

Board of Directors

5/22/07

Project History

Facilities Master Plan July. 2004

Based on:

- Narrative description
- Construction = \$ per Square Foot
- 5% Annual Inflation
- Soft Costs %
- FF&E %
- 8% contingency
- \$40M separate equip.

Preferred Scheme Dec. 2005

Based on:

- Narrative description
- Construction = \$ per Square Foot
- Re-based escalation
- Soft Costs %
- FF&E %
- Same Contingency \$ Amount
- \$40M Separate Equip.

Design Development March 2007

Based on:

- Design Details
- DD Specs
- Construction = Material & Labor Estimates
- Inflation forecast
- Itemized Soft Costs
- FF&E %
- Same contingency \$ Amount
- \$40M separate equip.

Program Scope History Since July 2004

Master Plan July 2004

1,179,000 bgsf Hospital, finished
683,544 bgsf
Hospital, shell only
136,594 bgsf
Hospital, remodel
75,068 bgsf
Outpatient, shell only
85,960 bgsf
Outpatient, interiors
41,735 bgsf
Hospital support bldg.
130,298 bgsf
Central Plant
25,466 bgsf

Preferred Scheme December 2005

1,116,000 bgsf Hospital, finished
744,042 bgsf
Hospital, shell only
145,541 bgsf
Hospital, remodel
98,568 bgsf
Outpatient, shell only
85,960 bgsf
Outpatient, interiors
4,000 bgsf
Hospital support bldg.
-
Central Plant
37,814 bgsf

Current Estimate March 2007

1,151,000 bgsf Hospital, finished
771,310 bgsf
Hospital, shell only
145,468 bgsf
Hospital, remodel
102,899 bgsf
Outpatient, shell only
85,960 bgsf
Outpatient, interiors
4,000 bgsf
Hospital support bldg.
-
Central Plant
40,876 bgsf

Project Cost Estimate History Since July 2004

(\$MM's)

**Preferred Scheme
December 2005**

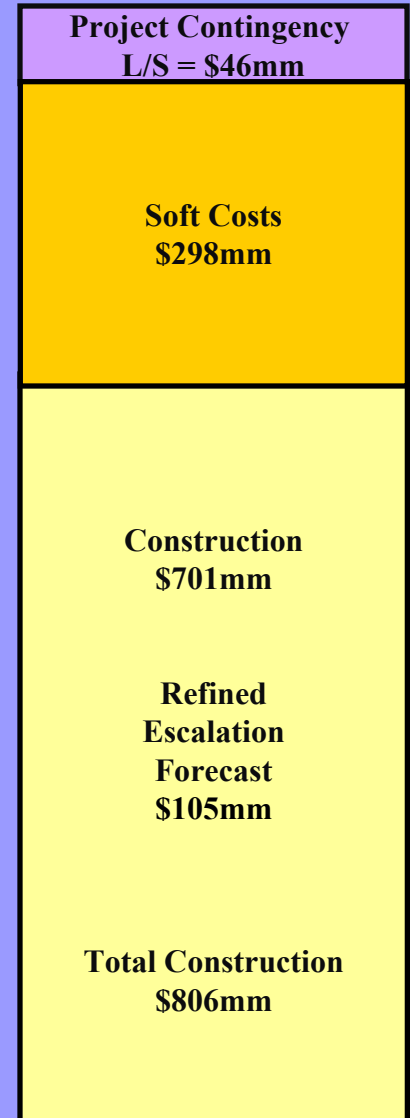
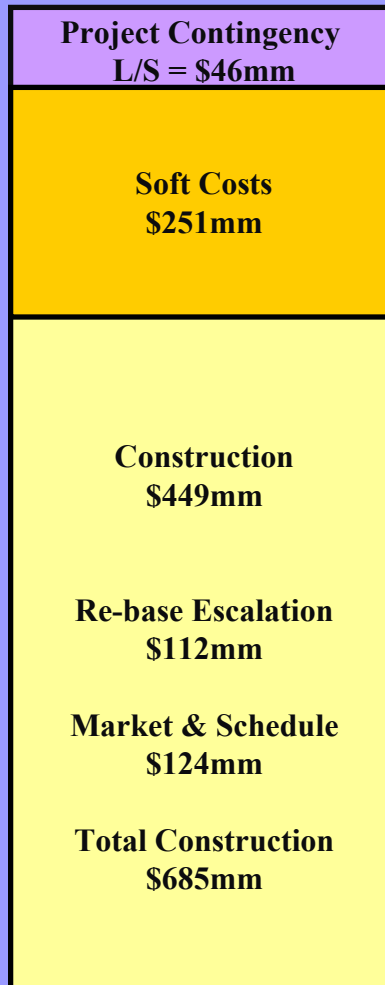
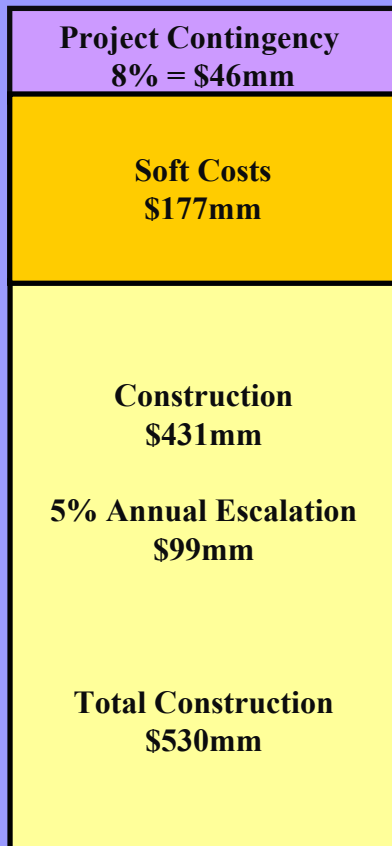
**Current Estimate
March 2007**

