ 83,716,696</b>	<b>\$ 5,379,317</b>	<b>6.4%</b>	<b>\$ 69,474,246</b>	<b>\$ 19,621,767</b>	<b>22.0%</b>
<b>Operating Expenses</b>							
Salary and Wages	\$ 29,441,896	\$ 27,713,571	\$ 1,728,325	6.2%	\$ 25,739,311	\$ 3,702,586	12.6%
Employee Benefits	11,477,247	10,903,342	573,905	5.3%	9,847,434	1,629,813	14.2%
Total People Cost	\$ 40,919,143	\$ 38,616,913	\$ 2,302,230	6.0%	\$ 35,586,745	\$ 5,332,398	13.0%
Med and Prof Fees	9,700,838	8,718,543	982,295	11.3%	8,364,018	1,336,820	13.8%
Supplies	9,273,339	8,919,016	354,323	4.0%	7,890,892	1,382,647	14.9%
Purchased Services	6,257,383	5,938,144	319,239	5.4%	4,934,199	1,323,183	21.1%
Depreciation	5,839,360	5,498,346	341,014	6.2%	6,166,625	(327,265)	-5.6%
Utilities	2,486,639	2,373,175	113,464	4.8%	1,992,821	493,818	19.9%
Insurance	973,187	914,314	58,872	6.4%	1,049,308	(76,121)	-7.8%
Interest	638,491	617,780	20,711	3.4%	396,376	242,115	37.9%
Other	1,647,036	1,590,555	56,481	3.6%	1,472,247	174,789	10.6%
IGT Matching Fees	11,340,530	10,948,980	391,550	3.6%	5,897,969	5,442,561	48.0%
<b>Total Operating Expenses</b>	<b>\$ 89,076,145</b>	<b>\$ 84,135,766</b>	<b>\$ 4,940,378</b>	<b>5.9%</b>	<b>\$ 73,751,200</b>	<b>\$ 15,324,945</b>	<b>17.2%</b>
<b>Total Operating Margin</b>	<b>\$ 19,869</b>	<b>\$ (419,070)</b>	<b>\$ 438,939</b>	<b>104.7%</b>	<b>\$ (4,276,953)</b>	<b>\$ 4,296,822</b>	<b>100.5%</b>
<b>Total Operating EBDA</b>	<b>\$ 5,859,229</b>	<b>\$ 5,079,276</b>	<b>\$ 779,953</b>	<b>15.4%</b>	<b>\$ 1,889,671</b>	<b>\$ 3,969,557</b>	<b>210.1%</b>
<b>Non Operating Income</b>							
Non Operating Income	379,286	395,376	\$ (16,090)	-4.1%	403,408	\$ (24,122)	-6.4%
GO Bond Tax Income, Net	2,616,334	2,652,936	(36,602)	-1.4%	2,314,678	301,656	11.5%
<b>Total Non-Operating Income</b>	<b>\$ 2,995,620</b>	<b>\$ 3,048,312</b>	<b>\$ (52,693)</b>	<b>-1.7%</b>	<b>\$ 2,718,086</b>	<b>\$ 277,534</b>	<b>9.3%</b>
<b>Net Income / (Loss)</b>	<b>\$ 3,015,489</b>	<b>\$ 2,629,242</b>	<b>\$ 386,247</b>	<b>14.7%</b>	<b>\$ (1,558,868)</b>	<b>\$ 4,574,356</b>	<b>151.7%</b>
Foundation Contributions	\$ 600,000	\$ 2,001,861	\$ (1,401,861)	-70.0%	\$ 3,713,607	\$ (3,113,607)	-518.9%
<b>Change in Net Position</b>	<b>\$ 3,615,489</b>	<b>\$ 4,631,103</b>	<b>\$ (1,015,614)</b>	<b>-21.9%</b>	<b>\$ 2,154,739</b>	<b>\$ 1,460,749</b>	<b>-40.4%</b>

