Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Taitano, Francisco" <Francisco_Taitano@ios.doi.gov>; "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
Sent: Tuesday, November 02, 2010 3:45 PM
Subject: Re: Briefing-Dialysis Center

For What Its Worth!

Looked over the "final" submitted to Jenn today.

Does not appear to have changed since beginning of October (when a requested update last occurred) except for the info added that was obtained last week.

My suggestion below (dated Oct 6th) was not incorporated to provide some clarification on the "jeopardy status" of the Hemo center!

Keith

----- Original Message -----
From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Taitano, Francisco" <Francisco_Taitano@ios.doi.gov>; "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
Sent: Wednesday, October 06, 2010 1:30 PM
Subject: Re: Briefing-Dialysis Center

My understanding is that the lifting of "jeopardy status" applies to the old Hemo unit, not the new clinic. Some clarification of this point in your briefing would be suggested!

The only issue remaining with the new Hemo Clinic is the repair of the reverse osmosis unit. All the staffing problems have been resolved. Once the RO is repaired and meets the required stds, then the CMS inspection and certification should be completed and the opening of the facility can finally take place!

> -----Original Message-----
> From: keith.aughenbaugh@pticom.com [mailto:keith.aughenbaugh@pticom.com]
> Sent: Tuesday, October 05, 2010 4:52 PM
> To: Kraft, Faride A
> Cc: Taitano, Francisco; keith.aughenbaugh@pticom.com
> Subject: RE: Briefing-Dialysis Center
>
> Thanks all! Will look at it when I get into the office; deadline mid day
> tomorrow, correct?
>
> ---
>
>> Frank - I made a few minor changes. One main concern is that it's not
>> super clear to me from looking at this what specifics steps must be
>> taken

>> to get this open.
>>
>> Keith - Anything to add?
>>
>> Thanks,
>>
>> Faride
>>
>>
>>
>> From: Taitano, Francisco
>> Sent: Tuesday, October 05, 2010 3:58 PM
>> To: Kraft, Faride A
>> Subject: Briefing-Dialysis Center
>>
>> Hi Nice Person,
>>
>> Will you be so kind and see if you could review the attached briefing
>> paper before we email it to Jennifer? Thanks for all your help.
>>
>> Francisco I. Taitano
>> Policy Division | Office of Insular Affairs
>> US Department of the Interior
>> 1849 C St NW | MS2428 | Washington, DC 20240
>> P| 202. 208.7722 F| 202.219.1989

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: <Francisco_Taitano@ios.doi.gov>
Sent: Thursday, September 30, 2010 9:47 AM
Subject: Fw: Water System, Rehab Project Proposal
Followup!

Apparently the CMS team has been doing "their thing" here!

----- Original Message -----
From: Keith Aughenbaugh
To: Taitano, Francisco
Sent: Tuesday, September 28, 2010 10:22 AM
Subject: Re: Water System, Rehab Project Proposal

Thanks Franco!

I assume the two requests Esther is referring to below are the two TA requests mentioned last week?

Keith

----- Original Message -----
From: Taitano, Francisco
To: keith.aughenbaugh@pticom.com
Sent: Tuesday, September 28, 2010 12:33 AM
Subject: FW: Water System, Rehab Project Proposal

Olei,

FYI

Francisco I. Taitano
Policy Division | Office of Insular Affairs | DOI
P| 202. 208.7722 F| 202.219.1989

From: elmspn(b) (6) [mailto:elmspn(b) (6)
Sent: Thursday, September 23, 2010 2:05 PM
To: Taitano, Francisco
Subject: Fwd: Water System, Rehab Project Proposal

Frank,

Here's the report and quote.

Also, the system funding I requested would really assist us in continuing compliance with the Conditions of Participation with CMS for all facilities in Tinian, Rota, & Saipan.

The 1st application we sent and already submitted the Lt. Governor's signature, would archive the medical records that ensure appropriate storage and integrity of the medical records for our patients. This application is waiting on NGA and included the purchase of desktops.

The 2nd application, which is the newest one you received is to network Saipan, Tinian, & Rota and bring Rota & Tinian into finally collecting data for CMS requirements (Quality improvement indicators, incidences, etc). It will also help them begin to actually submit bills to Medicare.

Thanks again for your support.

Esther Muna

-----Original Message-----
From: David S. McInnis <dmcinnis@mcpur.com>
To: elmspn(b) (6)
Cc: Sally C. Garay <sgaray@mcpur.com>; Leonel G. Ruiz <lruiz@mcpur.com>
Sent: Sat, Sep 18, 2010 4:26 am
Subject: Water System, Rehab Project Proposal

Hello Esther,

As you may know I was elected to take over management of your hemodialysis water system project. My friend Andy Velebir forwarded the various files, reports, and photos that connect with your site situation.

Mar Cor engineering has taken a close look at this system based on Andy's feedback and find your existing system non compliant.

In an effort to bring your system up to standards we are making a proposal (see attached) to upgrade your RO system and replace the 3 existing PVC piping loops
with 2 state of the art teflon loops, sized to handle your total clinic needs. With regard to the RO system proposal please note that we intend to utilize many of your existing system components, except for those new items specifically called out in the attached quote. Also note that there is an option to save you $5200.00 if you choose to rebuild your old machine and add capacity to it (as opposed to a brand new Z-12000 machine).

Please let me know if you have any questions. I highly recommend a conference call to review this proposal in all its particulars so that the various options can be considered.

Thank you!

Dave McInnis
SW Regional Sales Mgr
Mar Cor Purification
Cantel Medical Corp.

C:206-877-2950
F:866-461-0988
E: dmcinnis@mcpur.com
www.mcpur.com

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Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Babauta, Tony" <Tony_Babauta@ios.doi.gov>
Cc: <Francisco_Taitano@ios.doi.gov>; "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
Sent: Friday, May 28, 2010 2:40 PM
Subject: Fw: exerpts from letter - Dialysis Clinic

Tony,

Exerpts from the Governor's response you should be receiving next week!

Keith

----- Original Message -----
From: elmspn(b) (6)
To: keith.aughenbaugh@pticom.com
Sent: Friday, May 28, 2010 1:35 PM
Subject: exerpts from letter

In order to obtain certification, however, the deficiencies noted by the CMS survey conducted both in August 2008 and September 2009 for the new facility and for the current facility respectively must be corrected.

The deficiencies received at the current facility included the missing component of services for the patients in dialysis, particularly those provided by a nephrologist, a medical director, a renal dietitian, and a masters-level social worker. Recruitment of individuals who provide these services has been very challenging as we compete with employers who can afford to provide twice or even triple the amount we can offer and the pool of applicants locally is insufficient. However, we are seeing progress in the last couple of months. For instance, our nephrologist, Dr. Sherleen Osman, has accepted to sign a long-term contract with CHC effective June 2010. She will also be taking the medical director position. We have also obtained the part-time services of a renal dietitian. This leaves us with the services of a masters-level social worker, which we are still actively recruiting and we are hopeful that someone would be available soon.

The deficiencies received from CMS at the new facility, on the other hand, were the physical deficiencies. Some of them had already been corrected, such as the installation of a closed-circuit monitoring system. This system allows observation between the isolation room and the nursing stations to assure visual observation in the second isolation room. We have also installed a low-level water alarm from the RO system to both the nurses' stations.

The Department of Public Health is continuously communicating with CMS with all these updates and we are anticipating overall readiness in the next couple of months. At that time, we will request CMS for another survey

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: <elmspn(b) (6) >
Sent: Wednesday, May 19, 2010 3:12 PM
Attach: Fitial Letter 3.2.10.pdf
Subject: Fw: Governor's Letter - Status of Dialysis Clinic

Esther,

I have heard nothing back from Kevin to my inquiries below. Any new info since we last communicated about 3 weeks ago?

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: jkvsaipan(b) (6)
Sent: Monday, May 17, 2010 10:20 AM
Subject: Fw: Governor's Letter - Status of Dialysis Clinic

Followup!

----- Original Message -----
From: Keith Aughenbaugh
To: jkvsaipar(b) (6)
Sent: Thursday, May 06, 2010 9:24 AM
Subject: Fw: Governor's Letter - Status of Dialysis Clinic

HQ wanted me to followup again to see if a reply to Asst. Secretary Babauta's April 2nd letter will be forthcoming?

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: jkvsaipan(b) (6)
Sent: Wednesday, April 14, 2010 12:04 PM
Subject: Fw: Governor's Letter - Status of Dialysis Clinic

Followup to last week's email and letter. When can the office expect a response?

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: fitial@(b) (6)
Cc: jkvsaipan(b) (6)
Sent: Tuesday, April 06, 2010 3:28 PM
Subject: Governor's Letter - Status of Dialysis Clinic

Governor Fitial,

Please find attached a letter from Assistant Secretary Babauta regarding the status of the dialysis clinic at the new Public Health Facility.

Sincerely,

Keith Aughenbaugh

United States Department of the Interior
OFFICE OF INSULAR AFFAIRS
1849 C Street, NW
Washington, DC 20240

Assistant Secretary

April 2, 2010

The Honorable Benigno R. Fitial
Governor
Commonwealth of the Northern Mariana Islands
Caller Box 10007, Capitol Hill
Saipan MP 96950

Dear Governor Fitial:

It was a pleasure meeting with you last week to discuss the important issues of mutual concern affecting the Commonwealth of the Northern Mariana Islands (CNMI). We did not, however, have the opportunity to discuss the status and delayed opening of the new hemodialysis clinic at the Dr. Jose T. Villagomez Center for Public Health and Dialysis (CPHD). As you may already know, I visited the CPHD back in January and met with Secretary Villagomez to express my concern for ensuring the successful and fully-operational opening of the dialysis center.

Over the years, OIA has provided a total of $8,790,000 through three capital improvement project grants for the construction of the CPHD. However, both the CNMI and the Office of Insular Affairs have received substantial criticism from the Interior Inspector General in two reports and in a report from the U.S. Government Accountability Office that cited severe mismanagement and ineffective use of Federal funds. All are reasons that the CPHD has been unable to open its dialysis center.

To date, the dialysis clinic still lacks certification by the Center for Medicare and Medicaid Services (CMS). Most recently, my staff communicated with CMS officials to determine the proper course of action for securing the clinic's certification. CMS officials advised that unless issues related to the reverse osmosis machine and water distribution system are corrected and key personnel hired, certification cannot be granted.

I am certain we share the frustration over the delayed opening of the dialysis center and the lack of service for dialysis patients. Our collaboration on outstanding issues should be a priority. In order for us to help coordinate Federal action, I request a detailed description of actions to be taken by the CPHD for acquiring and ensuring that the needed CMS certification is granted and the expected timeline for each action.

Again, I appreciate your attention to this very important matter and look forward to hearing from you.

Sincerely,

Anthony M. Babauta
Assistant Secretary
for Insular Areas

cc: Mr. Joseph K. Villagomez
Secretary of Public Health

Keith Aughenbaugh

From: "Japitana, Edgardo Q. (CMS/WC)" <Edgardo.Japitana@cms.hhs.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Sent: Friday, March 26, 2010 1:50 AM
Subject: RE: CHC Dialysis Clinic

You're welcome. Yes, Mr. Taitano has gotten in touch with me.

Ed
Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

---

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Wednesday, March 24, 2010 4:33 PM
To: Japitana, Edgardo Q. (CMS/WC)
Subject: Re: CHC Dialysis Clinic

Thank you very much; understand Frank Taitano from OIA HQ has also been in touch with you!

Keith

> ---- Original Message ----
> **From:** Japitana, Edgardo Q. (CMS/WC)
> **To:** Keith Aughenbaugh
> **Cc:** Romero, Deborah C. (CMS/WC) ; Arther, Rufus G. (CMS/CQISCO) ; Soria, Renie A. (CMS/WC)
> **Sent:** Thursday, March 25, 2010 1:50 AM
> **Subject:** RE: CHC Dialysis Clinic
>
> The last communication we had regarding the dialysis clinic was that a nephrologist was hired as medical director and assumed the position in early March. The clinic still does not have a registered dietitian and a social worker.
>
> As far as the new clinic, they are still looking at putting together an FDA-approved reverse osmosis (RO) machine and control panel. While the existing Zyzatech RO was FDA approved, its control panel however was not; and they can't get a separate approval for the control panel as both RO and control panel have to be certified as one unit. They are also in the process of changing the control flow valves and dead loops in the water distribution system. Where they are in all these, we have no current update.
>
> Hope this helps.
>
> Ed
> Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov
>
> ---
>
> **From:** Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
> **Sent:** Tuesday, March 23, 2010 5:25 PM
> **To:** Japitana, Edgardo Q. (CMS/WC)
> **Subject:** CHC Dialysis Clinic
>
> Greetings once again!
>
> Our Assistant Secretary for Insular Affairs (Tony Babauta) arrives this evening for the rest of the week.
>
> The situation at the Dialysis Clinic could come up so I wanted to see if anything has changed since our email contact back on March 11th and 12th?

Thanks and sorry for the short notice!

Keith Aughenbaugh

Keith Aughenbaugh

From: <elmspn(b) (6) >
To: <keith.aughenbaugh@pticom.com>
Sent: Thursday, March 25, 2010 11:23 AM
Subject: Re: Update on New Dialysis Clinic

Keith,

The update is basically this: We will be preparing a report on the patient issues, which will be forwarded to CMS in the next week. At that point, we will also ask if they can reevaluate us so that we can move to the new facility. In regards to the social worker and renal dietitian, we are negotiating with prospects from Guam to address the immediate social and renal needs.

Esther Muna
Department of Public Health
Saipan, MP 96950

-----Original Message-----
From: Keith Aughenbaugh <keith.aughenbaugh@pticom.com>
To: elmspn(b) (6)
Sent: Wed, Mar 24, 2010 10:47 am
Subject: Update on New Dialysis Clinic

Wanted to followup with you again since our email contacts back on March 10th. Any new developments to report? Did the social worker and or renal dietitian get hired?

The Assistant Secretary for Insular Affairs (Tony Babauta) is arriving this evening for his 2nd visit this year and I'm sure the status of the Dialysis Clinic will come up.

Most appreciate any updates you may be able to share with me!

Thanks much,

Keith Aughenbaugh

Keith Aughenbaugh

From: "Taitano, Francisco" <Francisco_Taitano@ios.doi.gov>
To: <keith.aughenbaugh@pticom.com>
Sent: Thursday, March 25, 2010 9:16 AM
Attach: Public Health Center Briefing March 2010 (2).docx
Subject: FW: Briefing - Public Health Center
Here it is

Francisco I. Taitano
Policy Division | Office of Insular Affairs | DOI
P| 202. 208.7722 F| 202.219.1989

From: Taitano, Francisco
Sent: Wednesday, March 24, 2010 3:42 PM
To: Feng, Jennifer
Subject: Briefing - Public Health Center

Hi Jenn,

Attached is the draft briefing paper for the Public Health Center. Please have Keith review it prior to making a for Tony. Many thanks.

Francisco I. Taitano
Policy Division | Office of Insular Affairs
US Department of the Interior
1849 C St NW | MS2428 | Washington, DC 20240
P| 202. 208.7722 F| 202.219.1989

THE COMMONWEALTH PUBLIC HEALTH CENTER - SAIPAN

ISSUE: Any progress made to the hemodialysis clinic in the new Commonwealth health center building since the AS-IN's visit in January 2010?

(b) (5)

(b) (5)

(b) (5)

Keith Aughenbaugh

From: "Taitano, Francisco" <Francisco_Taitano@ios.doi.gov>
To: <keith.aughenbaugh@pticom.com>
Sent: Thursday, March 25, 2010 9:06 AM
Subject: FW: ESRD Update

Olei,

Mr. Japitana sent this email as a result of my follow up his previous email that you cc'd us. I believe this should help clarify where everybody is at and move the project forward. Sulang until next time.

Francisco I. Taitano
Policy Division | Office of Insular Affairs | DOI
P| 202. 208.7722 F| 202.219.1989

From: Japitana, Edgardo Q. (CMS/WC) [mailto:Edgardo.Japitana@cms.hhs.gov]
Sent: Wednesday, March 24, 2010 2:14 PM
To: elmspn(b) (6)
Cc: Romero, Deborah C. (CMS/WC); Soria, Renie A. (CMS/WC); Arther, Rufus G. (CMS/CQISCO); Rydell, Mary E. (CMS/WC); Taitano, Francisco; Pete Untalan; Villagomez, Joseph Kevin (CDC (b) (6))
Subject: RE: ESRD Update

Hi Esther,

Has Dr. Osmon assumed the medical director position? Also, could you just give me an update regarding the vacant social worker (MSW) and registered dietitian position?

Equally important, I was wondering if you can give me an update about the new unit especially regarding the status of the reverse osmosis machine and control panel (FDA approval for both), the dead loops that needed to be removed, and the control valves in the water distribution system that did not meet specifications? Because the unit had been sitting for a while and might have had biofilm build-up, disinfection of the water system is also necessary. (When we were there in September 2009 and January 2010, Tony Mafnas has noted the issues that needed to be corrected.)

As we have conveyed to you in the past, we need to verify by an onsite visit that these issues have been corrected before the unit can be approved. We would also require several water analyses and culture reports for about 2 -3 weeks to demonstrate that the processed water met AAMI guidelines. Once all of these have been corrected, please send us a letter of your readiness as well as documentation of credible allegation of correction (e.g., FDA approval of the RO system; pictures of the replacement valves or dead loops removed; and results of water analyses and cultures). We need this letter to notify us that all work on the new unit has been completed so we can arrange an onsite visit.

We do appreciate all your efforts and hard work addressing the safety concerns regarding the water treatment system in the new unit. Let me know if you have any questions. BTW, I also want to clarify that the dialysis issues are separate from those of the hospital's following our survey at the hospital in January 2010. The brief visit at the dialysis unit was just to get an update about where you were regarding the plan of correction for the September 2009 survey, and the additional work to be done on the new site.

Thank you.

Ed

Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

From: elmspn@(b) (6) [mailto:elmspn(b) (6)]
Sent: Monday, March 01, 2010 2:18 PM
To: Japitana, Edgardo Q. (CMS/WC)
Cc: Soria, Renie A. (CMS/WC); Arther, Rufus G. (CMS/CQISCO); Romero, Deborah C. (CMS/WC)
Subject: Re: ESRD Update

Hi Ed,

Yes, Dr. Osmon intends to become the medical director after her 3 months initial contract. Drs. Osmon and Safa met with the POC team 02/25/10 and addressed pended ESRD issues.

> Can you tell me at this point if Dr. Osmon intends to become the medical director of the hemodialysis unit after her 3 months initial contract?

Thank you,

Esther

-----Original Message-----
From: Japitana, Edgardo Q. (CMS/WC) <Edgardo.Japitana@cms.hhs.gov>
To: elmspn(b) (6)
Cc: Soria, Renie A. (CMS/WC) <Renie.Soria@cms.hhs.gov>; Arther, Rufus G. (CMS/CQISCO) <Rufus.Arther@cms.hhs.gov>; Romero, Deborah C. (CMS/WC) <Deborah.Romero@cms.hhs.gov>
Sent: Tue, Mar 2, 2010 7:29 am
Subject: RE: ESRD Update

Hi Esther,

I appreciate the update. Can you tell me at this point if Dr. Osmon intends to become the medical director of the hemodialysis unit after her 3 months initial contract?

Thank you.

Ed

Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

From: elmspn(b) (6) [mailto:elmspn(b) (6)]
Sent: Tuesday, February 16, 2010 4:11 AM
To: Japitana, Edgardo Q. (CMS/WC)
Subject: ESRD Update

Hello Ed,

I hope this email finds you well.