**Facilities Master Plan
July 2004**

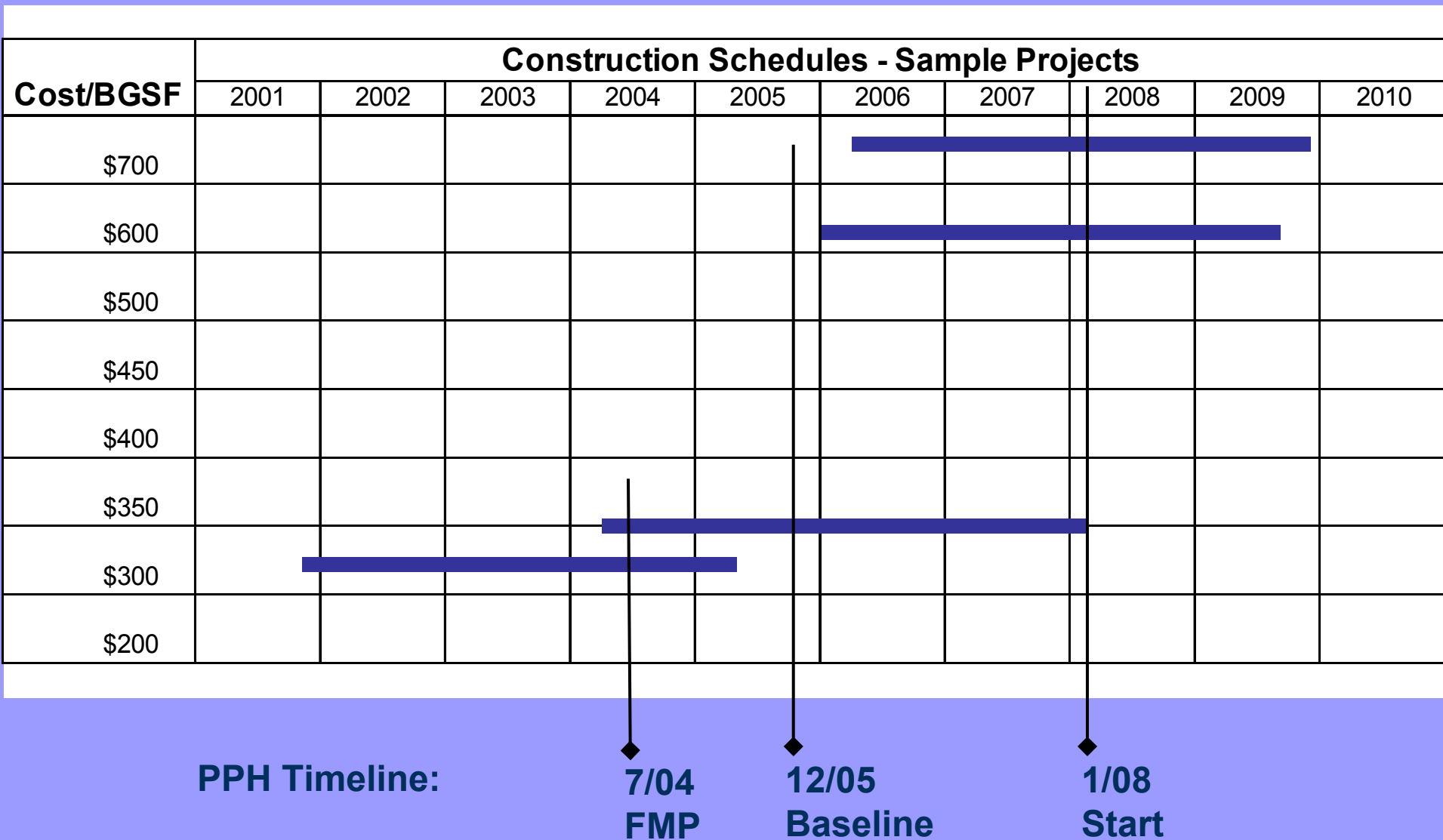
\$1,150 mm

\$753 mm

\$983 mm



Cost Data – Sample California Hospitals



Market Activity – Annual % Change¹

Total Construction	-2.4
Residential	-16.0
All Non-Residential	+13.3
Examples:	
Lodging	+50.0
Office	+35.5
Health Care	+14.0
Educational	+15.9
Communication	+16.3
Manufacturing	+17.1

1. Source: Engineering News Record, 4/23/07

Market Conditions

Strong demand for construction services

- Hospital projects driven by SB 1953 and demographics
- Concurrent growth in other sectors

Limited supply of qualified labor = productivity risk

Limited number of trade contractors qualified and interested in hospital work

- Major trade scopes are often in the \$30 - \$60 million range
- Many trade contractors are sole proprietors or closely held private companies
- Large hospital projects put a strain on contractors' financial, bonding and human resources

California hospitals pay **substantial market premiums** in construction costs.

Contractor capacity will continue to be the biggest cost challenge for California hospital projects

Current Outlook

Current Outlook

PMC West	\$811.3
Pomerado	\$255.7
PMC East	73.00
