2023 Press Ganey Guardian of Excellence Award Winner
2023 Press Ganey Pinnacle of Excellence Award Winner

SOUTHERN MONO HEALTHCARE DISTRICT
BOARD OF DIRECTORS SPECIAL BOARD MEETING AGENDA
NORTH WING PROJECT PLAN UPDATE AND RECOMMENDATION

NOTICE IS HEREBY GIVEN that the Board of Directors of Southern Mono Healthcare District will convene a specially called board meeting at the location and on the date and time set forth below.

Join on your computer or mobile app
Join the meeting now
Meeting ID: 265 545 637 539
Passcode: 3Hcnb9

Or call in (audio only)
+1 619-614-6679
Phone Conference ID: 907 513 793#

In compliance with the Americans with Disabilities Act (ADA), if you need special assistance to attend this meeting via telephone, please contact the District Board Administrative Assistant at Mammoth Hospital by telephoning 760.924.4114. Prompt notification prior to the meeting will enable the District to make reasonable arrangements to assist with accessibility to this meeting.

Date: July 15, 2024

Time: 12:00 p.m.

Place: Mammoth Hospital via Microsoft Teams or teleconference
85 Sierra Park Road
Mammoth Lakes, CA 93546

Treasurer Alec Clowes will attend via videoconference and will be located at 313 Quissett Ave, Woods Hole, MA 02543.

I. CALL TO ORDER

II. PUBLIC COMMENTS

III. NEW BUSINESS

1. North Wing Project Presentation:
    a. History and Purpose: Tom Parker
    b. Milestones: Mark Lind
    c. Schematic Design: George Vangelatos, HMC Architects
    d. Pricing and Shared Incentive: Richard Kasa, Kasa Healthcare Management
    e. Financing: Melanie Van Winkle
    f. Recommendation: Tom Parker
2. Resolution # 24-04: NORTH WING PROJECT; GUARANTEED MAXIMUM PRICE, FURNITURE FIXTURES AND EQUIPMENT, REGULATORY FEES, AND PROGRESSIVE SHARED INCENTIVE

ADJOURN

Mammoth Hospital
Special Board Meeting
July 15, 2024

North Wing Project

MAMMOTH HOSPITAL
Elevate Your Health

Agenda

I. Call to Order
II. Public Comments
III. New Business

North Wing Project Presentation Agenda

a. History and Purpose	Tom Parker
b. Milestones	Mark Lind
c. Schematic Design	George Vangelatos, HMC Architects
d. Pricing and Shared Incentive	Richard Kasa, Kasa Healthcare Management
e. Financing	Melanie Van Winkle
f. Recommendation	Tom Parker

Mammoth Hospital
Elevate Your Health

History

- Mammoth Hospital opened in 1978 (Bldg. A)
  - Two ICU rooms
  - Six double occupancy MedSurg rooms
  - One single occupancy MedSurg room

- In 1994 SB1953 became law requiring all California general acute care hospitals to meet structural and non-structural seismic requirements. Deadline is January 1, 2030

History

- Previous replacement and seismic compliance efforts were delayed:
  - Scope Growth
  - Other Major Projects (EMR, Clinics, EE Parking)
  - Cost and Escalation
  - Cash Reserves
  - COVID
- Building is outdated:
  - Double Occupancy
  - Worn
  - Dim
  - Cramped

Patient Room

Nurse Station and Hallway

Physician Workstation

Project Principles

Concepts guiding our planning, and directives regarding design provided to the design-build group

- Functionality
- Affordability
- Durability
- Consistency
- Sustainability
- Aesthetics

Mammoth Hospital
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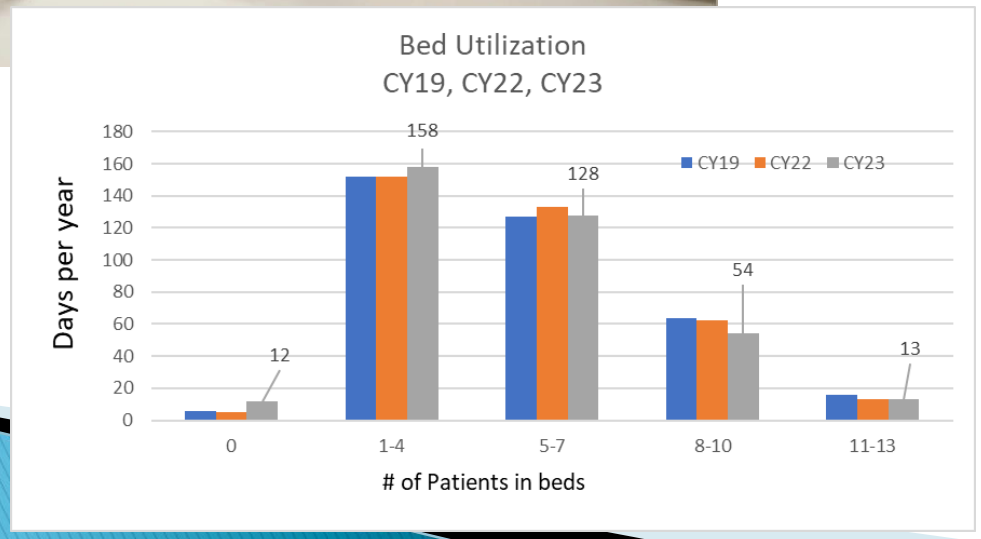
Project Tenets: Functionality



The creation of both private and semi-private rooms the North Wing will provide patients, families, and staff with ample room during inpatient stays while offering the flexibility in some rooms to have two patients in times of high census. The capacity for Medical/Surgical and ICU inpatients will go from 15 to 16 to allow for projected modest growth of inpatient care.

