

**Discussion/Direction/Decision** on Sitka  
Community Hospital's request to purchase the  
clinic office modular in FY2017

*(Assembly action may be taken)*



## MEMORANDUM

**To:** Mayor Hunter and Members of the Assembly,  
Mark Gorman, Administrator

**Cc:** Bryan Bertacchi, Hospital Board Chair  
Rob Allen, CEO

**From:** Steven Hartford, SCH Director of Operations

**Date:** April 26, 2017

**Subject:** Clinic Office Modular and request for deferral of monthly line of credit payments

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The Hospital is currently in the planning stages to install an office modular for Clinic office expansion. This project has been on the books and has been identified as a necessary facility upgrade for the last several years and we are hoping to move ahead with it within the next few months. The attached presentation and the details included here explain our thinking on the project and our request for the Assembly's formal approval of the projects at its May 2<sup>nd</sup> special meeting.

## Office Modular

### Background

The Office modular, as an adjunct to the Mountainside Family Healthcare Clinic will help us with some critically needed expansion space to continue our mission of strengthening and expanding our primary outpatient services division in order to meet a growing need in the community and to better position SCH for an evolving focus on population health. As you can see from our presentation, the current clinic space, with growing demand for services, is already substantially overcapacity and overcrowded. This modular will allow us the opportunity for a more efficient provider work flow as well as opening up much needed patient care space in the clinic proper.

The project was initially approved by our Board of Directors at its October 2016 meeting to move forward in our current fiscal year. Due to some timing issues and budgetary priorities it was not forwarded to the Assembly for final approval at that time. The Board took up this issue again at its meeting in March and determined that we were at a critical stage in our Clinic space needs. The Board



requested that this be forwarded to the Assembly now together with a request to defer our line of credit payments. I will detail that request further below.

### **Analysis**

We are planning to treat this acquisition and installation as a supplemental capital budget item in fiscal '17. The funding for this project (\$400,000.00) would be treated as a supplemental capital allocation from our cash reserves and would be contingent on the Assembly's authorization for us to defer the repayment of our line of credit monthly payments for approximately 8 months. The Hospital is currently returning half of our monthly dedicated tobacco tax receipts as repayment on our line of credit. The current balance on the original \$1.5mm line of credit as of March 30, 2017 is \$732,361.00. The average monthly payment is \$50,000.00 which would mean at that rate that we could complete the cash flow off- set of the modular project within 8 months and then resume the line of credit payments to its conclusion. The project is estimated to take 4-6 months from date of order to completion.

### **Recommendation**

That the Assembly approves a supplemental capital budget of \$400,000.00 to come from the Hospital's cash reserves and approves the temporary deferral of monthly line of credit payments until said deferral totals \$400,000.00