Satellite Clinics	10.00
total	<u>\$1,150.0</u>
December, 2005 Baseline	<u>(\$982.6)</u>
Increase	\$167.4

Process moving forward

- **Generate a list of all possible reductions “long list”**
- **Filters – “short list”**
 - **Schedule**
 - **Design criteria**
- **Review / approve**
 - **Delete vs. Extended Timeline**
- **Implementation**

Strategic Equipment Plan

- **Inventory & Assessment of Existing**
 - **Re-use**
- **Annual Capital Acquisition**
- **Timing of Procurement**
- **Tie to Strategic Service Line Initiatives**
- **Construction Rough-In Requirements**
- **“Last Look” at innovations in technology**

Summary

Summary	PMC West	Pomerado
Design Development Estimate	\$832.8	\$254.8
Revisions in progress	(\$21.5)	\$0.9
subtotal	\$811.3	\$255.7
Possible Revisions (being validated)	(\$23.5)	(\$2.1)

FMP Summary

Summary

PMC West	\$811.3
Pomerado	\$255.7
PMC East	73.00
Satellite Clinics	10.00

Total	\$1,150.0
--------------	------------------

Baseline	(\$982.6)
----------	-----------

Reductions needed	\$167.4
--------------------------	----------------

Possible Reductions

PMC West	(\$23.5)
Pomerado	(\$2.1)

subtotal	(\$25.6)	"short list"
-----------------	-----------------	---------------------

