

**Tahoe Forest Hospital District  
Citizens Oversight Committee Meeting Minutes  
Wednesday March 7, 2012, Eskridge Conference Room**

**ATTACHMENT 1**

**Members Present:** Mark Tanner, Paul Leyton, Gary Boxeth, Gerald Herrick, Alyssa Thomas, Caroline Ford

**Members excused or absent:** Dale Chamblin, Larry Mace, Sherrin Fielder, Gary Davis, Christy Curtis

**District Board representatives:** Roger Kahn, John Mohun

**Staff Present:** Maia Schneider, Rick McConn, Crystal Betts, Bob Schapper, Paige Thomason

**Guests present:** Mike Geney

Topic / Agenda item	Discussion	Action steps/ Responsible party
I. Call to Order	Vice Chair Gerald Herrick called meeting to order at 4:33 PM	
II. Roll call	<i>Please see above</i>	
III. Items not on the agenda/clear the agenda	Larry Mace unable to attend today's meeting; table item #VI until next meeting	
IV. Input from the audience	None	
V. Standing items: - Meeting minutes - Financial report - Facilities update	- Motion to approve minutes Gary Boxeth, second Paul Leyton. Approved unanimously. - Crystal Betts reviewed financials from October through January. She reviewed the changes to the line items over that timeframe in the aggregate. Tax revenue received was lower than was needed to make first debt service interest payment in 2012. Following previous years, the District Board again funded the difference instead of passing along the cost to the taxpayers. - Construction update tabled to facilities update item VII	
VI. District audited annual financial report review	Larry Mace unavailable; item tabled to June meeting	
VII. Quarterly Facilities Update	Rick McConn presented his report that was given to the TFHD Board of Directors at their January meeting. Current facilities plan is \$95.3 million in projects. Owner regulatory scope modifications are at \$4.6 million, primarily in security equipment in the Cancer Center. The overall plan, plus scope modifications, is at \$99.9 million. This is a reduction from previous	

budget.

Mike Geney stated that personal property expenditures; (non Measure C) have also been reduced from previous budget. The Board has approved \$72.2 million in projects. The work on campus is 68% complete. The contingency is \$3.8 million; \$1.4 million in contingency remains unused. We have budget placeholders for a few projects included in the total plan. The Cancer Center will be complete by the end of March (this month). A delay in finish was due to scheduling a deep clean for equipment prior to patient care. Skilled Nursing will complete on or before April 19. We have had some field changes from OSHPD which have delayed those projects and cost extra. We also had our first instances of contractor performance breakdown with two contractors. They held up overall delivery and have been back-charged. We are working with one claim and two letters of protest. ED and SPD, as well as South Building, are tracking within OSHPD but we have had some delays from OSHPD regarding the relocation of OB.

Gerald Herrick asked if we have an OSHPD change order, is that considered an owner-initiated change order at the end of the process? No, these are classified as scope modifications that could not otherwise have been foreseen by the District, but are not owner-directed.

Herrick: if there are two sub contractors who did not meet the timeline and they need to pay fines, can they appeal? Geney: The contract is absent a liquidated damages contract but they would have a year to sue the District. Often the first step we see is the Contractor requests a “meet and confer” to review the schedule that parties agreed to, compared to the as-built schedule. In the two cases we’re referring to, they failed to meet the weekly progress report updates, as well as monthly completion updates.

Paul Leyton asked if there were extra costs for other contractors who were impacted by this failure to meet the timeline? Geney: That delay, and the imposition of the OSHPD delay was verified and added to the contract time. We went to the other contractors to revise the completion schedule and to work with them on sequence, duration, etc. The contractors had time to review the new timeline and any possible claim. In order to prove causation and lost productivity, the contractor must put together some evidence-based documentation to pursue a claim.

Leyton: If that charge was legitimate, would that claim be passed along to the offending contractors? Geney: any contractor can come talk to us and make a claim, but the law is specific that you can’t come to an agency and make a claim on suspicion or without data. If we later found that a contractor was harmed by the offending contractor by their lack of compliance we would have to revisit the process with all parties.

Herrick: The OSHPD scope change is ultimately going to cost the District more money. How do we reconcile the difference between agency changes, scope changes, and educate the community about this? Geney: the costs so far have been absorbed by the District within the contingencies already budgeted, so there have thus far been no overruns against the budget.

Mark Tanner: Are there specific items on all of the prime contracts as to what the contingencies