# Mountainside Family Healthcare Clinic Modular Presentation

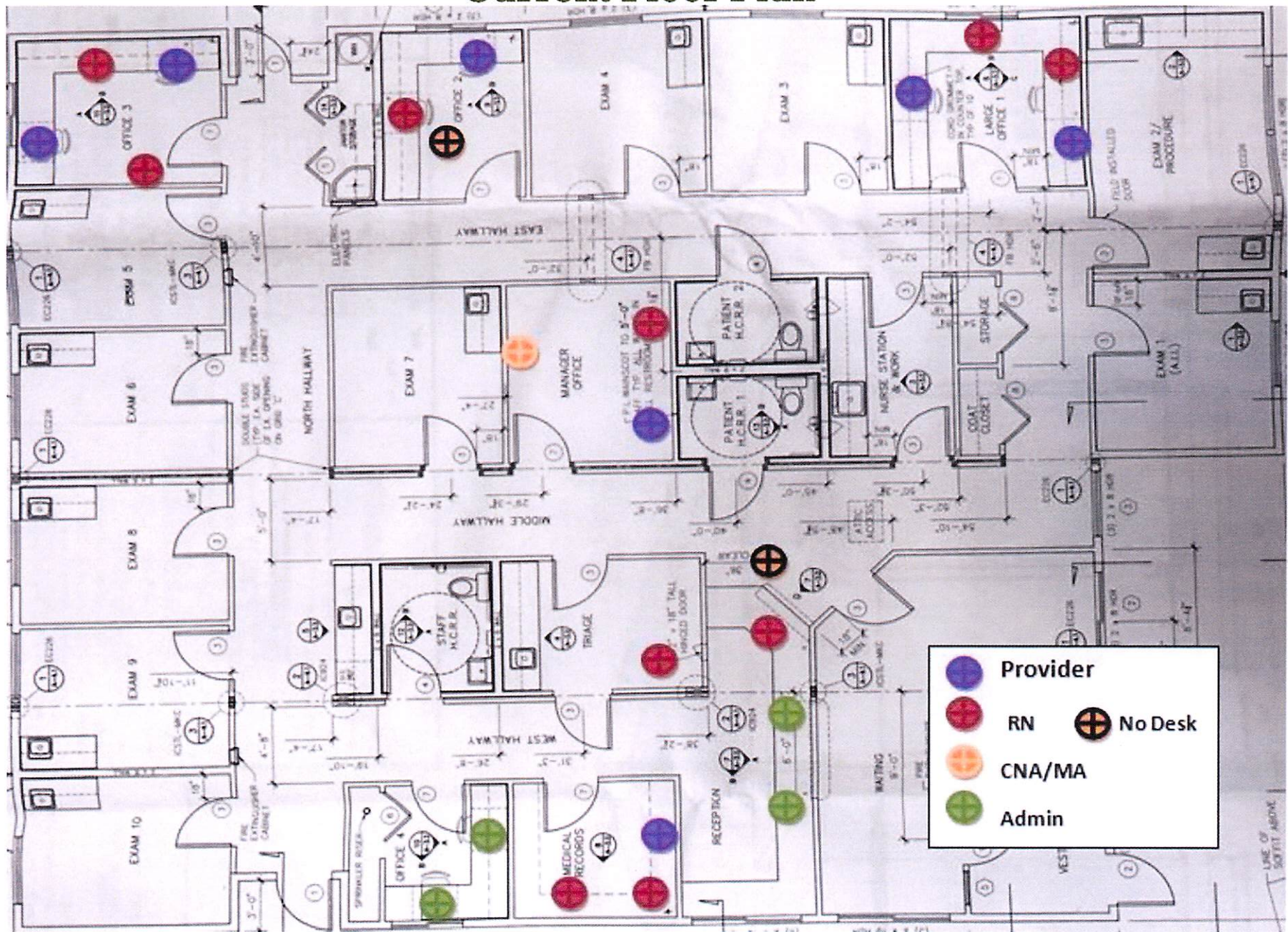


**SITKA COMMUNITY HOSPITAL**

Creating a healthier tomorrow today.

