



NOTICE OF *SPECIAL* BOARD MEETING OF
THE UPPER SAN JUAN HEALTH SERVICE DISTRICT dba PAGOSA SPRINGS MEDICAL CENTER
Wednesday January 2, 2018, at 4:00 PM
The Board Room (**direct access – northeast entrance**)
95 South Pagosa Blvd., Pagosa Springs, CO 81147

AGENDA

- 1) CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD**
 - a) Call for quorum (by Treasurer/Secretary Dr. King Campbell)
 - b) Board member self-disclosure of actual, potential or perceived conflicts of interest
 - c) Approval of the Agenda (and changes, if any)

- 2) PUBLIC COMMENT** (This is an opportunity for the public to make comment and/or address USJHSD Board. Persons wishing to address the Board need to notify the Clerk to the Board, Heather Thomas, prior to the start of the meeting. All public comments shall be limited to matters under the jurisdiction of the Board and shall be expressly limited to three (3) minutes per person. The Board is not required to respond to or discuss public comments. No action will be taken at this meeting on public comments.)

- 3) DECISION AGENDA** (Matters to be discussed and possible action by the Board)
 - a) Background for decision item on Resolution 2019-01:
 - i) Brief report regarding the award of the DOLA grant to PSMC in the amount of \$911,720 for renovation of the existing HVAC system in the original hospital building.
 - ii) Report regarding the “Integrated Project Delivery” process for construction which may be used by special districts as a timely or cost-effective alternative to other processes for handling public projects.
 - b) Consideration of Resolution 2019-01: regarding authorization for the District to procure HVAC improvements via “integrated project delivery” and authority to award contracts on a “best value to the District” basis rather than the “lowest responsible, responsive bid basis”.

- 4) EXECUTIVE SESSION**

The Board reserves the right to meet in executive session for any other purpose allowed pursuant to C.R.S. Section 24-6-402(4) and such topic is announced at open session of the meeting.

- 5) OTHER BUSINESS**

- 6) ADJOURN**

TO: Board of Directors
DATE: July 24, 2018
RE: OVERVIEW of proposed grant application to Colorado Department of Local Affairs, Energy and Mineral Impact Assistance Program.

1. **ANTICIPATED TIMELINE:**

- a. August 1, 2018 – Deadline for PSMC to submit DOLA grant application.
- b. November 2018 – PSMC presentation to DOLA’s EMIAP decision committee.
- c. December 2018 – Anticipated date for DOLA to make decisions and award funds.
- d. Jan.-March 2019 –
 - i. If awarded grant funds, secure contract with DOLA for the award of funds.
 - ii. Depending on funds available, finalize scope of work and conduct bid process.
- e. April 2019 – Construction on the scope of work.

2. **OVERVIEW OF NEEDED INFRASTRUCTURE IMPROVEMENTS:** The HVAC system on the hospital-side of the medical center needs to be replaced with a sustainable system that meets the current and future patient needs of PSMC. When the hospital side of the building was originally constructed, the hospital did not, at that time, offer surgical services or oncology services and the addition of both of these services heavily taxes the existing HVAC system. Surgery services were added in 2011, and the surgery operating room requires very specific temperatures and humidity levels. In 2017 in preparation for the oncology service line, PSMC constructed a new in-house pharmacy with a hood for mixing chemotherapy. At that time, the HVAC was renovated, to the extent possible for the existing system, to accommodate both the needs of surgery and oncology; however, it is not a sustainable long-term solution as it has the effect of borrowing air from one area for another. It is necessary and prudent to replace the HVAC system with a system that will adequately address existing and future needs.

3. **SCOPE OF WORK:** As noted in the timeline above, the scope of work will not be finalized until PSMC knows the amount of funds available for the infrastructure improvements. The anticipated ranges of the scope of work are:

- a. If no funds are awarded, the limited anticipated scope of work to help sustain the existing HVAC system until funds can be raised for the full scope of work:
 - i. Install new HVAC and ventilation system in the surgery department so it is on a separate, independent HVAC unit with independent humidifiers.
- b. If funds are available in the highest amount awarded by DOLA, the anticipated scope of work is:
 - i. Install new HVAC and ventilation system in the surgery department so it is on a separate, independent HVAC unit with independent humidifiers.
 - ii. A complete overhaul of the entire hospital-side HVAC system including installation of VAV valves and master controls to allow PSMC to modulate the ventilation, air-conditioning, and heating of each room on the hospital-side of the building. These improvements allow for energy efficiencies and allow for certain adjustments for patient care (e.g. infection control).

