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December 16, 2004

Roger Marcil
Small Clinic Program Coordinator
Alaska Native Tribal Health Consortium
1901 South Bragaw Street, Suite 200
Anchorage, AK 99508-3440

Dear Mr. Marcil,

RE: Addendum No. "A" to Project 0147-DC-2004-I29

This letter is written in accordance to the Financial Assistance Award for the project referenced above and the Memorandum of Understanding (MOU) between the Denali Commission and the Alaska Native Tribal Health Consortium (ANTHC) dated September 2004. This is the first such Addendum letter issued by the Commission, but is expected that this format will be used in future correspondence to clarify and further describe the scope of work previously funded through the Award.

The following is offered:

1. Table 1 reflects the funds release authorized for payment of design fees. These funds are to be withdrawn from the Design Fund pool established in the above referenced project.
2. Table 2 reflects the funds release authorized for payment of repair and renovation fees. These funds are to be withdrawn from the Repair and Renovation pool established in the above referenced project.
3. Table 3 reflects the funds release authorized for payment of equipment fees. These funds are to be withdrawn from the Equipment pool established in the above referenced project.
4. Table 4 reflects the funds release authorized for payment of construction activities. These funds are to be withdrawn from the Construction pool established in the above referenced project.
5. Please decrease the Design Fund pool by \$300,000 to reconcile the ANTHC management fee from the September 2004 MOU which was not included in the award referenced above.

If you have any questions, please call me at 271.1624.

Sincerely,

Handwritten signature of Tessa Rinner in cursive script.

Tessa Rinner
Deputy Program Manager – Health Facilities

Handwritten signature of Al Ewing in cursive script.

In Concurrence:
Al Ewing, Chief of Staff

Attachment

File: Chronological File
0147-DC-2004-I29/Agreements

Table 1. Project & Project Management Funding – FY04 ANTHC Clinic Award – Project No. 0146-DC-2004-I29, Addendum A						
Mgt. Methodology	ANTHC Mgt Fee of Burdened Costs	Community or Organization	Commission Approved Scope of Work	Commission Approved Funding	ANTHC Project Management Fee or Burdened Costs	Denali Commission Project Funding Total (this agreement)
Reimbursable Services	Burdened Costs	Whittier – Eastern Aleutians Tribe (EAT)	Clinic conceptual design and final design (NOTE 1)	\$60,000	\$2,000 (NOTE 2)	\$62,000
Design Management (based on total project cost of \$800,000)	3%	Cross Road Medical Center	Design of foundation (NOTE 3)	\$70,000	\$24,000	\$94,000
Design Management (based on total project cost of \$500,472)	3%	City of Craig	Clinic Design	\$60,00	\$15,014	\$75,014
Supplemental Funds	N/A	Koliganek	Clinic (2580 SF) waste heat design & space planning	\$20,000	N/A	\$20,000
Reimbursable Services	Burdened Costs	Copper River Native Association	Health Facility Planning (NOTE 4)	\$60,000	\$1,500	\$61,500
Design Management (based on total project cost of \$6,000,000)	Burdened Costs	Central Peninsula Health Centers	Clinic Design	\$500,000 (NOTE 5)	\$100,000 (NOTE 6)	\$100,000
TOTAL						\$412,514

NOTE 1. Scope of work for the project includes the following:

- a) ANTHC to provide a task order to Larsen Consulting to undertake a two-stage design of clinic improvements in Whittier
- b) The clinic site is on the second floor of the Begich Towers and a conceptual floor plan has been develop by the clinic operator, EAT. Larsen is to coordinate their efforts with EAT staff.
- c) The first stage is to complete an initial conceptual design for the clinic improvements including rough electrical and mechanical needs. A rough cost estimate for the improvements is expected at this state. Larsen to provide a draft to ANTHC, and EAT for review and comment.
- d) EAT will then complete a Business Plan or other project due diligence documents using the information provided by Larsen.
- e) Upon approval of EAT's Business Plan submittal the second stage of the design shall begin. This will include fully stamped architectural and engineering drawings, obtaining Fire Marshall and all other state and local permits and a final cost estimate based upon

the stamped drawings. Larsen shall coordinate the final design development with EAT and ANTHC staff.

NOTE 2. Phase one of the scope of work based on burdened cost rate of \$2,000. Phase two of the scope of work to be based on 3% design fee less the phase one burdened cost amount (\$2000). Design fee for phase two to be provided in a future addendum upon completion of the total project cost estimate.

NOTE 3. Subcontract to include qualification of consultant with a minimum of 12 years of arctic foundation design experience.

NOTE 4. The Denali Commission recognizes the concept of regional health strategies as one tool for improving health care access, and has developed a systematic approach to development of such strategies. The Commission is interested in provision of health facilities that serve the community in the long term. Consequently, facility sizing that meets the health service requirements, but that is also sustainable is paramount. Achieving this mix of "right-sized" services/facilities with multiple communities that receive varying levels of health services from health providers in other locations only compounds the effort.

The Commission expects that a regional health strategy developed through consensus will identify sustainable improvements to both the service delivery system(s) and associated facility improvements. The following are steps to the development of a regional health strategy as identified by the Commission:

1. Description of existing service delivery model including: staffing patterns, funding, services, etc.
2. Identification of gaps in services provided locally/regionally.
3. Identification of proposed, sustainable, expanded services while minimizing duplication of services.
4. Translation of proposed services into facility needs (i.e., space needs, operation and maintenance of facility, staffing patterns, facility budget/cost estimate, etc.).
5. Development of regional health strategy that includes prioritizing health facility development based upon a consensus on improvements to the health service delivery system(s) in place within the region.
6. Based upon the regional prioritization individual organizations will then develop conceptual planning documents for the specific health facility improvements including a business plan and site plan checklist. Also of consideration at this stage is how the proposed improvements meet Commission policies including the Private Enterprise Policy, Sustainability Policy, and Investment Policy.
7. Once the conceptual planning documents are approved, then the project moves to the design phase. This effort includes 100% design drawings, 100% design cost estimate, obtaining all necessary site control and permits necessary and preparation of a contract bid package.
8. Construction of the health facility improvements.

