



**DESERT HEALTHCARE DISTRICT  
BOARD MEETING  
Board of Directors  
January 23, 2018  
2:00 P.M.**

Jerry Stergios Building, 2nd floor  
Arthur H. "Red" Motley Boardroom  
1140 N. Indian Canyon Drive, Palm Springs, California 92262  
***This meeting is handicapped-accessible***

<i>Page(s)</i>	<b>AGENDA</b>	<i>Item Type</i>
	<i>Any item on the agenda may result in Board Action</i>	
	<b>A. CALL TO ORDER – President Zendle, MD</b> Roll Call ____Vice-President/Secretary Rogers, RN ____Director Wortham, DrPH ____Director/Treasurer Matthews____Director Hazen	
	<b>B. PLEDGE OF ALLEGIANCE</b>	
1-3	<b>C. APPROVAL OF AGENDA</b>	<b>Action</b>
	<b>D. PUBLIC COMMENT</b> At this time, comments from the audience may be made on items <u>not</u> listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. <b>The Board has a policy of limiting speakers to no more than three minutes.</b> The Board cannot take action on items not listed on the agenda. Public input may be offered on agenda items when they come up for discussion and/or action.	
	<b>E. CONSENT AGENDA</b> All Consent Agenda item(s) listed below are considered to be routine by the Board of Directors and will be enacted by one motion. <u>There will be no separate discussion of items unless a Board member so requests, in which event the item(s) will be considered following approval of the Consent Agenda.</u>	<b>Action</b>
4-10 11-12	1. BOARD MINUTES a. Board Meeting of December 19, 2017 b. Special Board Meeting of January 11, 2018	
13-34	2. FINANCE and ADMINISTRATION a. Consideration for Approval of District December 2017 Financial Statements F&A Committee approved January 9, 2018	



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	<b>F. DESERT HEALTHCARE DISTRICT CEO REPORT –</b> Herb K. Schultz, CEO	Information
	<b>G. DESERT REGIONAL MEDICAL CENTER CEO REPORT</b> – Michele Finney, CEO	Information
	<b>H. DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS’ REPORT –</b> President Les Zendle, MD and Vice-President/Secretary Carole Rogers, RN	Information
	<b>I. COMMITTEE REPORTS</b>	
	<b>1. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE –</b> Chair/Director Mark Matthews and Director Jennifer Wortham, DrPH	
<b>35-37</b>	a. Draft Minutes of the January 9, 2018 Meeting	Information
<b>38-39</b>	b. CFO Report & Las Palmas Leasing Update	Information
	<b>2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE -</b> Chair/Vice-President Carole Rogers, RN and President Les Zendle, MD	
<b>40-41</b>	a. Draft Minutes of the December 18, 2017 Meeting	Information
	b. January 19, 2018 Meeting	Information
<b>42-93</b>	c. CBRE Facility Condition Assessment	Information & Discussion
	<b>3. NEW PROVIDERS, FACILITIES, PROGRAMS, AND SERVICES AD HOC COMMITTEE –</b> Chair/Director Kay Hazen and Director/Treasurer Mark Matthews	
<b>94-131</b>	a. CBRE Seismic & PML Assessment Report	Information & Discussion
	<b>J. COMMUNITY HEALTH &amp; WELLNESS</b>	
	<b>1. Resources and Philanthropy</b>	
<b>132-133</b>	a. Community and Expert Input to Guide Resources & Philanthropy and Public Policy & Research Programs	Information



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- |                |  |                                   |
|----------------|--|-----------------------------------|
|                | <b>K. OLD BUSINESS</b>   |                                   |
| 134            | <ul style="list-style-type: none"> <li>1. West Valley Homelessness Initiative Update</li> <li>2. Behavioral Health Consultant Modified Scope of Work and Contractual Agreement</li> </ul>  | Information<br>Information/Action |
|                | <b>L. NEW BUSINESS</b>   |                                   |
| 135-138<br>139 | <ul style="list-style-type: none"> <li>1. Policy #BOD-15 Conflict of Interest Policy-Revised</li> <li>2. 2018 Board Meeting Schedule</li> </ul>  | Action<br>Action                  |
|                | <b>M. LEGAL COMMENTS &amp; REPORT</b>  | Information                       |
|                | <b>N. DIRECTORS' COMMENTS &amp; REPORTS</b>  | Information                       |
|                | <b>O. ADJOURNMENT TO EXECUTIVE SESSION</b>   |                                   |
|                | <b>P. CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS</b>   |                                   |
|                | <ul style="list-style-type: none"> <li>1. Closed Session pursuant to Government Code 54956.95 Liability Claim – Agency: Desert Healthcare District Claimant: Barbara J. Smith</li> <li>2. Public Employee Evaluation pursuant to Government Code 54957 Title: Chief Executive Officer</li> </ul> |                                   |
|                | <b>Q. RECONVENE TO OPEN SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS</b>   |                                   |
|                | <b>R. REPORT AFTER CLOSED SESSION</b>  |                                   |
|                | <b>S. ADJOURNMENT</b>  |                                   |

**DESERT HEALTHCARE DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
December 19, 2017**

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A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 2<sup>nd</sup> Floor, Palm Springs, CA.

Attendance

Members

Carole Rogers, RN – President  
Kay Hazen – Vice-President/Secretary  
Mark Matthews – Treasurer  
Jennifer Wortham, DrPH – Director  
Les Zendle, MD – Director

Absent

Staff

Herb K. Schultz, CEO - *Telephonic*  
Chris Christensen, COO/CFO  
Donna Craig, Senior Program Officer  
Alejandro Espinoza, Program Officer and Outreach Director  
Mary Pannoni, Accounting/Admin. Support  
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeffrey G. Scott

Guests

Michelle Finney, CEO, Desert Regional Medical Center  
Rich Ramhoff, Director of Marketing, Desert Regional Medical Center  
Brett Klein, Marketing Specialist, Eisenhower  
Mitch Blumberg, Vice Chair, Governing Board, Desert Regional Medical Center  
John Mark Roger

**CALL TO ORDER**

The meeting was called to order at 2:01 p.m. by President Rogers.

**ELECTION OF OFFICERS**

Jeff Scott, Legal Counsel, opened the nominations for the election of Board President. Director Wortham and President Rogers nominated Director Zendle.

**#18-16 MOTION WAS MADE by Director Wortham and seconded by President Rogers to approve as Les Zendle, MD as Board President.**

**Motion passed unanimously.**

**Roll Call Vote:**

**AYES 4 Director Matthews; Director Wortham; Vice-President Hazen**

**President Rogers**

**NOES: 0**  
**ABSTAIN: 1 Director Zendle**  
**ABSENT:**  
**Motion Passed 4-1**

Jeff Scott, Legal Counsel, opened the nominations for Vice-President/Secretary. Director Wortham nominated Director Rogers.

**#18-17 MOTION WAS MADE by Director Wortham and seconded by Director Matthews to approve as President Rogers as Vice-President/Secretary. Motion passed unanimously.**

**Roll Call Vote:**  
**AYES 4 Director Zendle; Director Matthews; Director Wortham; Vice-President Hazen**

**NOES: 0**  
**ABSTAIN: 1 President Rogers**  
**ABSENT:**  
**Motion Passed 4-1**

Jeff Scott, Legal Counsel, opened the nominations for Treasurer. Director Rogers nominated Director Matthews to Treasurer.

**#18-18 MOTION WAS MADE by Director Rogers and seconded by Director Zendle to approve Director Matthews as Treasurer. Motion passed unanimously.**

**Roll Call Vote:**  
**AYES 4 Director Zendle; Director Wortham; Vice-President Hazen; President Rogers**

**NOES: 0**  
**ABSTAIN: 1 Director Matthews**  
**ABSENT:**  
**Motion Passed 4-1**

**APPROVAL OF AGENDA**

Vice-President Rogers passed the gavel over to President Zendle and asked for a motion to approve the agenda.

**#18-19 MOTION WAS MADE by Vice-President Rogers and seconded by Director Matthews to approve the agenda. Motion passed unanimously.**

**Roll Call Vote:**

**AYES**                5    **Director Hazen; Director Matthews; Director Wortham;  
Vice-President Rogers; President Zendle**

**NOES:**                0

**ABSTAIN:**

**ABSENT:**

**Motion Passed 5-0**

**ADJOURNMENT TO EXECUTIVE SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS 2:10 p.m.**

**CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS**

1. Closed Session Pursuant to Government Code 54956.9 – Existing Litigation (one case)  
Solomon vs. Desert Healthcare District et al.  
Riverside County Superior Court Case No. PSC1503643
2. Public Employee Evaluation Pursuant to Government Code 54957  
Title: Chief Executive Officer

**RECONVENE TO OPEN SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD**

**REPORT AFTER CLOSED SESSION**

The Board discussed the evaluation of the CEO and the Board President appointed an Ad Hoc Personnel Committee consisting of Directors Hazen and Wortham to review the process and bring back to the Board with recommendations. In closed session, the Board also discussed the Solomon versus Desert Healthcare District lawsuit.

**PUBLIC COMMENTS**

Ezra Kaufman, District Resident, requested clarification on a response to a public records request for the one-year extension of the capital improvement plan from the minutes of February 2, 2000. Mr. Kaufman inquired if the letter documented in the minutes was written and sent.

**CONSENT AGENDA**

Submitted for approval:

1. BOARD MINUTES
  - a. Meeting of November 28, 2017
2. a. Consideration for Approval of District November 2017 Financial Statements  
F&A Committee approved December 12, 2017.

**#18-20 MOTION WAS MADE by Director Matthews and seconded by Vice-President Rogers to approve the District November 2017 Financial Statements.  
Motion passed unanimously.**

**AYES**            5    **Director Hazen; Director Matthews; Director Wortham;  
Vice-President Rogers; President Zendle**

**NOES:**            0

**ABSTAIN:**

**ABSENT:**        0

**Motion Passed 5-0**

#### **DESERT HEALTHCARE DISTRICT CEO REPORT**

Herb K. Schultz, CEO, Desert Healthcare District, congratulated former President Rogers and former Vice-President/Secretary Hazen for an extraordinary year and their commitment to the District.

#### **DESERT REGIONAL MEDICAL CENTER CEO REPORT**

Michelle Finney, CEO, Desert Regional Medical Center (DRMC), explained that the hospital is closing out the capital and construction projects previously reported to the Board and the hospital is preparing for significant upcoming projects including the expansion of the emergency room and remodeling of the pharmacy for ADA requirement purposes. Ms. Finney also explained that the team recently completed its walk-thru with CBRE of the Facility Assessment Condition Report.

#### **PUBLIC COMMENT**

Ezra Kaufman, District Resident, stated that the previous boiler repair is the same central steam pipe boiler repair that commenced in 2014 for \$4.7M.

#### **DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS REPORT**

None

#### **INFORMATIONAL ITEMS**

None

#### **COMMITTEE REPORTS**

1. FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE - Director Matthews
  - a. Draft Minutes of December 12, 2017
  - b. CFO Report & Las Palmas Leasing Update
  - c. LPMP Lease Renewal – Suite 1W 101 – Pathway Pharmaceuticals, Inc.
  - d. Healthcare District Board Benefits Analysis & Comparison

Director Matthews described the draft Minutes of the December 12 meeting, the CFO Report, the Las Palmas Leasing update, and the lease renewal for Pathway Pharmaceuticals, Inc.

**#18-21 MOTION WAS MADE by Director Matthews and seconded by President Zendle to approve the LPMP Lease Renewal – Suite 1W 101 – Pathway Pharmaceuticals, Inc. Motion passed unanimously.**

**Roll Call Vote:**

**AYES**            5   **Director Hazen; Director Matthews; Director Wortham;  
Vice-President Rogers; President Zendle**

**NOES:**            0

**ABSTAIN:**

**ABSENT:**        0

**Motion Passed 5-0**

Chris Christensen, CFO, described the details of the Healthcare District Board Benefits Analysis & Comparison. Director Hazen explained that sixty-three Districts do not have benefits, the District Board serves as volunteers and encourages a stipend for meeting attendance or a limit for costs to participate and recommends that the benefits are open to a change. Vice-President Rogers explained that the other comparable Districts are similar to Desert Healthcare District and it is a personal matter concerning volunteerism.

**#18-22 MOTION WAS MADE by Director Matthews and seconded by President Zendle to reevaluate the Healthcare District Benefits during the Budget process. Motion passed unanimously.**

**Roll Call Vote:**

**AYES**            5   **Director Hazen; Director Matthews; Director Wortham;  
Vice-President Rogers; President Zendle**

**NOES:**            0

**ABSTAIN:**

**ABSENT:**        0

**Motion Passed 5-0**

2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE
  - a. December 18, 2017 Meeting

President Zendle provided details of the Committee's meeting and an update of the CB Richard Ellis (CBRE) Facility Condition Assessment. Chris Christensen, CFO, explained CBRE's facility inspections of mechanical, electrical, plumbing, and seismic. President Zendle also described the Committee's role, the various quality reports, and the Desert Regional Medical Center Quality Director's invite to present on the improvement of the scores at the January meeting.

**PUBLIC COMMENT**

Ezra Kaufman, District Resident, stated that the District should be proactive with Desert Regional Medical Center to determine if they are living up to the objectives of the lease and government oversight.



### 3. NEW PROVIDERS, FACILITIES, PROGRAMS & SERVICES

- a. Ad Hoc Committee
- b. Kaufman Hall Study Session
- c. Expansion, LAFCO Application, and Funding

Herb K. Schultz, CEO, explained that the Ad Hoc Committee's work is on track and that the LAFCO application will be heard in the spring by Riverside County. Director Hazen explained that the Committee is scheduling upcoming Study Sessions in January.

### 4. RESOURCES AND PHILANTHROPY PROGRAM

- a. Discussions with Community Members and Experts

Herb K. Schultz, CEO, explained the Resources and Philanthropy as it relates to the Strategic Plan. Formalized task forces are necessary to move forward with the community experts contributions. Director Hazen explained the implementation program consultant Mary Odell's suggested outreach and collaborative approach including public workshops and study sessions that are necessary, but not a structured committee using rigorous and proactive outreach to solicit public feedback instead of formal committees. The Board requested that Staff bring back to the January Board meeting an enactment to change the four task forces.

President Zendle introduced Lisa Houston, the incoming Chief Operating Officer.

### OLD BUSINESS

1. West Valley Homelessness Initiative – Concept for Short-Term Intervention

Donna Craig, Senior Program Officer, distributed and described the outline of the Concept for Short-Term Intervention for Hepatitis A that includes the continued leadership role, data determining the risk including vaccinations for Hepatitis A, existing service providers that can administer the vaccines, intervention action, and secondary intervention actions. Director Rogers recommends a cause and effect approach to the concept. Director Hazen explained the existing structure for a proactive strategy to ensure a similar outbreak does not happen in the Coachella Valley. The Board requested that Staff bring back additional recommendations and include Coachella Valley Association of Governments in the conversation.

3. Behavioral Health Consultant

Herb K. Schultz, CEO, explained that Staff was directed to work through the issues of the first strategic priority of the Board – New Providers, Facilities, Programs, and Services for future planning needs describing the work of Kaufman Hall and the possible risk of duplication. President Zendle explained that the District should determine the best way to use the consultant. Staff was directed to bring back a modified scope and job description to include a contract agreement for consideration at the January meeting.

**NEW BUSINESS**

None

**LEGAL COUNSEL COMMENTS & REPORTS**

Jeff Scott, Legal Counsel, explained Toni Atkins, was appointed as the first woman to Chair the California State Senate.

**DIRECTORS' COMMENTS & REPORTS**

President Zendle thanked the Board, Vice-President Rogers, and the Staff for their work and instruction on moving forward with the Strategic Plan. President Zendle appointed Director Hazen to Chair the CEO Evaluation Personnel Ad Hoc Committee, and Director Matthews to Chair the F&A Committee Meetings with Director Wortham as a Committee member.

Vice-President Rogers described the Behavioral Healthcare Symposium she attended sponsored by the California Hospital Association. Director Hazen expressed her appreciation for the leadership of the prior Board President Rogers. Directors Wortham and Matthews also praised Vice-President Rogers for her guidance and direction.

**ADJOURNMENT**

The meeting adjourned at 4:23 p.m.

ATTEST: \_\_\_\_\_

Carole Rogers, Vice-President/Secretary  
Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk to the Board*

**DESERT HEALTHCARE DISTRICT  
SPECIAL STUDY SESSION OF THE BOARD OF DIRECTORS  
MEETING MINUTES  
January 11, 2018**

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A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 2nd Floor, Palm Springs, CA.

**Attendance**

Members

Les Zendle, MD – President  
Carole Rogers, RN – Vice-President/Secretary  
Mark Matthews – Treasurer  
Kay Hazen – Director

Absent

Jennifer Wortham, DrPH – Director

Staff

Herb K. Schultz, CEO  
Lisa Houston, COO  
Chris Christensen, CFO  
Donna Craig, Senior Program Officer  
Alejandro Espinoza, Program Officer and Outreach Director  
Michele McKinney, Director,  
Mary Pannoni, Accounting/Admin. Support  
Andrea S. Hayles, Special Assistant to the CEO, Board Relations Officer

Legal Counsel

Jeffrey G. Scott

Guests

Jody Hill-Mischel, Managing Director, Kaufman Hall  
Steve Hollis, Senior Vice President, Kaufman Hall  
Patrick Smyth, Senior Vice President, Kaufman Hall

**CALL TO ORDER**

The meeting was called to order at 5:30 p.m. by President Zendle.

**PUBLIC COMMENTS**

None

**APPROVAL OF AGENDA**

President Zendle asked for a motion to approve the agenda.

**#18-23 MOTION WAS MADE by Director Hazen and seconded by Director Matthews to approve the agenda.**

**Motion passed unanimously.**

**Roll Call Vote:**

**AYES**            **4**   **President Zendle; Vice-President Rogers;**  
**Director Matthews; Director Hazen**

**NOES:**            **0**

**ABSTAIN:**

**ABSENT:**        **1**   **Director Wortham**

**Motion Passed 4-1**

**ADJOURNMENT TO EXECUTIVE SESSION OF THE DESERT HEALTHCARE BOARD OF DIRECTORS AT 5:34 P.M.**

**CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS**

1.    **REPORT INVOLVING TRADE SECRETS** pursuant to Health & Safety Code 32106 - concerning proposed new providers, facilities, programs, and services. Estimated date of public disclosure: January/February 2018.

**RECONVENE TO OPEN SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS AT 7:43 P.M.**

**REPORT AFTER CLOSED SESSION**

Legal Counsel, Jeff Scott, reported that the Board discussed potential new providers, facilities, programs, and services in the District and took no action.

**ADJOURNMENT**

The meeting adjourned at 7:44 p.m.

**ATTEST:** \_\_\_\_\_

Carole Rogers, Vice-President/Secretary  
Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk to the Board*

<b>DESERT HEALTHCARE DISTRICT</b>
<b>DECEMBER 2017 FINANCIAL STATEMENTS</b>
<b>INDEX</b>
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
Cumulative Profit & Loss Budget vs Actual - District Including LPMP
Cumulative Profit & Loss Budget vs Actual - LPMP
Balance Sheet - Condensed View
Balance Sheet - Expanded View
Accounts Receivable Aging
Deposit Detail - District
Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Grants Schedule

**DESERT HEALTHCARE DISTRICT  
YEAR TO DATE VARIANCE ANALYSIS  
ACTUAL VS BUDGET  
FIVE MONTHS ENDED DECEMBER 31, 2017**

**Scope: \$25,000 Variance per Statement of Operations Summary**

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 3,989,361	\$ 3,889,848	\$ 79,513	Higher interest income from FRF investments \$82K, lower NEOPB Grant Income \$3k.
5000 - Direct Expenses	\$ 242,346	\$ 298,623	\$ (56,277)	Lower wage and payroll tax \$1K due primarily to hiring delay for COO & Director of Communications and Marketing and straight-line amortization of salaries and 5.0% incentive pool, and vacations taken charged to vacation accrual; lower Medical insurance and reimbursement of \$42K; Lower retirement plan expense of \$11K; Lower various \$2K.
6500 - Professional Fees Expense	\$ 486,487	\$ 238,236	\$ 248,251	Higher cost of Consultant for New Providers, Facilities, Programs and Services \$242k. Higher Legal Expense \$10k, Lower various \$4k.
7000 - Grants Expense	\$ 1,656,885	\$ 2,410,002	\$ (753,117)	Budget of \$4.7MM for fiscal year is amortized straight-line over the fiscal year. \$1MM is for Pulmonary.
9999-1 Unrealized loss on invest	\$ 677,997	\$ 750,000	\$ (72,003)	Continuing market price fluctuations for fixed income investments - Treasury's and Agency Bonds.

**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through December 2017

	MONTH			TOTAL		
	Dec 17	Budget	\$ Over Budget	Jul - Dec 17	Budget	\$ Over Budget
<b>Income</b>						
4000 · Income	687,678	648,308	39,370	3,969,361	3,889,848	79,513
4500 · LPMP Income	91,026	97,931	(6,905)	546,449	587,582	(41,133)
4501 · Miscellaneous Income	750	6,250	(5,500)	26,690	37,500	(10,810)
<b>Total Income</b>	<b>779,454</b>	<b>752,489</b>	<b>26,965</b>	<b>4,542,500</b>	<b>4,514,930</b>	<b>27,570</b>
<b>Expense</b>						
5000 · Direct Expenses	71,960	57,256	14,704	242,346	298,623	(56,277)
6000 · General & Administrative Exp	49,125	37,411	11,714	241,568	224,466	17,102
6325 · CEO Discretionary Fund		417	(417)	2,799	2,502	297
6445 · LPMP Expenses	76,845	79,514	(2,669)	448,834	477,084	(28,250)
6500 · Professional Fees Expense	95,842	39,706	56,136	486,487	238,236	248,251
6700 · Trust Expenses	20,406	21,154	(748)	123,435	126,924	(3,489)
<b>Total Expense</b>	<b>314,178</b>	<b>235,458</b>	<b>78,720</b>	<b>1,545,469</b>	<b>1,367,835</b>	<b>177,634</b>
7000 · Grants Expense	10,350	401,667	(391,317)	1,656,885	2,410,002	(753,117)
9999-1 · Unrealized (gain)loss on invest	104,641	125,000	(20,359)	677,997	750,000	(72,003)
<b>Net Income</b>	<b>350,285</b>	<b>(9,636)</b>	<b>359,921</b>	<b>662,146</b>	<b>(12,907)</b>	<b>675,053</b>

**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through December 2017

	MONTH			TOTAL		
	Dec 17	Budget	\$ Over Budget	Jul - Dec 17	Budget	\$ Over Budget
<b>Income</b>						
4000 · Income						
4010 · Property Tax Revenues	524,141	524,141	0	3,144,846	3,144,846	0
4200 · Interest Income	151,438	112,500	38,938	757,159	675,000	82,159
4300 · DHC Recoveries	1,749	1,666	83	10,494	9,996	498
4400 · Grant Income	10,350	10,000	350	56,861	60,000	(3,139)
<b>Total 4000 · Income</b>	<b>687,678</b>	<b>648,307</b>	<b>39,371</b>	<b>3,969,360</b>	<b>3,889,842</b>	<b>79,518</b>
4500 · LPMP Income	91,026	97,931	(6,905)	546,448	587,586	(41,138)
4501 · Miscellaneous Income	750	6,250	(5,500)	26,690	37,500	(10,810)
<b>Total Income</b>	<b>779,454</b>	<b>752,488</b>	<b>26,966</b>	<b>4,542,498</b>	<b>4,514,928</b>	<b>27,570</b>
<b>Expense</b>						
5000 · Direct Expenses						
5100 · Administration Expense						
5110 · Wages Expense	70,184	82,811	(12,627)	310,982	461,376	(150,394)
5111 · Allocation to LPMP - Payroll	(3,658)	(3,658)		(21,948)	(21,948)	
5112 · Vacation/Sick/Holiday Expense	19,490	8,077	11,413	53,420	45,000	8,420
5114 · Allocation to Foundation	(26,563)	(51,096)	24,533	(159,378)	(306,576)	147,198
5115 · Allocation to NEOPB	(8,541)	(10,424)	1,883	(44,657)	(62,544)	17,887
5119 · Allocation to RSS/CVHIP-DHCF	(2,671)	(2,718)	47	(25,185)	(16,308)	(8,877)
5120 · Payroll Tax Expense	5,319	6,335	(1,016)	21,891	35,295	(13,404)
5130 · Health Insurance Expense						
5131 · Premiums Expense	7,192	10,886	(3,694)	43,420	65,316	(21,896)
5135 · Reimb./Co-Payments Expense		2,839	(2,839)	468	17,034	(16,566)
<b>Total 5130 · Health Insurance Expense</b>	<b>7,192</b>	<b>13,725</b>	<b>(6,533)</b>	<b>43,888</b>	<b>82,350</b>	<b>(38,462)</b>
5140 · Workers Comp. Expense	1,380	870	510	3,951	4,845	(894)
5145 · Retirement Plan Expense	6,228	6,708	(480)	26,275	37,371	(11,096)
5160 · Education Expense		292	(292)	689	1,752	(1,063)
<b>Total 5100 · Administration Expense</b>	<b>68,360</b>	<b>50,922</b>	<b>17,438</b>	<b>210,295</b>	<b>260,613</b>	<b>(50,318)</b>
5200 · Board Expenses						
5210 · Healthcare Benefits Expense						
5211 · Health Insurance Expense	1,666	4,055	(2,389)	19,904	24,330	(4,426)
5219 · Reimbursements/Co-Payments Exp				1,771		
5224 · Retired Board - Medical Expense	1,237	1,237		7,422	7,422	
<b>Total 5210 · Healthcare Benefits Expense</b>	<b>2,903</b>	<b>5,292</b>	<b>(2,389)</b>	<b>29,097</b>	<b>31,752</b>	<b>(2,655)</b>
5230 · Meeting Expense	698	667	31	3,051	4,002	(951)
5240 · Catering Expense		333	(333)	185	1,998	(1,813)
5250 · Mileage Reimbursement Expense		42	(42)	79	252	(173)



Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through December 2017

	MONTH			TOTAL		
	Dec 17	Budget	\$ Over Budget	Jul - Dec 17	Budget	\$ Over Budget
<b>Total 5200 · Board Expenses</b>	3,601	6,334	(2,733)	32,412	38,004	(5,592)
<b>Total 5000 · Direct Expenses</b>	71,961	57,256	14,705	242,707	298,617	(55,910)
<b>6000 · General &amp; Administrative Exp</b>						
6110 · Payroll fees Expense	52	229	(177)	898	1,374	(476)
6120 · Bank and Investment Fees Exp	9,756	9,333	423	59,176	55,998	3,178
6125 · Depreciation Expense	1,153	1,181	(28)	6,918	7,086	(168)
6126 · Depreciation-Solar Parking lot	15,072	15,072		90,432	90,432	
6130 · Dues and Membership Expense	938	2,275	(1,337)	12,970	13,650	(680)
6200 · Insurance Expense	945	700	245	5,670	4,200	1,470
6300 · Minor Equipment Expense		42	(42)		252	(252)
6305 · Auto Allowance & Mileage Exp	831	500	331	3,279	3,000	279
6306 · Staff- Auto Mileage reimb	(137)	104	(241)	1,470	624	846
6309 · Personnel Expense	415	104	311	1,821	624	1,197
6310 · Miscellaneous Expense		42	(42)		252	(252)
6311 · Cell Phone Expense		540	(540)	2,981	3,240	(259)
6312 · Wellness Park Expenses		208	(208)		1,248	(1,248)
6315 · Security Monitoring Expense		38	(38)	1,097	228	869
6340 · Postage Expense	25	542	(517)	1,018	3,252	(2,234)
6350 · Copier Rental/Fees Expense		458	(458)	1,997	2,748	(751)
6351 · Travel Expense	1,009	500	509	6,878	3,000	3,878
6352 · Meals & Entertainment Exp	499	333	166	2,272	1,998	274
6355 · Computer Services Expense	14,080	2,376	11,704	22,105	14,256	7,849
6360 · Supplies Expense	2,706	1,333	1,373	9,899	7,998	1,901
6380 · LAFCO Assessment Expense	1,783	1,500	283	10,698	9,000	1,698
<b>Total 6000 · General &amp; Administrative Exp</b>	49,127	37,410	11,717	241,212	224,460	16,752
6325 · CEO Discretionary Fund		417	(417)	2,799	2,502	297
6445 · LPMP Expenses	76,847	79,512	(2,665)	448,840	477,072	(28,232)
<b>6500 · Professional Fees Expense</b>						
6516 · Professional Services Expense	78,724	25,750	52,974	396,647	154,500	242,147
6520 · Annual Audit Fee Expense	1,449	1,456	(7)	8,694	8,736	(42)
6530 · PR/Communications/Website	2,150	2,500	(350)	10,650	15,000	(4,350)
6560 · Legal Expense	13,520	10,000	3,520	70,500	60,000	10,500
<b>Total 6500 · Professional Fees Expense</b>	95,843	39,706	56,137	486,491	238,236	248,255
<b>6700 · Trust Expenses</b>						
6711 · Disability Admin. Fee Expense		537	(537)		3,222	(3,222)
6720 · Pension Plans Expense						
6721 · Legal Expense		208	(208)	98	1,248	(1,150)
6725 · RPP Pension Expense	20,000	20,000		120,000	120,000	

Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through December 2017

	MONTH			TOTAL		
	Dec 17	Budget	\$ Over Budget	Jul - Dec 17	Budget	\$ Over Budget
6728 · Pension Audit Fee Expense	406	408	(2)	3,337	2,448	889
<b>Total 6720 · Pension Plans Expense</b>	<b>20,406</b>	<b>20,616</b>	<b>(210)</b>	<b>123,435</b>	<b>123,696</b>	<b>(261)</b>
<b>Total 6700 · Trust Expenses</b>	<b>20,406</b>	<b>21,153</b>	<b>(747)</b>	<b>123,435</b>	<b>126,918</b>	<b>(3,483)</b>
<b>Total Expense Before Grants &amp; Unrealized Loss</b>	<b>314,184</b>	<b>235,454</b>	<b>78,730</b>	<b>1,545,484</b>	<b>1,367,805</b>	<b>177,679</b>
<b>7000 · Grants Expense</b>						
7010 · Major Grant Awards Expense		391,667	(391,667)	1,600,024	2,350,002	(749,978)
7027 · Grant Exp - NEOPB	10,350	10,000	350	56,861	60,000	(3,139)
<b>Total 7000 · Grants Expense</b>	<b>10,350</b>	<b>401,667</b>	<b>(391,317)</b>	<b>1,656,885</b>	<b>2,410,002</b>	<b>(753,117)</b>
9999-1 · Unrealized (gain)loss on invest	104,641	125,000	(20,359)	677,997	750,000	(72,003)
<b>Net Income</b>	<b>350,279</b>	<b>(9,633)</b>	<b>359,912</b>	<b>662,146</b>	<b>(12,879)</b>	<b>675,025</b>

**Las Palmas Medical Plaza**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through December 2017

	MONTH			TOTAL		
	Dec 17	Budget	\$ Over Budget	Jul - Dec 17	Budget	\$ Over Budget
<b>Income</b>						
4500 · LPMP Income						
4505 · Rental Income	65,387	70,036	(4,649)	392,383	420,216	(27,833)
4510 · CAM Income	25,639	27,812	(2,173)	154,065	166,872	(12,807)
4513 · Misc. Income		83	(83)		498	(498)
<b>4500 · LPMP Income</b>	<b>91,026</b>	<b>97,931</b>	<b>(6,905)</b>	<b>546,448</b>	<b>587,586</b>	<b>(41,138)</b>
<b>Expense</b>						
6445 · LPMP Expenses						
6420 · Insurance Expense	1,100	1,000	100	6,600	6,000	600
6425 · Building - Depreciation Expense	22,923	22,923	0	137,538	137,538	0
6426 · Tenant Improvements -Dep Exp	14,044	14,853	(809)	84,264	89,118	(4,854)
6427 · HVAC Maintenance Expense	2,647	1,333	1,314	7,733	7,998	(265)
6428 · Roof Repairs Expense		208	(208)		1,248	(1,248)
6431 · Building -Interior Expense		208	(208)		1,248	(1,248)
6432 · Plumbing -Interior Expense		208	(208)		1,248	(1,248)
6433 · Plumbing -Exterior Expense		208	(208)		1,248	(1,248)
6434 · Allocation Internal Prop. Mgmt	3,658	3,658	0	21,948	21,948	0
6435 · Bank Charges	755	1,000	(245)	4,876	6,000	(1,124)
6437 · Utilities -Vacant Units Expense	92	333	(241)	493	1,998	(1,505)
6439 · Deferred Maintenance Repairs Ex		1,042	(1,042)	375	6,252	(5,877)
6440 · Professional Fees Expense	10,117	10,167	(50)	60,702	61,002	(300)
6441 · Legal Expense		83	(83)		498	(498)
6458 · Elevators - R & M Expense	1,491	917	574	5,020	5,502	(482)
6460 · Exterminating Service Expense	180	208	(28)	1,080	1,248	(168)
6463 · Landscaping Expense	1,250	1,250	0	15,608	7,500	8,108
6467 · Lighting Expense		500	(500)	2,250	3,000	(750)
6468 · General Maintenance Expense		83	(83)		498	(498)
6470 · Maint. / Janitorial Service Exp		417	(417)		2,502	(2,502)
6471 · Marketing-Advertising		1,458	(1,458)		8,748	(8,748)
6475 · Property Taxes Expense	6,000	6,000	0	36,000	36,000	0
6476 · Signage Expense	588	250	338	588	1,500	(912)
6480 · Rubbish Removal Medical Waste E	1,401	1,400	1	7,293	8,400	(1,107)
6481 · Rubbish Removal Expense	2,123	2,039	84	12,738	12,234	504
6482 · Utilities/Electricity/Exterior	733	833	(100)	2,627	4,998	(2,371)
6484 · Utilities - Water (Exterior)	484	583	(99)	3,486	3,498	(12)
6485 · Security Expenses	7,261	6,250	1,011	37,586	37,500	86
6490 · Miscellaneous Expense		100	(100)	35	600	(565)
<b>6445 · LPMP Expenses</b>	<b>76,847</b>	<b>79,512</b>	<b>(2,665)</b>	<b>448,840</b>	<b>477,072</b>	<b>(28,232)</b>
<b>Net Income</b>	<b>14,179</b>	<b>18,419</b>	<b>(4,240)</b>	<b>97,608</b>	<b>110,514</b>	<b>(12,906)</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of December 31, 2017

