SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT

MEASURE A COMMUNITY OVERSIGHT COMMITTEE

August 15, 2018

A general obligation bond of $108m, known as Measure A was passed in March 2006 to support the upgrade and modernization of San Gorgonio Memorial Hospital facilities. The bonds have been used to finance expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District to also meet state mandated seismic requirements. Following the bond passage, a Community Oversight Committee was appointed by the San Gorgonio Memorial Healthcare District Board of Directors. This committee is charged with reviewing and reporting on the appropriate expenditure of Measure A bond funds and advising the general public on the District’s compliance of the bond requirements.

Since the issuance of the bond in the 2006, below is summary of the funds allocated to date:

- Preconstruction costs including architectural drawings, cost estimates, Office of Statewide Health Planning and Development (OSHPD) and city permit fees, cost of bond issuance, Inspector of Record (IOR) fees, testing and inspection, surveys and soils reports required before construction began - $1,829,328.

- Fixed hospital equipment; construction & upgrades needed to insure SGMH’s quality of patient care - $6,828,533
  - 64-slice CT scanner (later moved into the new ED/ICU bldg.
  - Fluoroscopy machine
  - McKesson information technology (IT) system, which includes computerized physician order entry. This system meets the federal mandate for electronic record keeping and has enhanced earnings.
  - Damaged flooring was replaced in several locations within the current hospital.

- Phase 0 – $3,172,188
  - A new access point road off of Ramsey Street (Memorial Drive S)
  - Helipad (subsidized by a gift of $800,000 from the Morongo Band of Mission Indians)
  - Relocation of underground utilities
  - Two new electrical interceptor vaults
  - Sewer monitoring manhole required by the City of Banning

- Phase 1A - $7,873,851
Continued replacement and movement of underground utilities

Cooling tower and oxygen tank farm near the intersection of Highland Springs Avenue and Wilson Street.

A modular building for linen storage and a lift serve as a temporary receiving area for all supplies during the remainder of construction.

New parking lot lights for improved safety, a physician parking lot and drought-tolerant landscaping.

A 30,000 gallon emergency sewer holding tank was installed that will serve all current and planned facilities to meet the 72 hour code requirement in case of disaster.

**Phase 1B - $26,580,841**

- Underground tunnel housing utilities for current and planned future facilities. These included electrical, water and medical gases designed for maintenance and repairs. All required fire protection including sprinklers, smoke detectors, alarms and outside air ventilation.

- The Central Utility Plant (CUP), completed in June 2011, is comprised of a single story building plus a mezzanine (16,031 sf). This state of the art plant has computerized operations and manual back-up protection. The CUP houses:
  - (2) Chillers
  - (3) Steam boilers
  - Heat exchangers
  - Soft water exchange systems
  - (2) Emergency generators
  - Medical gas tank and cylinder storage
  - Engineering staff offices are located on the mezzanine along with an information technology climate controlled room housing the hospital’s computers and phone switch

- Additional projects completed in this phase:
  - Imaging pad in the parking lot off Wilson Street to allow mobile MRI, CT or other portable units to be brought on site for patient care
  - (2) electric charging stations capable of serving four electric vehicles are located in the same parking lot
  - Steam line connecting the new boilers to the current hospital heat exchangers provides hot water to 80+ faucets in the hospital as well as steam for autoclaves

**Phase 1C - $37,668,338**

- Two story clinical building plus mechanical room on the roof (39,536 sf). Completed in January 2013, this facility was opened to the public on May 14, 2013:
  - (23) Emergency Department (ED) private rooms
  - (5) rapid care rooms
  - (16) private Intensive Care Unit (ICU) rooms
  - It also houses the hospital’s Respiratory Therapy department and contains a decontamination room adjacent to the ambulance entrance
- The utility tunnel was extended from the CUP and carries utilities to this building and the planned future Patient Care Building
- Related misc. projects completed:
  - Monument signs on Highland Springs Avenue and Wilson Street
  - New 100 space parking lot meeting ADA requirements and access from Wilson Street (Memorial Drive N)
  - A new, one-way vehicle entrance to the ED from Highland Springs Avenue (Memorial Drive W)
  - Electrical infrastructure upgrades

- Phase 1E-A - $9,103,215
  - A kitchen expansion was required to meet code for additional beds. This was a complex location for construction as dietary services must remain in operation; therefore it is was sequenced into 3 sub-phases. These phases were completed recently in 2014 and received CDPH licensing in June of 2014. Temporary support facilities have been removed including the ware wash trailer.
    - An emergency oxygen inlet to the new ED/ICU building and the relocation of the emergency oxygen inlet to the front of the Women’s Center were completed as code and logistics requirements.

