



NOTICE OF *SPECIAL* BOARD MEETING OF
THE UPPER SAN JUAN HEALTH SERVICE DISTRICT
d/b/a PAGOSA SPRINGS MEDICAL CENTER
Monday July 19, 2021, at 3:00 PM
The Board Room (direct access – northeast entrance)
95 S. Pagosa Blvd., Pagosa Springs, CO

**ALL ATTENDEES MUST BE SCREENED PRIOR TO ENTERING THE
MEETING AND PERSONS NOT FULLY VACCINATED MUST WEAR A MASK**

Please use this link to join the meeting: <https://us02web.zoom.us/j/85395501309>
or telephone (346) 248-7799 or (669) 900-6833
Zoom Meeting ID: **853 9550 1309**

AGENDA

1) CALL TO ORDER; ADMINISTRATIVE MATTERS OF THE BOARD

- a) Confirmation of quorum
- 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) REPORTS

- a) See attached [summary report of the Facilities Committee](#)
- b) See attached [summary report of the Foundation Board](#)

4) DECISION AGENDA

- a) Consideration of [Resolution 2021-12](#) regarding authorization to pay additional costs associated with installation of a modular building to house the new MRI.

5) OTHER BUSINESS

6) ADJOURN



SPECIAL MEETING OF FACILITIES COMMITTEE
Thursday July 15, 2021, at 9:30 AM, PSMC Board Room

SUMMARY REPORT

1) BACKGROUND ON THE MODULAR TO HOUSE THE MRI

- a) In 2020, with Board approval, PSMC entered into an agreement to lease-purchase a new MRI (\$1,278,527), a modular building to house the MRI (\$408,000), and a service agreement (\$71,000 per year for 5.25 years). The MRI and modular were financed by Siemens as a capital lease over 75 months with a purchase option of \$1.00.
- b) For 2021, PSMC budgeted \$50,000 for expenses to install the modular building at PSMC. At the time that PSMC prepared the 2021 budget, no foundation for the modular was required but this changed as set forth below.

2) ADDITIONAL COSTS TO INSTALL MODULAR FOR MRI

- i) Unexpected foundation: the sellers of the MRI and modular both stated the modular would not need a foundation; however, after purchase PSMC received plans showing a foundation which prompted PSMC to question whether the warranty would be honored. Siemens indicated a vibration study to assure coverage under the warranty. In November, PSMC conducted a vibration study which concluded, in part due to vibration that would result from snow removal, a foundation would be necessary. Thereafter, PSMC also conducted a soils study which came back in February of 2021 indicating a micro-pile foundation would be needed due to the soils.
- ii) Unplanned sidewalk/curb work: In addition, a survey that indicated that in order to have proper drainage to the negative air-pressure Aspen room and the adjacent modular, the curb/sidewalk needs to be relocated (sidewalk/curb needs to be moved next to the clinic building). This has been paid with CARES funds (Medicare rate of 61% CARES funds and 39% PSMC funds).
- iii) Increased costs of construction due to COVID: All the costs of most construction work is 2-3 times higher than pre-COVID.

b) SUMMARY OF COSTS

- i) The Committee received preliminary estimated remaining cost to complete the modular (e.g., foundation, utilities, site work, canopy and architect/engineer services, etc.) estimated to be \$281,000.
- ii) After reviewing the estimated costs, the Facilities Committee advised for staff to plan for additional contingent costs in the amount \$100,000 (for example, the Committee



discussed the difficulty in getting asphalt and that substitute materials like concrete would result in additional costs).

- c) **OPTIONS TO ADDRESS ADDITIONAL COSTS:** The committee discussed various options as follows:
- (a) Recommend that the Board approve cost to proceed with the Contractor who bid the project (recommendation as the best alternative).
 - (b) Decide we need to reissue the RFP (declined – there is a limited number of contractors/subs to do this work).
 - (c) Wait 6+ months and reissue RFP (declined as no assurances costs will be less in 6 months and the existing MRI has limited life remaining).
 - (d) Evaluate switching the modular to a semi-trailer (declined as a trailer is not workable for this MRI and last semi-trailer used by Siemens was \$500,000 so not really a cost savings).

3) **RECOMMENDATIONS OF THE FACILITIES COMMITTEE**

- a) Recommend the PSMC's Board have a special meeting to approve for PSMC to proceed with the cost/work needed to get the modular and MRI on-site and operational. A special meeting is essential because subcontractors are scarce and a delay of a week could result in the subcontractors accepting alternative work that causes significant delay to this project.
- b) Recommend that staff plan for additional costs up to \$100,000 on top of the estimated cost to complete the project.
- c) Recommend the Foundation consider an amount it could provide from unrestricted funds to support the project and the remainder to come from PSMC operational funds (supplemental budget already anticipated for December 2021).



SPECIAL MEETING OF THE BOARD OF THE
PAGOSA SPRINGS MEDICAL CENTER *FOUNDATION*
Friday July 19, 2021, at 2:00 PM, PSMC Board Room

SUMMARY REPORT

The Foundation Board heard the issue of the additional expenses for the modular building to house the MRI and the Foundation Board took the following action: *The Foundation authorized to be transferred to PSMC the following sums to be applied toward the remaining cost to complete the modular (e.g., foundation, utilities, site work, canopy and architect/engineer services, etc.): (1) the sum of \$150,000 from the Foundation's Unrestricted Fund; and (2) as and if needed, additional available sums from the Foundation's Unrestricted Fund.*

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

Formal Written Resolution 2021-12

July 19, 2021

WHEREAS, the Board of Directors for the Upper San Juan Health Service District d/b/a Pagosa Springs Medical Center (“Board”) has received the report of the Board’s Facilities Committee which summarizes the following:

1. there is additional work for the modular building (that will house the MRI) and such work includes a micro-pile foundation, curb/gutter drainage work, site work, utilities, a canopy and architect/engineer services; and
2. the Facilities Committee reviewed estimated remaining costs for the modular work in the amount of \$281,000 but the Facilities Committee advises staff to plan for additional contingent costs of an additional \$100,000 due to the high costs of scarce labor and materials resulting from COVID-19.

WHEREAS, at the Special Meeting of the Board, PSMC’s CFO provided the most up-to-date estimates for the modular work in the total amount of \$_____.

WHEREAS, the Board of the Pagosa Springs Medical Center Foundation authorized to be transferred to PSMC the following sums to be applied toward the remaining cost to complete the modular (e.g., foundation, utilities, site work, canopy and architect/engineer services, etc.): (1) the sum of \$150,000 from the Foundation’s Unrestricted Fund; and (2) as and if needed, additional available sums from the Foundation’s Unrestricted Fund.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE UPPER SAN JUAN HEALTH SERVICE DISTRICT HEREBY RESOLVES staff are authorized to proceed with the modular work with estimated remaining costs of \$_____ and contingent costs of up to \$100,000 and all such work and expenditures will be reported to the Board’s Facilities Committee.

Greg Schulte, as Chairman of the Board of Directors
and President of the District