State of Washington
Capital Projects Advisory Review Board (CPARB)
Project Review Committee (PRC)

APPLICATION FOR PROJECT APPROVAL

TO USE THE
GENERAL CONTRACTOR/CONSTRUCTION MANAGER (GC/CM)
or DESIGN-BUILD (D-B) ALTERNATIVE CONTRACTING PROCEDURE

The CPARB PRC will only consider complete applications: Incomplete applications may result in delay of action on your application. Responses to Questions 1-8 and 10 should not exceed 20 pages (font size 11 or larger). Provide no more than six sketches, diagrams or drawings under Question 9.

1. Identification of Applicant

(a) Legal name of Public Body (your organization):
Chelan County Public Hospital District No. 2, dba Lake Chelan Community Hospital

(b) Address:
PO Box 908
503 E. Highland Ave
Chelan, WA 98816

(c) Contact Person Name:
David M. Bernier, Ph.D., FACHE, Title: Chief Executive Officer

(d) Phone Number: **509-682-8501** Fax: **509-682-2452** E-mail: **dbernier@lcch.net**

2. Brief Description of Proposed Project

Please describe the project in no more than two short paragraphs. *(See Attachment A for an example.)*

In 1996 and 1997, the residents of the Chelan County Public Hospital District No. 2 voted with significant support for an expansion and renovation to Lake Chelan Community Hospital. Because tax supported revenue bonds must pass with a super majority of 60%, the bonds failed by 67 votes in 1996 and 97 votes in 1997, the voice of the voters was heard. In hindsight, the expansion project would NOT have been in the best interest to the community, as it would limit future expansion requirements.

As the new Chief Executive Officer, my team and I reassessed the healthcare requirements of the district, and projected future needs. The Architectural firm of Boetsch, Nash & Hall provided an assessment of the existing hospital and found that the overall condition of the facility to be marginal and satisfactory, at best. After an extensive space utilization study by Kurt Salmon & Associates, it is evident that the current staff works in 30% of space required of industry standards.

After considerable research, on July 28, 2008, the Board of Commissioners approved the building of a 105,000 square foot, 34-bed replacement hospital and 30,000 square foot affiliated medical office building, as soon as possible.

3. Projected Total Cost for the Project:

A. Project Budget

We have retained the services of CollinsWoerman Architecture and have preliminarily projected the costs for a replacement hospital to be as follows:

Square Footage	**105,000**
Projected Cost per SF	**300**
Total Building Cost	**$31,500,000**
Pay Off Existing Bond	**$1,500,000**
Medical Equipment/FF&E	**$4,500,000**
Land	**$4,000,000**
Total Hospital Projected Cost	**$41,500,000**
Medical Office Building Cost	**$7,500,000**

Our district debt capacity is currently $9.8 million, and we can seek general obligation voter-approved bonds up to $42 million.

B. Funding Status

Please describe the funding status for the whole project.

(If funding is not available, please explain how and when funding is anticipated)

Lake Chelan Public Hospital District No. 2 has entered into an Interim Time and Materials Agreement with CollinsWoerman Architecture, to develop a replacement hospital plan. By January 5th, 2009, CollinsWoerman will have blocking and stacking diagrams ready for LCCH to review. Afterwards, DCI Engineers will review potential structural systems. According to the agreement, CollinsWoerman will be completed with the Conceptual Development Plan mid-February, 2009.

The District has signed a Purchase & Sale Agreement to acquire 16 acres of land for the purposes of building a replacement hospital, remaining within the city limits of Chelan. Closing is scheduled for November 1, 2009. A grant request, for the purchase of the land, has been submitted to the U.S. Economic Development Administration.

According to our timeline, from February – April, 2009, a comprehensive financial strategy will be developed. We do anticipate requesting voter-supported tax revenue bonds in August 2009. We are allowing adequate time to plan, design, and research all sources of funds prior to seeking voter support. The following is our projected source of funds, as we anticipate today:

Sources of Funds	
Tax Supported Voter-Approved Revenue Bonds	**$35,000,000**
Bank Loans	**$3,000,000**
Sale of District Real Estate (Hospital & Apts)	**$3,000,000**
EDA – Grant for Land	**$4,000,000**
Kresge Foundation – Grant for Medical Equip	**$3,000,000**
Murdock Foundation – Grant for Medical Equip	**$1,000,000**

4. **Anticipated Project Design and Construction Schedule**

Please provide:

- The anticipated project design and construction schedule, including (1) procurement; (2) hiring consultants if not already hired; and (3) employing staff or hiring consultants to manage the project if not already employed or hired. *(See Attachment B for an example schedule.)*

Project Milestones:

	Project Start	Projected Completion
Retain Project Manager	Oct 2009	
Retain Architect	Oct 2009	
Submit EDA Grant Application	Oct 2009	
Phase I Environmental Study	Nov 2009	Dec 2009
Soils Testing	Nov 2009	Dec 2009
Retain GC/CM	Mar 2009	
Complete Schematic Designs	Aug 2009	
Permit Submittal	Sep 2009	Dec 2009
Complete Construction & Bid Docs	Sep 2009	
Receive Permits	Dec 2009	
Construction	Dec 2009	May 2011

