

Discussion / Direction / Decision
on the RFP for the sale of the former Sitka
Community Hospital site and associated properties.




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: April 7, 2021

Subject: Draft Request for Proposal (RFP) for Sitka Community Hospital (SCH) Sale and Associated Town Hall Notes / Survey Results

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 (encl. 1).

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, and the report should be available soon.

Analysis

A town hall was held on the SCH Building sale issue on March 16, 2021 and was attended by approximately 10 people both in person and online. Below is a consolidation of their responses:

Town Hall Notes March 16, 2021

Are you in favor of selling the site and why/why not

- Yes:
- No:
 - Land is scarce in Sitka
 - Alternate uses for site (community center, police department)
 - Owned by citizens, should go to a vote
 - Not timely

What should our goals and priorities be in selecting a proposal for the site?

- Community development/enrich community
- Vote to sell
- Seller (benefit) / balanced deal
- Ensure specific performance / exit clause / zoning
- Clean energy – spur electrical sales

Are there particular uses we would/would not like to see if the site is sold and redeveloped?

- No bar/alcohol
- Don't sell all lots – mixed use
- Highest use for highest number of users
- Retirement community
- Inpatient mental health facility
- Rehab facility

Are there any conditions or stipulations that should be added to the sale of the site?

- Long-term care facility

If we do not sell the site, what should it be used for?

- Playground/school activities
- Mental health facility
- Multi-use sports facility
- Convention/expo center
- Rehab facility
- Homeless shelter/warming shelter
- Vocational school

What zoning for the site are we comfortable with?

- Public
- “Appropriate” zoning

“Parking lot” items

- Lease option
 - Hospital (lease land/transfer building)
- Decide for economic good

A second town hall was held on the SCH Building sale issue on March 30, 2021 and was attended by approximately 20 people both in person and online. However, nearly all of those in attendance at the first town hall were also in attendance at this town hall and provided similar responses as the first town hall. Below is a consolidation of their responses:

Town Hall Notes March 30, 2021

Are you in favor of selling the site and why/why not

- Yes:
 - Retrofit/Maintenance expensive
- No:
 - Better options available, due public process not accomplished
 - Need to continue current use
 - Don’t sell because of maintenance costs
 - Could be used for another purpose
 - Lease rather than sell, keep land, valuable asset, use for long-term care
 - Valuable resource in downtown area, lease rather than sell
 - Develop for benefit of community

What should our goals and priorities be in selecting a proposal for the site?

- Improve long-term care services in Sitka
- Use to strengthen community of Sitka
- Allow current leaseholder to complete lease and then readdress
- Serve a long-term public service (not private) – e.g. medical
- Continue as a medical venue
- Community based use and fair market value
- Human value should be considered

Are there particular uses we would/would not like to see if the site is sold and redeveloped?

- Should be used for community purposes, not privatized

Are there any conditions or stipulations that should be added to the sale of the site?

- We need to know the fate of long-term care
- Should be retained for long-term care

- No retail

If we do not sell the site, what should it be used for?

- Should be used for long-term care
- Used for senior needs
- Continue to lease
- Meet health needs of community specifically drug rehab, mental health

What zoning for the site are we comfortable with?

- Maintain as public lands, public property (5)
- Inquiry as to whether covenants can be placed in deed/sale of property to retain public zoning

Survey Results

Survey results and comments are consolidated and included as an enclosure to the memo. General statistics on the sale question are as follows:

Total responses received: 221

In favor of sale: 114

Opposed to sale: 63

Unsure: 44

As previously mentioned, two town halls were held on the SCH Building sale issue on March 16 and 30, 2021 and were attended by approximately 30 people total over both sessions in person and online. However, nearly all of those in attendance at the first town hall were also in attendance at the second town hall and provided similar responses as the first town hall.

Notably, during the town halls, only two people were in support of the sale, only a few were unsure, while all others were opposed to the sale.

Draft RFP

A draft RFP is included for your review and consideration.