		Dec 31, 17
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
	1000 · CHECKING CASH ACCOUNTS	1,792,560
	1100 · INVESTMENT ACCOUNTS	53,617,415
	<b>Total Checking/Savings</b>	<b>55,409,975</b>
<b>Accounts Receivable</b>		
		195,076
<b>Other Current Assets</b>		
	1270 · Prepaid Insurance -Ongoing	24,895
	1279 · Pre-Paid Fees	23,193
	1281 · NEOPB Receivable	20,116
	1295 · Property Tax Receivable	1,854,061
	<b>Total Other Current Assets</b>	<b>1,922,265</b>
	<b>Total Current Assets</b>	<b>57,527,316</b>
<b>Fixed Assets</b>		
	1300 · FIXED ASSETS	4,890,628
	1335-00 · ACC DEPR	-1,488,131
	1400 · LPMP Assets	7,409,235
	<b>Total Fixed Assets</b>	<b>10,811,732</b>
<b>Other Assets</b>		
	1700 · OTHER ASSETS	2,928,331
	<b>Total Other Assets</b>	<b>2,928,331</b>
	<b>TOTAL ASSETS</b>	<b>71,267,379</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
	2000 · Accounts Payable	12,011
	2001 · LPMP Accounts Payable	14,290
	<b>Total Accounts Payable</b>	<b>26,301</b>
<b>Other Current Liabilities</b>		
	2002 · LPMP Property Taxes	1,490
	2131 · Grant Awards Payable	2,064,795
	2133 · Accrued Accounts Payable	216,508
	2141 · Accrued Vacation Time	25,950
	2142 · Accrued Sick Time	37,972

**Desert Healthcare District**  
**Balance Sheet**  
As of December 31, 2017

		Dec 31, 17
	<b>2152 · 457B/401A Liability</b>	4,876
	<b>2186 · Retired BOD Medical - Current</b>	14,892
	<b>2188 · Current Portion - LTD</b>	14,803
	<b>2190 · Investment Fees Payable</b>	26,193
	<b>Total Other Current Liabilities</b>	<b>2,407,479</b>
	<b>Total Current Liabilities</b>	<b>2,433,780</b>
	<b>Long Term Liabilities</b>	
	<b>2170 · RPP - Pension Liability</b>	3,003,995
	<b>2171 · RPP-Deferred Inflows-Resources</b>	3,242,061
	<b>2280 · Long-Term Disability</b>	54,813
	<b>2281 · Grants Payable - Long-term</b>	10,455,641
	<b>2286 · Retirement BOD Medical Liabilit</b>	79,672
	<b>2290 · LPMP Security Deposits</b>	58,517
	<b>Total Long Term Liabilities</b>	<b>16,894,699</b>
	<b>Total Liabilities</b>	<b>19,328,479</b>
	<b>Equity</b>	
	<b>3900 · *Retained Earnings</b>	51,276,754
	<b>Net Income</b>	662,146
	<b>Total Equity</b>	<b>51,938,901</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71,267,379</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of December 31, 2017

		Dec 31, 17
<b>ASSETS</b>		
<b>Current Assets</b>		
1000 · CHECKING CASH ACCOUNTS		
	1010 · Union Bank - Checking	1,618,758
	1046 · Las Palmas Medical Plaza	173,302
	1047 · Petty Cash	500
<b>Total 1000 · CHECKING CASH ACCOUNTS</b>		<b>1,792,560</b>
1100 · INVESTMENT ACCOUNTS		
1130 · Facility Replacement Fund		
	1129 · F R Fund - Restricted-Pulmonary	1,000,000
	1130 · Facility Replacement Fund - Other	53,505,006
<b>Total 1130 · Facility Replacement Fund</b>		<b>54,505,006</b>
	1135 · Unrealized Gain(Loss) FRF	(887,591)
<b>Total 1100 · INVESTMENT ACCOUNTS</b>		<b>53,617,415</b>
<b>Total Checking/Savings</b>		<b>55,409,975</b>
<b>Accounts Receivable</b>		
1201 · Accounts Receivable		
	1204 · LPMP Accounts Receivable	(7,985)
	1205 · Misc. Accounts Receivable	11,421
	1211 · A-R Foundation - Exp Allocation	191,641
<b>Total Accounts Receivable</b>		<b>195,076</b>
<b>Other Current Assets</b>		
	1270 · Prepaid Insurance -Ongoing	24,895
	1279 · Pre-Paid Fees	23,193
	1281 · NEOPB Receivable	20,116
	1295 · Property Tax Receivable	1,854,061
<b>Total Other Current Assets</b>		<b>1,922,265</b>
<b>Total Current Assets</b>		<b>57,527,316</b>
<b>Fixed Assets</b>		
1300 · FIXED ASSETS		
	1310 · Computer Equipment	77,668
	1315 · Computer Software	68,770
	1320 · Furniture and Fixtures	27,085
	1325 · Offsite Improvements	300,849
	1331 · DRMC - Parking lot	4,416,257
<b>Total 1300 · FIXED ASSETS</b>		<b>4,890,628</b>
1335-00 · ACC DEPR		
	1335 · Accumulated Depreciation	(187,151)

**Desert Healthcare District**  
**Balance Sheet**  
As of December 31, 2017

		Dec 31, 17
	1336 · Acc. Software Depreciation	(67,019)
	1337 · Accum Deprec- Solar Parking Lot	(1,145,643)
	1338 · Accum Deprec - LPMP Parking Lot	(88,319)
	<b>Total 1335-00 · ACC DEPR</b>	<b>(1,488,131)</b>
	<b>1400 · LPMP Assets</b>	
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	1,995,325
	1404 · Tenant Improvements - CIP	129,550
	1406 · Building Improvements	
	1406.1 · LPMP-Replace Parking Lot	676,484
	1406 · Building Improvements - Other	1,364,337
	<b>Total 1406 · Building Improvements</b>	<b>2,040,821</b>
	1407 · Building Equipment Improvements	350,663
	1409 · Accumulated Depreciation	
	1410 · Accum. Depreciation	(6,827,580)
	1412 · T I Accumulated Dep.-New	(1,150,523)
	<b>Total 1409 · Accumulated Depreciation</b>	<b>(7,978,103)</b>
	<b>Total 1400 · LPMP Assets</b>	<b>7,409,235</b>
	<b>Total Fixed Assets</b>	<b>10,811,732</b>
	<b>Other Assets</b>	
	<b>1700 · OTHER ASSETS</b>	
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,234,531
	<b>Total 1700 · OTHER ASSETS</b>	<b>2,928,331</b>
	<b>TOTAL ASSETS</b>	<b>71,267,379</b>
	<b>LIABILITIES &amp; EQUITY</b>	
	<b>Liabilities</b>	
	<b>Current Liabilities</b>	
	<b>Accounts Payable</b>	
	2000 · Accounts Payable	12,011
	2001 · LPMP Accounts Payable	14,290
	<b>Total Accounts Payable</b>	<b>26,301</b>
	<b>Other Current Liabilities</b>	
	2002 · LPMP Property Taxes	1,490
	2131 · Grant Awards Payable	2,064,795
	2133 · Accrued Accounts Payable	216,508
	2141 · Accrued Vacation Time	25,950

**Desert Healthcare District**  
**Balance Sheet**  
As of December 31, 2017

		Dec 31, 17
	2142 · Accrued Sick Time	37,972
	2152 · 457B/401A Liability	4,876
	2186 · Retired BOD Medical - Current	14,892
	2188 · Current Portion - LTD	14,803
	2190 · Investment Fees Payable	26,193
	<b>Total Other Current Liabilities</b>	<b>2,407,479</b>
	<b>Total Current Liabilities</b>	<b>2,433,780</b>
	<b>Long Term Liabilities</b>	
	2170 · RPP - Pension Liability	3,003,995
	2171 · RPP-Deferred Inflows-Resources	3,242,061
	2280 · Long-Term Disability	54,813
	2281 · Grants Payable - Long-term	10,455,641
	2286 · Retirement BOD Medical Liabilit	79,672
	2290 · LPMP Security Deposits	58,517
	<b>Total Long Term Liabilities</b>	<b>16,894,699</b>
	<b>Total Liabilities</b>	<b>19,328,479</b>
	<b>Equity</b>	
	3900 · *Retained Earnings	51,276,754
	<b>Net Income</b>	<b>662,146</b>
	<b>Total Equity</b>	<b>51,938,901</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71,267,379</b>



**Desert Healthcare District**  
**A/R Aging Summary**  
As of December 31, 2017

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Comment
Cohen Musch Thomas Medical Group	-	(3,365)	-	-	-	(3,365)	Prepay
Desert Healthcare Foundation-	29,234	-	29,696	30,972	101,738	191,641	Due from Foundation
Herb K. Schultz	-	37	-	-	-	37	Personal Expense
Kay Hazen-	2,383	-	-	-	-	2,383	Insurance Premiums
Laboratory Corporation of America	-	(4,620)	-	-	-	(4,620)	Prepay
Sovereign	750	-	750	750	6,750	9,000	Slow pay
<b>TOTAL</b>	<b>32,367</b>	<b>(7,948)</b>	<b>30,446</b>	<b>31,722</b>	<b>108,488</b>	<b>195,076</b>	

**Desert Healthcare District  
Deposit Detail  
December 2017**

Type	Date	Name	Amount
Deposit	12/04/2017		1,749
		T-Mobile	(1,749)
<b>TOTAL</b>			<b>(1,749)</b>
Deposit	12/07/2017		6,412
		Riverside County Treasurer-	(6,412)
<b>TOTAL</b>			<b>(6,412)</b>
Deposit	12/14/2017		1,115,247
		Riverside County Treasurer-	(1,115,247)
<b>TOTAL</b>			<b>(1,115,247)</b>
Deposit	12/15/2017		26,751
		Riverside County Treasurer-	(12,945)
		Riverside County Treasurer-	(13,056)
Payment	12/15/2017	Sovereign	(750)
<b>TOTAL</b>			<b>(26,751)</b>
Deposit	12/29/2017		12,090
		Riverside County Treasurer-	(12,090)
<b>TOTAL</b>			<b>(12,090)</b>
		<b>Total Deposits</b>	<b>1,162,249</b>

**DESERT HEALTHCARE DISTRICT  
PROPERTY TAX RECEIPTS FY 2017 - 2018  
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2018**

	FY 2016-2017 Projected/Actual					FY 2017-2018 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 152,663	1.3%	\$ 79,912	\$ (72,750)	2.5%	\$ 157,242	1.7%	\$ 107,591	\$ (49,652)
Aug	1.6%	\$ 97,704	1.7%	\$ 101,498	\$ 3,794	1.6%	\$ 100,635	1.2%	\$ 76,625	\$ (24,010)
Sep	2.6%	\$ 158,769	2.4%	\$ 147,194	\$ (11,575)	2.6%	\$ 163,532	2.4%	\$ 149,702	\$ (13,830)
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -
Nov	0.4%	\$ 24,426	0.0%	\$ 2,455	\$ (21,971)	0.4%	\$ 25,159	0.7%	\$ 47,069	\$ 21,910
Dec	16.9%	\$ 1,031,999	17.6%	\$ 1,075,328	\$ 43,330	16.9%	\$ 1,062,958	17.8%	\$ 1,121,658	\$ 58,700
Jan	31.9%	\$ 1,947,974	33.0%	\$ 2,014,083	\$ 66,110	31.9%	\$ 2,006,413	0.0%		
Feb	0.0%	\$ -	0.8%	\$ 50,338	\$ 50,338	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 18,320	0.2%	\$ 11,638	\$ (6,681)	0.3%	\$ 18,869	0.0%		
Apr	5.5%	\$ 335,858	5.8%	\$ 356,027	\$ 20,169	5.5%	\$ 345,933	0.0%		
May	19.9%	\$ 1,215,194	19.9%	\$ 1,215,601	\$ 408	19.9%	\$ 1,251,649	0.0%		
June	18.4%	\$ 1,123,596	16.8%	\$ 1,025,799	\$ (97,797)	18.4%	\$ 1,157,304	0.0%		
<b>Total</b>	<b>100%</b>	<b>\$ 6,106,500</b>	<b>99.6%</b>	<b>\$ 6,079,874</b>	<b>\$ (26,626)</b>	<b>100.00%</b>	<b>\$ 6,289,695</b>	<b>23.9%</b>	<b>\$ 1,502,645</b>	<b>\$ (6,882)</b>

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
December 2017**

Type	Date	Name	Memo	Account	Amount
<b>Deposit</b>	<b>12/01/2017</b>		<b>Deposit</b>	<b>1046 · Las Palmas Medical Plaza</b>	<b>3,659</b>
Payment	12/01/2017	Quest Diagnostics Incorporated		1499 · Undeposited Funds	(3,659)
<b>TOTAL</b>					<b>(3,659)</b>
<b>Deposit</b>	<b>12/06/2017</b>		<b>Deposit</b>	<b>1046 · Las Palmas Medical Plaza</b>	<b>13,894</b>
Payment	12/06/2017	Derakhsh Fozouni, M.D.		1499 · Undeposited Funds	(4,215)
Payment	12/06/2017	Derakhsh Fozouni, MD -		1499 · Undeposited Funds	(1,434)
Payment	12/06/2017	Aijaz Hashmi, M.D., Inc.		1499 · Undeposited Funds	(2,656)
Payment	12/06/2017	Brad A. Wolfson, M.D.		1499 · Undeposited Funds	(3,286)
Payment	12/06/2017	Ramy Awad, M.D.		1499 · Undeposited Funds	(2,304)
<b>TOTAL</b>					<b>(13,894)</b>
<b>Deposit</b>	<b>12/15/2017</b>		<b>Deposit</b>	<b>1046 · Las Palmas Medical Plaza</b>	<b>66,690</b>
Payment	12/15/2017	Dennis Spurgin, D.C.		1499 · Undeposited Funds	(2,656)
Payment	12/15/2017	Desert Regional Medical Center		1499 · Undeposited Funds	(4,755)
Payment	12/15/2017	Tenet HealthSystem Desert, Inc		1499 · Undeposited Funds	(5,265)
Payment	12/15/2017	Tenet HealthSystem Desert, Inc.		1499 · Undeposited Funds	(26,646)
Payment	12/15/2017	Desert Family Medical Center		1499 · Undeposited Funds	(3,395)
Payment	12/15/2017	Cure Cardiovascular Consultants		1499 · Undeposited Funds	(2,752)
Payment	12/15/2017	Peter Jamieson, M.D.		1499 · Undeposited Funds	(2,908)
Payment	12/15/2017	Cohen Musch Thomas Medical Group		1499 · Undeposited Funds	(3,437)
Payment	12/15/2017	Steven Gundry, M.D.		1499 · Undeposited Funds	(5,191)
Payment	12/15/2017	West Pacific Medical Laboratory		1499 · Undeposited Funds	(1,889)
Payment	12/15/2017	Milauskas Eye Institute Medical Group		1499 · Undeposited Funds	(5,862)
Payment	12/15/2017	Desert Oasis Healthcare Medical Group		1499 · Undeposited Funds	(1,933)
<b>TOTAL</b>					<b>(66,690)</b>
<b>Deposit</b>	<b>12/21/2017</b>		<b>Deposit</b>	<b>1046 · Las Palmas Medical Plaza</b>	<b>4,620</b>
Payment	12/21/2017	Laboratory Corporation of America		1499 · Undeposited Funds	(4,620)
<b>TOTAL</b>					<b>(4,620)</b>
<b>Deposit</b>	<b>12/29/2017</b>		<b>Deposit</b>	<b>1046 · Las Palmas Medical Plaza</b>	<b>2,162</b>
Payment	12/29/2017	Pathway Pharmaceuticals, Inc.		1499 · Undeposited Funds	(2,162)
<b>TOTAL</b>					<b>(2,162)</b>
				<b>Total Deposits</b>	<b>91,026</b>

**Desert Healthcare District**  
**Check Register**  
As of December 31, 2017

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1010 · Union Bank - Checking</b>				
General Journal	12/04/2017	06-01	401a payment - 12/01/17 payroll	(2,013)
General Journal	12/04/2017	06-01	457b payment - 12/01/17 payroll	(3,275)
Bill Pmt -Check	12/05/2017	14709	Burke Consulting	(2,150)
Bill Pmt -Check	12/05/2017	14710	California Special Districts Association	(6,842)
Bill Pmt -Check	12/05/2017	14711	Image Source	(679)
Bill Pmt -Check	12/05/2017	14712	IntelliCorp Records, Inc.	(46)
Bill Pmt -Check	12/05/2017	14713	Law Offices of Scott & Jackson	(13,600)
Bill Pmt -Check	12/05/2017	14714	Ready Refresh	(48)
Bill Pmt -Check	12/05/2017	14715	Shred-It	(80)
Bill Pmt -Check	12/05/2017	14716	So.Cal Computer Shop	(3,840)
Bill Pmt -Check	12/05/2017	14717	Time Warner Cable	(205)
Bill Pmt -Check	12/05/2017	14718	Underground Service Alert of Southern Cal	(12)
Bill Pmt -Check	12/05/2017	14719	Verizon Wireless	(769)
Bill Pmt -Check	12/14/2017	14720	Alejandro Espinoza-	(1,614)
Bill Pmt -Check	12/14/2017	14721	Anthem Blue Cross	(105)
Bill Pmt -Check	12/14/2017	14722	Blackbaud, Inc. - Void	-
Bill Pmt -Check	12/14/2017	14723	Brian Wachs, CPA	(500)
Bill Pmt -Check	12/14/2017	14724	Coachella Valley Rescue Mission	(45,000)
Bill Pmt -Check	12/14/2017	14725	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	12/14/2017	14726	HARC, INC.	(74,993)
Bill Pmt -Check	12/14/2017	14727	Martha's Village & Kitchen	(83,768)
Bill Pmt -Check	12/14/2017	14728	Quest Diagnostics	(25)
Bill Pmt -Check	12/14/2017	14729	Staples Credit Plan	(997)
Bill Pmt -Check	12/14/2017	14730	State Compensation Insurance Fund	(1,380)
Bill Pmt -Check	12/14/2017	14731	Xerox Financial Services	(392)
Liability Check	12/14/2017		QuickBooks Payroll Service	(26,472)
Liability Check	12/14/2017		QuickBooks Payroll Service	(1,176)
Bill Pmt -Check	12/18/2017	14732	First Bankcard (Union Bank)	(2,328)
Bill Pmt -Check	12/18/2017	14733	Andrea S. Hayles-	(18)
Bill Pmt -Check	12/18/2017	14734	Boys & Girls Club of Coachella Valley	(4,542)
Bill Pmt -Check	12/18/2017	14735	Calif. Public Employees' Retirement System	(9,987)
Bill Pmt -Check	12/18/2017	14736	KaufmanHall	(78,182)
Bill Pmt -Check	12/18/2017	14737	Law Offices of Scott & Jackson	(13,520)
Bill Pmt -Check	12/18/2017	14738	So.Cal Computer Shop	(940)
General Journal	12/18/2017	06-03	401a payment - 12/18/17 payroll	(2,166)
General Journal	12/18/2017	06-03	457b payment - 12/18/17 payroll	(3,425)
Bill Pmt -Check	12/19/2017	14739	CoPower Employers' Benefits Alliance	(1,684)

**Desert Healthcare District**  
**Check Register**  
As of December 31, 2017

Type	Date	Num	Name	Amount
Bill Pmt -Check	12/19/2017	14740	Find Food Bank, Inc.	(87,090)
Bill Pmt -Check	12/28/2017	14741	Alejandro Espinoza-	(362)
Bill Pmt -Check	12/28/2017	14742	Best Signs, Inc.	(278)
Bill Pmt -Check	12/28/2017	14743	Image Source	(822)
Bill Pmt -Check	12/28/2017	14744	Principal Life Insurance Co.	(868)
Bill Pmt -Check	12/28/2017	14745	Shred-It	(80)
Bill Pmt -Check	12/28/2017	14746	Vanessa Smith-	(102)
Liability Check	12/28/2017		QuickBooks Payroll Service	(30,565)
Liability Check	12/28/2017		QuickBooks Payroll Service	(1,476)
Check	12/31/2017		Service Charge	(756)
General Journal	12/31/2017	06-04	December 2017 LTD Payment - Jena Marie Van Earl	(1,234)
General Journal	12/31/2017	06-10	Sovereign - NSF check	(750)
<b>TOTAL</b>				<b>(511,184)</b>

Desert Healthcare District							
Details for credit card Expenditures							
Credit card purchases - November 2017 - Paid December 2017							
Number of credit cards held by District personnel -2							
Credit Card Limit - \$5,000							
Credit Card Holders:							
Herb Schultz - Chief Executive Officer							
Chris Christensen - Chief Financial Officer							
Routine types of charges:							
Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items							
Year	Statement		Expense Type	Amount	Purpose	Description	Participants
	Month Charged	Total Charges					
		\$ 2,327.64					
Chris' Statement:							
2017	November		District				
			6360	\$ 0.71	Conference call expense		
			6360	\$ 6.66	Conference call expense		
			6360	\$ 12.84	Conference call expense		
			6360	\$ 31.98	Conference call expense		
			6360	\$ 10.97	Conference call expense		
			6360	\$ 20.66	Conference call expense		
			6360	\$ 11.44	Conference call expense		
			6309	\$ 389.85	Indeed job posting - COO & Dir. Marketing & Communications		
			6352	\$ 13.75	Lunch - CEO/CFO Interview for Marketing & Comms		
			6352	\$ 107.88	Staff lunch		
			6352	\$ 37.60	Lunch - CEO/CFO meeting		
			6352	\$ 40.69	Lunch - CEO/CFO meeting		
			6360	\$ 12.95	Late fees & interest expense		
				\$ 697.98			
Herb's Statement:							
2017	November		District				
			6351	\$ 18.68	Lyft (personal - CEO to pay)		
			6351	\$ 18.69	Lyft (personal - CEO to pay)		
			6351	\$ 475.96	Flight - ACHD HCD Subcommittee		
			6351	\$ 36.00	Parking - ACHD HCD Subcommittee		
			6351	\$ 23.22	Lyft - ACHD HCD Subcommittee		
			6351	\$ 44.48	Hotel - ACHD HCD Subcommittee (personal - CEO to pay)		
			6351	\$ 17.48	Lyft - ACHD HCD Subcommittee		
			6351	\$ 5.60	Food - ACHD HCD Subcommittee		
			6352	\$ 53.18	CEO/COO Interview		
			5230	\$ 680.00	CHA Behavioral Health Symposium - BOD President		
			6352	\$ 45.85	CEO/POOD meeting		
			6352	\$ 43.18	CEO/SA meeting		
			6352	\$ 33.08	CEO lunch meeting		
			6352	\$ 71.98	CEO lunch meeting		
			6352	\$ 32.45	CEO lunch meeting		
			6352	\$ 19.63	CEO meeting		
			6360	\$ 10.20	Interest Charge		
				\$ 1,629.66			

**Las Palmas Medical Plaza**  
**Check Register**  
As of December 31, 2017

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1046 · Las Palmas Medical Plaza</b>				
Bill Pmt -Check	12/05/2017	9758	Desert Water Agency	(613)
Bill Pmt -Check	12/05/2017	9759	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	12/05/2017	9760	Imperial Security	(2,990)
Bill Pmt -Check	12/05/2017	9761	INPRO-EMS Construction	(10,117)
General Journal	12/06/2017	06-02	Property tax installment #1 2017-18	(34,510)
Bill Pmt -Check	12/14/2017	9762	Best Signs, Inc.	(588)
Bill Pmt -Check	12/14/2017	9763	Desert Air Conditioning Inc.	(1,301)
Bill Pmt -Check	12/14/2017	9764	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	12/14/2017	9765	Frontier Communications	(211)
Bill Pmt -Check	12/14/2017	9766	Imperial Security	(2,848)
Bill Pmt -Check	12/14/2017	9767	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	12/14/2017	9768	Southern California Edison	(825)
Bill Pmt -Check	12/14/2017	9769	Stericycle, Inc.	(1,401)
Bill Pmt -Check	12/19/2017	9770	Desert Air Conditioning Inc.	(125)
Bill Pmt -Check	12/19/2017	9771	Pink, Inc.	(1,250)
Bill Pmt -Check	12/28/2017	9772	Amtech Elevator Services	(1,280)
Bill Pmt -Check	12/28/2017	9773	Desert Air Conditioning Inc.	(2,398)
Bill Pmt -Check	12/28/2017	9774	Imperial Security	(2,848)
Check	12/31/2017		Service Charge	(755)
<b>TOTAL</b>				<b>(66,540)</b>





**MEMORANDUM**

DATE: January 9, 2018

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

---

Current number of participants in Plan:

Active – still employed by hospital	135
Vested – no longer employed by hospital	61
Former employees receiving annuity	<u>13</u>
Total	<u>209</u>

The outstanding liability for the RPP is approximately **\$4.9M** (Actives - \$3.6M and Vested - \$1.3M). Per the June 30, 2017 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$2.9M**. A monthly accrual of \$20K is being recorded each month as an estimate for FY2018.

The payouts, excluding monthly annuity payments, made from the Plan for the Six (6) months ended December 31, 2017 totaled **\$231K**. Monthly annuity payments (13 participants) total **\$1.8K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 12/31/17						
TWELVE MONTHS ENDED JUNE 30, 2018						
Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2017-2018	6/30/2018 Bal Fwd/New	Total Paid July-June	Open BALANCE
2013-759-BOD 02/26/13	Desert Hot Springs Wellness FDN - Oversampling - HARC -3yr	\$ 30,000		\$ 15,000	\$ -	\$ 15,000
2013-782-BOD 6/25/13	CVPEP - CV/iHub Accelerator Campus 3 years	\$ 500,000		\$ 25,000	\$ 25,000	\$ -
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 10,000,000	\$ -	\$ 10,000,000
2014-852-BOD-11-19-14	Desert AIDS Project - Get Tested Coachella Valley - 3 yr	\$ 498,625		\$ 124,656	\$ 74,794	\$ 49,863
2015-866-BOD-4-28-15	The LGBT Center of PS - Desert Low-Cost Counseling Clinic - 3 yr	\$ 140,000		\$ 68,000	\$ 18,000	\$ 50,000
2015-870-BOD-5-26-15	Mizell Senior Center - CV Senior Fall Prevention Program - 2 Yr	\$ 403,300		\$ 40,330	\$ 40,330	\$ -
2015-874-BOD-6-23-15	United Cerebral Palsy - Skill-builders Community Integration - 2 Yr	\$ 178,894		\$ 17,889	\$ 17,889	\$ -
2015-875-BOD-6-23-15	Desert AIDS Project - Sexually Transmitted Infection Clinic - 3 Yr	\$ 800,000		\$ 175,000	\$ 78,750	\$ 96,250
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540		\$ 289,494	\$ 84,047	\$ 205,447
2016-886-BOD-9-22-15	B&G Club of Cathedral City - Main Club House Capital Improvements - 1 Yr	\$ 150,000		\$ 48,750	\$ -	\$ 48,750
2016-887-BOD-9-22-15	CVPEP - Mental Health College & Career Pathways Development Initiative - 2 Yr-ext 9/18	\$ 737,900		\$ 239,818	\$ 166,028	\$ 73,790
2016-889-BOD-10-27-15	HARC - 2016 Community Health Monitor - 3 Yr	\$ 499,955		\$ 199,982	\$ 74,993	\$ 124,989
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 570,000		\$ 297,691	\$ 108,102	\$ 189,589
	Unexpended funds from Year 1 of Grant #891			\$ (75,792)		\$ (75,792)
2016-894-BOD-12-15-15	Act for MS - Enhanced health Training, Flexibility and Circulation Therapy - 2 Yr	\$ 368,228		\$ 119,674	\$ 82,851	\$ 36,823
2016-907-BOD-05-24-16	CV Volunteers in Medicine - Access to Healthcare Post Implementation of the ACA 1 Yr	\$ 120,798		\$ 12,080	\$ 12,080	\$ -
2016-908-BOD-06-28-16	Angel View Support for the Outreach Stabilization Program - 2 Yr	\$ 144,600		\$ 79,530	\$ 32,535	\$ 46,995
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 187,000		\$ 18,700	\$ 2,872	\$ 15,828
	Unexpended funds from Grant #909					\$ (15,828)
2016-910-BOD-06-28-16	FIND Food Bank Support for the Hunger to Health Program - 1 Yr	\$ 390,151		\$ 39,015	\$ 39,015	\$ -
2016-911-BOD-07-26-16	Well in the Desert - Support Assistance With Projects and Saving Lives - 1 Yr	\$ 44,800		\$ 4,480	\$ -	\$ 4,480
2016-913-BOD-07-26-16	Neuro-Vitality Center - Core Program Operations - 1 Yr	\$ 261,340		\$ 26,134	\$ 26,134	\$ -
2016-916-BOD-09-27-16	UCRSOM - Street Medicine Clinic - 1 Yr	\$ 70,899		\$ 7,090	\$ (63,809)	\$ 70,899
	Unexpended funds from Grant #916					\$ (63,809)
2016-920-BOD-10-25-16	LifeStream Blood Bank - Support Protate Cancer Treatment Program	\$ 60,000		\$ 6,000	\$ -	\$ 6,000
2016-926-BOD-12-20-16	Ranch Recovery Center - Purchase and Installation of Emergency Generator	\$ 27,969		\$ 2,797	\$ -	\$ 2,797
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 679,357		\$ 577,453	\$ 101,904	\$ 475,550
2017-929-BOD-05-23-17	Gilda's Club Desert Cities: HeLP - Healthy Living Program - 1 Yr	\$ 142,000		\$ 78,100	\$ -	\$ 78,100
2017-934-BOD-07-25-17	Well in the Desert - New Vans for Client Pickup & Deliveries		\$ 84,798	\$ 84,798	\$ 76,318	\$ 8,480
2017-936-BOD-07-25-17	Hidden Harvest - Senior Markets & Healthy Fairs		\$ 95,000	\$ 95,000	\$ 42,750	\$ 52,250
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr		\$ 400,300	\$ 400,300	\$ 90,068	\$ 310,233
2017-939-BOD-07-25-17	Loma Linda University - Dream Homes Initiative - 16 months		\$ 178,016	\$ 178,016	\$ 40,054	\$ 137,962
2017-947-BOD-09-26-17	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr		\$ 121,500	\$ 121,500	\$ 54,675	\$ 66,825
2017-948-BOD-09-26-17	Pegasus Hippo Therapy - Equine Therapy for District Residents - 1 Yr		\$ 93,829	\$ 93,829	\$ 42,223	\$ 51,606
2017-953-BOD-11-28-17	FIND Food Bank - Project Produce - 1 Yr		\$ 387,068	\$ 387,068	\$ 87,090	\$ 299,978
2017-954-BOD-11-28-17	CVRM - Emergency Food, Shelter with Wrap Around Services for West CV Homeless 1Yr		\$ 100,000	\$ 100,000	\$ 45,000	\$ 55,000
2017-955-BOD-11-28-17	Martha's Village & Kitchen - Health in Housing: Emergency Housing With Wrap Around 1Yr		\$ 186,150	\$ 186,150	\$ 83,768	\$ 102,383
				\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
<b>TOTAL GRANTS</b>		<b>\$ 17,379,356</b>	<b>\$ 1,646,661</b>	<b>\$ 14,083,531</b>	<b>\$ 1,483,459</b>	<b>\$ 12,520,435</b>
<b>Amts available/remaining for Grant/Programs - FY 2017-18:</b>						
<b>Amount budgeted 2017-2018</b>			\$ 4,700,000		G/L Balance:	12/31/2017
<b>Amount granted through December 31, 2018:</b>			\$ (1,646,661)		2131	\$ 2,064,795
Mini Grants: 932,940,942,943,944,946			\$ (23,500)		2281	\$ 10,455,641
Net adj - Grants not used: 909,			\$ 15,828		<b>Total</b>	<b>\$ 12,520,436</b>
<b>Balance available for Grants/Programs INCLDG \$1,000,000 for pulmonary.</b>			<b>\$ 3,045,667</b>		<b>Difference - Rdg</b>	<b>\$ (0)</b>

**DESERT HEALTHCARE DISTRICT  
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE  
MEETING MINUTES  
January 9, 2018**

---

Meeting of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2<sup>nd</sup> Floor, Palm Springs, CA

**Attendance:**

Members

Mark Matthews, Chairman/Treasurer

Absent

Jennifer Wortham, DrPH, Director  
Sid Rubenstein, Community Member  
Donna Craig, Senior Program Officer

Staff

Herb K. Schultz, CEO  
Lisa Houston, COO  
Chris Christensen, CFO  
Alejandro Espinoza, Program Officer and Outreach Director  
Mary Pannoni, Accounting/Admin Support  
Andrea S. Hayles, Clerk to the Board

Community Members

Arthur Shorr, Community Member

**CALL TO ORDER**

The meeting was called to order at 3:00 p.m. by Chair Matthews.

**APPROVAL OF AGENDA**

It was moved and seconded (Community Member Shorr, Chair Matthews) to approve the agenda.

**PUBLIC COMMENT**

**APPROVAL OF MINUTES**

Submitted for approval:

1. Minutes – December 12, 2017

It was moved and seconded (Community Member Shorr, Chair Matthews) to approve the minutes of December 12, 2017. Motion passed unanimously.

**CEO REPORT** – Herb K. Schultz, CEO, explained the F&A Committee's significant role in developing the budget of the 3-Year Strategic Plan that also incorporates the Infrastructure and Staffing Plan – thanking the Committee for their role and resources in moving forward the new positions of Chief Operating Officer and Director of Communications and Marketing. Mr. Schultz introduced Lisa Houston, Chief Operating Officer and Michele McKinney, Director Communications and Marketing.

**CHIEF FINANCIAL OFFICER’S REPORT - LPMP Leasing Update**

Chris Christensen, CFO, provided an overview of the Chief Financial Officer Report that included the LPMP lease update. Milauskas Eye Institute sold their organization to a separate entity, and a new 5-year lease with Eyecare Services Partners Management will be proposed at the February meeting. The Las Palmas Pharmacy lease approved in January will be revisited at the request of the lessor for a tenant improvement allowance. There are currently three vacancies at Las Palmas with a 5-year lease at \$1.45 sq. ft. and a 3-year lease at \$1.65 sq. ft.

