

TAHOE FOREST HOSPITAL DISTRICT MEASURE C GENERAL OBLIGATION BOND  
CITIZENS OVERSIGHT COMMITTEE MEETING HELD ON MONDAY, FEBRUARY 11,  
2008 AT 4:00 PM IN THE WESTERN ADDITION LOBBY CONFERENCE ROOM

MEMBERS Randy Hill, Leisa Peterson, John Moise, Mark Tanner, Paul Leyton,  
PRESENT: Gary Davis, Caroline Ford, Sherrin Fielder

OTHERS Rick McConn, Steve Gross, Bob Schapper, Mike Geney, Roger Kahn,  
PRESENT: Alan Roth, Jeanne McAuliffe

**Call to Order/Roll Call**

Mr. Hill called the meeting to order at 4:03 PM.

**Clear the Agenda/Items Not On The Posted Agenda**

None.

**Approval of Minutes of 1/22/08**

It was moved by Mr. Moise and seconded by Mr. Leyton to approve the minutes of 1/22/08.

Mr. Leyton requested a change be made on page 3 in the middle that the statement he made be corrected to read: "Mr. Leyton offered that he saw the role and responsibilities as being more prospective in nature and that the committee should be perhaps more involved in an advisory role."

Mr. Schapper requested a change be made on page 4, 5<sup>th</sup> bullet down to read: "This committee is to operate as an oversight or audit committee, not as a decision making committee." Then continue with the rest of the bullet.

Mr. Hill commented about the minute taking process. He asked the committee, if they make a particular comment that they would like captured in the minutes, to please let the minute taker know.

Motion carried unanimously.

**Clarity from TFHD's Board Regarding the Role of the COC – Roger Kahn, Board President**

Mr. Hill stated that a request was made at the last meeting to get the District Boards' perspective on roles and responsibilities of this committee. Roger Kahn has come to discuss this with the committee this evening.

Mr. Kahn stated:

- He believes that Mr. Schapper captured what the Board sees as the official role of this committee at the last meeting, from what he read in the minutes.
- This committees' role is in an advisory capacity regarding Measure C funds and reporting to the community what is being done.
- He thanked everyone for their participation in this committee. It is greatly appreciated by the Board.
- Staff and the District wants to hear from everyone to provide input upfront regarding what the District is going to do.
- As you all learn and become more involved, the Board will encourage input from this committee, as well as from the community, the Leadership Council and staff.

Mr. Leyton stated that his concern is what happens if the committee doesn't like what has been done. He believes that issues should be talked about before action is taken, prospectively.

Mr. Kahn responded that input is definitely encouraged. If the committee sees a prospective problem, please let the Board know. Ultimately, decisions will be made by the Board at the suggestion of staff. The committees' official role is retrospective.

Ms. Ford asked if it is possible for the committee to have advance notice of when items are brought to the District Board so they can have first-hand knowledge of the information. Mr. Schapper responded that the Board Planning Committee and the District Board meetings are open meetings. These agendas are posted ahead of time.

After some discussion, it was suggested that the above agendas be e-mailed to the committee when they are finalized.

Mr. Moise stated that the main issue the committee struggled with regarding their role was, is their role that of an auditor at the end of the project or will the committee be able to act as information becomes available. The committee would like to be in the information loop. Mr. Kahn responded that this committee will be kept in the information loop.

Mr. Hill stated that it is gracious of the Board and Mr. Schapper in welcoming input, but he reminded the committee about the Bylaws of the Committee and the language of Measure C. Remember the committee's role is stipulated in Measure C.

Mr. Schapper stated that Ms. Ford's point is a good one; all information will be made available to the committee as planning steps are made.

More discussion was held about roles and responsibilities of the committee.

Mr. Kahn stated that the Board does not want to be put in a position of being micromanaged. The District already knows that there is not enough money available to do everything that needs to be done.

Mr. Hill stated that the District Board meets on the 4<sup>th</sup> Tuesday at 6 pm here in this conference room. The Planning Committee meetings are typically on the Monday prior to the Board meeting, but they change depending on the agenda items. He reminded the committee that they would be attending any Board meetings as private citizens, not as a committee.

### **Western Addition Project Overview – Mike Geney of Geney Gassiot**

Mr. Hill stated:

- Another topic of interest to the committee is the Western Addition Project.
- He introduced Mr. Rick McConn, who has joined the District as the new project manager. He was the project manager for Gray's Crossing and has some history with the District Foundation, so he knows the community.

