



The Independent Citizens' Bond Oversight Committee

ICBOC Annual Report to the Community for 2010

January 2011

Dear Citizens:

Welcome to the 2010 Annual Report of *your* Proposition "G" Independent Citizens' Bond Oversight Committee (ICBOC). This Report will review ICBOC activities which occurred during the calendar year 2010. It is the intent of the ICBOC to issue reports

annually to inform East County residents how bond proceeds are being spent.

This is the fourth ICBOC Annual Report following the creation of an independent citizens' oversight committee by the Grossmont Healthcare District (GHD) board of directors. The ICBOC was formed following the June 2006 election, when GHD sponsored Prop. G, a \$247 million general obligation bond measure. East County voters responded overwhelmingly by approving Prop. G by more than 77 percent, well above the two-thirds required. There was no ballot argument against Prop. G filed with the Registrar of Voters. The ballot measure listed specific infrastructure projects needed at Sharp Grossmont Hospital, as determined by the hospital's facilities master site plan. The bond revenues will finance a variety of much-needed infrastructure improvements at the hospital, which opened in 1952. The bonds are projected to fund a number of hospital construction projects scheduled to continue until 2014. The ICBOC consists of uncompensated volunteers from the local community who have the shared responsibility of overseeing the expenditures of millions of dollars of voter-approved bonds by the GHD board for capital improvement construction at Sharp Grossmont Hospital in La Mesa, Calif.

I would encourage you to visit our website to review all pertinent ICBOC activities and public information, including agendas, meeting minutes, presentation documents, bylaws, construction contracts and reports and memos. The website can be visited at www.grossmonthealthcare.org, and then click the "Prop. G Independent Citizens' Oversight Committee" icon. In addition, the website is visible at <http://icboc.gafcon.net>. Gafcon, Inc., a San Diego-based construction management firm, is managing the website, as well as providing administrative support to the Committee. The website is designed in a user-friendly format so that every relevant document is visible and, at the same time, save a few reams of paper. I invite you to attend our meetings and we always welcome your input.

Regards,

Ernest Ewin

Welcome - 2010 Our Fourth Annual Report

Thank for your time in reading this 2010 Annual Report to the Community from the Proposition "G" Independent Citizens' Bond Oversight Committee (ICBOC). Prop. G, which voters approved in 2006, called for the creation of an ICBOC. To assure that voter mandates are fully, faithfully and efficiently carried out, the Grossmont Healthcare District (GHD) board of directors created the ICBOC. It is the Committee's charge to review construction and bond financing progress for a number of hospital construction projects at the publicly-owned Grossmont Hospital in La Mesa, Calif. Members of the ICBOC are volunteers who are willing to serve the taxpayers of the East County and provide independent oversight. As such, the ICBOC is not involved in project management, only the oversight. The first official meeting was held in October 2006. It is the Committee's promise to all East County residents to operate in an open and transparent manner so that District taxpayers can be fully informed with a detailed accounting of the Prop. G monitoring efforts.

Performance Audit Report resulted in improvements

In 2010, your ICBOC took an extra step in its oversight role on behalf of East County citizens. The ICBOC commissioned a research study that was conducted by an independent third party. The purpose of the study was to review the effectiveness of the processes being followed regarding the budget, scope of work and schedule for the Prop. G construction projects at Grossmont Hospital. It was agreed that vigilant monitoring would only strengthen the integrity of the ICBOC mission. The findings of the study were reported in the "Performance Audit Report of Prop. G Processes."

AF Consultants (AFC) was retained to conduct the evaluation. As part of its five-month study, AFC interviewed GHD and Sharp Healthcare personnel, reviewed all GHD board and ICBOC meeting minutes from program inception to the present, assessed and analyzed the construction project execution methodology and reviewed documentation from the Program Management Team (PMT), including the District's Policy and Procedures Manual.

Generally, AFC found the Prop. G program to be reasonably well managed and fees charged by consultants are fair and comparable to industry standards. However, several recommendations were made. Among the improvements that were implemented:

- The Policy and Procedures Manual was updated with PMT job responsibilities and organizational chart, along with a "post performance" evaluation on each project.
- It was agreed that future construction documents will be submitted for review to state regulators prior to bidding.
- Additional detailed information was added to the PMT's Monthly Report.
- A Risk Management Policy and Procedure Process was developed.
- The need for a Program Director job position was affirmed.

AFC concluded its report with what it described as "several interesting outcomes:"

- Program management costs are normal in comparison to other similar-size projects.
- Testing services as a percentage of total hard costs were 0.98 percent, which falls within a range normally found on other similar projects of between 1.0 and 2.0 percent.
- The overall ratio of hard costs (construction) to soft costs (administration and services) was roughly 80/20, which is better than a 70/30 ratio that can be found in many other similar construction projects. "Therefore, we conclude that the District did not spend excessive funds on administering the project," the report said.

Work is continuing simultaneously on several Prop. G-related projects:

• **Emergency and Critical Care Unit (West Wing):** The 75,000-square-foot expansion with 90 new patient beds has been serving the community since Fall 2009. This \$41 million build-out of the three upper floors located directly above the hospital's existing Emergency Department and Intensive Care Unit was the first infrastructure improvement project that was financed by the voter-approved bonds.

• **Heart and Vascular Center (Diagnostic and Treatment Center):** The Center will include space for a new pharmacy and clinical lab and cath labs, as well as flexible, multi-purpose procedure rooms that can be used for a wide range of specialties. This includes general surgery, minimally-invasive surgery and image-guided surgery, as well as endovascular intervention procedures. Redesign of some areas of the building is in process, with submission to state regulators planned for 2011. Completion is scheduled for 2014.