I am writing to give you an update of one of our ESRD Correction Action Plans. Dr. Osmon is currently on board as our Nephrologist and Dr. Safa's (our Medical Director) contract is complete and was effective 2/8/10. Pete is currently off-island to attend a couple of meetings and I've been tasked by the Secretary to ensure continuity of our POCs. I will be sending you more updates in the next few days.

Thank you and Best Regards,

Esther L. Muna

Keith Aughenbaugh

From: "Japitana, Edgardo Q. (CMS/WC)" <Edgardo.Japitana@cms.hhs.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Cc: "Romero, Deborah C. (CMS/WC)" <Deborah.Romero@cms.hhs.gov>; "Soria, Renie A. (CMS/WC)" <Renie.Soria@cms.hhs.gov>; "Arther, Rufus G. (CMS/CQISCO)" <Rufus.Arther@cms.hhs.gov>; "Rydell, Mary E. (CMS/WC)" <Mary.Rydell@cms.hhs.gov>; "Chickering, Steven D. (CMS/CQISCO)" <steven.chickering@cms.hhs.gov>
Sent: Friday, March 12, 2010 9:23 AM
Subject: RE: New CHC Dialysis Clinic

Please note my comments below.

While CMS contracts with the Hawaii State Survey Agency for all of our survey and certification activities in the CNMI (as well as Guam and American Samoa), we have been sharing or helping out with the workload because of workload and resource considerations.

Ed
Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

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From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Wednesday, March 10, 2010 11:09 PM
To: Japitana, Edgardo Q. (CMS/WC)
Subject: Fw: New CHC Dialysis Clinic

If you would, please provide any comments you have to the statements made below in an email I rec'd from CHC the other day.

First of all, our Nephrologist has arrived and has voiced her intention to stay. She will become our Medical Director after her 3 mos locum contract ends (May 2010) and is replaced by a 2 year contract. There were also improvements with our quality reviews now that our current medical director, Dr. Safa, is more actively involved in our quality assurance meetings. Corrections have been made on both old and new facilities that address the tags given us. Our pending issue now is the hiring of the Social worker and renal dietitian. I am following up (almost everyday) with Guam renal to provide us the individuals who will work at our facility part-time to address patients' renal and social issues.
-In September, 2009, the Regional Office conducted a complaint investigation at the current ESRD facility. This investigation revealed the lack of nephrologist's involvement and supervision of the care of dialysis patients when the medical director (and only nephrologist) left CHC on May 4, 2009. There were other problems identified which resulted in a finding of immediate jeopardy (to patient health and safety) and several conditions of participation not being met. At that time, CHC also did not have a dietitian and a qualified social worker. We have not accepted the plan of correction submitted by CHC because we have no credible assurance that the problems identified during that September, 2009 survey have been addressed and won't recur. Following the survey in 2009, for example, CHC obtained a nephrologist who only stayed for 3 months leaving the facility (and patients) without one again after. This is also the reason why we have not conducted a follow-up survey. But we continue to monitor the facility which was why we were there in January, 2010; and also requested periodic updates from them. So far it looked like the nephrologist who had an initial contract of 3 months will stay and assume a the medical directorship position at the ESRD facility; which is a good development.

We also did a walk-through of the new unit in January, 2010 and noted that the problems precluding approval have not been completely addressed.

Also at this time, we are waiting on what is the next action of CMS. They did visit us in January, however,

reports from that survey have yet to be received. Nevertheless, since that survey, I've been giving them the above updates and will continue to update them. They say we shouldn't ask them what's next so we continue to do our thing and just wait for them to come back and reevaluate us.

-The January, 2010 visit to CHC by the Regional Office was to conduct a complaint investigation at the hospital. This was a separate issue from the ESRD facility (which was not part of the survey). The RO visit to the ESRD facility was to monitor any implementation of their plan of correction and assess what the current situation was with regards to patient care. There will not be a report following this visit at the dialysis unit.

We are hopeful and working hard for our certification.

-They need to continue working on correcting the issues at the new site. All of the problems have been conveyed to them in previous visits. In my previous email, some of the issues have been mentioned.

Keith Aughenbaugh

From: "Japitana, Edgardo Q. (CMS/WC)" <Edgardo.Japitana@cms.hhs.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Cc: "Arther, Rufus G. (CMS/CQISCO)" <Rufus.Arther@cms.hhs.gov>; "Soria, Renie A. (CMS/WC)" <Renie.Soria@cms.hhs.gov>; "Romero, Deborah C. (CMS/WC)" <Deborah.Romero@cms.hhs.gov>; "Chickering, Steven D. (CMS/CQISCO)" <steven.chickering@cms.hhs.gov>
Sent: Friday, March 12, 2010 7:25 AM
Subject: RE: New CHC Dialysis Clinic

According to information from the Hawaii State Agency (HSA), CHC informed HSA of its intent to relocate the dialysis facility to the new site in April, 2008. Accordingly, this request was followed up by a letter dated April 30, 2008. (I don't have a copy of this letter which was sent to HSA.) In July, 2008, HSA conducted a complaint investigation at the facility and also did a walkthrough of the new unit which lead to the identification of several problems (including the water treatment system) which precluded approval at the time.

There were no requests for approval made of late but we continue to get updates from CHC so we can gauge their readiness. As of January 2010, during our most current trip to CHC, the problems I've described in the earlier email have not been corrected.

Ed

Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

---

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Wednesday, March 10, 2010 10:59 PM
To: Japitana, Edgardo Q. (CMS/WC)
Subject: Re: New CHC Dialysis Clinic

When was the last request for certification submitted; could I get a copy?

Thanks,

Keith Aughenbaugh

> ----- Original Message -----
> **From:** Japitana, Edgardo Q. (CMS/WC)
> **To:** Keith Aughenbaugh
> **Cc:** Kraft, Faride A ; Francisco_Taitano@ios.doi.gov ; Arther, Rufus G. (CMS/CQISCO) ; Romero, Deborah C. (CMS/WC) ; Soria, Renie A. (CMS/WC) ; Rydell, Mary E. (CMS/WC) ; Chickering, Steven D. (CMS/CQISCO)
> **Sent:** Thursday, March 11, 2010 6:41 AM
> **Subject:** RE: New CHC Dialysis Clinic
>
> Dear Mr. Augenbaugh,
>
> We are currently working with CHC to get the new ESRD unit certified. As of late, there has not been any request from CHC for a revisit, nor has there been any assurance from them that the concerns identified by both the Hawaii State Survey Agency and the CMS Regional Office (in three onsite visits we've conducted beginning in April, 2009) had been addressed. These concerns are critical and involve safety issues especially regarding the water treatment system. During our most recent January 2010 onsite visit, for example, the new unit still has to get FDA certification for the reverse osmosis machine and its control panel. There also remains several dead loops in the system (including the bicarb mixing area) where stagnant water can pool and create a venue for bacterial growth. Several control valves in

the water distribution system were makeshift additions and their durability/reliability could not be assured. As far as we know, corrections are being alleged but again, we have no assurance if any work has been completed.

Hope this helps. Please let me know if you have any questions.

Ed
Ed Q Japitana | Nurse Consultant | Centers for Medicare and Medicaid Services | Division of Survey & Certification | 90 Seventh Street, Suite 5-300 (5W) | San Francisco, CA 94103 | ☎: 415-744-3703 | 🖷: 415-744-2692 | ✉: edgardo.japitana@cms.hhs.gov

---

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Tuesday, March 09, 2010 10:52 PM
To: Japitana, Edgardo Q. (CMS/WC)
Cc: Kraft, Faride A; Francisco_Taitano@ios.doi.gov
Subject: New CHC Dialysis Clinic

Greetings!

I am with the Office of Insular Affairs (OIA), US Department of Interior, stationed in Saipan.

I am following up for our HQ office on the status of a possible survey request from CNMI for CMS certification of their new Dialysis Clinic. Has one been submitted recently? If not, what is the current situation? The CNMI used OIA CIP funding in part to build the new Public Health Facility several years ago!

I received your email address as a point of contact from Pete Untalan at CHC.

Thank you very much,

Keith W Aughenbaugh
Federal CIP Coordinator
CNMI / Office of Insular Affairs Field Office
US Department of Interior

Keith Aughenbaugh

From: "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
To: "Tinitali, Marina T" <Marina_Tinitali@ios.doi.gov>; "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Cc: <jeff.schorr@pticom.com>
Sent: Saturday, February 20, 2010 2:46 AM
Subject: RE: Draft: OIA response to GAO Report Draft - OIA's Grant Oversight

I agree with Keith that the words are misleading. I did correct the GAO on this but the revision was not made. However, it's not a "big deal" considering the overall point they are trying to make which is that these projects are taking far longer than necessary (which is true). Even corrected to say 2001, it will have been 9 years and we still don't have a usable dialysis facility.

Thanks,

Faride

From: Tinitali, Marina T
Sent: Thursday, February 18, 2010 8:47 PM
To: Keith Aughenbaugh
Cc: Kraft, Faride A; jeff.schorr@pticom.com
Subject: RE: Draft: OIA response to GAO Report Draft - OIA's Grant Oversight

Hi Keith. Sorry, I thought I had you in on the email of the draft response. Thank you to Jeff for passing it on!

Faride provided info to GAO regarding the dialysis facility and did not indicate that her comments were not incorporated into the report.

Faride/Keith – do you think there should be a specific comment against GAO's statement?

GAO centered on the approval of the award and then the lengthy time it took between award and construction and that the facility was not in use as of Aug 2009. GAO has stated that OIA should be proactive and have criteria and processes in place to prevent the prolonged delay of a project, regardless if the required actions are to be completed by the Grantee...like maybe inactivity should void the approval...

Your thoughts will be helpful as OIA develops the criteria to be implemented for reprogramming of project funds and ideas for the kinds of authoritles the Solicitor's office may be able to identify or craft for legislation.

Thanks - marina

Marina T. Tinitali
Senior Policy Specialist
OS - Office of Insular Affairs
Department of the Interior
1849 "C" Street, NW, MS 2428
Washington, DC 20240

Email:marina_tinitali@ios.doi.gov
Phone: 202-208-5920
FAX: 202-219-1989

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Thursday, February 18, 2010 8:34 PM
To: Tinitali, Marina T
Cc: Kraft, Faride A
Subject: Fw: Draft: OIA response to GAO Report Draft - OIA's Grant Oversight
Importance: High

Greetings Marina!

Maybe its too late but I have a comment to make related to page 52, Appendix II, CHC Dialysis Facility!

The wording is somewhat misleading! One might infer that the project started in 1997. Although FY '97 funding was earmarked for the project, it was not available until the Seven (7) Year CIP Plan was completed in Dec. 1998. Then A/E design on the project did not start until FY 2001 with construction following in FY 2003.

Keith

----- Original Message -----
From: Jeff Schorr
To: keith.aughenbaugh@pticom.com
Sent: Friday, February 19, 2010 10:56 AM
Subject: Fw: Draft: OIA response to GAO Report Draft - OIA's Grant Oversight

Keith,

Did you get this?

Jeff

----- Original Message -----
From: Tinitali, Marina T
To: Bussanich, Tom T ; Leizear, Charlene A ; McDermott, Joseph H
Cc: Kraft, Faride A ; Brown, Mark ; Porter, Merriam ; Baltimore, Mary A ; faleafine-nomura@samoatelco.com ; doioia@blueskynet.as ; jeff.schorr@pticom.com
Sent: Friday, February 19, 2010 10:24 AM
Subject: Draft: OIA response to GAO Report Draft - OIA's Grant Oversight

The attached will be surnamed through OIA DC tomorrow – Friday, Feb 19, 2010. I will route through staff before on to Division Directors and then to Assistant Secretary Babauta.

Field Staff – please send in your comments ASAP.

Thanks all.

Marina T. Tinitali
Senior Policy Specialist
OS - Office of Insular Affairs
Department of the Interior
1849 "C" Street, NW, MS 2428
Washington, DC 20240

Keith Aughenbaugh

From: "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
To: <keith.aughenbaugh@pticom.com>
Sent: Tuesday, February 02, 2010 7:22 AM
Subject: RE: Initial Funding Year for CHC Dialysis Project
Thanks!

Faride

-----Original Message-----
From: keith.aughenbaugh@pticom.com [mailto:keith.aughenbaugh@pticom.com]
Sent: Monday, February 01, 2010 3:02 PM
To: Kraft, Faride A
Subject: RE: Initial Funding Year for CHC Dialysis Project

Will followup up at the office!

> Hi Keesha,
> My records show 1997 as the first year of funding actually. Keith - can
> you provide some feedback on this?
> Thanks,
> Faride
>
> From: Keesha Egebrecht [mailto:EgebrechtK@gao.gov]
> Sent: Monday, February 01, 2010 9:17 AM
> To: Kraft, Faride A
> Subject: Initial Funding Year for CHC Dialysis Project
>
> Hi Faride,
>
> I have another quick question regarding which year the CHC dialysis
> project was funded. We made note during our file review that it was funded
> in 1993, but also saw in an IG report that siad it was funded in 1996. Can
> you please clarify which year it was initially funded?
>
> Thanks so much,
> Keesha
>
>
>

Keith Aughenbaugh

From: <elmspn(b) (6) >
To: <keith.aughenbaugh@pticom.com>
Sent: Monday, January 25, 2010 3:39 PM
Subject: Re: CHC-CMS letter

That's correct.

Esther

-----Original Message-----
From: Keith Aughenbaugh <keith.aughenbaugh@pticom.com>
To: elmspr(b) (6)
Sent: Mon, Jan 25, 2010 10:03 am
Subject: Fw: CHC-CMS letter

Thanks for the addit'l info on the doctor's contracts!

Please read over a summary I prepared of the info you provided last week. Does it look fairly accurate?

Will the 9/14/09 Notification for Survey and Certification (of the new facility)

have to be requested again once the oxisiting (old) facility is certified?

Keith

Per addit'l info obtained this afternoon, CHC requested a End Stage Renal Disease (ESRD) Notification for Survey and Certification back on September 15, 2009. A CMS team then conducted a review from September 21 to 24, 2009, but it was a "complaint investigation" and "recertification" survey of the old dialysis clinic. I learned that the existing clinic had to be "recertified" before the new clinic is considered for certification.

On November 13, 2009, CMS issued a notice that CHC not longer met the requirements for participation as an end stage renal disease (ESRD) facility (old dialysis clinic) in the Medicare program.

On December 11, 2009, CHC mailed its response to the CMS Statement of Deficiencies. However, CMS responded on December 23, 2009 that CHC's Plan of Correction (POC) is insufficient and unacceptable.

A CMS survey team has just finished another survey this week (apparently they were on island during your visit last week), following up the September survey and CHC's unacceptable POC submission last month.

No final word as yet on recertification of the old dialysis clinic. If and when recertification is granted, CMS will then give CHC a notice to begin relocating to the new dialysis clinic. Once fully operational, CMS will then do another survey to determine if the new clinic can be certified.

It is a long process!

Keith

> So they lied to us!
>
> Tony Babauta

> Assistant Secretary of the Interior for Insular Areas
> 202.208.4709
>
> ----- Original Message -----
> From: Jeff Schorr <jeff.schorr@pticom.com>
> To: Babauta, Tony; Taitano, Francisco
> Cc: Pula, Nikolao; keith.aughonbaugh@pticom.com
> <keith.aughenbaugh@pticom.com>
> Sent: Thu Jan 21 03:51:44 2010
> Subject: Re: CHC-CMS letter
>
> Tony,
>
> Before contacting CHC, spoke with Keith, whom I knew was
> also trying to get information on their status. He had preliminary
> information that "there is no current letter" and confirmed that
> with a follow-up inquiry this afternoon. It seems the process is
> a bit complicated. Keith may have more information on this
> tomorrow.
>
> Jeff
>
>
> ----- Original Message -----
> From: "Babauta, Tony" <Tony_Babauta@ios.doi.gov>
> To: <jeff.schorr@pticom.com>; "Taitano, Francisco"
> <Francisco_Taitano@ios.doi.gov>
> Cc: "Pula, Nikolao" <Nikolao_Pula@ios.doi.gov>
> Sent: Thursday, January 21, 2010 10:28 AM
> Subject: CHC-CMS letter
>
>
> Jeff - can you follow up with CHC, ask them for the letter they sent to
> CMS
> requesting a reinspection of their dialysis center so it can be certified
> and operational. They mentioned they sent the letter and I'd like to
> follow-up on this end to try and get a cms team out there as soon as
> possible. Thanks.
>
>
> Tony Babauta
> Assistant Secretary of the Interior for Insular Areas
> 202.208.4709
>
>
>

Keith Aughenbaugh

From: "Kraft, Faride A" <Faride_Komisar@ios.doi.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Cc: "Taitano, Francisco" <Francisco_Taitano@ios.doi.gov>; "kwaspn" <kwaspn@(b) (6)
Sent: Wednesday, January 06, 2010 7:35 AM
Attach: Public Health Center Briefing - January 2010.doc
Subject: Public Health Center Briefing

Keith:

Nik and Tony need a Public Health Center briefing ASAP for their trip. Please take a look at the attached, correct any errors, and add some sentences about the current status of the dialysis center. Per your November 2009 email, the machines had arrived, technicians were calibrating them, and staff was about to receive training. What's the current status?

Thanks!

Faride

THE COMMONWEALTH PUBLIC HEALTH CENTER

ISSUE: Why is the dialysis facility in the new Commonwealth Health Center building not being used by the CNMI despite substantial negative publicity?

(b) (5)

(b) (5)

Keith Aughenbaugh

From: "Joseph Kevin Villagomez" <jkvsaipan(b) (6)
To: <keith.aughenbaugh@pticom.com>
Sent: Wednesday, December 02, 2009 4:50 PM
Subject: Re: Status of Dialysis Clinic
Hafa Adai Ketih:

I apologize in the delay responding to your inquiry. We have been working closely with the Medicare hemodialysis certification section at the Region IX office of Center for Medicare/Medicaid. We have pretty much addressed the concerns brought up in the last visit over the summer and we are needing to send in the Certificate of Occupancy to their office before they schedule the inspection visit to our new dialysis center. We are expecting this to happen within the next few weeks. All the new machines are here and are being used at the old site to ensure that we keep them running and training on the new equipment is completed with the staff. Once we get a inspection date set, I'll let your office know. Again, I apologize for the delay in responding to your inquiry.

Kevin.

Joseph Kevin Villagomez
Secretary of Health
Department of Public Health
Commonwealth of the Northern Mariana Islands
Tel: (670) 236-8770
Fax: (670) 236-8756

-----Original Message-----
From: Keith Aughenbaugh <keith.aughenbaugh@pticom.com>
To: jkvsaipan(b) (6)
Sent: Wed, Dec 2, 2009 10:43 am
Subject: Fw: Status of Dialysis Clinic

Nik called this morning asking for another update on the Dialysis Clinic since our converstion relating to my email (below) back on November 10th. He's having a meeting in DC on the CNMI health care issue Friday.

Please get back to me today if possible.

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: jkvsaipan(b) (6)
Sent: Tuesday, November 10, 2009 12:38 PM
Subject: Status of Dialysis Clinic

Nik Pula was asking overnight the status of the Dialysis Clinic, in relation to an inquiry he rec'd from a reporter. Is the info in today's Tribune (a different reporter) fairly accurate? He would like me to get back to him this evening.

