



**SONOMA VALLEY HEALTH CARE DISTRICT  
CONSTRUCTION COMMITTEE  
REGULAR MEETING AGENDA  
Tuesday, October 30, 2012  
4:00 p.m.**

**Location: Schantz Conference Room  
Sonoma Valley Hospital  
347 Andrieux Street, Sonoma, CA 95476**

AGENDA ITEM	RECOMMENDATION	
<b>MISSION STATEMENT</b> <i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i>		
<b>1. CALL TO ORDER</b>	Mather	
<b>2. PUBLIC COMMENT SECTION</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Committee at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Committee consideration. At all times please use the microphone.</i>	Mather	
<b>3. CONSTRUCTION COMMITTEE MEMBERS</b>	Mather	Inform
<b>4. CONSTRUCTION COMMITTEE DRAFT GOALS</b>	Coss	Inform
<b>5. OVERVIEW FROM 10/9 BOARD STUDY SESSION</b> A. Board Study Session Minutes 10.9.12	Mather	Inform/Action
<b>6. PHASE 1 PROGRESS REPORT AS OF 10/24/12</b>	Coss	Inform
<b>7. FUTURE ACTION ITEMS:</b> A. GMP B. Add Alternate - Shell 2 <sup>nd</sup> Floor C. Jtec Contract Review D. Medical Equipment Purchasing Plan E. Re-Cast Project Budget	Coss	Inform
<b>8. NEXT MEETING</b>	Mather	Action
<b>9. ADJOURN</b>		

4.

**CONSTRUCTION  
COMMITTEE  
DRAFT GOALS**

# Sonoma Valley Hospital

October 30, 2012

## Construction Committee Draft Goals



# Hospital Board's Typical Role in a Capital Project\*

2

- Board Chair and Board
  - ▣ Mission Definition and Values
  - ▣ Strategic Planning and Visioning Oversight
  - ▣ Integrity of Financial Practices and Reporting Oversight
  - ▣ Ensuring Risk is Assessed and Managed
  - ▣ Supporting Philanthropy

# Construction Committee\*

3

- Establish Board Construction Committee
  - ▣ Track Progress of the Entire Project Starting with Strategic Plan
  - ▣ Monitor Budget, Scope, Schedule, and Risk

Note: \* Information from Trustee Magazine for Health Care Governance June 2012 by Barry S. Rabner, President and CEO of Princeton HealthCare System

# Management Responsibilities

- ❑ Establish Project Goals based on the Hospital Management's Vision
- ❑ Create Facility Master Plan based upon a Board approved Strategic Plan
- ❑ Develop Financing Plan to Fund Project
- ❑ Manage Public Relations, Fund Raising, and External Public Relationships
- ❑ Establish Project Program based upon the Strategic Plan and Master Plan
- ❑ Develop Project Management Organization to include Project Management, Architect, General Contractor, and Consultants
- ❑ Manage Agency Approvals (i.e.. EIR, OSHPD approvals, County approvals)
- ❑ Develop and Direct Organizational Structure to include Physicians, Hospital Management, Clinical Leaders, Staff, and Community for Design Development of proposed building project

# Management Responsibilities - Continued

5

- ❑ Establish Project Controls, Budget, Schedule and Reporting Structure
- ❑ Manage Proposed Building Project per the Board Approved Cost, Schedule, and Scope
- ❑ Successfully Operationalize the New Building Project

5.A.

BOARD STUDY  
SESSION  
MINUTES  
10.9.12





**SONOMA VALLEY HEALTH CARE DISTRICT**  
**BOARD OF DIRECTORS**  
**CONSTRUCTION STUDY SESSION MINUTES**  
 Tuesday, October 9, 2012  
 Schantz Conference Room

<b>Board Members Present</b>	<b>Administrative Staff Present</b>
Peter Hohorst, Chair Madolyn Agrimonti Bill Boerum Kevin Carruth Sharon Nevins	Kelly Mather, Chief Executive Officer Rick Reid, Chief Financial Officer