<b>Net Patient Revenue</b>		
	<b>Net Patient Revenue - FY26 ESTIMATED ACTUAL</b>	<b>\$ 55,336,183</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>		
Impact of Price Increases (for payor contracts reimbursing as a % of charges)		305,000
<b><u>Projected Revenue Changes From Budgeted Growth/Expansion:</u></b>		<b>1,382,100</b>
MRI   3Tesla MRI Increase (budgeting 200 exams/month)		650,000
Surgery   5% increase in surgical volumes		452,600
Emergency Room   Modest increase in ER visits		325,800
Physical Therapy Expansion   Utilization increase due to expansion and staffing plan execution		277,900
Wound Care   Decrease in revenue due to no longer operating clinic		(164,700)
Occupational Health   Decrease in revenue due to no longer operating clinic		(158,000)
All Other Changes		2,548
<b>Total Projected Changes for FY27 Budget</b>	<b>\$</b>	<b>3,073,248</b>
	<b>Net Patient Revenue - FY27 BUDGET</b>	<b>\$ 58,409,431</b>
	Change From FY26 Estimated Actual	\$ 3,073,248
	% Change	5.6%

<b>IGT Revenue</b>		
	<b>IGT Revenue - FY26 ESTIMATED ACTUAL</b>	<b>\$ 23,442,787</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>		
Net Revenue Impact of Estimated IGT Increase (Rate Range, Direct Hospital Directed Payment Program)		2,287,210
All Other Changes		-
<b>Total Projected Changes for FY27 Budget</b>	<b>\$</b>	<b>2,287,210</b>
	<b>IGT Revenue - FY27 BUDGET</b>	<b>\$ 25,729,997</b>
	Change From FY26 Estimated Actual	\$ 2,287,210
	% Change	9.8%

<b>Salaries &amp; Wages (Including Agency/Travelers)</b>		
	<b>Salaries &amp; Wages (Including Agency/Travelers) - FY26 ESTIMATED ACTUAL</b>	<b>\$ 27,713,571</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>		
3% Merit Adjustment Salary Increases & Additional Allotment for Market Adjustments		1,050,000
<b><u>Salary Increases from FTE Additions (net 7.7 FTE adds from FY26 to FY27 Budget):</u></b>		<b>865,300</b>
OP Physical Therapy   2.0 FTE add to support budgeted volume growth		
Registration   1.5 FTEs for replacements of open positions		
Strategic FTE Additions   3.0 FTE add to Support Facility Growth (Positions TBD)		
Plant Operations   1.0 FTE add to bring BioMed functions in-house (results in overall cost savings)		
Human Resources   .75 FTE add to further support human resources and benefit administration functions		
MRI   .40 FTE add to support imaging activities on Saturdays		
FTE True-Up   ~3.5 FTE increase for truing up positions hired mid-year FY26		
Wound Care   1.0 FTE <u>Decrease</u> due to no longer operating clinic		
Occupational Health   3.5 FTE <u>Decrease</u> due to no longer operating clinic		
Salary cost reduction due to replacement of 3.5 FTEs worth of Travelers		(225,000)
All Other Changes		38,025
<b>Total Projected Changes for FY27 Budget</b>	<b>\$</b>	<b>1,728,325</b>

Schedule C | Variance Analysis of FY 2026 Estimated Actual to FY 2027 Budget

<b>Salaries &amp; Wages (Including Agency/Travelers) - FY27 BUDGET</b>	<b>\$ 29,441,896</b>
Change From FY26 Estimated Actual	\$ 1,728,325
% Change	6.2%

**Employee Benefits**

<b>Employee Benefits - FY26 ESTIMATED ACTUAL</b>	<b>\$ 10,903,342</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>	
Estimated 6% increase in Health Insurance Expense	261,000
Anticipated increase in benefits due to 7.7 FTE additions	200,100
Anticipated increase in benefits due to replacement of Travelers with SVH Direct Hires	109,800
All Other Changes	3,005
<b>Total Projected Changes for FY27 Budget</b>	<b>\$ 573,905</b>
<b>Employee Benefits - FY27 BUDGET</b>	<b>\$ 11,477,247</b>
Change From FY26 Estimated Actual	\$ 573,905
% Change	5.3%

