

Agency: Commerce, Community and Economic Development**Grants to Municipalities (AS 37.05.315)****Grant Recipient: Wrangell****Federal Tax ID: 92-6000144****Project Title:****Project Type: New Construction and Land Acquisition**

Wrangell - Hospital and Nursing Home Replacement Project

State Funding Requested: \$1,000,000**House District: 2 / A**

One-Time Need

Brief Project Description:

Project will fund feplacement of a 42 year old hospital and nursing home in Wrangell.

Funding Plan:

Total Project Cost:	\$26,000,000
Funding Already Secured:	(\$25,000,000)
FY2012 State Funding Request:	<u>(\$1,000,000)</u>
Project Deficit:	\$0

Funding Details:

\$25,000,000 in funds are secured through existing cash reserves of the WMC, a \$3,000,000 grant from the State of Alaska and the ability to borrow funds based on those reserves.

Detailed Project Description and Justification:

The Wrangell Medical Center Hospital and Long Term care facility Replacement Project is a shovel ready project that will create permanent jobs and stimulate the economy while improving the access and quality of health care of the City and Borough of Wrangell for the next 40 years. Project financing is 80% complete and seeks only "top-off" funding.

Wrangell Medical Center is a vital safety-net provider for the City and Borough of Wrangell and surrounding communities. As the only hospital and nursing home facility in the area and the community's largest employer, WMC is a major social and economic driver for the region. Services include emergency department, lab, x-ray, physical therapy, home health, specialty clinics, and long term care.

Recent facility conditions studies have concluded that a new facility is imminently necessary. The current building was originally constructed in 1968. After 40+ years of use, the facility faces problems in the areas of foundation settlement, floor loading, heat and ventilation condition, and hazardous materials. Further, the building was designed to serve the standard of care appropriate in the 1960's and can no longer meet today's health care needs for the community and region.

Building new is far more cost effective than remodeling the current facility. The cost of remodeling the current building to meet updated hospital codes is approximately \$40 million, which far exceeds the cost of total facility replacement of \$25 million.

Between financing and reserves, Wrangell Medical Center brings 80% of the cost of this project to the table. WMC only

seeks the remaining 20%, or \$5 million, to "top off" and bring the project to completion. Once completed, the project will support 21 additional permanent jobs in the Wrangell community, over and above its current impact. Further, construction of a new facility is estimated to create 262 jobs, \$11 million in payroll, and \$26 million in business activity. The project will have long-standing, significant economic impacts in the region.

Project Timeline:

Upon receipt of funding, construction would begin in late fall of 2011.

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

Wrangell Medical Center

Grant Recipient Contact Information:

Name: Timothy Rooney
Title: Borough Manager
Address: PO Box 531
Wrangell, Alaska 99929
Phone Number: (907)874-2381
Email: tdrooney@wrangell.com

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

Wrangell Medical Center

Hospital & Nursing Home Replacement Project

Introduction

Wrangell Medical Center (WMC) is the Critical Access Hospital and Nursing Home Facility serving the City and Borough of Wrangell and surrounding communities. The facility was initially designed and constructed in 1968. All medical care for the remote, island community of the Wrangell City and Borough is provided out of WMC, which includes a long-term care wing, clinic, emergency department, lab, X-ray, physical therapy, home health, and specialty clinics. Major structural problems with the existing facility make remodeling cost prohibitive. WMC is working to replace the existing facility with a new hospital and nursing home in 2011.

Problems with Existing Facility

In July, 2009, WMC contracted with Salmon Bay Design Group to update a 2006 NBBJ facility conditions study. The summary report found a number of issues that impact patient care and justify construction of a new facility. These problems include uneven settling of the foundation causing damage to doors and piping; inadequate floor loading restricting the installation of new medical equipment; inadequate heating and cooling systems; hazardous materials requiring extensive containment protocols for simple maintenance jobs; and unmet codes and standards for general hospital guidelines, the Americans with Disabilities Act, and the Health Insurance Portability and Accountability Act (HIPAA).

The Salmon Bay Design Group found that the cost of remodeling the current building to meet updated hospital codes would be approximately \$40 million, which far exceeds the cost of total facility replacement of \$25 million.

