A special joint meeting of the Carson City Board of Supervisors was held on Wednesday, June 28, 1989, with the Carson-Tahoe Hospital Board of Trustees at Carson-Tahoe Hospital Learning Center, 775 Fleischmann Way, Carson City, Nevada, beginning at 6:30 p.m.

BOARD OF SUPERVISORS PRESENT: Marv Teixeira, Mayor; Marilee Chirila. Supervisor, Ward 3; Ron Swirczek, Supervisor, Ward 1; Tom Fettic, Supervisor, Ward 2; and, Kay Bennett, Supervisor, Ward 4

CARSON-TAHOE HOSPITAL BOARD OF TRUSTEES: David Small, Chairman; Jean Bawden; John Nicosia; Pat Potter; George Hawes; and Tom Fettic.

ALSO PRESENT: City Manager L. H. Hamilton; Deputy District Attorney Bob Auer; Hospital Administrator C. Thomas Collier; Chief of Staff David Landis, M.D.; Assistant Administrator Linda Hoover, R.N.; Director of Personnel and General Services Glen Finnell; Director of Education and Quality Review Barbara Lamerdin, R.N.; Director of Finance Bill Foster; Director of Professional and Out-Patient Services Wayne Winney; Hospital Legal Counsel Ben Walker for David Nielsen; Coordinator of Volunteers and Public Relations Betty Ihfe; Hema Subbaratnam, M.D.; Jacqueline Greedy, PhD; John Wallace, PhD; Retiring Liaison of the Auxiliary Jenny Thomas; Incoming Liaison of the Auxiliary Ursala Dains; Construction Manager Ken Graves; Owen Healthcare Representative Denny Spruce; Carson City Bond Commission Chairperson Belmont Reid; O'Carroll Cupit Audit Representative Ed Cupit; Nevada Appeal Reporter Julie Olmstead; KPTL Reporter Marybeth Swope; and Executive Secretary Susan Matheny (S.B.O.S. 6/28/89 Tape 1-0001 Side A)

I. CALL TO ORDER AND ROLL CALL - The meeting was called to order at 6:34 p.m. by Chairman Small. Roll call of both the Hospital Board of Trustees and Board of Supervisors was taken. A quorum of both Boards were present as noted.

II. PRESENTATION RE BUDGET, BONDS, AND CONSTRUCTION - Collier advised that in response to questions raised by the Board of Supervisors about the way the Hospital Budget was submitted to the City, budget changes and corrections have been resubmitted to Mary Walker and found to be in order by her. Prior to acting on the Hospital's Budget, the Board of Supervisors requested discussion of the remodel/building project. To bring them up to date, Finnell advised that the project was put out to bid in early April, with bid opening on May 19. The problem encountered at that time was that bids came in considerably higher than anticipated or budgeted. The estimated budget was $3.9 million for Phase I construction and the bids totaled close to $4.2 million, a difference of about $347,000. Some of the packages were put out again for rebid in hopes of reducing the cost, and although $180,000 was cut, the project was still considerably over budget. With the addition of contingency and miscellaneous costs, it appeared that Phase I was about $881,000 above estimated costs.

He reviewed reasons for the decision made originally to take the construction manager approach on the project, including a 2% savings over the general contractor approach and greater control over the project. He discussed some possible issues which resulted in the low number of bids received, including those related to the use of an out-of-state construction management company. He advised that the Board, after careful consideration, decided last month to reconsolidate the bid packages and to let bids out to general contractors. It is believed that this approach will bring the project either into the estimated budget or close enough to trigger alternatives that will cause it to meet the budget. The new bids are due on July 18, and following acceptance of a general contractor, Kiewit Construction's services as construction manager will be terminated. Finnell noted that certainly the delay in the availability of the expected expanded facility and services for the community is a concern and disappointment, but for the public good it is necessary to assure that the project comes in on the proposed budget.

Finnell addressed questions regarding concerns expressed by contractors on the earlier packages put out for bid and noted that a pre-bid conference is scheduled for this coming Thursday at 2:00 p.m.; the $78,000 paid to Kiewit

Construction to date and the cost of negotiating an equitable termination of this agreement; provision in the Architect's contract to redraw if the bids come in over estimated costs; and means of covering interest payments while the project is behind and new revenues will be delayed. On this last issue, Collier advised that interest payments have already been made, are current and will continue to be so, that none of the $6.9 million bond issue has been used to date and it is invested and earning interest. The first principal payment is due in September of 1991. Cupit reported that his firm has analyzed the financial position of the hospital in relation to the impact of the delay and advised that they see no material problems resulting. The Hospital's working capital for next year and the Board's designated funded depreciation will be more than enough to cover any shortfall that may occur. He shared some detail related to revenue, the loss of anticipated revenue resulting from the completed project due to the time delay, and debt service. He advised that the year before the project actually opens, revenue has been project at about $1.4 million; the year that it opens, revenue will drop to approximately $700,0000, then gradually rebuild as increased utilization catches up with increased operating expenses. Therefore, there is no loss of revenue, only a delay in collecting revenue.

In response to questions from the Supervisors, discussion focused on the 5.9% rate increase occurring in 1989/90, reasons for the choice of the construction management approach on the building project rather than using a general contractor from the beginning, and for the record, reconfirmation from Cupit that the bond can be paid off as anticipated on schedule by hospital service generated revenue and will not fall on the taxpayers. When asked what is lost in the redraw process and by continued delay, Finnell advised that possibly some areas may come in on a smaller scale, but the hospital will provide all the functions and services as originally portrayed. The Board stressed that no bond money has yet been spent, all expenses to date have been paid with hospital reserves, and the hospital will not go before the public for additional bond revenue for this project.

SUPERVISORS ACTION ON BUDGET - Motion by Swirczek with second by Chirila to accept the final budget as presented by Carson-Tahoe Hospital to be incorporated as such with Carson City's final budget to be submitted to the Department of Taxation on or before July 1, 1989. Motion carried unanimously.

BOARD OF SUPERVISORS ADJOURNMENT - Motion by Swirczek with second by Chirila to adjourn at 7:08 p.m. Motion carried unanimously. Mayor Teixeira commented that the Board of Supervisors appreciated the work the hospital has done through the years providing service to this community without having to be subsidized with general fund or ad valorem dollars. He complimented the management and staff on the superb job they had done. He and the Supervisors wished the Hospital the best with the building Project. Mayor Teixeira then adjourned the Board of Supervisors meeting. The Mayor, Board of Supervisors, and their staff then excused themselves from the meeting and left.

The Minutes of the Carson City Board of Supervisors Special June 28, 1989, session with the Carson-Tahoe Hospital Board of Trustees

ARE SO APPROVED ON______October_4____, 1989.

_/s/____
Marv Teixeira, Mayor

ATTEST:

_/s/_____________________________________
Alan Glover, Clerk-Recorder