	<p>may be used for? Rick McConn – this is a District owned contingency.</p> <p>Tanner: On the snow melt system in the Cancer Center, was this not anticipated in the plans? Was this an omission of the architect? McConn: when we discovered this omission from the architect (it was not in plans and specs) to the plan review, we authorized to move ahead with this system as well as the chiller. The chiller was not an omission, but the snow melt system was.</p> <p>Tanner: was this the same as the security access system? McConn – this building was designed over two years ago. In that time, through regulatory requirements and changes in technology, we have had to upgrade our systems to be installed. For example, we had to upgrade entry from keys to card readers. That was a change in regulations as well as technology. What we put in is what we hope is the final system for the whole building over time.</p> <p>Tanner: The steel siding on the building – it will drip. Has a hot channel been installed to not drip onto brick below? Geney: there was flashing installed at the top of the walls to prevent drip. What should happen now is a slow process of rust occurring over time. We won't have any bleeding down that would need to be maintained over time.</p> <p>Caroline Ford: If there is a penalty assessed against a contractor, where does the money go? Geney: it ends up being a savings on that line item and shows as a savings on the project.</p> <p>McConn, it often is an offset for other expenses from that contractor's action.</p> <p>Herrick suggested jumping to chiller item now; all agreed. See below.</p> <p>McConn added that we submitted the permit for the Emergency Department and Sterile Processing upgrades; The town has notified us that the permit is complete and review has started.</p>	
<p>VIII. Finance subcommittee report</p>	<p>Herrick stated that in terms of the finance committees he's served on, he's probably the least knowledgeable but he watches that committee review printouts and spreadsheets and invoices. They prepare before the meeting, come in ready, staff comes in prepared and responds. The draft Report to the Community includes a paragraph on the importance of that committee to the COC's role. The subcommittee's diligent work is not fairly portrayed by their brief meeting minutes. Gary Boxeth gave the report: they have met three times since the last COC meeting. They had three inquiries which were all resolved in that timeframe. There are no outstanding requests for information or clarification.</p>	
<p>IX. Communications subcommittee report</p>	<p>Paul Leyton reported that he and Gerald had been working together on this. The subcommittee met with Maia and Paige to start the process in January. Everyone's been doing their part; we're ready to meet to start editing and refining. Staff provided most of the report's content so far and they've done a good job. All COC members who had comments on their bios submitted them on time. Maia is scheduling the photo shoot for the reports and has sent out a survey for the COC to respond to include quotes in the report. The conclusion is not finished but will include a comment that funds have been spent in accordance with the ballot language. I would like to move to take a vote on asking Dale to have final review of the report. Caroline seconded.</p>	

	<p>Caroline asked what the timing was? Paul said May-ish. Herrick asked for comments on the motion. Herrick stated that he's been out of town but talking with Paul regularly. He stated he's been thinking a lot about this final report. Our next regular meeting is June 6. The May date is not a drop-dead date. There could be value in coinciding with Cancer Center opening. I do think Dale should be included in any final decisions about this report. In his absence I would suggest this committee meet with Dale, with Maia and Paige, as soon as we can to review the draft together and edit. I'm leaning in the direction of asking that this committee hold a special meeting devoted to reviewing the public document and making final recommendations. I am not in favor of this group word-smithing for hours, but I do think the committee needs a larger role in the report before it's distributed. This committee needs to look at it and ok it or suggest changes. Caroline suggested not waiting until the document is too far down the production road in case there are changes. Leyton said my concern is that I don't want this committee to make an elephant and end up with a camel; large committees trying to write a document doesn't usually end well. With the caveat that we're not word-smithing, but agreeing on the major principals. If the second agrees, I would withdraw my motion and we can move ahead with another plan. Herrick: asked for clarification on Brown Act and its ramifications on the distribution of the report. Response: You can circulate for comments but not take action without an agenda. John Mohun: there are models for the COC report; did you look at those? Leyton: Those were considered in the development of the outline. Herrick: Here's what I'm worried about – if the committee doesn't see this report in the near-final form, members could say they didn't support the document and disavow the report. Its coming from the entire committee. I want to try to figure out a way for everyone to read it. Leyton: if we sent it to everyone and asked them to send recommended changes by a certain date, then make changes as appropriate, then I would let Dale make the final change. Boxeth agreed with Herrick. Everyone should be able to read the final report and approve. Leyton amended his motion to be that the committee makes changes to the report now, sends the near-final to the entire membership for changes, and the final draft would be subject to approval from Dale as chairperson. Second upheld by Ford. Motion passed unanimously. Herrick – so we said we don't necessarily need to meet but Dale can call a meeting if needed. Maia please send sample reports to Dale, Gerald and Paul. All COC members to review "Doodle" poll for photo shoot and reply with all available dates; it has been very challenging to find one date that works for 100% of members.</p>	
<p>X. Replacement for Andrea Baltzegar</p>	<p>Discussion was held on the history of why certain qualifications were requested for the last alternate appointment. The committee agreed that they wanted a candidate with a CPA if the Board wants to recruit another alternate.</p>	<p>Staff to consult with Board representatives to determine whether BoD</p>

		wants to recruit another alternate.
XI. Update on chiller cost amortization	<p>Rick stated that the team went through some financial analysis for the Cancer Center chiller, to review operational and central plant savings for the new chiller. Annual savings is roughly \$11k; a 13 year payback on a 30-year life expectancy. This is a very conservative estimate because we won't run the chiller in the winter and some of those operational costs would be higher if we chilled the lineac through the big chiller.</p> <p>Leyton: the principal of this makes great sense. I think that the District should have a detailed standard when they review cost benefit and what the payout period should be on large capitalized items. This is an issue for the Board on not this particular issue, but all ongoing items.</p> <p>Roger Kahn responded that when the facilities team comes before the board, the board reviews the budgets closely. A 30 year project and 13 year payback is a good payback.</p>	
XII. Reports from TFHD Board Subcommittee attendance	Tabled for next meeting	
XIII. Updates from TFHD Board representatives	None	
XIV. Next scheduled meeting: topics, tasks	Wednesday June 6, 4:30 PM	

*Adjourned at 5:53 PM*