Mr. Schapper stated:

- Mr. McConn has joined the District, not as Project Manager, but as Chief of Facilities Development.
- The goal tonight is to give the committee an overview of the project that the District calls the "Western Addition." The objective is for you to leave the meeting tonight with a clear understanding of exactly what the project included and did not include.

Mr. Geney of Geney Gassiot was introduced.

Mr. Geney:

- Introduced Alan Roth, who was one of several project managers.
- A Power Point presentation was given, highlights as follows:
  - ✓ A Western Addition Project Overview was given
  - ✓ Development Background was given:
  - ✓ Legislative Mandates were reviewed
  - ✓ SB 1953 which revised requirements for new and existing hospital structures

- ◆ Structural Performance Categories (SPC)
- ◆ Non-structural Performance Categories (NPC)
- ◆ Deadline for compliance was 1/1/08, unless extension was granted to 1/1/2013
- TFH History:
  - ✓ 1952 Original Building
  - ✓ 1966 OB Med/Surg
  - ✓ 1978 ER
  - ✓ 1986 Skilled Nursing
  - ✓ 1990 Surgery Center
- SB 1953 determined 1952 and 1966 wings were non-compliant
  - ✓ 2006 WA was solely to bring acute care services into a compliant building.
  - ✓ OB/Occupational & Respiratory Therapies, Pharmacy and Medical Records remain in non-compliant building.
- Project Costs were reviewed for each of the following areas: 1) Initial Project; 2) OSHPD Mandates; 3) Project Design Changes; and 4) Overages (See attached slide from Power Point Presentation).
- He reviewed each of the four project costs individually in detail
- The overage percentage was 13.5%
- Project Comparisons were given;
- Industry Trends were reviewed;

The presentation concluded.

Mr. Davis asked if OSHPD was the main issue for the overages. Mr. Geney responded that it was primarily the relationship between OSHPD and our Engineering and Architectural Team.

Mr. Moise asked if OSHPD issues all permits. He clarified that local building inspectors have nothing to do with this. Mr. Geney confirmed that all permits are issued through OSHPD, not local agencies.

The question was asked what OSHPD would say if they were asked for their perspective. Mr. Geney responded that they would say it was the architectural design team.

Mr. Leyton asked if it is true that any changes submitted to OSHPD takes about 90 days to get approved. Mr. Geney responded that is very ambitious.

Mr. Schapper stated that typically it is about a 12 month turn around.

Mr. Leyton stated that the real issue was design changes. The front end planning is essential.

Discussion was held regarding the Program/Design Changes.

Mr. Schapper stated:

- Originally the plan of the Western Addition project was to bring the Medical Surgical Unit and the Intensive Care Unit into a compliant building;
- To bring outpatient physical therapy in house from the building leased across the street.
- When he joined the District as Chief Executive Officer, he asked the Board what the purpose of the new Western Addition was.
- At that time, he asked for permission to proceed with revisiting the design of the addition. Competitively, it was obvious to him, that the new building limited certain technologies and programming that should be included to deliver a state of the art, competitive building.
- As a result of the programming changes on the main floor of the building, the District constructed a building that currently offers appropriate technologies and services.
- The perception of the community that the Western Addition project was highly over budget is a fallacy. Overages were due to improved technology, expanding program and service offerings and upgrading the facility to competitive levels.

Ms. Fielder asked about non-elective inflation, what is in that category. Mr. Geney responded that the cost of concrete, copper, steel increased greatly.

Mr. Moise asked about OSHPD field changes. Mr. Geney explained.

Mr. Hill asked if it is still accurate to say that it costs about \$1,000 per square foot for hospital construction. Mr. Geney responded that is correct.

Mr. Hill asked for clarification about the \$42 million figure that was put out to the community during the Measure C campaign as the total cost for the Western Addition which we now know, with overages, is \$35,676,097. As a committee, we need to be mindful of these numbers as we are out in the community discussing overages.

Mr. Tanner stated that in construction, if you are 13% over budget, you're under-budget.

Ms. Peterson clarified that perhaps some projects will not happen due to inflation costs over the next few years. Mr. Schapper responded that is correct.

Mr. Hill commented that he believes the District Board will be very careful with what is being done going forward.

Mr. Kahn stated that everything the Board has done was done in good faith. He was not a member of the Board at that time. The Board is proud of the end result of the Western Addition project.

Mr. Schapper stated that in lessons learned, there was miscommunication of what was included in the Western Addition project and what was not.