**Medical and Professional Fees**

<b>Medical and Professional Fees - FY26 ESTIMATED ACTUAL</b>	<b>\$ 8,718,543</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>	
<i>Physician / Professional Fee Changes:</i>	
Adjustment to Hospitalist Contract	450,700
1206(B) Professional Fees - True-up of Internal Medicine clinic (FY27 first full-year) and new GI Provider	305,100
Adjustment to Anesthesia Contract - 3% contracted COLA	70,000
Adjustment to Cardiology Call Contract	35,000
Adjustment to General Surgery Call Contract	35,000
<i>Other Professional Fee Changes:</i>	
UCSF Management Fees   3% COLA Adjustment & True-Up to Full C-Suite Staffing	85,000
All Other Changes	1,495
<b>Total Projected Changes for FY27 Budget</b>	<b>\$ 982,295</b>
<b>Medical and Professional Fees - FY27 BUDGET</b>	<b>\$ 9,700,838</b>
Change From FY26 Estimated Actual	\$ 982,295
% Change	11.3%

**Supplies**

<b>Supplies - FY26 ESTIMATED ACTUAL</b>	<b>\$ 8,919,016</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>	
3% Global Inflation Adjustment on Supplies	145,600
5% Inflation in cost for Blood Units & Pharmaceuticals/Drugs	82,600
Increase in supply expense due to incremental volumes	125,500
All Other Changes	823
<b>Total Projected Changes for FY27 Budget</b>	<b>\$ 354,523</b>
<b>Supplies - FY27 BUDGET</b>	<b>\$ 9,273,539</b>
Change From FY26 Estimated Actual	\$ 354,523
% Change	4.0%

**Purchased Services**

		<b>Purchased Services - FY26 ESTIMATED ACTUAL</b>	<b>\$ 5,938,144</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>			
MRI   Incremental Cost of full year of 3T MRI service contract (3 months of expense in FY25)			150,000
Security   Added service coverages to enhance security and comply with 2027 OSHA mandate			100,000
New Contracts   Service Contract on ROSA (1st Year of Service Agreement)			80,000
IT   New agreements/services for disaster relief and cybersecurity enhancements			85,000
Food & Nutrition   4% COLA adjustment for Forefront contract			25,000
BioMed   Service agreement going away with bringing service in-house			(185,000)
MRI   Service contract going away on 1.5 MRI (incremental savings)			(105,000)
<i>All Other Changes</i>			169,239
<b>Total Projected Changes for FY27 Budget</b>		<b>\$</b>	<b>319,239</b>
		<b>Purchased Services - FY27 BUDGET</b>	<b>\$ 6,257,383</b>
		Change From FY26 Estimated Actual	\$ 319,239
		% Change	5.4%

**Depreciation**

		<b>Depreciation - FY26 ESTIMATED ACTUAL</b>	<b>\$ 5,498,346</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>			
Anticipated Changes / Projects being brought online in FY27			305,500
<i>All Other Changes</i>			35,514
<b>Total Projected Changes for FY27 Budget</b>		<b>\$</b>	<b>341,014</b>
		<b>Depreciation - FY27 BUDGET</b>	<b>\$ 5,839,360</b>
		Change From FY26 Estimated Actual	\$ 341,014
		% Change	6.2%

**Utilities**

		<b>Utilities - FY26 ESTIMATED ACTUAL</b>	<b>\$ 2,373,175</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>			
Estimated increase with Gas			65,900
Estimated increase with Electricity			40,300
<i>All Other Changes</i>			7,264
<b>Total Projected Changes for FY27 Budget</b>		<b>\$</b>	<b>113,464</b>
		<b>Utilities - FY27 BUDGET</b>	<b>\$ 2,486,639</b>
		Change From FY26 Estimated Actual	\$ 113,464
		% Change	4.8%

**Insurance**

		<b>Insurance - FY26 ESTIMATED ACTUAL</b>	<b>\$ 914,314</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>			
Expected increase in Insurance base coverage cost - All Lines (~6% increase in total)			58,872
<b>Total Projected Changes for FY27 Budget</b>		<b>\$</b>	<b>58,872</b>
		<b>Insurance - FY27 BUDGET</b>	<b>\$ 973,186</b>
		Change From FY26 Estimated Actual	\$ 58,872
		% Change	6.4%