TO: PSMC Board of Directors
FROM: Kathee Douglas, COO
Ann Bruzzese, CAO
DATE: January 2, 2019
RE: Special Board Meeting, Integrated Project Delivery

1) Background

- a) On July 24, 2018, PSMC staff provided to the Board an overview for necessary HVAC improvements and obtained Board approval to apply for a grant from DOLA to assist with part of the expenses for the HVAC project. (For your reference, the 7/24/18 reports follows this report.)
- b) For the HVAC project, DOLA awarded PSMC a grant of \$911,720 which is the full amount of PSMC's grant request.
- c) PSMC seeks to schedule the HVAC project at a time that would cause the least amount of disruption to patient care (ideally this would be April of 2019).
- d) The next step for PSMC is to secure a contractor who has the resources, knowledge and specialized competence to perform the HVAC project.

2) Laws Related To Integrated Project Delivery ("IPD")

- a) As a special district there are a couple of options for selection of a contractor for public improvements. The first method is to put out a general request for proposals and accept the lowest responsible, responsive bid. The second method is to use the integrated project delivery process in which the project is awarded based upon the best value to the District – the award is made to a single entity with the qualifications and expertise to handle most elements of the project (e.g., assessment, design, demolition, and construction).
- b) In order to use the Integrated Project Delivery method for selection of a contractor, the Board must make a determination that Integrated Project Delivery represents a "timely or cost-effective alternative" for the particular public project.

3) Recommendation to use Integrated Project Delivery for HVAC Project

- a) PSMC staff recommends that PSMC use the Integrated Project Delivery process for the HVAC project for many reasons including:
 - i) Use of Integrated Delivery Method represents a cost-effective alternative to PSMC because it mitigates the significant financial risks to PSMC if it were to select the least expensive contractor vs. the best value for expertise. PSMC's ability to continue to provide hospital services including surgery, oncology, pharmacy, lab, radiology, ED and inpatient services depends HVAC being properly renovated by qualified, expert.
 - ii) Use of Integrated Delivery Method represents a timely alternative. PSMC seeks to proceed as soon as possible with the project which means it needs an entity with specialized knowledge of PSMC's Trane HVAC and how HVAC systems must function within a hospital system.

**UPPER SAN JUAN HEALTH SERVICES DISTRICT
D/B/A PAGOSA SPRINGS MEDICAL CENTER**

**Formal Written Resolution 2019-01
January 2, 2019**

WHEREAS, the Upper San Juan Health Service District (“USJHSD”) is duly organized and existing as a special district in the State of Colorado pursuant to Title 32 of Colorado Revised Statutes (the “Special District Act”); and

WHEREAS, Part 18 of the Special District Act allows USJHSD to procure public improvements via “integrated project delivery” and award contracts on a “best value” rather than “lowest responsible, responsive bid” basis; and

WHEREAS, the USJHSD Board of Directors has received a report from USJHSD staff regarding a necessary renovation of the HVAC system in the original hospital building (the “HVAC Project”) as well as staff’s advice that use of the Integrated Project Delivery process represents a cost-effective and/or timely means to accomplish the HVAC Project including that the HVAC Project would be accomplished by an entity with specialized competence and who has the knowledge of the HVAC Project and resources to timely proceed so as to cause the least disruption to PSMC delivery of patient care.

NOW, THEREFORE, BE IT RESOLVED by the USJHSD Board of Directors as follows:

1. The Board hereby finds and determines that integrated project delivery represents a timely and cost-effective means to accomplish the District’s HVAC Project; and
2. The Board hereby authorizes the District and its staff to proceed with use of Integrated Project Delivery for the HVAC Project; and
3. The Board hereby authorizes the Chief Executive Officer to review responses to a published request(s) for qualifications or published request for proposals and award the HVAC Project to an entity that represents the best value to the District to perform, as an integrated project delivery, the planning, engineering, construction or other services in connection with the HVAC Project.

EFFECTIVE and ADOPTED this 2nd day of January, 2019.

Gregory Schulte, Chairman of the Board of Directors of USJHSD

Dr. King Campbell, as Treasurer/Secretary of the Board of Directors of USJHSD