FMP Summary

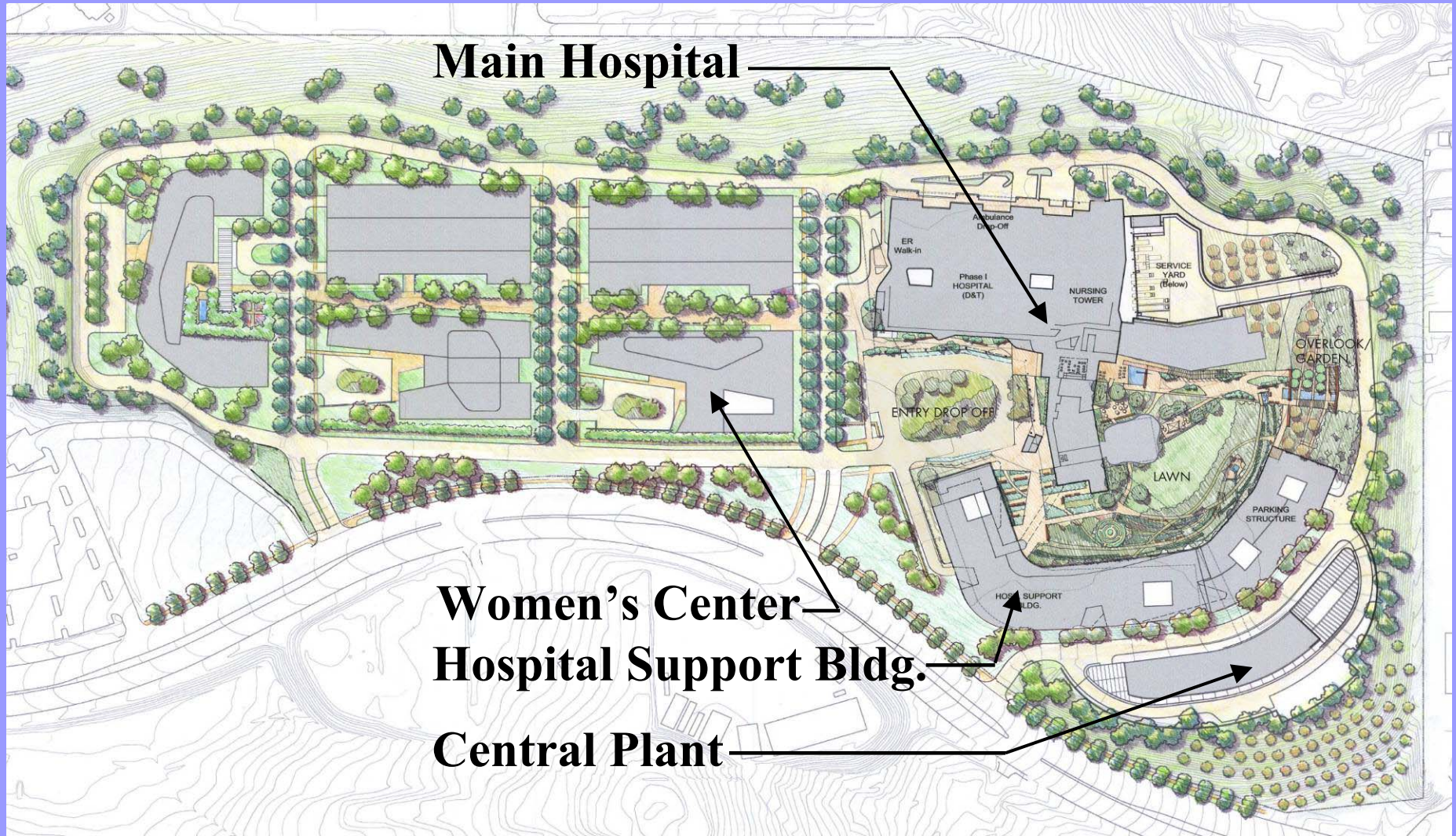
Summary	\$1,150.0
Baseline	(\$982.6)
Reductions needed	\$167.4

Options to Achieve Baseline	A	B
Outsource PMC West Central Plant	(\$43.0)	
Extend timeline for buildout of Pomerado New Tower	(\$33.0)	
Add back build out of 16 ICU beds only	\$10.0	
Extend timeline for Pomerado D&T Remodel & Addition		(\$73.0)
Add corridor and elevator core to OSP bridge		\$7.0
Extend timeline for PMC East	(\$70.0)	(\$70.0)

Possible Reductions (being validated)

PMC West	(\$23.5)	(\$23.5)
Pomerado	(\$2.1)	(\$2.1)

Possible Totals	\$988.4	\$988.4
------------------------	----------------	----------------



Parking Garage —————→

Outpatient Services Pavilion —————→

Diagnostic & Treatment Expansion —————→

New Patient Tower —————→