Thanks much,

Keith

Keith Aughenbaugh

From: <Faride_Komisar@ios.doi.gov>
To: "Stan Good IV" <staniv@pticom.com>
Cc: <keith.aughenbaugh@pticom.com>
Sent: Thursday, August 27, 2009 10:27 PM
Subject: Re: CHC meeting

What a nice email to open up first thing in the morning, I'm delighted that some folks out there don't throw darts at our images. I've been pretty aggressive in trying to get things moving these past two years and figured I wasn't on most people's "top 10" list.

Thanks for the 4-11,

Faride

From: "Stan Good IV" <staniv@pticom.com>
To: <Faride_Komisar@ios.doi.gov>, <keith.aughenbaugh@pticom.com>
Date: 08/27/2009 05:25 AM
Subject: CHC meeting

Today we all met at CHC in the new conference room that finally has a huge $25,000 conference table. Same questions, did OIA support you during this project? Did Keith ever get involved? Before Faride, did OIA staff in DC offer any help? To a person, everyone present said that keith came to many construction progress meetings, that OIA did everything within their perview to be aware of the project and stay abreast of the situation. Jim defended OIA and said you guys don't dictate local construction policy or selection and have your hands tied once the money is obligated locally. I told them that while there is no doubt the project was both difficult and controversial, the end result is a modern health care facility that was constructed at a cost below comparable US hospital costs/square foot, and the new facility meets US health care standards. There are five fully functioning clinics that are serving the Commonwealth.

Pete Untalan, the Acting DPH head, said that the dialysis area should be ready to open in October now. I didn't understand the new delays. My pet peeve is that the medical records room is still empty and they have no plans to make the move there. To their credit the place is spotless. John Flores said they have several private contracts for maintenance and it shows.

At the end of the meeting GAO asked what can be done to help the CHC and they all said provide money for maintenance and help get funding to renovate the old portion of CHC.

You two kids have quite a wide based fan club out here. Tomorrow I "Have" to go to Tinian. Vicky changed the schedule so I do the site inspection in the morning. The life of a peon is never easy.

stan

I am using the Free version of SPAMfighter.

Keith Aughenbaugh

From: <Faride_Komisar@ios.doi.gov>
To: <keith.aughenbaugh@pticom.com>
Sent: Thursday, June 25, 2009 6:28 AM
Subject: Re: Fw: Fw: PHB RO System

Bah, the IG is NEVER satisfied....!

From:	keith.aughenbaugh@pticom.com
To:	Faride_Komisar@ios.doi.gov
Date:	06/24/2009 04:26 PM
Subject:	Re: Fw: Fw: PHB RO System

Yes it was just recently discovered by the current contractor fixing the 90 degree turns, etc. who did some background check on his own apparently.

The IG, though, may not be satisfied with CHC's solution! There may be more than meets the eye when all of this is done and over?

I'll get you our 50% costs for the RO system.

---- Original Message ----
From: Faride_Komisar@ios.doi.gov
To: keith.aughenbaugh@pticom.com
Subject: Re: Fw: Fw: PHB RO System
Date: Wed, 24 Jun 2009 16:13:14 -0400

>It's an interesting email string. So the deception was just recently
>
>discovered by DPH's new contractor correct? It sounds like they've
>come
>up with a satisfactory solution though I'm a little bit confused as
>to why
>they can't just "fix" the Severn Trent RO unit and make it
>acceptable...any idea? I'm also curious as to the source of the
>deception. Who actually did this? Did this Jesse Wu character act
>alone?
> If the CNMI is not at fault and they can find a no cost solution to
>the
>situation I'm in favor of NOT pursuing disallowed costs.
>
>Can you find out how much of OIA's funding went to the RO unit?
>
>Faride
>
>
>
>

>From:
>"Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
>To:
><Faride_Komisar@ios.doi.gov>
>Date:
>06/23/2009 08:37 PM
>Subject:
>Fw: Fw: PHB RO System
>
>
>
>Any thoughts on the info I faxed to you yesterday?
>
>----- Original Message -----
>From: Keith Aughenbaugh
>To: faride komisar
>Sent: Tuesday, June 23, 2009 5:09 PM
>Subject: Re: Fw: PHB RO System
>
>Just faxed you the info overnight!
>
>Keith
>----- Original Message -----
>From: faride komisar
>To: keith.aughenbaugh@pticom.com
>Sent: Friday, June 19, 2009 6:01 AM
>Subject: Re: Fw: PHB RO System
>
>My computer says the attachment has a virus so I'm not going to open
>it.
>
>--- On Thu, 6/18/09, keith.aughenbaugh@pticom.com <
>keith.aughenbaugh@pticom.com> wrote:
>
>From: keith.aughenbaugh@pticom.com <keith.aughenbaugh@pticom.com>
>Subject: Fw: PHB RO System
>To: Faride_Komisar@ios.doi.gov, fkomisar@yahoo.com
>Cc: keith.aughenbaugh@pticom.com
>Date: Thursday, June 18, 2009, 10:54 AM
>
>FYI. Wanted you to see before "our" long weekend! They seem to be
>missing the point that a certified RO system needs to be provided as
>called for by the contract and specs.
>
>This would not got thru to your DOI email my first attempt so I'm
>including yahoo as a back this time. Also will send Stan's comments
>which I solicited.
>
>I'll give you the option to share with the IG!
>
>Keith
>
>------ Original Message ----
>From: keith.aughenbaugh@pticom.com
>To: keith.aughenbaugh@pticom.com
>Subject: Fw: PHB RO System
>Date: Thu, 18 Jun 2009 15:24:39 +1000
>
>
>----- Original Message -----

>From: Pete Untalan
>To: 'Keith Aughenbaugh'
>Sent: Thursday, June 18, 2009 9:08 AM
>Subject: RE: PHB RO System
>
>
>Hi Keith,
>
>First of all, I want to assure DOI OIA that we are still holding on
>to the relocation of our Dialysis service from the old unit to the
>new facility. The month of May and June is to address the piping
>issues, July would be for water testing to see if it meets AAMI
>standards for ESRD facility and if it does, then we will proceed to
>move our patients to the new ESRD unit. We anticipate no problems
>with the RO system that we would be using as we had been utilizing it
>for our existing ESRD service.
>
>
>
>That said, I am forwarding to you a series of email regarding the
>SEVERN TRENT RO machine that was installed during the construction of
>the facility. The email is from our contractor (PBSI) whom we have
>contracted to address the issues regarding the deficiencies cited by
>the Medicare reviewers in August 2008.
>
>
>
>Pete
>
>
>
>Pedro T. Untalan, MHA
>
>Deputy Secretary for Hospital Administration/Hospital Administrator
>
>Director, Public Health and Hospital Emergency Preparedness Programs
>
>CNMI Department of Public Health
>
>Saipan, MP 96950
>
>(670)236-8761 (W); (670)236-8769 (F)
>
>
>
>From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
>Sent: Tuesday, June 09, 2009 3:53 PM
>To: puntalan1(b) (6)
>Subject: Fw: PHB RO System
>
>
>
>Got your email address slightly wrong below!
>
>
>
>----- Original Message -----
>
>From: Keith Aughenbaugh
>

>To: puntalan(b) (6)
>
>Cc: Eloyinos(b) (6) ; vvvillagomez(b) (6) ;
>Faride_Komisar@ios.doi.gov
>
>Sent: Tuesday, June 09, 2009 3:41 PM
>
>Subject: PHB RO System
>
>
>
>Pete,
>
>
>
>OIA would appreciate an update on the RO situation at the new Public
>Health Building. Saturday's Tribune headlines along with followup
>articles in Monday and Tuesday's local papers are of concern to HQ.
>
>
>
>Please provide a summary of the issue as best you currently
>understand it. 702 CIP funds were provided for the RO system as an
>integral part of the new Public Health Building / Dialysis CIP
>project.
>
>
>
>A more formal request may be forthcoming.
>
>
>
>Thank you,
>
>
>
>Keith W. Aughenbaugh
>
>
>

Keith Aughenbaugh

From: "Stan Good IV" <staniv@pticom.com>
To: "'Keith Aughenbaugh'" <keith.aughenbaugh@pticom.com>
Sent: Thursday, June 18, 2009 5:29 PM
Subject: RE: PHB RO System

Keith:

(b) (5)

Stan

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Thursday, June 18, 2009 2:30 PM
To: Stan Good
Subject: Fw: PHB RO System

FYI only! Have not had time to digest; can you take a quick look and let me know your thoughts.

Thanks, Keith

----- Original Message -----
From: Pete Untalan
To: 'Keith Aughenbaugh'
Sent: Thursday, June 18, 2009 9:08 AM
Subject: RE: PHB RO System

Hi Keith,
First of all, I want to assure DOI OIA that we are still holding on to the relocation of our Dialysis service from the old unit to the new facility. The month of May and June is to address the piping issues, July would be for water testing to see if it meets AAMI standards for ESRD facility and if it does, then we will proceed to move our patients to the new ESRD unit. We anticipate no problems with the RO system that we would be using as we had been utilizing it for our existing

ESRD service.

That said, I am forwarding to you a series of email regarding the SEVERN TRENT RO machine that was installed during the construction of the facility. The email is from our contractor (PBSI) whom we have contracted to address the issues regarding the deficiencies cited by the Medicare reviewers in August 2008.

Pete

Pedro T. Untalan, MHA
Deputy Secretary for Hospital Administration/Hospital Administrator
Director, Public Health and Hospital Emergency Preparedness Programs
CNMI Department of Public Health
Saipan, MP 96950
(670)236-8761 (W); (670)236-8769 (F)

From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Tuesday, June 09, 2009 3:53 PM
To: puntalan1@(b) (6)
Subject: Fw: PHB RO System

Got your email address slightly wrong below!

----- Original Message -----
From: Keith Aughenbaugh
To: puntalan(b) (6)
Cc: Eloyinos(b) (6) vvvillagomez@(b) (6) ; Faride_Komisar@ios.doi.gov
Sent: Tuesday, June 09, 2009 3:41 PM
Subject: PHB RO System

Pete,

OIA would appreciate an update on the RO situation at the new Public Health Building. Saturday's Tribune headlines along with followup articles in Monday and Tuesday's local papers are of concern to HQ.

Please provide a summary of the issue as best you currently understand it. 702 CIP funds were provided for the RO system as an integral part of the new Public Health Building / Dialysis CIP project.

A more formal request may be forthcoming.

Thank you,

Keith W. Aughenbaugh

I am using the Free version of SPAMfighter.
We are a community of 6 million users fighting spam.
SPAMfighter has removed 4987 of my spam emails to date.
The Professional version does not have this message.

Keith Aughenbaugh

From: <Faride_Komisar@ios.doi.gov>
To: <keith.aughenbaugh@pticom.com>
Sent: Tuesday, June 16, 2009 6:15 AM
Subject: Re: Reverse Osmosis System for CNMI Dialysis Unit

Probably but I can't remember. There are so many audits it's hard to keep them straight! I had to pull the Public Health Center files away from the GAO so that Patty could copy them. OIA is a popular place.

Faride

From:	keith.aughenbaugh@pticom.com
To:	Faride_Komisar@ios.doi.gov
Date:	06/15/2009 04:14 PM
Subject:	Re: Reverse Osmosis System for CNMI Dialysis Unit

Good old Patty once again!

And good morning to you. Wasn't the IG interested in another project awhile back besides Public Health, ILS and the EA work for Kalabera and/or Lake Susupe? Or am I imaging things!

Keith

---- Original Message ----
From: Faride_Komisar@ios.doi.gov
To: Dean_Tsukada@doioig.gov
Subject: Re: Reverse Osmosis System for CNMI Dialysis Unit
Date: Mon, 15 Jun 2009 10:49:22 -0400

>No problem Dean. It sounds like Patty is coming to the rescue.
>She's
>planning on coming into my office to copy the files today.
>
>I hope all is well,
>
>Faride
>
>
>
>
>From:
>Dean_Tsukada@doioig.gov
>To:
>"Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
>Cc:
>Faride_Komisar@ios.doi.gov
>Date:
>06/12/2009 10:08 AM
>Subject:

>Re: Reverse Osmosis System for CNMI Dialysis Unit
>
>
>
>
>Sorry Faride. I spoke with our audits office and they said that
>although
>I would be able to get their audit/review reports and workpapers, I
>probably would not be able to get much of the source documentation.
>I
>believe that copies of the source documents are destroyed after their
>work
>is completed. I will need to trouble you to produce the documents
>for me.
> Sorry.
>Thank you very much Faride.
>Dean
>
>
>
>"Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
>06/11/2009 01:42 PM
>
>
>To
><Dean_Tsukada@doioig.gov>, <Faride_Komisar@ios.doi.gov>
>cc
>
>Subject
>Re: Reverse Osmosis System for CNMI Dialysis Unit
>
>
>
>
>
>
>
>
>
>Would have been the lead IG auditor from Region IX who did the
>project
>review several years ago. I don't recall what her name was?
>----- Original Message -----
>From: Faride_Komisar@ios.doi.gov
>To: Dean_Tsukada@doioig.gov
>Cc: Keith Aughenbaugh
>Sent: Thursday, June 11, 2009 4:35 AM
>Subject: Re: Reverse Osmosis System for CNMI Dialysis Unit
>
>
>Hi Dean,
>
>Yes, I believe OIA funds were used to pay for the RO system. I
>believe
>copies of this file were already made for the OIG several years
>ago...that
>might be a place to start if you can get your hands on those.
>Unfortunately I don't recall who requested it. Do you Keith?
>
>It's a very big project with multiple files so it'll take me through
>next

>week to gather the information for you. What mailing address should
>I
>send them to?
>
>Thanks,
>
>Faride
>
>
>From:
>Dean Tsukada/DEN/OIG/DOI@OIG
>To:
>Faride Komisar/PIA/OS/DOI@DOI
>Date:
>06/08/2009 03:48 PM
>Subject:
>Reverse Osmosis System for CNMI Dialysis Unit
>
>
>
>
>Hi Faride,
>Sorry, here we go again. I received information that someone
>employed by
>the supplier of the Reverse Osmosis Water System for the CNMI
>Dialysis
>Unit had forged FDA Certification of the system. Can you please
>advise if
>that system was funded with DOI dollars? If it was, can you please
>forward to me all the usual OIA documents concerning the project -
>grant
>and draw down records and correspondences, etc.
>Thanks, Dean
>
>

Keith Aughenbaugh

From: "Stan K. Benavente" <ekb@pacbiomed.com>
To: "Pete Untalan" <health1@pticom.com>
Cc: "John Flores"(b) (6)
Sent: Friday, June 05, 2009 3:36 PM
Attach: Stan K. Benavente.vcf; Severn Trent 510K Cert.JPG
Subject: Status of Severn Trent R.O. Unit

Good afternoon Pete, you may have heard from John regarding the bad news from Severn Trent. Below I have attached e-mails with our discussions regarding 510K certification for their unit, and the letter which was submitted to Casey Conner a few years ago when he was inquiring about the certification of the unit which was installed by Saipan Water & Ice Co.

As you can see from the messages, the sales person which was involved with the project is no longer with the company and Universal Aqua Technologies is denying any knowledge of this letter.

Being that we cannot use this unit as the ***primary*** system for producing hemodialysis water we recommend the following:

1) PBSI will complete installation of the unit and place unit into storage condition. CHC can justify to the Medicare inspectors that this system will be used only as an emergency back-up to the Zyzatech system which we will run as the ***primary*** unit for production of hemodialysis water.

   At the present time, when the hemodialysis R.O is down the emergency back-up for water is Saipan Water & Ice. This involves Saipan Ice to load R.O water which was produced from a non 510K certified unit, to be loaded into a tanker and transported to CHC. At CHC the water needs to be pumped into the distribution tank for use in the facility. The process has many risk factors for contamination as opposed to having a machine in the facility which is capable of producing AAMI standard water and is able to load directly into the distribution tank.

   I believe that this option would be better accepted by Medicare inspectors than the back-up system which is currently in place.

2) In addition to being an emergency back-up to the Zyzatech unit, we now also have a back-up unit to the pretreatment R.O. which is located at the Maintenance Department. Should the system at Maintenance go down, the Severn Trent system can serve as the pretreatment unit for the Zyzatech system. Due to the fact that brackish water is the main supply to the hospital, a single pass system will not be sufficient to treat the water and produce AAMI standard dialysis water. A double pass system must be utilized, the first pass at the present is performed by the main hospital system.
3) In the future when Hemodialysis has relocated into the new facility, the existing Zyzatech system which is in use at the old facility can be relocated to run in tandem with the unit which is located at the new facility.

With the options set forth above we can provide better back-up systems than what is currently in place and there will be no need for additional funds to replace the Severn Trent unit.

We have started on the project and would need to know the decision of management before we can finalize the modification to the systems. Please let us know at the earliest as to how we will proceed with the project.

I would also appreciate it if we can get assistance in acquiring the 25% deposit which is required to start the project. The invoices have been submitted to Accounting for processing.

Please let me know if you should have any questions or would like to meet regarding this matter.

Stan B.
Pacific Biomedical Services, Inc.
Tel. 1(670)288-0566
Fax. 1(670)234-2618
Website: www.pacbiomed.com

From: Stan Benavente
Sent: Wednesday, June 03, 2009 3:13 PM
To: Nesicolaci, Dennis Diwan
Cc: Romero, Ignacio
Subject: Re: FW: Manual for 12k; ser. 8871/J4763; UR-742; Saipan water and Ice

Dennis, Ignacio,
Thank you both for the information.

PS- can you send me cut sheets and pricing information on acid, base, and descaler for membrane cleaning? Also MSDS with it, thanks again.

On Wed, Jun 3, 2009 at 1:38 PM, Nesicolaci, Dennis Diwan <DNesicolaci@severntrentservices.com> wrote:

Stan
Jesse Wu is no longer an employee of STS. The letter looks fake to us, the signature looks pasted, the set up is not standard for our company. Also the letter is confusing in text, it does not say clearly, one way or another.
Regards
D. D. Nesicolaci
Severn Trent Water Purification Inc. - (MF)
Torrance, Ca. USA
Office Tel: +1(310)618.9700 - Fax: +1(310)618.9209
Mobile: +(b) (6)

From: Stan Benavente
To: Romero, Ignacio
Cc: Nesicolaci, Dennis Diwan
Sent: Tue Jun 02 22:29:25 2009
Subject: Re: FW: Manual for 12k; ser. 8871/J4763; UR-742; Saipan water and Ice
Ignacio,
Thank you for your quick reply and clarification. One more question - Do you or anyone there know "Jesse Wu"? -The person who appears to have signed the document on behalf of *Severn Trent* and "*Pacific Rim - STS/Universal Aqua*"? Did he/she work for the company or represent them in any way in the past?
Thanks,
Stan

On Wed, Jun 3, 2009 at 12:01 PM, Romero, Ignacio <iromero@severntrentservices.com> wrote:

Stan:

Thanks for your email.

RC product water from our systems in general meets AAMI standards which is what FDA requires and is an FDA requirement, however, as I believe we have mentioned before, the equipment is not listed.

As far as the letter your sent me a copy of, it is the first time we see it. I am not sure who generated it, but it looks not original as it is also not our format..

Thanks

Ignacio Romero

Customer Service Manager.

ph: 310-618-9700, ext-224

cell: (b) (6)

email: iromero@severntrentservices.com

From: Stan Benavente
Sent: Tuesday, June 02, 2009 6:48 PM
To: Romero, Ignacio
Cc: Nesicolaci, Dennis Diwan; Nesicolaci, Karim Alberto

Subject: Re: Manual for 12k; ser. 8871/J4763; UR-742; Saipan water and Ice

Ignacio,

Thank you for the data on the membranes and filters. We are just starting to work on the unit to get it ready for hemodialysis patients, finally. I appreciate the information.