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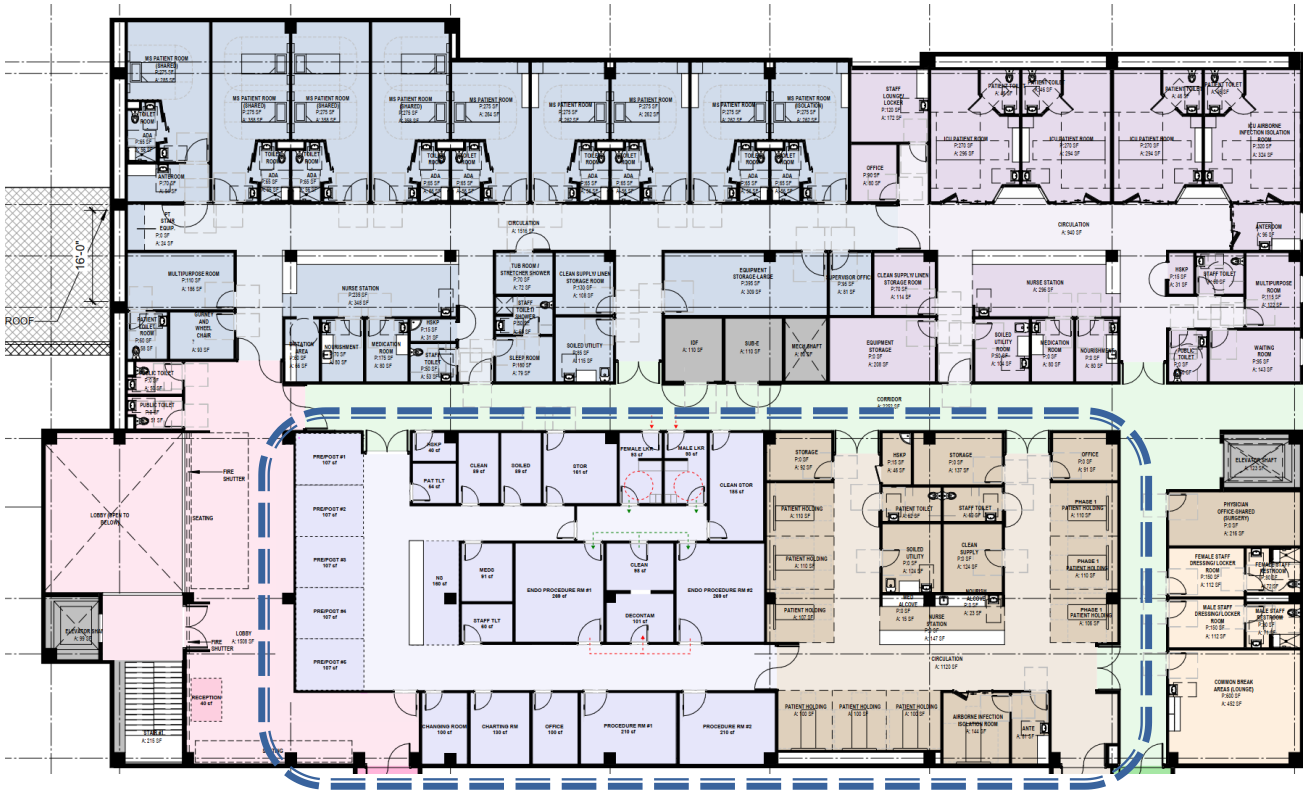
Functionality



The creation of the Outpatient Services Center (OSC) provides expanded capacity for outpatient services that are expected to be the area of continued growth for healthcare. The OSC will allow for the centralization of dispersed services occurring in the hospital and clinics and pave the way for future expansion of surgical services with the relocation of the Post-Anesthesia Care Unit.

Endoscopy volume has grown from 197 cases in FY2014 to 637 in FY2024.

Functionality and TOML Growth

The Town of Mammoth Lakes is experiencing a boom in projects underway and planned which will bring more residents and guests to the community:

- The Parcel: 580 new residences per master plan.
- Limelight Mammoth: 15 new residences (condo) and 149 new hotel beds.
- Rockspring: 118 new residences (condo)
- Residence Inn Boutique Hotel by Marriott: 101 guestrooms
- Main Lodge Redevelopment: 209 resort residential units and up to 250 lodging units distributed between several locations
- Mammoth Hotel (Sierra Center Mall): 164 guest rooms

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Affordability

The size of the building and the services found therein are driven by:

- What is needed to move departments that are required to be in seismically compliant space.
- Create operational adjacencies that optimize patient flow and the interdependency of departments' staff and supplies.

Durability

The North Wing will be in compliance with California's seismic code and the 2030 deadline for rural hospitals.

It will also be built to well-withstand the winters of Mammoth Lakes.

Consistency

(Early design. Current plan is to keep building A.)

The exterior finishes and interior palate will be consistent with the existing facilities.

Sustainability

The project will use environmentally friendly materials.

Efficient HVAC and lighting systems, more windows, and improved insulation will reduce energy consumption.

Selected materials will reduce or eliminate volatile organic compounds (VOCs) and “red-list” chemicals.

Landscape will be designed with low-water-use native plants.

Project Tenets: Aesthetics

The building will be visually and acoustically appealing to provide a calming and beautiful environment for healing and working. It is also expected to help attract and retain staff who want to work in a modern well-designed and equipped facility. It need not be more than that, and direction has been given to the architects to be modest in design and materials.