**FINANCIAL REPORTS**

1. Financial Statements – The District’s and LPMP Financial Statements for December 2017 was reviewed.
2. Accounts Receivable Aging Summary – The December 2017 accounts receivable detail was reviewed.
3. Deposits – District – The District’s December 2017 deposits detail was reviewed.
4. Property Tax Receipts – District - The property tax receipts were reviewed.
5. Deposits – LPMP – The LPMP’s December 2017 deposit detail was reviewed.
6. Check Register – District - The December 2017 DHCD check register for the District was reviewed.
7. LPMP Check Register – The December 2017 LPMP check register was reviewed.
8. Credit Card – Detail of Expenditures – The December 2017 credit card expenditures were reviewed.
9. RPP Update – The RPP update was reviewed.
10. Grant Payment Schedule - The grant payment schedule was reviewed.

**It was moved and seconded (Community Member Shorr, Chair Matthews) to approve the December 2017 District Financial Reports - Items 1-10 and to forward to the Board for approval.**

**Motion passed unanimously.**

**PUBLIC COMMENT**

There were no public comments.

**OTHER MATTERS**

None

**PUBLIC COMMENT**

There were no public comments

**ADJOURNMENT**

The meeting was adjourned at 3:08 p.m.

ATTEST: \_\_\_\_\_

Mark Matthews, Chairman Finance and Administration Committee/Treasurer  
Desert Healthcare District Board of Directors

DRAFT

## **Chief Financial Officer's Report**

**January 9, 2018**

### **Las Palmas Medical Plaza - Property Management:**

#### **Occupancy:**

See attached unit rental status report.

**92.7%** currently occupied –

Total annual rent including CAM fees is **\$1,079,794**.

#### **Leasing Activity:**

Suite 1W-104 – a draft lease was approved by the F&A Committee and Board of Directors in November for Oasis Advanced Gastroenterology, Inc. The prospective tenant has since declined executing the lease.

Suite 1E 101-102 – Milauskas Eye Institute, a long standing tenant, desires to renew a 5, year long term lease. Current lease expires 2/28/18. Staff will present a draft lease at the February 13, 2018 F&A Committee meeting.

**Las Palmas Medical Plaza  
Unit Rental Status  
As of January 1, 2018**

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Incig CAM	Total Annual Rent Incig CAM
			From	To									
											\$ 0.60		
1W, 104	Vacant					1,024	2.07%						
1W, 105	Vacant					1,080	2.15%						
3W, 105-106	Vacant					1,536	3.11%						
<b>Total - Vacancies</b>						<b>3,620</b>	<b>7.33%</b>						
<b>Total Suites-33 - 29 Suites Occupied</b>		<b>\$ 58,516.90</b>				<b>49,356</b>	<b>92.7%</b>	<b>\$ 65,176.93</b>	<b>\$ 782,123.16</b>	<b>\$ 1.43</b>	<b>\$ 25,639.20</b>	<b>\$ 90,816.13</b>	<b>\$ 1,089,793.56</b>
<b>Summary - All Units</b>													
	<b>Occupied</b>	<b>45,736</b>					<b>92.7%</b>						
	<b>Vacant</b>	<b>3,620</b>					<b>7.3%</b>						
	<b>Total</b>	<b>49,356</b>					<b>100%</b>						

**DESERT HEALTHCARE DISTRICT  
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE  
MEETING MINUTES  
December 18, 2017**

---

Meeting of the Hospital Governance and Oversight Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2<sup>nd</sup> Floor, Palm Springs, CA

Attendance:

Members

Carole Rogers, RN, President - *Telephonic*  
Les Zendle, MD, Chair/Director

Absent

Alejandro Espinoza, Program Officer and  
Outreach Director

Staff

Herb K. Schultz, CEO  
Chris Christensen, COO/CFO  
Donna Craig, Senior Program Officer  
Mary Pannoni, Accounting/Admin Support  
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeff Scott

Guests

Michele Finney, CEO, Desert Regional Medical Center  
Ezra Kaufman, District Resident  
Christine Langenwaller, MSN, RNC, CENP, Director of Clinical Quality Improvement and  
Education Services  
Stephanie Salters, District Resident

**CALL TO ORDER**

The meeting was called to order at 2:00 p.m. by Chair Zendle

Chair Zendle invited all in attendance to introduce themselves.

**APPROVAL OF AGENDA**

There were no changes to the agenda.

**APPROVAL OF MINUTES**

Minutes of the October 23, 2017 Meeting.

**PUBLIC COMMENTS**

Stephanie Salters, District Resident, explained the status of a patient's records and belongings from a November 2017 visit. Ms. Salters explained concerns about monitoring technicians and nurses completing Assignment Despite Objections (ADO) forms.

December 18, 2017



Ezra Kaufman, District Resident, expressed concern about the reduction of the 2017 Leapfrog safety grades at Desert Regional Medical Center.

**OLD BUSINESS**

CB Richard Ellis (CBRE) Facility Condition Assessment Update

Chris Christensen, CFO, provided an update on the Facility Condition Assessment. The seismic inspection was performed on December 4, and the mechanical, electrical, and plumbing (MEP) examinations were performed on December 11 and 12. CBRE continues to work with Desert Regional Medical Center staff to finalize the report. It is anticipated that the reports will be public at the Board’s January 23, 2018 meeting.

Ezra Kaufman, District Resident, inquired if Staff would be making a recommendation to DRMC for the costs of the seismic data after completion of the Facility Assessment. Chair Zendle explained that Kaufman Hall consultants would provide the results of their seismic inspection that will incorporate CBRE’s assessment.

**NEW BUSINESS**

Committee’s Role in Receiving and Discussing Publicly Reported Quality Data

Chair Zendle provided copies of the Leapfrog Hospital Safety Guide for all in attendance. Chair Zendle suggested that at the next Hospital Governance and Oversight meeting, Desert Regional Medical Center (DRMC) staff provide an overview of why the scores and grades are declining, expectations for the next quarter, and in what manner the scores can be improved.

President Rogers suggested comparing DRMC’s data, scores, and similarities of other trauma hospitals. Christine Langenwalter, Director of Clinical Quality Improvement and Education Services currently educates the DRMC leadership team and directors and will provide educational materials and historical data and steps for improvement those steps, including Leapfrog’s recent changes.

Ezra Kaufman, District Resident, also suggested comparing the similarities of hospitals including hospitals with the same net incomes and net margins.

**ADJOURNED**

The Committee adjourned at 2:22 p.m.

ATTEST: \_\_\_\_\_

Les Zendle, MD, Chair/Director Hospital Governance and Oversight Committee  
Desert Healthcare District Board of Director

December 18, 2017

# FACILITY CONDITION ASSESSMENT

## Desert Healthcare District/Foundation

Desert Regional Medical Center

1150 N. Indian Canyon Drive

Palm Springs, CA 92262

Project No. PC71038638



Facility Assessment – Consultative Solutions

[www.cbre.com/assessment](http://www.cbre.com/assessment)

**CBRE**

# FACILITY CONDITION ASSESSMENT

## Desert Regional Medical Center

### Prepared For

Desert Healthcare District/Foundation  
1150 N. Indian Canyon Drive  
Palm Springs, CA 92262

### Project

Desert Regional Medical Center  
1150 N. Indian Canyon Drive  
Palm Springs, CA 92262

### Prepared By

CBRE, Inc.  
Facility Assessment – Consultative Solutions  
70 West Red Oak Lane  
White Plains, New York 10604

### CBRE Contact

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CBRE Project No. PC71038638

### Site Visit Dates

December 11 and 12, 2017

### Report Date

January 5, 2018

THIS REPORT IS THE PROPERTY OF CBRE INC. AND DESERT HEALTHCARE DISTRICT/FOUNDATION (THE "CLIENT") AND WAS PREPARED FOR A SPECIFIC USE, PURPOSE, AND RELIANCE AS DEFINED WITHIN THE AGREEMENT BETWEEN CBRE AND DESERT HEALTHCARE DISTRICT/FOUNDATION, AND WITHIN THIS REPORT. THERE SHALL BE NO THIRD-PARTY BENEFICIARIES, INTENDED OR IMPLIED, UNLESS SPECIFICALLY IDENTIFIED HEREIN.

## EXECUTIVE SUMMARY

### General Description

Desert Regional Medical Center, the Subject, is a 515,000-SFG, six-story, 385-bed hospital located in Palm Springs, California. Specifically, the Subject is located on the east side of N. Indian Canyon Drive between E. Tachevah Drive and E. Mel Avenue.

The facility was originally constructed in 1928 and served as a hotel until it was converted to hospital use in 1951. Subsequent major additions in 1960 (East Tower), 1971 (Sinatra Tower), 1975 (Central Plant), 1980 (Surgery Wing), and 1991 (West Tower), along with other smaller additions, have brought the facility to its present size.



The property is bounded by a mix of commercial, medical and retail properties on all sides. The hospital property includes outparcel buildings (El Mirador Medical Plaza and Stergio Center) north and west of the primary building; which are outside the scope of this survey. Also excluded is the parking structure contained within the El Mirador Medical Plaza. The Subject of this survey only includes the primary brick and precast concrete hospital building, which has been expanded over the years, but is considered one contiguous building. The hospital is licensed for 385 beds, and contains 9 operating rooms, and the Coachella Valley's only neonatal intensive care unit and Trauma Center.

Vehicular access is primarily provided from N. Indian Canyon Drive to access valet parking at the lobby of the hospital, or the parking garage located in the El Mirador Medical Plaza. Limited surface parking areas are also located off E. Tachevah Drive on the south side of the hospital. Employee parking lots are located on the north side of the hospital off E. Paseo El Mirador and E. Mel Avenue. Street parking is also available. A loading dock is provided on south side of the hospital. A Porte-Cochere is provided at the main entrance on the north side of the building, and the Emergency room entrance on the south side of the building.

The Municipal utility provides domestic water with a backflow prevention/check valve device through multiple metered lines. Booster pumps are installed to provide adequate water pressure to towers. Natural gas is supplied to the facility through a metered 6-in. welded steel riser. There are two 30,000-gallon diesel UST oil tanks for alternate generator and boiler fuel. Domestic hot water is produced by steam to hot water heat exchangers.

Chilled water for cooling is produced by three, variable speed, centrifugal compressor water-cooled chillers totaling 3,500-tons each using R123 refrigerant. Heat rejection for the chillers is provided by three, steel cooling towers with epoxy coated water basins, which were manufactured in 1998. and 75-HP VFD fans.

Steam is produced primarily by two fire tube boilers with shell-tube heat exchangers to convert steam into space heating hot water and domestic hot water. Chilled or hot water is routed to 26 main air-handler units distributed throughout the facility. The public electric utility provides electrical power at 4,160-Volts, 3-Phase, 4-Wire power level into the building with a billing meter and main 1,200-amp switch. Load centers at various locations contain transformers and each feed 277Y/480V, 3-phase, 4-wire power into the building distribution switchboards rated at 4,000-amps. There are also three diesel engine driven emergency power generators.

The facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Low rise areas are circulated at incoming line pressure, but there is a 75-HP electric motor drive firewater booster pump for high rise areas. The current fire alarm control panel is a retrofit, 1990s era addressable type that annunciates alarms for firewater flow alarms / tamper sensors, plus corridor, general area, HVAC duct smoke detectors, and lobby smoke detectors. The hospital is served by a total of 15 elevators of various stops (6 traction and 9 hydraulic) and two dumbwaiters.

### Physical Condition

The Subject is in good to fair condition with respect to the major structural and mechanical systems, and for the most part, exhibits normal and expected wear and tear equal to its age. However, the Subject does have some design and construction issues, and age-related failures that should be addressed now. Systems that fall into this category include roofs, which have exceeded their EUL, some inoperative equipment, and building envelope waterproofing. Routine and preventative maintenance procedures are appropriate for a building of this age.



Areas of efflorescence staining, due to moisture infiltration from the parking deck above, which is not included in this survey, was observed. Costs have been provided to clear the staining from the ceiling. A review of the parking deck coatings and sealants between drive deck panels is recommended prior to cleaning of the ceiling area to ensure all leaking has been remediated.

That said, since the building has been expanded and developed over the years, there are systems and equipment of various ages which will have varied EULs. Older systems will need to be replaced during the reserve term. These components generally consist of, but are not limited to, exterior sealants, selected roof membranes, interior finishes, and selected MEP systems. These items will need to be addressed during the reserve term. The recommendations listed in this report should be coordinated with, and become a part of, an overall strategic plan for the Subject. Implementing a comprehensive improvement program will assist in assessing and preparing capital budgets, and will reduce the likelihood of excessive repair or replacement costs that may be the result of either deferred maintenance, exceeded useful life, or obsolescence.

It is our opinion that the Subject can be used for its intended purposes, provided that; the recommended repairs identified within this report are completed; physical improvements receive continuing maintenance; and the various components and/or systems are replaced or repaired in a timely basis as needed. Costs to perform the repairs and replacements described within this Report are for budgetary purposes, and may change as after the scope of the work is further defined, detailed drawings and contract documents are prepared, and bids from qualified contractors are solicited.

### Municipal Agency and Requested Documentation Review Follow-Up

We have contacted the City of Palm Springs Fire, Building, and Planning Departments to determine if there are any open code violations on file for the Subject and obtain information related to the Subject. The following responses have been received from the municipal departments:

- **Building Department:** We were informed that the hospital does not fall under the city building department for permits or approvals, but instead is regulated through the Office of the State Architect. Any response from the Office of the State Architect will be forwarded.
- **Fire Department:** The hospital does not have any fire code violations on file with the Fire Department. The Fire Department is unaware of any general conditions that negatively impact the Subject.
- **Planning Department:** The information requested regarding zoning and any zoning violations, variances or permitted uses will require research by the Planning Department staff and would be delivered in a Zoning Conformance Letter. The cost of this letter is \$777.00. CBRE has not requested this letter as of this writing; however, should the Client wish to incur this expense, we will request the Zoning Conformance Letter from the city. Based on the on-line city zoning map, the Subject appears to be in zoning district PD, Planned Development.

### Moisture or Mold Issues

Based upon our representative observations, CBRE did not observe visual or olfactory evidence of the presence of mold, conditions conducive to mold, or evidence of substantial water intrusion or water damage. Past mold or mold-related issues were reported by property representatives; which have been addressed or remediated. It should also be noted that there has been some history of roof leaks and water intrusion. Costs to address these issues are included in the Opinions of Cost.

This assessment does not constitute a preliminary or comprehensive mold survey of the buildings. The reported observations and conclusions are based solely on interviews with on-site personnel and observations of conditions in readily accessible areas on the assessment date.

**ACM Survey and Abatement**

Based on the age of the building and the materials installed, it is likely that asbestos containing materials (ACM) may be located throughout the facility. In no way have the CBRE field observers conducted an asbestos survey or visibly identified there are ACMs within the building. It is our understanding that the nature of the current and future occupancies will require repairs and replacement of the building structures, systems and finishes. Therefore, testing will be required as part of any alteration work, and proper filing with all municipalities having jurisdiction will be necessary as part of the work. No Costs have been provided to complete this work as the work required may vary depending on the findings at the site.

**Lead Paint Testing**

Based on the age of the building, it is likely that lead based paint may be located throughout the facility. In no way have the CBRE field observers conducted a lead survey or visibly identified that there is lead based paint within the building. It is our understanding that the nature of the current and future occupancies will require repairs and replacement of the building structures, systems and finishes, therefore, testing will be required as part of any alteration work and proper documentation and contractor worker protection is required by OSHA. All lead containing materials must be properly removed and disposed of as per the Resource Conservation and Recovery Act (RCRA). RCRA regulates the management of solid waste (e.g., garbage), hazardous waste, and underground storage tanks holding petroleum products or certain chemicals. No Costs have been provided to complete this work as the work required may vary depending on the findings at the site.

SALIENT ASSIGNMENT INFORMATION	
Project No.:	PC71038638
Project Name:	Desert Regional Medical Center
Property Address:	1150 N. Indian Canyon Drive
City, State, and Zip:	Palm Springs, CA 92262
Primary Use:	Hospital
Building Age:	Converted to hospital use in 1951-66 years old Additions and Renovations in 1960, 1971, 1975, 1980, and 1991
Facility Management:	Tenet Healthcare, 60-323-6510
Duration of Current Management:	Approximately 10 years
Reported Site Area:	Information not provided
Reported Occupancy:	100%
Reported Building Size:	515,000 SFG Licensed for 385 beds
Number of Buildings:	One
Number of Stories:	Single to Six
Basement/Basement/Crawl Space:	Partial Basement
On-Site Parking Spaces:	1,104 Surface spaces. Parking garage at El Mirador Medical Plaza (out of scope) also available to patients and employees.
Currently Enforced Building Code:	2016 California Building Code
Date of Site Visit:	December 11-12, 2017
Field Observers:	Knox Carnes (Generalist) Glenn Tanner (MEP)
POC/Escorted By:	Initial POC was Steve Ballard, Facilities Director. Multiple facilities personnel escorted us during the walk-through survey.
Weather:	50-60 degrees F; Clear
Potable Water Service Provider:	Desert Water Agency
Sanitary Sewer Service Provider:	Desert Water Agency
Storm Water Management Provider:	Desert Water Agency
Natural Gas Service Provider:	Southern California Gas
Electrical Service Provider:	Southern California Edison

## SUMMARY, COST, ADA AND RESERVE SCHEDULES

### Terminology

Many of the terms used in this report to describe the condition of the Subject's readily observable components and systems are listed and defined below. It should be noted that a term applied overall to a system does not preclude that a part, section, or component of the system may differ significantly in condition.

**Good** - Component or system is sound and performing its function. Although it may show signs of normal wear and tear commensurate with its age, some minor remedial work may be required.

**Fair** - Component or system is performing adequately at this time but exhibits deferred maintenance, evidence of previous repairs, and workmanship not in compliance with commonly accepted standards, is obsolete, or is approaching the end of its typical EUL. Repair or replacement is required to prevent its further deterioration, restore it to good condition, prevent its premature failure, or to prolong its EUL. Component or system exhibits an inherent deficiency the cost of which to remedy is not commensurate with the deficiency but that is best addressed by a program of increased preventive maintenance or periodic repairs.

**Satisfactory** - Component or system is performing adequately at this time but exhibits normal wear and tear expected for: the specific type of material, component, or equipment; the Subject's use; and exposure to the elements for the given locale, if applicable. Other than routine preventive maintenance, no repairs or improvements are required at this time.

**Poor** - Component or system has either failed or cannot be relied upon to continue performing its original function as a result of: having realized or exceeded its typical EUL, excessive deferred maintenance, a state of disrepair, an inherent design deficiency or workmanship. Present condition could contribute to or cause the deterioration of contiguous elements or systems. Repair or replacement is required. ***The Buildings observed in poor condition should be monitored by, annual or bi-annual inspection, should not all of the deficiencies identified be addressed in that same time interval.***

**Acceptable** - Component or system is basically performing its original function in consideration of its age, overall quality of the asset, and any inherent design and/or construction defects. Such inherent defects coupled with normal wear and tear do not warrant the component to be classified as either in good or fair condition.

**Serviceable** - Component or system can accommodate either repairs or an increased level of proactive preventive maintenance so as to either realize or extend its RUL.

**Physical Deficiencies** - Defined by the ASTM as ". . . conspicuous defects or significant deferred maintenance of a subject property's material systems, components, or equipment as observed during the field observer's walk-through survey. Included within this definition are material life-safety/building code violations and, material systems, components, or equipment that are approaching, have reached, or have exceeded their typical EUL or whose RUL should not be relied upon in view of actual or EFF AGE, abuse, excessive wear and tear, exposure to the elements, lack of proper or routine maintenance, etc. This definition specifically excludes deficiencies that: may be remedied with routine maintenance, miscellaneous minor repairs, normal operating maintenance, etc., and excludes de minimis conditions that generally do not constitute a material physical deficiency of the subject property."

**No Further Action Required** - Component or system exhibits normal wear and tear considering its age, purpose and extent of use, and exposure to the elements. Prudent ownership would not immediately expend additional, significant monies in relation to the Subject's appraised value to remedy the observed physical deficiencies.



## Summary Table of Costs

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs, California
Description:	385-Bed Hospital
Date:	January 5, 2018







SECTION NO.	DESCRIPTION	OPINIONS OF COST	
		SHORT TERM 2018	UNINFLATED RESERVES
3.1	Site	\$150,750	\$607,500
3.2	Structural System	\$17,500	\$0
3.3	Exteriors	\$7,000	\$257,500
3.4	Roofing	\$42,000	\$5,368,200
3.5	Interiors	\$90,500	\$2,173,000
3.6	Plumbing Systems	\$10,000	\$225,000
3.7	Heating, Ventilation & Air Conditioning	\$2,956,000	\$8,648,800
3.8	Electrical System	\$0	\$1,120,000
3.9	Fire Protection and Life Safety	\$50,000	\$2,510,000
3.10	Garages and Carports	\$0	\$0
3.11	Elevators	\$3,750	\$722,000
<b>TOTAL</b>		<b>\$3,327,500</b>	<b>\$21,632,000</b>

SECTION NO.	DESCRIPTION	OPINIONS OF ADA COST
4.5	ADA Modifications	\$0
<b>TOTAL</b>		<b>\$0</b>

CAPITAL RESERVE SCHEDULE	TOTALS
Aggregate Reserves (Uninflated)	<b>\$21,632,000</b>
Aggregate Reserves (Inflated)	<b>\$25,870,802</b>
Uninflated Reserve/SFG/Year	<b>\$4.20</b>
Inflated Reserve/SFG/Year	<b>\$5.02</b>





**Opinions of Costs**  
Deferred Maintenance Existing Deficiencies

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs, California
Description:	385-Bed Hospital
Date:	January 5, 2018

NO.	SECTION #	DESCRIPTION	QUANTITY	UNIT	UNIT COST	OPINIONS OF COST	
						SHORT TERM 2018	Deficiency Photo
		<b>SITE</b>					
1		<p><b>Asphalt Pavement Crack Routing and Sealing</b></p> <p>The asphalt pavement in the parking lots for the Sinatra Education Center, valet parking and Employee parking is encumbered with isolated wide (1/4" or larger) cracks. Due to the age of the paving and the fact that the cracks are not widespread alligating type, a full overlay is not prudent at this time. These cracks will require individual attention so as to not allow storm water infiltration into the sub-base. Repairs should include routing along the length of each crack and then sealing.</p>	700	LF	\$7.50	\$5,250	
2		<p><b>Replace Concrete Sidewalk Sections</b></p> <p>A section of concrete sidewalk at the East Wing is damaged and creates a trip hazard. Remove deteriorated sections, prepare bed, and install new 4" thick sidewalks. Sidewalk sections that exhibit cracks but that do not warrant replacement should have all cracks pointed with a non-shrinking grout.</p>	100	SF	\$15.00	\$1,500	
3		<p><b>Resurface Helipad</b></p> <p>The surfacing material on the Helipad is cracked and deteriorated. Pieces are coming off exposing the concrete deck beneath. Rotor wash from helicopters can tear off sections of this surfacing and cause damage to the helicopter or personnel. The surfacing on the helipad should be removed and replaced with approved material. Restriping of aviation markings will need to be included.</p>	12,000	SF	\$12.00	\$144,000	
		<b>Subtotal Site</b>				\$150,750	
	<b>3.2</b>	<b>STRUCTURAL SYSTEM</b>					
4		<p><b>Clean, Seal, and Repaint Loading Dock Ceiling</b></p> <p>The ceiling area of the loading dock displays efflorescence caused by the leaching of calcium from the concrete and the overhead parking area above. The ceiling should be cleaned and pressure-washed to remove calcium build-up and dirt, sealed to prevent further infiltration, and repainted.</p>	5	CD	\$3,500.00	\$17,500	
		<b>Subtotal Structural System</b>				\$17,500	
	<b>3.3</b>	<b>EXTERIORS</b>					
5		<p><b>Wire Brush &amp; Re-Paint Façade</b></p> <p>The concrete trim and exterior walls exhibit flaking, chalking and peeling of paint, which is extensive in some locations, particularly the East Wing. Wire brush and remove all loose paint (verify absence of lead based paint), and apply primer and 2-coats of a paint coating. Not only will this preserve the building's water tightness, but its general aesthetics too.</p>	3,000	SF	\$1.50	\$4,500	
6		<p><b>Repair Stucco Cracks</b></p> <p>Stucco surfaces on the North Wing exterior walls were noted to be cracked and having deteriorated areas, particularly at the east side entrance. Pressure wash all stucco surfaces to remove all dirt, soot and mildew. Remove deteriorated stucco surfaces down to substrate. Apply 1-coat of sealer to all stucco surfaces. Repair major cracks with sealant or equal. Repair isolated deteriorated stucco areas with patch mix as a primer and re-coat all surfaces with 1-coat flat acrylic paint.</p>	500	SF	\$5.00	\$2,500	
		<b>Subtotal Exteriors</b>				\$7,000	


**Opinions of Costs**  
Deferred Maintenance Existing Deficiencies

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs, California
Description:	385-Bed Hospital
Date:	January 5, 2018

NO.	SECTION #	DESCRIPTION	QUANTITY	UNIT	UNIT COST	OPINIONS OF COST	
						SHORT TERM 2018	Deficiency Photo
	3.4	<b>ROOFING</b>					
7		<b>Make Necessary Roof Repairs</b> Roof areas were observed to have holes and deteriorated areas in the urethane coating, bubbles, and deteriorated areas. Current and past roof leaks were reported. The primary areas needing repair were noted on the Sinatra Tower, Surgery Wing, Women's and Infants Wing (West Wing), and the East Wing and Tower. A roof survey performed by Benchmark Roofing in May 2016 identified similar repair locations and recommended repairs. Evidence of some previous repairs were noted, but some of these repairs appeared to be poorly executed.	10	CD	\$3,500.00	\$35,000	
8		<b>Install Permanent Guardrail</b> An area on the East Wing has a roof penthouse corner near the edge of the roof and a temporary railing has been installed to prevent falls while crossing in this area. A guardrail is definitely needed in this location; however, the makeshift guardrail should be replaced with a permanently fixed railing, adequately secured to the building. Roof and flashing penetrations should be made water tight.	2	CD	\$3,500.00	\$7,000	
		<b>Subtotal Roofing</b>				\$42,000	
	3.5	<b>INTERIORS</b>					
9		<b>Repair Leak and Replace Ceiling Tile</b> A wet ceiling tile was observed in the East Wing Maternity area. The source of the water could either be a roof leak or plumbing leak. The source of the leakage should be investigated and repaired; and the water-damaged ceiling tile replaced.	1	MD	\$500.00	\$500	
10		<b>Repair Walls and Install Protective Surfacing in Operating Rooms</b> The operating rooms exhibit dents, holes, and scratches in the drywall wall surfaces due to movement of portable medical equipment and gurneys. Most of the wall areas have a chair rail for protection; however, its location does not cover all potential damage areas. Installation of a hard surfacing panel on the walls will prevent damage and keep the OR more easily cleaned. This work will require coordination with medical personnel to be able to work on one operating room at a time.	9	ROOM	\$10,000.00	\$90,000	
		<b>Subtotal Interiors</b>				\$90,500	
	3.6	<b>PLUMBING SYSTEMS</b>					
11		<b>Investigate Drain Piping</b> A drain pipe under the Kitchen area is reported to require "snaking" on a frequent basis to maintain drainage flow through the pipe. The pipe should be inspected using a camera to determine the cause of the frequent clogging and appropriate repairs made. Cost is a ballpark estimate only and will depending on the findings of the camera inspection.	1	LS	\$10,000.00	\$10,000	
						\$0	
						\$0	
		<b>Subtotal Plumbing Systems</b>				\$10,000	
	3.7	<b>HEATING, VENTILATION &amp; AIR CONDITIONING</b>					
		<b>Complete Retro Commissioning of HVAC System (per Tenet Capex)</b>	1	ALLOW	\$2,006,000.00	\$2,006,000	
		<b>Complete Sinatra Tower Duct Replacement (per Tenet Capex)</b>	1	ALLOW	\$950,000.00	\$950,000	
						\$0	
		<b>Subtotal Heating, Ventilation &amp; Air Conditioning</b>				\$2,956,000	

**Opinions of Costs**  
Deferred Maintenance Existing Deficiencies

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs, California
Description:	385-Bed Hospital
Date:	January 5, 2018

NO.	SECTION #	DESCRIPTION	QUANTITY	UNIT	UNIT COST	OPINIONS OF COST	
						SHORT TERM 2018	Deficiency Photo
	<b>3.8</b>	<b>ELECTRICAL SYSTEM</b>					
		No Items Required				\$0	
		<b>Subtotal Electrical System</b>				\$0	
	<b>3.9</b>	<b>FIRE PROTECTION AND LIFE SAFETY</b>					
12		<b>Fire System Certification</b> The five year testing and fire sprinkler system compliance testing and certification required by NFPA is due in the first quarter of 2018.	1	ALLOW	\$50,000.00	\$50,000	
		<b>ADVISORY - Ongoing FACP Replacement/Upgrade</b> Tenet has plans in progress for a 2018 replacement project, and components have already been delivered on site. Generally new FACP's will be compatible with older existing field sensing detectors and devices; however, there is no guarantee that some if not all field devices may also require replacement, including newer addressable horns and strobes. No Short Term costs have been provided as equipment is on site and work is beginning. Capital Costs are included in the Reserve Table for continued replacement over the term.				\$0	
		<b>Subtotal Fire Protection and Life Safety</b>				\$50,000	
	<b>3.10</b>	<b>GARAGES AND CARPORTS</b>					
		<b>ADVISORY</b> The loading dock area was noted to be in good to fair condition. Areas of efflorescence staining on the ceiling, due to moisture infiltration from the parking deck above, which is not included in this survey, was observed. Costs have been provided to clear the staining from the ceiling. A review of the parking deck coatings and sealants between drive deck panels is recommended prior to cleaning of the ceiling area to ensure all leaking has been remediated.				\$0	
		<b>Subtotal Garages and Carports</b>				\$0	
	<b>3.11</b>	<b>ELEVATORS</b>					
13		<b>Elevator Repairs</b> It was observed during the site visit that some of the elevators need repair actions. Elevator S6 was inoperative at the time of the survey, elevator S8 was extremely noisy with an erratic ride, and elevator W1 had a hydraulic leak in the elevator control room. Repairs are needed at this time.	5	MD	\$750.00	\$3,750	
		<b>Subtotal Elevators</b>				\$3,750	
		<b>Total</b>				<b>\$3,327,500</b>	

- \* - COST OMITTED: Work can be completed in-house or by an outside contractor at minimal cost.
- \*\* - COST OMITTED: Recommendation only.
- \*\*\* - COST OMITTED: Tenant responsibility.
- ^ - COST OMITTED: Work already budgeted as part of Capital Program

## Opinions of ADA Modifications

<b>Project Number:</b>	PC71038638
<b>Project Name:</b>	Desert Regional Medical Center
<b>Location:</b>	1150 N. Indian Canyon Drive, Palm Springs, California
<b>Description:</b>	385-Bed Hospital
<b>Date:</b>	January 5, 2018

NO.	SECTION NO.	DESCRIPTION	QUANTITY	UNIT	UNIT COST	OPINIONS OF ADA COST	Deficiency Photo
	4.5	ADA MODIFICATIONS					
		No Items Required				\$0	
		<b>Subtotal ADA Modifications</b>				\$0	
				<b>Total</b>		<b>\$0</b>	

\* - COST OMITTED: Work can be completed in-house or by an outside contractor at minimal cost.

\*\* - COST OMITTED: Recommendation only.

\*\*\* - COST OMITTED: Tenant responsibility.