Schedule C | Variance Analysis of FY 2026 Estimated Actual to FY 2027 Budget

Other Expenses

	<b>Other Expenses - FY26 ESTIMATED ACTUAL</b>	<b>\$ 1,590,555</b>
<b>Changes of Note - FY26 Estimated Actual to FY27 Budget:</b>		
Human Resources   Estimated change in recruitment / placement costs		22,000
1206(b) Clinics - True up of other expenses for full-year of Internal Medicine Clinic		35,000
Pharmacy   Anticipated reduction in pyxis expense		(12,000)
<i>All Other Changes</i>		<i>11,481</i>
<b>Total Projected Changes for FY27 Budget</b>	<b>\$</b>	<b>56,481</b>
	<b>Other Expenses - FY27 BUDGET</b>	<b>\$ 1,647,036</b>
	Change From FY26 Estimated Actual	\$ 56,481
	% Change	3.6%

**Sonoma Valley Health Care District**  
**Schedule D | Cash Forecast - FY 2027 Budget**

**Schedule D**

**FY 2027 Budget**

**Hospital Sources of Cash**

<b>1</b>	Patient Payments Collected	\$	58,409,431
<b>2</b>	IGT Funding Proceeds		25,730,000
<b>3</b>	Other Revenue - Op & Non-Op Revenue		1,575,908
<b>4</b>	Parcel Tax Revenue		3,759,965
<b>5</b>	Unrestricted Contributions		-
<b>Sub-Total Hospital Sources of Cash</b>		<b>\$</b>	<b>89,475,304</b>

**Hospital Operating Uses of Cash**

<b>6</b>	Operating Expenses (incl. GASB amortization)	\$	72,806,492
<b>7</b>	Add: IGT Matching Fees		11,340,530
<b>8</b>	Add: Summit Bank Term Loan Repayment		420,000
<b>9</b>	Add: CHFFA Help II Loan Principal		395,000
<b>10</b>	Add: Line of Credit / Addtl Debt Paydowns		-
<b>Total Hospital Operating Uses of Cash</b>		<b>\$</b>	<b>84,962,022</b>

<b>Net Hospital Sources / (Operating Uses) of Cash</b>		<b>\$</b>	<b>4,513,283</b>
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**Non-Hospital Sources/(Uses) of Cash**

**Non-Hospital Sources**

<b>11</b>	n/a	\$	-
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**Non-Hospital Uses**

<b>12</b>	n/a	\$	-
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<b>Total Net Non-Hospital Sources/Uses of Cash</b>		<b>\$</b>	<b>-</b>
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<b>Net Sources / (Uses) of Cash Before SVH Funded Capital Expenditures</b>		<b>\$</b>	<b>4,513,283</b>
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<b>13</b>	Hospital Funded Capital Expenditures *	\$	2,625,000
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<b>Total Net Sources / (Uses) of Cash</b>		<b>\$</b>	<b>1,888,283</b>
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Projected Cash at Beginning of Fiscal Year	\$	4,340,000
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<b>Projected Cash at End of Fiscal Year</b>	<b>\$</b>	<b>6,228,283</b>
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<b>Projected Days Cash on Hand - Beginning FY 2027</b>	<b>27.8</b>
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<b>Budgeted Days Cash on Hand - End FY 2027</b>	<b>38.9</b>
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\* Does not include any SVHF (Foundation) funded capital expenditures. See Schedule E for detail.