Milestones

- Request for Qualification (RFQ) Timeline
- Request for Proposal (RFP) Timeline
- Bid Proposal and Validation Process
- Design Revision
- Value Engineering
- Guaranteed Max Price (GMP)

RFQ Timeline

- Request for Qualification (RFP) Phase
  - May 22, 2023 through August 25, 2023

- Respondents:
  - Of 18 invited, two responded
  - Both deemed prequalified to proceed to submitting bids:
    - Korte Construction
    - SB James/Clark & Sullivan JV

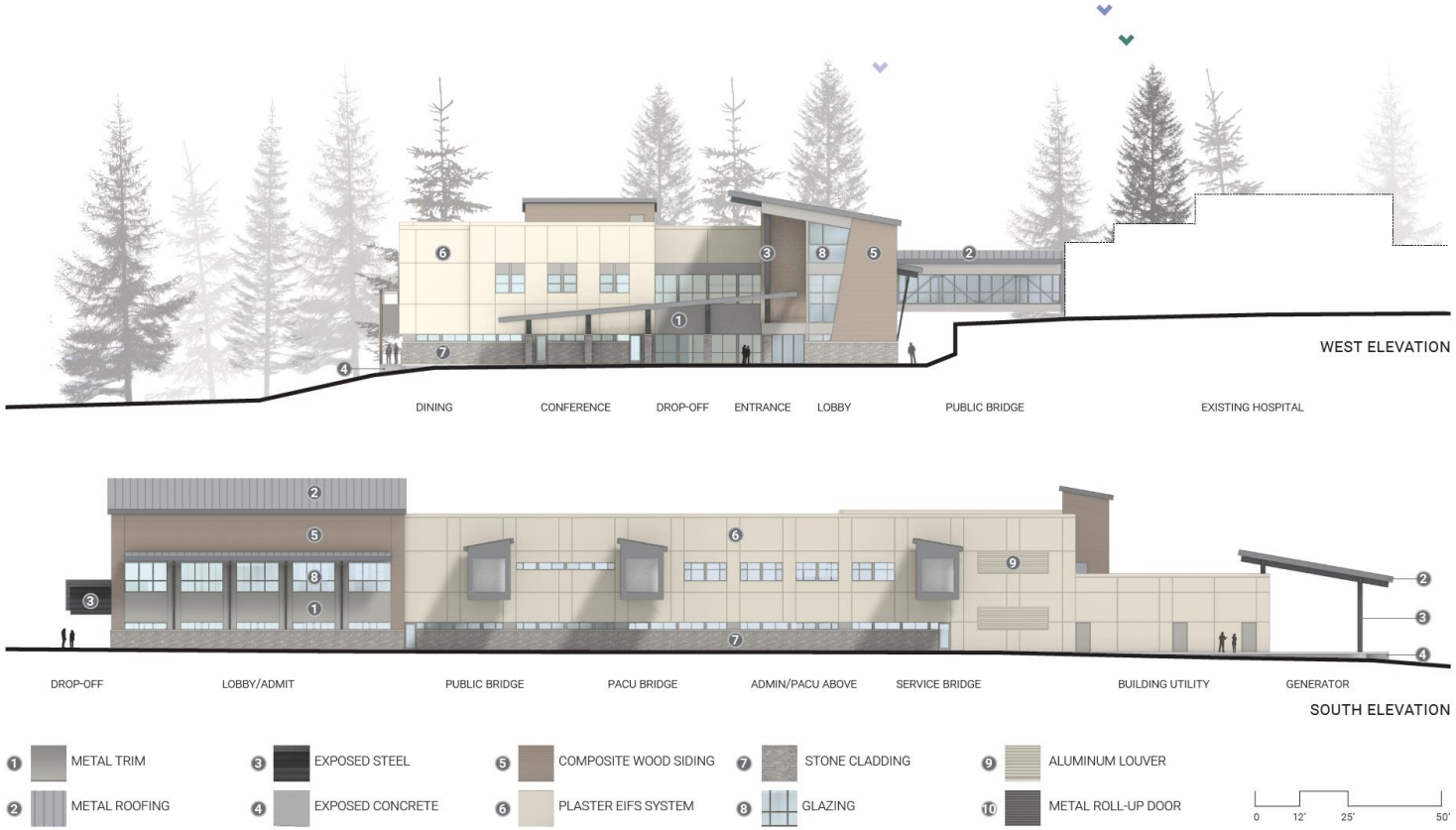
GC Name	Contact	City	State
Align Construction	Steve Sherrer	Carlsbad	CA
Clark Construction	Barbara Wagner	Irvine	CA
CORE Construction	Andrew Thiel	Reno	NV
DPR	Cody Bartley	Sacremento	CA
Erdman	Janet McCauley	Madison	WI
Gilbane Construction	Jeff Park	Reno	NV
Healthcare Design & Construction LLC	Joseph De Luca	Tustin	CA
Hensel Phelps	Dave Valentine	Irvine	CA
Korte Construction	Bill Luciano	Highland	IL
Neenan Archistruction	Dulcye Rodriguez	Kennewick	WA
Penta Building Group	Paul Dutmer	Pasadena	CA
Q&D Construction	Lance Semenko	Sparks	NV
Roebbelen Contracting , Inc.	Bob Hoskins	Eldorado Hills	CA
Rudolph & Sletten	Jeff Russell	San Carlos	CA
S B James/Clark & Sullivan JV	Silas Nagam	West Sacramento	CA
Swinerton Builders	Henry Meier	Sacramento	CA
Turner Construction	Frank Fernandez	Sacramento	CA
Whiting Turner	Joe Gherardi	Reno	NV

RFP Timeline

- Request for Proposal (RFP) Phase:
  - August 28, 2023 through November 21, 2023
  - Bid proposals due November 3, 2023

- Respondents:
  - Korte Construction withdrew from the bidding on October 20, 2023
  - SB James/Clark & Sullivan JV submitted a proposal on November 3, 2023

Bid Proposal



WEST & SOUTH ELEVATION

HMC Architects

Mammoth Hospital
Elevate Your Health

Bid Proposal – Guaranteed Maximum Price (GMP)