- **The project is *not* beyond completion of 30% drawings or schematic design.**

5. Why the GC/CM Contracting Procedure is Appropriate for this Project

Please provide a detailed explanation of why use of the contracting procedure is appropriate for the proposed project:

For GC/CM projects:

- If implementation of the project involves complex scheduling, phasing, or coordination, what are the complexities?
- If the project involves construction at an existing facility that must continue to operate during construction, what are the operational impacts on occupants that must be addressed? . *(Please identify functions within the existing facility which require relocation during construction and how construction sequencing will affect them. As part of your response you may refer to the drawings or sketches that you provide under Question 9.)*
- If involvement of the GC/CM is critical during the design phase, why is this involvement critical?
- If the project encompasses a complex or technical work environment, what is this environment?
- If the project requires specialized work on a building that has historical significance, why is the building of historical significance and what is the specialized work that must be done?

For D-B projects:

- If the design and construction activities, technologies, or schedule to be used are highly specialized and a D-B approach is critical in developing the construction methodology or implementing the proposed technology, (1) What are these highly specialized activities, technologies or schedule, and (2) Why is D-B critical in the development of the methodology or the implementation of the proposed technology?
- If the project design is repetitive in nature and an incidental part of the installation or construction, why is the design repetitive and incidental to the installation or construction?

- If regular interaction with and feedback from facilities users and operators during design is not critical to an effective facility design, why is regular interaction and feedback not critical?

GC/CM involvement during design is necessary and required to develop logic to economically and efficiently promote and support the phasing and sequencing required, and critical to the planning and successful completion of this project. Building a replacement hospital is a major investment for any community, and hiring an experienced GC/CM is extremely critical. Not every firm can build a hospital. Since numerous staff will contribute to the planning, design, and construction, it will also be necessary to develop strategies to reduce and control the negative impacts on staff during construction.

With hiring a project manager, architect, and general contractor, we will have three entities who will be encouraged to provide honest evaluations during the construction process. While we will rely heavily on Mr. Leahy, as our project manager, to be "in-charge", we are certain that the quality assurance process from the other entities, we will have ultimate oversight in all aspects of the project.

Lake Chelan Community Hospital is located in a rural medical service area, isolated from major roadways and thoroughfares. The selection of subcontractors must be carefully orchestrated, as many employees may have to travel significant distances to the work site. Subcontractor housing in a resort town is complicated during the summer season when hotels, rentals, and RV parks are to capacity. A project manager and site superintendent familiar with available subcontractors is critical to a successful completion.

These concerns will be best facilitated by the use of GC/CM delivery methods allowing and assuring efficient and coordinated scheduling.

6. Public Benefit

In addition to the above information, please provide information on how use of the GC/CM or D-B contracting procedure will serve the public interest. For example, your description must address, but is not limited to:

- How this contracting method provides a substantial fiscal benefit; or
- How the use of the traditional method of awarding contracts in a lump sum (the "design-bid-build method") is not practical for meeting desired quality standards or delivery schedules.

GC/CM provides substantial public benefit over traditional design-bid-build by:

- **Producing a highly efficient, accurate phasing plan by engaging the expertise of the contractor who will actually be performing the work. The GC/CM will study the existing conditions, the desired scope of work, and the unique scheduling constraints of a hospital to build the most efficient phasing plan possible.**

- **Reducing the risks of unqualified contractors or staff members constructing mission-critical elements within the hospital. In a GC/CM selection, we plan to weight the selection criteria heavily toward contractor staffing, particularly the superintendent.**

- **With a "previous" expansion project, the District placed much trust in an Architect, and we were let down. The Board of Commissioners are very hesitant to enter into a Design-Bid-Build contract whereby placing a significant trust, and risk, solely upon one entity.**

- **Having good checks and balances, with varying companies who will advise accordingly, we believe, is the right approach to take for our project. We've hired a very experienced and trustworthy project manager and have full confidence that he will serve our district with distinction.**

- **As our Project Manager, Barry Leahy is very experienced in the GC/CM method of building hospitals. His GC/CM medical experience includes:**

    - **Pullman Regional Hospital replacement hospital and medical office building – Public Hospital District, 95,000 square feet, $32 million**
    - **Overlake Hospital & Medical Center medical office tower & garage – 470,000 square feet - $75 million**
    - **Overlake Hospital Surgery expansion project – 20,000 square feet, $20 million**

- **Our project manager also owns a second home in Chelan, and he is currently working on a condo project in Chelan. As such, he has a significant relationship with the City of Chelan Codes enforcement office, and many hard-to-find sub-contractors. He is accustomed to working in our wintery environment.**

- **Our project manager is well versed in GC/CM projects, knows how to manage budgets, construction, and sub-contractors. We are very fortunate to have his expertise from Day 1, and will ultimately save us unnecessary funds spent by not having an expert to assist us in navigating the project.**

7. Public Body Qualifications

Please provide:

- A description of your organization's qualifications to use the GC/CM or D-B contracting procedure.