Sonoma Valley Health Care District  
 Schedule E | Critical Capital Projects FY27

Schedule E

Project/Equipment	Projected Cost	Project Description / Comments:	Proposed Funding Plan:	Required SVH Funding in FY27*
Air Handler & Exhaust Fan - AH #3	\$ 2,250,000	AH 3 has failed. Need to replace and upsize to handle load from SNF.	Finance	\$ 560,000
ODC   CT Phase II & Central Wing Demo	\$ 750,000	Beautification of 3T MRI Trailer Space - Includes Canopy	Finance	\$ 140,000
IT Infrastructure Upgrades	\$ 750,000	Critical infrastructure upgrades. Part of larger multi-year project (\$2M+ within next 5 years)	TBD (schedule assumes funding from SVH Ops)	\$ 750,000
Security Access - Badge access, Panic, Metal Detection, Camera System	\$ 300,000	Enhance security across hospital, including metal detection and badge access (OSHA Requirement starting in 2027).	Fund from SVH Operations	\$ 300,000
OR Equipment	\$ 250,000	Various equipment needs in OR - new and replacement - to support service line growth	Fund from SVH Operations	\$ 250,000
Disaster Relief / Recovery	\$ 250,000	Nutanix / Veeam - Disaster Relief Environment. Critical priority.	Fund from SVH Operations	\$ 250,000
Seismic Compliance Master Plan	\$ 100,000	Cost related to required NPC 4, NPC4D, and NPC5 Evaluation Submission	Fund from SVH Operations	\$ 100,000
Medivator / GI Suite Replacement	\$ 75,000	Medivator at end of life. Needs replacement.	Fund from SVH Operations	\$ 75,000
Routine Capital	\$ 200,000	Allotment for estimated routine capital needs for "emergency" and/or replacement purposes.	Fund from SVH Operations	\$ 200,000
<b>TOTAL SVH Critical Capital Projects</b>	<b>\$ 4,925,000</b>			<b>\$ 2,625,000</b>

\* Based on proposed funding plan, which is just an estimate at this point in time.

**Sonoma Valley Hospital  
Master Capital Plan  
FY2027 Budget**

Schedule F

**TOTALS \$ 4,925,000 \$ 14,040,900 \$ 10,151,250 \$ 56,350,000**

**Capital Projects in Motion**

Item	Type	Projected Cost	Timeline	FY 2027 PROJECTED	REPLACEMENT TIMELINE:			Project Description / Comments:
					WITHIN 3 YEARS	WITHIN 5 YEARS	WITHIN 10 YEARS	
Air Handler & Exhaust Fan - East Wing AH #3	Physical Plant	\$ 2,250,000	NEXT FY	2,250,000	-	-	-	AH 3 has failed. Need to replace and upsize to handle load from SNF.
ODC Completion	Construction - New Services	\$ 750,000	NEXT FY	750,000	-	-	-	Additional costs over ODC budget - includes permanent occupancy and beautification work.
<b>SubTotal   Capital Projects in Motion</b>		<b>\$ 3,000,000</b>		<b>\$ 3,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	

