

Agency: Commerce, Community and Economic Development

Grants to Municipalities (AS 37.05.315)

Grant Recipient: Ketchikan

Federal Tax ID: 92-6000082

Project Title:

Project Type: Remodel, Reconstruction and Upgrades

Ketchikan - Medical Center Addition and Alterations Phase I

State Funding Requested: \$20,000,000

House District: 33 / Q

Future Funding May Be Requested

Brief Project Description:

The existing Ketchikan Medical Center operating rooms and surgery core are over 45-years old. This project consists of: a much needed new surgery center with three operating suites, one minor procedure room with patient pre/post surgery holding stations; 1 1/2 floors of clinical office space; and 50 additional parking spaces.

Funding Plan:

Total Project Cost:	\$76,000,000
Funding Already Secured:	(\$4,000,000)
FY2014 State Funding Request:	<u>(\$20,000,000)</u>
Project Deficit:	\$52,000,000
<i>Funding Details:</i>	
FY2010 Federal Grant Appropriation	\$1,000,000
FY2013 State Designated Legis. Grant	\$3,000,000
FY2013 PH Med Cntr(FFE)not incl in construc. budget	\$8,000,000

Detailed Project Description and Justification:

The City of Ketchikan is seeking funding assistance from the State of Alaska, in order that Phase I of the Ketchikan Medical Center Addition & Alterations Project may be initiated. Ketchikan Medical Center (KMC) is owned by the City of Ketchikan and is operated by PeaceHealth, a not for profit, voluntary private organization. This is a regional medicalhub for Southern SE AK. Revenues from existing local municipal health and hospital sales tax are not adequate to fund all of the capital needs required to bring the forty-seven year old facility up to current regulatory and functional standards. Additionally, increasing demand for life-saving and advanced technology, as well as the continued rise in uncompensated care, has further reduced available operational revenues that can be directed to high-cost capital improvements. City of KTN is prepared to bond for up to \$38M. Two thirds of Phase I are locally funded.

KMC provides the highest level of surgical services in southern Southeast Alaska, delivering scheduled and emergency care to residents and visitors throughout the Ketchikan Gateway Borough, Metlakatla, Prince of Wales Island, Wrangell and Petersburg. Serving a primary and secondary service area population of 35,000, KMC is relied upon to deliver a wide range of inpatient and outpatient surgical procedures supported by an array of diagnostic imaging and other clinical support.

The existing operating rooms and surgery core are over forty-five years old. The operating rooms are undersized for the type of procedures, equipment and practice that currently takes place in them on a daily basis. While equipment updates

For use by Co-chair Staff Only:

\$15,000,000
Approved

2:00 PM 5/9/2013

and minor space modifications have kept the surgery suite functional, it is far from optimal and does not come close to meeting industry standard. Room sizes and configuration result in inefficiencies and present constant challenges in accommodating advanced technology and equipment. The procedure room lacks critical support space and the pre-operative and post-operative stations do not provide adequate privacy. The surgical support areas are sized to accommodate half the volume that is presented today.

Ketchikan boasts some of the finest surgeons in the state. The community's ability to retain and attract this high caliber of providers is, however, integrally linked to KMC's ability to meet their needs with up-to-date facilities and equipment. Twenty providers are based in Ketchikan, including OB/GYN physicians as well as orthopedic and general surgeons. Additionally, visiting ophthalmologists, plastic surgeons, cardiologists, gastroenterologists, urologists and ENT physicians come to the community and utilize KMC's surgery facilities. Existing clinical space is inadequate, which impacts KMC's ability to provide timely access to patients requiring medical care. Limited clinical space hinders KMC's ability to recruit additional providers.

If KMC cannot accommodate the surgical and clinical needs of the region, patients will be required to travel out of the community, generally to the lower forty-eight. When this occurs, serious hardships are imposed upon Southeast Alaskan families as a result of increased costs, disruptions to family life and work, and, in some cases, delays in receiving life-saving care.

In recognition of the need to address these critical deficiencies, the City and PeaceHealth agreed to develop a comprehensive master plan for the facilities that comprise the KMC campus. NAC Architecture of Seattle, Washington was hired in 2008 to undertake the development of a long-term strategy for addressing the needs of KMC, and, in early 2009, the City Council approved a master plan that provides for the construction of a 75,000 GSF new addition for surgical/procedural and clinical services; phased remodeling of the existing KMC patient service areas; and additional parking. The project concept has been endorsed by KMC staff, patient groups and the public.