I also have another question. I have a document from your company concerning FDA-510K product registration for a medical device and would like just a little more information. Can you give me the product registration number with Food and Drug Administration for my documentation for the client?

Thanks, attached is a copy of the letter received from your company for your reference.

Regards,

Stan

On Sat, Feb 28, 2009 at 10:18 AM, Romero, Ignacio <iromero@sevenstrentservices.com> wrote:

Dear Stan. <<TP 12K.doc>> <<J4763-M-001.pdf>> <<XLE-4040.pdf>>

Here is the information you requested:

- U103311, TW membrane, XLE, 4040 $ 340.00 10 pcs.

U110543 FILTER, PLEATED, BIG BLUE, 20 INCH, 5 MI, $ 25.00 each

U110544 FILTER, PLEATED, BIG BLUE, 20 INCH, 20 M, $ 25.00 each

Ignacio Romero
Customer Service Manager,
ph: 310-618-9700 ext-224
cell: (b) (6)
email: iromero@sevenstrentservices.com

Date: July 29, 2002

Universal Aqua Technologies
2660 Columbia Street
Torrance, California 90503

Tel: +1 (310) 618-9700
Fax: +1 (310) 618-1204
www.seventreatservices.com
E-mail:
jwu@seventreatservices.com

To whom may concern:

This is to certify that Reverse Osmosis System supply by STS/Universal Aqua Is complete and match require as below:

1. Certification covering STS/UAT system and products to comply with FDA 510 (k) requirement.
2. Certification that system shall produce purified water meeting the guideline standard of AAMI.

Any questions for above, please contact undersigned at 310-618-9700.

Best Regards,

Jesse Wu
Pacific Rim
STS/Universal Aqua

Keith Aughenbaugh

From: <Faride_Komisar@ios.doi.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Sent: Thursday, June 11, 2009 2:26 AM
Subject: Re: Fw: RO System

So we're 100% DOI funds were used for this? Please verify as the OIG is asking. Again.

Faride

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: <Faride_Komisar@ios.doi.gov>
Date: 06/09/2009 01:30 AM
Subject: Fw: RO System

Per Stan earlier today!

----- Original Message -----
From: "Stan Good IV" <staniv@pticom.com>
To: "'Keith Aughenbaugh'" <keith.aughenbaugh@pticom.com>
Sent: Tuesday, June 09, 2009 11:50 AM
Subject: RE: RO System

Keith:
Costs from AIC:
1. First pass R.O. 25,000 gals (C.O. #6) = $272,500.00
2. Second pass R.O.12,000 gals (Hemodialysis) = $75,000.00
3. Additional resistivity monitor for 12K RO = $1,500.00
Total contract of Saipan Ice = $349,000.00

AIC is asking Rex Kosack to talk to CHC and find out who exactly said what and who was involved and what Severn Trent is doing. They don't like seeing their name in the paper and the talk about lawsuits. As you recall an audit was done by IG and OPA was involved to an extent. I think a lot of the newspaper stuff is political posturing, but it makes those involved very uncomfortable.

Stan
-----Original Message-----
From: Keith Aughenbaugh [mailto:keith.aughenbaugh@pticom.com]
Sent: Tuesday, June 09, 2009 10:17 AM
To: Stan Good IV
Subject: Re: RO System

Please find out if you can; most appreciated; HQ wants to know!

Forget exactly what Stan said; he was doing followup on the documentation, etc. It was a sub of Severn Trent who provided certification and the guy who signed off no longer works for the sub of course!

Keith Aughenbaugh

From: <Faride_Komisar@ios.doi.gov>
To: <Tom_Bussanich@ios.doi.gov>
Cc: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Sent: Monday, June 08, 2009 10:37 PM
Subject: CNMI Public Health Center in the News

Hi Tom,

I hope your trip to HI went well. I just wanted you to be aware of some developments related to the Public Health Center in Saipan that's making headlines. The dialysis facility is STILL not being used and now there are claims of fraud related to the Reverse Osmosis unit that was installed. Keith's keeping an eye on the situation but we wanted you to know about it in case it comes up.

Faride

Monday, June 08, 2009

AFTER DISCOVERY OF FORGED FDA CERTIFICATION

Legislature to conduct formal inquiry on $22M dialysis center

By Haidee V. Eugenio
Reporter

House Speaker Arnold I. Palacios (R-Saipan) yesterday said a formal legislative inquiry will be conducted on the new dialysis center which ballooned to a $22-million project from the original price of $5 million, especially in light of a recent discovery that the Food and Drug Administration certification for the new facility's reverse osmosis water system was forged.

"We want to get to the bottom of this. It's unacceptable that we spent $22 million on this project which started only as $5 million and three years after it's completed, it still can't be used for its original purpose, which is for a dialysis clinic," Palacios told Saipan Tribune.

Since the project construction started, DPH had been asking for additional funding due to design changes, among other things.

"Now somebody dropped the bomb that the FDA certification for the water system was forged," Palacios added.

On Friday, at a budget hearing on the Department of Public Health's proposed Fiscal Year 2010 appropriation, acting Health Secretary Pete Untalan told the House Ways and Means Committee that the FDA certification for the new facility's reverse osmosis water system was "forged" by an individual previously connected with the U.S.-based Severn Trent.

Severn Trent supplied the reverse osmosis water system unit to Saipan Ice, which was one of the subcontractors of AIC Marianas, the main contractor for the construction of

the new dialysis building in Garapan.

Saipan Ice sales supervisor Lito Dizon and AIC Marianas project engineer Ding Lacap separately told Saipan Tribune earlier that they're not aware of the forgery and that nobody had told them about the issues that just came about.

Rep. Ray N. Yumul (R-Saipan) said he will ask for a formal legislative inquiry on the new dialysis center, whose long delayed opening has been reset for August 2009.

Yumul, chair of the House Ways and Means Committee, said he will discuss today with Palacios how to best approach the issue involving the dialysis center.

"A formal inquiry is for sure," Yumul told Saipan Tribune yesterday.

On Friday, he said "the bottom line is that taxpayers' money is involved; it needs to be accounted for."

Rep. David Apatang, a member of the House Ways and Means Committee, as well as the House Health, Education and Welfare Committee, yesterday said he leaves it up to Yumul on how to proceed with the issue at this time.

Apatang (Ind-Saipan) and Rep. Ralph DLG. Torres (R-Saipan), chair of the House HEW Committee, told Untalan and other DPH officials on Friday that they will wait for their official response on the committee's questions to a list of inquiries involving the operation and services of the department. The committee gave DPH until June 18 to respond.

Yumul said he may also ask the Judiciary and Governmental Operations Committee chaired by Rep. Rosemond Santos (R-Saipan) to conduct an oversight hearing on the project.

During Friday's budget hearing, Yumul asked DPH whether it needs additional funding for the new dialysis center, at which point Untalan shared the recent discovery of the FDA certification of the center's water system.

DPH said CHC has only 14 dialysis stations for about 100 dialysis patients, while the new facility-once operational-can accommodate up to 24 stations.

"The whole idea is to move all the dialysis stations to the new building," Untalan said.

Keith Aughenbaugh

From: "Stan Good IV" <staniv@pticom.com>
To: "'Keith Aughenbaugh'" <keith.aughenbaugh@pticom.com>
Sent: Monday, June 08, 2009 4:00 PM
Subject: FW: Forged Documents?????????????

Keith:
More on the CHC debacle with the RO unit. In today's paper CHC is asking for another $11 million. You know, IF they would ever straighten out their billings and start using the new medical records room and get some organization, just maybe they could collect more than 47% of their bills. That is bordering on criminal.
Stan

From: Stan Good IV [mailto:staniv@pticom.com]
Sent: Monday, June 08, 2009 3:56 PM
To: 'Brian J. Smith'
Subject: RE: Forged Documents?????????????

Brian:
Hmmm, since you did an Internet search and found out about the RO units, I'm wondering why either or both Saipan Ice or Casey could not have done the same. We jokingly referred to Casey as Mr. Google, so I would assume he searched the RO unit on Google. The same could be said for DPW, but we relied on Saipan Ice to meet the specs and for Casey to verify and sign-off on the units. You remember how persistent he was at the meetings. I would really like to know the Severn-Trent side of this story.

Stan

From: Brian J. Smith [(b) (6)
Sent: Monday, June 08, 2009 12:50 PM
To: Stan Good IV
Subject: RE: Forged Documents?????????????

I agree.... Since the CNMI government owe Tony Peligrino over $7 million perhaps they can get a new machine through Saipan Ice and Water. As I remember the 510K issue was discussed and documented in numerous construction meetings and the documents were noted as forth coming. I was called in to Pedro Utalan's office a month ago and he grilled me on the status of the hemo RO unit for the Rota Hemo Center. Wanted to know if the specs called for 510k certification by FDA. We had it covered in the specs and number of places and in the shop drawings. Once I found out what model the contractor purchased I checked the FDA web site and bingo there it was. PDF files and all. I tried that with the CHC hemo RO and got nothing....

--- On **Sun, 6/7/09, Stan Good IV <*staniv@pticom.com*>** wrote:

> From: Stan Good IV <staniv@pticom.com>
> Subject: RE: Forged Documents?????????????
> To: "'Brian J. Smith'" <(b) (6) >
> Date: Sunday, June 7, 2009, 6:03 PM
>
> Brian:
> I think the article is for real, but do not know any of the substance for the alleged forgery.
> Personally, I don't see where either the government or the contractor are involved. The specs

clearly specified the RO performance requirements to meet FDA, Medicare or whatever requirements. Mr. Conner was the CHC's designated authority to approve the final installation. DPW and the contractor followed the specs and the forged machine was installed and tested to the satisfaction of the specs and CHC. What I am curious to know is how the forgery was uncovered and who paid who?
Seems to me CHC has claim to a new official RO unit.

Stan

From: Brian J. Smith (b) (6)
Sent: Monday, June 08, 2009 8:48 AM
To: Stan Good
Subject: Forged Documents?????????????

Stan:
Is this news item for real?
This seems like the usual misinformation in the Tribune and MVariety.
Do you know where those TSD files were dropped? La Fiesta?

When I lived in Germany they had a great phrase....
"Wenn de shise durch den venltilator kompt... denn kriegen ver alle sommerspossen!"

Loosely translated... "When the shit hits the fan... then we all get summer freckles!"

I am using the Free version of SPAMfighter.
We are a community of 6 million users fighting spam.
SPAMfighter has removed 4973 of my spam emails to date.
The Professional version does not have this message.

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The Professional version does not have this message.

Keith Aughenbaugh

From: "Stan Good IV" <staniv@pticom.com>
To: "'Keith Aughenbaugh'" <keith.aughenbaugh@pticom.com>
Sent: Saturday, June 06, 2009 8:35 AM
Subject: RO Forgery Story

Keith:

I just read on line the story about the alleged forgery for the RO unit at CHC for dialysis. As the article states no one involved in the construction or management knew that the unit didn't meet FDA standards for dialysis. The RO machine specified by the designers was intended to meet these standards. All the submittals for this unit were approved by Mr. Casey Conner, based on instructions from Joe Kevin, the DPH Secretary. He wrote a letter to DPW stating that Casey was the CHC's individual responsible for reviewing and approving the equipment and the eventual set-up and operation. Supposedly, he is an expert in this field and the CHC entrusted him with this responsibility.

Since I was the Project Manager, I can attest that at numerous weekly progress meetings Casey asked for and received various certifications from the RO supplier, Saipan Ice. He was also present during the installation, start-up and testing and eventual certification. DPW would not have accepted the unit had not CHC approved the units.

From what I read in the article, when the most recent contractor came to check the unit for Medicare certification, they noticed certain things about the RO units that did not meet the FDA certification requirements. Then upon checking, and verification with the manufacturer, the forgery was uncovered. Obviously, we don't have the details of how all this transpired. The question that immediately arises is, if the most recent contractor could determine that the supplied unit was not FDA certified, why could not this have been determined by the CHC in-house expert three years ago? It is a shame it took three years to unravel this problem.

Stan

I am using the Free version of SPAMfighter.
We are a community of 6 million users fighting spam.
SPAMfighter has removed 4973 of my spam emails to date.
The Professional version does not have this message.

Keith Aughenbaugh

From: <Patty_VanDuzer@doioig.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Cc: <Faride_Komisar@ios.doi.gov>
Sent: Friday, May 29, 2009 11:43 AM
Subject: Re: Fw: Status of Dialysis / RO System at new PHB project

Interesting - but not logical (yes, I just saw Star Trek).

Thanks for the update and I hope all is well with both of you!

Patty

Patty Van Duzer, Evaluator
Office of Inspector General
U.S. Department of the Interior
Hawaii Field Office
733 Bishop Street
Makai Tower, Suite 1400
Honolulu, HI 96813

(808) 525-5316

"Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
05/26/2009 02:56 PM

To <Faride_Komisar@ios.doi.gov>, <Patty_VanDuzer@doioig.gov>
cc
Subject Fw: Status of Dialysis / RO System at new PHB project

FYI.

----- Original Message -----
From: Joseph Kevin Villagomez
To: keith.aughenbaugh@pticom.com
Sent: Friday, May 22, 2009 5:47 AM

Subject: Re: Status of Dialysis / RO System at new PHB project

Keith:

I apologize for the long delay in responding to you. (b) (6)
(b) (6)
Here is the latest update on the dialysis opening:

The contract for PBSI to complete the retrofitting the dialysis water treatment system and testing of our RO system for EMI compliance has been signed and Mr. Benavente's crew began work two days ago. We hope to complete this by end of June or first week of July.

Through our procurement process, we had solicited proposals for hemodialysis and peritoneal dialysis supplies and equipment. In that request for proposal, we also included a requirement to warehouse the supplies in Saipan rather than the previous practice of storing the bulk of dialysis supplies in Guam. For your information, they were 12 parties who showed interest but in the end there were only two who responded and submitted proposals. We are replacing the current hemodialysis machines to newer equipment. The dialysis machine that we20are getting is a B. Braun Dialog® PLUS Hemodialysis System. The present vendor would only provide support for our peritoneal dialysis program. We hope that the new contracts will be signed this week and hopefully, the new machines will be installed by July. If everything holds up, we are probably looking at probably starting service at the new unit in Mid August but no later than Early September.

I will continue to update you on our progress as new development arises.

Thanks for your understanding.

Kevin.

Joseph Kevin Villagomez
Secretary of Health
Department of Public Health
Commonwealth of the Northern Mariana Islands
Tel: (670) 236-8770
Fax: (670) 236-8756

-----Original Message-----
From: Keith Aughenbaugh <keith.aughenbaugh@pticom.com>
To: jkvsaipan@aol.com
Sent: Wed, 20 May 2009 9:07 am
Subject: Fw: Fw: Status of Dialysis / RO System at new PHB project

Followup to last week's inquiry!

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: (b) (6)
Sent: Tuesday, May 12, 2009 9:33 AM
Subject: Status of Dialysis / RO System at new PHB project

Please update me on the status of repairs to the RO piping and the anticipated start up of the new dialysis clinic.

Also which firm was awarded the contract for the dialysis supplies and equipment?

Thanks much,

Keith

;670 234 9814 # 2/ 42

Keith Aughenbaugh

From: <Farida_Komisar@ios.doi.gov>
To: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
Sent: Thursday, January 29, 2009 10:57 PM
Attach: 11 1 2006 DPH Building Site Visit.doc; 11 8 2006 RHC Site Visit.doc; CHC Briefing for the Secretary.doc; Saipan Public Health Center October 2008.doc
Subject: Re: Fw: Site Review

There was no 07 visit. Just November 2006 and then January 2008. Attached are the RHC and the DPH site visits from Nov 06.

I'm also attaching that briefings I did for the Secretary as well as Doug regarding the DPH building a few months ago. They do a better job of explaining what happened with the project than the site visits I think.

Finally, you might want to mention that we've discussed revising the site visit form as we don't feel that its as helpful as it could be. Nothing has been done yet but it's on my "to do" list!

Farida

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: Farida Komisar/PIA/OS/DOI@DOI
Date: 01/28/2009 08:41 PM
Subject: Fw: Site Review

Forwarded to IG Patty (per her request yesterday) site reviews for Public Health and Rota Health from last January ('08) that you did after your visit. Today she's asking for any from '06 and '07. I have a 10/06 for new Public Health and a 4/06 for RHC. Did you put together any from your '07 visit? I can't remember nor find.

Keith

11-29-11;09:12PM;

Office of Insular Affairs

Report of Grant Site Visit

Date: 1/14/2008
Insular Area: CNMI

Title and Fiscal Year of Project: New Public Health Building (FY97, FY00, FY01)
Type of Grant (CIP/OMIP/TA etc.) CIP

Amount of Grant Award: FY97: $1.75 million, FY00: $2.9 million, FY01: $4.14 million. Total: $8.79 million

OIA Identifying Grant Number (VI-CIP-2003-1, etc): CNMI-CIP-1997-1, CNMI-CIP-2000-1, CNMI-CIP-2001-1.
GR# (OIA accounting identification number): GR700026, GR000048, GR100011
Local Government Identifier: Accts #5121 and #5135

Person(s) Interviewed: John Flores, CNMI Dept. of Public Health.

Contact Information for Insular Program Manager:
Name: Vicky Villagomez
Phone: (670) 664-2406
Fax: (670) 664-2408
Email: vvillagomez@vzpacifica.net

Who is the principal contractor: AIC Marianas and SSFM Int'l

Is work currently underway: Yes **No**
When did work begin on the project: FY 2001
What percentage of the project is complete: 99%. The construction is complete and the building is operation. The facility is waiting for one more container of equipment to arrive to complete the FF&E. The only thing that remains is financial closeout.

Is the project on schedule? If not, why? No, design problems caused delays. Please see the questionnaire for details.

Estimated completion date: Project is complete. Building was accepted by the CNMI in Dec. 2006.

;670 234 8814 # 4/ 42

Describe any problems either in terms of budget, timing or scope.

Budget increased significantly when it was discovered that the original design was faulty. Upon review, OIA determined that a portion of the design costs should be disallowed. Resolution of the disallowance is currently underway. No problems with the actual facility have been identified since completion.

Recommendations to the grants manager, if necessary:

Resolve disallowed costs issue. Once resolved, ensure that that project is financially closed-out and that final reports are submitted.

Miscellaneous information:

The building's official name is the Jose T. Villagomez Center for Public Health and Dialysis. The CNMI is considering privatizing a portion of the new building by allowing independent doctors to rent out office space that's not needed to help pay for operation costs. The building connects to the existing public health center which is in dire need of renovations. Repair costs are estimated between $20-30 million. The plan is to renovate the old public health center without closing it as both are necessary to meet the needs of the CNMI's population.