**Building Infrastructure / Physical Plant**

Item	Type	Projected Cost	Timeline	FY 2027 PROJECTED	REPLACEMENT TIMELINE:			Project Description / Comments:
					WITHIN 3 YEARS	WITHIN 5 YEARS	WITHIN 10 YEARS	
Security Access - Badge access, Panic, Metal Detection, Camera System	Physical Plant	\$ 300,000	NEXT FY	300,000	-	-	-	Enhance security across hospital, including metal detection and badge access (OSHA Requirement starting in 2027)
Seismic Compliance Master Plan	Physical Plant	\$ 100,000	NEXT FY	100,000	-	-	-	Cost related to required NPC 4, NPC4D, and NPC5 Evaluation Submission
Air Handlers (x6) - East Wing	Physical Plant	\$ 5,000,000	3 YR	-	5,000,000	-	-	East Wing Air Handlers most vulnerable. Projecting replacement within 3 years.
Boilers - Steam for Sterilizer	Physical Plant	\$ 1,500,000	3 YR	-	1,500,000	-	-	Critical. Will need to get addressed within 3 years
Nurse Call	Physical Plant	\$ 1,500,000	3 YR	-	1,500,000	-	-	Approaching end of life. Need to replace 5 units. Will be HCAI project.
Paging System - Main Hospital	Physical Plant	\$ 750,000	3 YR	-	750,000	-	-	Paging system in hospital is out-of-date and needs replacement
Elevators - Door Kit / Door Controls	Physical Plant	\$ 300,000	3 YR	-	300,000	-	-	Replacement of hospital elevator door kit and door controls
Chilled Water Pipes - EAST WING	Physical Plant	\$ 60,000	3 YR	-	60,000	-	-	Chilled water pipes in East Wing needs replacement
Sewer Pumps in Basement	Physical Plant	\$ 30,000	3 YR	-	30,000	-	-	Replacement of existing sewer pumps
Electrical - Automatic Transfer Switches	Physical Plant	\$ 2,500,000	5 YR	-	-	2,500,000	-	5 Automatic Transfer Switches. Will be HCAI project.
Boilers - Main Hospital	Physical Plant	\$ 1,750,000	5 YR	-	-	1,750,000	-	Replacement of 5 boilers. HCAI project.
Exhaust Fans - 7 West Wing	Physical Plant	\$ 500,000	5 YR	-	-	500,000	-	Upsize existing units, duct replacement. HCAI project.
Medical Air - New Wing (2 Units)	Physical Plant	\$ 400,000	5 YR	-	-	400,000	-	Will be HCAI project
Vacuum Systems New Wing (2 Units)	Physical Plant	\$ 400,000	5 YR	-	-	400,000	-	Will be HCAI project
Exhaust Fans - 6 West Wing	Physical Plant	\$ 250,000	5 YR	-	-	250,000	-	Upsize existing units, duct replacement. HCAI project.
Chiller 1 & 2	Physical Plant	\$ 20,000,000	10 YR	-	-	-	20,000,000	Refrigerant becoming obsolete. Rebuild components vs. full replacement.
Air Handler - Central Wing	Physical Plant	\$ 20,000,000	10 YR	-	-	-	20,000,000	Oldest AHs in hospital, but protected indoors. 10 units in total. Needs replacement within 10 years.
Air Handler - West Wing	Physical Plant	\$ 15,000,000	10 YR	-	-	-	15,000,000	West Wing AHs also indoors. 6 units in total. Needs replacement within 10 years.
Electrical Panels	Physical Plant	TBD	TBD	-	TBD	TBD	TBD	Electrical panels original to buildings. Looking to replace during projects.
Campus Redevelopment	Physical Plant	TBD	TBD	-	TBD	TBD	TBD	To support larger strategic growth campus redevelopment efforts
Seismic Compliance Retrofitting	Physical Plant	TBD	TBD	-	TBD	TBD	TBD	Costs incurred to meet 2030 Seismic Compliance regulations
<b>SubTotal   Building Infrastructure / Physical Plant Needs</b>		<b>\$ 70,340,000</b>		<b>\$ 400,000</b>	<b>\$ 9,140,000</b>	<b>\$ 5,800,000</b>	<b>\$ 55,000,000</b>	