• **Central Energy Plant:** The construction of a new Central Energy Plant will meet the capacity needs of Grossmont Hospital for several years into the future, while providing the space and opportunity for additional expansion through the use of new, energy efficient technologies and equipment. The project also will involve a new chiller and steam boiler that will provide heating and cooling to various sections of the hospital. State regulators are currently reviewing construction documents. Construction is planned to begin in 2011. Completion is scheduled for 2013.

• **East Tower:** The existing tower was originally constructed in 1974. Improvements are planned on floors 2, 3, 4 and 5. Work will include medical, electrical and plumbing upgrades to the nursing units, as well as patient room headwall replacements, new finishes, lighting, piping and toilets. Construction documents are under review by state regulators. Construction is expected to begin in 2012, with completion in 2014.

• **Ring Road Utilities:** This project includes the relocation of existing underground utilities under the ring road to allow realignment of the road to new contours and elevations that will accommodate the future Heart & Vascular Center. State regulators approved plans in 2010 and construction bids will be solicited in 2011, with completion planned for 2012.

• **Health Occupations Training Center:** The Dr. John W. Hardebeck Health Occupations Training Center (HOTC) will feature classroom and lab space for the training of future generations of health care professionals. The HOTC is named after a former GHD board member who passed away in April 2008. An architect has been selected and city review is in process. Construction bidding is planned for late 2011, with occupancy in early 2013.



Grossmont Hospital nurses Carrie Keiter, BSN, RN, and Julie Tarbell, RN, connect with patient Mandy Cain in the hospital's Emergency and Critical Care Center.

Your ICBOC Members

This Committee is a volunteer citizens group charged with monitoring construction projects financed by voter-approved public bonds at Grossmont Hospital in La Mesa. ICBOC members serve for no more than two, two-year terms, and must have certain qualifications and expertise in project management, construction, finance, medical and labor industries. The full ICBOC Committee meets quarterly and sub-committees meet at various times, as needed.

Ernest Ewin, ICBOC Chair and 15-year member of the La Mesa City Council, now in his fourth term, and Grossmont College Foundation Executive Director, and founding chairman for four years of the Grossmont-Cuyamaca Community College District's Proposition "R" Citizens Bond Oversight Committee.

Dr. James A. Johnson, ICBOC Vice-Chair and retired Commander of Naval Medical Center, San Diego, representative from the Grossmont Hospital Foundation.

Ellen Arcadi, R.N., ICBOC Communications Sub-Committee Chair and retired registered nurse, member of the City of La Mesa Commission on Aging.

Peggy Gaul, director of imaging services, Sharp Grossmont Hospital, representing Sharp Grossmont Hospital.

George Hawkins, retired president/CEO of the Associated Builders and Contractors, San Diego Chapter, representing the construction industry.

Walter Heiser, Audit and Finance Sub-Committee Chair and law professor at the University of San Diego School of Law, representative of the San Diego County Taxpayers Association.

Robert Klaiber, retired banking executive and long-time volunteer with the Grossmont Hospital Auxiliary.

James Maletic, a construction services consultant with over 40 years of construction-related experience and owner of James D. Maletic Construction Services.

Dr. Michael Peddecord, Professor Emeritus of Health Services Administration, San Diego State University, Graduate School of Public Health, representative of Sharp Grossmont Hospital executive management.

Joseph Powell, Construction Sub-Committee Chair and business manager, Sheet Metal Workers' International Association, Local 206, representative of the San Diego County Labor Council.

ICBOC terms officially began on July 1, 2007. In 2010, Ewin and Johnson were reelected by the ICBOC members to serve for one year as chairman and vice-chairman, respectively, ending June 30, 2011. Also in 2010, Robert "Bob" Ayres, Ewin, Hawkins and Maletic were reappointed to serve on the ICBOC Committee for final two-year terms ending June 30, 2012. However, in December 2010, Ayres, a retired banking executive with management and construction finance experience, resigned from ICBOC to accept an appointed position on the GHD board of directors. As a result, ICBOC began 2011 with a vacant position, which will be filled. Also in 2010, Gaul was appointed as the hospital's representative in place of Dr. Peter Hanson, orthopedic surgeon, Grossmont Hospital, who resigned due to work schedule conflicts. In 2009, Arcadi, Heiser, Johnson, Klaiber, Peddecord and Powell were reappointed to serve on the ICBOC Committee for final two-year terms ending June 30, 2011.

STATEMENT OF COMPLIANCE

This 2010 Annual Report is submitted to the taxpayers and residents of San Diego's East County region and the Board of Directors of the Grossmont Healthcare District by the Proposition G Independent Citizens' Bond Oversight Committee. To the best of our knowledge, it is the Committee's belief that the Grossmont Healthcare District Board of Directors have faithfully expended authorized bond revenues for the intended purposes in compliance with the requirements specified in Prop. G and California state law. All ICBOC meetings are open to the general public, and are conducted in accordance with provisions of the Ralph M. Brown Public Meeting Act. All meeting notices, agendas, bylaws, minutes and relevant documents and reports received by the Committee, as well as activities of the Committee, are a matter of public record and are posted at a publicly accessible website:

<http://icboc.gafcon.net>

Grossmont Healthcare District
9001 Wakarusa Street
La Mesa, California 91942
For meeting times please check:
<http://icboc.gafcon.net>