^ - COST OMITTED: Work already budgeted as part of Capital Program

# Capital Reserve Schedule

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs California
Description:	385-Bed Hospital
Date:	January 5, 2018

Reserve Term:	10
Inflation Rate (%):	3.00%
Building Age:	67
No. of Buildings:	1
SFG:	515,000

COMPONENT OR SYSTEM	AVG EUL (Yr)	EFF AGE (Yr)	RUL (Yr)	QUANTITY	UNIT	UNIT COST (\$)	CYCLE REPLMNT COST	PROBABLE REPLACEMENT DATES & ESTIMATED EXPENDITURES (\$)										Total Reserve Item
								2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
								1	2	3	4	5	6	7	8	9	10	
<b>SITE</b>																		
Apply 1 1/2" Overlay to Asphalt Pavement	15	10	5	150,000	SF	2.50	375,000	0	0	0	0	375,000	0	0	0	0	0	375,000
Pavement and Curbing - Allowance	2	0	2	150,000	SF	0.11	16,500	0	16,500	0	16,500	0	16,500	0	16,500	0	16,500	82,500
Concrete Site Maintenance	2	0	2	2,000	SF	15.00	30,000	0	30,000	0	30,000	0	30,000	0	30,000	0	30,000	150,000
<b>STRUCTURAL SYSTEM</b>																		
No Items Required	1	0	1		SF	0.00		0	0	0	0	0	0	0	0	0	0	0
<b>EXTERIORS</b>																		
Replace Exterior Sealants-Precast Concrete Panel Joints	7	5	2	12,000	LF	7.00	84,000	0	84,000	0	0	0	0	0	0	84,000	0	168,000
Replace Exterior Door and Window Sealants	7	5	2	8,500	LF	5.00	42,500	0	42,500	0	0	0	0	0	0	42,500	0	85,000
Re-Paint Exterior Sidewall Surfaces	7	0	7	3,000	SF	1.50	4,500	0	0	0	0	0	4,500	0	0	0	0	4,500
<b>ROOFING</b>																		
Replace Roof-Sinatra Education Center	20	15	5	7,900	SF	23.00	181,700	0	0	0	0	181,700	0	0	0	0	0	181,700
Replace Roof-East Wing and Tower	20	13	7	116,000	SF	23.00	2,668,000	0	0	0	0	0	2,668,000	0	0	0	0	2,668,000
Replace Roof-Sinatra Addition	20	11	9	93,000	SF	23.00	2,139,000	0	0	0	0	0	0	0	2,139,000	0	0	2,139,000
Apply Urethane Elastomeric Coating-West Wing and Tower	20	19	1	53,000	SF	3.50	185,500	185,500	0	0	0	0	0	0	0	0	0	185,500
Annual Roof Covering Maintenance	1	0	1	1	ALLOW	5,000.00	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	50,000
Replace Heli-Pad Coating	10	0	10	12,000	SF	12.00	144,000	0	0	0	0	0	0	0	0	0	144,000	144,000
<b>INTERIORS</b>																		
Upgrade Lobby Finishes	10	5	5	2,000	SF	125.00	250,000	0	0	0	0	250,000	0	0	0	0	0	250,000
Replace Common Area Carpeting	7	5	2	1,100	SY	40.00	44,000	0	44,000	0	0	0	0	0	44,000	0	0	88,000
Upgrade Toilet Room Fixtures/Finishes	10	8	2	1,500	SF	85.00	127,500	0	127,500	0	0	0	0	0	0	0	0	127,500
Upgrade Cafeteria Finishes	10	2	8	7,500	SF	75.00	562,500	0	0	0	0	0	0	562,500	0	0	0	562,500
Upgrade Office Area Finishes	10	2	8	3,500	SF	70.00	245,000	0	0	0	0	0	0	245,000	0	0	0	245,000
Upgrade Commercial Kitchen Equipment	10	3	7	4,500	SF	200.00	900,000	0	0	0	0	0	900,000	0	0	0	0	900,000
<b>PLUMBING SYSTEMS</b>																		
Replace DHW Heat Exchangers, Control Valves and Pumps	25	22	3	4	EA	50,000.00	200,000	0	0	200,000	0	0	0	0	0	0	0	200,000
Replace Sump Pump (2)	10	4	6	20	HP	1,250.00	25,000	0	0	0	0	0	25,000	0	0	0	0	25,000

# Capital Reserve Schedule

Project Number:	PC71038638
Project Name:	Desert Regional Medical Center
Location:	1150 N. Indian Canyon Drive, Palm Springs California
Description:	385-Bed Hospital
Date:	January 5, 2018

Reserve Term:	10
Inflation Rate (%):	3.00%
Building Age:	67
No. of Buildings:	1
SFG:	515,000

COMPONENT OR SYSTEM	AVG EUL (Yr)	EFF AGE (Yr)	RUL (Yr)	QUANTITY	UNIT	UNIT COST (\$)	CYCLE REPLMNT COST	PROBABLE REPLACEMENT DATES & ESTIMATED EXPENDITURES (\$)										Total Reserve Item			
								2019	2020	2021	2022	2023	2024	2025	2026	2027	2028				
								1	2	3	4	5	6	7	8	9	10				
<b>HEATING, VENTILATION &amp; AIR CONDITIONING</b>																					
Replace Cooling Tower (3)	30	20	10	5,811	TON	800.00	4,648,800	0	0	0	0	0	0	0	0	0	0	0	4,648,800	4,648,800	
Replace Condensate Return/Boiler Feedwater Tank and Pumps	50	43	7	1	LS	300,000.00	300,000	0	0	0	0	0	0	300,000	0	0	0	0	300,000	300,000	
Replace or Refurbish AHU in Sinatra Tower, Penthouse #1, Penthouse #2, North Tower and East Tower	45	40	5	13	EA	100,000.00	1,300,000	0	0	0	0	1,300,000	0	0	0	0	0	0	1,300,000	1,300,000	
Convert all Air Handlers and Space Zones from Pneumatic to DDC Control	45	40	5	20	EA	100,000.00	2,000,000	0	0	0	0	400,000	400,000	400,000	400,000	400,000	400,000	0	2,000,000	2,000,000	
Replace Space Heating Shell/Tube Heat Exchangers, Control Valves and Pumps	35	30	5	4	EA	100,000.00	400,000	0	0	0	0	400,000	0	0	0	0	0	0	400,000	400,000	
<b>ELECTRICAL SYSTEM</b>																					
Replace Emergency Generator (2)	50	43	7	3,000	KW	350.00	1,050,000	0	0	0	0	0	0	525,000	525,000	0	0	0	1,050,000	1,050,000	
Conduct Infra-Red Survey	1	0	1	1	EA	7,000.00	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	70,000	70,000
<b>FIRE PROTECTION AND LIFE SAFETY</b>																					
Continued Replacement and Upgrading of the Fire Alarm System	25	24	1	1	LS	510,000.00	510,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	51,000	510,000	510,000
Complete sprinkler coverage to 100% - Approx 150,000-SFG	25	24	1	1	LS	2,000,000.00	2,000,000	500,000	500,000	500,000	500,000	0	0	0	0	0	0	0	0	2,000,000	2,000,000
<b>GARAGES AND CARPORTS</b>																					
Not Applicable	1	0	1		EA	0.00		0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>ELEVATORS</b>																					
Replace Hydraulic Pump/Motor	15	9	6	9	EA	8,000.00	72,000	0	0	0	0	0	72,000	0	0	0	0	0	72,000	72,000	
Modernize Traction Elevator - Lowrise	20	18	2	2	EA	250,000.00	500,000	0	500,000	0	0	0	0	0	0	0	0	0	0	500,000	500,000
Replace Cab Finishes	10	5	5	15	EA	10,000.00	150,000	0	0	0	0	50,000	50,000	50,000	0	0	0	0	0	150,000	150,000
ANNUAL REQUIREMENTS (UNINFLATED)								\$748,500	\$1,407,500	\$763,000	\$609,500	\$3,019,700	\$656,500	\$4,910,500	\$1,842,000	\$2,772,500	\$4,902,300	<b>\$21,632,000</b>			
INFLATION RATE FACTOR @ 3.00 %								1	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048				
ANNUAL REQUIREMENTS (INFLATED)								\$748,500	\$1,449,725	\$809,467	\$666,017	\$3,398,699	\$761,063	\$5,863,394	\$2,265,428	\$3,512,120	\$6,396,390	<b>\$25,870,802</b>			
UNINFLATED RESERVE/SFG/YEAR								<b>\$4.20</b>													
INFLATED RESERVE/SFG/YEAR								<b>\$5.02</b>													

AVG EUL: Average Expected Useful Life

EFF AGE: Effective Age

RUL: Remaining Useful Life

\* - COST OMITTED: Work can be completed in-house or by an outside contractor at minimal cost.

\*\* - COST OMITTED: Recommendation only.

\*\*\* - COST OMITTED: Tenant responsibility.

^ - COST OMITTED: Work already budgeted as part of Capital Program

## SITE SYSTEMS

### TOPOGRAPHY, DRAINAGE, AND FLOOD HAZARD



The topography of the site is generally flat, but there are some moderate elevation changes from higher elevations in the west to lower elevations in the east. Grade changes are accomplished through gentle slopes and embankments, the site is without significant retaining walls or terraces. Building drainage is generally positive with gentle slopes away from the building, or purposeful low areas with surface catch basins. Finished grade elevations on the building pad perimeter are even with the adjacent parcels. The ground floor elevations are at, or, slightly above the finished grade and pavement, except for a partial ground floor level, under a portion of the building which is partially below grade.

Storm water drains via sheet-flow to a system of catch basins or curb inlet structures that drain into the municipal system. Underground piping, generally reinforced concrete pipe, connects the catch basins and inlet structures together to provide delivery to the storm water system. Some roof drains are piped underground to the storm water system as well.

The potential flood risk is relatively low. The site is in Flood Hazard Zone X per FEMA Flood Insurance Rate Map Panel No. 06065C1558G dated August 28, 2008. Zone X is the flood insurance rate zone that corresponds to: (i) areas outside the one-percent annual chance floodplain, (ii) areas of one-percent annual chance sheet flow flooding where average depths are less than one foot, (iii) areas of one-percent annual chance stream flooding where the contributing drainage area is less than one square mile, or (iv) areas protected from the one-percent annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in this zone according to FEMA.

#### Observations & Comments:

The site's topography and drainage improvements appear to be in generally good condition. Only normal maintenance actions are necessary. Slopes and embankments appear adequate and generally subject to minimal erosion. No areas of chronic flooding were observed or reported. Some ongoing maintenance to topography and drainage will be required on a periodic basis.

### PAVEMENT, CURBING, LIGHTING, SIDEWALKS, FLATWORK, PARKING, LANDSCAPING

On-site roadways and most parking areas are paved with asphalt paving. Concrete paving is used in areas of high wear and tear, such as the loading dock. Sidewalks are concrete-paved with typical expansion joints. Concrete curbs and gutters are provided on the pavement perimeters throughout the site. Site lighting is provided by pole-mounted parking lot fixtures and supplemental building-mounted fixtures.



The site is landscaped with trees, shrubs, and grass covered yards, parking lot islands and desert xeriscaping. Protected canopies are provided at the passenger drop off areas outside the main entrance and the ambulance entrance. The canopies are attached to the main building and cantilevered or column-supported at the perimeter.

#### Observations & Comments:

Paving and flatwork is of various ages as much was constructed with the various building phases. Some deficiencies requiring remedial repairs were noted, and are included in the cost schedule. Additional capital funds will be necessary over the reserve term to maintain the service life of the paving. Some ongoing maintenance will be required on a periodic basis.



## BUILDING SYSTEMS

### SUBSTRUCTURE AND SUPERSTRUCTURE

*Within the authorized scope of this survey, absolute determination of the foundation and structural framing systems was not possible. CBRE had no access to certified as-built drawings, and did not perform destructive testing or invasive observations. Our non-invasive observations follow.*

The primary foundation system consists of a basement or crawl space with spread footings under column loads and periodically under wall loads. Part of the hospital is constructed with portions of the ground level partially below grade. Construction of most of the wings consists primarily of cast in place concrete framing with load-bearing columns and beams. Elevated floors are concrete poured over corrugated metal decking, and roof decks are corrugated metal decking supported on OWJ's. Mechanical penthouses are generally structural steel framing with post tensioned elevated slabs.



#### Observations & Comments:

Based on our representative areas of observation, the building did not reveal any evidence of apparent structural distress. The building's foundation system appears stable with no visible indications of adverse subsoil conditions such as subsidence. Our general observations of the rooflines and sidewalls revealed them to be level and plumb, respectively, to the unaided eye. Generally, the structural framing for the floors and roof, based on the areas surveyed, appeared to be in good condition. For the most part, there were no excessive deflections noted that would affect the serviceability of the framing systems.

### EXTERIOR WALLS, DOORS, LOADING DOCKS, WINDOWS AND ROOFING



painted hollow metal.

The primary exterior wall cladding consists of precast concrete panels or brick veneer on various substrate systems. Some portions of the facility are clad with stucco. The various exteriors are due to expansions over the years. Most windows utilize steel lintels with precast or brick masonry exterior bottom sills. Windows are generally of a fixed and inoperable design. Brick walls have masonry expansion joints at appropriate intervals-locations, and precast panels have joints with sealant between the panels. Main entrance doors consist of glass and aluminum set into conventional storefront glazing. The main entry doors are sliding units operated on motion sensors. There are also some single hung side doors with push button operators. Service doors are

A loading dock exists on the south side of the hospital located under the doctors parking lot. The dock is also used for the waste handling area for the hospital. A concrete ramp provides access up to the loading dock area. Dock bumpers and hydraulic lift are provided at the raised dock area.

The building has multiple main roof areas which are predominately protected with modified bitumen roll roofing systems, most of which has been covered by a white urethane spray-on coating for reflectance and roof protection to extend the life of the original systems. All roof areas are low slope with a slight pitch toward internal roof drains or perimeter gutter and leader systems. Overflow drainage is provided by scuppers around the perimeter. Roof appurtenances include MEP equipment, equipment penthouses, satellite dishes and ballast, equipment screens, metal stairs and a helicopter pad.



Roof areas can generally be broken down as detailed in the following table:

ROOF SCHEDULE				
Area	Area (SF)	Type	Age	RUL
East Wings and Tower	115,555	Urethane Foam	13	7
Sinatra Addition and Tower	92,800	Urethane Foam	11	9
Sinatra Education Center	7,865	Urethane Foam	15	5
West Wing and Tower	52,950	Modified Bitumen	20+	0

**Observations & Comments:**

Exterior sidewalls were generally found to be in good to fair condition with some deferred maintenance and deterioration requiring immediate repairs. Future capital expenditures are also expected to be necessary over the reserve term.

Sealants at the exterior sidewalls were also generally found to be in good to fair, but serviceable condition. Sealant replacements are also anticipated to be necessary over the reserve term and included in the cost schedules.

Roofing systems are in overall good to fair condition. Most roof areas will require replacement over the reserve term due to realization of EUL and should be included in capital budget planning. Annual maintenance is recommended to maintain the roof systems in serviceable condition. Roof leaks were reported and other roof deficiencies were noted during our survey including blisters under the urethane coating, damaged coating and deterioration. A roof survey was performed in 2016 by Benchmark Roofing; however, the replacement and repair recommendations in the report do not appear to have been performed. Immediate repairs are recommended and capital replacement of older roof areas is advised and included in the reserve schedule.

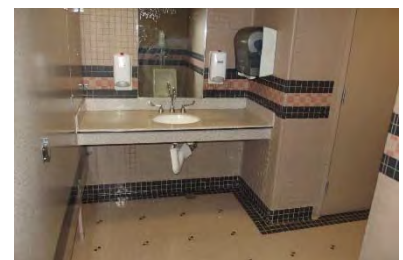
The loading dock area was noted to be in good to fair condition. Areas of efflorescence staining on the ceiling, due to moisture infiltration from the parking deck above, which is not included in this survey, was observed. Costs have been provided to clear the staining from the ceiling. A review of the parking deck coatings and sealants between drive deck panels is recommended prior to cleaning of the ceiling area to ensure all leaking has been remediated.

**INTERIORS: LOBBY, COMMON CORRIDORS, NURSE’S STATIONS, TOILET ROOMS, DINING AND DAY AREAS**



The hospital has a central lobby area with a primary entrance on the north side. The lobby includes seating areas, reception/check-in desks, information desk, a gift shop and coffee shop, access to the hospital chapel, and access to the primary visitor’s elevator bank. The cafeteria and dining facilities can be accessed through corridors from the lobby. Interior lobby finishes include ceramic tile flooring or carpeting, vinyl-clad walls and suspended acoustical tile ceilings. Hospital corridors are equipped with fire doors at major intersections and generally consist of VCT flooring, vinyl-clad walls and ACT ceilings.

Clinics of various specialties and different medical areas including support functions are located at various places within the hospital. Some clinics have separate waiting rooms. Specialty functions include X-Ray, MRI, CT suites, a laboratory, and an emergency area with a separate ambulance entrance. Support spaces include reception areas at the waiting rooms. There are also the typical back-of-house areas such as laundry, maintenance, and housekeeping. Clinic finishes vary by function but include combinations of VCT, laminate, and sheet vinyl floors, vinyl wall covering or painted gypsum partitions, and acoustic tile or painted gypsum ceilings.



Toilet rooms are located on all floors for both patients and staff. Interior finishes include ceramic tile flooring and walls, and ACT ceilings. The toilet rooms are equipped with floor or wall-mounted toilets with automatic flushometers, wall-mounted flush-valve urinals, and wall-mounted lavatories. Public toilet rooms and

most staff toilet rooms have been modified to be ADA accessible with the installation of grab bars, under-lavatory insulation and horn/strobe notification devices.

The hospital has a commercial kitchen and cafeteria areas. The commercial kitchen is finished with quarry tile floors, FRP wall panels and acoustical ceiling tile and grid systems. Equipment includes stainless steel cooking and warming equipment, tables, food prep areas, serving areas, refrigeration equipment, dish washing equipment and ventilation systems with Ansul fire suppression equipment.



**Observations & Comments**

Interior areas were in generally good condition with some deferred maintenance and deficiencies noted and detailed in the cost schedule. The hospital has been added and expanded over the years resulting in some inefficiencies in traffic flow and material handling.

**SUPPLY AND WASTE PIPING AND DOMESTIC HOT WATER**

*CBRE retained the services of Maximum MEP, as a Mechanical, Electrical and Plumbing consultant for this report. The consultant’s findings are summarized in the sections below with CBRE’s observations. For more detail refer to the consultant’s full report attached as an exhibit.*

The local water district provides metered domestic water service to the building in numerous separately metered services, each with back-flow prevention device located at plot limits. Water is circulated through low rise section of the hospital at incoming utility line pressure. There are booster pumps installed for potable water circulation for the “tower” portions of the facility.

The building uses a conventional separate waste stack, waste vent arrangement for drainage piping. All sewage flows by gravity from the top floor through first floor and joins in the basement level. The regional public utility supplies natural gas to the facility central plant for use in boilers. Domestic hot water for restrooms and hospital uses is generated in several shell and tube steam heat exchangers distributed throughout the facility.

**Observations & Comments**

Our representative observations of the supply and wastewater piping and inquiries of the POC did not reveal any significant deficiencies or systematic leak issues. Four of the steam-hot water heat exchangers will require replacement within the 10-year capital reserve period of this report. Included in this cost estimate are replacements of control valves and pumps for this equipment. It was reported by staff that one of the buried sanitary sewer lines under the kitchen area clogged often and required excessive clean-out. A camera inspection of the line is recommended to determine problems and potential clogging points.

**HEATING, COOLING AND VENTILATION**

*CBRE retained the services of Maximum MEP, as a Mechanical, Electrical and Plumbing consultant for this report. The consultant’s findings are summarized in the sections below with CBRE’s observations. For more detail refer to the consultant’s full report attached as an exhibit.*

Steam for heating is produced by a 12,000-kBtuh and 16,000-kBtuh gas fired (with fuel oil back up capacity) fire tube boilers manufactured in 2014. There is an older 1975 water-tube boiler rated at 38,000-kBtuh input that is presently being refurbished / repaired to act as a spare boiler. There are distributed shell-tube heat exchangers to convert steam into space heating hot water and domestic hot water.



Chilled water for cooling is produced by three variable speed centrifugal compressor water-cooled chillers totaling 3,500-tons. Heat rejection for the chillers is provided by three cooling towers. Chilled water is routed via pipelines to 26 main air-handler units distributed throughout the facility. There is a programmable energy

management direct-digital control system for central plant equipment and several air handler units; however, the majority of the hospital uses pneumatic controls for air handler inlet vanes, control valves and tenant space thermostats for VAV control boxes.

### Observations & Comments

No deficiencies requiring Immediate correction such as code-required compliance items or deferred maintenance items were noted. The chillers are relatively new (2000-2014) and will not require replacement within the ten-year capital reserve period of this report. However, the chillers use R-123 refrigerant. As of January 1, 2030, the production and import of any new refrigerant R-123 will be stopped and the use of R-123 in any existing equipment will be stopped under present regulations. These regulations are in flux and constantly changing – but if enforced as now stands, this means the chillers (3500-Tons total) must be replaced or converted prior to Year 2030, Year 12 of this report.

The cooling towers are 1998 units that may require replacement within the ten-year capital reserve period of this report, although Tenet is extending their life by completing a full refurbishment in 2018. The conservative report default is to recommend cooling tower replacements in Year 10. This has been included in the reserve schedule.

Fire tube steam boilers are 2014 units and will not require replacement within the ten-year capital reserve period of this report. The 1975 water tube boiler is currently being fully refurbished for use as spare and is not expected to require replacement within the ten-year capital reserve period of this report. However, the condensate return / boiler feed water tank and pumps are 1975 units and will require replacement within the capital reserve period.

The West tower air handler units (1993), rooftop Governair AHU (2010) and Catheter Lab AHUs (2009) are not expected to require replacement within the capital reserve period. The Sinatra Tower, Penthouse #1, Penthouse #2, and North/ East Tower air handler units (1978) – 13 units- will require replacement or major refurbishment with new coils within the evaluation period. Tenet also has plans to convert all air handlers and space zones (total of 20) from pneumatic to DDC controls within the ten-year capital reserve period of this report. These cost estimates have been included in the reserve schedule.

Other recommendations that have been included in the reserve schedule include:

- Short-term (1-4 Years): Complete retro-commissioning of HVAC system per Tenet capital expense budget (cost provided by Tenet Capex).
- Short-term (1-4 Years): Complete Sinatra Tower duct cleaning and replacement of internal insulation in VAV boxes as per Tenet capital expense budget (cost provided by Tenet Capex).
- Long-term (5-10 Years): Cooling tower replacement capital reserve. Replace 3 existing 1937-Ton cooling towers (1998) on or before Year 10. Specify all stainless steel, or stainless-steel water basins, VFD fans controlled by leaving water temperature, access ladders, vibration switch, “low noise” fans, auto fill system, new vortex separator or sand filter units. Replace or refurbish three (3) 100-Hp condenser water circulation pumps.
- Long-term (5-10 Years): Capital reserve cost for replacement of 1970s era condensate return / boiler feed water tank and pumps.
- Long-term (5-10 Years): Sinatra Tower, Penthouse #1, Penthouse #2, and North/ East Tower air handler units (1978) – 13 units- will require replacement or major refurbishment with new coils within the ten year capital reserve period of this report.
- Long-term (5-10 Years): Convert all air handlers and space zones from pneumatic to DDC controls: 20 air handlers: new HW/CHW valves at AHU, VFD fans, DDC motor VAV box dampers, terminal reheat HW valves, DDC sensor, remote reset functions.
- Long-term (5-10 Years): Capital cost allowance to replace 4 ea. space heating hot water from steam shell / tube heat exchangers, control valves and pumps.

## ELECTRICAL SERVICE, METERING, DISTRIBUTION AND EMERGENCY POWER

*CBRE retained the services of Maximum MEP, as a Mechanical, Electrical and Plumbing consultant for this report. The consultant's findings are summarized in the sections below with CBRE's observations. For more detail refer to the consultant's full report attached as an exhibit.*

Southern California Edison provides 2,400-Y/4160-Volts, 3-Phase, 4-Wire electrical power service from a transformer located inside the adjacent basement level vault. Power enters the central plant structure into a distribution switchboard.

4160-Volts, 3-Phase, 4-Wire electrical power enters a 1970s era distribution panel manufactured by "Sylvania" rated at 1200-Amps. The installed power index is estimated at 14.3-Watts per SF (using 515,000-SF area). The Main utility service switchboard "MUSS" routes 4160V power to the following "load centers":



- 1,200A to Chiller Room North 1. 2
- 1,200A to Chiller Room North 2; 3
- 1,200A to Tower basement; 4
- 1,200A to West Tower Basement; 5
- 1,200A to North basement; and 5
- 1,200A to East Tower basement

Base building emergency power for egress lighting and fire life safety systems is provided by three diesel fuel engine-driven power generators located in the central plant. There are 12 ATS (automatic transfer switches) scattered throughout the hospital. All Hospital power panels are fully redundant for emergency ("E")-power.

Observed security systems include keypad / magnetic exterior door access control; programmable system noted as "Continental Access". The Building maintains 24-7 staffed security personnel. The Building contains video management CCTV (closed circuit television) system with multiple monitors, with a reported 140 (approximate) camera circuits.

### Observations & Comments:

No Immediate or Short-term deficiencies were observed that required correction. Infrared ("IR") thermo-graphic scans for main distribution or sub-panels to identify any "hot spots" that might require repair / lug tightening or circuit breaker replacement are regularly being done as is main switch GFIC testing. These preventative measures should be continued.

Emergency generators (EMG-1, 2) will require replacement or major refurbishment within the ten-year capital reserve period of this report. These are 1975 vintage diesel engine driven 100-kw generators that will realize EUL within the evaluation period. Replacement costs should include automatic transfer switches and controls.

Several of the load centers use 1970s era "Sylvania" switchgear components, which are no longer manufactured; however major manufacturers such as "Siemens" and "Square-D" provide compatible switches and breakers.

Adequate lighting for both the tenant and common areas was observed. However, few areas of the building have been converted to Title 24 compliant lighting systems. This is not a capital reserve item, generally Title 24 compliance is built into the tenant improvement construction budget as areas are renovated. As new areas of the hospital are renovated, they will be subject to the more stringent requirements of the 2016 California Title XXIV (24) Non-residential Energy Efficiency Standards that requires ever-more efficient fixtures and increased lighting controls. A summary of 2013 required Lighting & Electrical Requirements effective 07/01/2017.

## FIRE SPRINKLER, STANDPIPES, EMERGENCY EGRESS AND FIRE ALARMS

The Facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Approximately 150,000-SF of areas not covered by sprinklers include: mechanical shop, fetal medicine, pulmonary treatment, rehab services, 3<sup>rd</sup> floor east, and 1st floor education. Installing fire sprinkler coverage in these areas is recommended and cost estimates are contained in the reserve schedule on a phased basis.

The Municipal utility supplies firewater in three (3) lines (2 ea. 8-in. and 1 ea. 4-in), each with back-flow prevention device located at plot limits in parkways. Low rise areas are circulated at incoming line pressure but there is a 75-Hp electric motor drive firewater booster pump for high rise areas fed by an incoming main 8-in. pipeline. Firewater risers are rated at 0.10-GPM per SF at 1,500-SF.



There are numerous wet risers in the structures. Each branch and floor has a manual shut-off valve with anti-tamper switch. Each floor has a flow alarm sensor installed. There are 2.5-in. hose connections at each floor and rooftops, as well as distributed firewater hose stations. Firewater piping is steel pipe with grooved / clamped "Victaulic" type joints, but some smaller branches are steel pipe with threaded joints. The sprinkler system is tagged as having last Regulation 4, Five-Year test and certification by "Shasta Fire Protection Co." in 2013 – so it is due again in April 2018. Last annual test and certification by "Shasta" was completed in October 2017. Sprinkler heads were noted as varied types and vintages. Heads observed

on site included Viking 2014, 3-mm quick release glass bulb type for newer built-out areas and 1970s CSC-C bi-metallic fused link type for older spaces. Note the NFPA requires sprinkler heads to be replaced every 50 years. "Dry type" fire extinguishers are also installed. A spot check of extinguishers indicated they were last serviced by "Fire Master" on October 16, 2017, less than one year of the date of this report, indicating an up-to-date service but due the month of this inspection.

There are also several "dry suppression systems" installed throughout the facility. The following dry suppression systems were noted on site: IT/ Server room (Halon 1301 with "Ansul" model 2000 control panel); West tower penthouse for helicopter pad (foam system); North basement power panel room (Halon 1301); and main kitchen exhaust hoods (Ansul system).

The current fire alarm control panel ("FACP") is a retrofit early generation analogue / digital addressable type unit noted as "Honeywell" Excel 5000 Building Supervisory System, software version 2.3 (1998). Property management indicates that a new FACP has been procured, and capital funds have been set aside for the installation of the new panel, which is currently awaiting OSHPD approval. Estimated installation of the new panel is the end of March 2018. The Honeywell Excel System is obsolete, no longer manufactured or supported by manufacturer. Manufacturer offers upgraded addressable fire alarm control panels. There are five (5) distributed zone nodes in the facility: Sinatra tower, West wing, East tower, education center, and power plant and about eleven (11) typically Fire Lite (by Honeywell) MRP-200 extender panels. FACP annunciates alarms for firewater flow alarms / tamper sensors, pull (manual) stations, plus corridor, general area, HVAC duct smoke detectors, lobby smoke detectors and 'tenant alarm'. The Control panel also includes public address capability, and there is an adjacent elevator recall control panel and AC unit fan control, plus a generator status screen. Handicapped horns and strobes have been installed in all common areas and tenant area restrooms. System has auto-dial out capability to central station but primarily rings into Hospital security station that is staffed 24-7 that manually calls fire department as needed.

### Observations & Comments

Fire life safety observations: 1) No testing or evaluation of possible MIC (microbial induced corrosion) inside firewater lines was made, outside of our included scope. 2) The old fire alarm control panel (FACP) will require replacement within the ten-year capital reserve period of this report; Tenet has plans in progress for a 2018 replacement project, and components have already been delivered on site. Generally new FACPs will be compatible with older existing field sensing detectors and devices; however, there is no guarantee that some if not all field devices may also require replacement, including newer addressable horns and strobes.

The Facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Areas not covered include mechanical shop, fetal medicine, pulmonary treatment, rehab services and 1st floor education, which is approximately 150,000-SF in area. Tenet has plans in progress to upgrade these areas and cost estimates have been included in the reserve schedule.

Five-year fire alarm / firewater system compliance testing and certification is due in first quarter 2018.

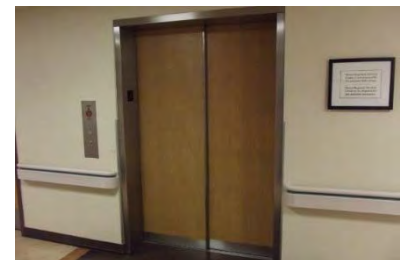
### PARKING GARAGES AND UNDERBUILDING PARKING

The scope of the Subject is without any parking garages or underbuilding parking.

Areas of efflorescence staining on the ceiling, due to moisture infiltration from the parking deck above, which is not included in this survey, was observed. Costs have been provided to clear the staining from the ceiling. A review of the parking deck coatings and sealants between drive deck panels is recommended prior to cleaning of the ceiling area to ensure all leaking has been remediated.

### ELEVATORS

Vertical transportation is provided by a total of 15 elevators within the Subject. Additional elevators are located at outparcel buildings and garages which are outside the scope of this survey. Nine of the elevators are hydraulic and the remaining 6 are traction. The number of stops depends on the location of the elevator as not all hospital towers have the same number of floors. Elevator service and maintenance is performed by Amtech Elevator Service. Cab finishes consist of combinations of VCT flooring or carpeting, plastic laminate wall panels and stainless-steel ceilings. The hospital also has two drum-operated cable dumbwaiters for the kitchen.



The table below summarizes the elevators observed.

Car Number	Location	Type	Drive	Stops	Capacity (lbs)
E1	East Wing	Passenger	Traction	4	4,500
E2	East Wing	Passenger	Traction	4	4,500
E4	East Wing	Passenger	Hydraulic	4	4,500
E5	East Wing	Passenger	Hydraulic	4	4,500
S1	Sinatra Tower	Passenger	Traction	6	3,000
S2	Sinatra Tower	Passenger	Traction	6	3,000
S3	Sinatra Tower	Passenger	Traction	6	3,000
S4	Sinatra Tower	Passenger	Traction	6	3,000
S6	Sinatra Addition	Passenger	Hydraulic	2	3,000
S7	Sinatra Addition	Passenger	Hydraulic	2	3,000
S8	Sinatra Addition	Passenger	Hydraulic	2	3,000
S9	Sinatra Addition	Passenger/Service	Hydraulic	2	5,000
W1	West Tower	Passenger	Hydraulic	4	4,000
W2	West Tower	Passenger	Hydraulic	4	4,000
W3	West Tower	Passenger	Hydraulic	4	4,000
D1	Kitchen	Dumbwaiter	Drum	2	500
D2	Kitchen	Dumbwaiter	Drum	2	500

**Observations & Comments**

Overall, the elevators were in operational condition. All elevators have reportedly passed annual compliance inspections, and copies of compliance certificates have been provided to CBRE for some of the elevators. Documentation of compliance inspection has been received for elevators E1, E2, E4, E5, S6, S7, S9, W2, D1 and D2. Copies of these inspections documents are included in the Exhibits. Reportedly, the remaining elevators have passed compliance inspections; however, the inspection certificates have not been received from the state. Follow up is recommended.

Some elevator deficiencies were noted during our survey including a hydraulic leak on elevator W1, erratic and noisy ride on S8; and elevator S6 out of service, which was being worked on at the time of our survey. Future capital improvements include modernization of original relay controls on older elevators, replacement of hydraulic pumps and motors as they realize EUL, and upgrading of cab finishes. Cost estimates have been included in the Opinions of Probable Costs for short term repairs and the Modified Capital Reserve Schedule for long term capital replacements or improvements.



## AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act of 1990 (ADA) is a Federal law that became effective on January 26, 1992, this act was amended by the ADA Amendments Act of 2008 (ADAAA). As defined under Title III of the ADA, existing facilities considered to be "public accommodations" must take steps to remove architectural and communication barriers that are deemed "readily achievable" under the retroactive requirements. The term "readily achievable" is somewhat subjective. New case law is always developing as to its interpretation. Our walk-through survey for ADA general compliance included only a limited review with respect to the Subject's compliance with Title III of the ADA in compliance with the guideline presented in ASTM E 2018-08, X2 Tier I.

Inasmuch as the Subject was significantly constructed before 1992, ADA requirements were not incorporated into the original design. Therefore, significant renovations would be required to make the building compliant. We did note that many accessibility features of the property exceed the requirements under the ADA, as medical uses must meet more restrictive standards. We have no knowledge as to the scope of all improvements made, if a comprehensive ADA survey was ever conducted on behalf of ownership, or whether there is a capital improvement plan in-place to affect any further improvements.

CBRE did take limited measurements and counts as part of this survey. The scope of our survey was limited to the determination of general compliance with physical attributes of the property, which affect exterior access to the building: accessible exterior route, accessible parking, entrances, etc. While some of CBRE's comments regard the reported or observed accessibility of common area interior spaces, such as toilet facilities, we did not specifically evaluate each area as part of our walk-through survey; only representative observations were conducted. CBRE did not conduct an extensive, detailed ADA compliance review, which most probably would identify other items at the facility that are not in compliance with ADA regulations. Additionally, CBRE's review did not assess local code requirements that, in some instances, may conflict with or supersede ADA requirements.

Accessibility is a large part of many of the inspections that the hospital undergoes by regulatory agencies, and therefore, over the years accessibility deficiencies such as wheelchair access, parking, toilet rooms, etc. have been identified and subsequently corrected. Areas of the hospital that have received renovations since the implementation of the Act, have also been brought up to current standards.

Items of non-conformance were noted without regard as to whether they are, by ADA definition, "readily achievable." Factors to be considered in determining whether an action is "readily achievable" include the nature and cost of the action, the number of persons employed at the Subject, and the financial resources available to ownership. The decision as to which actions are to be undertaken as "readily achievable" is to be determined by building ownership in consultation with its accountants, attorneys, and design/construction professionals.

The accessibility review is amended to this report, and estimates to correct the readily-achievable barrier removal issues are included in the cost schedules.