Name and Signature of person visiting the site:

_____
Signature

_____Faride Komisar_____
Name

11-29-11;09:12PM;

Office of Insular Affairs
Checklist and Format for Grant Site Visits

- Who is the insular project manager? **John Flores, CNMI Dept. of Public Health.**

- Who is responsible for the project financial accounting and reporting? **Vicky Villagomez, CNMI CIP administrator.**

- What is the procurement processes involved in this grant? If necessary, ask to see the procurement file. **Local procurement processes was used.**

- Is project property identified and secured? **Yes.**

- Are the program and financial managers aware of reporting requirements and deadlines? If not, inform each of the relevant requirements and deadlines. **Yes.**

- When were the last reports filed? **For the period ending 6/30/07.**

- Do the program and financial managers know who the OIA grant manager is for this project and how to contact them? If not, provide the managers with grant manager's name and contact information. **Yes.**

- Have there been any changes in project scope and/or budget that have not been reported to the grants manager? If so, record relevant changes and ask for written request for approval of changes. **Original design was deficient which caused project delay and a significant increase in project costs. The CNMI submitted revisions to the project budget/SOW and received approval.**

- Do the actual project goals, objectives, activities, and services reflect those in the project proposal? If not, please explain differences and reasons for modifications. **Yes.**

- Have there been any changes in project schedule not reported to the grants manager? Is so, record new project schedule and plan changes. **No, all delays were reported in the bi-annual project status reports.**

- Are you aware of any reports, whether from newspaper articles, conversations, auditors, etc. that indicate a potential problem with this project? Is so, please briefly summarize findings and if possible attach copies of relevant news articles. **No.**

- How often is the insular government monitoring this project? Is there an on-site engineer or construction manager? If yes, provide engineer or construction manager identifying information. **Project is complete and operational. On-site administrative and operations staff will report any post-construction issues if any are identified.**

- Are there any land use problems associated with this project? If so, please explain. **No.**

- Has sufficient progress been made in meeting project objectives? If necessary, interview staff and examine project reports to determine if specific progress has been made in achieving each objective listed in the proposal. If progress has been slow, ask staff to explain. **Progress was delayed due to design faults. The CNMI requested the USACE to review the design when faults were first suspected. USACE found that the CNMI did not provide adequate information to the contractor, Leo Daly, for the design of the project therefore Leo Daly could be found at fault for any design flaws per their opinion. The CNMI Legislature then requested an OIG investigation into the project. The design flaws caused a significant increase in the project budget as well as delaying the project while a redesign was completed. Construction did finally commence and the building is now complete. It was dedicated in Dec. 2006 and administrative staff moved in January 2007. In the summer of 2007, the women's clinic opened up. Currently, approximately 1/3 of the facility is being used. The adult clinic and the dialysis center are not open yet-the old health center is still providing those services. The CNMI is still considering privatizing the adult clinic and has not made a final determination on how to proceed. The opening of the dialysis center is pending Medicare certification and donation of the equipment. They hope to have that up and running this summer. In the meantime the old dialysis center is keeping up with demand by operating 24 hours a day. The FF&E that was pending during OIA's last visit (Nov. 2006) has been substantially completed. They are waiting for just one more container of equipment.**

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Office of Insular Affairs

Report of Grant Site Visit

Date: 11/1/2006

Insular Area: CNMI

Title and Fiscal Year of Project: New Public Health Building (FY97, FY00, FY01)

Type of Grant (CIP/OMIP/TA etc.) CIP

Amount of Grant Award: FY97: $1.75 million, FY00: $2.9 million, FY01: $4.14 million. Total: $8.79 million

OIA Identifying Grant Number (VI-CIP-2003-1, etc): CNMI-CIP-1997-1, CNMI-CIP-2000-1, CNMI-CIP-2001-1.

GR# (OIA accounting identification number): GR700026, GR000048, GR100011

Local Government Identifier: Accts #5121 and #5135

Person(s) Interviewed: Stanley Good, DPW

Contact Information for Insular Program Manager:

Name: Vicky Villagomez

Phone: (670) 664-2406

Fax: (670) 664-2408

Email: vvillagomez@vzpacifica.net

Who is the principal contractor: AIC Marianas and SSFM Int'l

Is work currently underway: **Yes** No

When did work begin on the project: FY2001

What percentage of the project is complete: 95%

Is the project on schedule? If not, why? No, design problems caused delays. Please see above for details. While the building is completely done, they are awaiting approval for the FF& E contract.

Estimated completion date: March 2007

Describe any problems either in terms of budget, timing or scope.

Budget increased significantly when it was discovered that the original design was faulty. Please see following section for details. Right now, the FF&E contract is taking longer than expected (CDA is not releasing their portion of the funding for some reason).

Recommendations to the grants manager, if necessary:

Possibly follow up with CDA about releasing funds to allow FF&E contract to be released.

Miscellaneous information:
The building's official name will be the Jose T. Villagomez Center for Public Health and Dialysis. The CNMI is considering privatizing a portion of the new building by allowing independent doctors to rent out office space that's not needed so as to help pay for operation costs. The building connects to the existing public health center which is in dire need of renovations. Repair costs are estimated between $20-30 million.

Name and Signature of person visiting the site:

_____
Signature

_____Faride Komisar_____
Name

Office of Insular Affairs
Checklist and Format for Grant Site Visits

- Who is the insular project manager? **Stanley Good, DPW**

- Who is responsible for the project financial accounting and reporting? **Vicky Villagomez, CNMI CIP administrator.**

- What is the procurement processes involved in this grant? If necessary, ask to see the procurement file. **Local procurement processes was used.**

- Is project property identified and secured? **Yes.**

- Are the program and financial managers aware of reporting requirements and deadlines? If not, inform each of the relevant requirements and deadlines. **Yes.**

- When were the last reports filed? **For the period ending 6/30/06.**

- Do the program and financial managers know who the OIA grant manager is for this project and how to contact them? If not, provide the managers with grant manager's name and contact information. **Yes.**

- Have there been any changes in project scope and/or budget that have not been reported to the grants manager? If so, record relevant changes and ask for written request for approval of changes. **Original design was deficient which caused project delay and a significant increase in project costs. However, Stan believes the project is will have enough funds to be completed.**

- Do the actual project goals, objectives, activities, and services reflect those in the project proposal? If not, please explain differences and reasons for modifications. **Yes.**

- Have there been any changes in project schedule not reported to the grants manager? Is so, record new project schedule and plan changes. **No, all delays were reported in the bi-annual project status reports.**

- Are you aware of any reports, whether from newspaper articles, conversations, auditors, etc. that indicate a potential problem with this project? Is so, please briefly summarize findings and if possible attach copies of relevant news articles. **There haven't been any recent newspaper articles during this period.**

- How often is the insular government monitoring this project? Is there an on-site engineer or construction manager? If yes, provide engineer or construction manager identifying information. **Stanley Good the PM visits at least a few times a week.**

- Are there any land use problems associated with this project? If so, please explain. **No.**

- Has sufficient progress been made in meeting project objectives? If necessary, interview staff and examine project reports to determine if specific progress has been made in achieving each objective listed in the proposal. If progress has been slow, ask staff to explain. **Progress has been delayed due to design faults. The CNMI requested the ACOE to look into the design flaws. ACOE found that the CNMI did not provide adequate information to the contractor, Leo Daly, for the design of the project therefore Leo Daly cannot be found at fault per their opinion. The CNMI Legislature then requested an IG investigation into the project. The design flaws caused a significant increase in the project budget as well as delaying the project while a redesign was completed. Construction did finally commence and the building is now complete. However, there remains a significant amount of FF&E to be procured and the contract has been stalled at DPW for 4 months now. Once the contract is awarded there should be sufficient funds to finish it up ($1.3 million for FF&E).**

OCTOBER 2008

MEMORANDUM FOR THE SECRETARY

FROM: Douglas Domenech, Acting Deputy Assistant Secretary, Insular Affairs
Nikolao Pula, Director, OIA

PHONE: (202) 208-6729

SUBJECT: THE DR. JOSE T. VILLAGOMEZ CENTER FOR PUBLIC HEALTH AND DIALYSIS, SAIPAN, CNMI.

I. SUMMARY

OIA provided grant funding for the construction of a new public health center on the island of Saipan in the Commonwealth of the Northern Mariana Islands (CNMI) that came under scrutiny in the September 2008 OIG report titled *Insular Area Health Care: "At the Crossroads of a Total Breakdown."*

II. DISCUSSION

OIA provided a total of $8,790,000 through three Capital Improvement Project grants for the construction of the new public health center. The project was subject to a local matching requirement. A total of $17,580,000 was committed to the project including the Commonwealth's share.

The Dr. Jose T. Villagomez Center for Public Health and Dialysis was officially opened on December 19, 2007. The 56,000 square feet facility is made up of a children's clinic, an adult clinic, a women's clinic, a chest clinic, a hemodialysis clinic, a medical records office, and a warehouse for medical supplies. With the exception of the hemodialysis clinic for which Medicare certification is pending, all of the facility is being used.

The September 2008 OIG report painted the project in a negative light by noting that the costs had tripled, the brand new medical warehouse remained completely empty, and that the new hemodialysis center was found to have serious deficiencies by the Medicare officials who toured the project in June 2008 preventing it from receiving the Medicare certification required to open it.

- Project costs tripled because the original design, which was for a simple hemodialysis clinic, was found to be inadequate. During the redesign process, the CNMI opted to expand the scope from a hemodialysis clinic to a complete health center recognizing that

that the existing health center was antiquated, desperately in need of renovations, and was quickly reaching its capacity to treat the Commonwealth's growing population. The scope of the project was further increased during construction by the addition of an administrative area and a command center in response to the September 11, 2001 terrorist attacks.

- The new medical warehouse, though not in use during OIG's June 2008 visit, has been in use for several months now.

- The deficiencies identified by the Medicare officials were minor, related only to the hemodialysis clinic, and have all been addressed by the CNMI. Re-inspection of the clinic by Medicare is scheduled for the end of this month (it is unannounced). The CNMI anticipates receiving certification and plans to begin using the new center immediately by transferring the machines from the old facility while they purchase new hemodialysis equipment and supplies.

III. ENDURING MESSAGE

OIA grant funds can play a critical role in assisting the territories develop the infrastructure necessary for economic growth and a better quality of life for their residents. The Dr. Jose T. Villagomez Center for Public Health and Dialysis, like most large-scale infrastructure projects in the insular areas, faced several challenges but should ultimately be considered a success as the finished product will significantly improve the quality of healthcare for residents of the CNMI.

Report on the Dr. Jose T. Villagomez Center for Public Health and Dialysis, Saipan, CNMI

Office of Insular Affairs - October 2008

The Facility

The Dr. Jose T. Villagomez Center for Public Health and Dialysis, located on the island of Saipan in the Commonwealth of the Northern Mariana Islands (CNMI), was officially opened on December 19, 2007. The 56,000 square feet facility is made up of a children's clinic, an adult clinic, a women's clinic, a chest clinic, a hemodialysis clinic, a medical records office, and a warehouse for medical supplies. The new facility was constructed adjacent (connected) to the existing public health center and will allow the CNMI to better treat its growing population, particularly those in need of kidney dialysis.

OIA Funding

Interior's Office of Insular Affairs (OIA) provided a total of $8,790,000 through three Capital Improvement Project (CIP) grants (in fiscal years 1997, 2000, and 2001) for the construction of the new public health center. Those funds were subject to a 50/50 local match requirement however, so a total of $17,580,000 was made available by the grants when including the Commonwealth's share.

Timeline

Work on the initial design began in 2001 and the groundbreaking for the project took place in 2002. At the time, the CNMI anticipated completing the project by August 2004, however, it was quickly halted upon discovery that the original design was inadequate. A new design was begun in 2003 and the project was substantially completed in 2006, two years behind schedule. Health Center administrative staff began moving into the new building in January 2007 and the adult clinic, the children's clinic, and the women's clinic opened later that summer. The 10,000 square feet medical warehouse began to be used in late summer 2008. The state-of-the-art hemodialysis clinic has not been opened however, as it has yet to receive Medicare certification.

Delays and Cost Increases

The project was significantly delayed and costs increased when it was discovered that the original design was not adequate in 2002. The civil, architectural, structural, and electrical designs were not coordinated by the contractor resulting in an overall incomplete design. Construction of the project was bid out based upon the original incomplete design so the cost estimates were far lower than they would have been had the design been adequate. Unfortunately the design flaws were not discovered until a construction contract had already been awarded as the CNMI Department of Public Works did not have any hospital experts on staff. The project was halted and a new

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design was begun in November 2003. The construction delay that resulted caused construction costs to increase.

Costs also increased because a number of the items omitted by the original design (apparently to ensure that the project could be funded by the original budget) were included in the new design such as the reverse osmosis system, the medical gas system and the air conditioning system. In addition, the CNMI opted to expand the scope of the project from simply a hemodialysis "clinic" to a complete health center recognizing that that the existing health center was antiquated, desperately in need of renovations, and was quickly reaching its capacity to treat the Commonwealth's growing population. The scope of the project was further increased during construction by the addition of an administrative area and a command center in response to the September 11, 2001 terrorist attacks. The final facility was designed to meet the medical standards for a hospital which the old public health center did not.

OIG Audits

Upon discovering that the original project design was inadequate, the CNMI asked the U.S. Army Corps of Engineers to review the design and in August 2005 the Corps issued a report stating that the contractor could not really be held at fault as the CNMI had not provided them with adequate information or guidance during the proposal and contracting period. The CNMI Legislature was not satisfied with the Corps' conclusion so they requested Interior's Office of the Inspector General (OIG) to review the project. The OIG issued a draft report in December 2006 titled *Evaluation of Saipan Public Health Facility Project Raises Concerns About Oversight of Capital Improvement Projects*. The report criticized OIA's oversight of the project citing the delays and cost increases as the result. The report was finalized in June 2007.

A second OIG audit involving the public health center project was released in September 2008. The report titled *Insular Area Health Care: "At the Crossroads of a Total Breakdown"* painted the project in a negative light by noting that the costs had tripled, the brand new medical warehouse remained completely empty, and that the new hemodialysis center was found to have serious deficiencies by the Medicare officials who toured the project in June 2008 preventing it from receiving the Medicare certification required to open it.

OIA considers both reports to be somewhat misrepresentative of the project and its history.

OIA Oversight

After the U.S. Army Corps of Engineers' report on the original design was completed, OIA field staff began to review the project, particularly the Federal funds used for the original design, for possible disallowed costs. It was ultimately determined that only 78% of the original design could be considered adequate and useful. As a result, OIA disallowed 22% or $170,500 of the $775,000 that was paid for the original design. Because OIA grant funds required a 50/50 local match, OIA recovered its share which was $85,250.

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In 2004, based upon a separate report by the U.S. Army Corps of Engineers titled *Review of the Operation and Management of the Capital Improvement Program for the Commonwealth of the Northern Mariana Islands*, OIA established the Project Manager program. Funded by CIP grants, the program enabled the CNMI government to hire skilled and certified architects or engineers to manage infrastructure projects on the main islands of Saipan, Tinian, and Rota. The Saipan-based project manager was assigned full-time to the new public health center project and was instrumental in identifying problems related to the project and ensuring that they were corrected as construction progressed.

OIA grant terms and conditions required semi-annual progress reports to be submitted to OIA personnel which allowed them to follow the project's progress as well as the problems and challenges it faced. In addition, OIA personnel conducted several physical site visits during which project and CNMI Department of Health (DPH) personnel were interviewed about the project's progress, delays, cost increases and any other issues or concerns. The last site visit was conducted in January 2008 during which the lack of Medicare certification was discussed in-depth. At the time, DPH anticipated receiving the certification sometime during the summer without problem as they were not aware of any deficiencies that would have prevented it.

Minor Building Deficiencies

The completed public health center structure was inspected, found satisfactory, and accepted by the CNMI in September 2006. The new water treatment system, cited in the September 2008 OIG report as deficient, was inspected and certified by outside experts at the time. Unfortunately, the system remained unused for several years while Medicare certification was pending. The deficiencies identified by the Medicare officials in June 2008 were likely related to a lack of maintenance of the unit during the time it remained dormant. The other identified deficiencies, such as the nursing station counters being too high, are minor and have already been addressed by DPH. Overall, the facility is structurally sound.

Current Status

At the Commonwealth's request, representatives from the Renal Network arrived on Saipan three weeks ago to evaluate and make any necessary changes to the hemodialysis unit prior to re-inspection by Medicare officials. The team of 3 spent 5 days on-island working with DPH officials to successfully address Medicare's identified deficiencies which included staffing deficiencies not addressed in the OIG report. To date, all the structural deficiencies identified by the Medicare officials in June 2008 have been addressed with the exception of the re-piping of the reverse osmosis machine which the CNMI anticipates completing in the next two days. In addition, the medical warehouse has been in use for several months.

Re-inspection of the hemodialysis center by Medicare is scheduled for the end of this month (October). If certified, the CNMI plans to begin using the new center immediately by transferring the machines from the old facility while they purchase new hemodialysis equipment and supplies.

6/13/06

Office of Insular Affairs

Report of Grant Site Visit

Date: **October 20, 2005 #10 (last review dtd August 26, 2005)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/05 (Const)**
FY '04 (addit'l A/E)

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$ 3,500,000 (FY '97)**
$ 8,280,000 (FY "01)
$ 5,800,000 (reprogrammed per P.L. 14-45 from Kagman Wastewater project)
$17,580,000

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR100011**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Dick Cody, Director, TSD; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who are the principal contractors: **Leo A. Daly (LAD) - A/E ***
Taniguchi Ruth Assoc. (TRA) &
GR2 - Redesign **
AIC Marianas - Const
SSFM Int'l - CM

Contract(s):
(original amounts)
$ 787,000 - A/E
$ 254,770 - CM
$ 5,583,000 - Const (original contract amt)

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA**

completed; GR2 redesign (structural) completed

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **100% - Redesign**
100% - Structure
66% - Overall

Is the project on schedule? If not, why? **No**

The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result of LAD's miscalculations, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked for addit'l items to be included which will enhance the function of the facility to better serve the public.

As a result, TRA was brought in for redesign work (electrical, mechanical, civil, architectural, FF&E). It's contract has taken all of the above items into account. Plus, due to structural deficiencies found after the fact, GK2 was contracted to do the structural redesign.

Estimated completion date: **originally 8/13/04; now revised again to approximately June 2006.**

Describe any problems either in terms of budget, timing or scope:

The design problems and addit'l design work due to changes in initial scope have resulted in almost a 2 year time extension for construction and substantial increase in overall costs.

Recommendations to the grants manager, if necessary:

*****OIA approved ACOE review of LAD's A/E work along with CNMI's administration of the project. Very important to determine the causes of the problems and delays and what disallowed costs may be warranted. OIA must be aware of addit'l funding shortfalls.**

Miscellaneous information:

To date: AIC Marianas contract adjustments:
Contract $5,583,000
C.O. #1 - $286,941.50 (constr) - increase in rebar prices due to time delays

C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.

C.O.#3 - $851,148.91 " - contractor/sub manpower and equipment reprogrammed costs; unabsorbed home office O/H costs; addit'l elevator; generator upgrade; lightning protection mods; increase in electrical materials costs, etc.

C.O.#4 - $992,104.63 " - electrical distribution system revisions resulting from TRA design changes; electrical and plumbing changes and additions to re-designed Lower Level (perTRA); subcontractor manpower/equipment reprogramming costs; etc.

C.O.#5 - $3,616,957.78 " includes A/C, RO, medical gases, etc.

$11,464,940.43

TRA redesign contract
Initial - $ 635,010
C.O.#1 - $ 256,155
C.O.#2 - $ 25,000
$ 916,165

**Note: Earlier in the year, Washington Rep requested, during a walk thru wth US Senate staffers, a comprehensive lsit of work needed for renovation of the existing CHC facility. Total cost for renovation (incl. A/E) was $16,100,000. With 15% for contingency, total is $18,515,000.

Significant progress has been made since approval of C.O. #5. Construction delays have been resolved. The structure was completed April 15th. Interior work is proceeding with all exterior work finished.

With the signing of C.O. #3 and #4, previous funding had been exhausted. C.O. #5 needed addit'l funding. As a result P.L. 14-45 was signed 12/10 appropriating $5.8 M to the project. OIA agreed to the reprogramming from the Kagman Wastewater project. Addit'l delays may occur in funding the final change order (#6) needed for FF&E and tel/data equipment. Considerable effort has been made to finalize CO #6 the past month.