- Initial Proposed Price for Construction: $143,622,629
  - Based on the project scope contained in RFP
  - Excluded 22 value-based recommendations proposed by bidder
- Plan for Price Reduction Through Validation Period:
  - Prior to Board award, amend current Design Build Agreement to delay GMP finalization until substantial scope and redesign rework can be done
  - Rework to be done during 16-week period at the end of which there will be a “go/no-go” decision made. If decision is not to proceed, bidder is paid only for bid proposal and rework period
  - Selection committee consensus: The team is dedicated to figuring out how to make this project work to accomplish our initiatives within a reasonable budget

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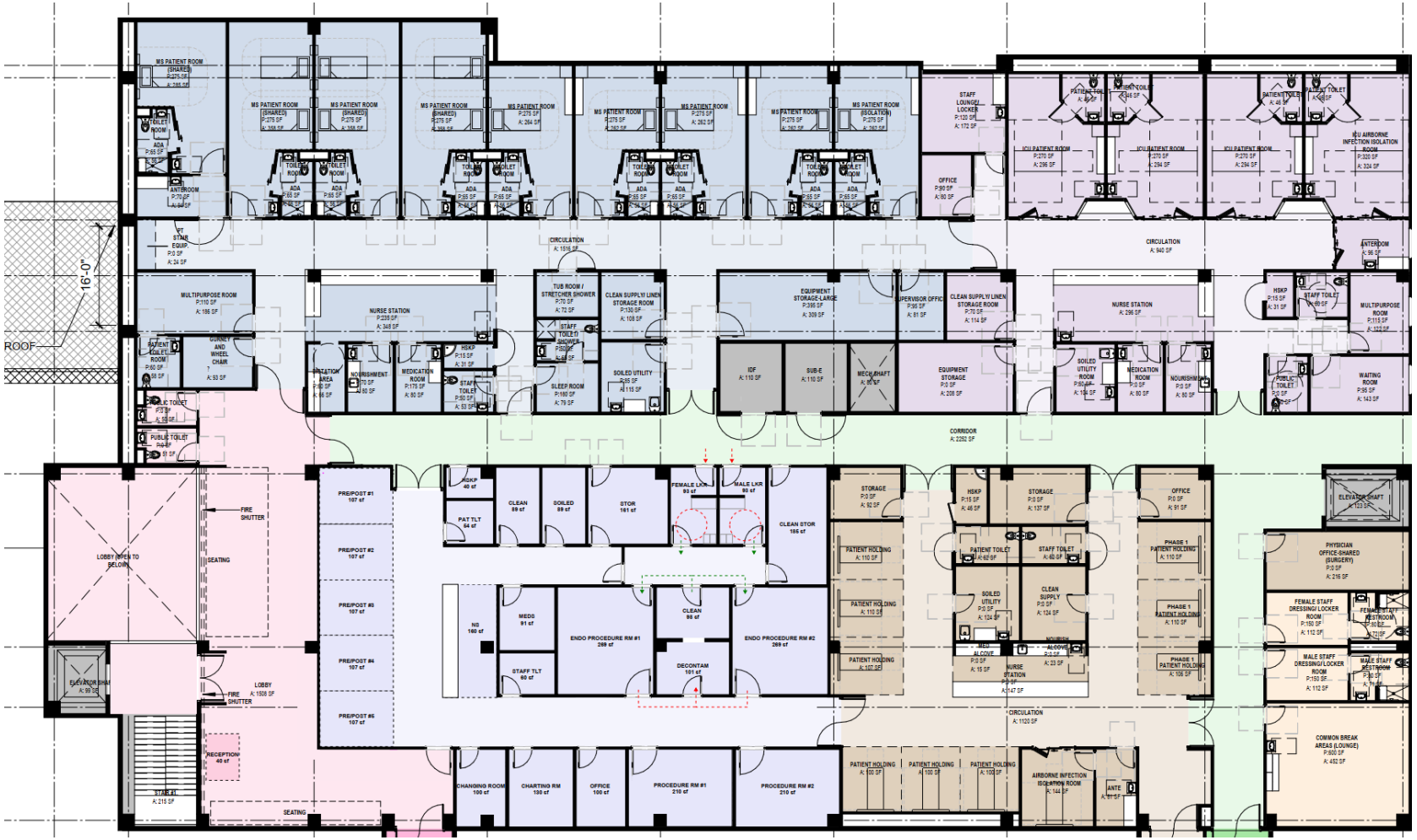
Validation Process

- Stakeholder Engagement:
  - Stakeholders for all major areas of North Wing were engaged
  - Extensive work done on Outpatient Services/Endoscopy/PACU areas by nursing, orthopedic and general surgeons, perioperative services, and materials management
- Value Engineering:
  - Joint Venture Team developed a “Target Value Design” tracking sheet during the RFP, the validation period, and for all schematic design rework

Validation Process – Design Revision



Validation Process – Value Engineering

Opportunities Identified in Initial Proposal

Description	Cost
Change standing seam metal roof from Garland to Metal Sales	$ 82,000
Reduce wall protection quantify (3,885sf)	$ 136,900
Delete North West Screen Wall	$ 283,000
Delete casework demising walls at Endo patient holding rooms. Use curtain and track.	$ 85,400
Delete casework demising walls at PACU patient holding rooms. Use curtain and track.	$ 91,700
Change mechanical equipment from diesel to propane and delete 25,000 gal. diesel tank.	$ 2,278,570
Reduce wall coveraings (3,000sf)	$ 75,000
Reduce double rooms back to single rooms 2nd floor NW corner (420sf)	$ 201,100
Delete colum covers.	$ 133,000
Total	$ 3,366,670

North Wing Project – Guaranteed Maximum Price (GMP)