In addition to the issues raised in the NBBJ and Salmon Bay Design Group report, the existing hospital and nursing home no longer meet the space needs of WMC. WMC continues to expand healthcare services to the community and has simply outgrown the existing outdated facility. While the facility served its role for over 42 years, it has in effect exceeded its useful life as a hospital and nursing home.

New Hospital and Nursing Home Facility

The new hospital will provide a number of benefits to patients and residents over the existing hospital. In the new facility, WMC will be able to implement medical equipment, such as new radiology imaging technology that is currently cost prohibitive for the existing facility to accommodate. This new facility will be designed for the complexity of heating and cooling systems required in today's hospitals, which improves the quality of patient care and reduces maintenance problems on equipment and computers. It will include space for an advanced emergency room, pharmacy, and other modern hospital needs. Patients will be served in a more private setting with family amenities, such as family rooms, lounges, and shower facilities with ample and well designed waiting space that considers the wide range of needs related to age, mobility, frailty, and cognition. The design of the facility will include well-lit single patient rooms that are shown to reduce patient stress, pain, depression, medication errors, falls, noise, and infections. This, in turn, increases the quality of patient care and decreases operating costs and risk.

The new hospital will allow WMC to continue to expand much needed healthcare services in Wrangell, maximizing our community's resources through savings in time, reduced cost, and improved quality of life. As we increase services to our community, fewer residents need to travel to larger hospitals for tests and procedures, saving them time and money.

The new nursing home will also significantly benefit Borough and regional residents. Nursing home residents will have quality single rooms with a more home-like setting, larger windows, and ocean views. The new facility will include outdoor recreation opportunities, such as accessible walking paths and gardens, which are shown to increase quality of life and overall wellness. Most important, the new facility will significantly increase residents'

quality of life as long-term care will likely be their final living arrangement. Additional nursing home beds will be included in the new facility with more reasonable resident spaces for eating, activities, and family visitation. Larger rooms will be able to safely accommodate medical equipment, such as monitors and patient lifts, but designed to reduce distances to bathrooms and windows. Additional beds will also provide a regional benefit, as people from communities like Juneau and communities found on Prince of Wales Island increasingly look to facilities such as WMC for nursing home placements. Parking will be appropriately sized and related to the main hospital entrances.

Financing a New Facility

In September 2009, WMC asked InnoVative Capital, a banking and financial advisory services company for the healthcare industry, to assist in the development of facility replacement project costs and financing options. InnoVative Capital verified the overall replacement project would cost approximately \$25 million (compared to an estimated \$40 million to renovate the existing facility, as previously mentioned.) **Currently between financing and reserves Wrangell Medical Center brings to the table 80% of the cost of this project.** The remaining 20% will be raised through state/federal and private sources. WMC is actively working with public and private funding sources to “top off” this capital campaign. Initial discussions have been favorable.

As part of our capital campaign, WMC is working with the City and Borough of Wrangell and will receive donated property to locate the new facility, resulting in significant cost savings to WMC. The site for the new hospital was selected by the WMC Board as the best location for the new hospital and nursing home. The Board has examined all City-owned property of adequate size and selected the site identified as “Alpine” based on favorable topography, ground resistance, location, expandability, potential view for patients, and development costs. Having the City and Borough of Wrangell dedicate the land for a new facility translates to a tremendous savings.

Job Creation and Economic Stimulus

WMC is one of the largest economic drivers in Wrangell, employing 58 staff with an **annual payroll and benefits totaling nearly \$5 million – the largest in the community.** WMC spends close to \$550,000 a year to purchase goods and services in the community and our operation brings in over 780 visitor days per year from visiting physicians, consultants, trainers, sales people, and out-of-town patient visitors. According to an Economic Impact Analysis by the Economic Strategy Center, WMC generates more than \$6.5 million in business activity and supports 24 additional Wrangell jobs. **Once the new facility is built, these figures are estimated to grow to over \$11 million in business activity with 38 Wrangell jobs supported by WMC.** Construction of a new facility is estimated to create 262 jobs, \$11 million in payroll, and \$26 million in business activity.