ADA ACCESSIBILITY (ASTM Tier II Format)				
Item	Yes	No	N/A	Comments
<b>A. Building History</b>				
1	Has an ADA survey previously been completed for this property?	X		
2	Have any ADA improvements been made to this property?	X		Toilet room modifications/interior access
3	Does a Barrier Removal Plan exist for the property?			X
4	Has the Barrier Removal Plan been reviewed/approved by an arms-length third party such as an engineering firm, architectural firm building department or other agency?			X
5	Has building ownership or building management reported receiving any ADA related complaints that have not been resolved?		X	
6	Is any litigation pending related to ADA issues?		X	
<b>B. Parking</b>				
1	Are there sufficient accessible parking spaces with respect to the total number of reported spaces?	X		Valet Parking provided
2	Are there sufficient van-accessible parking spaces available (96 in. wide by 96 in. aisle)?	X		
3	Are accessible spaces marked with the International Symbol of Accessibility? Are these signs reading "Van Accessible" at van spaces?	X		
4	Is there at least one accessible route provided within the boundary of the site from public transportation stops, accessible parking spaces, passenger loading zones, if provided, and public streets and sidewalks?	X		
5	Do curbs on the accessible route have depressed, ramped curb cuts at drives, paths and drop-offs?	X		
6	Does signage exist directing you to accessible parking and an accessible building entrance?	X		
<b>C. Ramps</b>				
1	If there is a ramp from parking to an accessible building entrance, does it meet slope requirements? (1:12 slope or less?)	X		
2	Are ramps longer than 6 feet complete with railings on both sides?	X		
3	Is the width between railings at least 36 inches?	X		
4	Is there a level landing for every 30 foot horizontal length or ramp at the top and at the bottom of ramps and switchbacks?	X		
<b>D. Entrances/Exits</b>				
1	Is the main accessible entrance doorway at least 32 inches wide?	X		
2	If the main entrance is inaccessible, are there alternate accessible entrances?			X

ADA ACCESSIBILITY (ASTM Tier II Format)					
Item		Yes	No	N/A	Comments
3	Can the alternate accessible entrance be used independently?			X	
4	Is the door hardware easy to operate (lever/push type hardware, no twisting required and not higher than 48 inches above floor)?	X			
5	Are main entry doors other than revolving doors available?	X			
6	If there are two main doors in series, is the minimum space between the doors 48 inches plus the width of any door swinging into the space?	X			
<b>E. Paths of Travel</b>					
1	Is the main path of travel free of obstruction and wide enough for a wheelchair (at least 36 inches wide)?	X			
2	Does a visual scan of the main path of travel reveal any obstacles (phones, fountains, etc.) that protrude more than 4 inches into walkways or corridors?	X			
3	Is at least one wheelchair-accessible public telephone available?	X			
4	Are wheelchair-accessible facilities (toilet rooms, exits, etc.) identified with signage?	X			
5	Is there a path of travel that does not require the use of stairs?	X			
<b>F. Elevators</b>					
1	Do the call buttons have visual signals to indicate when a call is registered and answered?	X			
2	Is the "UP" button above the "DOWN" button?	X			
3	Are there visual and audible signals inside cars indicating floor change?	X			
4	Are there standard raised and Braille markings on both jambs of each hoist way entrance?	X			
5	Do elevator doors have a reopening device that will stop and reopen a car door if an object or person obstructs the door?		X		Not all
6	Do elevator lobbies have visual and audible indicators of car arrival?	X			
7	Are elevator controls low enough to be reached from a wheelchair (48 inches front approach/54 inches side approach)?	X			
8	Are elevator control buttons designated by Braille and by raised standard alphabet characters (mounted to the left of the button)?	X			
9	If a two-way emergency communication system is provided within the elevator cab, is it usable without voice communication?	X			
<b>G. Toilet Rooms</b>					
1	Are common-area public toilet rooms located on an accessible route? Signage?	X			
2	Are door handles push/pull or lever type?	X			
3	Are there audible and visual fire alarm devices in the toilet rooms?	X			

ADA ACCESSIBILITY (ASTM Tier II Format)				
Item	Yes	No	N/A	Comments
4	Are corridor access doors wheelchair accessible (at least 32 inches wide)?	X		
5	Are public toilet rooms large enough to accommodate a wheelchair turnaround (60 inches turning diameter)?	X		
6	In unisex toilet rooms are there safety alarms with pull cords?	X		
7	Are toilet stall doors wheelchair accessible (at least 32 inches wide)?	X		
8	Are grab bars provided in toilet stalls?	X		
9	Are sinks provided with clearance for a wheelchair to roll under (29 inches clearance)?	X		
10	Are sink handles operable with one hand without grasping, pinching or twisting?	X		
11	Are exposed pipes under sinks sufficiently insulated against contact?	X		

## PURPOSE AND SCOPE

### Purpose

Desert Healthcare District/Foundation (The "Client") contracted with CBRE Assessment Services, a CBRE Company, to conduct a Facility Condition Assessment (FCA) for the purposes of rendering an opinion of the Subject's general physical condition as of the day of our site visit, in accordance with the scope and terms of our agreement with the Client and to prepare an FCA. An FCA cannot wholly eliminate the uncertainty regarding the presence of physical deficiencies and/or the performance of the Subject property's building systems. This was a "walkthrough" survey. It was not the intent of this survey to be technically exhaustive, nor to identify every existing physical deficiency. Preparation of this FCA is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or systems failure and to reduce the potential that such component or system may not be initially observed. There may be physical deficiencies that were not easily accessible for discovery, readily visible, or which could have been inadvertently overlooked. The results of our observations, together with the information gleaned from our research and interviews, were extrapolated to form both the general opinions of the Subject's physical condition and the Immediate Costs to remedy the physical deficiencies. This FCA must be used in its entirety, which is inclusive by reference to the agreement and limiting conditions under which it was prepared.

This FCA was specifically prepared on behalf of the Client to assist in their evaluation of the asset's physical condition. Our proposal for services and this report both recognize that there are various levels of physical due diligence that may be undertaken by the Client that could be more or less intensive than that provided by this walkthrough survey. Depending on the risk tolerance level of a potential buyer, the time available to conduct physical due diligence, any warranties or representations provided by ownership, the size, scope and age of the asset, a potential purchaser may want to increase the level of due diligence exercised. This FCA is exclusively for the use of the Client and is not for the use and benefit of, nor may it be relied upon by, any other person or entity, for any purpose, without the advance written consent of CBRE.

THIS REPORT IS THE PROPERTY OF CBRE AND THE CLIENT AND WAS PREPARED FOR A SPECIFIC USE, PURPOSE, AND RELIANCE AS DEFINED WITHIN THE AGREEMENT BETWEEN CBRE AND THE CLIENT AND THIS REPORT. THIS REPORT MAY NOT BE USED OR RELIED UPON BY ANY OTHER PARTY WITHOUT THE EXPRESSED WRITTEN PERMISSION OF CBRE. THERE SHALL BE NO THIRD-PARTY BENEFICIARIES, INTENDED OR IMPLIED, UNLESS SPECIFICALLY IDENTIFIED HEREIN.

### Scope

The extent of due diligence provided such as the composition of the survey team; the extent of researching/interviewing building service company personnel; the use of specialty technical consultants to augment our survey team; the time frame to mobilize, conduct the survey, and issue this FCA was specifically discussed by CBRE with the Client in relation to the Client risk tolerance level, budget for due diligence, and allotted due diligence time frame. Notwithstanding the limitations posed by time, vantage point, and representative observations, no single Field Observer can reasonably be expected to possess the technical knowledge to thoroughly opine on the condition of all building systems and components and to develop comprehensive Immediate Costs for repairs and/or replacement.

The scope of this survey included the following:

- A single site visit consisting of a "walkthrough" survey and representative observation of a minimum of approximately 20% of the hospital and roof areas, and 100% of the mechanical areas, and façade visible from grade, roofs, etc. This FCA was not a building code, safety, regulatory, or environmental compliance inspection.
- This building survey was conducted from street level and/or balcony level. The riding of scaffolding equipment was outside the scope of this FCA.

- Neither physical nor invasive tests were conducted, nor were any samples collected or materials removed. Therefore, CBRE makes neither representations nor warranties regarding the moisture resistance of building envelope systems that would not otherwise be readily observable. Therefore, the waterproof integrity of such systems is considered outside the scope of this FCA.
- Inquiries made of the municipal building department to determine whether there were any material code violations on file. Code compliance inspections of the systems and components of premises, however, were beyond the scope of the Services provided.
- The taking of photographs to document existing conditions, representative areas or systems, significant deficiencies, and/or evidence of deferred maintenance.
- No measurements or counts of systems, components, floor areas, rooms, etc. or calculations were prepared.
- This limited scan is not to be construed as a mold survey, which entails a thorough specific inspection and often includes destructive testing or the survey of areas behind walls, above ceilings, in tenant spaces and in other typically inaccessible areas. Moreover, CBRE does not warrant that all mold at the Subject has been identified, as mold may exist in un-inspected areas or may have occurred subsequent to our site survey. During our survey, CBRE surveyed a minimum of approximately 20% of the hospital areas and 100% of the common areas. CBRE also performed interviews with property management concerning the potential for mold growth and HVAC maintenance history.
- A survey to opine on indoor air quality is explicitly excluded.
- Research of the Subject's maintenance history with selected service companies that have serviced the Subject's major building systems.

## PROCEDURES AND PROTOCOL

This survey consists of interrelated components that assisted CBRE in formulating the opinions expressed herein. The scope and extent of CBRE's site visit and the Immediate Costs to remedy the significant physical deficiencies are both affected by the timeliness and completeness of information disclosed by ownership or the Client and as a result of our research and interviews.

### Documentation Review

Upon being awarded this assignment, CBRE issued a written request to the owner or his agent to provide CBRE with certain information and/or documentation to review on behalf of the Client, which was specifically intended to identify or assist in the identification of: patent and latent physical deficiencies as well as any preceding or ongoing efforts to remedy same; the costs to investigate or remediate the physical deficiencies; or a combination thereof.

The Documentation & Information Checklist and a Pre-survey Questionnaire & Disclosure Statement (collectively, the "Checklists") were forwarded to the property manager or ownership to be completed and returned to CBRE prior to our site visit. The Checklists requested such information as: CO; safety inspection records; roof warranty information; age of pertinent building systems (roofing, paving, plumbing, heating, air conditioning, electrical, etc.); historical costs for repairs, improvements, recurring replacements, etc.; pending proposals for or executed contracts for repairs, improvements, forensic studies, or planned or future work; outstanding citations for building, fire, and zoning violations; any ADA survey and status of any improvements to implement same; and any previously prepared PCRs or building technical forensic studies. Refer to the Exhibits for copies of these documents. CBRE shall have no obligation to retrieve or review any information that was not provided to CBRE in a reasonable time to formulate an opinion and to complete this FCA. If such information appeared reasonable, it was relied upon by CBRE in forming its opinions.

CBRE's Checklists were returned partially complete, and unsigned by the property manager. The Checklists inquired of latent defects, the discovery of which is beyond the scope of this survey, and historical repairs and improvements. Obtaining this information prior to our site visit is part and parcel of this FCA's due diligence process. It was to assist our research to discover chronic problems, the extent of repairs and their costs, pending repairs and improvements, and existing physical deficiencies. Drawings were originally requested to be forwarded to CBRE's office for review. The purpose of requesting the drawings, and for the review of same in our offices prior to our site visit, was only so that CBRE could become generally familiar with the scope of the improvements. A variety of floor plan drawings were provided to CBRE after our site visit, and limited MEP drawings were reviewed on site.

### **Site Visit**

The site visit consisted of a visual walkthrough survey of the Subject's easily accessible and readily observable areas to note significant deferred maintenance and the general condition of major components and systems. The facade and visible portions of the roof were also observed with the use of a telephoto camera lens. HVAC, mechanical, plumbing, and electrical equipment not in operation at the time of the site visit was not turned-on nor operated by CBRE, nor was any exploratory probing, dismantling, or removing any component, device, or piece of equipment, whether bolted, screwed, held in-place (mechanically or by gravity), secured, or fastened by any other means, conducted. This was a non-intrusive visual survey that does not include or encompass the opening, lifting, or removal of equipment panels, ceiling tiles, and other barriers or closures for observation of systems or components. HVAC, mechanical, and electrical equipment not normally operated by office areas was neither operated nor tested by CBRE.

Prior to our site visit, CBRE contacted the owner or the owner's agent to request that (1) representative hospital areas be made available during our site visit so that CBRE's Field Observer would be able to conduct representative observations and (2) to provide a Point of Contact (POC) for interview purposes who was knowledgeable about the Subject's physical condition, latent defects, and/or historical repairs, if any.

### **Research and Interviews**

Available onsite property management and maintenance personnel were interviewed by CBRE to inquire about historical repairs/improvements, pending repairs/improvements, and latent and or chronic physical deficiencies. More specifically, we met with Steve Ballard, Director of Facilities Maintenance and discussed the Subject's maintenance history, existence of any patent or latent defects, and proposed improvements, if any. To the extent that the Client, the Subject's ownership, service company personnel or building management personnel have provided information regarding the Subject's operation, conditions, quantities, and capacities, and that such information appears reasonable, CBRE has taken the position that such information is correct and complete. This information, taken in context with CBRE's observations, assisted CBRE in forming its opinions of the Subject's general physical condition and, in some cases, disclosed physical deficiencies that would not otherwise be readily observable.

## ACRONYMS AND DEFINITIONS

This FCA uses various acronyms and abbreviations to describe site, building, or system components. Not all acronyms or abbreviations are applicable to every FCA. Refer to the definitions below.

Acronym	Definition	Acronym	Definition
ABA	Architectural Barriers Act		
ABS	Acrylonitrile Butadiene Styrene	HVAC	Heating, Ventilating and Air Conditioning
ACM	Asbestos Containing Material	IAQ	Indoor Air Quality
ADA	Americans with Disabilities Act	IBC	International Building Code
ADAAG	ADA Accessibility Guidelines	ICC	International Code Council
AHU	Air Handling Unit	LED	Light Emitting Diode
Amp	Ampere	LEED	Leadership in Energy and Environmental Design
ASTM	American Society for Testing and Materials	LF	Linear Feet
ACT	Acoustical Ceiling Tile	LS	Lump Sum
AVG	Average	MAP	HUD Multifamily Accelerated Processing
BMS	Building Management System	MAU	Makeup Air Unit
BOMA	Building Owners and Managers Association	MBH	Thousands of British Thermal Units
BTU	British Thermal Unit	MD	Man Day
BTUH	British Thermal Units per Hour	MDP	Main Distribution Panel
BUR	Built-up Roofing	MEP	Mechanical, Electrical and Plumbing
CAV	Constant Air Volume	MRL	Machine Room-Less (Elevator)
CBS	Concrete Block and Stucco	NFPA	National Fire Protection Association
CD	Crew Day	NLA	Net Leasable Area
CMU	Concrete Masonry Unit	OSB	Oriented Strand Board
CO	Certificate of Occupancy	OS&Y	Outside Screw and Yoke
CO	Change Order	OWJ	Open Web Joist
CO/ALR	Copper to Aluminum, Revised	PCA	Property Condition Assessment
CPVC	Chlorinated Polyvinyl Chloride	PCR	Property Condition Report
DWH	Domestic Water Heater	PML	Probable Maximum Loss
DWV	Drainage, Waste and Vent	PSI	Pounds per Square Inch
DX	Direct Expansion	PTAC	Packaged Terminal Air Conditioner
EA	Each	PVC	Polyvinyl Chloride
EFF	Effective	RPZ	Reduced Pressure Zone
EIFS	Exterior Insulation and Finish System	RTU	Rooftop Unit
EMF	Electromagnetic Field	RUL	Remaining Useful Life
EMS	Energy Management System	SEL	Scenario Expected Loss
EPDM	Ethylene Propylene Diene Monomer	SF	Square Feet
EUL	Expected Useful Life	SFG	Square Foot Gross
FCU	Fan Coil Unit	SFR	Square Foot Rentable
FEMA	Federal Emergency Management Agency	SOG	Slab-on-Grade
FFHA	Federal Fair Housing Act	STC	Sound Transmission Classification
FHA	Forced Hot Air	SUL	Scenario Upper Loss
FHW	Forced Hot Water	TPO	Thermoplastic Polyolefin
FIRM	Flood Insurance Rate Map	UBC	Uniform Building Code
FM	Factory Mutual	UFAS	Uniform Federal Accessibility Standards
FOIA	Freedom of Information Act	UL	Underwriters Laboratories
FOIL	Freedom of Information Letter	V	Volt
FRP	Fiber Reinforced Panel	VAV	Variable Air Volume
FRT	Fire Retardant Treated	VCT	Vinyl Composition Tile
GFCI	Ground Fault Circuit Interrupter (or GFI)	VWC	Vinyl Wall Covering
GFRC	Glass Fiber Reinforced Concrete	W	Watt
GLA	Gross Leasable Area		
GPM	Gallons Per Minute		
GWB	Gypsum Wall Board		
HID	High Intensity Discharge		
HUD	U.S. Department of Housing and Urban Development		





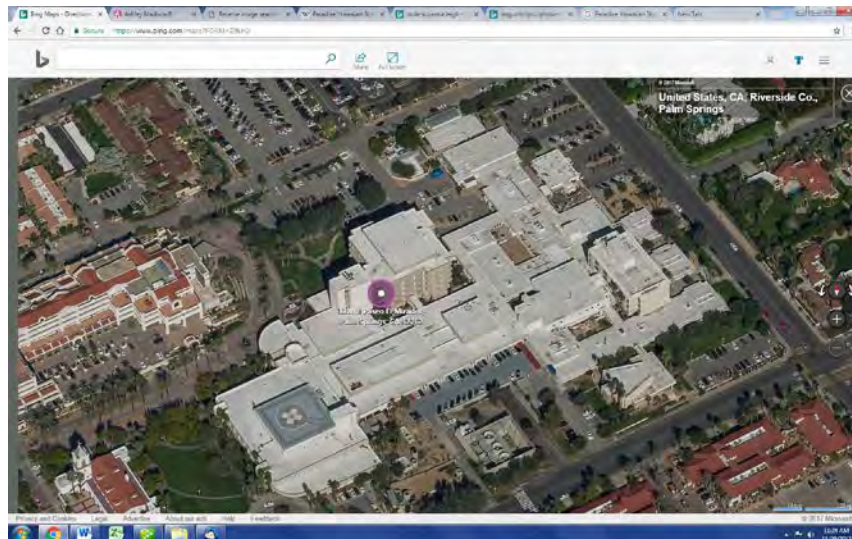
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## PROPERTY CONDITION ASSESSMENT REPORT:

MECHANICAL – H.V.A.C., ELECTRICAL, PLUMBING,  
& FIRE PROTECTION SYSTEMS

**“DESERT REGIONAL MEDICAL CENTER”**  
**1150 N. Indian Canyon Dr. Palm Springs CA 92262**



*Prepared for:*



**Project No. PC126457**

**December 26, 2017**



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## 1.0 EXECUTIVE SUMMARY

**MAXIMUM ENERGY PROFESSIONALS (MEP)** was retained for the purpose of preparing the *Mechanical (HVAC), Plumbing, Electrical, and Fire Protection* portions of this “physical asset” or “property condition assessment” report.

**GENERAL BUILDING DESCRIPTION: “DESERT REGIONAL MEDICAL CENTER”:** Desert Regional Medical Center is home to the Coachella Valley’s only designated trauma center and only neonatal intensive care unit. First built as a hotel in 1928, the site was converted to medical use in about 1951. Major building efforts began in the early 1960s and the facility has grown to a total of 13 inter-connected structures with 385 licensed beds totaling 515,000-SF. Major renovations include the 5-floor Sinatra Tower (1971), and West Tower (1991).

**MECHANICAL:** Chilled water for cooling is produced by three (3) variable speed centrifugal compressor water-cooled chillers using refrigerant R123: 900-Tons (year 2000 and refurbished in 2016); 1300-Tons (2014), and 1300-Tons (2014). Chilled water is circulated throughout facility via pipelines and three (3) 125-HP VFD pumps. Heat rejection for chillers is provided by three (3) 1998 steel cooling towers with epoxy coated water basins and 75-Hp VFD fans; towers are scheduled for refurbishment in 2018 to extend life. Steam is produced by two (2) 12,000 and 16,000-kBtuh input gas fired (with fuel oil back up capacity) fire tube boilers (2014). There is an older 1975 water-tube boiler rated at 38,000-kBtuh input that is presently being refurbished / repaired to act as a spare boiler. Chilled water is routed via pipelines to 26 main air-handler units distributed throughout the facility. Air handlers vary in installation dates between 1993 (West Tower), 1978 (Sinatra Tower and Penthouses), and 2010 (East Tower). There are distributed shell-tube heat exchangers to convert steam into space heating hot water and domestic hot water. There is a programmable energy management direct-digital control system for central plant equipment and several air handler units; however the majority of the hospital uses pneumatic controls for air handler inlet vanes, control valves and tenant space thermostats for VAV control boxes.

**PLUMBING:** Municipal utility provides domestic water with a backflow prevention/check valve device through multiple metered lines. Water is circulated in low-rise section at incoming line pressure and there are booster pumps installed in north basement for towers. Domestic water piping is generally Type L brazed copper tubing. Sewage flows by gravity to below grade exit laterals. Roof drainage flows to covered drains (with adjacent overflow drains) that have cast iron leaders into the municipal storm water collection system. Natural gas is supplied to facility through a metered 6-in. welded steel riser. There are two (2) buried 30,000-gallon diesel oil tanks for alternate generator and boiler fuel. Domestic hot water is produced in distributed stem heat exchangers.

**ELECTRICAL:** Public utility provides electrical power at 4160-Volts, 3-Phase, 4-Wire power level into the building with a billing meter and main 1200A switch. 4160V power is distributed into the facility through six (6) 600A/ 4160A switches in a central location; main power panels appear to be 1970s vintage. Installed power index is estimated at 14.3-Watts per SF. Load centers located in chiller plant, east tower, north tower, west tower and tower

basement contain transformers and each feed 277Y/480V, 3-phase, 4-wire power into the building distribution switchboards rated at 4000A. There are three (3) diesel engine driven emergency power generators installed: 1200-kW (1975), 1200-kW (1975), and 1800-kW (1993). Generators supply full 100% back-up E-power to all load centers and Chiller nos. 1 and 2. Load centers are fed from both utility power and generator power via 12 ATS (automatic transfer switches). Lighting is predominantly 4-ft. F032 T8 fluorescent lamps, and most spaces have occupancy sensors.

**FIRE-LIFE-SAFETY:** Facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Areas not covered include mechanical shop, fetal medicine, pulmonary treatment, rehab services and 1<sup>st</sup> floor education. Municipal utility supplies firewater in three (3) lines (2 ea. 8-in. and 1 ea. 4-in), each with back-flow prevention device. Low rise areas are circulated at incoming line pressure, but there is also a 75-Hp electric motor drive firewater booster pump for high rise areas. There are numerous firewater sprinkler risers with flow alarms and valve anti-tamper sensors on each floor, as well as wet standpipes with hose connections on each floor and rooftops. The current fire alarm control panel is a retrofit 1990s era addressable type that annunciates alarms for firewater flow alarms / tamper sensors, plus corridor, general area, HVAC duct smoke detectors, and lobby smoke detectors. Control panel also includes public address capability, elevator recall, and AC unit fan controls. Control panel is scheduled for replacement in 2018. Handicapped horns and strobes have been installed in all common areas and tenant area restrooms. The Regulation 4 five-year certification is due in early 2018.

#### DOCUMENT REVIEW / ACCESS:

Drawings reviewed: Hospital floor plans, updated electric one line diagrams, and “TMAD” plans for Sinatra Tower (1976). No mechanical-plumbing plans were provided. Specifications / other Documents reviewed: Maintenance records such as service reports, eddy current tests, five year certification, infrared tests, etc. were requested.

The following people or organizations were interviewed by MEP staff during the site visit and/or report preparation: Mr. Steve Ballard, Director of Facilities, 760-323-6510, and Mr. Norm Plance, Tenet Director of Engineering Services, 469-893-2545. Access: A CA/UT/NV/AZ/OK registered professional engineer reviewed M-E-P systems on site on December 11, 2017. All areas were made available for inspection except 2 air handler units in east wing that were not accessible.

#### UTILITY SERVICE SUMMARY TABLE:

Utility	Provider	Size	Issue/Adequacy
Electric	Southern California Edison (SCE)	1200-Amp, 4160-Volt, 3-Ph.-4-Wire service	Adequate
Water	Desert Water Agency	2 x 4-in. Domestic Water 4, 8, 8-in. Fire Water	Adequate
Sewer	City of Palm Springs Dept. of Public Works	Multiple Sanitary Sewer Multiple Storm Drain	Adequate
Natural Gas	Southern California Gas Co.	6-in. medium pressure	Adequate

## 2.0 MECHANICAL/ HVAC SYSTEMS

### 2.1 HEATING, VENTILATION, AIR CONDITIONING (H.V.A.C.) SYSTEM SUMMARY

EQUIPMENT AGES: The *American Society of Heating, Refrigeration and Air Conditioning Engineers* (ASHRAE) and *California Energy Commission* (CEC) guidelines state the estimated normal lives, Repair / Overhaul, and General Maintenance frequencies of various types of equipment to be as follows:

EQUIPMENT TYPE	GENERAL MAINTENANCE FREQUENCY (YEARS)	REPAIR OR OVERHAUL FREQUENCY (YEARS)	REPLACEMENT FREQUENCY (YEARS)	PRESENT AGE OF EQUIPMENT (YEARS)
Centrifugal chiller	1	10	30	3 - 17
Galvanized steel cooling tower	1	10	25	19
Water tube steam boiler	1	10	35	45+
Fire tube steam boiler	1	10	30	3
Centrifugal pumps	1	10	35	3 - 45+
Air handler unit fans	1	10	40	16 - 39
AL-CU DX cooling coils	1	10	40	16-39

[NOTE: Ages as of 12/01/2017]

REFRIGERANTS: Refrigerant in use in the chillers is R-123. R123 is a low-pressure HCFC, or “hydro-chlorofluorocarbon”, a compound consisting of hydrogen, chlorine, fluorine, and carbon. The Montreal Protocol, an international treaty governing the protection of stratospheric ozone and its amendments control the use and phase-out of Ozone-Depleting Substances. In addition, a 1992 amendment to the Montreal Protocol established a schedule for the phase-out of HCFC’s (hydro chlorofluorocarbons). HCFC’s are substantially less damaging to the ozone layer than CFCs, but still contain ozone-destroying chlorine. HFC-123 has an ozone depletion potential of 1.0. The Montreal Protocol as amended is carried out in the U.S. through Title VI of the Clean Air Act, which is implemented by EPA.

Under the terms of the Montreal Protocol, the U.S. agreed to meet certain obligations by specific dates that will affect the residential heat pump and air-conditioning industry:

- January 1, 2020: The manufacture of new equipment using refrigerant R-123 will be stopped.
- January 1, 2030: The production and import of any new refrigerant R-123 will be stopped and the use of R-123 in any existing equipment will be stopped.

Therefore, it is possible at this time that the choice of refrigerant R-123 may result in an accelerated regulatory mandated replacement of units prior to natural end of life age. Based on the findings of extensive testing by the EPA, R-123 has been deemed to have low toxicity.

Most, if not all, manufacturers have alternate, high-efficiency chiller units that use R-134A refrigerant. R-134A is a Hydro fluorocarbon (HFC): a compound consisting of hydrogen, fluorine, and carbon. The HFC’s are a class of replacements for Chlorofluorocarbon (CFC’s)

such as R-11 and Hydro chlorofluorocarbon (HCFC's) such as R-22 or R-123 because they do not contain chlorine or bromine, and they do not deplete the ozone layer. All HFC's have an ozone depletion potential of 0. There are presently no restrictions on the use of HFC refrigerants including R-134A.

**INSTALLED COOLING CAPACITY:** ASHRAE published cooling load check figures for "Hospitals" are: Patient Rooms: 275-Square Feet (SF)/Ton (Low), 220-SF/Ton (Average), and 165-SF/Ton (High). Public areas: 175-Square Feet (SF)/Ton (Low), 140-SF/Ton (Average), and 110-SF/Ton (High).

- Using a total of 515,000-SF conditioned area and 3500-Tons total, cooling index is estimated at 135-SF per Ton.

**INSTALLED AIR CIRCULATION CAPACITY:** ASHRAE published check figures for "Hospitals" air circulation quantities are as follows: Patient Rooms: East-West-South Zones: 0.33 CFM (i.e. cubic feet per minute)/SF Low, 0.55-CFM/SF Average, 0.67-CFM/SF High; North Zones: 0.33-CFM/SF Low, 0.55-CFM/SF Average, 0.67-CFM/SF High. Public Areas: East-West-South Zones: 1.0-CFM (i.e. cubic feet per minute)/SF Low, 1.25-CFM/SF Average, 1.45-CFM/SF High; North Zones: 1.0-CFM/SF Low, 1.1-CFM/SF Average, 1.2-CFM/SF High; Internal Zones: 0.95-CFM/SF Low, 1.0-CFM/SF Average, 1.25-CFM/SF High.

- Installed supply air index cannot be estimated as CFM airflow rates for all air handlers were not obtained.

**HEATING CAPACITY FACTOR:** Accepted range of heating capacity for this location is between 20 and 40-Btu per SF. Heating capacity factor is based on installed hydronic hot water boiler output capacity and/or gas furnace capacity.

- Assuming that 50% of boilers #1, #2 capacity is dedicated to space heating for 515,000-SF, installed heating index is estimated at 23-Btu per SF.

**FRESH AIR VENTILATION CAPACITY:** The original design basis for ventilation was based on the previous Uniform Building Codes that are no longer used in this locale with outside air rates varying between 7.5% - 10% of total supply air flow. Each air handler is designed to supply a minimum outside air (OSA) ventilation make-up rate, where the information available in West Tower (1993) indicated minimum outside air is designed for 7.5% - 8.3%. Air handlers do not appear to have full 100% outside air economizer function. No testing or measurements of OSA ventilation were performed as part of this survey.

Present Health Care / hospital ventilation requirements must be in accordance with ANSI/ASHRAE/ASHE Standard 170, Ventilation of Health Care Facilities, latest (2013) version.

2.2 BASE BUILDING MECHANICAL EQUIPMENT:

2.2.1 HVAC-Cooling: Chilled water for cooling is produced by three (3) variable speed centrifugal compressor water-cooled chillers using refrigerant R123: 900-Tons (year 2000 and refurbished in 2016), 1300-Tons (2014), and 1300-Ton (2014). Chilled water is circulated throughout facility via pipelines and three (3) 125-HP VFD pumps. Heat rejection for chillers is provided by three (3) 1998 steel cooling towers with epoxy coated water basins and 75-Hp VFD fans; towers are scheduled for refurbishment in 2018 to extend life. Cooling towers were specified with 81°F wet bulb temperature, which exceeds the ASHRAE 0.1% design condition of 79°, meaning the towers are slightly over-sized.

CHILLER SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Tons	Refrig.	Year	Age	EUL	RUL	Location	Area Served (Notes)
CH-1	VFD Centrifugal	Trane	CVHF091KA1	L00B00712	900.0	R123	2000	17	30	13	Plant	Notes 1, 3
CH-2	VFD Centrifugal	Trane	CVHF130NA4P	L14E02252	1,300.0	R123	2014	3	30	27	Plant	Note 3
CH-3	VFD Centrifugal	Trane	CVHF130NA4P	L14E02257	1,300.0	R123	2014	3	20	17	Plant	Note 3
Total:					3,500.0							
NOTES:												
1. Refurbished 2016, added compressor VFD, rebuilt compressor												
2. Chillers serviced by E.M. Thomas, annual open & clean evaporator & condensers, megger test motors, eddy current every three years, last 2016, no plugged tubes.												
3. Chillers have variable flow CW and CHW primary pumping.												
Cooling Index:		Conditioned area	515,000 SF									
		Cooling Index	147 SF per Ton									

COOLING TOWER SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Construction	Year	Age	EUL	RUL	Location	Area Served, Notes	
CT-1	Induced draft	Marley	N/A	127364-F1241-98	Steel, epoxy coated	1998	19	30	11	Grade	CH-1	
CT-2	Induced draft	Marley			Steel, epoxy coated	1998	19	30	11	Grade	CH-2	
CT-3	Induced draft	Marley			Steel, epoxy coated	1998	19	30	11	Grade	CH-3	
SF-1	Sand Filter	PEP	2810190		5-Hp	1998	19	30	11	Grade	CT-1,2,3	
NOTES:												
1. Cooling towers have 75-Hp VFD fans, rated at 3100-gpm and 81F wet bulb, 101F entering water / 86F leaving water (i.e. 1937 Tons)												
2. Towers undergoing refurbishment at time of inspection: New PVC fill, clean and re-epoxy coat basin, extend life approximately 10 years.												



MAJOR PUMP SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Capacity	Year	Age	EUL	RUL	Location	Area (Equip)	Served
CWP-1	Cond. Water Circ.	Pacific	294101	N/a	100-Hp, 3100-gpm/ 80'	1978	39	40	1	Plant	CH-1	
CWP-2	Cond. Water Circ.	Pacific	294101	N/a	100-Hp, 3100-gpm/ 80'	1978	39	30	0	Plant	CH-2	
CWP-3	Cond. Water Circ.	Pacific	294101	N/a	100-Hp, 3100-gpm/ 80'	1978	39	30	0	Plant	CH-3	
CHWP-1	Chilled Water Circ.	Pacific	N/a	N/a	N/a	1978	39	30	0	Plant	CH-1	
CHWP-2	Chilled Water Circ.	Pacific	N/a	N/a	N/a	1978	39	30	0	Plant	CH-2	
CHWP-3	Chilled Water Circ.	Pacific	N/a	N/a	N/a	1978	39	30	0	Plant	CH-3	
HWP-1, 2	Hot Water Circ.	Paco	N/a	N/a	15-Hp, 390-gpm	1993	24	30	6	W. Twr PH	Space heating	
CHWP-5,6	Chilled Wtr Circ.	Paco	N/a	N/a	40-Hp	1993	24	30	6	W. Twr PH	CHW to coils	
HWP-3	Hot Water Circ.	Paco	10231	N/a	20-Hp	1993	24	30	6	Sinatra Twr	Space heating	
HWP-4	Hot Water Circ.	O/S	Removed	for	repairs	1965	52	30	0	Sinatra Twr	Space heating	
CHWP-7	Chilled Water Circ.	N/a	N/a	N/a		1965	52	30	0	W Twr Bsmt	CHW to coils	
CHWP-8	Chilled Water Circ.	O/S	Removed	for	repairs	1965	52	30	0	W Twr Bsmt	CHW to coils	
CHWP-9,10	Chilled Water Circ.	N/a	N/a	N/a	2 x 3-Hp	1978	39	30	0	D & T Bsmt	Diagnostics & Test	
CHWP-11,12	Chilled Water Circ.	N/a	N/a	N/a	2x10 Hp, 420-gpm	1978	39	30	0	Sinatra Twr	CHW to coils	
NOTES: 1. Condensing pumps have new "gold" premium motors, all plant pumps have "ABB" VFDs with motor starter bypass.												