- A ***Project*** organizational chart, showing all existing or planned staff and consultant roles. *Note: The organizational chart must show the level of involvement and main responsibilities anticipated for each position throughout the project (for example, full-time project manager). If acronyms are used, a key should be provided. (See Attachment C for an example.)*

- Staff and consultant short biographies (not complete résumés).

- Provide the ***experience and role on previous GC/CM or D-B projects*** for each staff member or consultant in key positions on the proposed project. (*See Attachment D for an example.)*

- The qualifications of existing or planned for project manager and consultants. *Note: For design-build projects, you must have personnel who are independent of the design-build team, knowledgeable in the design-build process, and able to oversee and administer the contract.*

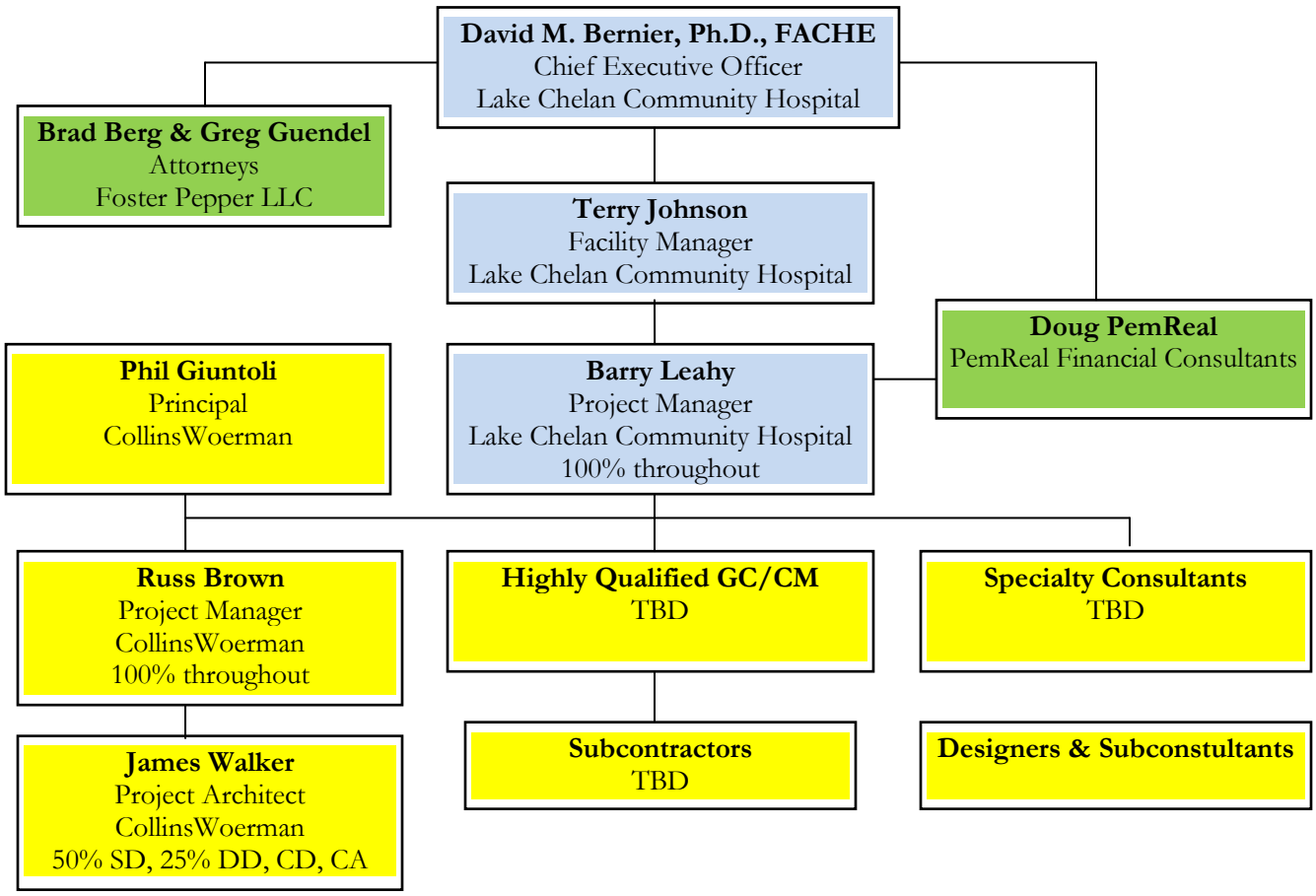
- The qualifications of an interim project manager until your organization has employed staff or hired a consultant as the project manager. Also indicate whether sufficient funds are available for this purpose and how long it is anticipated the interim project manager will serve. *Note: This information is required only if your organization has yet to select a project manager at the time of application.*

- A brief summary of the construction experience of your organization's project management team that is relevant to the project.