**Equipment (Replacement & New, Includes IT Infrastructure)**

Item	Type	Projected Cost	Timeline	FY 2027 PROJECTED	REPLACEMENT TIMELINE:			Project Description / Comments:
					WITHIN 3 YEARS	WITHIN 5 YEARS	WITHIN 10 YEARS	
IT Infrastructure Upgrades	IT Infrastructure	\$ 2,500,000	NEXT FY	750,000	1,250,000	500,000	-	Critical information systems infrastructure upgrades - phased in over multiple years
OR Equipment	Equipment - Pt Care	\$ 250,000	NEXT FY	250,000	-	-	-	Various equipment needs in OR - new and replacement - to support service line growth
Disaster Relief / Recovery	IT Infrastructure	\$ 250,000	VARIOUS	250,000	-	-	-	Nutanix / Veeam - Disaster Relief Environment
Medivator / GI Suite Replacement	Equipment - Medical	\$ 75,000	NEXT FY	75,000	-	-	-	Medivator nearing end of life. Needs replacement within 3 years - MAX
Surgical Lights and Booms Replacement	Equipment - Pt Care	\$ 750,000	3 YR	-	750,000	-	-	Surgical booms/lights need replacement
Portable Xray	Equipment - Pt Care	\$ 290,000	3 YR	-	290,000	-	-	Replacement
Two-way Radio Communication	IT Infrastructure	\$ 250,000	3 YR	-	250,000	-	-	Voalte
Interfaces	Equipment - IT	\$ 250,000	3 YR	-	250,000	-	-	Integrations RPA - AI
PACS Reading Workstations	Equipment - Pt Care	\$ 250,000	3 YR	-	250,000	-	-	Planning to replace in next 3 years. All Workstations approaching end of life.
Patient Beds	Equipment - Pt Care	\$ 200,000	3 YR	-	200,000	-	-	Replacement of med surg patient beds >15 years old.
Ultrasound	Equipment - Pt Care	\$ 190,000	3 YR	-	190,000	-	-	Replacement
Kitchen Refurbishments	Equipment Replacement - Non-	\$ 187,500	3 YR	-	187,500	-	-	Café counters/Trayline, Refrigerators, Ovens, Steamers, Hot Cabinets
Mobile Carts	Equipment - Pt Care	\$ 170,000	3 YR	-	170,000	-	-	Nursing Mobile Carts
Portable X-Ray Machine #2	Equipment - Pt Care	\$ 130,000	3 YR	-	130,000	-	-	Replacement of 2nd Portable X-Ray (Replaced 1 in FY25)
Overhead Paging	IT Infrastructure	\$ 120,000	3 YR	-	120,000	-	-	Overhead Paging
Virtual Desktop Infrastructure	IT Infrastructure	\$ 120,000	3 YR	-	120,000	-	-	VDI