Completion of the KMC Addition & Alterations Project is critical to Ketchikan and KMC's ability to meet the immediate and long-term health care needs of patients and residents of southern Southeast Alaska. It will:

- As costs continue to rise, employers/industries identify healthcare as a major business issue.

Investment in healthcare is an investment for the entire spectrum of economic development including future mining interests.

- Provide space configured and sized to meet practice patterns in three of the most critically constrained areas with:

A new surgery center with three operating suites, one minor procedure room and one GI room with an adequate number of pre-procedural and post-procedural patient holding stations. A new sterile supply room located adjacent to the surgery center will also be provided.

1-1/2 floors of clinical offices designed for efficient patient care and provider practice enabling shared areas and collaborative environment for integrated patient care. The new general surgery and orthopedic clinics will be located on the same floor as the surgery suites while primary care (including family practice, internal medicine, OB/GYN and psychiatry) will be located on the floor above.

Fifty additional parking stalls at the lowest level of the addition with a direct elevator connection to the building. The parking will be accessed via the north campus entry served by an existing traffic signal at the adjacent state highway, thereby minimizing traffic impacts outside the campus.

- Support KMC/PeaceHealth to be sustainable, both financially and operationally, so it can continue to deliver care well into the future. Without the facilities to match and compliment operational practice and advancements in equipment and technology, KMC will not be able to recruit and retain physicians and providers, offer necessary services and deliver the specialized and basic care needed within the community and its service area.

- Allow KMC to continue to provide services and professional support to other area health care providers including two smaller rural hospitals, KIC Tribal Health Clinic, Southeast Alaska Regional Health Consortium, US Coast Guard and private practice physicians and health care providers throughout southern Southeast Alaska. Fostering a cooperative and collaborative relationship, the project looks to enhance care and services for all providers in the service area.
- Enable resident and visitors of southern Southeast Alaska to receive exceptional medical treatment and quality care in a timely and accessible manner. To enable residents to receive emergent, diagnostic and therapeutic services with the support of friends and families; thereby reducing overall cost and improving availability and access to care.
- Provide an essential anchor to a strong and diversified economy, enhancing other businesses and industries throughout the KMC service area. As the largest employer within the community, KMC has over 400 employees with an annual payroll of approximately \$27.5 million.

Project Timeline:

Phase Description	Schedule	Cost Estimate
Design/Construction	2012-2013	\$4,000,000
Ready Documents		
I Construct 3-Story Addition	2014-2016	\$58,000,000
II Remodel Part 1	2017	\$3,000,000
III Remodel Part 2	2018	\$4,000,000
IV Remodel Part 3	2019	\$7,000,000
Total		\$76,000,000

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

City of Ketchikan/PeaceHealth

Grant Recipient Contact Information:

Name: Karl R. Amylon
 Title: City Manager
 Address: 334 Front Street
 Ketchikan, Alaska 99901
 Phone Number: (907)228-5603
 Email: karla@city.ketchikan.ak.us

Has this project been through a public review process at the local level and is it a community priority? Yes No

For use by Co-chair Staff Only:

2:00 PM 5/9/2013

City of Ketchikan, Alaska

Phase I of Ketchikan Medical Center Addition and Alterations Project

Owner: City of Ketchikan
334 Front Street
Ketchikan, Alaska 99901

Contact: Karl R. Amylon, City Manager
(907) 228-5603
karla@city.ketchikan.ak.us

Start of Construction: 2014
Completion Date: 2016
Funding Request: \$20,000,000
Estimated Total Project Cost: \$76,000,000
(Phases I-IV)



KMC Master Plan Conceptual Rendering

Priority Ranking 1

Project Description

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The existing operating rooms and surgery core are over forty-five years old. The operating rooms are undersized for the type of procedures, equipment and practice that currently takes place in them on a daily basis. While equipment updates and minor space modifications have kept the surgery suite functional, it is far from optimal and does not come close to meeting industry standard. Room sizes and configuration result in inefficiencies and present constant challenges in accommodating advanced technology and equipment. The procedure room lacks critical support space and the pre-operative and post-operative stations do not provide adequate privacy. The surgical support areas are sized to accommodate half the volume that is presented today.