The ACOE final report was finally issued in August. Rather than finding major fault with the A/E design firm (LAD), the report found that RFP documentation (including the projects SOW and contract clauses) that was provided to LAD was inadequate to design the facility. The CNMI was very disappointed with the report. ACOE was not totally satisfied with the results either as some documentation requested from the CNMI was never provided.

As a result of the ACOE report, CNMI has not decided whether to take legal action against LAD.

A forensic audit has been finalized on possible over charges during construction and has been reviewed by the contractor. The report concluded that the CNMI should realize some significant cost reimbursements. Addit'l info forwarded to Summit for review by the sub contractor (Spectrum).

Notification of audit entrance conference by DOI IG has been rec'd; tentative date of 11/3/05.

Met with TSD and TRA to discuss the possibility of determining what % of the original design work was useable by the subsequent architect.

Finally, the continuation of SSFM's CM contract was still being discussed. The firm lacks on island expertise for inspection of the critical mechanical equipment that needs to be installed. A former DPW employee (Brian Smith) who has expertise in this area has provided some assistance and may get a contract to replace SSFM.

Name of Person Reviewing Project

9/16/05

Office of Insular Affairs

Report of Grant Site Visit

Date: **August 26, 2005 #9 (last review dtd January 15, 2005)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/05 (Const) FY '04 (addit'l A/E)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01)
$5,800,000 (reprogrammed per P.L. 14-45 from Kagman Wastewater project)

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR100011**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Dick Cody, Director, TSD; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who are the principal contractors: **Leo A. Daly (LAD) - A/E ***
Taniguchi Ruth Assoc. (TRA) &
GR2 - Redesign **
AIC Marianas - Const
SSFM Int'l - CM

Contract(s):
(original amounts)
$ 787,000 - A/E
$ 254,770 - CM
$5,583,000 - Const (original contract amt)

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA completed; GR2 redesign (structural) completed**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **100% - Redesign**
98% - Structure
70% - Overall

Is the project on schedule? If not, why? **No**
The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result of LAD's miscalculations, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked for addit'l items to be included which will enhance the function of the facility to better serve the public.

As a result, TRA was brought in for redesign work (electrical, mechanical, civil, architectural, FF&E). It's contract has taken all of the above items into account. Plus, due to structural deficiencies found after the fact, GK2 was contracted to do the structural redesign.

Estimated completion date: **originally 8/13/04; now revised again to approximately June 2006.**

Describe any problems either in terms of budget, timing or scope:
The design problems and addit'l design work due to changes in initial scope have resulted in almost a 2 year time extension for construction and substantial increase in overall costs.

Recommendations to the grants manager, if necessary:
*****OIA approved ACOE review of LAD's A/E work along with CNMI's administration of the project. Very important to determine the causes of the problems and delays and what disallowed costs may be warranted. OIA must be aware of addit'l funding shortfalls.**

Miscellaneous information:

To date: AIC Marianas contract adjustments:
C.O. #1 - $286,941.50 (constr) - increase in rebar prices due to time delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.

C.O.#3 - $851,148.91 " - contractor/sub manpower and equipment reprogrammed costs; unabsorbed home office O/H costs; addit'l elevator; generator upgrade; lightning protection mods; increase in electrical materials costs, etc.

C.O.#4 - $992,104.63 " - electrical distribution system revisions resulting from TRA design changes; electrical and plumbing changes and additions to re-designed Lower Level (perTRA); subcontractor manpower/equipment reprogramming costs; etc.

C.O.#5 - $3,616,958 " includes A/C, RO, medical gases, etc.

TRA redesign contract

Initial - $	635,010
C.O.#1 - $	256,155
C.O.#2 - $	25,000
$	916,165

Significant progress has been made since approval of C.O. #5. Construction delays have been resolved. The structure was completed April 15th. Interior work is proceeding with all exterior work finished.

With the signing of C.O. #3 and #4, previous funding had been exhausted. C.O. #5 needed addit'l funding. As a result P.L. 14-45 was signed 12/10 appropriating $5.8 M to the project. OIA agreed to the reprogramming from the Kagman Wastewater project. Addit'l delays may occur in funding the final change order needed for FF&E and tel/data equipment.

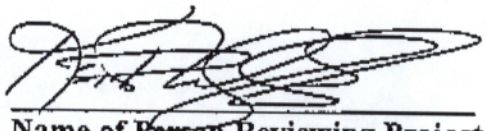
The ACOE final report was finally issued in August. Rather than finding major fault with the A/E design firm (LAD), the report found that RFP documentation (including the projects SOW and contract clauses) that was provided to LAD was inadequate to design the facility. The CNMI was very disappointed with the report. ACOE was not totally satisfied with the results either as some documentation requested from the CNMI was never provided.

As a result of the delay in issuance of the ACOE report, CNMI has not make any progress in possible legal action against LAD and a final decision has not been made.

A forensic audit has been finalized on possible over charges during construction and is being reviewed by the contractor. The report concluded that the CNMI should realize some significant cost reimbursements.

An expected audit by the IG (per a request by the CNMI Legislature) has not materialized as yet.

Finally, the continuation of SSFM's CM contract is currently being discussed. The firm lacks on island expertise for inspection of the critical mechanical equipment that needs to be installed. A former DPW employee who has expertise in this area maybe contracted to handle this part of the project.



Name of Person Reviewing Project

5/16/05

Office of Insular Affairs

Report of Grant Site Visit

Date: **January 5, 2005 #8 (last review dtd September 27, 2004)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const) FY '04 (addit'l A/E)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97) $8,280,000 (FY "01) Total: $11,780,000**

OIA Identifying Grant Number: **CNMI-CIP-1997 CNMI-CIP-2001**

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Dick Cody, Director, TSD; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who are the principal contractors: **Leo A. Daly (LAD) - A/E ***
Taniguchi Ruth Assoc. (TRA) &
GR2 - Redesign **
AIC Marianas - Const
SSFM Int'l - CM

Contract(s):
(original amounts)
$ 787,000 - A/E
$ 254,770 - CM
$5,583,000 - Const (original contract amt)

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA completed; GR2 redesign (structural) completed**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **100% - Redesign**
50% - Const

Is the project on schedule? If not, why? **No**
The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked (after the fact) for addit'l items to be included which would enhance the function of the facility to better serve the public.

As a result, TRA was brought in for redesign work (electrical, mechanical, civil, architectural, FF&E). It's contract has taken all of the above items into account. Plus, due to structural deficiencies found after the fact, GK2 was contracted to do the structural redesign.

Estimated completion date: **Revised from 8/13/04 to 1/10/05 (C.O. #2 time extension); pending approval of C.O. #6, completion date will be extended again**

Describe any problems either in terms of budget, timing or scope:
The design problems and addit'l design work due to changes in initial scope have resulted in over a six month time extension for construction and substantial increase in overall costs.

Recommendations to the grants manager, if necessary:
*****OIA approved ACOE review of initial A/E work. Its very important to determine the causes for the problems, delays and any disallowed costs that may be warranted. OIA must keep on top of the funding shortfall, estimated at about $4M.**

Miscellaneous information:

To date: AIC Marianas contract
C.O. #1 - $286,941.50 (constr) - increase in rebar prices due to time delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.
C.O.#3 - $851,148.91 " - contractor/sub manpower and equipment reprogrammed costs; unabsorbed home office O/H costs; addit'l elevator; generator upgrade; lightning protection mods; increase in electrical materials costs,

etc.

C.O.#4 - $992,104.63 " - electrical distribution system revisions resulting from TRA design changes; electrical and plumbing changes and additions to re-designed Lower Level (perTRA); subcontractor manpower/equipment reprogramming costs; etc.

C.O.#5 - $3,600,000 " est. pending (will include A/C, RO, medical gases, etc.)

TRA redesign contract
Initial - $ 635,010
C.O.#1 - $ 256,155

Progress has been made but administrative issues seem to overwhelm the construction. TRA's redesign for electrical, mechanical, civil, architectural & FF &E is complete. GR2 structural redesign is complete. All major design deficiencies have been corrected.

C.O. #3 and #4 signed; as a result available funding exhausted! Governor was notified of the need to identify other sources to complete the project. C.O.#5 was pending addit'l funding. As a result P.L. 14-45 was signed 12/10, appropriating $5.8M to the Project. SA for CIP Mgmt has requested OIA to reprogram funds from the Kagman Wastewater project (pending official notification).

ACOE draft report issued late Dec. '04; CNMI disappointed in content of draft; it does not offer an opinion on the initial design's structural conformance with the code.

CNMI still intends to take LAD to court over the initial design deficiencies

On going investigations by Legislature continue; IG has been requested (by the Legislature) to audit the project; In addition the AG's office has requested a forensic audit be conducted of the addit'l construction charges resulting from all the delays.

I met with PM (Stan Good) in mid December to discuss the COs for the project and possible disallowed costs. PM stated his concern that any disallowed costs do not impact the ongoing Change Oders; if COs are delayed, the project will be delayed that much longer. PM stated that it would be very difficult to determine what part of LAD's A/E design should be disallowed; very complicated with addit'l work done by TRA. I decided to concentrate on construction costs resulting from the delays in design work.

Name of Person Reviewing Project

10/12/04

Office of Insular Affairs

Report of Grant Site Visit

Date: **September 27, 2004 #7 (last review dtd May 18, 2004)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const) FY '04 (addit'l A/E)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01) Total: $11,780,000

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Dick Cody, Director, TSD; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who are the principal contractors: **Leo A. Daly (LAD) - A/E ***
Taniguchi Ruth Assoc. (TRA) &
GR2 - Redesign **
AIC Marianas - Const
SSFM Int'l - CM

Contract(s):
(original amounts)
$ 787,000 - A/E
$ 254,770 - CM
$5,583,000 - Const (original contract amt)

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA completed; GR2 redesign (structural) completed; AIC now gearing up for workforce to proceed asap with construction**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **100% - Redesign**
35% - Const

Is the project on schedule? If not, why? **No**

The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result of LAD's miscalculations, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked for addit'l items to be included which will enhance the function of the facility to better serve the public.

As a result, TRA was brought in for redesign work (electrical, mechanical, civil, architectural, FF&E). It's contract has taken all of the above items into account. Plus, due to structural deficiencies found after the fact, GK2 was contracted to do the structural redesign.

Estimated completion date: **Revised from 8/13/04 to 1/10/05 (C.O. #2 time extension); will need to be revised again!**

Describe any problems either in terms of budget, timing or scope:

The design problems and addit'l design work due to changes in initial scope have resulted in over a six month time extension for construction and substantial increase in overall costs.

Recommendations to the grants manager, if necessary:

*****OIA has approved ACOE review of LAD's A/E work along with CNMI's administration of the project. Its very important to determine the causes for the problems and delays and what disallowed costs may be warranted. OIA must keep on top of the funding shortfall, estimated now at about $4M (previously was only $2M). Pending receipt of payment, ACOE will commence review hopefully in October**

Miscellaneous information:

To date: AIC Marianas contract

C.O. #1 - $286,941.50 (constr) - increase in rebar prices due to time delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.
C.O.#3 - $851,148.91 " - contractor/sub manpower and equipment

reprogrammed costs; unabsorbed home office O/H costs; addit'l elevator; generator upgrade; lightning protection mods; increase in electrical materials costs, etc.

C.O.#4 - $992,104.63 " - electrical distribution system revisions resulting from TRA design changes; electrical and plumbing changes and additions to re-designed Lower Level (perTRA); subcontractor manpower/equipment reprogramming costs; etc.

C.O.#5 - $3,100,000 " est. pending (will include A/C, RO, medical gases, etc.)

TRA redesign contract
Initial - $ 635,010
C.O.#1 - $ 256,155

Progress has been made but administrative issues seem to overwhelm the construction. TRA's redesign for electrical, mechanical, civil, architectural & FF &E is complete. GR2 structural redesign is complete. All major design deficiencies have been corrected.

C.O. #3 and #4 have been signed; available funding has now been exhausted! Governor has been notified of the need to identify other sources to complete the project. C.O.#5 is pending. Currently there is an estimated $4M shortfall. CM contract will soon expire and need renewal. SA for CIP Mgmt has requested OIA to reprogram funds from the Kagman Wastewater project (pending).

On September 27th, OIA Grants Mgmt staffers visited the project site and discussed the project with the PM.

Name of Person Reviewing Project

5/27/04

Office of Insular Affairs

Report of Grant Site Visit

Date: **May 18, 2004 #6 (last review dtd February 18, 2004)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const)**
FY '04 (addit'l A/E)

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01) Total: $11,780,000

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Charles Jordan, SA for CIP Mgmt.; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who are the principal contractors: **Leo A. Daly (LAD) - A/E ***
Taniguchi Ruth Assoc. (TRA) &
GR2 - Redesign **
AIC Marianas - Const
SSFM Int'l - CM

Contract(s): **$ 787,000 - A/E**
(original amts) **$ 254,770 - CM**
$5,583,000 - Const (original contract amt)

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA completed; GR2 redesign (structural) on going; construction by AIC now gearing up for normal work load**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **95% - Redesign**
29% - Const

Is the project on schedule? If not, why? **No**
The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result of LAD's miscalculations, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked for addit'l items to be included which will enhance the function of the facility to better serve the public.

As a result, TRA was brought in for redesign work (electrical, mechanical, civil, architectural, FF&E). It's contract has taken all of the above items into account. Plus, due to structural deficiencies found after the fact, GK2 is doing the structural redesign.

Estimated completion date: **Revised from 8/13/04 to 1/10/05 (C.O. #2 time extension)**

Describe any problems either in terms of budget, timing or scope:
The design problems and addit'l design work due to changes in initial scope have resulted in at least a six month time extension for construction and addit'l costs to the overall project.

Recommendations to the grants manager, if necessary:
*****OIA has approved ACOE review of LAD's A/E work along with CNMI's administration of the project. Its important to determine the causes for the problems and delays and what disallowed costs are warranted. OIA must keep current on the funding shortfall, estimated at about $2M.**

Miscellaneous information:
CNMI finally requested on 4/19 ACOE assistance to review the project. OIA concurred on the scope of work on 4/23. (copy attached)

To date:
C.O. #1 - $286,941.50 (constr) - increase in rebar prices` due to delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.
C.O.#3 - $851,148.91 - includes addit'l A/E ($635,010), etc.
C.O.#4 - pending

A considerable amount of progress has been made in the past 3 months since the last site review! The project now has a definite direction. TRA's redesign for electrical, mechanical, civil, architectural & FF &E is complete. AIC is gearing up its work force to proceed as quickly as possible. GR2 structural redesign is on going and should not hamper construction. All major deficiencies have been corrected.

C.O. #3 has finally been signed for $851,149. This includes the redesign work. Another one (#4) will be required for such things as A/C, RO medical gases, etc. which will exceed $3M. Total addit'l costs for remaining change orders and other work may approach $5M. With present available funding at about $3.M, this will leave project funding about $2M short. PM and CM contracts will also soon expire and need renewal. SA for CIP Mgmt is conducting research for addit'l funds.

On May 20th, OIA Budget Director Dave Heggestad and 2 staffers from OMB and DOI's Office of Secretary visited the project site. They discussed the project with the PM & AIC.

Name of Person Reviewing Project
KEITH W. AUGHENBAUGH

2/23/04

Office of Insular Affairs

Report of Grant Site Visit

Date: **February 18, 2004 #5 (last review dtd December 10, 2003)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const) FY '04 (addit'l A/E)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01) Total: $11,780,000

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Charles Jordan, SA for CIP Mgmt.; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who is the principal contractor: **Leo A. Daly (LAD) - A/E * ; AIC Marianas - Const**
Taniguchi Ruth Assoc. (TRA) - SSFM Int'l - CM
Redesign **

Contract(s) amounts: **$ 787,000 - A/E**
$ 254,770 - CM
$5,583,000 - Const (original contract amt)
$ 635,010 - Redesign*

Is work currently underway: ***A/E work by LAD has concluded; *redesign by TRA on going ; construction by AIC continues at reduced pace**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**
Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **90% - Redesign**
27% - Const

Is the project on schedule? If not, why? **No**
The original LAD design was deficient. It appears a thorough coordination review of civil, architectural, structural and electrical drawings was NOT performed. The LAD drawings also had numerous critical items omitted to allow the project to be bid within the available budget. As a result of LAD's miscalculations, complete design for such things as reverse osmosis system, medical gas system, A/C system, lighting protection & emergency power were not completed.

In addition CHC staff asked for addit'l items to be included which will enhance the function of the facility to better serve the public.

TRA's contract takes all of the above items into account as part of their redesign.

Estimated completion date: **Revised from 8/13/04 to 1/10/05 (C.O. #2 time extension)**

Describe any problems either in terms of budget, timing or scope:
Delays caused by the design problems and addit'l design work due to changes in initial scope have resulted in at least a six month time extension for construction.

Recommendations to the grants manager, if necessary:
*****OIA should approve ACOE review of LAD's A/E work along with CNMI's initial administration of the project. Its important to determine the causes for the problems and delays and what disallowed costs are warranted. OIA also needs to keep current on the funding shortfall, estimated at about $1M. Total cost will not be known until redesign is completed.**

Miscellaneous information:
Per SA for CIP Mgmt., CNMI has now made decision to request ACOE assistance due to addit'l concerns over structural design work of LAD.

To date:
C.O. #1 - $286,941.50 (constr) - increase in rebar prices` due to delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.
C.O.#3 - pending "

– 12/24/03 - CNMI submitted revised budget for new Public Health; addit'l design work necessary to correct deficiencies of completed design by LAD

– 12/24/03 - OIA approved revised budget

Due to concerns raised, an engineer was brought in to review the structural issues. His preliminary report concludes that LAD's design does NOT meet the 1997 UBC code requirements nor does it meet the Zone 4 earthquake requirements. Per Project Manager, recommendation is to go ahead with remedial work as the construction work proceeds. Addit'l cost for structural study is $40K, redesign will be possibly another $100K, the remedial work maybe $300/500K. LAD will be notified about their design not meeting the code.

Name and Signature of person visiting the site:

2/23/04

Keith W. Aughenbaugh

Office of Insular Affairs

Report of Grant Site Visit

Date: **October 5, 2003 Review #3 (last dtd August 12th)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01) Total: $11,780,000

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Charles Jordan, SA for CIP Mgmt.; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who is the principal contractor: **Leo A. Daly (LAD) - A/E; AIC Marianas - Const**
SSFM Int'l - CM

Is work currently underway: **Yes**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**

What percentage of the project is complete: **85% A/E - no change**
25% Const - + 5% since last review

Is the project on schedule? If not, why? No

There are many issues that have yet to be resolved with LAD; the relationship between CNMI and LAD has all but stopped; in late August at the request of AG, a draft show cause for termination was prepared; redesign work for 1st floor was added to the previously agreed upon RFP which went out for advertisement in August; DPW has continued to do what it can to prevent a work stoppage at project, even if it means working at a reduced rate.

Estimated completion date: **August 13, 2004 (per contract)**

Describe any problems either in terms of budget, timing or scope:

Interactions with LAD have not gone well in the past 2 months; at least 3 letters have been sent by CNMI to LAD to try and resolve pending issues but there has been little progress; LAD's responses are not detailed, are terse and marginal; there remain many contractor related issues that have to be resolved; serious redesign issues remain and construction will continue to be hampered by lack of final designs for changes CUC wants.