Items not included with the draft RFP that will be included with the final 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

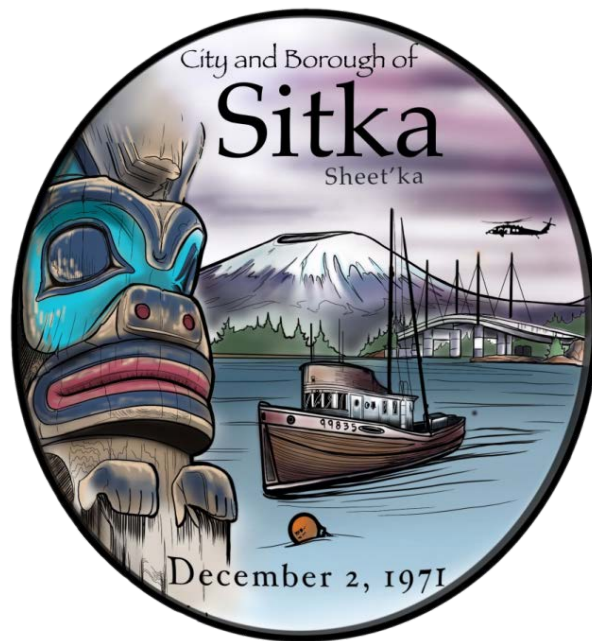
On February 9, 2021, a supplemental appropriation passed on second reading for costs associated with preparing the RFP for the possible sale of the SCH building. That appropriation was \$30K. There are no additional presale costs anticipated at this time, however, if a special election is considered, there would be costs necessary to facilitate that election – approximately \$10K.

Direction Requested

I recommend that the Assembly make note of the town hall comments, survey results, and draft RFP. Is the Assembly comfortable with the RFP as attached, or would they prefer an additional work session to incorporate additional concerns?

Encl: Draft RFP
 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

City & Borough of Sitka



REQUEST FOR PROPOSALS To Purchase Sitka Community Hospital Site 209 Moller Drive, Sitka, Alaska

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10 March 2021

TABLE OF CONTENTS

Table of Contents

1.	INTRODUCTION	3
1.1	Project Description	3
1.2	Scope of Services	4
1.3	Sale in As-Is Condition	5
2.	INSTRUCTIONS TO APPLICANTS	6
2.1	Project Goals	6
2.2	Schedule	6
2.3	Selection Process	7
2.4	Proposal Submittal.....	7
2.5	Proposal Submittal Requirements	8
2.6	Technical Proposal – Volume I.....	9
2.7	Financial Capacity and Financing Plan – Volume II.....	13
2.9	Non-mandatory, Pre-Proposal Conference	15
2.10	Questions and Clarifications	15
3.0	PROPOSAL EVALUATION CRITERIA AND PROCESS	16
3.3	Evaluation Process.....	18
3.4	Proposal Validity	18
3.5	Organizational Conflicts of Interest	19
3.6	Proprietary Information and Return of Proposals.....	19
3.7	Applicant Compensation	19
3.8	Modification and Withdrawal of Proposal	19
3.9	Protest Procedures	20
4.0	DISPOSITION OF LAND	21
5.0	RIGHTS OF THE COMMUNITY AND BOROUGH OF SITKA.....	22

APPENDIX

- A – Required Forms
- B – Project Location, Map
- C – Reference Documents

1. INTRODUCTION

1.1 Project Description

This Request for Proposals ("RFP") seeks qualified developers (each, an "Applicant," and together, "Applicants") to provide proposals (each, a "Proposal") for the purchase and development/ repurposing (the "Project") of the structures and surrounding lots at 209 Moller Drive, Sitka, Alaska known as the Sitka Community Hospital (the "Property"). The Sitka Community Hospital and related healthcare facilities are comprised of two buildings located on four lots (see Appendix XX – location map). The specific parcels of interest include:

- 209 Moller Drive, Parcel ID# 1-4477-000
- 302 Gavan Street, Parcel ID# 1-4476-000
- 202 Brady Street, Parcel ID# 1-4454-000
- 204 Brady Street, Parcel ID# 1-4452-000

The purpose of this Request for Proposals (RFP) is to identify opportunities for redevelopment/ repurposing of the Sitka Community Hospital. This process will identify alternative concepts and evaluate proposals based on their overall economic and social benefit to the community of Sitka. The CBS is requesting innovative proposals which comply with the Project Goals and Project Requirements, as required and defined in this RFP. The City and Borough of Sitka (CBS) will select (if at all) the best Proposal utilizing a best-value, competitive proposal process pursuant of CBS General Code, as set forth in the RFP.

