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# Facility Master Plan Financial Update

Board Facilities and Grounds  
and Board Finance Committees  
Joint Meeting  
January 08, 2009

# FMP Financial Status Update Goals

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- Informational Briefing tonight
- Review previously approved FMP budget
- Update the Board on validated increased costs (variance) at PMC-W
- Present potential courses of actions to return the FMP to the approved budget

# PPH Facility Master Plan Finance Plan

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	Budget approved by PPH Board May 2007
<b>PMC-W</b>	<b>\$773.7</b>
<b>Pomerado</b>	<b>\$176.0</b>
<b>PMC-E</b>	<b>\$20.8</b>
<b>Satellites</b>	<b>\$12.5</b>
<b>FMP Total</b>	<b>\$983.0</b>

# PMC-West

## Construction Cost Update Summary

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	R&S/PPH <sup>1</sup> May-07	DPR/PPH <sup>2</sup> December-08	Variance <sup>3</sup>	w/ Central Plant	VE <sup>4</sup>
Hospital	\$513.7	\$549.8	\$36.1		-\$60.1
Site Work	\$43.0	\$56.2	\$13.2		-\$2.0
Central Plant	\$0.0	\$0.0	\$0.0	\$68.0	-\$4.2
Equipment <sup>5</sup>	\$113.9	\$126.0	\$12.1		-\$2.0
Administration	\$14.3	\$19.4	\$2.1		\$0.0
Contingency	\$32.5	\$39.7	\$7.2		\$0.0
Land	\$36.0	\$36.0	\$0.0		\$0.0
Design/Consult	\$62.0	\$62.0	\$0.0		\$0.0
Subtotals			\$70.7	\$68.0	-\$68.3
<b>Total Cost</b>	<b>\$815.4</b>	<b>\$889.1</b>		<b>\$957.1</b>	<b>\$888.8</b>

Notes:

1. Baseline Costs: Based upon DESIGN Documents and following initial FMP adjustment, approved by PPH Board May 2007
2. DPR Final Cost Estimate: Received DPR Initial Cost Estimates in October, 2008. Following Validation process, current estimate of Final Cost - ongoing process
3. Variance: Variance of costs between DPR FCE and R&S/PPH FMP budgeted baseline. Validated by PPH, DPR, and Davis/Langdon 3rd party
4. VE: Proposed Value Engineering totals
5. Equipment: \$40 million equipment costs not included in original R&S estimates

# PMC-W Validated Variances

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- Hospital Construction - \$36.1M
  - Increase in actual bid amounts
  - Increase due to Adverse Field Conditions
  - Increase in scope – Stone veneer, Metalwork, Roofing, Door Frames & Hardware, Curtain wall
  - OSHPD directed changes – Stairs, metal deck, electrical
- Site Work - \$13.2M
  - Items not included in R&S estimates
  - Increased site work due to Adverse Conditions
  - New site utility costs
- Administrative Costs - \$2.1M
  - Increased temporary water, power, OSHPD directed changes

# Possible Courses of Action to Return back to Budget

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- Value Engineering
- Deferral of Pomerado Tower
- Central Plant Outsourcing

# Value Engineering Summary

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	Item		Potential Savings
<b>VE summary</b>			
	<b>Site Work</b>		<b>\$3,100,000</b>
	<b>Exterior Skin</b>		<b>\$1,500,000</b>
	<b>Roofing</b>		<b>\$3,900,000</b>
	<b>Interior Construction</b>		<b>\$41,500,000</b>
	<b>MEP</b>		<b>\$9,000,000</b>
	<b>Total</b>		<b>\$59,000,000</b>

# Pomerado Hospital Update

	R&S Baseline May-07	Spent to Date December-08	Defer Tower Required Remainder <sup>1</sup>	Defer Tower Total Spend <sup>2</sup>	Remainder <sup>3</sup>
Hospital Remodel	\$3.5	\$3.2	\$0.3	\$3.5	\$0.0
Tower	\$116.4	\$16.1	\$1.5	\$17.6	\$98.8
D&T	\$12.1	\$5.6	\$0.0	\$5.6	\$6.5
Central Plant	\$18.4	\$10.8	\$8.4	\$19.2	-\$0.8
Site / Parking	\$25.4	\$10.2	\$3.0	\$13.2	\$12.2
Sub-Total	\$175.8	\$45.9	\$13.2	\$59.1	\$116.7
NPC-3 upgrade	\$0.0	\$0.0	\$0.0	\$5.5	\$111.2
Possible 18 bed ICU (2nd floor) <sup>4</sup>	\$0.0	\$0.0	\$0.0	\$20.0	\$91.2
<b>Total</b>	<b>\$175.8</b>	<b>\$45.9</b>	<b>\$13.2</b>	<b>\$84.6</b>	<b>\$91.2</b> *

**Notes:**

1. Required Remainder: The amount needed to complete construction component without physical construction of Tower (eg: complete design / permitting) for deferral process
  2. Total Spend: The amount spent in toto at logical point of deferral of Tower Construction to a later date
  3. Remainder: The remaining funds available should deferral of Tower Construction occur.
  4. Possible ICU construction: In order to meet the needs of Pomerado Hospital, potential option of building out an 18-bed ICU on the existing 2nd floor.
- \* The projected remainder of funds if Tower deferred and 20-bed ICU remodel occurs on existing 2nd floor.



# Central Plant Outsourcing

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- Current projected cost of Central Plant is \$68M
- Any outsourcing option will most likely increase operational costs (energy production fee, service agreement, etc)
- Any agreement could potentially include PMC-E
- Decision point rapidly approaching

# Potential Courses of Action to Consider

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Possible Courses of Action	Pro	Con
Consider and Move Forward with VE items	Projected up to \$60M Savings savings	Complex process of determining which items to take and which to keep.
Outsource Central Plant	Projected \$68M up front savings	Increased operational costs over the time of lease
Delay Pomerado Tower Construction at this point	Projected \$91M diverted to PMC-W construction	Short Term capacity issues with renovation of existing facility for upgraded ICU
Finalize DPR Contract with Incentive for Savings and Schedule Goals	Maximize Lean Construction process	No significant reasons