

**Tahoe Forest Hospital District  
Citizens Oversight Committee Meeting  
Minutes of Monday, August 17, 2009, Lobby Conference Room**

**ATTACHMENT 1**

**Members Present:** Randy Hill, Gerald Herrick (alternate), Gary Boxeth, Caroline Ford, Paul Kucharski, Dale Chamblin, Paul Leyton, Mark Tanner, Gary Davis

**Members excused or absent:**

**District Board representative:** Larry Long

**Staff Present:** Maia Schneider, Rick McConnell, Crystal Betts, Bob Schapper

**Guests present:** Mike Geney

<b>Topic / Agenda item</b>	<b>Discussion</b>	<b>Action steps/ Responsible party</b>
I. Call to Order	Hill called meeting to order at 4:02 PM	
II. Roll call	<i>Please see above</i>	
III. Items not on the agenda/clear the agenda	Chair Hill requested to move agenda item IX to VI.	
IV. Input from the audience	Rick McConnell introduced guest Mike Geney from Geney-Gassiot	
V. Approval of minutes 6-09	Moved Randy Hill; Paul Kucharski second; approved unanimously	
VI. Finance Sub Committee recommendations	Sherrin Fielder introduced the topic by reviewing the 7/21 COC finance sub-committee meeting. Concerns that came up at that meeting included the volume of invoices that would be coming in; a new process to randomly select a few invoices from list of payments came up as a procedure recommendation. The second item was project change orders - recommendation was for any change order of \$3k or more to be reviewed. Chamblin referred to his participation in leadership council and expressed concern about change orders for municipal projects. Does TFHS management have a good handle on the process for change orders? Rick explained there are two types of change orders: owner-initiated (requires TFHD BoD approval) and contractor-initiated (also requires TFHD BoD approval). There are provisions and processes within the construction contracts re change orders. These are governing, legal documents which cover change orders. The most important thing we can do is avoid conflicts on the front end so change orders are not needed later during construction. New software being used is BIM, which is very sophisticated multi-dimensional CAD and identifies conflicts in design up front. Front end design process is very important. Mike Geney suggested a COC workshop to review what is being done to prevent change orders and how construction will be managed (ie	Tracking system for outstanding items drafted by Fielder (item 5 on attachment)

Integrated Project Delivery or Design Build). Geney spoke to the issue of “lowest bid” contractor versus using an agency construction management team. We may not have a general contractor on any given Measure C project. Subs would be contracting direct with TFHD with construction management overseeing the project(s). Geney reviewed the detailed process of oversight of all expenses related to the projects. Leyton reiterated that the two things identified by the COC sub committee were a need for a tracking system for outstanding invoices and a method to review change orders. Leyton requested that sub committee or staff provide recommendation re tracking of outstanding items. Regarding change orders, it seems inefficient to review small change orders. Is there a larger number for change orders that the COC should review, esp when the project costs start mounting? Caroline Ford asked how \$3k was arrived at – Chamblin said it was random. Hill explained that the fear is, at some point out during construction there’s a “mess of change orders” and the COC would be asked to explain. Does the District Board have a procedure in place to review change orders? Are they monitoring? If the answer is yes and we’re informed of that, then we’ve asked the right questions. What is the time/capability of the COC to review all the details? Larry Long explained that the monitoring that Rick’s team is doing is reported to BoD, which includes change orders and contingencies. Long explained that this issue is important to the BoD and the BoD relies on the checks and balances in place. Geney stated that the bulk of change orders over time are owner-directed. Kucharksi asked if this was truly in the scope of COC’s role? Fielder clarified that the request for information on change orders was not to act on them, but to be informed of them. Leyton: COC should advise Board on owner-initiated change orders, maybe not field construction change orders. Gary Davis said that having information on large change orders would be helpful but COC would not be advisory on those changes. Also suggested a much larger number than \$3k would be appropriate. \$100k? \$250k? Caroline Ford suggested that we put into writing that the Board is responsible for change order oversight, but her concern is really around cost overruns. That would be more in keeping with our role than change orders. Fielder said that if COC received the same communication that BoD gets, that should satisfy the needs of the COC, including expense-to-budget tracking. That would not be triggered by any dollar amount. Can COC be part of that reporting process? Staff: Yes, that reporting is done to Planning Committee then Board. Once Board accepts report it can be sent to COC. Fielder: Then if we need clarification we can ask for it. McConn explained that Freeman White will be on a fixed-fee contract now and their payments are retroactive to their past work. Geney stated as final budgets come to surface, we report to sub committees and Board, and those include contingencies and reserves. Tanner asked for clarification on contracts. Per Geney, the jobs will go to multiple prime contractors; the agent (Geney) is the project manager. Tanner: is construction management on a fixed contract also? Yes. Fielder walked COC through items 3 thru 5 of attachment 2. She has already created a

	<p>tracking document for contingency items. Hill asked for COC finance sub committee to regularly report to COC on outstanding items (quarterly?). Fielder said that item #2 in attachment 2 would be reworked to ask for quarterly project reports. Geney suggested to not get too firm in these procedures until projects are underway so process can be tweaked as needed. COC staff can forward construction report to COC finance sub committee after BoD has received and accepted.</p> <p>Motion made by Fielder to accept attachment 2 (with item 2 modified to include regular distribution of Geney project cost reports) as recommendation to District Board. Chamblin seconded; moved unanimously. Document will be finalized to reflect COC's direction and passed along to Larry Long for his distribution to BoD.</p> <p>Discussion moved to propriety of certain travel expenses against Measure C funds from Freeman White. Crystal Betts explained that the fixed-price nature of the contract makes the issue moot; the performance is based against fixed costs and it is up to the contractor to manage their expenses. Hill thanked sub committee for their work.</p>	
VII. Monthly financials – Crystal Betts	<p>Crystal Betts handed out monthly financials and asked if this report even beneficial to COC any longer? The biggest variable is the draw, which COC is already reviewing through the finance committee. This month: GO Bond receivable (third payment of property tax revenues) is noteworthy. The other changed item is the project fund since the recent draw was made against it. Fielder suggested when major changes are made re COC funds, those can be reported to committee at the time. Otherwise COC doesn't need report every month. Last month tax rate was approved by BoD at a small drop from \$10.14 to \$9.85 per \$100k of assessed value. Recommendation was made for District to inform community of drop in rate and reasons for it. Bob Schapper reviewed District budget and informed COC that TFHS met budget for 08-09.</p>	
VIII. Facilities – Rick McConn	<p>McConn stated that we will be presenting campus development plan to District BoD. A bid will be out Friday for utilities relocation. A permanent location for IT has been decided and will be in modular buildings on the east side of the 1952 building. A permit will be requested from Town within the next 2 – 3 weeks.</p>	
IX. COC member terms (moved up in agenda)	<p>Maia introduced term documents for COC members. Original appointments were for 2 years but now the bylaws called for staggering the terms. All members should consider whether they wanted to extend their terms by 1 year or 2, and whether they had an interest in serving as an officer. Questions included how long terms of officers were; whether COC should adopt BoD's methodology for terms and appointments. See Item X for next steps.</p>	
X. Next scheduled meeting: requested topics, tasks	<p>Discuss term for elected/appointed positions (term limits?) in September and elect officers in October.</p>	

*Adjourned at 5:25 pm*