- A description of the controls your organization will have in place to ensure that the project is adequately managed.
- A brief description of your planned GC/CM or D-B procurement process.
- Verification that your organization has already developed (or provide your plan to develop) specific GC/CM or D-B contract terms.

Chelan County Public Hospital District No. 2 has assembled an outstanding, experienced team of consultants and legal experts to manage all aspects of the GC/CM delivery process, including the RFQ process, pre-construction services, negotiating change orders and closing out the project.

Project Organizational Chart



The Project Team

Terry Johnson, Facility Manager

As Facility Manager, Mr. Johnson will coordinate and provide expertise to the staff oversees engineering services, safety & security, and construction services. Mr. Johnson will use current and previous experience and knowledge of Department of Health, JCAHO, infection control procedures, and general building codes to ensure that ongoing physical plans\t and construction activities are accomplished in a safe manner, meet regulatory requirements, and are consistent with the mission of Lake Chelan Community Hospital. Mr. Johnson will

interact regularly with senior management, physicians, government and regulatory agencies and may interact with various committees and citizen groups.

Mr. Johnson has over 10 years of healthcare facility maintenance and engineering services experience in Washington.

Barry Leahy, Project Manager
For the past 20 years, Mr. Leahy has provided professional real estate and development expertise to corporations, partnerships, joint ventures, and wealthy individuals. With a unique background in development, construction, and brokerage, Mr. Leahy is well qualified to provide creative solutions for the individual needs of a project. His diverse range of services has included project feasibility, due diligence, property acquisition, entitlements, approvals/permitting, project management and construction management. Projects have included single-family subdivisions, assisted living centers, medical office buildings, apartments, retail centers, medical facilities and industrial parks and warehouses.

Mr. Leahy was the project manager, using GC/CM methods of construction, for the following medical projects:

- Pullman Regional Hospital 26-bed replacement hospital and medical office building – Public Hospital District, 95,000 square feet, $32 million
- Overlake Hospital & Medical Center medical office tower & garage – 470,000 square feet - $75 million
- Overlake Hospital Surgery expansion project – 20,000 square feet, $20 million

Mr. Leahy has a significant relationship with the City of Chelan Codes enforcement office, and many hard-to-find sub-contractors. He is accustomed to working in our wintery environment.

Mr. Leahy has a B.A. in Business Administration from Seattle University, a Masters in Business Administration from University of Puget Sound, and a Ph.D. in Business Administration from Pacific Western University. In addition, he recently concluded 11 years on the faculty of the University of Washington Graduate School in the School of Architecture and Urban Planning, and in the Building Construction Department.

Phil Giuntoli, Principal, CollinsWoerman
Mr. Giuntoli has 36-years of experience in the programming, design and management of complex facilities. For over 10-years, he was Director of Capital Project Development and Director of Facilities for Group Health Cooperative of Puget Sound.

His long list of medical projects include Morton Hospital replacement facility; Pullman Regional Hospital replacement hospital; Overlake Hospital Medical Center medical office building; Northwest Hospital medical office building; multiple projects for Virginia Mason Medical Center in Lynnwood, Federal Way, and Issaquah; Olympic Medical Center ancillary services building; Sequim Medical Park 16-acre Masterplan

Mr. Giuntoli received a Bachelor of Architecture in 1971 from University of Illinois, Urbana; and a Master of Architecture in 1975 from University of California, Berkley.

Russ Brown, Project Manager, CollinsWoerman
Mr. Brown has 27-years of experience in the design and management of corporate office, healthcare, public, retail, and hospitality/residential projects.

His “Medical Hall of Fame” projects include:

- Harborview Medical Center, Seattle, WA; new 10-story hospital for expanded Western Regional Emergency Facility including eight ORs, three tunnels to other buildings, a six-story bridge to the main hospital, and a secure mental health facility.
- Providence Hospital, Everett, WA; remodel of Colby Campus Critical Care Facilities
- City of Hope Hospital, Duarte, CA; extreme care treatment facility

Mr. Brown received a Bachelor of Architecture in 1981 from University of Oregon.

James Walker, Project Designer, LEED® Accredited Professional
Mr. Walker has 29-years of experience designing and managing commercial, institutional and medical projects.

His "Medical Hall of Fame" projects include:

- Pullman Regional Hospital, Pullman, WA; master-planning, architectural and interior design of 26-bed replacement hospital and a medical office building.
- Olympic Medical Center, Sequim, WA; masterplan for 19-acre site; new 50,000 s.f. clinic; 11,800 s.f. Olympic Cancer Center; 8,000 s.f. addition and expansion to existing cancer center.
- Moses Lake Clinic, Moses Lake, WA; remodel of 45,000 sf existing multi-specialty building and new 14,000 sf addition.
- Overlake Hospital Medical Center, Bellevue, WA; new 210,000 s.f. medical office building
- Renton Medical Office Building, Renton, WA; concept, schematic, facility, landscape, interior design, programming and medical planning for new 55,000 sf medical office building

Mr. Walker received his Bachelor of Architecture in 1977 and Master of Architecture in 1984 from the Washington/Alexandria Center for Architecture, Virginia Polytechnic Institute and State University.