Scope of Work:

The contractor shall review the May 2004 Needs Assessment as a preamble to addressing point No. 4 above, in particular pages 70-94 (Section XIV: Strategic Initiatives). The contractor shall provide recommendations on additional information that may be useful for this effort (i.e., expanded services, organizational facility planning efforts, etc.). In addition, to better prepare for completing this contract, the contractor shall review the Commission's Business Plan and Site Plan Checklist templates, Private Enterprise Policy, Sustainability Policy and Investment Policy.

The Commission has asked the primary care providers in the Copper River Basin to complete a survey of services and facilities (attached). Our goal is then to share the survey with other providers and then convene them for a meeting, which the contractor shall attend.

With responses from the Copper River Basin primary care providers on additional service and facility information, the contractor shall identify an architectural space program for the following:

- Primary care space (existing, new or renovated) in each community in the region based upon the Commission clinic space program and adequacy comparison to the clinic prototype drawings. Provide an explanation for any deviation to the Commission standards.
- Elder services/assisted living associated with facility development only, and
- Dental and behavioral health delivery in the region.

The space planning will not include in-patient space through a hospital. It is anticipated that this level of service will be addressed through the pilot Frontier Extended Stay Clinic (FESC) at the Crossroads Medical Center.

The space planning will be provided to the Copper River Basin stakeholders for discussion on facility ownership, operation and governance. The contractors will participate in these discussions and based upon the results shall redraft the space planning concepts.

The stakeholders shall then prioritize the proposed space improvements to address point No. 5 above.

The contract timeline is for 120 days.

NOTE 5. \$500,000 in FY04 Health Facility Program funds has already been awarded to Central Peninsula Health Centers (CPHC) for design in a direct award between the Commission and CPHC. ANTHC has agreed to provide design project management.

NOTE 6. Design will be competitively bid and ANTHC's associated design management fees are anticipated to be less than the 3% (\$180,000).

Table 2. Project & Project Management Funding – FY04 ANTHC Clinic Award – Project No. 0146-DC-2004-I29, Addendum A						
Mgt. Methodology	ANTHC Mgt Fee	Community or Organization	Commission Approved Scope of Work	Commission Approved Funding	ANTHC Project Management Fee	Denali Commission Project Funding Total (this agreement)
Program Management	N/A	Kenaitze Indian Tribe (KIT)	Clinic Repair & Renovation (NOTE 1)	\$38,731	N/A	\$38,731
TOTAL						\$38,731

NOTE 1. Scope of work for the project includes the following (funds above based on 50% cost share match requirement):

- a) Casework and sinks – 3 exam rooms, TMI Rail-Mounted casework. The sinks will be stand-alone wall mounted fixtures; casework will not receive any "hardwired" modifications.
- b) Records shelving – units to be heavy duty metal, capable of reuse at a new facility.
- c) Library Shelving – units to be heavy duty metal, capable of reuse at a new facility.
- d) Nurse's Station
- e) Provider workstations – freestanding modular workstations capable of reuse at a new facility
- f) Reception and accounts payable casework – TMI-Rail Mounted casework; will not require hard wiring of equipment

Table 3. Project & Project Management Funding – FY04 ANTHC Clinic Award – Project No. 0146-DC-2004-I29, Addendum A						
Mgt. Methodology	ANTHC Mgt Fee	Community or Organization	Commission Approved Scope of Work	Commission Approved Funding	ANTHC Project Management Fee	Denali Commission Project Funding Total (this agreement)
Program Management	N/A	City of Seldovia	X-ray unit purchase	\$99,998	N/A	\$99,998
TOTAL						\$99,998

Table 4. Project & Project Management Funding – FY04 ANTHC Clinic Award – Project No. 0146-DC-2004-I29, Addendum A						
Mgt. Methodology	ANTHC Mgt Fee	Community or Organization	Commission Approved Scope of Work	Commission Approved Funding	ANTHC Project Management Fee	Denali Commission Project Funding Total (this agreement)
Construction Management	5% Design, 11.5% Construction, 8% Central Operations (NOTE 1)	Chitina	Demolition and renovation of meat packing plant into clinic space (NOTE 2)	\$327,712	\$132,083	\$459,795
TOTAL						\$459,795

Note 1. Project partially funded for design/construction under FY 2002 MOA and subject to FY 2002 MOA management fee schedule. Fee breakout follows:

- ANTHC Management Fee per 2002 MOA = \$140,737 (total project cost \$852,952, of which the Commission has previously provided \$542,890)
- Central Operations Fee per 2002 MOA = \$68,236
- Total ANTHC Fee = \$208,973 less DC Fee Provided, \$76,890 = Additional fee required: \$132,083

Note 2. Scope of work for the project includes:

- a) Demolition/replacement/finishing off all interior wall surfaces, doors and windows
- b) Additions of exterior windows and entryway door
- c) Installation of new furnishings, fixtures, medical equipment and appliances
- d) Installation of new mechanical and electrical systems
- e) Construction of ADA compliant entryway
- f) Construction of parking area, ambulance drive, and general site grading

ANTHC and the Commission recognize that the project scope of work does not account for hidden defects/unknown conditions behind the existing walls. These conditions will not be known until the demolition phase is completed and inspection of the beams, joists and wall components can occur. A February 2005 construction meeting will be held, upon completion of demolition to ensure the scope of work above remains unchanged.