Category	Pre-Validation Total Projected Cost	Post-Validation Total Projected Cost	Cost Reduction	Paid to Date, 6/30/24	Yet to Incur, Post Validation
South Parking Lot	**$ 6,415,880**	**$ 6,415,880**	**$ -**	**$ 1,364,427**	**$ 5,051,453**
North Wing - Building					
SBJ/CS/HMC - GMP	$ 143,622,629	$ 130,988,244	$ 12,634,385	$ 493,047	$ 130,495,197
Furniture, Fixtures, Equip	$ 5,998,312	$ 5,998,312	$ -	$ -	$ 5,998,312
Proj Mgmt + Consulting	$ 4,273,877	$ 4,273,877	$ -	$ 878,576	$ 3,395,301
Regulatory Fees	$ 1,656,795	$ 1,656,795	$ -	$ 129,182	$ 1,527,613
Bond Issuance Costs	$ 1,000,000	$ 1,000,000	$ -	$ -	$ 1,000,000
Schematic Design, etc.	$ 3,278,010	$ 3,278,010	$ -	$ 3,278,010	$ -
Total North Wing	**$ 159,829,623**	**$ 147,195,238**	**$ 12,634,385**	**$ 4,778,814**	**$ 142,416,424**
Total NW Project	**$ 166,245,503**	**$ 153,611,118**	**$ 12,634,385**	**$ 6,143,242**	**$ 147,467,876**

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Schematic Design

HMC Architects Design Team:

- George Vangelatos, Design Principle
- Tarik D'Introno, Sr. Medical Planner

S + B James Construction:

- Hayden Meyers, Project Executive/Manager

Progressive Shared Incentive Concept

Richard Kasa, Kasa Healthcare Management

- Shared Savings: Difference Between GMP and Actual Cost
- Sources of Potential Savings
- Calculated at Project Milestones
- Includes Subcontractors, Architects and Builders

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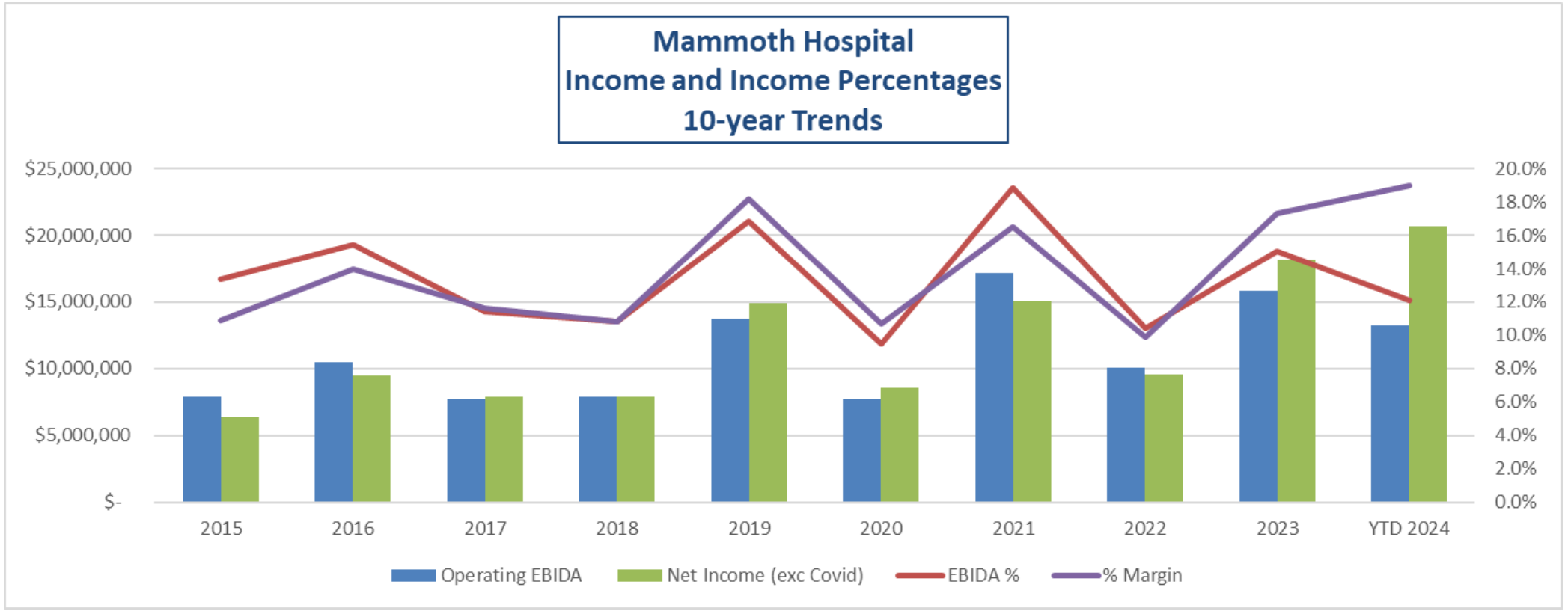
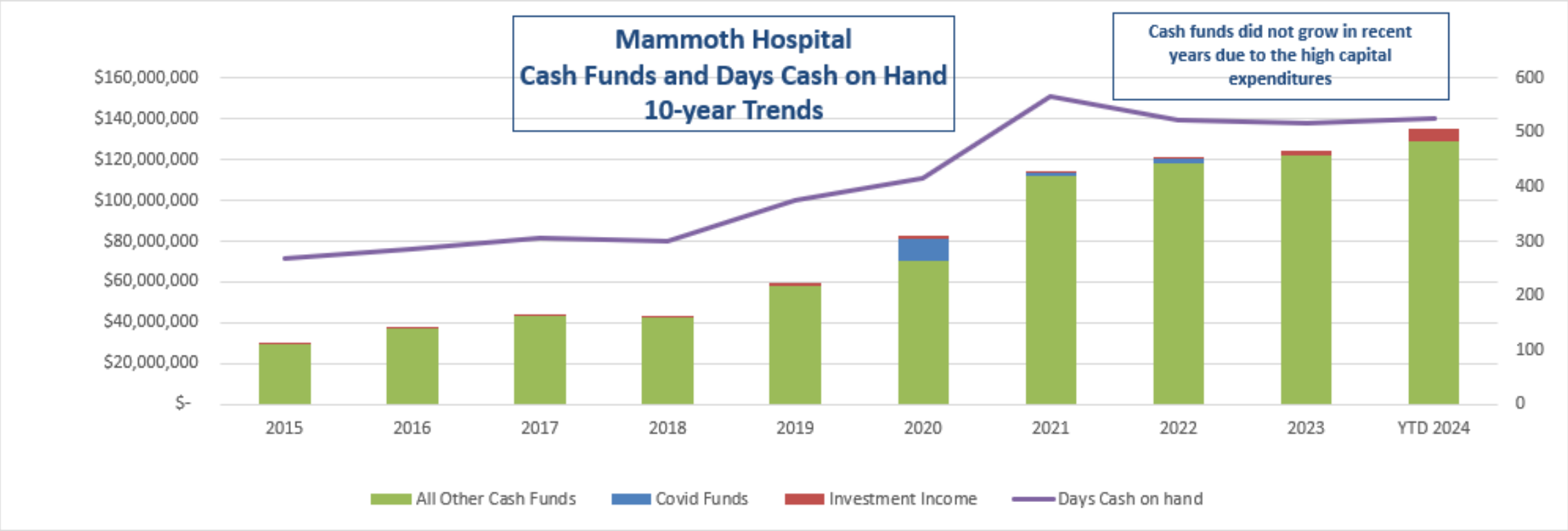
Financing Plan

