

**Tahoe Forest Hospital District
Citizens Oversight Committee Meeting
Minutes of Tuesday, October 13 2009
Offices of Geney Gassiot, Reno**

ATTACHMENT 1a

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

Members excused or absent: Sherrin Fielder, Randy Hill

District Board representative: Roger Kahn

Staff Present: Maia Schneider, Rick McConn

Guests present: Mike Geney

Topic / Agenda item	Discussion
I. Call to Order	Vice Chair Leyton called meeting to order at 8:35 AM
II. Roll call	<i>Please see above</i>
III. Items not on the agenda/clear the agenda	none
IV. Input from the audience	none
V. Presentation of construction management process	Mike Geney presented power point on the construction management program and processes
Leyton asked each COC member for their questions	<p>Dale: How are contracts managed? Between TFHD and sub? Or between CM and sub? Can CM back out mid-project when disputes come up?</p> <p>Mike Geney: We would not stay in business if we pulled out during disputes. Our duty is first and foremost to the District. We are proactive on identifying problems before they become apparent and fixing them.</p> <p>Dale: Was cost information from other contractors provided at not cost?</p> <p>MG: We serve a special niche as health care contractors. There are few health care specialist construction professionals; therefore, there is a lot of networking and sharing of information between us.</p> <p>Gary D: No questions, just commend GG on their presentation and the process being used</p> <p>Gary B: How much on-site do you perform as CM?</p> <p>MG: We are on-site every day. AS CM we cannot do the actual construction work. We deploy a tactical crew on site and they're immersed in strategy and risk management training. We seek professionals for the team to "marry" them to the individual task.</p> <p>Rick: Shared recent experience with utilities work on Donner Pass Rd. Issue was brought to Rick from community member; Rick passed along to MG and it was immediately resolved. Additionally MG's team performed follow up to ensure no further issues were coming up.</p> <p>Gerald: No questions, commended the presentation</p>

Paul K: Is there incentive to purchase materials for the projects now, ie steel futures, to save money?

MG: We have not reached the point in the process where purchasing materials would be appropriate. We cannot ask subs to pre-purchase prior to their contract being entered into. We will do a cost/benefit analysis when we are ready to bid to determine whether it is in the District's best interests to pre-purchase or not. It is also slightly more difficult as a public agency to pre-purchase.

Roger K: Are there issues contractors may have with materials pre-purchased by the District?

MG: Typically not. We are trying to locate all economies we can for subs.

Caroline: Do you know what the current variance is on quantity analysis?

MG: There are always waste factors included in the contingencies – up to 20%. After the cost model is crafted we revisit all current data and determine escalation factors. As design evolves you also include construction contingency. We hedge the market in 3 areas of contingency.

Caroline: Is it correct that the cost multiplier in your contract covers your compensation?

MG: Yes. We can't charge over industry standards. We use a sliding scale for fee percentages based on size and scope of project.

Caroline: Who handles arbitration?

MG: Most claims are handled without any intervention. The continuum is mediation – arbitration – litigation – lawsuit. We have never moved beyond mediation; we have solved at that point or before. We also debrief all legal issues we encounter to ensure we're learning along the way.

Mark: Is Cumming LLC a contractor to GG or the District?

MG: They are a consultant to GG without a markup.

Mark: Is GG part of the design team or construction team?

MG: We're integral to the design team but we are ultimately the construction manager.

Mark: Is part of your job to oversee the Freeman White documents?

MG: Yes, we complete 3D and 4D review.

Rick: From the District's point of view, we would bring in the whole team from day 1. Given the limitations of being a public agency, using a CM is our way of injecting expertise at the beginning of the process.

Mark: Can GG outsource everything anyway?

Rick: No. As a public agency we have to stop short of deploying full team up front.

Mark: You could bring in expert contractors to consult under CM?

Rick: There are legal issues with bringing in consultants under our CM. We cannot bring in everyone up front.

Roger: Regarding 4D modeling, do we overlay actual on top of budgeted in real time along the way?

Mike: we can animate as-built versus as-planned comparisons any time. Costs are evaluated separately but in much the same way and available in real-time.

Roger: the system monitors consistently and allows us (TFHD) to make changes as necessary on a real-time basis.

Paul L: This system is considerably more advanced than the program available during western addition construction?

MG: Yes, 3D and 4D are vastly improved from before.

Paul L: It's my understanding with Revet you can utilize this software to develop management of maintenance and energy performance?

MG: Revet provides platform for energy performance contracting. Freeman White is using this to model new

	<p>construction; however, we are not using this to model existing construction. Freeman White has been tasked with serving needs and providing code compliant redundancies and cost is an issue.</p> <p>Paul L: Many projects use independent consultants for plan review. Is that GG in this case?</p> <p>MG: GG is fulfilling that role collaboratively with the Freeman White team. We provide another layer of quality control.</p> <p>Paul: Will the snapshot of costs to be shared with TFHD BoD be shared with COC?</p> <p>Roger: Of course, we'll share everything.</p> <p>Paul L: In the GG contract, the negligence references (4) all relate to sole negligence which is rare in construction. I suggest staff and legal review with perhaps a revision of the contract to consider comparative negligence. Today's presentation was outstanding.</p>
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Adjourned at 10:04 AM