Wrangell, like other communities in the U.S, is an aging community and is seeing the effects of the ‘silver tsunami’ as our baby boomers continue to age. As such, WMC is strategically aligned to meet the healthcare demands of Wrangell and the surrounding communities. WMC is planning for this demographic change by expanding nursing home services in the new facility. The location of the new hospital and nursing home will also accommodate an assisted living facility and new senior center in the future, creating a “medical campus” for the Borough.

Summary

The Wrangell Medical Center’s hospital and nursing home facility is well beyond its expected useful life. Problems with the facility’s structure are significant enough that building a new facility is more cost effective than attempting to renovate and remodel the existing one. WMC has a sustainable and responsible plan for financing the construction of a new hospital and nursing home. **Wrangell Medical Center brings 80% of the financing to the table and is seeking the remaining 20%, or “top off” funding, from state, federal, and private sources.** This “shovel ready” project will create jobs and stimulate the economy while improving the access and quality of healthcare to the City and Borough of Wrangell for the next 40 years.



PO Box 1080
Wrangell, Alaska 99929
wrangellmedicalcenter.com

Contact:
Noel D. Rea, CEO
(907) 874-7164
nrea@wmcmail.org

Caring for Southeast

This project will create **QUALITY JOBS** in Alaska.

Replacement Hospital & Nursing Home

Wrangell Medical Center's current facility was built in 1968 and is now over 42 years old. Major structural problems and limited space require the construction of a new hospital and nursing home. Building a new facility will be less expensive than renovating and remodeling and will serve as a major economic development project for Wrangell and the region.

New Facility = New Jobs in Southeast Alaska

Permanent Jobs

- 21 new permanent jobs after project completion
- Over \$1 million in new wages and benefits annually
- \$4.93 million in new business activity

Construction Jobs

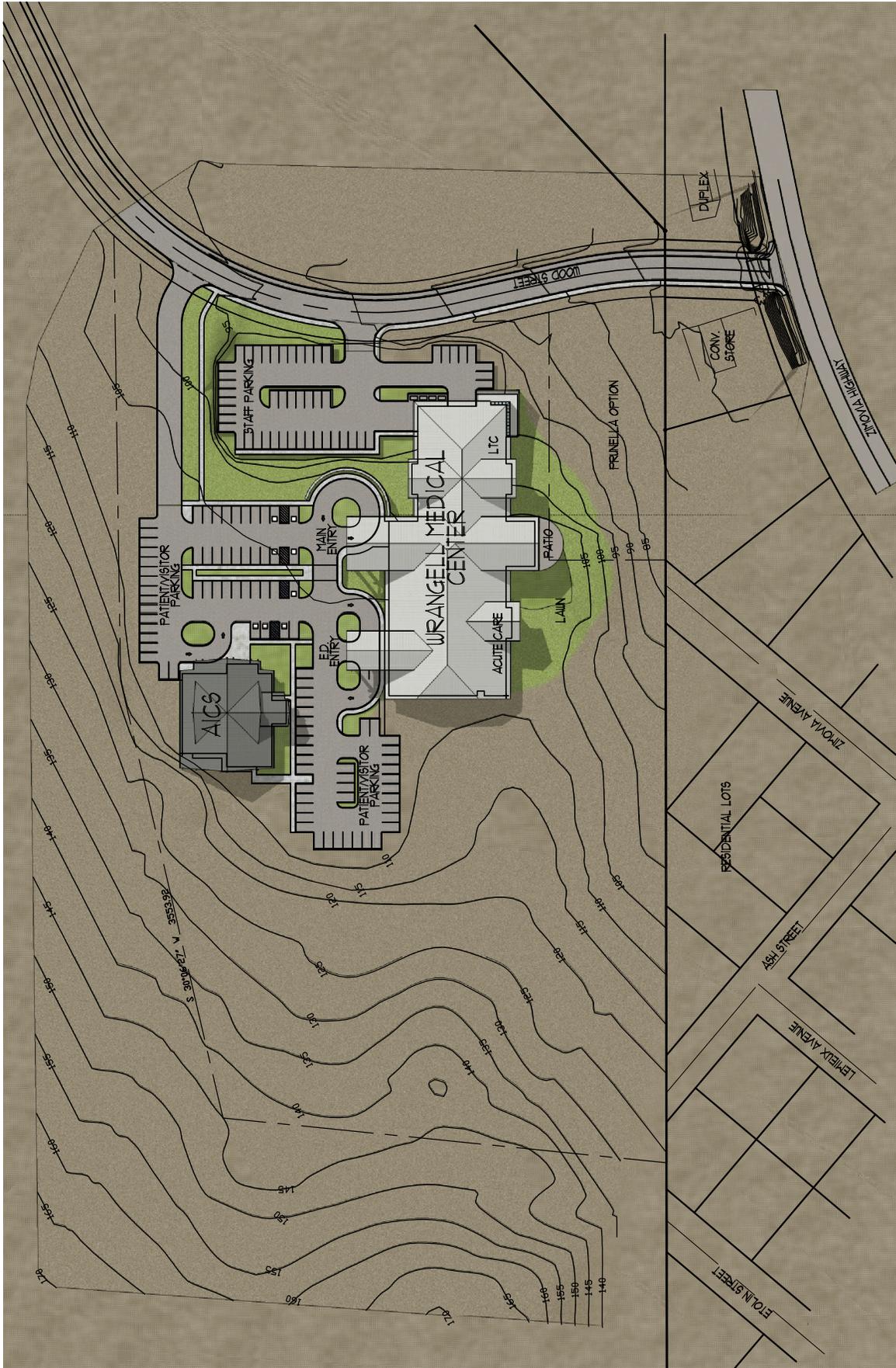
- 262 construction Jobs
- \$11.05 million in wages and benefits
- \$26 million in new business activity during construction