The Sitka Community Hospital properties and facilities are owned by CBS and operated by the Southeast Alaska Regional Health Consortium (SEARHC) under a facility lease agreement until 31 July 2024. The services provided at this facility include:

- Sitka Long-term care: resident skilled nursing services
- Mountainside Family Clinic: family medicine and urgent care
- Mountainside Rehabilitation Clinic: physical/occupational therapy and athletic/sports training

The Property is located near the Moller Park and the Sitka Harbor. These parcels are currently zoned P – Public Lands, which is defined in Sitka General Code (SGC) 22.16.020 as follows: *“The public lands district is intended to contain government-owned lands or lands owned by nonprofit institutions serving the public interest which are utilized for public recreation, education or institutional uses.”* The adjacent uses are P – Public Lands, C-1 – General Commercial, and R-1 – Residential.

The existing Sitka Community Hospital is a one (1) story building with a basement. The main floor consists of 26,605 square feet and the basement is 25,549 square feet. The building was significantly renovated in 1981 and is constructed with a concrete slab on ground foundation, reinforced concrete exterior walls with metal siding, and single membrane flat roof. Off-street

parking is provided. The Mountainside Clinic modular building which is also on the site was installed in 2011 and finished in 2012. It has approximately 3100 square feet in main building which contains about 9 offices and 7 exam rooms. There is also a 210 square feet storage building with covered walkway on the south side of the clinic. The facility has Malarky 3 tab asphalt roofing shingles and a composite fiber clap board for siding. The overall building is a standard stick-frame construction.

The Property is owned by the CBS. All recommendations made upon the review of Proposals by the Proposal Review Committee are subject to the approval of the CBS Assembly, and could be subject to an advisory vote of the citizens per the procedures in SGC 18.12.010(B). Conveyance of the property must comply with all provisions of SGC Title 18. In the event that the Property is not transferred to a selected Applicant, CBS reserves, among the other rights reserved in Section 3.4, below, the right to:

- (i) Supplement, amend, substitute, modify or re-issue the RFP with terms and conditions materially different from those set forth here;
- (ii) Cancel this RFP with or without issuing another RFP;
- (iii) Terminate negotiations regarding any and all Proposals at any time; and/or
- (iv) Rescind a selection of an Applicant prior to contract.

1.2 Scope of Services

CBS is soliciting Proposals from Applicants that demonstrate the experience, capacity, and creativity to develop a dynamic project that will maximize the existing Property in a manner that represents the most productive and beneficial use for the community of Sitka. Proposals must consider the existing characteristics of the surrounding neighborhood and develop a Proposal that is compatible within this context. The Proposal must also demonstrate financial feasibility.

This RFP allows flexibility and does not specifically describe every detail of work required. It is each Applicant's responsibility to review all pertinent Project information. The Applicant shall determine the full scope of the Project through a thorough examination of the RFP, the Project site, and any reasonable inferences to be gathered from each. Applicants shall not rely on the physical descriptions contained in the RFP to identify all the Project components.

At a minimum, proposals shall be included the following:

- A. A complete description of the Applicant's entity (corporation, partnership, etc.) and identification of all parties including disclosures of all persons or entities having a beneficial interest in the proposal. Include resumes of the Applicant's previous experience in development projects within Southeast Alaska, and a description of the scope and quality of past projects.
- B. Development concepts should include but are not limited to:

- Site plans showing the extent of proposed development with different project components clearly labeled
 - Scaled concept or schematic floor plans
 - Concept or schematic elevations and renderings as appropriate
 - Descriptions of proposed building and finish treatments and materials.
- C. Confirmed or verifiable sources of funding both equity and debt; the Applicant must show the financial capability of acquiring the Development Site and undertaking the proposed development, including company operating revenues and expenses, a balance sheet and cashflow statement from the most recent fiscal year, history of debt repayments and letter of credit.
- D. A schedule for project approvals and construction, including date specific milestones such as design, permitting, commencing and completing construction and opening for business. Phased projects must include this information for each phase.
- E. A project proforma and design/construction budget is required. The CBS owned property and facilities will be conveyed as part of the project. Proposals should account for acquisition costs as part of the project proforma. Included in the proforma is an estimate of the number of new, permanent jobs and job descriptions that the development will create, the proposed number of residents from the local Sitka community which will be hired and trained, projected salaries, and hiring timeline.