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Benefits Resulting from Completion of the Master Plan

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- Provide space configured and sized to meet practice patterns in three of the most critically constrained areas with:
 - ◇ A new surgery center with three operating suites, one minor procedure room and one GI room with an adequate number of pre-procedural and post-procedural patient holding stations. A new sterile supply room located adjacent to the surgery center will also be provided.
 - ◇ 1-1/2 floors of clinical offices designed for efficient patient care and provider practice enabling shared areas and collaborative environment for integrated patient care. The new general surgery and orthopedic clinics will be located on the same floor as the surgery suites while primary care (including family practice, internal medicine, OB/GYN and psychiatry) will be located on the floor above.
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Schedule and Cost Estimate

Completion of the full master plan will result in a new 3-story addition coupled with subsequent phased interior remodels to the existing hospital at an estimated project cost of \$76 million (including design and engineering) based on completion within 7 years:

<u>Phase</u>	<u>Description</u>	<u>Schedule</u>	<u>Cost Estimate</u>
	Design/Construction Ready Documents	2012-2013	\$ 4,000,000
I	Construct 3-Story Addition	2014-2016	58,000,000
II	Remodel Part 1	2017	3,000,000
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IV	Remodel Part 3	2019	7,000,000
	Total		\$76,000,000

Utilizing a FY 2010 federal grant appropriation of \$1,000,000 and a FY 13 state designated legislative grant of \$3,000,000, NAC Architecture is currently under contract to complete design development and prepare construction documents, thus advancing the project to a construction ready status. Construction bids for Phase I could be solicited as early as June 2013. The City currently has a one percent sales tax dedicated to health care and is currently in a position to fund approximately \$38,000,000 of the \$58,000,000 cost of Phase I if bonding is approved by City voters. A special election seeking such approval could be scheduled as early as April 2013.

Funding Request

Recognizing the challenges of Ketchikan's current economic climate and the critical need for immediate relief in the surgical and clinical functions, the City, PeaceHealth and the community are seeking an appropriation of \$20,000,000 to fund the remaining cost of Phase I of the project. During both construction and after completion of Phase I, the City, PeaceHealth and the community will continue to evaluate alternative options to fund the remaining cost of Phases II – IV.

“Your Health~Your Future” Addition Project *Critical Need—Strategic Investment*



City’s #1 Capital Infrastructure Priority Project for our region for past two years

The City of Ketchikan voted this project the top priority for two years running because of the critical need to address outdated surgical areas and limited clinical access to provide stable health services to burgeoning industries in our region. Access and scope of healthcare services are high priorities not only for families but for industry as well.

Critical upgrades needed to modernize 50 year old surgical space

Ketchikan Medical Center is a regional healthcare hub for southern Southeast Alaska, drawing patients from communities on Annette Island, Prince of Wales Island, Wrangell and Petersburg for emergent and clinical care. Investments in state of the art equipment are hindered in scope due to room size and configuration.

Addresses the shortage of clinical space needed today and into the future

The number of Alaskans 65 and older are estimated to increase 89% in the next 10 years; a main contributor to the projected growth of 31% in the health care industry. This project incorporates additional clinical space and also plans for new delivery systems as well as practitioners resulting in more cost effective care by matching the right level of care to the need.

Necessary for service delivery AND economic development

As costs continue to rise, employers/industries identify healthcare as a major business issue. From the CEO suite to the kitchen table—quality, access and delivery of care is essential to achieving vibrant economic community. Investment in healthcare is an investment for the entire spectrum of economic development.

Critical for Physician retention and recruitment

Due to increased demand for health professionals across the nation, there is increased pressure for retention and recruitment. In “hard-to-recruit” areas such as Alaska we need to work even harder to retain the caregivers we currently have as well as plan for ways to recruit the much needed workers. It is necessary to have the tools and space necessary to deliver care in order to recruit skilled workers.

“21st century health care needs a 21st century facility”

For more information contact Karl Amylon, City Manager, City of Ketchikan, 228-5603 KarlA@city.ketchikan.ak.us