Item	Type	Projected Cost	Timeline	FY 2027 PROJECTED	WITHIN 3 YEARS	WITHIN 5 YEARS	WITHIN 10 YEARS	Project Description / Comments:
Cepheid - Molecular Testing Equipment	Equipment - Pt Care	\$ 120,000	3 YR	-	120,000	-	-	Replacement of molecular testing equipment
Orthopedic trauma trays	Equipment - Pt Care	\$ 75,000	3 YR	-	75,000	-	-	Placeholder for potential need
Corevascular Machine	Equipment - Pt Care	\$ 60,000	3 YR	-	60,000	-	-	Visionix/Corevascular Falcon Pro V2
Patient Room Tables (Over the bed tables) Replacement	Equipment - Pt Care	\$ 50,000	3 YR	-	50,000	-	-	Vetting if still a need
Ventilator #2	Equipment - Pt Care	\$ 35,000	3 YR	-	35,000	-	-	End of life equipment need. Replaced other unit in FY24
Echo Software Project	Software	\$ 32,000	3 YR	-	32,000	-	-	Replacement Corevascular software Pkg. Echo Machine
Vapotherm HFNC	Equipment - Pt Care	\$ 30,000	3 YR	-	30,000	-	-	Replacement of 2 HFNC devices that are at end of life
Bi Pap Machines (x2)	Equipment - Pt Care	\$ 30,000	3 YR	-	30,000	-	-	Equipment approaching end of life
Family Practice IT Infrastructure	IT Infrastructure	\$ 25,000	3 YR	-	25,000	-	-	Dependent upon future state of clinic location
Exam Tables - 1206(b) Verducci/Campbell	Equipment - Pt Care	\$ 18,000	3 YR	-	18,000	-	-	Dawn to perform further DD on clinic needs
Defibrillator	Equipment - Pt Care	\$ 10,000	3 YR	-	10,000	-	-	This machine is 10 years old, past life expectancy.
EKG Machine	Equipment - Pt Care	\$ 6,700	3 YR	-	6,700	-	-	Replacement EKG Machine
Sterilizer	Equipment - Pt Care	\$ 6,700	3 YR	-	6,700	-	-	Equipment at End of Life
Fluoroscopy Machine	Infrastructure/Equipment - Pt Care	\$ 690,000	5 YR	-	-	690,000	-	Replacement Fluoro Room **HCAI project/construction
Mammography Machine	Infrastructure/Equipment - Pt Care	\$ 575,000	5 YR	-	-	575,000	-	Replacement Mammography **HCAI project/construction
New Enterprise Resource Planning (ERP) Platform	Software	\$ 500,000	5 YR	-	-	500,000	-	Implementation of new ERP system - have deferred twice since 2023. Will need to address within 5 years
X-Ray	Infrastructure/Equipment - Pt Care	\$ 457,600	5 YR	-	-	457,600	-	Replacement Xray Room ** HCAI project/construction
Workstation on Wheels (WOW) Carts	Equipment - Pt Care	\$ 400,000	5 YR	-	-	400,000	-	Units approaching end of life. Cost=Approx. \$6-\$10K each
Steris washer decontaminator x1	Equipment - Pt Care	\$ 300,000	5 YR	-	-	300,000	-	Washing machine decontam. for all surgical instruments
Steam Sterilizer x 3	Equipment - Pt Care	\$ 250,000	5 YR	-	-	250,000	-	These were purchased with the new OR (11 years ago) and project need replacement 15 year mark. but hopefully longer
C-Arm (OR Equipment)	Equipment - Pt Care	\$ 250,000	5 YR	-	-	250,000	-	Current C-Arms (ages 20+ years old) end of life
Sterrad NX Chemical sterilizer x2	Equipment - Pt Care	\$ 100,000	5 YR	-	-	100,000	-	This is how we sterilize surgical instrumentation that can not go into the steam sterilizer. cameras, light cords, power equipment. Ect.
Stryker Neptune surgical suction	Equipment - Pt Care	\$ 70,000	5 YR	-	-	70,000	-	This is Stryker's version on surgical suction. Doctors have expressed needing one more suction machine for the ORs.
Mammotome-Neoprobe	Equipment - Pt Care	\$ 45,000	3 YR	-	45,000	-	-	This is the Gamma Detection System we use to identify sentinel nodes in breast cancer cases.
Exam Tables	Equipment - Pt Care	\$ 25,000	5 YR	-	-	25,000	-	Replacement of 5 exam tables within Family Practice
Decontamination sink replacement	Infrastructure/Equipment - Pt Care	\$ 25,000	5 YR	-	-	25,000	-	It is now best practice to have a 3 bay/adjustable sink in sterile processing decontam
Ophthalmoscopes / Otosscopes	Equipment - Pt Care	\$ 8,650	5 YR	-	-	8,650	-	Equipment at End of Life
Stryker Weight monitoring gurneys	Equipment - Pt Care	TBD	5 YR	-	-	TBD	-	Replace old Gurneys as the current inventor have been repaired multiple times.
Refresh flooring	Infrastructure	TBD	5 YR	-	-	TBD	-	No Longer able to clean efficiently peeling in some spots
Back walls of 8 exam rooms	Infrastructure	TBD	5 YR	-	-	TBD	-	Remove towers and put O2, BP cuff monitors, and other items on Refreshed back walls to increase room size for mobility
Security	IT Infrastructure	TBD	5 YR	-	-	TBD	-	MDR / Endpoint Protection / Endpoint Management
Pharmacy remodel	Infrastructure/Equipment - Pt Care	TBD	10 YR	-	-	-	TBD	Pharmacy flooring and walls are in bad shape, need new flooring and wall repair/painting
IV Cleanroom	Infrastructure/Equipment - Pt Care	\$ 850,000	10 YR	-	-	-	850,000	Structural upgrade in IV room will likely be needed to support any increase in volumes or if we were to add oncology services
Phone System	Equipment - IT	\$ 300,000	10 YR	-	-	-	300,000	Replacement of hospital phone system
Routine Capital Pool / Contingency	N/A	\$ 200,000	VARIOUS	200,000	200,000	200,000	200,000	\$200,000 routine, unplanned capital investments
<b>SubTotal   Equipment Needs</b>		<b>\$ 11,527,150</b>		<b>\$ 1,525,000</b>	<b>\$ 4,900,900</b>	<b>\$ 4,351,250</b>	<b>\$ 1,350,000</b>	
<b>Grand Total - Working Critical Capital Needs</b>		<b>\$ 84,867,150</b>		<b>\$ 4,925,000</b>	<b>\$ 14,040,900</b>	<b>\$ 10,151,250</b>	<b>\$ 56,350,000</b>	