There are several small stand-alone AC units installed for specific spaces. IT Room / Server Room has two (2) "Liebert" CRAC water cooled 'Computer Room AC' units installed (not accessible).

PACKAGED A.C. / HEAT PUMP / SPLIT SYSTEM EQUIPMENT SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
I.D	Equip. Type	Mfgr.	Model No.	Serial No.	Tons	Year	Refrig.	Age (Years)	Eff. Life (Years)	R U L (Years)	Location	Service/ Notes
CU-1,2	Cond. Unit	Weatherking	N/a	N/a	4.0	2002	R22	15	25	10	E Twr Roof	Elev Room
CU-3,14	Cond. Unit	Samsung	Var. 12 ea.	Var.	12.0	2015	R410A	2	20	18	Var	3/4 - 2-Tons
AC-1	Heat Pump	I. C. P.	PHN348	N/a	4.0	2007	R22	10	20	10	E Twr Roof	Pediatrics
AC-2	Heat Pump	Bryant	549BPX060	N/a	5.0	2001	R22	16	20	4	E Twr Roof	Dr's Dining Rm
Totals					25.0							
NOTES:												

2.2.2 HVAC Heating: Steam is produced by two (2) 12,000 and 16,000-kBtuh input gas fired (with fuel oil back up capacity) fire tube boilers (2014). There is an older 1975 water-tube boiler rated at 38,000-kBtuh input that is presently being refurbished / repaired to act up as a spare boiler

There are distributed shell-tube heat exchangers to convert steam into space heating hot water and domestic hot water.





GAS-FIRED HOT WATER BOILER SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	kwh In	kwh Out	Year	Age	EUL	RUL	Location	Area Served
B-1	Water tube steam	Murray	MCF2-44	10685	39,965.1	33,000.0	1970	47	45	0	Plant	Note 1.
B-2	Fire tube steam	Cleaver Brooks	CBEX-E-200-300	T4259-1-1	12,247.0	10,043.0	2014	3	35	32	Plant	Note 2 82% Effc
B-3	Fire tube steam	Cleaver Brooks	CBEX-E-200-400	T4259-2-1	16,329.0	13,790.0	2014	3	20	17	Plant	Note 2 84% effc.
CR-1	Cond Return Tank	N/a					1978	39	45	6	Plant	Note 3
B-4, 4	Water tube steam	Bryan	Out	of Service	Remove		1960	57	45	0	W Twr Bsmt	to be Demold
Total:					68,541.1	56,833.0						
NOTES:	1. Boiler O/S refurbishment / repairs in progress, scheduled completion 2018 for back-up spare service only. Rated at 30,000#/hr. steam at 125-psig, SCAQMD permit #G30147; "Coen" low-Nox burner, designed for gas / diesel fuel, with SCR selective catalytic reactor. 2. Fire tube boilers installed with Ultra Low Nox (9-ppm) burners, VFD burner forced draft fan. 3. Boiler feed water insulated tank w/ 4x feed water return pumps, Note 1 pump is O/S, 3 operate											

HEAT EXCHANGER (H.X.) SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Incoming	Mfgr.	Model	Serial	Outgoing	Year	Age	EUL	RUL	Location	Area Served
HX-1	Shell-tube	Steam	Bell & Gossett	N/a	N/a	Hot Water	1993	24	25	1	W Twr PH	Space Htg
HX-2	Shell-tube	Steam	TACO (new)	N/a	N/a	Hot Water	2016	1	25	24	W Twr PH	Space Htg
HX-3	Shell-tube	Steam	Aerco	N/a	N/a	Industrial HW	1993	24	25	1	W Twr PH	
HX-4	Shell-tube	Steam	Aerco	N/a	N/a	DHW	1993	24	25	1	W Twr PH	Domestic HW
HX-5	Shell-tube	Steam	Aerco	N/a	N/a	DHW	1993	24	25	1	W Twr PH	Domestic HW
HX-6	Shell-tube	Steam	N/a	N/a	N/a	Hot Water	1978	24	25	1	Sinatra Twr	Space Htg
HX-7	Shell-tube	Steam	N/a	N/a	N/a	Hot Water	1978	39	25	0	Sinatra Twr	Space Htg
HX-8	Shell-tube	Steam	N/a	N/a	N/a	DHW	1978	39	25	0	Sinatra Twr	DHW at 120°F
HX-9	Shell-tube	Steam	N/a	N/a	N/a	DHW	1978	39	25	0	Sinatra Twr	DHW at 120°F
HX-10	Shell-tube	Steam	N/a	HRB-1	N/a	DHW	1978	39	25	0	W Twr Bsmt	Domestic HW
HX-11	Shell-tube	Steam	N/a	HRB-2	N/a	DHW	1978	39	25	0	W Twr Bsmt	Domestic HW
Total:												
NOTES:												

2.2.3 Air Delivery Systems: Chilled water is routed via pipelines to 26 main air-handler units distributed throughout the facility. Air handlers vary in installation dated between 1993 (West Tower), 1978 (Sinatra Tower and Bldg. 5 Penthouses), and 2010 (East Tower roof). Air handlers are a mix of variable air volume (VAV), constant air volume (CAV) and dual-duct (DD) type units.

Each air handler is designed to supply a minimum outside air (OSA) ventilation make-up rate, where the information available in West Tower (1993) indicated minimum outside air is designed for 7.5% - 8.3%. Air handlers do not appear to have full 100% outside air economizer function.

An inspection of cooling coils where accessible in the West Tower air handler units (1993) indicated aluminum fins are in good condition, with light rusting on steel condensate drain pans and coil support frames. More moderate rusting was noted in 1978 vintage air handler



units on steel parts, with some corrosion noted at bottom of aluminum fins. There are approximately 100 exhaust fans located inside the facility. Penthouse No. 2 (Bldg. 5) contains newer vintage make-up air units manufactured by Greenheck for Catheter Lab. West tower air handlers provide OSA ventilation outside air via a large fan unit with tampering coils.

AIR HANDLER UNIT SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Year	Supply Air	Return Air	Age	EUL	RUL	Location	Notes
AH-1	Air Handler	Pace	A33AF DWDI		1993	40-Hp/ 28,000-CFM	20-Hp/ 23,440-CFM	24	40	16	West Tower	2 Emergency
AH-2	Air Handler	Pace	A33AF DWDI		1993	40-Hp/ 24,000-CFM	15-Hp/ 18,250-CFM	24	40	16	West Tower	Film Libr.
AH-3	Air Handler	Pace	A33AF DWDI		1993	40-Hp/ 30,300-CFM	15-Hp/ 18,660-CFM	24	40	16	West Tower	Diagnostics
AH-4	Air Handler	Pace	A33AF DWDI		1993	50-Hp/ 33,750-CFM	20-Hp/ 28,400-CFM	24	40	16	West Tower	Labor: Del & OR
AH-5	Air Handler	Pace	A30AF DWDI		1993	30-Hp/ 22,000-CFM	15-Hp/ 17,840-CFM	24	40	16	West Tower	Wom. Infant Ctr
AH-7	Air Handler	Pace	A22AF DWDI		1993	15-Hp/ 11,000-CFM	5-Hp/ 9,200-CFM	24	40	16	West Tower	NICU
SAH-13	Air Handler	Carrier	39EB57	78277601	1978	Dbl Duct CAV	RAH-11	39	40	1	Sinatra Tower	So. Side
SAH-12	Air Handler	Carrier	39EB39	782876599	1978	Dbl Duct CAV	RAH-10	39	40	1	Sinatra Tower	No. Side
SAH-14	Air Handler	Carrier	39EB32	782876602	1978	Pneumatic	RAH-12	39	40	1	Sinatra Tower	Tower 5th Floor
SAH-11	Air Handler	Carrier	39EB39	782876602	1978	VAV	RAH-09	39	40	1	Sinatra Tower	ICU/CCU/1st Fl Hall
SAH-15	Air Handler	Carrier	39EB39	782378755	1978	CAV		39	40	1	North Bsmt.	No Bsmt/Swthgr/ Gift
SAH-5	Air Handler	Trane	Type 31	U5B39410	1975		EF-10	42	40	0	Roof Med Recs	Admitting/ lobby
AH-?	Air Handler	Gouvernaire	RSA-01-E	U500119-01	2010	25-Hp	5-Hp	7	40	33	Exter. Roof	E. Tower 2nd Fl.
AH-?	Air Handler	Magic Air	No nameplate		1978			39	40	1	Exter. Roof	Lab.
AH-?	Air Handler	Magic Air	No nameplate		1978	DDC controls		39	40	1	Exter. Roof	Quality Area
AH-?	Air Handler	Temtrol	ITF-GHDS		2009	DDC controls		8	40	32	Exter. Roof	Catheter Lab
AH-?	Air Handler	Temtrol	ITF-GHDS		2009	DDC controls		8	40	32	Exter. Roof	Catheter Lab
AH-?	Air Handler	Magic Air	No nameplate		1978	DDC controls		39	40	1	Exter. Roof	Catheter Lab
SAH-9	Air Handler	Carrier	39EB39	782876596	1978		RAH-9 (39EH39)	39	40	1	Bld. 5 P.H. #1	Sterile Processing
SAH-8	Air Handler	Carrier	39EB57	783075695	1978	Multizone (3)	RAH-6 (30EH57)	39	40	1	Bld. 5 P.H. #1	All Surgeries, Crypto.
SAH-5	Air Handler	Carrier	39EB48	78276594	1978		RAH-5 (39EH48)	39	40	1	Bld. 5 P.H. #1	So. Corridor, Nurses
SAH-4	Air Handler	Carrier	39EB57	782776603	1978		RAH-4 (39EH57)	39	40	1	Bld. 5 P.H. #1	Lobby. 1st Fl.W hall
SAH-7	Air Handler	Carrier	39EB32	804018425	1980		RAH07 (39EH32)	37	40	3	Bld. 5 P.H. #1	Cafeteria, Dining Rm.
SAH-13	Air Handler	Roto Air	900-35.2		1965	DDC HW/CHW		52	40	0	Diag Test Bsmt	Diags & Test, Bio Med
SAH-8	Air Handler	Carrier	39EB48	782776597	1978	Pneum.CW/DDC-HW	RAH-10 (39EH48)	39	40	1	Bld. 5 P.H. #2	Phrmcy, Print / Stores
SAH-16	Air Handler	Carrier	39EB21	804018426	1980		RAH-13 (39RH21)	37	40	3	Bld. 5 P.H. #2	Admitting/ lobby

- NOTES:
1. Typical air handler filters: MERV8 standard 2" pleated pre-filters, changed 4x year; MERV14 12" seep main filters changed 1x per year.
  2. West tower AHUs contain steam injection onto coils for humidity control
  3. Each surgery zone has a separate cooling coils, steam injection installed for humidity control, partial DDC / partial pneumatic controls
  4. There are two (2) AHU not accessible located in connector section at West Tower, East area. Serves Admin.

Hospital equipment areas contain numerous components of healthcare related equipment including vacuum pumps (10-15-Hp), medical gas compressors (15-Hp), and steam sterilization units. There are four (4) large rooftop exhaust fans installed for Kitchen ventilation.

2.2.4 H.V.A.C. Controls: There is a programmable energy management direct-digital control system for central plant equipment and several air handler units; however the majority of the hospital uses pneumatic controls for air handler inlet vanes, control valves and tenant space thermostats for VAV control boxes.



About 70% of the building remains as original 1980s pneumatic controls, but newer tenant improved spaces as well as central plant controls have been converted to direct digital control with programmable energy management front end (30% of building).

Original building controls were pneumatic. Pneumatic controls remain for tenant space thermostats and VAV box actuators at time of inspection. Compressed air is generated in several distributed compressors varying in age and capacity.

CONTROL AIR COMPRESSOR SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfr.	Model	Serial	No. Comprs.	Motor Hp	Year	Age	EUL	RUL	Location	Notes
CAC-1	Reciprocating	Curtis	ES100	N/a	2.00	10.00	1993	24	30	6	W. Twr. PH	w/ RAD
NOTES: 1. Hospital has several distributed control air compressors, time did not permit collecting an inventory of all units												

Building installed a Siemens Apogee energy management system (“EMS”) in late 1990s – early 2000s. EMS uses distributed modular control panels as well as a computerized programmable graphic interface ‘front-end’ noted as Siemens Insight version 3.13 (2015). Staff states that Siemens will convert Apogee to newer front end program as part of their service contract and that the new program is backwards compatible with older Siemens devices and generic BAC-net type controller devices.

EMS now controls all central compressor and air handler plant functions including start / stop of all equipment (compressors, cooling towers, air handler fans) on a remote, programmable timer basis, as well as morning warm up cycle, air handler chilled and electric strip heaters, outside air economizer dampers and return air dampers, plus static pressure control for air handler fan VFDs and cooling water set point for condenser fan VFDs. In pneumatic spaces only zone temperature monitors are provided. About 30% of the tenant spaces have been converted to DDC full control of digital thermostats and electric VAV box damper actuators.

**Comments/Recommendations:**

HVAC observations: 1) Chillers are relatively new (2000-2014) and will not require replacement within the ten year capital reserve period of this report. However note January 1, 2030: The production and import of any new refrigerant R-123 will be stopped and the use of R-123 in any existing equipment will be stopped under present regulations, which are in flux and constantly changing – but if enforced as now stands this means chillers (3500-Tons total) must be replaced prior to Year 2030, Year 12 of this report.

2) Cooling towers are 1998 units that may require replacement within the ten year capital reserve period of this report, although Tenet is extending life by completing full refurbishment in 2018 to extend life. Conservative report default is to recommend cooling tower replacements in Year 10.

3) Fire tube steam boilers are 2014 units and will not require replacement within the ten year capital reserve period of this report. The 1975 water tube boiler is being fully refurbished for



use as spare and is not expected to require replacement within the ten year capital reserve period of this report. However the condensate return / boiler feed water tank and pumps are 1975 units and may require replacement within the ten year capital reserve period of this report.

4) The West tower air handler units (1993), rooftop Governair AHU (2010) and Catheter Lab AHUs (2009) are not expected to require replacement within the ten year capital reserve period of this report. The Sinatra Tower, Penthouse #1, Penthouse #2, and North/ East Tower air handler units (1978) – 13 units- will require replacement or major refurbishment with new coils within the ten year capital reserve period of this report. 5) Tenant “Tenet” has plans to convert all air handlers and space zones from pneumatic to DDC controls within the ten year capital reserve period of this report – total of 20 AHU conversions are anticipated.

M1. Short-term (1-4 Years): Complete retro-commissioning of HVAC system per Tenet capital expense budget (cost provided by Tenet Capex).

M3. Short-term (1-4 Years): Complete Sinatra Tower duct cleaning and replacement of internal insulation in VAV boxes as per Tenet capital expense budget (cost provided by Tenet Capex).

M3. Long-term (5-10 Years): Cooling tower replacement capital reserve. Replace 3x existing 1937-Ton cooling towers (1998) on or before Year 10. Specify all stainless steel, or stainless steel water basins, VFD fans controlled by leaving water temperature, access ladders, vibration switch, “low noise” fans, auto fill system, new vortex separator or sand filter unit, replace / refurbish 3x 100-Hp condenser water circulation pumps.

M4. Long-term (5-10 Years): Capital reserve cost for replacement of 1970s era condensate return / boiler feed water tank and pumps.

M5. Long-term (5-10 Years): Sinatra Tower, Penthouse #1, Penthouse #2, and North/ East Tower air handler units (1978) – 13 units- will require replacement or major refurbishment with new coils within the ten year capital reserve period of this report.

M6. Long-term (5-10 Years): Convert all air handlers and space zones from pneumatic to DDC controls: 20 air handlers: new HW/CHW valves at AHU, VFD fans, DDC motor VAV box dampers, terminal reheat HW valves, DDC sensor, remote reset functions.

M7. Long-term (5-10 Years): Capital cost allowance to replace 4 ea. space heating hot water from steam shell / tube heat exchangers, control valves and pumps.

### 3.0 PLUMBING SYSTEMS

3.1 DOMESTIC WATER: Local water district provides metered domestic water service to the buildings in numerous separately metered services, each with back-flow prevention device located at plot limits. Staff states there are approximately 12 back-flow devices for potable water, irrigation water, and firewater that require annual test and certification. Water piping inside structures is generally Type L copper with brazed fittings, although it is possible that a small amount of steel pipe could exist. Water is circulated through low rise section of the hospital at incoming utility line pressure. There are booster pumps installed for potable water circulation for the “tower” portions of the facility. There are numerous “Sunroc” refrigerated drinking fountains scattered throughout the facility.

DOMESTIC WATER BOOSTER / CIRCULATION PUMP SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Capacity	Year	Age	EUL	RUL	Location	Area Served	
DWP-1,2,3	Domestic Wtr.	Synchro Flo	22TL10X	331239	3 x 10 HP w/ VFDs	2005	12	30	18	Sinatra Twr	Domestic Wtr booster	
DHWP-1,2	Domestic Hot Wtr.	N/a	N/a	N/a	2 x 10-Hp	1978	39	30	0	Sinatra Twr	DHW Booster Circ	
DHWP-3,4	Domestic Hot Wtr.	N/a	N/a	N/a	2 x 1.5-Hp	1978	39	30	0	W Twr Bsmt	DHW Booster Circ	
DHWP-4	Domestic Wtr.	O/S	Removed	for	Repairs	1978	39	30	0	W Twr Bsmt	DHW Booster Circ	
NOTES:												

3.2 DOMESTIC HOT WATER: Domestic hot water for restrooms and hospital uses is generated in several shell and tube steam heat exchangers distributed throughout the facility (see Section 2.2 for a Heat Exchanger Schedule). Hot water is generated at several temperature levels including 120°F for restroom uses and 140°F for kitchen and sterilization wash water. There is a large electric tank type heater for basement spaces hot water uses.

ELECTRIC HOT WATER HEATER SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Watts	Gallons	Year	Age	EUL	RUL	Location	Area Served
DHW-1	Gas Fred Tank	Rheem Ruud	ES120-36-G	A24160625	36,000	120.0	2016	1	15	14	Basement	Basement
Total:					36,000.0	120.0						
NOTES:												

3.3 IRRIGATION WATER: Local water district provides metered irrigation water service to the buildings in numerous separately metered services, each with back-flow prevention device located at plot limits. Hospital has an extensive automatic timer and valve system to control irrigation to the grounds.

3.4 SANITARY SEWER: It appears the building uses a conventional separate waste stack, waste vent arrangement. All sewage flows by gravity from top floor through first floor and joins in the basement level. Observed sewer lines are service weight cast iron with hubless fittings. There are several sewage ejector sump pumps installed in the north basement (Sinatra Tower), west basement, and east tower basement areas.



3.5 STORM WATER DRAINAGE: Storm water runoff from building roof is directed to covered roof drains with adjacent covered overflow drains with cast iron leaders that discharge into the municipal storm water collection system. Observed drain lines are service weight cast iron with hubless fittings.

3.6 RESTROOM FIXTURES: Common area restrooms' plumbing fixtures are vitreous clay with ceramic surface. Water closets (toilets) and handicapped toilets are wall-mounted with automatic sensor flush valves. Urinals are wall-mounted also with automatic sensor flush valves. Lavatories (sinks) are counter-mounted units with single handle water faucets. Restroom finishes vary with tenant and year of build out. Status of handicap restroom access is not within the scope of this report.

3.7 NATURAL GAS: Regional public utility supplies natural gas to the facility central plant for use in boilers. Underground 4-in. high pressure utility service line is routed through pressure reduction valves, billing meter no. 1282812, and seismic EQV shut off valve into a 6-in. welded steel riser into boiler room.

3.7.1 Fuel Oil: There are two (2) 30,000-gallon buried storage tanks for diesel oil to be used as back-up / curtailment fuel for boilers and emergency power generators. Boiler burners have fuel oil capability. Generators have above grade "day tanks" with circulation pumps. Fuel oil piping is black steel with threaded connections. Evaluation of buried underground storage tanks is excluded from this report; refer to "Environmental" report.

### 3.8 MISCELLANEOUS PLUMBING SYSTEMS:

Pool / Spa: None. Commercial Laundry: None. There is small laundry room with a single 25# washer. Commercial Kitchen: Large commercial kitchen is installed for cafeteria and staff dining rooms. Water Features: None.

#### ***Comments/Recommendations:***

Plumbing observations: 1) Some steam-hot water heat exchangers will require replacement within the 10 year capital reserve period of this report. 2) No information was obtained regarding condition of buried sanitary sewer lines, and it is possible that future recommendation could be made for camera inspection and/or hydro-jet cleaning.

P1. Long-term (5-10 Years): Capital cost allowance to replace 4 ea. DHW from steam shell / tube heat exchangers, control valves and pumps.

## 4.0 ELECTRICAL SYSTEMS

4.1 ELECTRIC POWER DISTRIBUTION: Southern California Edison, the regional public utility - provides 2400Y/4160-Volts, 3-Phase, 4-Wire electrical power service from a transformer located inside adjacent basement level vault. Power enters the central plant structure into a distribution switchboard containing SCE kWh meter no. 349P-00697 and reactive energy kVAR meter no. 356150-00270. Facility appears to be on SCE rate schedule TOU-8 (Time of use, delivered voltage between 2 and 5-kV).

4160-Volts, 3-Phase, 4-Wire electrical power enters a 1970s era distribution panel manufactured by "Sylvania" rated at 1200-Amps. Installed power index is estimated at 14.3-Watts per SF (using 515,000-SF area). Main utility service switchboard "MUSS" routes 4160V power to the following "load centers": 1) 1200A to Chiller Room North 1. 2) 1200A to Chiller Room North 2; 3) 1200A to Tower basement; 4) 1200A to West Tower Basement; 5) 1200A to North basement; and 5) 1200A to East Tower basement.

Staff is up to date on electric systems preventative maintenance, for example last "IR" (infrared) "thermo graphic" circuit board / electrical connection integrity testing and lug tightening was performed by "Allis Engineering" in February 2017. Last "Arc Flash" survey was completed in 2012 and is scheduled again for 2018. Last GFIC test and certification was done by Allis Eng. in 2008.

Each load center contains a main 4160V fused switch and transformer to provide 277Y/480V, 3-phase, 4-wire power level for use in hospital areas. All load centers have a mirror system with 4160V switch and transformer connected to the emergency power system for 100% E-power redundancy. The following load centers were observed:

1. Chiller service panels are both manufactured by "I-T-E" (Industrial Electric Manufacturing) and are fed by a 600A / 4160V fused switch into a 2500-kVA transformer that provides 4000A / 480V power to chillers. There is an adjacent "Sylvania" MCC (motor control center, estimated 1970s) in the plant for smaller components such as pumps, tower fans, etc. Chiller power sources are fully connected to E-power via automatic transfer switches (ATS).
2. North basement load center #2 panels are manufactured by "Square D" and are fed via a 600A / 4160V fused switch into a 1500-kVA transformer that supplies 3000A 'power break switch' with GFIC (ground fault interruption protection) / 277Y/480V power into building. There is an ATS that switches E-power into adjacent load center #3 through a 600A / 4160V fused switch into a 1500-kVA transformer that supplies 3000A / 277Y/480V power into the building upon failure of utility power. This room has a special dry suppression extinguishing system.
3. West tower basement load center ET-1 are 1978 vintage, manufactured by "Square D" and are fed via a 600A / 4160V fused switch into a 1000-kVA transformer that supplies 1200A 'power break switch' with GFIC (ground fault interruption protection)

/ 277Y/480V power into building. There is an ATS that switches E-power into adjacent load center NT-1 through a 600A / 4160V fused switch into a 1000-kVA transformer that supplies 1200A / 277Y/480V power into the building upon failure of utility power.

4. East tower basement load center is fed via a 600A / 4160V fused switch from main switchboard located in "B Basement". Sub-panel 'MVDH-1' provides 277/480V power to panel "DPHA" via a 750-kVA transformer for use in lighting and equipment. A second transformer, rated at 300-kVA, transforms 4160V power to 120Y/208V in sub-panel "DHPB" for use in plug outlet sub-panels in the East tower. Again the system is fully backed-up via an ATS for redundant E-power source. Note panels DPHA and DPHB are 1960s era units manufactured by "FPE" (Federal Pacific Electric), and replacement switches may be available as reconditioned units only.

A full set of as-built electric one-line diagrams are available to provide more electric power distribution details as needed.

Restrooms contain GFIC plugs in restroom. Wiring, where visible, appeared to be copper, but there is no guarantee of limited aluminum wiring or aluminum lugs with steel bolts on bus bars.

4.2 EMERGENCY POWER: Base building emergency power for egress lighting and fire life safety systems is provided using three (3) diesel fuel engine-driven power generators located in the central plant. There are 12 ATS (automatic transfer switches) scattered throughout the hospital. All Hospital power panels are fully redundant for emergency ("E")-power.

DIESEL ENGINE DRIVEN EMERGENCY POWER GENERATOR SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Engine Mfgr.	Gen Set Mfgr.	Gen. Model	Serial	kW	kVA	Year	Age	EUL	RUL	Location	Area Served
EMG-1	Waukesha L5792D	Kato	1200SX9D	78-73289-1	1,200.0	1500.0	1978	39	35	0	Plant	Water cooled CW
EMG-2	Waukesha L5792D	Kato	1200SX9D	78-73289-2	1,200.0	1500.0	1978	39	35	0	Plant	Water cooled CW
EMG-3	Detroit Diesel	Valley	BASE04181500	3368A93	1,500.0	1875.0	1993	24	35	11	Plant	Exter radiator cooled
Total:					3,900.0	4,875.0						
NOTES:	1. Each generator has a diesel fuel above grade "day tank", steel fuel oil piping NPT											
	2. Plant has 2 x 30,000 gallon buried diesel fuel oil tanks, review excluded from this report, see "Environmental".											

Staff states generators are test run monthly, but no information regarding switch-over tests of full load bank tests was available.

4.3 LIGHTING: Adequate lighting for both the tenant and common was observed. Lighting voltage is 277V. For older build outs and common areas, lighting in offices is mostly 4-foot, 2-lamp T-8 F032 indirect recessed fluorescent fixtures with electronic type ballasts in newer spaces. Older offices contain 4-foot, 3-lamp T-8 F032 recessed fluorescent fixtures. Hallways are lit using 2-foot, 2-lamp FB032 "U" T8 recessed fluorescent fixtures. Elevator lobbies and main lobbies contain compact fluorescent lamps. Exit signs are LED type. Common area lighting and exterior lighting circuits are controlled by timers. Restrooms, offices, conference rooms, etc. use occupancy sensor motion detectors. Few, if any, areas





have been retrofit with newer 2015 California Title XXIV (24) Non-residential Energy Efficiency Standard standards.

4.4 SECURITY: Observed security systems include keypad / magnetic exterior door access control; programmable system noted as “Continental Access”. Building maintains 24-7 staffed security personnel. Building contains video management CCTV (closed circuit television) system with multiple monitors, with a reported 140 (approximate) camera circuits.

4.5 COMMUNICATIONS: Telephone utility service is by “AT&T”. Main phone lines enter in multi-pair copper wire bundles, capacity not known, but seem adequate for present tenant uses. High-speed phone lines including T-1, T-3, DSL and fiber optic service are installed. Hospital tenant arranges for their own telecommunications systems from area available providers.

***Comments/Recommendations:***

Electrical observations: 1) Infrared (“IR”) thermo-graphic scans for main distribution or sub-panels to identify any “hot spots” that might require repair / lug tightening or circuit breaker replacement are regularly being done as is main switch GFIC testing. 2) Little or no areas of the buildings have been converted to Title 24 compliant lighting systems; this is not a capital reserve item: generally Title 24 compliance is built into the tenant improvement construction budget. 3) 2 ea. 1975 E-power generators (EMG-1, 2) will require replacement or major refurbishment within the ten year capital reserve period of this report. 4) 1970s era “Sylvania” switchgear components are no longer manufactured; however major manufacturers such as “Siemens” and “Square-D” provide compatible switches and breakers.

E1. Long-term (5-10 Years): Replace 2 ea. 1975 diesel engine driven 100-kW output E-power generators (EMG-1, 2), which will require replacement, including replacement of automatic transfer switches and fuel oil day tanks.

Please be aware that as tenant spaces are built out, they will be subject to the more stringent requirements of the 2016 California Title XXIV (24) Non-residential Energy Efficiency Standards that requires ever-more efficient fixtures and increased lighting controls. Summary of 2013 required Lighting & Electrical Requirements effective 07/01/2017 is as follows (2018 updated regulations are becoming effective 1-1-18):

Controlled receptacles required within 6 ft. of an uncontrolled receptacle (office space); additional infrastructure and connection to occupancy control system. Dimming required on all luminaires with certain exceptions. Mandatory daylight control and daylight control systems for rooms > 120 watts of lighting. Mandatory step dimming and occupancy controls in stairwells and corridor. Security lighting allowance removed. Reduction of allowable “night lighting”. Life Safety lighting requires occupancy control (requires detailing; coordination to ensure proper operation). Disaggregation of electrical loads for new electrical distribution / panels over 50kVA. Requires separate panels to isolate electrical loads by type OR branch circuit metering required. Demand response capable lighting (networked lighting controls required).

**5.0 FIRE PROTECTION / LIFE SAFETY SYSTEMS**

5.1 FIRE SPRINKLER SYSTEMS: Facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Approximately 150,000-SF of areas not covered by sprinklers include: mechanical shop, fetal medicine, pulmonary treatment, rehab services, 3<sup>rd</sup> floor east, and 1st floor education.

Municipal utility supplies firewater in three (3) lines (2 ea. 8-in. and 1 ea. 4-in), each with back-flow prevention device located at plot limits in parkways. Low rise areas are circulated at incoming line pressure but there is a 75-Hp electric motor drive firewater booster pump for high rise areas fed by an incoming main 8-in. pipeline. Firewater risers are rated at 0.10-gpm per SF at 1500-SF.

FIREWATER BOOSTER / CIRCULATION PUMP SCHEDULE												
DESERT REGIONAL MEDICAL CENTER												
ID	Type	Mfgr.	Model	Serial	Capacity	Year	Age	EUL	RUL	Location	Area Served	
FWP-1	End Suction Electric	Aurora		88-66687	75-Hp, 1000-gpm	1988	29	35	6	Basement	Hospital	
NOTES: 1. Jockey pump: 3-Hp. With Firetrol FTA1000-AA75B fire pump controller panel & Firetrol FTA900-BD-150B ATS												

There are numerous wet risers in the structures. Each branch and floor has a manual shut-off valve with anti-tamper switch. Each floor has a flow alarm sensor installed. There are 2.5-in. hose connections at each floor and rooftops, as well as distributed firewater hose stations. Many facilities are deleting hose stations and replacing with dry extinguishers. Firewater piping is steel pipe with grooved / clamped “Victaulic” type joints, but some smaller branches are steel pipe with threaded joints.

Firewater system is tagged as having last Regulation 4, Five-Year test and certification by “Shasta Fire Protection Co.” in 2013 – so it is due again in April 2018. Last annual test and certification by “Shasta” was completed in October 2017.

Sprinkler heads were noted as varied types and vintages. Heads observed on site included Viking 2014, 3-mm quick release glass bulb type for newer built-out areas and 1970s CSC-C bi-metallic fused link type for older spaces. Note the NFPA requires sprinkler heads to be replaced every 50 years.

“Dry type” fire extinguishers are installed. A spot check of extinguishers indicated they were last serviced by “Fire Master” on October 16, 2017, less than one year of the date of this report, indicating an up-to-date service but due the month of this inspection.

There are several “dry suppression systems” installed throughout the facility. The following dry suppression systems were noted on site: IT/ Server room (Halon 1301 with “Ansul” model 2000 control panel); West tower penthouse for helicopter pad (foam system); North basement power panel room (Halon 1301); and main kitchen exhaust hoods (Ansul system).



**5.2 FIRE ALARM SYSTEMS:** The current fire alarm control panel (“FACP”) is a retrofit early generation analogue / digital addressable type unit noted as “Honeywell” Excel 5000 Building Supervisory System, software version 2.3 (1998). Property management indicates that a new panel has been procured and capital funds budgeted for installation. The project is awaiting OSHPD approval and is estimated to be installed at the end of March 2018. The Honeywell Excel System is obsolete, no longer manufactured or supported by manufacturer. Manufacturer offers upgraded addressable fire alarm control panels. There are five (5) distributed zone nodes in the facility: Sinatra tower, West wing, East tower, education center, and power plant and about eleven (11) typically Fire Lite (by Honeywell) MRP-200 extender panels.

FACP annunciates alarms for firewater flow alarms / tamper sensors, pull (manual) stations, plus corridor, general area, HVAC duct smoke detectors, lobby smoke detectors and ‘tenant alarm’. Control panel also includes public address capability, and there is an adjacent elevator recall control panel and AC unit fan control, plus a generator status screen. Handicapped horns and strobes have been installed in all common areas and tenant area restrooms. System has auto-dial out capability to central station but primarily rings into Hospital security station that is staffed 24-7 that manually calls fire department as needed.

Tenet has already budgeted for and ordered a replacement Honeywell addressable alarm panel; components have already been delivered, awaiting installation.

***Comments/Recommendations:***

Fire life safety observations: 1) No testing or evaluation of possible MIC (microbial induced corrosion) inside firewater lines was made, outside of our included PCA scope. 2) The old fire alarm control panel (FACP) will require replacement within the ten year capital reserve period of this report; Tenet has plans in progress for a 2018 replacement project, and components have already been delivered on site. Generally new FACPs will be compatible with older existing field sensing detectors and devices; however there is no guarantee that some if not all field devices may also require replacement, including newer addressable horns and strobes.

3) Facility is approximately 70% covered with a wet-standpipe firewater sprinkler system. Areas not covered include mechanical shop, fetal medicine, pulmonary treatment, rehab services and 1st floor education, which is approximately 150,000-SF in area. Tenet has plans in progress to upgrade these areas at a cost of up to about \$2M.