Recommendations to the grants manager, if necessary:

Upon receiving CNMI request to have ACE review A/E design work of LAD, recommend OIA approval, charging project funding

Miscellaneous information:

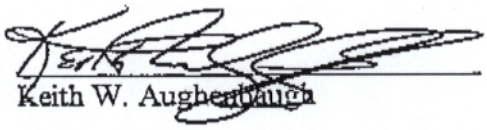
Per SA for CIP Mgmt., CNMI will request ACE assistance in review of A/E design work of LAD; CNMI has decided NOT to issue a "Show Cause" letter to LAD until ACE review has been completed.

During Sept the RFP for addit'l design services was due from interested consulting firms; a quick turn around in selection and contract processing is necessary to prevent further delays in construction; the A/E firm hopefully will be selected in October.

SSFM, CM firm for the project, reviewed COP #2 for construction; the C.O. contains payments to subcontractor Spectrum Electronics for their down time due to all the delays.

In mid September at a high level meeting at the Governor's Office, Project Manager presented a spread sheet that estimated overall costs for the addit'l work CHC requested; per Project Manager it appears the remaining funds are not enough to complete all the work CHC desires; addit'l work anticipated includes redoing the mechanical support for the entire CHC plus add capacity to service the new dialysis wing; new lighting protection system; new fuel tanks and piping; new boilers; new ventilation and vacuum systems; addit'l parking, etc.

Name and Signature of person visiting the site:



Keith W. Aughenbaugh

Office of Insular Affairs
Report of Grant Site Visit

Date: August 12, 2003 Review #2 (last dtd June 9-11, 2003)

Insular Area: Commonwealth of the Northern Mariana Islands (CNMI)

Title and Fiscal Year of Project: **New Public Health Bldg.** - FY '01 (A/E); FY'03 (Const)

Type of Grant (CIP/OMIP/TA, etc) Capitol Improvement Project (CIP)

Amount of Grant Award: $3,500,000 (FY '97)
$8,280,000 (FY "01) Total: $11,780,000

OIA Identifying Grant Number: CNMI-CIP-1997
CNMI-CIP-2001
GR# (OIA accounting identification number) GR700026 / GR1000111
Local Government Identifier: Business Units 5121 and 5135

Person(s) Interviewed: Charles Jordan, SA for CIP Mgmt; Stan Good, Project Manager;

Contact Information for Insular Program Manager:
Name: Vicky Villagomez, CIP Administrator Fax: (670) 664-2408
Phone: (670) 664-2406 Email: vv@vzpacifica.net

Who is the principal contractor: Leo A. Daly (LAD) - A/E; AIC Marianas - Const
SSFM Int'l - CM

Is work currently underway: Yes
When did work begin on the project: A/E - start of FY '01; NTP Const - start of FY '03
What percentage of the project is complete: 85% A/E Ground breaking 2/03
20% Const

Is the project on schedule? If not, why?
No, the project is not on schedule due to pending design changes; DPH felt original plans were not adequate /scope of work lacking initially; however, concerns of DPH were not documented adequately; as a result there were coordination problems between LAD, DPH, DPW, & AIC; causing prime (AIC) to slow down certain areas of construction.

Estimated completion date: August 13, 2004 (per contract)

Describe any problems either in terms of budget, timing or scope:

Response from LAD has been slow & often not current with latest developments in the field. Attempt made to reschedule or re-program construction works as much as possible w/o formal work stoppage (as Proj. Mgr. was going to recommend beginning of June). But it was found many of the work items could not be completed w/o performing a prior work item first.

Work schedule has fallen behind:

- complete LAD scope of work by 6/25 - did not happen
- negotiate fee by 7/7 - did not happen
- complete all underground mechanical/electrical work for ground flr by 7/30 - did not happen
- 50% overall design changes by 7/30 - no design has occurred at all other than that prepared by TSD
- all addit'l work to be completed by LAD by 9/1 - ????

Recommendations to the grants manager, if necessary:

Possible letter to CNMI officials requesting problems be addressed; consider requesting ACE to review the LAD design.

Miscellaneous information:

DPW staffers (2) went to Hawaii in June & met with LAD to resolve issues on redesign for mechanical , electrical & supporting systems. There was general agreement that a plan to follow was to limit LAD duties to grooound floor electrical design, redesign of the A/C & chillers and answering RFIs. In return DPW would prepare RFP for A/E on:

— water catchment & fire hydrants
— parking lot completion
— medical gases design
— utility trench design
— controls for A/C & lighting
— upgrading of CHC boilers

Name and Signature of person visiting the site:

Keith W. Aughenbaugh

FINAL
(Revised)

Office of Insular Affairs
Report of Grant Site Visit

Date: June 9 -11, 2003
Insular Area: Commonwealth of the Northern Mariana Islands (CNMI)

Title and Fiscal Year of Project: **New Public Health Bldg.** - FY '01 (A/E); FY'03 (Const)

Type of Grant (CIP/OMIP/TA, etc) Capitol Improvement Project (CIP)

Amount of Grant Award: $3,500,000 (FY '97)
$8,280,000 (FY "01)

OIA Identifying Grant Number: CNMI-CIP-1997
CNMI-CIP-2001
GR# (OIA accounting identification number) GR700026 / GR1000111
Local Government Identifier: Business Units 5121 and 5135

Person(s) Interviewed: Charles Jordan, SA for CIP Mgmt; Dick Cody, Director, TSD, DPW
Stan Good, Project Manager; Casey Conner, Plant Engineer, CHC

Contact Information for Insular Program Manager:
Name: Vicky Villagomez, CIP Administrator Fax: (670) 664-2408
Phone: (670) 664-2406 Email: vv@vzpacifica.net

Who is the principal contractor: Leo A. Daly (A/E); AIC Marianas (Const)

Is work currently underway: **Yes**
When did work begin on the project: A/E - start of FY '01; Const - start of FY '03
What percentage of the project is complete: 85% A/E
10% Const

Is the project on schedule? If not, why?
No, the project is not on schedule due to pending design changes initiated by DPH; as a result prime contractor has slowed down certain areas of construction due to the uncertainty of the design

Estimated completion date: August 13, 2004 (per contract)

Describe any problems either in terms of budget, timing or scope:
Per S. Good, Project Mgr, contractor is working with outdated design plans; too many proposed changes have been initiated by DPH (Plant Engineer). Per C. Conner, too many assumptions were made w/o actual facts. Per C. Jordan, previous project manager did not report problems during early stages of the project

Recommendations to the grants manager, if necessary:
Conduct more frequent project reviews until problems resolved; possible letter to CNMI officials requesting problems be addressed; if irregularities found in initial procurement process, request review by OPA..

Miscellaneous information:
Current Project Manager (S. Good) may recommend issuance of a stop work order. Good just came on board in June. Based on several recent meetings, an agreement has been reached between Leo A. Daly and CNMI to send two (2) DPW staff to Hawaii to work with A/E to document the modifications, resulting in a likely C.O.

Name and Signature of person visiting the site:

Signature

Keith W. Aughenbaugh
Name

12/22/03

Office of Insular Affairs

Report of Grant Site Visit

Date: **December 10, 2003** **Review #4 (last dtd October 5th)**

Insular Area: **Commonwealth of the Northern Mariana Islands (CNMI)**

Title and Fiscal Year of Project: ***New Public Health Bldg.*** **- FY '01 (A/E); '03/04 (Const)**

Type of Grant (CIP/OMIP/TA etc.) **Capital Improvement Project (CIP)**

Amount of Grant Award: **$3,500,000 (FY '97)**
$8,280,000 (FY "01) **Total: $11,780,000**

OIA Identifying Grant Number: **CNMI-CIP-1997**
CNMI-CIP-2001

GR# (OIA accounting identification number): **GR700026 / GR1000111**

Local Government Identifier: **Accts # 5121 and 5135**

Person(s) Interviewed: **Charles Jordan, SA for CIP Mgmt.; Stan Good, Project Manager**

Contact Information for Insular Program Manager:

Name: **Vicky Villagomez, CIP Administrator** Fax: **(670) 664-2408**
Phone: **(670) 664-2406** Email: **vvillagomez@vzpacifica.net**

Who is the principal contractor: **Leo A. Daly (LAD) - A/E * ;** **AIC Marianas - Const**
Taniguchi Ruth Assoc. (TRA) - **SSFM Int'l - CM**
Redesign **

Contract(s) amounts: **$ 787,000 - A/E**
$ 254,770 - CM
$5,583,000 - Const (original contract amt)
$ 600,000 - approx; not finalized - Redesign

Is work currently underway: ***A/E work by LAD has concluded; **redesign by TRA has started; construction by AIC continues at reduced pace**

When did work begin on the project: **A/E - start of FY '01; NTP Const - start of FY '03**

Redesign - start of FY '04 (Nov.)

What percentage of the project is complete: **50% - Redesign already**
20% Const; (- 5% since last review; due to redesign changes)

Is the project on schedule? If not, why? **No**
There were many issues that could not be resolved with LAD; as a result LAD was notified that their services were no longer needed; TRA was selected in October to do the redesign work; the scope of work & fees were negotiated; in November, TRA started in earnest providing services to get the project moving; their contract still needs to be finalized though.
Delays in construction should be stopped by the end of December. Meanwhile, during November AIC started work on the clinic area at the 2nd level.

Estimated completion date: **Revised from 8/13/04 to 1/10/05 (C.O. #2 time extension)**

Describe any problems either in terms of budget, timing or scope:
Delays caused by the design problems have resulted in a six month time extension for construction with addit'l time possible after all the redesign changes are made. Presently the remaining funding is short by over $1 million. Total costs will not be known until redesign is completed & prices obtained.

Recommendations to the grants manager, if necessary:
*****OIA should still consider having ACOE review LAD's A/E work along with CNMI's initial administration of the project even if CNMI does NOT make the request. Its important to determine the causes for the problems and delays and if any disallowed costs are warranted.**

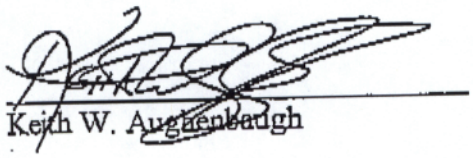
Miscellaneous information:
Per SA for CIP Mgmt, CNMI has not made final determination whether to request ACOE assistance in reviewing A/E design work of LAD.

To date:
C.O. #1 - $286,941.50 (constr) - increase in rebar prices due to delays
C.O. #2 - $134,787.61 " - Spectrum Electronics "down" time; erosion control plan, misc.
C.O.#3 - pending "

In October, Tom Bussanich met with PM for the Public Health Project; OIA verbally agreed to have ACOE conduct review of LAD's A/E work.

In November, OIA Budget Director and staff met with PM for briefing on status of project.

Name and Signature of person visiting the site:



Keith W. Augustenbaugh

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Jeff Schorr" <jeff.schorr@pticom.com>
Sent: Monday, October 17, 2011 11:18 AM
Attach: Remarks of the Honorable Anthony M.doc
Subject: Fw: Keynote Address - Dialysis Opening Ceremony
Got your email address wrong last Friday morn!

----- Original Message -----
From: Keith Aughenbaugh
To: Jennifer_Feng@ios.doi.gov ; Zepeda, Rebecca ; Francisco_Taitano@ios.doi.gov ; Kraft, Faride A ; Tom_Bussanich@ios.doi.gov ; Jeff Schorr
Sent: Friday, October 14, 2011 9:12 AM
Subject: Fw: Keynote Address - Dialysis Opening Ceremony

Tony arrived aok this morn!

He wanted to make a few possible changes to his address (at Pam's office) before the Ceremony at CHC at 10am; he did not realize he was going to be giving the keynote address! After we got a fax of the address from Frank at 7am this morning, I retyped it, double spacing with 16 font. For some reason, Rebecca, your email did NOT have it attached earlier this morn?

Anyway, all's well that ends well!

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: James Benedetto
Sent: Friday, October 14, 2011 9:00 AM
Subject: Keynote Address - Dialysis Opening Ceremony

Tony,

Per your request,

Keith

Remarks of the Honorable Anthony M. Babauta
Assistant Secretary of the Department of the Interior for Insular Affairs
Ribbon Cutting Ceremony for the New Hemodialysis Center
Saipan, CNMI

Hafa Adai and good morning to all of you. It is my true pleasure to be here this morning and to be able to share in this momentous occasion with your. I know from OIA's perspective, we have been awaiting this grand opening for quite some time, so I can imagine the excitement of the patients who will soon frequent this center and the individuals who have dedicated many years of hard work and time to realizing this project. I want to thank Governor Ben Fitial for inviting me and I understand former Governors Carlos Camacho, Pedro P. Tenorio, Froilan Tenorio and Juan N. Babauta are present. I would also like to extend greetings to Saipan Mayor Donald Flores and Mayors Melchor Mendiola (Rota Mayor) and Ramon de la Cruz (Tinian Mayor). Si Yu'us ma'ase for allowing me to be here today.

This morning, we are here to celebrate the opening of a new

dialysis center that will serve this island's community and about 78 percent of all patients currently needing dialysis. This new center boasts 27 new stations, 2 isolation wards and on average, expects to treat about 105 patients per week. From what I understand, there is a nephrologist (kidney specialist) on staff, Dr. Sherleen Osman who is based at the Commonweath Health Center, there are 13 registered nurses, 4 licensed practical nurses and 10 hemodialysis technicians that currently run this new center. Resources have also been allocated for the hiring of a social worker and a registered dietician.

I want to commend the CHC for the efforts they have undertaken as a health center with limited resources, to coordinate their efforts to bolster cooperation between the Diabetes Program here on island and the fight against other noncommunicable diseases. The CHC has made vast improvements in the area of preventative care, bringing to light the issue of renal disease, uncontrolled diabetes and uncontrolled high blood pressure and how all of these health complications disproportionately affect our island

communities. A few frightening stats, chronic kidney disease affects over 17 million Americans and that number increases by about 6% each year. Diabetes and hypertension (high blood pressure) is the number one and number two causes of kidney disease.

For many of the patients that live day to day needing dialysis, there is an understanding that dialysis is in no way a cure for kidney disease. This life-saving, blood-filtering process is strenuous, expensive and comes with severe dietary and lifestyle restrictions. So because of this, as a community we need to really ramp up our efforts to talk about ways that we can work together to ensure families are eating right, buying locally, staying fit, and limiting our salt and processed food intake. This is about cultivating a lifestyle that is health conscious, teaching our children our rich taro and breadfruit eating traditions. Preventive care can simply mean going back to the basics and making sure we are making the necessary investments now in ensure longevity and

good health.

I am energized this morning because as we gather today to formally open this new center, we make a commitment to more efficiently serve patients needing dialysis but most importantly, we are given the opportunity to talk a bit about an issue that affects us all. And together, we can pledge to eat healthier, we can commit to adopting new lifestyles and with some extra care and prevention we can be well on our way to a longer and more prosperous life. So with that, Si Yu'us ma'ase Kon respettu ya hu diseseha na hu tafan felis gi duranten este siha na tiempon chinatsaga.

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: <Francisco_Taitano@ios.doi.gov>; <Jennifer_Feng@ios.doi.gov>; "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
Sent: Wednesday, October 05, 2011 6:05 PM
Attach: Public Health Center - October 2011.editeddocx.docx
Subject: Revised Dialysis Center BP

Frank,

Please find attached an update on your Dialysis Center Briefing Paper!

I felt it was alittle too long, repetitious and too much info from the several updates for recent AS-IN visits!.

Now on to the other BPs.

Keith

THE COMMONWEALTH HEALTH CENTER (CHC) - SAIPAN

ISSUE: Has any progress been made with regard to opening the CHC's Dialysis Center since the AS-IN's visit in January 2010?

KEY POINTS:

- Yes.
- YOU have been invited by Governor Fitial to be keynote speaker on October 14, 2011, for the opening ceremony for the Dialysis portion of the Dr. Jose T. Villagomez Center for Public Health and Dialysis.
- The Dialysis Center was finally declared open for operation after the Medicare inspection team during their CNMI visit in September 2011, found that issues identified from previous inspection have been addressed. Transition of patients into the new facility began in late September 2011, after the CHC received Food and Drug Administration (FDA) certification on the repair and test results of the reverse osmosis (RO) system and got approval to operate from Medicare.
- With closure of the old dialysis clinic, CHC was able to finally begin the transfer of the medical records from the old, over crowded office into the new automated medical records office.
- CHC contracted MarCor Purification for a total of $141,413, of local funds to make the assessment and complete the repair work required for FDA certification and Medicare approval. The following list of concerns identified by both Hawaii State Survey Agency and Center for Medicare and Medicaid Services (CMS) are:
    - FDA certification for the reverse osmosis machine and its control panel
    - dead loops in the system where stagnant water can pool and create venue for bacterial growth
    - control valves in the water distribution system were makeshift additions and their durability/reliability could not be assured
- OIA provided a total of $8,790,000 through three Capital Improvement Project grants for the construction of the new public health center. The project was subject to a local matching requirement. A total of $17,580,000 was committed to the project including the Commonwealth's share.
- The Dr. Jose T. Villagomez Center for Public Health and Dialysis was officially opened on December 19, 2007. The 56,000 square feet facility (adjacent to the current health center) is made up of a children's clinic, an adult clinic, a women's clinic, a chest clinic, a dialysis clinic, a medical records office, and a warehouse for medical supplies.

- The bleak picture (see background below) of the dialysis clinic as described in the reports issued by the Office of Inspector General in June 2007 and September 2008 has been addressed and is now a non issue.

BACKGROUND:

- On May 10, 2011, the Deputy Secretary for the Department of Public Health (DPH), informed OIA staff that MarCor's equipment to be installed at the Dialysis Center was estimated to arrive in June, and that installation should be finished by June-July. MarCor needed one month of water testing before inviting Medicare for inspection. DPH could not move in unless inspection was completed.

- On October 28, 2010, the Center for Medicare and Medicaid Services (CMS), Region 9, stated it would take 6 weeks to complete the repair on the water treatment system for the Dialysis Center. A CMS inspection would then follow (unannounced date).

- On September 29, 2010, CMS lifted the jeopardy status it imposed on the Dialysis Center in September 2009. A three-day follow up inspection was conducted from September 27 - 29, by a four member Medicare team. Initial inspection was conducted in September 2009 and a follow up in January 2010.

- On March 11, 2010, OIA received an email from Mr. Ed Japitana, Nurse Consultant for (CMS), Program Lead for Dialysis for Region 9, who provided the following list of concerns identified by both Hawaii State Survey Agency and CMS. Concerns raised involve:
    - FDA certification for the reverse osmosis machine and its control panel
    - dead loops in the system where stagnant water can pool and create venue for bacterial growth
    - control valves in the water distribution system were makeshift additions and their durability/reliability could not be assured

- Although the health center was officially opened in December 2007 the Department of Public Health has been inexplicably unresponsive and slow in addressing Medicare certification requirements needed to open the center's dialysis clinic. Meanwhile the new dialysis machines were being used at the current health center.

- Both the CNMI and the OIA have received a substantial amount of negative attention because of this project, mainly through two OIG reports.

- It raises the question of where OIA's involvement in capital improvement projects ends as construction has been complete for some time.

- The first OIG reports on the project was released in June 2007 titled: *Evaluation of Saipan Public Health Facility Project Raises Concerns About Oversight of Capital Improvement Projects*. The report criticized OIA's oversight of the project citing the

delays and cost increases as the result.

- A second, September 2008 OIG report titled: *Insular Area Health Care: "At the Crossroads of a Total Breakdown"* painted the project in a negative light by noting that the costs had tripled, the brand new medical warehouse remained completely empty, and that the new dialysis clinic was found to have serious deficiencies by the Medicare officials who toured the project in June 2008 preventing it from receiving the Medicare certification required to open it.

