


City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning Director
Sara Peterson, Municipal Clerk

Date: July 21, 2021

Subject: **Sitka Community Hospital (SCH) Site Sale Ballot Proposition Ordinance**

Background

On May 11, 2021, the Assembly approved the Request for Proposals (RFP) for the sale or lease of the former Sitka Community Hospital site and associated properties consistent with direction given in executive session. The RFP was published on May 28th and is open until 2:00 PM on Wednesday, July 28th per previous Assembly direction to have the RFP open for 60 days. The attached memo dated May 6, 2021 from the Administrator includes a full timeline of events leading to the issuance of the RFP.

Assembly members Nelson and Christianson have sponsored an ordinance to place an advisory question on a potential sale to the qualified voters on the regular election ballot. Per this ordinance if a lease option is the selected proposal, an advisory question will not be placed on the ballot. Therefore, the rest of this memo will refer to a potential sale ordinance only; this is not meant to preclude the possibility that a lease option may be the selected proposal. Further, if a sale proposal is presented to the Assembly on August 24th and does not pass first reading, the advisory question will not be placed on the ballot.

Section 18.12.010 B of SGC states, "Upon sale or disposal of real property valued over five million dollars, or upon lease of real property, including tidelands, of a value of more than seven million five hundred thousand dollars, the ordinance authorizing the sale, lease, or disposition may provide that the ordinance receive an advisory vote at a general or special election. The assembly shall stay its decision on any such sale, lease, or disposition pending the outcome of the election."

Staff would like to outline the process and timeline needed in order to align the RFP review and election preparations with this ballot proposition.

Analysis

In order to add the advisory vote on the sale of the SCH site on the regular election ballot, the following deadlines are critical to meet:

First reading of Ballot Prop Ordinance	July 27
RFP Closes, Review Begins	July 28
Second reading of Ballot Prop Ordinance	August 10
RFP Review Ends	August 18
RFP Results Presented & First reading of Sale Ordinance	August 24*
Ballot sent to printer	August 25
Advanced/Absentee Voting Begins	September 20
Election Day	October 5

** A motion to pass the sale ordinance on first reading must include a stipulation that the second reading be stayed pending the outcome of the election per Ordinance 2021-21 (the Ballot Prop ordinance).*

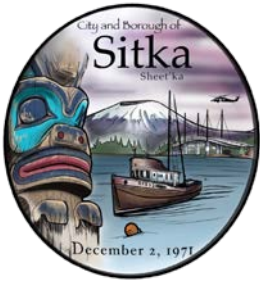
The first reading of the sale ordinance must take place prior to the regular election ballot being finalized and printed in order to provide voters with an ordinance to read and reference. Given the compressed timeline between finalizing RFP review and the first reading of the sale ordinance, there will not be a sales agreement included for first reading. The sale ordinance will be based on the basic terms (entity, use, price, term, notable conditions) per the RFP scoring team's selected proposal. A draft sales agreement would be included as an attachment to the sales ordinance for second reading.

Fiscal Note

None at this time, costs associated with the regular election are budgeted.

Recommendation

Direct staff to execute the process and timeline as outlined in this memo for placing the ballot proposition to submit an advisory question of a sale of the SCH site to the qualified voters on the regular election ballot.




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MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: May 6, 2021

Subject: Request for Proposal (RFP) Approval for Sitka Community Hospital (SCH) Sale

Background

On October 21, 2020, representatives from SEARHC approached city staff with an interest to purchase the SCH building that they currently occupy under lease terms. Property to be purchased includes land, buildings, and all other improvements at 209 Moller Drive, 202 and 204 Brady Street, and 302 Gavan Street.

The Assembly discussed the proposal at a Special Assembly meeting on December 1, 2020, and the Administrator was given direction to initiate sale proceedings for the former Sitka Community Hospital site.

On December 14, 2020, the CBS received correspondence from SEARHC expressing their desire to pursue the purchase through a competitive bid process.

On January 12, 2021, I presented to the Assembly a best-case scenario timeline for hospital sales proceedings.

On February 9, 2021, a supplemental appropriation passed on second reading for costs associated with preparing the RFP for the possible sale of the SCH building.

On March 9, 2021, I received direction from the Assembly to proceed with two public hearings and a public survey on the possible sale of the SCH building. Town hall meetings were held on March 16 and March 30, 2021. The public survey was open from March 11, 2021 through April 4, 2021. The surveys were available online and by hard copy at City Hall and at Assembly sessions. The town halls and the survey were widely advertised on all local media sources and 60 physical notices of the events were mailed to the surrounding properties.

An independent Appraiser began appraisal work of the SCH building on March 25, 2021.

On April 13, 2021, a draft RFP was presented to the Assembly for consideration. Upon review, the Assembly gave direction to the Administrator to return at a future work session to modify some of the content of the RFP. On April 26, 2021, our independent Appraiser contacted CBS to inform us that she anticipates having the appraisal report ready prior to April 30, 2021.

On April 29, 2021, a special work session was held to discuss potential changes to incorporate into the final draft of the RFP for approval. The recommendations were incorporated, and the final draft of the RFP is included for consideration. An appraisal of the subject properties was completed, received on April 30, 2021, and was later emailed to the Assembly (marked as confidential) for consideration at the May 11, 2021 regular Assembly meeting.

Analysis

The final draft of the RFP is included as an enclosure. It is recommended that any discussion concerning the appraisal and its incorporation into the RFP be held in executive session.

Draft RFP

A final draft RFP is included for your review and consideration.

Items not included with the draft RFP that will be included with the official copy are as follows:

Required Forms:

- Bid Form: Sale of real property via sealed bid
- Bidder qualification statement
- Conflict of interest statement
- Receipt of site inspection policy

Project Location, Map

- Aerial photo
- Plat
- Legal descriptions
- Photos

Reference Documents

- Current lease
- Appraisal
- SGC Excerpts
- Site inspection policy

Fiscal Note

On February 9, 2021, a supplemental appropriation passed on second reading for costs associated with preparing the RFP for the possible sale of the SCH building. That appropriation was \$30K. There are no additional presale costs anticipated at this time,

however, if a special election is considered, there would be costs necessary to facilitate that election – approximately \$10K.

Direction Requested

I recommend that the Assembly make note of the previous town hall comments, survey results, the appraisal report, and the enclosed final draft RFP. Staff is requesting guidance on any final changes prior to posting the RFP for a previously approved 60-day period.

Encl: Draft RFP

Assembly memo of April 26, 2021

Assembly memo of April 7, 2021

Survey Results

Assembly memo of February 25, 2021

Assembly memo of January 5, 2021

Assembly memo of November 3, 2020

SEARHC request of October 21, 2020

Former SCH Aerial Site

Code Excerpt

SEARHC letter of December 14, 2020