Local Contributions

- Through financing and cash reserves, **WMC brings 80% of the project cost to the table** (\$20 million)
- WMC is looking to the State Legislature for the remaining 20% "Top Off" funding for the project (5 million)
- Building a new hospital and nursing home is estimated to cost \$25 million, compared to \$40 million to renovate
- Co-locating with new primary care clinic, which is leveraging ARRA/Stimulus funds = \$30 million in total economic development.

About Wrangell Medical Center

- All medical services (ER, acute and long-term care, imaging, lab, home health, physical therapy, surgery, OBGyn, and specialty clinics) are provided out of WMC
- WMC is the largest economic driver in the community, employing approximately 60 staff with an annual payroll and benefits totaling nearly \$5 million
- Wrangell Medical Center is the Critical Access Hospital for the City & Borough of Wrangell with **over 80 years of proven success!**



WIRANGELL MEDICAL CENTER / AICS SITE PLAN

SCALE: 1" = 100'



CITY AND BOROUGH OF WRANGELL, ALASKA

RESOLUTION NO. 02-10-1186

A RESOLUTION OF THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, DESIGNATING THE WRANGELL HOSPITAL AND NURSING HOME REPLACEMENT PROJECT AS PRIORITY ONE TO THE FY 2010-2011 CAPITAL IMPROVEMENTS PRIORITY LISTING

WHEREAS, the City and Borough of Wrangell originally designated and presented five projects to the Capital Improvements Priority Listing for fiscal year 2010-2011; and

WHEREAS, the Wrangell Hospital and Nursing Home Replacement Project is now designated the number one priority project for Wrangell; and

WHEREAS, the Wrangell Hospital and Nursing Home Replacement Project is a shovel ready project that will create permanent jobs and stimulate the economy while improving the access and quality of health care for the City and Borough of Wrangell for the next 40 years; and

WHEREAS, the Wrangell Hospital and Nursing Home Replacement Project financing is 80% complete and seeks only "top off" funding; and

WHEREAS, once the Wrangell Hospital and Nursing Home Replacement is completed, the project will support 21 additional permanent jobs in the Wrangell community, over and above its impact; and

WHEREAS, construction of a new facility is estimated to create 262 jobs, \$11 million in payroll, and \$26 million in business activity.

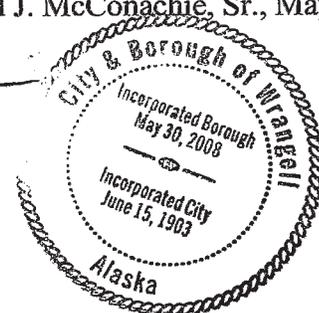
NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF WRANGELL, ALASKA, to designate the Wrangell Hospital and Nursing Home Replacement Project as Priority Number One to the fiscal year 2010-2011 Capital Improvements Priority Listing.