    - Project costs tripled because the original design, which was for a simple dialysis clinic, was found to be inadequate. During the redesign process, the CNMI opted to expand the scope from a dialysis clinic to a complete health center recognizing that that the existing health center was antiquated, desperately in need of renovations, and was quickly reaching its capacity to treat the Commonwealth's growing population. The scope of the project was further increased during construction by the addition of an administrative area and a command center in response to the September 11, 2001 terrorist attacks.

    - The new medical warehouse, though not in use during OIG's June 2008 visit, began to be used in the fall of 2008.

    - The deficiencies identified by the Medicare officials were minor, related only to the dialysis clinic and should have been addressed quickly but, inexplicably, were not despite repeated follow-up by OIA.

- OIA considers both OIG reports to be somewhat misrepresentative of the project. Like most large infrastructure projects in the insular areas, it faced serious challenges while under construction. However, a state-of-the-art facility has been completed.

CONTACT: Francisco I. Taitano (202) 208-7722
Faride Kraft (202) 219-1335
Keith Aughenbaugh (670) 233-9439

October 2011

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Babauta, Tony" <Tony_Babauta@ios.doi.gov>
Cc: <Francisco_Taitano@ios.doi.gov>; <Jennifer_Feng@ios.doi.gov>; "Jeff Schorr" <jeff.schorr@pticom.com>; "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>
Sent: Tuesday, October 04, 2011 10:50 AM
Subject: Fw: New Dialysis Clinic

Tony,

Email I just rec'd from Kevin Villagomez regarding your participation in the New Dialysis Clinic grand opening ceremony next Friday, October 14th. Jeff was inquiring whether you might want a separate meeting with the Governor since he expects to be off island the following week when you return on Oct 20th and 21st?

Keith

----- Original Message -----
From: Joseph Kevin Villagomez
To: keith.aughenbaugh@pticom.com
Sent: Tuesday, October 04, 2011 10:26 AM
Subject: Re: New Dialysis Clinic

Keith:

My cell phone number is b) (6) . I also just got off the phone with the Governor and he is requesting that AS Babauta delivery the keynote address for the dialysis opening.

Kevin.

On Tue, Oct 4, 2011 at 8:27 AM, <keith.aughenbaugh@pticom.com> wrote:
Great news; I will be making you the Point of Contact (POC) for the Dialysis visit. What is your cell phone number?

> Keith:
>
> It is schedule for 10 a.m. to noon on October 14, 2011. We are happy that
> Asst. Secretary Babauta will be able to make it.
>
> Kevin.
>
> Joseph Kevin Villagomez
> Secretary of Health
> Department of Public Health
> Commonwealth of the Northern Mariana Islands
> Tel: (670) 236-8770
> Fax: (670) 236-8799
> E-mail: joseph.kevin@dph.gov.mp
>
>
>
> On Oct 4, 2011, at 7:52 AM, keith.aughenbaugh@pticom.com wrote:

>
>> Since I rec'd your response a short while ago, I rec'd notification from
>> HQ that the AS-IN is planning to arrive a week early in the CNMI to
>> attend the grand opening ceremony for the new dialysis clinic. Do you
>> have a time firmed up as yet? He is under the impression that it is mid
>> morning. We are again trying to firm up his schedule for Friday, Oct
>> 14th, and then the following week (Oct. 20th and 21st).
>>
>> Of course a separate tour on the 20th will no longer be needed.
>>
>> Keith

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Joseph Kevin Villagomez" <joseph.kevin@dph.gov.mp>
Sent: Monday, September 26, 2011 3:13 PM
Subject: Re: Fw: New Dialysis Clinic

Ok, I understand fully. I also understand that the Medical Records are now being transferred to the new facillty. Would that transfer be completed in time for the AS-IN visit?

----- Original Message -----

From: Joseph Kevin Villagomez
To: Keith Aughenbaugh
Sent: Monday, September 26, 2011 2:55 PM
Subject: Re: Fw: New Dialysis Clinic

Keith:

We may end up having a separate tour for Assistant Secretary Babauta on the 21st of October. Because of logistics of moving dialysis dates (shutting down for the opening and having dialysis on a Sunday) together with the availability of the Governor & Lt. Governor and legislative leadership, the only day available for the ceremony is on October 14, 2011. This planning is being coordinated between our administrative staff and the medical staff for the dialysis center. Should things changed, I would let your office know.

Kevin.

On Mon, Sep 26, 2011 at 2:46 PM, Keith Aughenbaugh <keith.aughenbaugh@pticom.com> wrote:

Followup.

----- Original Message -----
From: Keith Aughenbaugh
To: Joseph Kevin Villagomez
Sent: Friday, September 23, 2011 1:03 PM
Subject: Fw: Fw: New Dialysis Clinic

Assistant Secretary Babauta would be able to attend an opening ceremony for the new Dialysis Clinic late Thursday morning, October 21st if possible. He has a Water Task Force (WTF) ribbon cutting scheduled earlier in the morning after he arrrives on island so possibly 10:30 or 11:00am would work. His schedule is being finalized rather quickly.

Thanks,

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: Joseph Kevin Villagomez
Sent: Tuesday, September 20, 2011 3:19 PM
Subject: Re: Fw: New Dialysis Clinic

Ok, understand! Pls keep me posted.

----- Original Message -----

From: Joseph Kevin Villagomez
To: Keith Aughenbaugh
Sent: Tuesday, September 20, 2011 11:59 AM
Subject: Re: Fw: New Dialysis Clinic

Keith:

I will get back to you after I speak with the Governor. The Lt. Governor is fine with the proposed dates (Oct. 20-21). The Governor is off-island this week so it won't be until next week will I be able to confirm any dates. Thanks.

Kevin.

On Tue, Sep 20, 2011 at 11:55 AM, Keith Aughenbaugh <keith.aughenbaugh@pticom.com> wrote:

Followup! Any further news?

October 20th and 21st (a Thursday & Friday) now look pretty firm for AS-IN's visit. He'll be in Guam before arriving in CNMI.

The Water Task Force would like him to attend a ribbon cutting ceremony for a new pipeline in Puerto Rico. That has been tentatively scheduled for Thursday morn at 10:30am. He's interested in that.

Upon word from you, I will try to incorporate these events into his schedule. Tony has responded back to me that he'd definitely be interested in attending an official opening if scheduled during his visit.

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: Joseph Kevin Villagomez
Sent: Thursday, September 15, 2011 11:45 AM
Subject: Re: New Dialysis Clinic

AS-IN Babauta's tentative dates to be in Saipan are October 20 & 21st!

---- Original Message -----
From: Joseph Kevin Villagomez
To: Keith Aughenbaugh
Cc: Melisa Jack ; Esther Muna
Sent: Thursday, September 15, 2011 11:14 AM
Subject: Re: New Dialysis Clinic

Thanks Keith. We are looking into the schedule of both the Governor & Lt. Governor to identify a good time for all. It will most likely be in October but the exact date is still pending. I will definitely let you know once we have a possible dates in mind.

JKPV

On Thu, Sep 15, 2011 at 10:48 AM, Keith Aughenbaugh <keith.aughenbaugh@pticom.com> wrote:

Congrats on the news in today's Tribune!

Will there be any kind of ceremony to mark this important milestone? Just curious as AS-IN Babauta may possibly be out next month and would certainly be interested in attending any ceremony that may be planned if the timing is right.

Keith

Joseph Kevin Villagomez
Secretary of Health
Department of Public Health
Commonwealth of the Northern Mariana Islands
Tel: (670) 236-8770
Fax: (670) 236-8799
E-mail: joseph.kevin@dph.gov.mp

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Joseph Kevin Villagomez
Secretary of Health
Department of Public Health
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Tel: (670) 236-8770
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Joseph Kevin Villagomez
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01-23-12;09:55PM;

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Japitana, Edgardo Q. (CMS/CQISCO)" <Edgardo.Japitana@cms.hhs.gov>
Sent: Tuesday, September 20, 2011 2:34 PM
Subject: Re: New Dialysis Clinic

Thanks very much for getting back to me.

Great news for the CNMI!

Keith

---- Original Message ----
From: Japitana, Edgardo Q. (CMS/CQISCO)
To: Keith Aughenbaugh
Cc: Soria, Renie A. (CMS/WC) ; Arther, Rufus G. (CMS/CQISO)
Sent: Tuesday, September 20, 2011 1:00 AM
Subject: RE: New Dialysis Clinic

The new ESRD unit was approved effective Monday, September 12. They dalyzed several patients on Tuesday and Wednesday, and informed us that on Thursday, all patients will dialyze at the new unit and that the old site will close. They did a wonderful job transitioning and gave patients a preview and orientation before their dialysis.

When we were there, they were looking at getting a few items they thought they needed including additional dialysis chairs and a digital weighing scale (the one they had, accordingly, was not accurate and needed manual calculation to kilograms from pounds).

Our last day at CHC was Wednesday.

It was nice meeting you as well. We didn't know you were stationed in Saipan.

Ed

From: Keith Aughenbaugh [keith.aughenbaugh@pticom.com]
Sent: Wednesday, September 14, 2011 5:44 PM
To: Japitana, Edgardo Q. (CMS/CQISCO)
Subject: New Dialysis Clinic

It was so good to finally meet both of you on Tuesday!

;670 234 8814 # 16/ 23

Just wanted to verify if the article in today's Tribune (attached) is accurate? Never hurts to double check.

Are there any addit'l details or issues of importance?

Thanks,

Keith

01-23-12;09:55PM; ;670 234 8814 # 17/ 23

11/28/2011

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Babauta, Tony" <Tony_Babauta@ios.doi.gov>; <Nikolao_Pula@los.dol.gov>
Cc: "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>; <Tom_Bussanich@ios.dol.gov>; <Francisco_Taitano@ios.doi.gov>; "Jeff Schorr" <jeff.schorr@pticom.com>
Sent: Friday, September 16, 2011 1:34 PM
Attach: Saipan Tribune16.mht
Subject: Fw: New Dialysis Clinic

I assume you saw this article from Thursday Tribune. The new Dialysis Clinic has been certified by CMS and has opened for patients!

I emailed Public Health Secretary Kevin Villagomez and asked if a ceremony is planned and he stated probably sometime in October after checking with the Governor and Lt. Governor's on their schedules.

Would this be something you'd be interested in attending if it works with your Saipan visit towards the end of October?

I also spoke with Pete Sasamoto, WTF Program Manager, and he has a ribbon cutting planned for one of his projects and mentioned he'd like you to be present if you'd be out this way?

If all schedules happen to coinside, you could possibly attend both. Your thoughts.

Keith

LOCAL

Thursday, September 15, 2011

Opening of new dialysis center OK'd

DPH closes old dialysis unit today

By Moneth Deposa
Reporter

After several years of waiting, the U.S. Department of Health & Human Services Centers for Medicare and Medicaid Services finally approved the opening of the Commonwealth Health Center's new Hemodialysis Center, according to a Department of Public Health announcement yesterday.

Public Health Secretary Joseph Kevin Villagomez and acting deputy secretary for hospital administration Esther Muna said that DPH received the go-ahead from Medicare on Monday, Sept. 12, after a three-day inspection and dry run.

Medicare, according to the two officials, certified 25 hemodialysis stations and two isolations at the new unit. CHC had 19 stations certified at the old unit, which will be officially shut down today, Sept. 15.

"We just completed our exit interview with Medicare surveyors that have been here for the past three days to inspect the new hemodialysis facility. As of Sept. 12, 2011, they allowed us to start operating the new hemodialysis facility with only half of the total number of patients on hemodialysis being dialyzed in the new facility. As of today, they have given us permission to move the entire hemodialysis program into the new facility. Starting tomorrow, the old facility will be shut down and all dialysis treatment will take place at the new dialysis center," said Villagomez.

He acknowledged Dr. Sherleen Osman and her team at the hemodialysis unit for spearheading the patients' transfer.

Villagomez, in an interview with Saipan Tribune on Tuesday, said that half of the dialysis patients being treated at the old dialysis center were transferred to the new facility on Tuesday as part of the Medicare dry run.

"We started on Tuesday treating our dialysis patients in the new facility and we have already transferred half of our dialysis patients from the old hospital and they were so happy," said Villagomez, who visited and talked with patients during their treatment.

There are currently 159 hemodialysis patients in the Commownealth-double the 80 that were being treated in 2001.

Of the current number, 107 are being treated at the CHC while 52 are with a private hemodialysis clinic on island.

In Tuesday's dry run, Villagomez said that nine patients were treated each shift. The dialysis center has three shifts: morning, afternoon, and evening.

"The dry-run went very smoothly and we're very pleased," he said.

Villagomez said he already reported to Gov. Benigno R. Fitial the progress at the facility and a formal ceremony will be held at a later date.

There are a total of 38 stations in the new dialysis center, estimated to treat 27 patients per shift each day.

In an early interview with Karlo Reyes, unit manager of the CHC hemodialysis unit, he said they are ready for the full operation of the new center with 28 nurses, one dietician, one social worker, and a part-time nephrologist. These personnel will work in three shifts every day from 5am through 9pm. A dialysis patient receives an average of four to five hours of treatment for every shift, including preparation.

The dialysis project was initiated in 2004 during the administration of former governor Juan N. Babauta. Its opening was delayed for years due to lack of funding and Medicare certification.

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Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Stan Good IV" <staniv@azumaconsulting.com>
Sent: Thursday, September 15, 2011 10:12 AM
Attach: CIP - Dialysis Clinic 007.jpg; CIP - Dialysis Clinic 001.jpg; CIP - Dialysis Clinic 002.jpg; CIP - Dialysis Clinic 003.jpg; CIP - Dialysis Clinic 005.jpg; CIP - Dialysis Clinic 004.jpg; CIP - Dialysis Clinic 006.jpg
Subject: Fw: New Dialysis Center
FYI.

----- Original Message -----
From: Keith Aughenbaugh
To: Babauta, Tony ; Nikolao_Pula@ios.doi.gov ; Tom_Bussanich@ios.doi.gov ; Kraft, Faride A
Cc: Francisco_Taitano@ios.doi.gov
Sent: Tuesday, September 13, 2011 12:35 PM
Subject: Fw: New Dialysis Center

Tony,

Secretary of Public Health Villagomez alerted Frank and I this morning that the new Dialysis Clinic is undergoing the certification survey this week with CMS staff here. I went over to the clinic this morning, met with Ed Japitana, CMS Program Lead for Dialysis, Region IX, and another staffer, took a quick walk thru of the clinic and was able to take some pictures (attached). They are bringing in limited patients initially as part of the review process. I observed several patients using the machines with more in the waiting room.

Mr Japitana stated the survey began today with orientation yesterday. He feels the survey is going well and that they may be able to recommend certification by the end of the week.

Will keep all posted.

Keith

----- Original Message -----
From: Joseph Kevin Villagomez
To: Francisco Taitano
Cc: keith.aughenbaugh@pticom.com
Sent: Tuesday, September 13, 2011 8:48 AM
Subject: New Dialysis Center

Buenas Mr. Taitano

This is to inform you that Medicare surveyors are here this week to observe the initial patients being dialysized at the new Dialysis Center. The first group of 9 patients started being dialysized this morning and everything is going smoothly. We will be starting with half of the 102 patients on dialysis using the new facility for the next few days until we totally move into the new center by next week. We will be having 2 shifts daily. I will continue to brief you as we completely move into this new facility and shut down the old center.

Joseph Kevin.

Joseph Kevin Villagomez
Secretary of Health
Department of Public Health

Keith Aughenbaugh

From: "Keith Aughenbaugh" <keith.aughenbaugh@pticom.com>
To: "Kraft, Faride A" <Faride_Kraft@ios.doi.gov>; <Francisco_Taitano@ios.doi.gov>
Sent: Tuesday, May 10, 2011 2:59 PM
Subject: Fw: Update on Hemo Opening

FYI. The never ending Hemo story!

Followed up on its status yesterday. Attached is the info Esther provided me!

Keith

----- Original Message -----
From: Keith Aughenbaugh
To: (b) (6)
Sent: Tuesday, May 10, 2011 10:39 AM
Subject: Re: Update on Hemo Opening

Thanks so much the update; I will share with Frank and the folks in HQ!

> ----- Original Message -----
> **From:** (b) (6)
> **To:** keith.aughenbaugh@pticom.com
> **Sent:** Monday, May 09, 2011 6:16 PM
> **Subject:** Re: Update on Hemo Opening
>
> I just sent you an email from a contractor who is arranging shipment. With an ETA of June, installation should be finished by June-July. We need one month of water testing before Medicare comes and does their inspection. We cannot move in unless inspection is complete. I don't want to estimate a date....especially since things are sometime out of our control...sigh...
>
> So, as it gets closer, we'll have a BETTER idea.
>
> Thanks.
>
> Esther L. Muña
> Deputy Secretary for Hospital Administration
> Financial Services Administrator
> Commonwealth Health Center
> Department of Public Health
> Lower Navy Hill
> P.O. Box 500409
> Saipan, MP 96950-0409
> Tel: (670) 236-8765
> Fax: (670) 236-8756
>
> -----Original Message-----
> From: Keith Aughenbaugh <keith.aughenbaugh@pticom.com>
> To: (b) (6)
> Sent: Mon, May 9, 2011 3:16 pm
> Subject: Re: Update on Hemo Opening
>
> I believe that was a couple weeks ago we bumped into each other at Mobil Middle Rd when gas was probably 20 cents a gallon cheaper!!
>
> Wanted to get an update from you since our last email a month ago. Our AS-IN Tony Babauta will be here May 27th just for the day and HQ is asking for briefing papers on various projects, issues, etc.

Most appreciative,

Keith

----- Original Message -----
From: (b) (6)
To: keith.aughenbaugh@pticom.com
Sent: Thursday, April 07, 2011 5:55 AM
Subject: Re: Update on Hemo Opening

Good morning to you Keith :)
Esther
-----Original Message-----
From: keith.aughenbaugh@pticom.com
To: (b) (6)
Cc: francisco_taitano@ios.doi.gov; keith.aughenbaugh@pticom.com; jeff.schorr@pticom.com
Sent: Thu, Apr 7, 2011 5:52 am
Subject: Re: Fwd: Update on Hemo Opening

Thanks Esther and good morn; you are also up early!

Keith

> FYI...
>
>
> Esther L. MuÃ±a
> Deputy Secretary for Hospital Administration
> Financial Services Administrator
> Commonwealth Health Center Hospital and Hemodialysis
> Department of Public Health
> Lower Navy Hill
> P.O. Box 500409
> Saipan, MP 96950-0409
> Tel: (670) 236-8765
> Fax: (670) 236-8756
>
>
>
> -----Original Message-----
> From: (b) (6)
> To: joseph.kevin@dph.gov.mp; (b) (6)
> Sent: Thu, Apr 7, 2011 5:30 am
> Subject: Update on Hemo Opening
>
>
> Per MarCor:
> [The new RO will be shipping this month. The shipping time from the states
> will dictate when they can install the equipment. Once the equipment is
> received at CHC, after a week, they will install.]
>
> So if the equipment is shipped by April 30, we're predicting installation
> will complete by June 30 or July 7. Water testing is done. Expected
> move-in date is end of July. By early or mid-June, we'll know the
> situation better and we should have an actual date of THE 1st date of hemo
> operations in the newer wing...Targeting Monday, August 1st is most
> realistic, even with any hiccups.
>
> Esther
>
>

Fax Header Information

Office of Insular Affairs
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Jan-23-2012 06:53 AM

Fax Job	Date/Time	Type	Identification	Duration	Pgs	Result
1533	Jan-23-2012 06:45 AM	Receive	670 234 881	5:15	23	Success