F1. Short-term (1-4 Years): Replace older addressable Honeywell Excel 5000 fire alarm control panel, now considered to be obsolete. Replace with Simplex 4100ES or newer then current replacement model. Replace any field sensing devices not compatible with new analogue/ digital unit (cost provided by Tenet Capex).

F2. Short-term (1-4 Years): Install firewater sprinklers, distribution piping, heads, isolation valves, flow sensors, anti-tamper switches, etc. in approximately 150K-SF including hospital Zones E, F, G, H, J (F is non-OSHPD) (cost provided by Tenet Capex).

F3. Regulation 4, Five-year fire alarm / firewater system compliance testing and certification is due in first quarter 2018.

## 6.0 COST OPINIONS / REPLACEMENT COST WORKSHEETS/ LIMITATIONS

6.1 COST TABLES: Please refer to TABLE 1: “IMMEDIATE REPAIR AND DEFERRED MAINTENANCE EXPENDITURES: and TABLE 2: “REPLACEMENT RESERVE SCHEDULE” for the costs associated with the recommendations contained in this report.

Budget cost opinions were prepared for needed present and future repairs, rehabilitation, replacement, and deferred maintenance and shown on the following attached page(s). Cost opinions for major replaceable or repairable components, including equipment, roofing, and building components are based on the estimated remaining useful life. Cost opinions are based on either (1) published construction cost data, (2) quotes or documentation on previous work, or (3) cost data compiled or used by MEP for similar mechanical-electrical-plumbing and fire-life safety related items. The following table provides a summary of cost opinions for present and future items needing repair, replacement and/or correction for the site facilities and the existing building in constant dollars for the report date. All costs are stated in constant **2017** dollars.

6.2 PROPERTY CONDITION REPORT LIMITATIONS: **MARKETABLE ENGINEERED PROJECTS, LLC dba Maximum Energy Professionals (MEP)** was retained for the purpose of preparing the Mechanical (HVAC), Plumbing, Electrical and Fire Life Safety summary portions of this “physical asset” or “property condition assessment” report.

In this report, examination of units was performed using visual external inspections, discussions with on and off-site personnel as available, and review of any records and drawings supplied by the client and the examinations are valid only for the date and time the inspections were made. No internal inspections of equipment / switchgear opening were performed. No performance testing, emissions leak testing or electrical load survey was done. Obvious external Code violations were noted, as applicable, but no internal code inspection such as testing installed electrical loading of circuit breakers was included. Also, the conclusions and recommendations presented are based on the results of the on-site inspections and initial assessment investigations which were performed at the subject property and information regarding design information which was supplied to MEP by building personnel & owner’s representatives, plus review of construction drawings.

The results of the site investigation are necessarily limited to this specific location and are valid only for the specific times at which the inspection was performed. In all cases, a standard of professional care commensurate with other professionals practicing similar tasks in similar areas was exercised in obtaining, reviewing, interpreting, and verifying all available information. Although such standards of professional care were followed, some possibility exists, as with all property assessments, that a presently unknown factor may become known at a future date. Any such new information must be evaluated at that time, within the context of the information presented herein, and within the context of the then existing regulations. Since such evaluations could potentially alter these conclusions, this report shall not be regarded as a guarantee that no potential repair or maintenance items or costs or hidden HVAC, plumbing, electrical, or fire-life-safety equipment conditions, beyond that which were detected during this property condition assessment, are present at this site. All cost opinions are in constant dollars as of the date of the report, with no inflation or escalation added.

## 7.0 PHOTOS AND PHOTO LOG

Please refer to the following pages that contain a Photo Log summarizing the photos taken at this location. Photo log contains photographs of relevant Mechanical, Electrical, Plumbing, and Fire Life Safety equipment showing typical equipment condition and any visible areas of concern, as applicable.



## Seismic and PML Assessment

Desert Regional Medical Center  
1150 North Indian Canyon Drive  
Palm Springs, CA 92262



Prepared for:  
Desert Healthcare District/Foundation  
Palm Springs, California

December 28, 2017  
Project No. PC71038638



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THIS REPORT IS THE PROPERTY OF CBRE AND DESERT HEALTHCARE DISTRICT/FOUNDATION AND WAS PREPARED FOR A SPECIFIC USE, PURPOSE, AND RELIANCE AS DEFINED WITHIN THE AGREEMENT BETWEEN CBRE AND DESERT HEALTHCARE DISTRICT/FOUNDATION AND WITHIN THIS REPORT. THERE SHALL BE NO THIRD PARTY BENEFICIARIES, INTENDED OR IMPLIED, UNLESS SPECIFICALLY IDENTIFIED HEREIN.



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December 28, 2017

Mr. D. Chris Christensen  
Chief Financial Officer  
Desert Healthcare District/Foundation  
Palm Springs, California 92262  
(760) 323-6356 (tel)  
christensen@dhcd.org@whg.com

Re Seismic and PML Assessment  
Desert Regional Medical Center  
1150 North Indian Canyon Drive  
Palm Springs, California 92262  
Project No. PC71038638

Dear Mr. Christensen:

Attached is our Seismic and PML Assessment outlining the results of our Probable Maximum Loss (PML) study prepared in reference to the above site. On December 4, 2017 we visited the site to observe its general physical condition. The scope of this assignment, methodology, protocol, and limiting conditions are outlined within this report.

This Report is being submitted as a **DRAFT**. There may be additional information concerning the property that is still in the process of being solicited, evaluated, and/or incorporated within this Report. Such information may impact our opinions and the PML. We appreciate the opportunity to assist you. If you have any questions, please contact me at (818) 934-6973.

Sincerely,

CBRE, Inc. – Assessment and Consulting Services

**DRAFT**

Vicki L. Gray, P.E.  
Project Manager

Reviewed By:

**DRAFT**

Scott M. Adan, Ph.D., SE, SECB  
Director of Seismic Assessment  
Services

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## SUMMARY

### A. Property Summary

Desert Regional Medical Center (the "Subject") consists predominately of general acute care facilities including a 66-year-old single-story Main Hospital (originally completed in 1951), a 47-year-old four-story East Tower (completed in 1970), a 44-year-old single-story North Wing (completed in 1973), a 37-year-old five-story West Tower (aka Sinatra Patient Tower), single-story Surgery Wing, six-story Elevator Tower, two-story Medical Records building, single-story Admitting Building, single-story Elevator Tower Corridors 1 and 2 and West Tower Corridors 1, 2, 3,4, and 5, and a subterranean Shipping & Receiving facility (all completed in 1981), a 23-year-old two-story Woman and Infants Hospital (completed in 1994), an approximately 27-year-old two-story Lobby (completed in 1990), the approximately 28-year-old single-story Dinah Shore Waiting Area building (completed in 1989), and a 42-year-old two-level subterranean Central Plant (completed in 1975). The Subject also provides a 25- and 21-year old four-story Medical Office Building (MOB) and underbuilding parking garage (originally constructed in 1992 with an addition completed in 1995), the 47-year-old three-story Sinatra Auditorium (completed in 1970), a single-story Annex (construction date unknown) and an approximately 27-year-old modular Operations Building (completed in 1990). A 46-year-old second-story addition to the Main Hospital was completed in 1970. The Subject buildings, totaling approximately 600,000 square feet, are located in Palm Springs, California. Parking is provided on grade and in an underbuilding parking garage. The exterior façades vary, but predominately consist of white painted cast-in-place concrete and masonry.

The Subject buildings were designed under the respective editions of the Uniform Building Code (UBC), as noted in the following table. The Main Hospital is reinforced concrete-framed with a non-ductile reinforced concrete shear wall lateral-resisting system. The partial second story addition is steel framed with steel concentrically braced frames lateral-resisting system. The East Tower is steel and reinforced concrete framed with a steel moment-frame lateral-resisting system. The North Tower is steel and reinforced concrete framed with a reinforced brick masonry and concrete shear wall lateral-resisting system. The West Tower and Surgery Wing are steel and reinforced concrete-framed with steel moment and concentrically braced frames lateral-resisting systems, respectively, and a reinforced concrete shear wall lateral-resisting system at the basement level. The West Tower Penthouse, Elevator Tower, Medical Records and Admitting Buildings, and Elevator and West Tower Corridors are steel framed with steel concentrically braced lateral-resisting systems. The subterranean Shipping and Receiving level is reinforced concrete framed with a concrete shear wall lateral-resisting

system. The Woman and Infants Hospital is steel framed with steel moment and concentrically braced lateral-resisting systems. The Lobby and Dinah Shore Waiting Area buildings are most likely steel framed with steel moment frame lateral-resisting systems. The MOB, Parking Garage and addition is reinforced concrete and steel framed with steel moment frames and reinforced concrete shear walls lateral-resisting systems. The Central Plant structure is reinforced concrete framed with a concrete shear wall lateral-resisting system. The Sinatra Auditorium is steel and reinforced concrete framed with a reinforced masonry shear wall lateral-resisting system. The Annex building is wood framed with a wood shear wall lateral-resisting system. The Operations modular building most likely is steel framed with steel moment frames and rod bracing lateral-resisting systems. The Subject building parameters are summarized as follows:

Designation	Year Built / Renovated	UBC Edition	No. of Stories	No. of Bldgs.	Lateral-Resisting System
Main Hospital	1951/1956/ 1965/1972	1949/1952/19 61/1970	One Plus Basement	One	Non-Ductile Concrete Shear Walls
Main Hospital Second Story Addition	1970	1964	Two Plus Basement	One	Steel Concentrically Braced Frames
East Tower	1970	1964	Four Plus Basement	One	Steel Moment Frames
North Wing	1973	1970	One Plus Basement	One	Brick Masonry and Concrete Shear Walls
West Tower	1981	1973	Five Plus Basement & Penthouse	One	Steel Moment and Concentrically Braced Frames, Concrete Shear Walls
Surgery Wing	1981	1973	One Plus Basement	One	Steel Concentrically Braced Frames and Concrete Shear Walls
Elevator Tower	1981	1973	Six	One	Steel Concentrically Braced Frames
Admitting and Medical Records	1981	1973	One and Two	Two	Steel Concentrically Braced Frames
Elevator and West Tower Corridors	1981	1973	One	Seven	Steel Concentrically Braced Frames
Shipping & Receiving	1981	1973	One Subterranean	One	Concrete Shear Walls
Woman & Infants Hospital	1994	1988	Two Plus Basement	One	Steel Moment and Concentrically Braced Frames
Dinah Shore Waiting Area and Lobby	1989, 1990	1985	One and Two	Two	Steel Moment Frames
MOB and Parking Garage	1992/1996	1988/1994	Four Plus Two Subterranean	One	Steel Moment Frames and Concrete Shear Walls

Central Plant	1975	1973	Two Level Subterranean	One	Concrete Shear Walls
Sinatra Auditorium	1970	1967	Three	One	Masonry Shear Walls
Annex	Not Known	Not Known	One	One	Wood Shear Walls
Operations	1990	1988	One	One	Steel Moment Frames

B. Seismic Assessment Considerations

This seismic risk assessment was performed in conformance with the scope and limitations of ASTM Guide E2026. The findings are based on field observations, review of available prior documentation, and use of the ground-shaking data from the US Geological Service (USGS) National Seismic Hazard Mapping Project, in conjunction with published maps of ground conditions, faulting and liquefaction. The scenario loss estimates are determined in accordance with ASTM Guide E2557, *Standard Practice for Probable Maximum Loss (PML) Evaluations for Earthquake Due-Diligence Assessments*, using the Thiel and Zsutty prediction methodology. For a 475-year return period, the USGS peak ground acceleration (PGA) on rock is estimated at 0.49g. Given the soil type, this corresponds to a site-specific PGA of 0.53g and to a Modified Mercalli Intensity (MMI) between IX and X.

C. Assessment Conclusion

CBRE has performed a probable maximum loss (PML) evaluation for earthquake due diligence assessment in conformance with the scope and limitations of ASTM Guide E2026 for a Level 1 investigation. Any exceptions to, or deletions from, this Guide are described in Section 1.2 of this report. As determined in Section 4 of this report, the Subject meets the site stability requirements. In addition, as determined in Section 5 of this report, the East and West Towers and MOB and Parking Garage buildings do not meet the building stability requirements.

The assessment has determined the PML values, in terms of the Scenario Expected Loss (SEL) and Scenario Upper Loss (SUL) for a 475-year return period, as follows:

Designation	SEL <sub>475</sub> (50% Confidence)	SUL <sub>475</sub> (90% Confidence)
Main Hospital	9%	14%
Main Hospital 2 <sup>nd</sup> Story Addition	7%	12%
East Tower	15%	21%
North Wing	9%	15%
West Tower	15%	21%
Surgery Wing	7%	12%
Elevator Tower (Six-Story)	9%	14%
Admitting and Medical Records	7%	12%
Elevator & West Tower Corridors (Single-Story)	7%	12%
Shipping & Receiving	9%	14%
Woman & Infants Hospital	12%	18%
Dinah Shore Waiting Area and Lobby	12%	18%
MOB and Parking Garage	15%	21%
Central Plant	9%	14%
Sinatra Auditorium	9%	15%
Annex	7%	14%
Operations (Modular Building)	4%	7%
Aggregate Total	13%	18%

## 1. INTRODUCTION

### 1.1. Important Information About Your Seismic Risk Assessment

Seismic risk assessment reports are intended to meet the specific needs of their clients. A seismic report prepared for a particular client may not fulfill the needs of a different client such as a lender, an insurance company, or the owner. Because each seismic report is unique, no one should rely on your seismic report without first conferring with the engineer who prepared it. No one, not even the intended client, should apply the report for any purpose or project except the one for which it was originally prepared.

This seismic risk assessment is based on the following ASTM Standards:

- ASTM E2026-16a, *Standard Guide for Seismic Risk Assessment of Buildings*
- ASTM E2557-16a, *Standard Practice for Probable Maximum Loss (PML) Evaluations for Earthquake Due-Diligence Assessments*

In accordance with the ASTM standards, this was a Level 1 investigation. Level 1 is generally considered an engineering cursory review, including a review of construction documents and site visit by a qualified field assessor. It is considered to have a moderate uncertainty level.

Serious problems have occurred because those relying on a seismic report did not read the entire report. Do not rely on an executive summary. Do not read selected elements only. In many cases, clients look for an acceptable "PML" value without reading the definition of the loss, or understanding that there may be building or site stability issues which may result in high risk to life-safety.

A seismic report is based on the conditions of the property and knowledge of seismic hazards at the time the report was prepared. Do not rely on a seismic report whose adequacy may have been affected by: the passage of time wherein damage such as settlement or the deterioration of the structural systems may have occurred; natural disasters such as earthquakes, wind or floods; or man-made changes such as the modification to the building or lateral force resisting systems. Always contact the engineer before relying on the report.

Professional Engineers review drawings, conduct site observations, perform analyses of buildings, then apply their professional judgment to render an opinion regarding the potential seismic loss and building stability. Hiring a qualified professional with a complete scope of services will result in seismic risk assessment reports that are comprehensive, reliable, and have lower uncertainty.

It was not the intent of this investigation to be technically exhaustive, nor to identify all existing seismic vulnerabilities. There may be seismic vulnerabilities that are not easily accessible for discovery or readily visible. The scenario loss estimates are determined in accordance with. These standards establish the standard-of-care for assessing potential earthquake damage and evaluating financial risk.

## 1.2. Exceptions, Deletions and Limitations

In accordance with ASTM Guide E2026, this report includes the following exceptions to, or deletions from the Guide:

Site stability hazards (e.g. fault rupture, landslide, tsunami, liquefaction, etc.) are not accounted for in the loss estimates (E2026 Sections 13.2.4.1 and 10.5.7). They also do not include demand surge (E2026 Section 13.2.4.3). Demand surge is defined as the increase in the cost of repair or replacement of damaged property that may occur following a catastrophe such as an earthquake. In addition, due to the proprietary nature of this report, the total time each person committed to the evaluation is not provided (E2026 Section 13.2.5).

This report, assessment, and potential loss calculations are based on scientific data, mathematical and empirical models, and prior engineering experience. As with any model of physical systems, there is no assurance that any earthquake damage sustained by the Subject will be less than the calculated loss estimate values. Furthermore, it is understood that CBRE is not liable for the accuracy and/or adequacy of the structural design performed by others (E2026 Section 13.2.7).

## 1.3. Purpose and Scope

Westmount USA Development, Inc., (the "Client") contracted with CBRE, Inc., a Delaware corporation, ("CBRE") to conduct an investigation for the purposes of rendering an assessment of the Subject's seismic risk in accordance with the



scope and terms of our agreement with the Client, and to determine a Probable Maximum Loss (PML) value.

In order to observe and review the Subject's general structural conditions, CBRE staff visited the site. The results of our observations, together with the information gleaned from our research, were extrapolated to form both the general opinions of the Subject's seismic vulnerabilities and the estimate of probable losses associated with earthquake damage. This evaluation represents the opinions of CBRE based on available information. It is not intended to preempt the responsibility of the original design consultants.

The scope of this investigation included the following:

- 1.3.1. Review available existing construction documents and/or engineering reports.
  - 1.3.2. Conduct a single site visit consisting of a "walk-through" survey to confirm and/or document existing structural systems.
  - 1.3.3. Investigate the property for building and site stability.
  - 1.3.4. Identify structural system characteristics and potential seismic vulnerabilities.
  - 1.3.5. Render an opinion of probable maximum loss (PML) as a percentage of the current building replacement cost, resulting from the Design Based Earthquake (DBE). The Scenario Expected Loss (SEL – 50% Confidence Interval) and Scenario Upper Loss (SUL – 90% Confidence Interval) estimates are expressed in terms of a 475-year return period earthquake, corresponding to a hazard level of 10% probability of exceedance in a 50-year period. Estimates are determined based on findings from the aforementioned scope of work and use of an appropriate loss prediction methodology. They do not include losses associated with material contents.
  - 1.3.6. Prepare a written report summarizing the results of the investigation and potential loss calculations.
- 1.4. Design Documents Reviewed

At the time of this report, it was confirmed that limited construction documentation associated with the Subject was available. The following document(s) were made available and examined during the investigation:

#### Structural Drawings

- Williams, Clark & Frev, Architects, Palm Springs, California, "General Hospital Building, Desert Hospital District, Palm Springs, Riverside County, California," structural drawings, dated May 24, 1950.
- Stanley I. Hart Civil and Structural Engineer, Fullerton, California, "Alterations & Additions to The Desert Hospital, Desert Hospital District, Palm Springs, California," structural drawings, dated July 5, 1956.
- Stanley E. Malara Civil Engineer, "Alterations & Additions to The Desert Hospital, Desert Hospital District, Palm Springs, California," structural drawings dated November 1, 1963.
- Parker-Zehnder & Associates Consulting Structural Engineers, "A-B-C Wings Remodel, Desert Hospital, 1151 North Via Miraleste, Palm Springs, Calif.," structural drawings dated February 10, 1971.
- Brandow and Johnston Associates Structural Engineers, Los Angeles, California, "Desert Hospital, 1151 North Via Miraleste, Palm Springs, California," structural drawings dated February, 1967.
- Brandow and Johnston Associates Structural Engineers, Los Angeles, California, "Desert Hospital, 1151 North Via Miraleste, Palm Springs, California," structural drawings dated March, 1971.
- Taylor & Gaines, Pasadena, California, "Desert Hospital Palm Springs, 1151 North Via Miraleste, Palm Springs, Calif.," structural drawings dated February 4, 1977.
- Tibor Ginter Structural Engineer, Inc., Hollywood, California, "Desert Hospital Phase I Expansion, Palm Springs, California," structural drawings dated June 19, 1990. The drawings are stamped OSHPD Submittal.
- Brian L. Cochran Associates, Inc. Consulting Structural Engineers, Los Angeles, California, "Desert Hospital, El Mirador Medical Plaza, 1150

North Indian Canyon Avenue, Palm Springs, California 92263," structural drawings dated October 25, 1991.

- Taylor & Gaines Structural Engineers, Pasadena, California, "Power Plant Desert Hospital, 1151 N. Via Miraleste, Palm Springs, Calif.," structural drawings dated October 30, 1974.
- Parker-Zehnder & Associates Consulting Structural Engineers, "Sinatra Medical Education Center," structural drawings dated November 7, 1969.

The Williams, Clark & Frev, Architects structural drawings do not indicate the governing building code, but it is most likely the 1949 Uniform Building Code (UBC). The Stanley I. Hart Civil and Structural Engineer structural drawings do not indicate the governing building code, but it is most likely the 1952 Uniform Building Code (UBC). The Stanley E. Malara Civil Engineer structural drawings do not indicate the governing building code, but it is most likely the 1961 Uniform Building Code (UBC).

The Parker-Zehnder & Associates Consulting Engineers structural drawings dated February 10, 1971, indicate the governing building code as the 1970 Uniform Building Code (UBC). The Brandow and Johnston Associates Structural Engineers structural drawings dated February, 1967, indicate the governing building code as the 1964 Uniform Building Code (UBC).

The Brandow and Johnston Associates Structural Engineers structural drawings dated March, 1971, indicate the governing building code as the 1970 Uniform Building Code (UBC). With respect to the foundation, the notes reference a geotechnical report, "Report of Foundation Investigation," prepared by LeRoy Crandall and Associates, dated September 23, 1968 (Report No. A-68210). A copy of the geotechnical report was not provided for our review.

The Taylor & Gaines structural drawings dated February 4, 1977, indicate the governing building code as the 1973 Uniform Building Code (1973). With respect to the foundation, the notes reference a geotechnical report, "Foundation Investigation," prepared by LeRoy Crandall and Associates, dated June 4, 1975, and "Supplementary Recommendations" dated December 17, 1975. Copies of the geotechnical reports were not provided for our review.

The Tibor Ginter Structural Engineer, Inc. structural drawings indicate the governing building code as the 1988 Uniform Building Code (UBC). With

respect to the foundation, the notes reference geotechnical reports prepared by Buena Engineer, Inc., dated October 31, 1989, November 27, 1989 and February 26, 1990. A copy of the geotechnical reports was not provided for our review.

The Brian L. Cochran Associates, Inc. Consulting Structural Engineers structural drawings indicate the governing building code as the 1988 Uniform Building Code (UBC). With respect to the foundation, the notes reference a geotechnical report prepared by Rubicon Geotechnical dated April 5, 1991 and Addendum dated April 15, 1991. A copy of the geotechnical reports was not provided for our review.

The Taylor & Gaines Structural Engineers structural drawings dated October 30, 1974, indicate the governing building code as the 1973 Uniform Building Code (UBC). With respect to the foundation, the notes reference a geotechnical report prepared by LeRoy Crandall and Associates dated June 4, 1975.

The Parker-Zehnder & Associates Consulting Structural Engineers structural drawings dated November 7, 1969, do not indicate the governing building code, but it is most likely the 1967 Uniform Building Code (UBC). With respect to the foundation, the notes reference a geotechnical report, "Foundation Investigation Report", prepared by LeRoy Crandall & Associates, dated August 22, 1969. A copy of the geotechnical report was not provided for our review.

#### 1.5. Reliance

This report was specifically prepared on behalf of the "Client," to assist in their evaluation of the asset's seismic risk. This report is exclusively for the use of the "Client" and is not for the use and benefit of, nor may it be relied upon by, any other person or entity, for any purpose, without the advance written consent of CBRE. Services were performed by CBRE in a manner consistent with the level of care and skill ordinarily exercised by members of the profession currently practicing under similar conditions. No other warranty, expressed or implied, is made.

THIS REPORT IS THE PROPERTY OF CBRE AND THE "CLIENT" AND WAS PREPARED FOR A SPECIFIC USE, PURPOSE, AND RELIANCE AS DEFINED WITHIN THE AGREEMENT BETWEEN CBRE AND THE "CLIENT" AND THIS REPORT. THIS REPORT MAY NOT BE USED OR RELIED UPON BY ANY OTHER PARTY WITHOUT THE EXPRESSED WRITTEN PERMISSION OF CBRE. THERE

SHALL BE NO THIRD PARTY BENEFICIARIES, INTENDED OR IMPLIED, UNLESS SPECIFICALLY IDENTIFIED HEREIN.

## 2. BUILDING DESCRIPTION

### 2.1. General

Desert Regional Medical Center (the "Subject") consists predominately of general acute care facilities (Photos 1-3 and 5) and including a 66-year-old single-story Main Hospital (originally completed in 1951), a 47-year-old four-story East Tower (completed in 1970), a 44-year-old single-story North Wing (completed in 1973), a 37-year-old five-story West Tower (aka Sinatra Patient Tower), single-story Surgery Wing, six-story Elevator Tower, two-story Medical Records building, single-story Admitting Building, single-story Elevator Tower Corridors 1 and 2 and West Tower Corridors 1, 2, 3,4, and 5, and a subterranean Shipping & Receiving facility (all completed in 1981), a 23-year-old two-story Woman and Infants Hospital (completed in 1994), an approximately 27-year-old two-story Lobby (completed in 1990), the approximately 28-year-old single-story Dinah Shore Waiting Area building (completed in 1989), and a 42-year-old two-level subterranean Central Plant (completed in 1975). The Subject also provides a 25- and 21-year old four-story Medical Office Building (MOB) (Photo 4) and underbuilding parking garage (originally constructed in 1992 with an addition completed in 1995), the 47-year-old three-story Sinatra Auditorium (completed in 1970) (Photo 6), a single-story Annex (construction date unknown) and an approximately 27-year-old modular Operations Building (completed in 1990). A 46-year-old second-story addition to the Main Hospital was completed in 1970. The Subject buildings total 600,000 sf located in Palm Springs, California. Parking is provided on grade and in an underbuilding parking garage. The exterior façades vary predominately consisting of white painted cast-in-place concrete and masonry.

The Subject buildings were designed under their respective Uniform Building Code (UBC) editions as follows: The Main Hospital was most likely designed under the 1949 UBC, with alterations and additions most likely designed under the 1952 and 1961 UBC, and remodeling designed under the 1970 UBC. The second story addition and East Tower were designed under the 1964 UBC. The North Wing was designed under the 1970 UBC. The West Tower, Surgical Wing, Elevator Tower, Admitting and Medical Records buildings, Elevator and West Tower Corridors, Shipping & Receiving facility and Central Plant were designed under the 1973 UBC. The Woman & Infants Hospital was designed under the 1988 UBC. The MOB and Parking Garage was designed under the 1988 UBC, and the addition was most likely designed under the 1994 UBC. The

Sinatra Auditorium was most likely designed under the 1967 UBC. The Dinah Shore Waiting Area building and the Lobby were most likely designed under the 1985 UBC. The Operations building was most likely designed under the 1988 UBC. As access to relevant structural drawings was available, the primary sources of information relative to the existing structural systems included a review of the structural drawings and observations made during our site visit. The following sections describe the associated gravity and lateral systems:

## 2.2. Gravity Systems

The gravity system for the Main Hospital and additions consists primarily of reinforced concrete frame construction. The roof and elevated horizontal diaphragms are constructed of reinforced, cast-in-place, concrete slabs. Reinforced concrete joists and beams support the slabs (Photo 8). The depth and size of the concrete joists and beams varies depending on the span and loading. Reinforced concrete bearing walls and columns subsequently support the horizontal framing. The walls and columns are continuous to the foundation.

The gravity system for the partial second story addition to the Main Hospital consists primarily of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of corrugated metal decking and concrete slab cast over corrugated metal decking, respectively. Framed, wide-flange, structural steel beams and girders support the metal decking. The depth of the steel beams and girders varies depending on the span and loading. Wide-flange structural steel columns subsequently support the horizontal framing. The columns are continuous to the foundation.

The gravity systems for the East Tower, West Tower, Surgery Wing, Elevator Tower, Medical Records, Admitting, Elevator and West Tower Corridors, and Woman & Infants Hospital buildings consist primarily of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of concrete slab cast over corrugated metal decking. Framed, wide-flange, structural steel beams and girders support the metal decking. The depth of the steel beams and girders varies depending on the span and loading. Wide-flange structural steel columns subsequently support the horizontal framing (Photo 7). The columns are continuous to the foundation. The West Tower and Surgery Wing elevated first floors consist of reinforced concrete slabs supported on reinforced concrete beams and girders. The depth

and size of the concrete joists and beams varies depending on the span and loading. Reinforced concrete bearing walls and interior steel columns subsequently support the horizontal framing. The walls and columns are continuous to the foundation.

The gravity system for the North Wing consists primarily of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of concrete slab cast over corrugated metal decking and a reinforced, cast-in-place, concrete slab, respectively. Framed, wide-flange, structural steel beams and girders support the metal decking. The depth of the steel beams and girders varies depending on the span and loading. Reinforced brick masonry bearing walls and hollow steel columns subsequently support the horizontal framing. The walls and columns are continuous to the reinforced concrete podium slab. Reinforced concrete joists and beams support the elevated slab. Reinforced concrete bearing walls support the framing. The walls are continuous to the foundation.

The gravity system for the Shipping and Receiving subterranean structure consists of an at-grade reinforced concrete slab supported on reinforced concrete beams. Reinforced concrete bearing walls and columns support the framing. The walls and columns are continuous to the foundation.

The gravity system for the Lobby and the Dinah Shore Waiting Area buildings most likely consists of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of concrete slab cast over corrugated metal decking. Framed, wide-flange, structural steel beams and girders support the metal decking. The depth of the steel beams and girders varies depending on the span and loading. Wide-flange structural steel columns subsequently support the horizontal framing. The columns are continuous to the foundation.

In the MOB and Parking Garage, the gravity system consists primarily of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of concrete slab cast over corrugated metal decking. Framed, wide-flange, structural steel beams and girders support the metal decking. The depth of the steel beams and girders varies depending on the span and loading. Wide-flange and built-up structural steel columns subsequently support the horizontal framing. The columns are continuous to the precast, reinforced concrete podium slab.



In the underbuilding parking garage, the elevated horizontal diaphragms are constructed of precast, reinforced concrete slabs supported by precast, reinforced concrete beams. Reinforced concrete bearing walls and precast, reinforced concrete columns (Photo 9) subsequently support the framing. The walls and columns are continuous to the foundation.

The gravity system for the subterranean central plant consists primarily of reinforced concrete frame construction. The roof and elevated horizontal diaphragms are constructed of reinforced, cast-in-place, concrete slabs. Reinforced concrete joists and beams support the slabs. The depth and size of the concrete joists and beams varies depending on the span and loading. Reinforced concrete bearing walls subsequently support the horizontal framing. The walls are continuous to the foundation.

The gravity system for the Sinatra Auditorium consists primarily of concrete and steel frame construction. The roof and elevated horizontal diaphragms are constructed of corrugated metal decking and reinforced concrete slabs, respectively. Framed, wide-flange, structural steel beams and trusses support the metal roof decking. The depth of the steel beams and trusses varies depending on the span and loading. Reinforced concrete pan joists support the elevated floor slabs. Reinforced masonry bearing walls and hollow steel columns subsequently support the horizontal framing. The walls and columns are continuous to the foundation.

The gravity system for the Annex consists primarily of wood light-frame construction. The roof diaphragm is most likely constructed of wood structural panel sheathing. Dimensional lumber, engineered wood products (joists and beams), and prefabricated wood truss framing support the diaphragm. Light frame wood bearing walls and columns support the framing elements. The bearing walls and columns are continuous to the foundation. At the foundations, the bearing walls are likely supported on anchored wood sill plates.

The gravity system for the Operations modular building most likely consists of pre-engineered steel frame construction. The roof horizontal diaphragm is constructed of corrugated metal decking. Framed, light-gauge steel purlins support the decking. Built-up wide-flange structural steel frames support the purlins. The size of the steel frames varies depending on the span and loading. The steel frame columns are continuous to the foundation.

The foundations are constructed of reinforced concrete strip and spread footings supporting the bearing walls and columns, respectively. The basement and ground floors are concrete slab-on-grade.

### 2.3. Lateral Systems

The horizontal lateral-resisting elements for the Main Hospital and Additions, and Shipping and Receiving and Central Plant subterranean structures, include rigid diaphragms (reinforced concrete slabs). Reinforced concrete shear walls laterally support the diaphragms. The walls are distributed in both primary directions and are continuous to the foundation. The thickness of the shear walls varies in proportion to the associated lateral strength and stiffness requirements. At the base, the shear walls are rigidly connected to the concrete foundations.

For the Main Hospital partial second story addition, Elevator Tower, Admitting Building, Medical Records Building, and Elevator and West Tower Corridors, the horizontal lateral-resisting elements include flexible (corrugated metal decking) and rigid (concrete slab cast over corrugated metal decking) diaphragms. A distributed system of steel concentrically braced frames laterally supports the diaphragms. The frames consist of steel beams, columns and hollow braces. The beam-column-brace joints are fully welded, with fillet welds at the gusset plate intersections. At the base, the steel columns and braces are rigidly connected to the concrete foundations.

The horizontal lateral-resisting elements for the East Tower, Dinah Shore Waiting Area and Lobby buildings, include flexible roof (corrugated metal decking) and rigid floor (concrete slab cast over corrugated metal decking) diaphragms. A perimeter system of steel moment-resisting frames laterally supports the diaphragms. The frames consist of steel wide-flange beams and columns. The beam-to-column joints are fully welded, with full-penetration welds at the flange intersections. At the base, the moment frame columns are rigidly connected to the concrete foundations.

The horizontal lateral-resisting elements for the North Wing include rigid diaphragms (concrete slab cast over corrugated metal roof decking and reinforced concrete elevated floor slab). Reinforced brick masonry and concrete shear walls laterally support the diaphragms. The walls are distributed in both primary directions and are continuous to the foundation. The thickness of the shear walls varies in proportion to the associated lateral strength and stiffness

requirements. At the base, the shear walls are rigidly connected to the concrete foundations.

The West Tower horizontal lateral-resisting elements include flexible (corrugated metal decking) and rigid (concrete slab cast over corrugated metal decking and reinforced concrete slabs) diaphragms. A distributed system of steel concentrically braced frames laterally supports the penthouse roof diaphragms (Photo 10). A perimeter system of steel moment-resisting frames laterally supports the roof and floor diaphragms. The braced frames consist of steel beams, columns and hollow braces. The beam-column-brace joints are fully welded, with fillet welds at the gusset plate intersections. At the base, the steel columns and braces are rigidly connected to the roof diaphragm. The moment frames consist of steel wide-flange beams and columns. The beam-to-column joints are fully welded, with full-penetration welds at the flange intersections. At the base, the moment frame columns are rigidly connected to the concrete podium slab. Reinforced concrete shear walls laterally support the podium slab. The shear walls are distributed in both primary directions and are continuous to the foundation. The thickness of the shear walls varies in proportion to the associated lateral strength and stiffness requirements. At the base, the shear walls are rigidly connected to the concrete foundations.