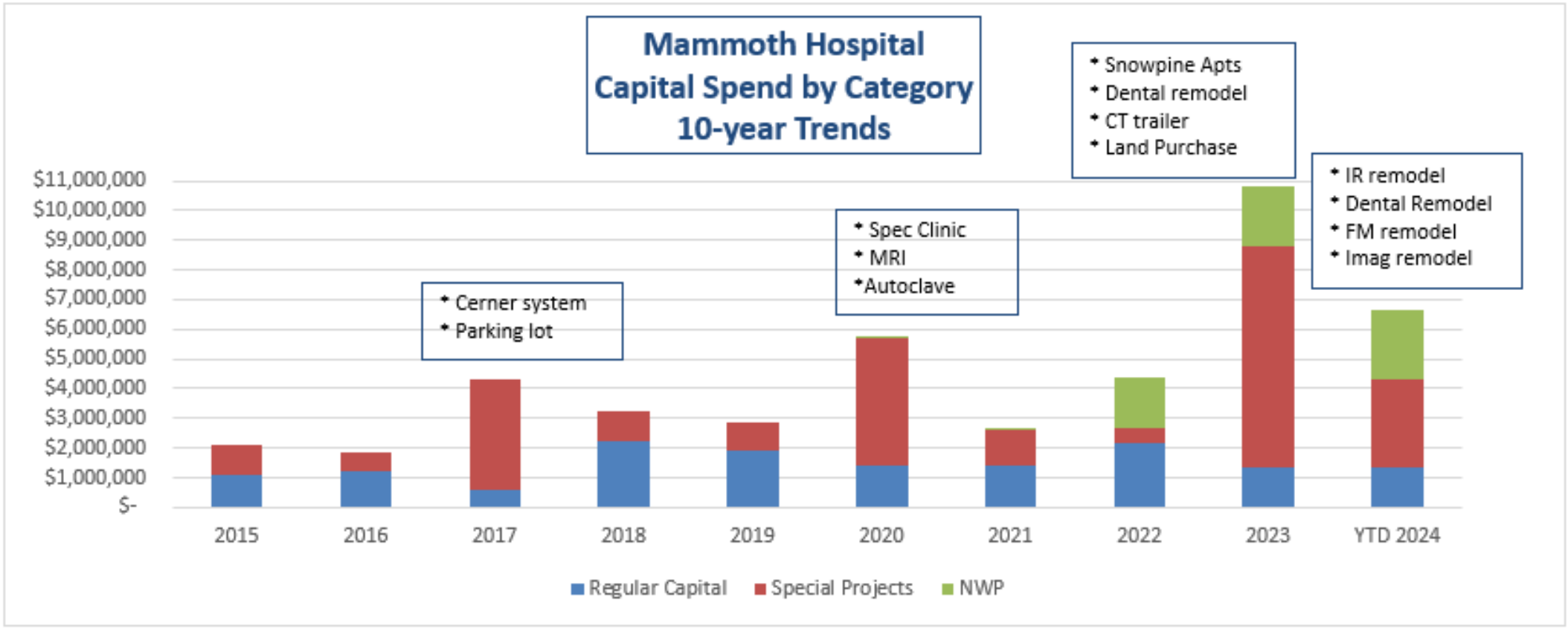
Financial Trends



Cash Trends


Mammoth Hospital
Cash Funds and Days Cash on Hand
10-year Trends
Cash funds did not grow in recent years due to the high capital expenditures
$160,000,000
$140,000,000
$120,000,000
$100,000,000
$80,000,000
$60,000,000
$40,000,000
$20,000,000
$-
600
500
400
300
200
100
0
2015
2016
2017
2018
2019
2020
2021
2022
2023
YTD 2024
All Other Cash Funds
Covid Funds
Investment Income
Days Cash on hand

