

To: Tahoe Forest Hospital District Board of Directors

From: Randy Hill, Chair  
Measure C General Obligation Bond  
Citizens Oversight Committee (COC)

Date: October 1, 2009

Subject: Quarterly Report (July 2009 – September 2009)

The COC met in August and September, and continued to receive updates on financials relating to Measure C from Crystal Betts and Facilities Development from Rick McConn.

The COC Finance Sub-Committee brought two specific recommendations to the COC for consideration:

- Based upon the anticipated and possibly overwhelming volume of invoices the committee will be required to review, it was recommended and approved that a system be put in place to randomly audit select invoices for conformance to Measure C criteria. This process, recently approved by the District Board, will be implemented immediately while volume is comparatively light, and evaluated as to its effectiveness and fiduciary conformance.
- A question was also raised as to the process and procedures for tracking and approving change orders. Rick McConn and Mike Geney offered background as to how the construction software facilitates a more efficient and disciplined process at the front end, thus minimizing the occurrence of changes on the back end. It was also explained, and underscored by Larry Long, that this issue is very important to the District Board and that the monitoring efforts conducted by Rick and his team are communicated regularly to the District's Planning Committee and Board. The COC has requested that it be copied on these construction updates and cost reports as they are presented to the Board.

The COC recognizes that project budget management is a policy issue outside its purview, but believes that as part of its education process, it is important to understand the mechanisms and policies in place so as to assure a more comprehensive understanding.

Mike Geney has also graciously invited the COC to a presentation at his office on October 13, 2009, to further educate members about Integrated Project Delivery and the construction cost software/reporting system.

A question has also been raised concerning the use of prime contractors versus general contractors, and whether this method assures the lowest bid, and by extension, the best use of tax payer dollars. While it is understood that this too is a policy decision at the District Board level, a better understanding of the policy is helpful education and will be reviewed at the Geney-Gassiot session on October 13<sup>th</sup>.

COC member terms and election of officers were approved for consideration by the District Board and to take effect at the November 2009 COC meeting. Staff has the terms and officers as a separate item on tonight's agenda.

The committee also unanimously agreed to request an amendment to the by-laws changing officer terms from two years to one effective retroactive to the election held in September 2009.

Although this will be my last formal communication to the Board as Chair of the COC, I look forward to continuing to participate as a committee member serving both the Board and our community.

Respectfully,

Randy Hill