The Surgery Wing horizontal lateral-resisting elements include rigid diaphragms (concrete slab cast over corrugated metal roof decking and reinforced concrete floor slab). A distributed system of steel concentrically braced frames laterally supports the roof diaphragms. Reinforced concrete shear walls laterally support the floor diaphragm. The braced frames consist of steel beams, columns and hollow braces. The beam-column-brace joints are fully welded, with fillet welds at the gusset plate intersections. At the base, the steel columns and braces are rigidly connected to the concrete floor slab. The concrete shear walls are distributed in both primary directions and are continuous to the foundation. The thickness of the shear walls varies in proportion to the associated lateral strength and stiffness requirements. At the base, the shear walls are rigidly connected to the concrete foundations.

The Woman and Infants Hospital horizontal lateral-resisting elements include flexible (corrugated metal decking) and rigid (concrete slab cast over corrugated metal decking) diaphragms. A distributed system of steel concentrically braced frames laterally supports the penthouse roof diaphragms. A perimeter system of steel moment-resisting frames laterally supports the roof

and floor diaphragms. The braced frames consist of steel beams, columns and hollow braces. The beam-column-brace joints are fully welded, with fillet welds at the gusset plate intersections. At the base, the steel columns and braces are rigidly connected to the roof diaphragm. The moment frames consist of steel wide-flange beams and columns. The beam-to-column joints are fully welded, with full-penetration welds at the flange intersections. At the base, the moment frame columns are rigidly connected to the foundation.

In the MOB superstructure, the horizontal lateral-resisting elements include rigid diaphragms (concrete slab cast over corrugated metal decking). A perimeter system of steel moment-resisting frames laterally supports the diaphragms. The moment frames consist of steel wide-flange beams and columns. The beam-to-column joints are fully welded, with full-penetration welds at the flange intersections. At the base, the moment frame columns are rigidly connected to the precast, reinforced concrete podium slab.

In the underbuilding parking garage, the horizontal lateral-resisting elements include rigid diaphragms (precast, reinforced concrete slabs). Reinforced concrete shear walls laterally support the diaphragms. The walls are distributed in both primary directions and are continuous to the foundation. At the base, the shear walls are rigidly connected to the concrete foundation.

The horizontal lateral-resisting elements for the Sinatra Auditorium include flexible roof (corrugated metal decking) and rigid floor (reinforced concrete slabs) diaphragms. Reinforced masonry shear walls laterally support the diaphragms. The walls are distributed in both primary directions and are continuous to the foundation. The thickness of the shear walls varies in proportion to the associated lateral strength and stiffness requirements. At the base, the shear walls are rigidly connected to the concrete foundations.

The lateral load resisting elements for the Operations Building most likely include tension-only cable braced horizontal diaphragms. In the transverse direction, steel moment-resisting frames laterally support the diaphragms. In the longitudinal direction, concentric tension-only rod bracing, or in some cases, angle bracing laterally supports the diaphragms. The moment-resisting frames consist of steel built-up wide-flange beams and columns. The beam-to-column joints are typically fully bolted. At the base, the moment frame columns are rigidly connected to the concrete foundations.

### 3. FIELD OBSERVATIONS

A visit to the Subject site was made on December 4, 2017 to observe the actual field conditions. Vicki Gray conducted the visit. In general, many of the structural conditions were concealed and not observable. The following sections summarize both structural and non-structural elements of the building that could be observed:

#### 3.1. Structural Component Observations

As indicated by the age and observed on-site, the Main Hospital and additions, Shipping and Receiving underbuilding structure, North Wing, Central Plant and Sinatra Auditorium buildings were constructed in an era when adequate consideration of seismic forces may not have been incorporated into the design. In accordance with ASCE 41, *Seismic Evaluation and Retrofit of Existing Buildings*, the benchmark code for reinforced concrete and masonry construction are the 1976 and 1997 Uniform Building Codes. In notable past earthquakes, buildings of this vintage and construction type have experienced instability and damage. It has now been determined that this instability is a result of insufficient wall thickness, inadequate reinforcement, a lack of adequate boundary elements, and other factors including inadequate lap splices. When subjected to excess deformation, this lack of adequate detailing and confinement allows the masonry walls and concrete components to crack and rupture. This type of damage is sudden and non-ductile. It can potentially result in a loss of bearing support and/or in the formation of a collapse mechanism.

In addition, the primary lateral-resisting system for the East Tower, the West Tower, the Woman and Infants Hospital, the Dinah Shore Waiting Area, the Lobby, and the MOB and Parking Garage buildings is steel moment-resisting frames. With respect to this construction type, the beam-to-column connections generally consist of complete penetration flange welds and a bolted or welded shear tab. This type of welded connection, the industry standard from 1970 to 1995, was thought to be ductile and capable of developing the full capacity of the connecting beam sections. However, subsequent to the 1994 Northridge and 1995 Kobe earthquakes, a number of non-ductile connection fractures occurred in these types of buildings. It has now been determined that these fractures were a result of poor quality weld material, improper connection configuration, and other factors including in some cases, weak panel zone strength and the formation of single story frame

mechanisms (weak stories). These types of fractures are sudden and non-ductile. They can potentially result in a loss of stability and/or in the formation of a collapse mechanism.

In general, the Subject was observed to be of good construction quality. Other than that noted in the corresponding Property Condition Report (PCR), there were no indications of deterioration in the structural systems. There were no apparent permanent offsets or settlement that would indicate structural distress.

### 3.2. Non-Structural Component Observations

Non-structural components include those that are not part of the vertical or lateral-load resisting structural systems nor are defined as building contents. These components can include exterior envelope, signage, and awning systems, mechanical equipment, ductwork, plumbing systems, ceilings, partition walls, and lighting.

In general, many of the non-structural conditions were concealed and not observable. At locations where these components were not concealed, there was no observed evidence of deterioration, damage, or corrosion in the components themselves and/or in the supporting anchorage. Given the governing requirements at the time of construction, anchorage associated with mounted mechanical and electrical equipment could potentially be vulnerable to earthquake damage. For large rigidly mounted equipment, insufficient anchorage can lead to horizontal movement, overturning, and/or damage to utility connections in an earthquake.

It was also observed that select areas of the facility have suspended ceiling systems. As indicated by the age, some of the suspended ceilings systems could potentially be inadequately braced to resist seismic deformations. In general, the benchmark building code for suspended ceilings is the 1991 Uniform Building Code. In notable past earthquakes, ceilings constructed prior to the benchmark, or ceilings that do not have diagonal wires and connecting vertical pipe struts, are susceptible to vertical and lateral movement that can damage fire sprinkler piping and other elements that penetrate the ceiling grid. If the sprinkler piping ruptures, extensive water damage is possible. Ceiling components or equipment could fall, slide, or overturn, blocking egress and

hampering post-earthquake evacuation efforts. If not adequately designed to resist seismic deformations, these systems can substantially contribute to building damageability.

#### 4. SITE STABILITY ASSESSMENT

Although no site-specific geotechnical information was made available for the Subject's location, the California Geological Survey (CGS) and US Geological Survey (USGS) provide regional soil and hazard data for the area. Based on this data, the regional soils are generally classified as quaternary alluvial deposits. Alluvium is primarily loose, unconsolidated soil, which has been eroded, reshaped by water, and redeposited, in a non-marine setting. Most if not all, alluvium is very young (Quaternary in age) and is often referred to as "cover" because these deposits tend to obscure the underlying bedrock. For the purposes of this report and evaluation, the site soil classification most associated with these deposits is type "D" (stiff soil) in accordance with Table 20.2-1 of ASCE 7, *Minimum Design Loads for Buildings and Other Structures*.

Earthquake effects or seismicity most likely to cause building damage include earthquake shaking, ground fault rupture, liquefaction, landslides and tsunami inundation. The following sections discuss these hazards in relation to the Subject's location:

##### 4.1. Earthquake Hazard Including Ground Fault Rupture

Southern California is traversed by numerous active faults, many of which are capable of producing moderate to large magnitude earthquakes. In assessing an area's potential for seismic activity, the Maximum Credible Earthquake (MCE) refers to the largest earthquake that can be expected to occur along a given fault or fault zone. Appendix 1 shows the location of the major faults near the property. The following table lists all the faults within a within a 50-mile radius, their associated MCE magnitude, and the distance to the Subject's location:



Fault Name	Fault Type	MCE Magnitude	Distance (Miles)
San Andreas	Strike Slip	8.2	3.4
Burnt Mountain	Strike Slip	6.8	10.9
Eureka Peak	Strike Slip	6.7	14.2
Pinto Mountain	Strike Slip	7.3	16.7
San Jacinto	Strike Slip	7.9	18.2
Landers	Strike Slip	7.4	23.7
So Emerson-Copper Mountain	Strike Slip	7.1	30.0
Calico-Hidalgo	Strike Slip	7.4	32.1
North Frontal	Reverse Thrust	7.0	32.5
Johnson Valley	Strike Slip	6.9	33.0
Lenwood-Lockhart-Old Woman Springs	Strike Slip	7.5	35.7
Pisgah-Bullion Mtn-Mesquite Lake	Strike Slip	7.3	36.6
Helendale-So Lockhart	Strike Slip	7.4	36.9
Elsinore	Strike Slip	7.9	41.0
Earthquake Valley	Strike Slip	6.8	45.4
Cleghorn	Strike Slip	6.8	48.7

With respect to the MCE, the maximum size of an earthquake along a given fault is based on the length of the fault, its width (i.e. depth into the earth's crust), and to some extent, the type of fault (i.e. thrust, normal or strike slip). The importance of one fault over another in affecting the seismic performance of a building at any given location depends on several factors. These include the likelihood of a major earthquake occurring at that fault, recurrence interval, the size of the earthquake (magnitude), distance of the site from the fault rupture source, character of faulting, direction of rupture, geometry and character of the soils at the site, and topography.

Given the fault MCE, distance, and soil data, the USGS provides Peak Ground Accelerations (PGA) through the National Seismic Hazard Mapping Project. For a 475-year return period, the USGS peak ground acceleration (PGA) on rock is estimated at 0.49g. Given the soil type, this corresponds to a site-specific PGA of 0.53g, to a Modified Mercalli Intensity (MMI) between IX and X, and to a UBC Zone 4 seismic hazard (Appendix 2). Based on the proximity of the nearest major fault (3.4 miles), the corresponding site-specific potential for ground surface rupture is low.

#### 4.2. Liquefaction Susceptibility

Liquefaction is the sudden loss of bearing strength that can occur when saturated cohesionless soils (silts and sands) are strongly and repetitively

vibrated. Damage from liquefaction results primarily from horizontal and vertical displacement of the ground. These displacements occur because sand/water mixtures in a liquefied condition have virtually no strength and provide little or no resistance to compaction, lateral spreading, or down slope movement. This movement of the land surface can damage buildings, and buried utilities, particularly at fixed connections.

Based on regional hazard data, the site liquefaction hazard is classified as moderately susceptible (Appendix 3). While a site specific soils report was not available for our review, given the Subject's previously described foundations, the over-excavation and engineered fill placement associated with their construction would likely have been designed to mitigate the moderate liquefaction risk. Therefore, for the purpose of this report, the site-specific soil liquefaction potential is classified as not susceptible.

#### 4.3. Landslide Susceptibility

A landslide is the downhill movement of masses of earth under the force of gravity. Earthquakes can trigger landslides in areas that are already landslide prone. Landslides are most common on slopes of more than 15 degrees and can generally be anticipated along the edges of mesas and on slopes adjacent to drainage courses.

The topography of the general area can be characterized as having a gentle pitch that poses no apparent adverse conditions. Based on this and on regional hazard data, the Subject's location is not susceptible to landslides.

#### 4.4. Tsunami Inundation

A tsunami is a series of water waves generated by a rapid disturbance that vertically displaces the water such as by an underwater fault rupture. In this case, the site is not located in the vicinity of a body of water capable of producing a tsunami. Therefore, it is not susceptible to tsunami inundation.

#### 4.5. Conclusion

In accordance with Section 9.1 of ASTM Guide E2026, the Subject appears to be located on a site that will not be subjected to instability due to earthquake hazards (i.e. fault rupture, soil liquefaction, landslide, or tsunami inundation).

## 5. BUILDING STABILITY AND EXPECTED EARTHQUAKE PERFORMANCE

There are a number of potential flaws that can affect a building's seismic performance. As indicated in ASCE 41, *Seismic Evaluation and Retrofit of Existing Buildings*, these flaws can be related to strength, configuration, ductility, continuity, redundancy and unusual applied loads (i.e. building pounding). Based on the site observations and review of available documentation, the following sections identify and evaluate how these flaws contribute to damageability in a manner consistent with an ASCE 41 Tier 1 structural evaluation:

### 5.1. Strength

The strength of a building directly affects its ability to resist earthquakes. Historically, building codes have minimum specified strength levels for any given lateral resisting system. As codes have evolved, required earthquake strength levels in buildings have, in many cases, gradually increased.

In consideration of the pre-benchmark reinforced concrete and masonry construction in the Main Hospital and Additions, North Wing, Shipping & Receiving, Central Plant, and Sinatra Auditorium buildings, the expected seismic strength would most likely be considered inadequate. In addition, with respect to the "pre-Northridge" steel moment-resisting frame construction in the East and West Towers, Dinah Shore Waiting Area, Lobby and MOB and Parking Garage buildings, the expected seismic strength would also be considered inadequate. The remaining buildings are designed using more reliable lateral-resisting systems and would be expected to have adequate seismic strength.

### 5.2. Configuration

Configuration can affect the response of a building and may lead to unexpected dynamic effects and concentrations of demand. If not properly accounted for, configuration irregularities can result in localized failure of the lateral-resisting system. Regularity in the structural systems results in a uniform distribution of deformations and forces throughout the structure. However, when deformations are concentrated at a certain area, due to a stiffness irregularity, a higher level of damage might be expected. Likewise, strength irregularities can focus damage in a certain 'weak' area, thereby increasing the likelihood of severe concentrated damage during a seismic event.

In this case, the buildings are generally rectangular in plan. There are no setbacks or overhangs and no exceptional ornamentation. Absent these types of plan irregularities, they would be expected to behave in a regular manner, without excessive torsion.

### 5.3. Ductility

Ductility is the ability of a structural system to deform or yield past its maximum strength and not fracture or break. Building codes rely on this ductility to achieve safe earthquake performance. It is also preferable that, during an earthquake, the structural elements themselves (beams, walls, braces, etc.) deform or yield prior to yielding in their connections. As earthquake codes have evolved, to achieve the desired structural system ductility, the arrangement and detailing of these elements and their associated connections has become increasingly stringent.

The desirable yield mechanism for concrete and masonry shear walls, the predominate lateral-resisting system in the Main Hospital, the North Wing, Shipping & Receiving, the Central Plant, and the Sinatra Auditorium, is flexural yielding of the embedded reinforcing. This mechanism is achieved by properly arranging the configuration and quantity of reinforcing steel within the walls. In this case, the concrete and masonry elements most likely have insufficient reinforcement to provide adequate ductile shear capacity. The reinforcement cannot provide adequate concrete confinement in locations where plastic hinges are expected to occur. Strong-beam/weak-column configurations and insufficient lap splices also adversely affect their ductile performance.

The desirable ductile mechanism for steel moment-resisting frames is beam flexural yielding at or near the face of the column. However, with respect to the East and West Towers, the Dinah Shore Waiting Area, the Lobby and the MOB and Parking Garage buildings, these "pre-Northridge" frames are susceptible to potentially damaging non-ductile fractures in the connecting welds. These types of failures are sudden and can potentially result in a loss of stability and/or in the formation of a collapse mechanism. With respect to the other buildings, given that their design occurred under relatively recent building code provisions, they would likely be proportioned for adequate ductility.

### 5.4. Continuity

A continuous lateral load path allows the uninterrupted distribution of seismic forces between all of the building's lateral resisting elements, down to the foundation. For example, without continuity in a particular vertical element, seismic forces must be transmitted horizontally to the next adjacent vertical element. If improperly designed or overlooked, these offsets can potentially lead to a concentration of seismic damage. In this case, the buildings appear to have continuous load paths to transfer seismic forces from the roof and floors to the foundations.

#### 5.5. Redundancy

Redundancy is a measure of the concentration of lateral force resisting elements within a structure. In general, the higher the concentration, the more redundant the system. A redundant system provides multiple locations for potential yielding; thereby, distributing inelastic activity throughout the structure. In this case, the buildings appear to have multiple lines of lateral resisting elements in each primary direction, resulting in a relatively redundant configuration.

#### 5.6. Conclusion

The Subject appears to have met the general intent of the structural building code requirements at the time of construction. However, it is now known that the "pre-Northridge" steel moment-resisting frame connections in the East and West Towers, the Dinah Shore Waiting Area, the Lobby and the MOB and Parking Garage buildings, are potentially brittle and non-ductile. In accordance with Section 8.1 of ASTM Guide E2026, these vulnerabilities could potentially cause the structural systems to become unstable when subjected to the code prescribed earthquake loading.

Despite the pre-benchmark masonry and concrete construction in the Main Hospital and Additions, the North Wing, Shipping & Receiving, Central Plant, and the Sinatra Auditorium, and with respect to the remaining buildings, it can be reasonably concluded that the structural systems will remain stable under the code prescribed earthquake loading.

As defined by Section 8.1, a building should be deemed stable if it is able to maintain the vertical load carrying-capacity of its structural system under the inelastic deformations caused by the scenario earthquake ground motion

prescribed for the building and site by the current edition of the International Building Code.

## 6. EARTHQUAKE LOSS ASSESSMENT

### 6.1. Loss Prediction Methodology

The Scenario Loss (SL) is the damage loss expectation to building systems associated with specified earthquake events. The Scenario Expected Loss (SEL) considers damage variability and provides an estimate of the average damage, given the stated hazards and review level. The Scenario Upper Loss (SUL) also considers damage variability but provides an estimate of the upper bound of damage, with a 10% probability of exceedance.

The probable maximum loss (PML) associated with the SL uses the damage prediction methodology developed in 1987 by Thiel and Zsutty [Charles C. Thiel, Jr. and Theodore C. Zsutty, *Earthquake Characteristics and Damage Statistics*, *Earthquake Spectra*, Vol. 3, No. 4, November 1987]. The Thiel and Zsutty methodology utilizes several basic parameters associated with both the site and building to analytically determine the SEL. These parameters include the peak ground acceleration (PGA), site soil coefficient, spectral modification parameter, and the building vulnerability parameter. A brief explanation of the selected values is provided within the PML calculation summary appendix. With respect to the SUL, the loss estimate is correlated and scaled to those published in ATC-13-1, *Commentary on the Use of ATC-13 Earthquake Damage Evaluation Data for Probable Maximum Loss Studies of California Buildings*.

### 6.2. Probable Maximum Loss (PML) Calculations

The scenario loss estimates for the Subject are determined in conformance with the scope and limitations of ASTM E2026 and E2557 for a Level 1 assessment. They are based on field observations, a review of available documents and use of the previously described loss prediction methodology. Appendix 4 shows the PML output calculation summary. Appendix 5 shows the ASTM summary findings form.

The PML assessment values in terms of the Scenario Expected Loss (SEL) and Scenario Upper Loss (SUL) for a 475-year return period are reported as follows:

Designation	SEL <sub>475</sub> (50% Confidence)	SUL <sub>475</sub> (90% Confidence)
Main Hospital	9%	14%
Main Hospital 2 <sup>nd</sup> Story Addition	7%	12%
East Tower	15%	21%
North Wing	9%	15%
West Tower	15%	21%
Surgery Wing	7%	12%
Elevator Tower (Six-Story)	9%	14%
Admitting and Medical Records	7%	12%
Elevator & West Tower Corridors (Single-Story)	7%	12%
Shipping & Receiving	9%	14%
Woman & Infants Hospital	12%	18%
Dinah Shore Waiting Area and Lobby	12%	18%
MOB and Parking Garage	15%	21%
Central Plant	9%	14%
Sinatra Auditorium	9%	15%
Annex	7%	14%
Operations (Modular Building)	4%	7%
Aggregate Total	13%	19%

In accordance with ASTM Guide E2026 Section 5.3.1.3, the aggregate totals are weighted in accordance with the respective relative replacement cost of each designated building. The relative building replacement costs are determined in Section 5 of the corresponding Property Condition Report (PCR).

At this level, anticipated losses would most likely include both structural and non-structural component damage, but generally nothing requiring substantial structural repairs. The relatively higher PML assessment values reflect the fact that the “pre-Northridge” steel moment-resisting frame construction potentially lacks ductility and could be vulnerable when subjected to the code prescribed earthquake loading.



## 7. CALIFORNIA SB 1953 COMPLIANCE

### 7.1. California SB 1953

Seismic renovation and retrofit activities in California hospitals are dictated by a broad legislative and regulatory framework, all of which originated with SB 1953. Passed in 1994, the legislation established the state's seismic safety goals for hospitals, and it mandated the Office of Statewide Health Planning and Development (OSHPD) to develop structural and nonstructural performance standards. It also mandated that OSHPD develop a timeline for implementing these standards.

SB 1953 defines the components of seismic "compliance" activities for California hospitals. At the top level, there is a distinction between structural support systems (hospital buildings) and nonstructural items (cladding, utilities, etc.). Within these categories, the principal deadline for the compliance of basic nonstructural items was 2002. The principal deadline for the compliance of structural support systems is January 2030.

### 7.2. OSHPD Rating

According to OSHPD regulations, all hospital buildings were evaluated according to structural and nonstructural earthquake performance criteria (SPC and NPC) and ranked on scales of SPC-1 to SPC-5 and NPC-0 to NPC-5, respectively. On a general performance basis, the structural ratings can be divided into the three following categories:

- SPC-0 or SPC-1, Collapse-hazard buildings. These structures, which are a life-threatening hazard to occupants during an earthquake. They were constructed before 1973 with little or no seismic building codes. They were to be upgraded or removed from service by 2008.
- SPC-2, Not a collapse hazard, but not up to modern earthquake engineering standards. In a major earthquake, these buildings would become unusable, though the hazard to occupants is reduced because there is less risk of collapse. They were constructed before 1973 according to minimal earthquake building code. They are to be upgraded or removed from service by 2030.

- SPC-3, SPC-4 or SPC-5, Constructed according to modern earthquake standards. These buildings were constructed after 1973. While collapse hazard is minimal, some of the buildings may be irreparable following a large earthquake. In all cases, they meet the structural requirements to be used beyond 2030.

With respect to the non-structural performance criteria, an NPC of 2 or greater indicates that non-structural components were adequately braced as of 2002. The following table summarizes the OSPHD SPC and NPC ratings for the Subject buildings. The Sinatra Auditorium, Annex and Operations buildings were not included in the OSPHD ratings.

Designation	SPC Rating	NPC Rating
Main Hospital	2	2
Main Hospital 2 <sup>nd</sup> Story Addition	2	2
East Tower	2	2
North Wing	2	2
West Tower	3	2
Surgery Wing	4	2
Elevator Tower (Six-Story)	4	2
Admitting and Medical Records	4	2
Elevator & West Tower Corridors (Single-Story)	3	2
Shipping & Receiving	4	2
Woman & Infants Hospital	3	2
Dinah Shore Waiting Area and Lobby	3	2
MOB and Parking Garage	3	2
Central Plant	4	2
Sinatra Auditorium	Not Rated	Not Rated
Annex	Not Rated	Not Rated
Operations (Modular Building)	Not Rated	Not Rated

### 7.3. Compliance Recommendations

In order to comply with SB 1953, as indicated in the previous table, the Main Hospital (including the addition), East Tower, and North Wing would require strengthening measures to improve the expected seismic performance.

In the Main Hospital and the addition, these measures would likely include the strategic retrofit placement of reinforced concrete shear walls and boundary

elements. It would also likely include the strengthening of select walls with fiber reinforced polymers (FRP).

In the East Tower, these measures would include the strategic retrofit placement of steel buckling restrained braced frames. Additionally, the modification or removal of the exterior curtain wall system is recommended. The North Wing measures would likely be the same as those recommended for the Main Hospital.

With respect to any seismic retrofit work, costs can vary depending on the expected performance level, the current condition of the structure, and the type of retrofit methods employed. In this case, from our high level assessment, the estimated cost for retrofit and for non-structural bracing of equipment and systems is \$60,000,000.

To obtain a more solid estimate, we strongly recommend a ASCE 41 evaluation be performed. The ASCE 41 evaluation provides a more reliable estimate, which could be lower or higher. A full service engineering firm, like Simpson Gumpertz & Heger; Degenkolb; or Englekirk would be able to perform a ASCE 41 evaluation. The estimated fee for the entire hospital campus would a minimum of \$150,000 due to the level of OSPHD requirements.



Date: January 19, 2018

To: Board of Directors

Subject: Community and Expert Input to Guide Resources & Philanthropy  
and Public Policy & Research Programs

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**Staff Recommendation:**

Consideration to approve the enhanced community expert input with key Staff by engaging with community members and community organizations, following a standard of community engagement that upholds and ensures equity, accountability, transparency, and evaluation.

**History:**

For more than a year, members of the Staff Team, as a part of its outreach and resources/philanthropy programs have proactively pursued broad and extensive community and expert input to inform the development of key initiatives by the Staff Team for Board consideration.

**Major Examples:**

A major example of the successful use of this approach is the initial and now ongoing development and implementation of the Board’s West Valley Homelessness Initiative.

Another significant example includes the six-month development of the Board’s comprehensive three-year Strategic Plan. Staff Team and consultant work was informed by individual meetings and calls as well as in-person/video/conference call discussions, event presentations, community forums, Board Strategic Planning and other meetings, Program Committee discussions, polling, and emails from residents and other community members and organizations.

**Residents and Stakeholders:**

Substantial input has been received from a wide array of individuals and organizations across the entire Coachella Valley, the State of California, and other locations. This has included elected and other governmental officials, community-based organizations, providers, academic experts and institutions, business, Foundations, faith-based leaders, among others.

**Moving Forward:**

At the direction of the Board, the Staff Team has moved forward to develop a comprehensive Implementation Plan for the Strategic Plan. Under the general guidance of the CEO and the direct management of our new COO, key Team Members include the Senior Program Officer, Program Officer and Outreach Director, and Communications and Marketing Director.

With initial work of the Strategic Plan already underway (even as we finalize a draft for Board review), we continue to utilize the current robust outreach policy to inform the Staff Team's work leading to eventual consideration by the Board. This work is now greatly enhanced by the formalization of well-structured outreach and communications and marketing programs.

Current policy is being used extensively in the Staff Team's work on each of the:

- Strategic Plan Priorities
- Community Health Focus Areas to Guide Recommendations in both the Resources and Philanthropy and Public Policy and Research Programs

The Board provides policy guidance and oversight. With the ongoing enhancement of this meaningful policy and a process that is in place and working well, there is not a need to formalize any task force or committee structures.

## **Strategic Plan Community Health Focus Area**

Conducting a community Behavioral/Mental Health Workforce Assessment addresses Behavioral Health Access, one of the four Community Health Focus Area of the Board-approved three-year Strategic Plan.

### **Behavioral Health Consultant - Short-term Goal**

To develop a comprehensive report, complementing the significant work of KaufmanHall, in strengthening the behavioral health workforce in the Coachella Valley. This will demonstrate how public and private collaboration by diverse stakeholders can strengthen the workforce with an aim to dramatically improve the quality of care received by individuals and their families who are served by the healthcare providers.

#### **Scope of Work**

In coordination with the Board of Directors, CEO, staff team, stakeholders, residents, and community members, the consultant will assist in the following activities:

- Develop, conduct, and compile a comprehensive behavioral health workforce assessment – current resources used to provide behavioral health services.
- Provide gap analysis including what defines the shortage and at what level (subsections- behavioral health occupations and lack of); and identification of the Mental Health Care Professional Shortage Areas (HPSA) in the Coachella Valley.
- Review best practices and operational models that aim to overcome the challenges facing the behavioral health workforce - mobilize support for innovative solutions that can modify or change approaches to planning and developing the behavioral health care workforce. This will help to better meet future needs, including behavioral health workforce projections (next 10 years); supply and demand by occupation; and workforce development challenges and opportunities.

#### **Staff Recommended Consultant**

In an effort to leverage the newly-formed partnership with UCR School of Public Policy and to help secure future funding and additional collaborative relationships, staff recommends the utilization of these UCR academia resources and policy expertise in community and population health.



Date: January 23, 2018

To: Board of Directors

Subject: Revise – Policy #BOD-15 Conflict of Interest

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**Staff Recommendation:**

- Consideration to approve the revision to the District's Policy #BOD-15 Conflict of Interest.

**Background:**

- The 2017 District & Foundation's Comprehensive Strategic Plan created new job titles and positions
- As a result, the District's Conflict of Interest policy must be revised to include the current Designated Positions
- Staff recommends approval of the revised Conflict of Interest policy



<b>POLICY TITLE:</b>	<b>CONFLICT OF INTEREST CODE</b>
<b>POLICY NUMBER:</b>	BOD-15*
<b>REVISED DATE:</b>	01/23/2018
<b>BOARD APPROVAL DATE:</b>	01/23/2018 03/28/2017 12/16/2014
Resolution #14-03	

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**POLICY:** CONFLICT OF INTEREST CODE

**Policy #BOD-15:** It is the policy of the Desert Healthcare District (“District”) to ensure complete transparency and follow The Political Reform Act which require all public agencies to adopt and maintain a conflict of interest code establishing the rules for disclosure of personal assets and the disqualification from making or participating in the making of any decisions that may affect any personal asset. 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 (“FPPC”) 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 by the District 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, as augmented herein, as the Conflict of Interest Code of the District.

A public official at any level of state or local government has a prohibited conflict of interest and may not make, participate in making, or in any way use or attempt to use his or her official position to influence a governmental decision when he or she knows or has reason to know he or she has a disqualifying financial interest. A financial interest can exist when the decision impacts the official’s personal financial interests or the financial interests of a source of income to the official. A financial interest can also exist when the decision impacts an asset or investment of the public official’s, or a business entity in which the public official is associated by ownership, officer status, or employment. It is the responsibility of each Board member and officer of the District to identify any conflicts of interest, actual or potential, that they may have in a decision to





be made or an action to be taken by the District. If a Board member or officer becomes aware of an actual or potential conflict of interest, he or she shall promptly disclose the conflict or potential conflict to the Board President, the District CEO, or legal counsel. The Board member shall not participate in the subject matter of the conflict, or shall have the matter assessed by legal counsel, or shall seek the advice of the FPPC.

**GUIDELINES:**

1. The Board of Directors are mandated to file the California Fair Political Practices Commission Form 700 disclosure statements (Form 700) under Government Code Section 87200 et seq. (Regulations 18730(b)(3).
2. The following designated staff positions and committee members are governed by the Conflict of Interest Code (Resolutions #14-03) and must file the Form 700 designated categories as listed for each position:

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Chief Executive Officer	1, 2
Chief Financial Officer	1, 2
Chief Operating Officer	1, 2
Senior Program Officer	4, 5
Community Relations Director/Clerk of the Board	3
Controller	1, 2
Program Officer & Outreach Director	4, 5
General Counsel	1, 2
Program Manager	1, 2
Members of Board Committees & Consultants	
Program Committee	5
Consultants and New Positions	See *

\*Individuals providing services as a Consultant defined in Regulation 18701 or in a new position created since this Code was last approved that makes or participates in making decisions shall disclose pursuant to the broadest disclosure category in this Code subject to the following limitation:

The Chief Executive Officer may determine that, due to the range of duties or contractual obligations, it is more appropriate to assign a limited disclosure requirement. A clear explanation of the duties and a statement of the extent of the disclosure requirements must be in a written document. (Gov. Code Sec. 82019; FPPC Regulations 18219 and 18734.) 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. (Gov. Code Sec. 81008.)

**2.1** The disclosure categories listed below identify the types of economic interests that the designated position must disclose for each disclosure category to which he or she is assigned.<sup>3</sup> Such economic interests are



reportable if they are either located in or doing business in the jurisdiction, are planning to do business in the jurisdiction, or have done business during the previous two years in the jurisdiction of the District.

Category 1: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that are located in, that do business in or own real property within the jurisdiction of the District.

Category 2: All interests in real property which is located in whole or in part within, or not more than two (2) miles outside, the jurisdiction of the District.

Category 3: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles, or equipment of a type purchased or leased by the District.

Category 4: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, that provide services, products, materials, machinery, vehicles, or equipment of a type purchased or leased by the designated position's department, unit or division.

Category 5: All investments and business positions in business entities, and sources of income, including gifts, loans and travel payments, or income from a nonprofit organization" if the source is of the type to receive grants or other monies from or through the District.

**2.2** The Conflict of Interest Code does not require the reporting of gifts from outside the agency's jurisdiction if the source does not have some connection with or bearing upon the functions or duties of the position.

**3.** All officials and designated positions required to submit a statement of economic interests shall file their statements with the Special Assistant to the CEO/Board Relations Officer as the District's Filing Officer. The Special Assistant to the CEO/Board Relations Officer shall make and retain a copy of all statements filed by members of the Board of Directors and the Chief Executive Officer, and forward the originals of such statements to the Clerk of the Board of Supervisors of the County of Riverside. The Special Assistant to the CEO/Board Relations Officer shall retain the originals of the statements filed by all other officials and designated positions and make all statements available for public inspection and reproduction during regular business hours.

**4.** The Conflict of Interest Code will be amended when necessitated by changed circumstances which include the need to designate new positions or revise disclosure categories.



## 2018 Board Meeting Schedule

Date	Time
FEBRUARY 27, 2018	6 P.M.
MARCH 27, 2018	2 P.M.
APRIL 24, 2018	6 P.M.
MAY 22, 2018	2 P.M.
JUNE 26, 2018	6 P.M.
JULY 24, 2018	2 P.M.
AUGUST 28, 2018	6 P.M.
SEPTEMBER 25, 2018	2 P.M.
OCTOBER 23, 2018	6 P.M.
NOVEMBER 27, 2018	2 P.M.
DECEMBER 18, 2018	6 P.M.