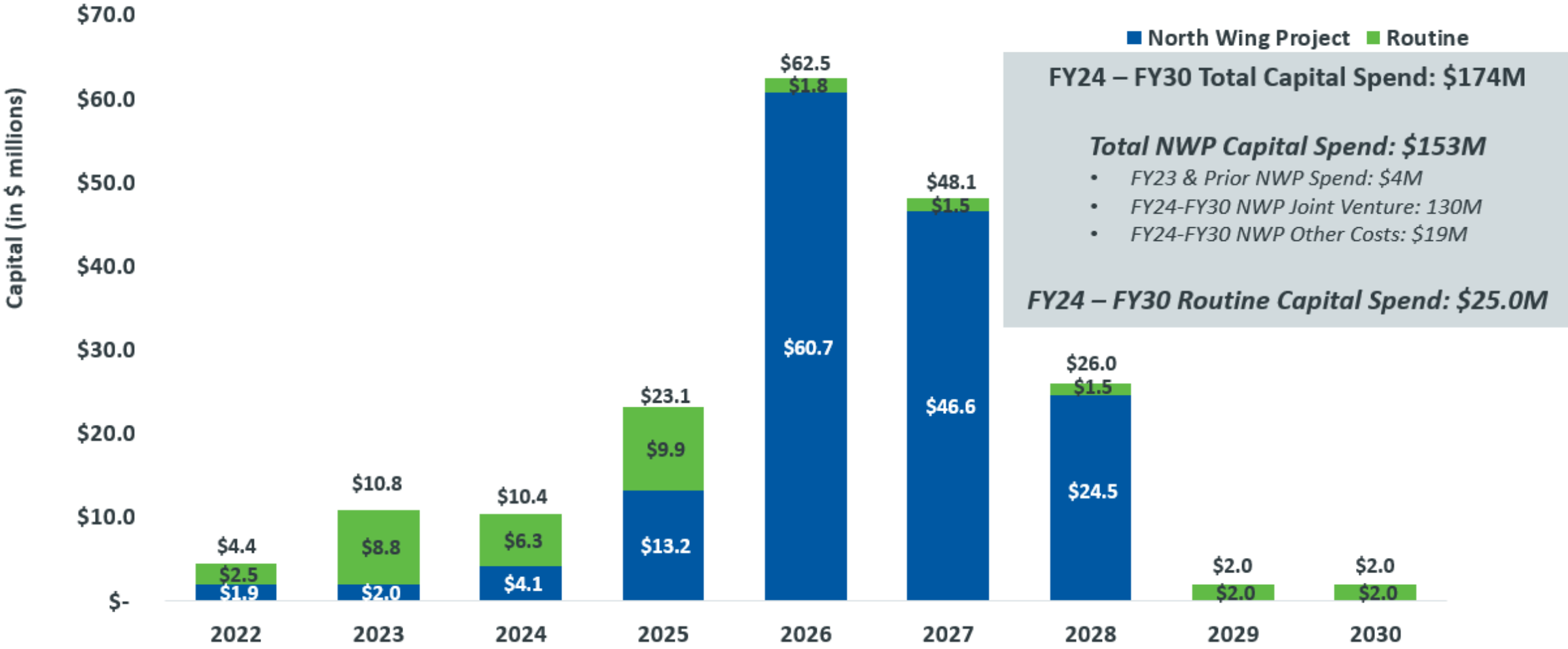
Capital Spend Trends



Financial Advisor

- Kaufman Hall
  - Over 530 professionals, experts, and clinicians
  - Trusted advisor to more than 3,000 healthcare organizations for nearly 40 years
  - #1 healthcare financial advisory firm in treasury and capital markets
- Mammoth Hospital has engaged KH services since 2011
  - Ellen Riley, Jody Hill-Mischel, Nancy Minardi, and many others
  - Provided financial projections and funding advise
  - Evaluated MH current financial strength and ability to afford this building project

Capital Spend Projection



FY24 – FY30 Total Capital Spend: $174M

Total NWP Capital Spend: $153M

- *FY23 & Prior NWP Spend: $4M*
- *FY24-FY30 NWP Joint Venture: 130M*
- *FY24-FY30 NWP Other Costs: $19M*

FY24 – FY30 Routine Capital Spend: $25.0M

Financial Projection

$50M Revenue Bond – Credit Profile

Ratio / Statistic	Standalone	Small Hospital		Actual	Expected	Adj. Budget	Projected				
	S&P	S&P	S&P								
	A-	A	BBB	2023	2024	2025	2026	2027	2028	2029	2030
Operating EBIDA	---	---	---	$15.8	$13.2	$9.7	$9.1	$8.4	$6.9	$5.5	$4.0
Operating EBIDA Margin	7.0%	10.4%	6.2%	15.2%	12.1%	8.9%	8.2%	7.4%	5.9%	4.6%	3.3%
Net Income	---	---	---	$18.0	$20.7	$16.4	$13.5	$8.4	$6.2	$2.9	$1.5
Total Margin	4.2%	9.1%	2.3%	17.4%	19.0%	15.1%	12.1%	7.4%	5.3%	2.4%	1.3%
Unrestricted Cash	$243.8	$106.8	$63.9	$124.6	$135.5	$130.6	$134.9	$100.4	$85.6	$93.4	$99.0
Days Cash on Hand (days)	234.4	480.5	339.3	508.2	509.1	476.6	473.4	334.7	275.5	290.0	296.5
North Wing Project Capital	---	---	---	$1.9	$4.1	$13.2	$60.7	$46.6	$24.5	$0.0	$0.0
Other Capital	---	---	---	$8.8	$6.3	$9.9	$1.8	$1.5	$1.5	$2.0	$2.0
Total Capital Expenditures	---	---	---	$10.7	$10.4	$23.1	$62.5	$48.1	$26.0	$2.0	$2.0
GO Bond	---	---	---	$23.8	$23.4	$20.9	$20.0	$18.9	$17.6	$16.0	$14.0
Revenue Bond	---	---	---	---	---	---	$50.0	$49.7	$49.3	$49.1	$48.0
Total Debt	---	---	---	$23.8	$23.4	$20.9	$70.0	$68.6	$66.9	$65.1	$62.0
Interest Expense (Rev Bond Only)				---	---	---	$0.8	$2.3	$2.3	$2.3	$2.3
MADS Coverage	4.3x	5.9x	1.4x	6.0x	6.2x	5.3x	2.9x	2.7x	2.4x	2.1x	1.9x
MADS Coverage (Rev Bond Only)	---	---	---	--	--	--	5.1x	4.7x	3.9x	3.5x	3.1x