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<b>MISSION AND VISION STATEMENTS</b>	<p><i>The mission of the SVHCD is to maintain, improve, and restore the health of everyone in our community.</i></p> <p><i>The vision of the SVHCD is that: SVH will be a nationally recognized, compassionate place of healing and known for excellence in clinical quality. We serve as the guide and indispensable link for our community's health care journey.</i></p>		
<b>1. CALL TO ORDER</b>	5:35 p.m.		
<b>2. PUBLIC COMMENT</b> <i>At this time, members of the public may comment on any item not appearing on the agenda. It is recommended that you keep your comments to three minutes or less. Under State Law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public will be invited to make comments at the time the item comes up for Board consideration. At all times please use the microphone.</i>	There were no comments.		
<b>3. STUDY SESSION</b>			
A. Request for Approval to Extend Memorandum of Understanding	<i>Peter Hohorst, Chair</i>		
	The next date is a study session with the Planning Commission in early November. A handout was provided. Mr. Boerum suggested that this	<b>MOTION:</b> by Nevins; second by	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>should have been provided earlier at the Board meeting last Thursday. Ms. Mather said she did mention that there would be an extension to this Memorandum of Understanding (MOU) at that meeting.</p>	<p>Agrimonti for approval to extend the Memorandum of Understanding and carried. All in favor.</p>	
<p>B. Progress Report on Phase 1 of Construction Project and Recommendations</p>	<p><i>Kevin Coss</i></p>		
	<p>Ms. Mather said Mr. Coss had been on the job for a month. Mr. Smith from Jtec participated via conference phone. Fundraising is going well so far, but many of the major asks are taking place within the next couple of weeks. SVH is at 100% of the guaranteed maximum price. Construction Committee was planned for October 30, 2012. The goal today was to give the Board a current state update and there was a big change. Ultimately, a decision would be made in February. This meeting was for discussion purposes and would not ask for any recommendations.</p> <p>Mr. Reid gave an overview of the current financials. The construction scope would be taken to the Construction Committee, then Finance, and then the Board for approval.</p> <p>Mr. Coss said he was the owner's representative (for the Hospital) on the project. He mentioned his background and is currently project representative for Marin General Hospital (MGH). He is dedicating two days a week to SVH.</p> <p>In August the project was forecast at \$40.5M, including infrastructure adjustments. Anticipated completion for Phase 1 was August 2013. The project moved from an original contract date of March 25, 2013 to November 13, 2013. Extended OSHPD review delayed the project by approximately eight months.</p> <p>Project contingency could include OSHPD changes onsite, for example unknown underground issues or the connection between the two buildings. Contingency would not cover any owner changes. The contractor also had a contingency of \$894,000. If they do not use that amount, at the end of the project they keep one third of that amount, and the Hospital keeps two thirds.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>The design-build team is doing a great job and is managing the schedule and meeting the milestones. Two important dates are steel top out on February 13, 2013 and enclosing the building exterior on July 8, 2013.</p> <p>Ms. Mather said February is important to have all decisions made by July 2013 and is also an important date, as the project is out of cash as of July 1, 2013 unless additional fundraising or financing is received. The first construction meeting would be on October 30, 2012 regarding scope and budget. Spending would also be reported at every Finance and Board meetings.</p> <p>Mr. Coss discussed budget adjustments, primarily including the OSHPD delays, the South Lot, the medical gas system upgrade, for a total of \$1.37M. The medical gas upgrade was to meet OSHPD code and the amount was reduced (negotiated) by over half. At this point, the total budget required is \$42.6 M. Moving forward several options to align scope with budget is available: defer building out of the Surgery Department. (current O.R. is good until 2020); finance the gap through completion; or move forward with fundraising and review again in February 2013. The deferred Surgery Department would subtract \$3.5M. Mr. Coss did not recommend deferring the O.R.</p> <p>Mr. Hohorst pointed out a decision was made to not defer the CUP installation (reviewing his document from an October 2011 meeting suggesting deferred projects). A decision to be made within the next few months is whether to commit to the hot water boiler. The delayed schedule is costing us approximately \$1M, but would give SVH several additional months to fundraise.</p> <p>Mr. Reid said the Finance Committee earlier this summer discussed financing approximately \$6M of the project.</p> <p>Mr. Barclay suggested an impact analysis be prepared for the Construction Committee. Mr. Gilroy said that the hot water boiler is tied to the CEC funds.</p> <p>Ms. Mather said that banks would lend based on strong fundraising pledge documents. The current gap is \$6.6M, or \$1.5M after taking into consideration the CEC loan. The capital campaign committee has committed to raise another \$6.5M, and most commitments are expected to be made within the next few weeks and certainly by the end of December, so the February Board meeting would be a better decision</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>point. With successful fundraising and the CEC loan, SVH would have a total positive variance of \$1.39 M. She indicated that based on the Nelson donation, SVH had committed to build the ER, so a decision would have to go through. With the Nelson donation, the Hospital is able to fund the ER equipment as well.</p> <p>Mr. Reid reminded the Board that the GO Bond funds may not be applied to movable equipment, only to fixed equipment.</p> <p>Ms. Mather discussed the renovations on the Med/Surg unit on Two West necessary to support the new building. The approved design is expected to cost an additional \$1.23M. Some of these changes were OSHPD requirements, including a new ADA compliant isolation room. The nurses' station is not EHR compatible; if changes are made, it must come up to OSHPD code. The Board suggested another impact analysis be prepared on staffing the second floor.</p> <p>Ms. Mather said outstanding questions still include how much would come in from fundraising and how much is the Hospital comfortable with financing.</p> <p>Mr. Coss indicated next steps would include negotiating a revised GMP and schedule, reviewing the Jtec extension and contract, managing owner changes and key decision dates, beginning the Construction Committee on October 30<sup>th</sup>, and meeting with the Board in February 2013 with an update on budget, progress, fundraising, and need for financing.</p> <p>The next change order for \$601, 902 would come before the Board in the near future. That figure is included in the amounts discussed in this meeting. Mr. Carruth suggested that the Board should delegate authority to approve change orders to the CEO, if it had not done so already. Some of the items had in fact already been changed in the field. CEO authority for change orders should come to the next Board meeting. Mr. Hohorst said that the scope in this change order had previously been approved by the Board.</p>		
ADJOURN	7:05 p.m.		