- Phase 1E-B - $5,875,730
  - After the ED/ICU building was occupied, a new loading dock where the ambulance entrance was formerly located, has been completed which serves as the area where all supplies are brought to the hospital.
  - A trash compactor, cardboard baler and biohazard storage area are included in this project.
  - The former ED space has been converted to Materials Management and Housekeeping Departments (EVS) (3,382 sf).
  - Following the relocation of Materials Management and EVS to their new spaces, the final phase will create office spaces for staff now located in temporary trailers needed to be removed in preparation for the Patient Care Building.

- Existing hospital was re-roofed 2011. Hazardous materials were found throughout the old roof necessitating specialized removal. $3,286,421.

- A humidifier to comply with current standards in the operating room, recovery room and former ICU was installed. $604,910.

- Seismic compliance of the existing hospital buildings was received through a HAZUS review process which allows acute care operations to continue up to 2030. $322,543.

- Phase 2A - $4,854,103 (cost incurred to date)
  - Design of the Patient Care Building. The SGMH District Board of Directors authorized HDR (architect) to complete construction drawings and submit them for agency approval in
September of 2010. OSHPD approval of the drawings was received in June 2013. The majority of these costs have been paid out of interest income earned on the Measure A remaining principal amounts. An extension was recently granted by OSHPD allowing the permit to be held through a construction start of June 2015.

- A 30,000 gallon underground water storage tank will also be installed in conjunction with the Patient Care Building completing all required elements for 72 hour disaster preparation.

- TCU to Medical Surgical conversion - $513,786
  - This phase converted the previously de-licensed Transitional Care Unit (TCU) of 16 beds, that is no longer in use in the existing hospital, into 8 additional privately licensed Medical Surgical beds. These 8 rooms have and will continue to provide much needed extra capacity during the flu season and will allow for continued revenue growth and census increases. They have also been instrumental in providing the space needed to secure the orthopedic implant program.

**Current Year (2017) & Next Steps**

**Patient Care Building (Phase 2)** – Over the last 3 years, minimal remaining funds from Measure A have been devoted to the re-alignment of the phase 2 project. This has included updating the master plan to determine the needed bed capacity in the current market climate, peer reviewing the drawings and specifications to find coordination issues that add to the project cost during construction if not addressed prior to bid time and validating the design to current day needs. As a result, two change orders to re-aligning the drawings have been designed and approved by OSHPD, Change Order’s #3 & 4.

These design changes, which have been completed prior to construction, will save the District tens of millions of dollars.

The phase 2 building permit was issued in 2013 under the 2007 CBC (California Building Code) set to expire in June 2015 if construction had not begun. As a measure to keep the permit active in absence of the district having the needed project funds to begin, the district has continued ‘light’ construction including storm drain and other minor civil work. This substantiated the start of construction for OSHPD and will keep the permit active through 2016, 2017, 2018 and now into 2019 as additional work has been completed which each year. OSHPD has supported this strategy as the Phase 2 project is considered a VSIP (voluntary seismic improvement plan), as it falls in line without exception to the administrative section of the California Building Code which requires SGMH to bring remaining non-compliant structures into current seismic compliance by 2030. Since Phase 2’s State required completion is 2030, efforts to complete the project ahead of this deadline is ‘voluntary’. It remains a risk, however, as to how long SGMH can continue to keep the existing permit active in absence of substantially beginning construction. The risk herein lies with OSHPD requiring a re-permitting to current building codes which have dramatically changed since 2007 to the point where the existing design could not be re-permitted without major changes and thus massive budget increases.
The phase 2 schedule for construction remains unknown. As a result, the budget last estimated in September of 2015 at $137m (excluding financing expenses or capitalized interest), is subjected to the impacts of cost escalation for this and any future delays which has been substantial in the building sector over the last couple years.

At the request of the district, 2 renderings have been developed illustrating the Patient Care Building once complete:
All $108m of bonds have been sold. As of June 30, 2018, total proceeds available for the project from Measure A, including interest income, is $113,941,752; $113,514,039 has been spent to date which leaves a remaining available balance of $427,714.

Measure A funds cannot be used for movable equipment and furnishings which were needed to open the ED/ICU building and the remaining phases. Approximately $2.4 million spent on these items was financed through an equipment lease and is being repaid by the SGMH Foundation.

It is the conclusion of the Measure A Community Oversight Committee that San Gorgonio Memorial Healthcare District is in compliance with bond requirements and bond funds for the San Gorgonio Memorial Hospital expansion project are being spent appropriately.

Committee members:
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