Mr. Leyton suggested publishing in the paper exactly what happened. Mr. Schapper responded that the District has thought about doing that, but at this time the District is not sure how to determine prudent communication to our constituents.

Mr. Hill stated that communication strategy will be discussed at a future meeting.

Mr. Schapper asked if the objective was achieved of advising the committee about what happened with the Western Addition. The committee concurred.

### **Measure C Verbiage**

Mr. Hill responded that in the packet are the Full Ballot Text and the actual Ballot Measure.

Mr. Davis asked how this wording and terminology was arrived at. Mr. Schapper responded that two community surveys were done to determine their priorities and included in it the seismic requirements. It was left open ended enough because with the changes in healthcare changes may be necessary.

Mr. Leyton asked if there was a list of projects included in the ballot. Mr. Schapper responded that there was not. Mr. Leyton commented that the ballot wording leaves a lot of room for interpretation. Mr. Schapper agreed that it does.

Mr. Hill commented that the ballot measure was limited to 75 words by law.

Mr. Moise asked Mr. Schapper to elaborate on the word "maintain" as used in the Full Ballot Text. Are the bond proceeds to be used for maintenance or to expand services and facilities. Mr. Schapper responded that bond funds can only be used for

facilities and fixed equipment. The intent was to let the community know to expect that the District would maintain the level of services the community has enjoyed in the past. Technically, we are not a full service hospital here. We do not have a pediatric unit.

Ms. Ford asked about the changing demographics in the community. Mr. Schapper responded that we have to design with flexibility to address these issues. What we have done is build around the existing buildings.

The paragraph Full Ballot Text was read about the Independent Citizen's Oversight Committee. The comment was made that this sounds like the committee is to ensure that Bond proceeds are expended prospectively not retrospectively. Mr. Gross responded that the committee will ensure that the District does not spend money on items they are not allowed to spend money on. It doesn't necessarily mean that items will be brought the committee before it is done. The committee is to ensure that the District is going to do what they said they are going to do in the Bond Measure.

Mr. Kahn:

- Restated that the committee will be involved in each step of the process as the District moves forward, so the committee will have the opportunity for input.
- More money will be needed in the future and future District Boards will probably need to go out to the community for more money down the road.

Mr. Schapper stated that the District will be proactive in bringing information to this committee.

Mr. Hill stated that he believes the most important part of this committee's job is communication to the community.

Mr. Davis asked about the status of the seismic upgrade. Is that part of Measure C? Mr. Geney responded, yes, it is. The recent program is a great advantage to the District. We are applying to upgrade the building, which allows the building to stay in existence until 2030. It does not address the non-structural performance categories. The cost of upgrading the 1966 building does not change.

Mr. Hill suggested that education regarding seismic requirements be given at a future meeting.

He asked Mr. Schapper if an OSHPD representative will be available to attend the next COC meeting. Mr. Schapper stated he is working on it.

Mr. Davis asked how the money from the bond measure becomes available to the District. Mr. Schapper responded that Gary Hicks, the District's financial analyst will come to a future meeting and walk the committee through the timeline of how the funds become available to the District.

Mr. Moise asked about hiring the architectural firm that will be hired in the future to contract with them about sharing the liability for overages. Mr. Schapper responded that this issue is not that simple. The variability in the OSHPD process is something architectural firms will not be willing to take on. Mr. Schapper explained how the steps the District will take to identify the best architectural firm based on the District's goals.

A question was asked about the process with a construction management firm.

Mr. Gross commented that there seems to be some concern from the committee about the decision of the District not to pursue a claim against the architectural firm. The decision was based on a legal cost risk, risk to the project delivery, which in this case was the greatest risk, project cost risk and the community's view of pursuing legal claims. He explained each risk. Does it make sense to pursue a claim or continue with the project and get it done; the latter is what was done.

**Next Scheduled Meeting, 3/10/08 – Topics, Tasks**

Mr. Hill stated that the next meeting is scheduled for Monday, March 10, 2008 here in this conference room. Paige Nebeker will be present to assist with the communication plan.

The meeting adjourned at 5:55 PM.

Randy Hill



# ATTACHMENT

<u>Project</u>	<u>Costs</u>
Initial Projects	\$22,861,147
OSHPD Mandates	\$ 363,000
Program and Design Changes	\$ 8,195,785
Overages	\$ 4,255,669
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Total Costs	\$35,676,601
Total Budget	\$36,151,000
Favorable Variance	\$ <474,399
Total Direct Cost	\$31,420,812
Total Cost Overages	\$ 4,255,669
Percent Overage	13.5%