6.

PHASE 1  
PROGRESS  
REPORT  
AS OF  
10/24/12

# Sonoma Valley Hospital

October 30, 2012

Phase 1 – Progress Report - Construction Committee



# Agenda

2

	<u>Page</u>
❑ Spent to Date	3
❑ Status of Design Build Team GMP	4
❑ Review Change Order Number Eight / Scope in Budget	5
❑ Impact Analysis for the OR and Medical Equipment: Defer Scope / Build at a later date –Option 1	7
❑ Impact Analysis for the OR and Medical Equipment: Defer Medical Equipment –Option 2	8
❑ Risk Analysis for the OR and Medical Equipment: Defer Scope / Build at a later date	9
❑ Owner Actions/Project Status	10
❑ Future Action Items	11

# Spent to Date through September 30, 2012

3

<u>Item/Description</u>	<u>Spent Amount</u>
□ OSHPD/City Permits	\$346,457
□ Otto Construction – South Parking Lot, Loading Dock, 4 <sup>th</sup> Street Site Work.	8,420,671
□ Medical Equipment	726,208
□ IT/Communications	701,033
□ Signage	8,074
□ Professional Services/Construction and Design	3,179,180
□ Legal and Insurance	1,249,876
□ Facility transfer August 12 <sup>th</sup> , 2012	<u>1,055,000</u>
Spent to Date	\$15,686,499



# GMP Update

4

## Otto GMP Status as of 10-22-12

- Adjusted Target Price – Include CO 1 through 8 \$27,868,977
- Currently negotiating Contract Schedule Extension from March 25<sup>th</sup>, 2012 through November 13<sup>th</sup>, 2013
- GMP includes Add Alternate for shelling 2<sup>nd</sup> floor O.R., proposal under review.