Financial Projection

Bond Issue – Preliminary Calendar

Month	Key Items
January – May 2025	• Education on the Bond Issuance process and parties involved for the Board of Directors • Presentation to the Board of Directors to request preliminary approval to move forward with the Bond Issuance • Identification and contracting with required parties for Bond Issuance • Competitive process to select the Underwriter for the Bonds
June – August 2025	• Presentation to the Board of Directors to request official approval of specifics of the Bond Issuance (likely requiring Special Meeting) • Kick-off Call for the Bond Issuance with all firms that will be involved in the transaction • Begin drafting all required documentation for the Bond Issuance • Contact rating agency and obtain rating on the Bonds • Update provided to the Board of Directors on the progress of the Bond Issuance process
September - October 2025	• Audit is approved by the Board of Directors • Finalize all required documents • Issue Bonds (*Must be issued prior to 11/12/25 in order to utilize 6/30/25 financial information)*

Recommendation

Management recommends the adoption of Resolution #24-04 authorizing the construction of the North Wing Project with:

- The Guaranteed Maximum Price of $130,998,244
- Furniture Fixtures and Equipment of $5,998,312
- Regulatory Fees of $1,656,795 and
- Amend the Design Build Agreement to include the Shared Savings Incentive Plan

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RESOLUTION OF THE BOARD OF DIRECTORS
OF
SOUTHERN MONO HEALTHCARE DISTRICT

RESOLUTION # 24-04

NORTH WING PROJECT: GUARANTEED MAXIMUM PRICE, FURNITURE FIXTURES AND EQUIPMENT, REGULATORY FEES, AND PROGRESSIVE SHARED INCENTIVE

WHEREAS, on December 21, 2023 by Resolution No. 23-07 the Board of Directors of Southern Mono Healthcare District approved the contract award to Design Builder SB+CS Joint Venture to design and construct Mammoth Hospital North Wing Project ("Project"). The Design Build Agreement was executed on January 2, 2024.

WHEREAS, the Validation Stage as defined in Section 6.9 of the Design Build Agreement has been completed, and it has been determined through the validation process that the Guaranteed Maximum Price ("GMP") for design and construction of the Project is $130,998,244.

WHEREAS, the District would like to offer a shared saving incentive to further encourage the Design Build Team members to continue to drive innovation, best value, and efficiency into the Project furthering the District's interests and contributing to the overall economic success of the Project. The "Shared Savings" will be determined after completion of construction based on the difference between the final Contract Price (GMP, inclusive of executed Change Orders) and the final actual Cost of the Work plus Fee. Unused contingency and line-item savings in the GMP will accrue to the Shared Savings. The District and the Design Builder will split the Shared Savings amount 50/50. A proportion of the Design Builder's 50% share will be distributed to the "Incentive Team Members," which include: Design Builder, the Architect and its tier-consultants, the mechanical/ plumbing, electrical, and drywall subcontractors. (See Attachment A).

WHEREAS, the District has approved the contractor engagement for the South Parking Lot Project with Spiess Construction Company, Inc. by Resolution #23-05, and project management services with Kasa Healthcare Management.

WHEREAS, it has been determined through the validation process that the following are remaining costs for furniture, fixtures and equipment in the amount of $5,998,312 and regulatory fees in the amount of $1,527,613.

Upon motion duly made, seconded, and adopted as provided for herein, the Board of Directors of Southern Mono Healthcare District makes the following resolution:

BE IT RESOLVED that the Guaranteed Maximum Price of $130,998,244 is approved.

BE IT FURTHER RESOLVED that the costs of Furniture, Fixtures and Equipment in the amount of $ 5,998,312 are approved.

BE IT FURTHER RESOLVED that the costs of Regulatory Fees in the amount of $1,527,613 is approved.

BE IT FURTHER RESOLVED that the Design Build Agreement may be amended to include the Shared Savings Incentive Plan

PASSED AND ADOPTED by the Board of Directors of the Southern Mono Healthcare District, County of Mono, State of California, this 15th day of July, 2024, at a Special meeting of the Board of Directors held in accordance with the Bylaws of the District by the following votes:

AYES:
NOES:
ABSENT:

_____
Laurey Carlson, Chairman of the Board

Attested by:

_____
Yuri Parisky, Secretary to the Board

Attachment A
(Resolution #24-04)

PROPOSED SHARED SAVINGS

Guaranteed Maximum Price (GMP)	**$130,998,244**	
Incentive Program		
Shared Savings	District 50%	Design Builder 50%
Incentive Team Members	Incentive Share $TBD (equals DB's 50%)	
Design Builder	TBD%	
Architect and its tier-consultants	TBD%	
Mechanical / Plumbing Trade	TBD%	
Electrical Trade	TBD%	
Drywall Trade	TBD%	

Definitions:

"Shared Savings" is the difference between the final Guaranteed Maximum Price and the final actual Cost of the Work plus Fee. Unused contingency and line-item savings will accrue to the Shared Savings. Design Builder and District's percentage of the Shared Savings is set forth in the Key Business Terms Sheet.

"Incentive Share" is the proportion of that each Incentive Team Member will earn of the dollar amount of Design Builder's portion of the Shared Savings.

"Incentive Team Members" include the Design Builder, the Architect and its tier-consultants (engineering firms), the mechanical, electrical, plumbing, concrete, and drywall subcontractors.