

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 - Ketchikan Medical Center Improvement Project

State Funding Requested: \$3,000,000**House District: 1 / A**

Future Funding May Be Requested

Brief Project Description:

Funding to complete design development and preparation of construction documents to advance the project to a construction-ready status.

Funding Plan:

Total Project Cost:	\$76,000,000
Funding Already Secured:	(\$1,000,000)
FY2013 State Funding Request:	<u>(\$3,000,000)</u>
Project Deficit:	\$72,000,000

*Funding Details:**Total Project Cost \$76,000,000**Phase I Cost \$58,000,000**FY10 Federal appropriation of \$1,000,000 received.*

A funding commitment of \$3,000,000 is now being sought from State appropriations to complete design development and prepare construction documents, thus advancing the project to a construction ready status.

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. 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.

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 and minor space modifications have kept the surgery suite functional, it is far from optimal and does not meet 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 out of state. 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 healthcare.

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.

The City currently has a one percent sales tax dedicated to health care and is currently in a position to fund approximately \$31,000,000 of the \$58,000,000 Phase I cost.

Project Timeline:

Phase	Description	Schedule	Cost Estimate
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
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:

The City of Ketchikan

For use by Co-chair Staff Only:

3:15 PM 5/2/2012

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

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



KMC Master Plan Conceptual Rendering

Start of Construction: 2014

Completion Date: 2016

Estimated Cost Phase I: \$58,000,000

Funding Request: \$ 3,000,000

Estimated Total Project Cost: \$76,000,000
(Phases I-IV)

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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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.

Benefits Resulting from Completion of the Master Plan

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:

- 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.

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 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
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IV	Remodel Part 3	2019	7,000,000
	Total		\$76,000,000

The City currently has a one percent sales tax dedicated to health care and is currently in a position to fund approximately \$31,000,000 of the \$58,000,000 Phase I cost. 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 evaluating alternative options to fund the remaining cost of Phase I.

Funding Request

Recognizing the critical importance of bringing Ketchikan Medical Center to modern standards, the Legislature appropriated \$4,400,000 in funding as part of the 2009 Capital Budget for upgrading the surgical suites. Although the Governor subsequently vetoed the appropriation, the administration did indicate that the project would be considered for future funding.

A funding commitment of \$3,000,000 is now being sought from State appropriations to complete design development and prepare construction documents, thus advancing the project to a construction ready status. A FY 2010 federal grant appropriation of \$1,000,000 has advanced the project through programming and schematic design. Upon completion of project design and preparation of construction documents, the intent is for the community to fund Phase I of the project.