

ESCONDIDO: PPH to change contractors on hospital construction project

Architect says switch will lead to greater efficiencies, cost savings

By **ANDREA MOSS - Staff Writer** | Tuesday, May 13, 2008 7:09 PM PDT

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ESCONDIDO ---- Eight months after it broke ground on its new hospital, Palomar Pomerado Health is preparing to change construction managers in hopes of shaving up to \$50 million off the cost.

Redwood City-based Rudolph and Sletten, a general and engineering contractor with a San Diego office, has overseen the hospital's construction on behalf of the public hospital district since the \$811.5 million project broke ground last fall in the Escondido Research and Technology Center.

However, Mike Shanahan, the public hospital district's chief architect, said Tuesday that district officials plan to put DPR Construction in charge of construction by July 7.

He cited the project's rapidly growing price tag and DPR's track record of managing major construction projects in a nontraditional way that improves efficiency and keeps costs down as the reasons for the change.

"With concern (over the cost), of course comes the question, 'Is there something we could do differently in terms of managing these projects,'" Shanahan said. "That's what led us down this road."

The new hospital is part of a larger project expanding the district's facilities. The effort includes the enlargement of Pomerado Hospital in Poway, the renovation of Palomar Medical Center in Escondido, and the construction of satellite medical centers in Ramona, Rancho Penasquitos and other outlying communities within the district's 800 square miles of service.

Voters approved a \$496 million bond measure to help pay for the expansion in 2004.

The overall project's cost was put at \$753 million at that time. The figure has ballooned to \$983 million since.



Construction workers make progress on the foundation and footing for Palomar Pomerado Health's new Escondido hospital Tuesday. (Photo by Don Boomer - Staff Photographer)

District officials have blamed rapidly escalating construction, supply and labor costs.

Rudolph and Sletten has overseen Pomerado Hospital's expansion since it began in March 2006. Shanahan said Tuesday it made sense to stick with the company for the first phase of the hospital's construction, given Rudolph and Sletten's proficient handling of the first project.

"We needed the continuity and we needed to keep going," the architect said. "At the same time, we started to look at our own processes internally. And we decided we needed to do things a little differently."

District officials' research made them aware of a relatively new construction approach that incorporates concepts that have been used successfully in the manufacturing industry for more than 20 years, Shanahan said. Known as "Lean" construction, the approach emphasizes collaboration with subcontractors, suppliers and everyone else involved in a particular project as a way to make projects more efficient and less costly.

Subcontractors could, for instance, be offered financial incentives that encourage them to finish their jobs faster or be scheduled in a way that ensures that none of them are kept waiting while other laborers finish their work, Shanahan said.

That kind of increased efficiency could shave as much as 10 percent off the new hospital's cost, he said.

DPR specializes in Lean construction and has used it to help multiple hospitals build facilities with great success. The company also has personnel who can train Palomar Pomerado officials in the new approach, said Shanahan.

Although the district is still negotiating terms of its contract with DRP, Shanahan said the company will probably be paid about \$41 million to oversee the hospital's construction. That compares with about \$38 million that Rudolph and Sletten would have been paid, he said.

If all goes well, DPR will take over the hospital construction project about a month before the building's steel superstructure is scheduled to start going up in August. Rudolph and Sletten will continue to oversee Pomerado Hospital's expansion, Shanahan said.

District spokesman Andy Hoang said the switch from one project manager to another will be seamless.

"There'll be no delay, and there'll be financial savings," he said. "It's a smart move for us 'cause it's going to save us a lot of money."

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