Planned GC/CM Process
The district is has been receiving legal counsel from Greg Guendel and Brad Berg from Foster Pepper LLC. In September 2008, the district publicly-noticed a RFQ for architectural services and selected CollinsWoerman Architecture. A RFQ to select the GC/CM is pending.

Upon approval from the PRC, it is our intent to select a GC/CM early in the process and form a team comprised of the owner, project manager, architect, and GC/CM to assist in the design, development, and pricing of the project.

8. Public Body (your organization) Construction History:
Provide a matrix summary of your organization's construction activity for the past six years outlining project data in content and format per the attached sample provided: *(labeled Att. 'E')*

- Project Number, Name, and Description
- Contracting method used
- Planned start and finish dates
- Actual start and finish dates
- Planned and actual budget amounts
- Reasons for budget or schedule overruns

None in past 6-years

9. Preliminary Concepts, sketches or plans depicting the project

To assist the PRC with understanding your proposed project, please provide a combination of up to six concepts, drawings, sketches, diagrams, or plan/section documents which best depict your project. In electronic submissions these documents must be provided in a PDF or JPEG format for easy distribution. Some examples are included in attachments E1 thru E6. At a minimum, please try to include the following:

- A overview site plan (indicating existing structure and new structures)
- Plan or section views which show existing vs. renovation plans particularly for areas that will remain occupied during construction.

Note: applicant may utilize photos to further depict project issues during their presentation to the PRC

Attachment A is a timeline for the project, and Attachment B is a site plan of the proposed new facility. Since this is the preliminary "approval" process, no schematics are available.

10. Resolution of Audit Findings on Previous Public Works Projects.

If your organization had audit findings on any project identified in your response to Question 8, please specify the project, briefly state those findings, and describe how your organization resolved them.

Not Applicable

Caution to Applicants

The definition of the project is at the applicant's discretion. The entire project, including all components, must meet the criteria to be approved.

Signature of Authorized Representative

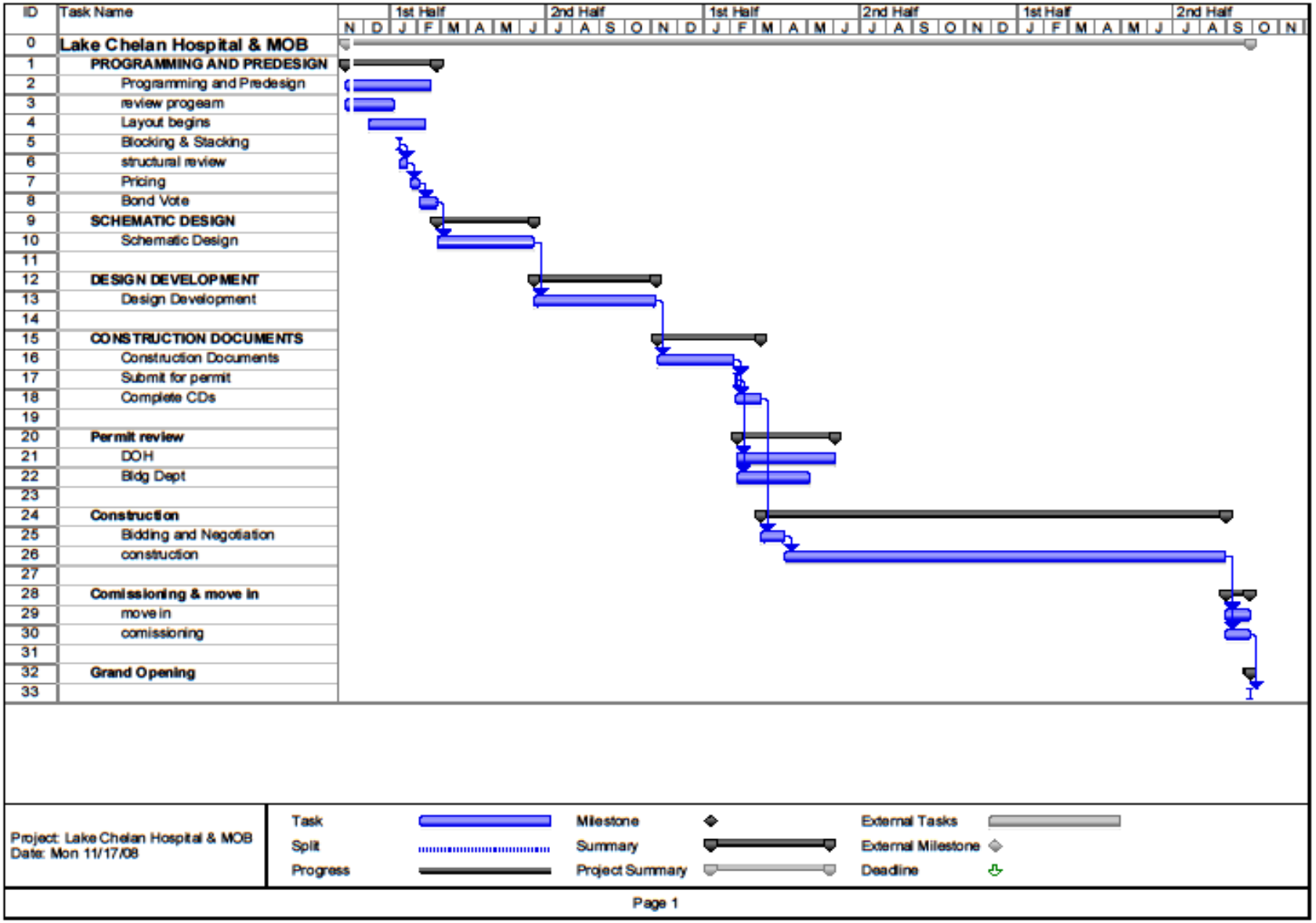
In submitting this application, you, as the authorized representative of your organization, understand that: (1) the PRC may request additional information about your organization, its construction history, and the proposed project; and (2) your organization is required to submit the information requested by the PRC. . You agree to submit this information in a timely manner and understand that failure to do so shall render your application incomplete.

