Customer Profile
Hospital campus consisting of two hospital buildings, an emergency center, and a medical office building. The facility consists of approximately 1,000,000 square feet of space with total annual patient days in excess of 136,000 and over 436,000 outpatient visits per year.

Customer Issues
- Declining healthcare reimbursements
- Aging infrastructure
- Regulatory compliance
- Facility expansion
- Capital and operational constraints

Project Objective
Create a solution that minimizes initial capital costs and maximizes operational efficiency while enabling Covenant to dedicate more of its capital budget to the emergency center expansion.

Results
- $15,300,000 in facility improvements
- Minimized total cost of ownership through a 15-year Plant Services Agreement that includes asset transfer
- Increased customer focus on core mission by outsourcing central plant services
- Improved patient and staff comfort through the installation of a more reliable heating and cooling system
- Project accountability through single-point responsibility for construction, the plant services agreement, and a performance guarantee

Covenant HealthCare
A Comprehensive Solution

Saginaw, Michigan
Growing Hospital Continues Focus On Outstanding Healthcare By Outsourcing
Covenant HealthCare is the largest healthcare provider in the Saginaw region. With more than 700 beds and a complete range of medical services, Covenant stands ready to meet the growing health care needs of this 14-county area. With 24 inpatient and outpatient facilities, including three acute care hospitals, Covenant HealthCare offers convenience and easy access to quality care.

A Common Goal
The project at Covenant HealthCare began as a minor facility improvement and evolved into a mutually beneficial relationship providing a comprehensive solution to Covenant’s needs. Through a competitive selection process, Covenant made the decision to work with Trane. Trane was involved early in the project planning stages and recommended taking a more comprehensive look at the entire project to meet both immediate and future needs. “The Trane proposal provided several options demonstrating Trane’s exceptional understanding of Covenant’s operation. The choices we made were clearly the best financial options for our facility as well as the best options for our staff and patients,” comments Ed Bruff, Covenant executive vice president.

Covenant HealthCare and Trane have worked together toward a common goal: reducing the hospital’s operating costs while improving the healthcare environment. The $15-million-dollar comprehensive project addresses upgrades to the central utility plant, including chillers, boilers, a thermal-energy storage system, auxiliary equipment, plus an expanded mechanical room. The 15-year agreement provides thermal energy and other cost savings. The agreement preserves scarce capital dollars for more prudent healthcare investments. “We are impressed with the leadership Trane has demonstrated on our project and are confident that the 15-year agreement will serve Covenant well,” comments Spence Maidlow, Covenant chief executive officer.
A key component to the plan was outsourcing the hospital’s chilled water and steam production through a plant services agreement from Trane.

Economic Benefits
With capital dollars at a premium, the Covenant administration was seeking creative funding strategies that would limit their initial capital investment. Trane listened closely to the team at Covenant and presented a multi-faceted approach designed to maximize the immediate benefit to the hospital with minimal up-front costs. A key component to the plan was outsourcing the hospital’s chilled water and steam production through a plant services agreement from Trane. Covenant benefits from the plant services agreement because the purchase of thermal energy is an operating expense rather than a capital investment, which can be the case with traditional HVAC improvements. The outsourcing agreement provides the hospital with 24-hour operations and maintenance. Trane is responsible for all repairs to the central plant equipment, which will likely improve Covenant's bottom line. The new central utility plant was designed to optimize operational efficiency. “This project provides the ability to create a centralized chiller and boiler plant within existing facilities as opposed to a free-standing operation,” said Tim Tinney, Covenant director of facilities services. “It improves plant operations by upgrading the aging existing central plant equipment, consolidating and increasing capacities (chiller size, ice storage), and reducing the amount of equipment required to provide comfort for both the existing facilities and the addition, including the skywalk.” With Trane assuming responsibility for the central utility plant, Covenant’s future operating costs are more manageable and predictable.

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Covenant and Trane have a strong relationship built on communication and a commitment to excellence.

A state-of-the-art computerized Tracer Summit™ building management system monitors and controls the central chilled water plant to achieve peak performance. A Web interface was established with the Tracer Summit system to allow Covenant access to critical central plant information. Supporting an open-protocol approach to network communication, Trane provides an additional interface with Covenant’s existing computerized energy management system.

**Cost Saving Improvements**

To complement the plant services agreement, a Performance Agreement for Comfort from Trane (PACT™) component was included in the project to provide additional building upgrades and guaranteed energy saving improvements.

A lighting retrofit was completed to improve the quality of light throughout the hospital and reduce energy costs. High-efficiency boilers were installed to provide reliable heating at a lower cost. Trane installed the new equipment and helped ensure proper interface with Covenant’s existing computerized control system. A PACT guarantee is included to ensure that Covenant achieves the stated results.

**Building on Quality**

Covenant and Trane have a strong relationship built on communication and a commitment to excellence. Relying on Trane products, services and reputation for quality, Covenant is better positioned to continue to provide outstanding healthcare for the Saginaw community and surrounding area.

For more information call Trane Asset Management Services 1-800-877-1327.