BE IT FURTHER RESOLVED, this project will have longstanding, significant economic impact in the region.

ADOPTED: February 23, 2010


Donald J. McConachie, Sr., Mayor

ATTEST: 
Christie L. Jamieson, Borough Clerk





Wrangell Chamber of Commerce
PO Box 49
Wrangell, AK 99929
(907) 874-3901
Fax: (907) 874-3905
wchamber@gci.net

February 15, 2010

U.S. Senator Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Honorable Senator Murkowski:

The Wrangell Chamber of Commerce is excited to submit this letter of support for the Wrangell Medical Center Hospital and Nursing Home Replacement Project. Our existing hospital and nursing home is 42 years old and was designed and built to the standards of the '60s. For the past four decades it has served our community well, but it must be replaced to meet our community's future health care needs.

The construction of new community assets, such as a hospital and nursing home, also improves our ability to attract new businesses and residents, and creates new business opportunities that benefit everyone. A project this size is estimated to create more than 260 construction and related jobs, and once complete will support 21 permanent jobs in Wrangell. In a community of 2,000, 21 new jobs are significant.

The Chamber is also excited about the potential use of the old hospital and nursing home building once Wrangell Medical Center moves into the new facility. There is need in Southeast Alaska for training facilities for medical professionals, and many in our community believe the old hospital and nursing home, while no longer suitable for patient care, would be a perfect place to train clinical and professional staff in conjunction with the University of Alaska and the Alaska Department of Labor. This is a possibility our community is considering and it would mean even more jobs in a community that has been struggling since the end of the large-scale logging era.

Thank you for your time, commitment, and service to the people of Alaska. I am available for questions or concerns at (907) 305-0991.

Respectfully,

A handwritten signature in cursive script, appearing to read "Janell R. Privett".

Janell Privett
Chamber President

February 17, 2010

U.S. Senator Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Honorable Senator Murkowski:

Ketchikan General Hospital supports Wrangell Medical Center in their pursuit to improve and advance hospital and nursing home services for their community and the patients they serve. Being a fellow community hospital struggling to deliver quality care in outdated and aged facilities, we understand the challenges faced by Wrangell Medical Center and fully support the need for facility improvements to ensure that their patients have the ability to receive needed health care in a quality manner, on a timely basis, close to home and at a reasonable cost..

We also can attest to the fact that a sole community hospital such as Wrangell Medical Center is a key economic factor for the community and service area. Not only will the construction project generate jobs but also ensure the ability for Wrangell Medical Center to remain a viable and functioning entity that is critical to the overall economic stability and development opportunities of the region.

We look forward to continuing our working relationship with Wrangell Medical Center through our common goal to provide the highest quality of care to our region's residents.

Please contact me at (907) 228-8300, ext. 7734 if you have questions.

Sincerely,



Kendall Sawa
Vice President, Patient Care Services
Ketchikan General Hospital

Membership

- Alaska Native Medical Center
- Alaska Psychiatric Institute
- Alaska Pioneer Homes
- Alaska Regional Hospital
- Alaska VA Health Care
- Bartlett Regional Hospital
- Central Peninsula Hospital
- Cordova Community Medical Center
- Denali Center Nursing Home
- Fairbanks Memorial Hospital
- Heritage Place Nursing Home
- Kanakanak General Hospital
- Ketchikan General Hospital
- Maniilaq Health Center
- Mt. Edgecumbe Hospital
- North Star Behavioral Health
- Norton Sound Regional Hospital
- Petersburg Medical Center
- Providence Alaska Medical Center
- Providence Extended Care Center
- Providence Kodiak Island Medical Center
- Providence Seward Medical & Care Center
- Providence Valdez Medical Center
- Sitka Community Hospital
- South Peninsula Hospital
- St. Elias Specialty Hospital
- Wrangell Medical Center
- Wildflower Court Nursing Home
- Yukon Kuskokwim Delta Regional Hospital

February 8, 2010

U.S. Senator Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Honorable Senator Murkowski:

The *Alaska State Hospital and Nursing Home Association* is pleased to provide you with this letter of support for Wrangell Medical Center's hospital and nursing home replacement project.