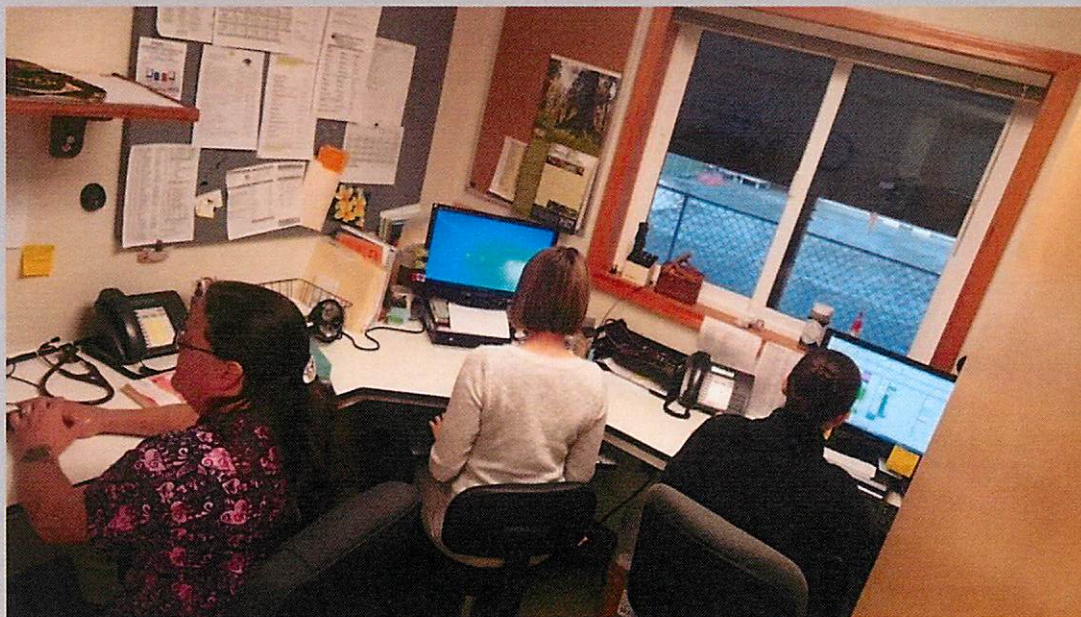


# Current Floor Plan





12'2" X 9'9" →



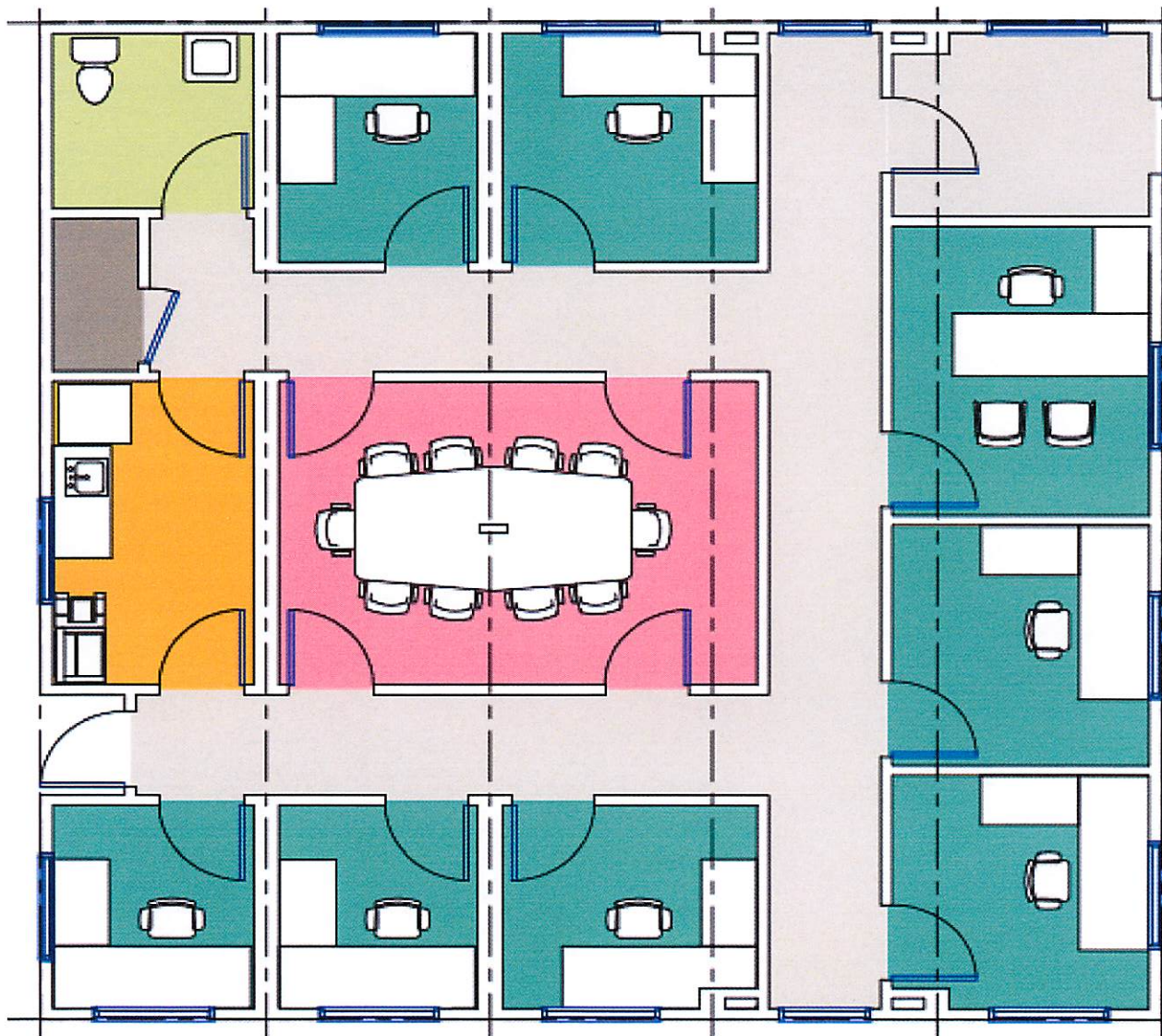
19-22 Staff Members  
Daily  
\*MDs, PA, RNs, MAs, CNAs, Admin

← 7'11" X 8'10"



# Clinic Modular

Timeline: March 2017



- Move at least 4 Providers to Modular
- Creates more Exam Rooms in clinic
- Clinic Manager Office
- Employee Kitchen / Break room
- Place to hold staff meetings
- Room for service expansions



# Mountainside Family Healthcare

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## Added Services

- 6 Day per week Urgent Care
- Infusions in Clinic
- Home Health

## Future

- Adding 1-2 Mid-Level Providers
- Integrating Clinic "PODS"
- Expanding Specialty Services
- New Primary Care Physician Starting Sept 15<sup>th</sup>
- Integrating Pediatric Services

## Monthly Office Visits

\* Includes Infusion

- Mar: 926
- Feb: 876
- Jan: 852
- Dec: 825
- Nov: 905
- Oct: 993
- Sept: 999
- Aug: 982
- July: 944



# Budget

**Revenue increase Projection-**  
**2 more exam rooms ≈ 20% increase**  
**Net \$190**  
**12+ patients a day (2,880 a yr)**  
**≈\$2,280 a day (\$547,200 a yr)**

<b>Modular Acquisition*</b>	<b>\$325,000</b>
Structural slab reinforcements	\$10,000
On-site electrical services	\$5,000
On-site plumbing & sewer connection work	\$5,000
Furniture, fixtures, & Equipment	\$35,000
	Sub Total: 348,500
≈12% Contingency	+\$ 51,500
	<b>Total: \$400,000</b>

- ❖ Includes shipping; assembly on site; electrical & data connections; fire alarm; sprinkler connections; HVAC site connection & testing; above grade foundation materials (Whitley- Evergreen, Marysville, WA)