# Change Order 7 and 8

5

<u>Item/Description</u>	<u>Cost</u>	<u>Allocation</u>
□ Change Order 7		
Owners Rep Change to Kevin D. Coss		
□ Change Order 8		
Materials Management Redesign #3	\$79,184	In Budget
Pole Barrier on Hayes Street	5,109	In Budget
Chiller Upgrade	62,619	In Budget
Nitrous Relocation - T&M	2,688	In Budget
Increment 1 Phasing & Directional Signage	17,409	In Budget
South Lot Gravel Retention Basin	105,320	In Budget
Unsuitable Soils at 4th Street & South Lot	51,583	In Budget

## Change Order 7 and 8 - Continued

6

Unsuitable Soils at MRI Pad	3,728	In Budget
Subsurface Gas Line Conflict	1,936	In Budget
MRI Trailer Fire Alarm Conduit	4,547	In Budget
Design Fees for 2 West Projects	<u>143,444</u>	In Budget
Change Order 8 Total	\$477,567*	In Budget

Note:\* Cost included in Project Budget Amount \$42,609,376

# Impact Analysis for the 2<sup>nd</sup> floor OR and Medical Equipment: Defer Scope/Build out at later date – Option 1

7

<u>Item/Scope</u>	<u>Estimated Scope Reduction</u>	<u>Estimated Buy Back 1 year</u>
2 <sup>nd</sup> Floor Warm Shell	\$2M	\$3M*
2 <sup>nd</sup> Floor West Wing – Support	0.4M	0.6M
Medical Equipment	<u>1.5M</u>	<u>1.7M</u>
Sub Total	\$3.9M	\$5.3M**

Note:\* Project Estimates are High level Construction Scoping Dollars

-see Risks.

\*\* Inflation Estimated 3% per year. A 3 year deferment equals \$5.6M.

A 5 year deferment equals \$6M.

# Impact Analysis for the 2<sup>nd</sup> floor OR and Medical Equipment: Defer Medical Equipment – Option 2

8

<u>Item/Scope</u>	<u>Estimated</u> <u>Scope Reduction</u>	<u>Estimated</u> <u>Buy Back</u>
2 <sup>nd</sup> Floor West Wing – Support	\$0.4M	\$0.6M*
Medical Equipment	<u>1.5M</u>	<u>1.7M</u>
Sub Total	\$1.9M	\$2.3M**

Note:\* Project Estimates are High level Construction Scoping Dollars  
-see Risks.

\*\* Inflation Estimated 3% per year. A 3 year deferment equals \$2.4M.  
A 5 year deferment equals \$2.6M

# Risk Analysis for the 2<sup>nd</sup> floor OR and Medical Equipment: Defer Scope/Build out at later date

9

- Possible Change of Building Code/OSHPD Requirements
- Working in Occupied Space
  - Access , inefficiencies.
  - Noise Disruptions
  - Shutdowns to Existing Utilities
  - Security
  - Infectious Control
- Inflation and Economy
- Integration of Available Technology/Equipment with Existing
- Possible extended schedule for OSHPD review
- Rework of Existing Utilities, i.e. Fire Sprinklers, HVAC etc...
- Additional Design Costs, General Conditions and Owner Costs

# Owner Actions/Project Status

10

<u>Action Item</u>	<u>Status</u>
<input type="checkbox"/> Medical Equipment	
<input type="checkbox"/> OR User Sign Off	-Complete/In Budget
<input type="checkbox"/> ED User Sign Off	-Complete/In Budget
<input type="checkbox"/> Voice/IP	-Owner Lease
<input type="checkbox"/> MRI Trailer Move	-Complete/ New Wing Demo started on time
<input type="checkbox"/> Jtec Contract Review	-In Review
<input type="checkbox"/> Two West 2 <sup>nd</sup> Floor Construction	-Future Funding Item

# Future Action Items

11

- GMP Contract
  - Add Alternate – Shell Second Floor
- Jtec Contract Review
- Medical Equipment Purchasing Plan
- Re-Cast Project Budget