Should the PRC approve your request to use the GC/CM or D-B contracting procedure, you also understand that: (1) your organization is required to participate in brief, state-sponsored surveys at the beginning and the end of your approved project; and (2) the data collected in these surveys will be used in a study by the state to evaluate the effectiveness of the GC/CM or D-B process. You also agree that your organization will complete these surveys within the time required by CPARB

Name (please print) **DAVID M. BERNIER, Ph.D., FACHE**
Title: **Chief Executive Officer & Administrator**
Date: **November 14, 2008**

ATTACHMENT A

Schedule/Timeline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0 Lake Chelan Hospital & MOB
1 PROGRAMMING AND PREDESIGN
2 Programming and Predesign
3 review progeam
4 Layout begins
5 Blocking & Stacking
6 structural review
7 Pricing
8 Bond Vote
9 SCHEMATIC DESIGN
10 Schematic Design
11
12 DESIGN DEVELOPMENT
13 Design Development
14
15 CONSTRUCTION DOCUMENTS
16 Construction Documents
17 Submit for permit
18 Complete CDs
19
20 Permit review
21 DOH
22 Bldg Dept
23
24 Construction
25 Bidding and Negotiation
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27
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30 comissioning
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External Tasks
External Milestone
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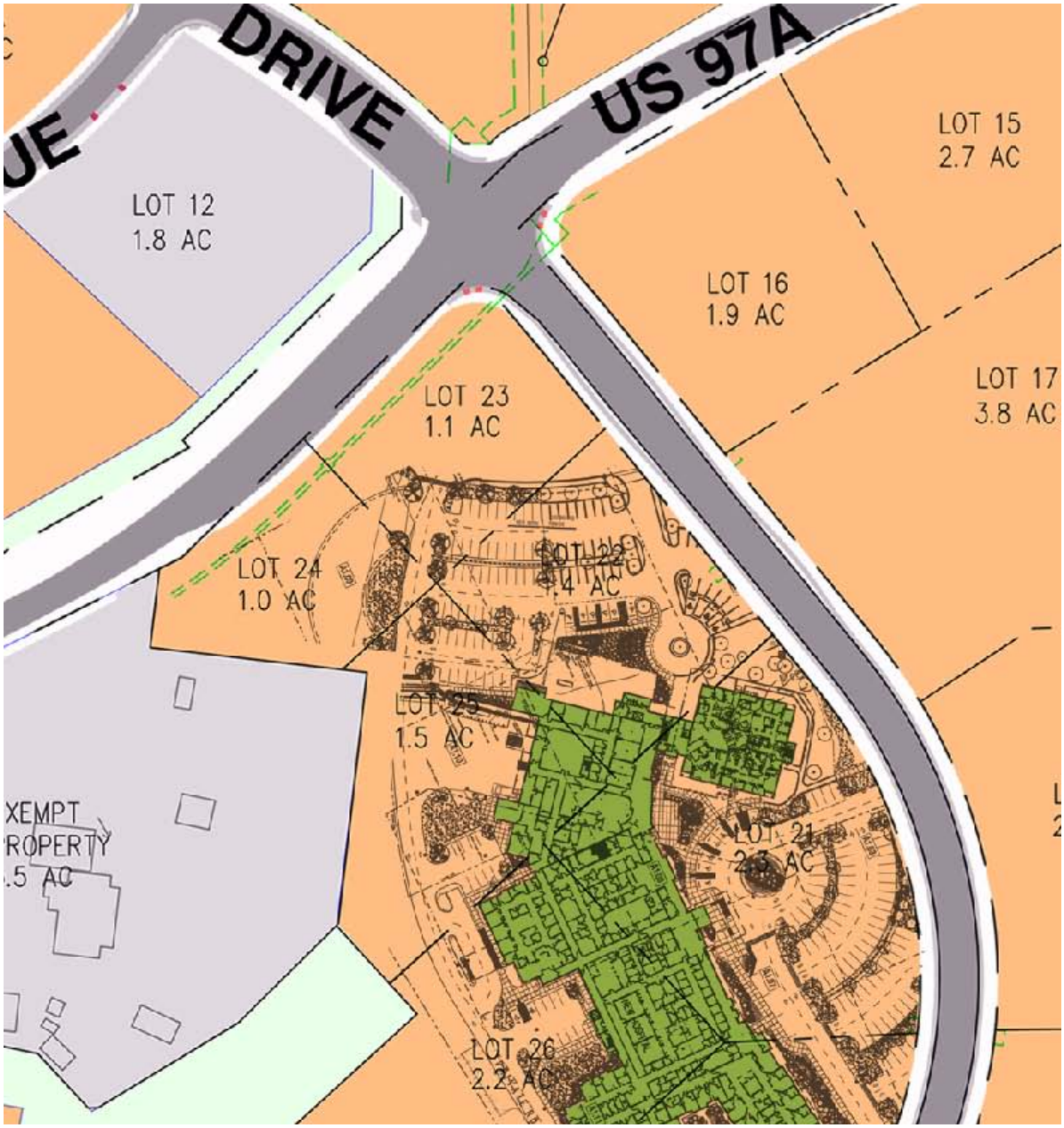
Page 1