The Wrangell Medical Center is now over 40 years old and must be upgraded to continue serving Wrangell area residents into the future. A complete replacement of the current facility is the only viable option as retrofitting the current structure would cost far more.

As you have already heard from local Wrangell officials, the City and Borough of Wrangell is committed to the success of this project, and has donated 29 acres of land to the medical center for the creation of a new medical campus. This campus will also be the home to a new ARRA funded community health center.

The greatest outcome of this project will be the long-lasting benefit to Wrangell's citizenry with respect to availability of essential health care services. But it is also important to note that this \$25 million "shovel ready" project will create an estimated 262 construction and related jobs, as well as 21 permanent full-time jobs in their community once complete. In both the short-term, and the long-term, the hospital and nursing home replacement project will be a significant contributor to economic development in Wrangell and greater Southeast Alaska.

Please feel free to contact me at anytime with questions or concerns. Thank you for your consideration and to your service to all Alaskans.

Sincerely,



Rod L. Betit
President/CEO



CITY OF WRANGELL, ALASKA

INCORPORATED JUNE 15, 1903

BOX 531, 99929

(907) 874-2381

FAX: (907) 874-3952

February 8, 2010

U.S. Senator Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Honorable Senator Murkowski:

I am honored to provide you with this letter of support for Wrangell Medical Center's hospital and nursing home replacement project. Our Critical Access Hospital was built in 1968 and is now over 40 years old. While this facility has served us well, it is in desperate need of replacement if our community is to continue to expand health care services and meet all applicable guidelines for hospitals, including the Americans with Disabilities Act (ADA) and the Health Information Portability and Accountability Act (HIPAA).

The City and Borough of Wrangell is committed to the success of this project, and to this end we have donated 29 acres of land to the medical center for the creation of a new medical campus. This campus will also be home to a new ARRA funded community health center. In addition to the land, the Borough is providing the necessary access road and utilities to the site.

The greatest outcome of this project will be the long-lasting benefit to our community's health care. But it is also important to note that this \$25 million "shovel ready" project will create an estimated 262 construction and related jobs, as well as 21 permanent full-time jobs in our community once complete. In both the short-term, and the long-term, the hospital and nursing home replacement project will significantly contribute to economic development in Wrangell and greater Southeast Alaska.

Please feel free to contact me with questions or concerns, and again, thank you for your consideration and your service to Alaska.

Respectfully,

Timothy D. Rooney
City & Borough Manager



P.O. BOX 1231 • WRANGELL, ALASKA • 99929
PHONE: (907) 874-2373 • FAX: (907) 874-2576

February 8, 2010

U.S. Senator Lisa Murkowski
709 Hart Senate Building
Washington, D.C. 20510

Honorable Senator Murkowski:

Alaska Island Community Services is honored to submit this letter of support for Wrangell Medical Center's hospital and nursing home replacement project. AICS is a not for profit, community-based organization dedicated to providing quality health care to the community and surrounding areas. AICS is the provider of primary medical services to Wrangell and the small communities on the north end of Prince of Wales Island (Point Baker, Port Protection, Coffman Cove, Whale Pass, Naukati, and Edna Bay).

While the AICS primary care clinic is currently housed in the existing hospital, we were recently awarded \$3.7 million in ARRA funding to construct a new community health center. Our new clinic will be co-located with the new hospital and nursing home, which will mean easier access to primary care, acute care, and nursing home services by community members, and easier access to hospital and nursing home patients by our physicians and staff.

Having operated our clinic out of the existing hospital, we are intimately aware of the need to replace this facility with a new building. The limitations of a 40+ year old medical facility are limitless and the impact on the quality of patient care is very real.

While providing the best health care services to the people of Wrangell and the surrounding areas is the number one goal of both our organizations, we are equally excited about the economic development prospects both our projects bring to Wrangell. Between the new clinic, hospital, nursing home, and access road and utilities, Wrangell will see more than \$30 million in economic development funds spent over the next 2 years. This is particularly helpful for a community that has been hit so hard by the cessation of large logging operations and a slowdown in the tour ship industry.

Please contact me at (907) 874-2373 or mark.walker@akics.org if you have questions.
Sincerely,

A handwritten signature in cursive script that reads "Mark Walker".

Mark Walker, Executive Director
Alaska Island Community Services