ATTACHMENT B

Site Photos and Preliminary Drawings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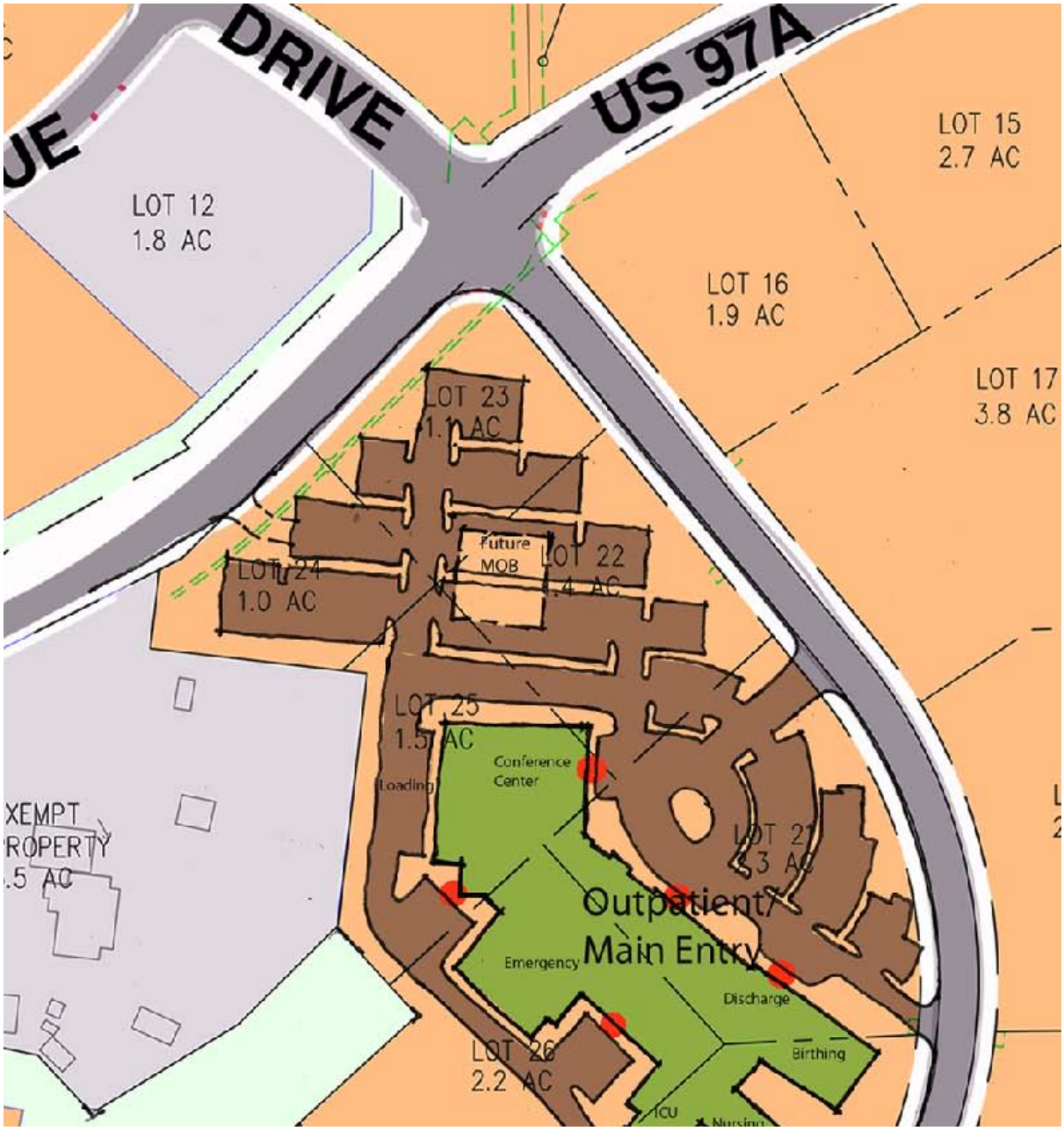
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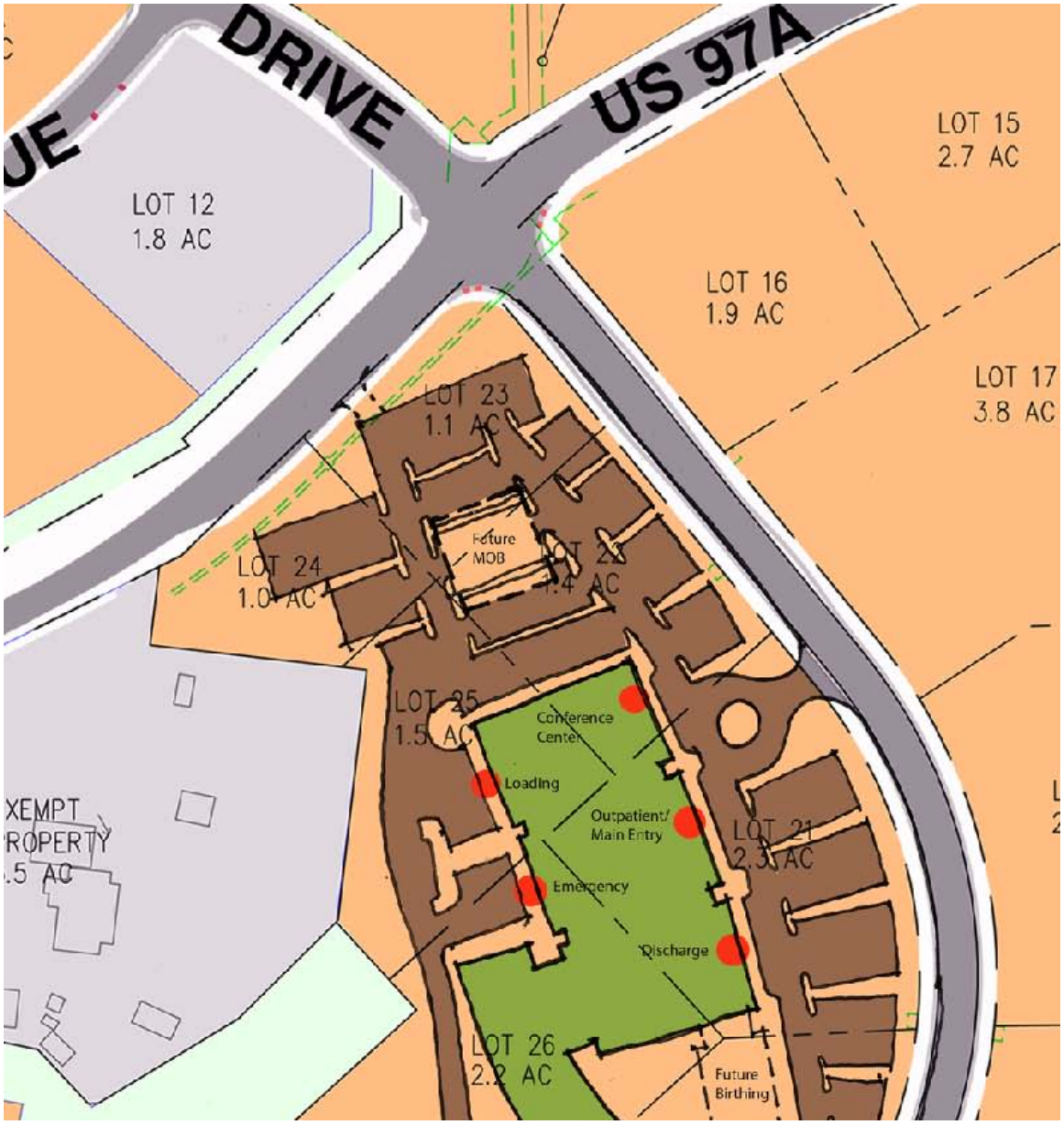
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