1.3 Sale in As-Is Condition

The Property, buildings, improvements, and fixtures are owned by the CBS and leased to the Southeast Alaska Regional Health Consortium. This lease is set to expire 31 July 2024. The winning Applicant will be required to assume the lease and honor all terms and requirements set forth in the agreement until it expires. (Appendix XXX) Proposals shall include in the Project Approach narrative a description of how the current lease agreement will be incorporated into the overall development plan and schedule.

Applicants are solely responsible for all due diligence, including all pre-development costs which may include but are not limited to architectural, engineering, structural, geo-technical planning, environmental studies, and permitting as required for rehabilitation and construction on the Property. The CBS makes no warranty or representation concerning the existence of any structural deficiencies, geo-technical deficiencies and/or environmental contamination on the Property, or upon any adjoining land or improvements. The CBS is not now or at any time hereafter under any circumstance responsible for any of such conditions or for the analysis, care, or remedy thereof. The Property will be transferred in its "as-is" condition with the selected Applicant solely responsible for all structural, geo-technical and environmental repairs, stabilization and/or remediation required for construction on the Property. The CBS shall not be

obligated to make any investments or repairs on this property. Any plans submitted pursuant to this RFP should consider and address the foregoing obligations and requirements.

In the event that the selected Proposal requires the parcels to be re-zoned, CBS, on behalf of the Applicant, will complete all necessary requirements in compliance with SGC Title 22.

2. INSTRUCTIONS TO APPLICANTS

2.1 Project Goals

The CBS has established the following Project Goals:

- Deliver a development which results in the highest and best use of the site, contributing to the overall economic and social welfare of the Sitka community in terms of increased direct revenue to CBS, skilled job creation, social services, and other community benefits; and
- Develop and operate a facility whose function and design mitigates adverse impacts to the neighboring properties while providing flexibility for potential long-term improvements and/or enhancements; and
- Meet or exceed environmental regulatory and permitting requirements with no regulatory or permit violations.

2.2 Schedule

The following is a schedule of Project milestones; all dates are subject to change.

Milestone	Date
Issue RFP	TBD
Non-Mandatory Pre-Bid Meeting	TBD
Deadline for Applicant Questions	TBD
Proposals Due Date	TBD
Applicant Interviews (at the option of the CBS)	TBD
Announcement of Winning Proposal	TBD
Selected Proposal Presented to Assembly	TBD
Sales Negotiations	TBD
Sales Terms Presented to Assembly either for approval or to continue to public advisory vote.	TBD

2.3 Selection Process

Sealed Proposals will be evaluated by a Proposal Review Committee in accordance with the defined Evaluation Criteria in Section 3.0. The Proposal with the highest total score will be deemed the Best-Value Responsible Bidder. The process for reviewing the best value includes a review of the Applicant's Technical Proposal, Facility Concepts, Economic Benefits, Financial Capacity and Financing Plan, and possible Applicant Interviews. The CBS reserves the right to request additional information during evaluation to clarify any Proposal.

2.4 Proposal Submittal

2.4.1 Due Date, Time & Location

Sealed Proposals must be submitted in person or by registered mail, Federal Express, UPS or a similar delivery method that furnishes proof of having been received by CBS at the following location prior to 2:00:00 p.m. Alaska Standard Time, on the Proposal Due Date set forth in Section 2.2 of this RFP:

**Municipal Clerk
City & Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835**

The CBS will not accept Proposals by facsimile or electronic transmission. Any Proposal that fails to meet the deadline, format, or delivery requirement may be rejected and returned to the Applicant without having been opened, considered, or evaluated.

2.4.2 Format

Proposal shall follow the requirements and format described in this RFP. The Proposal shall be bound and sealed in an opaque envelope or box, and labeled:

**Proposal for Sitka Community Hospital Site RFP
Name of Proposing Firm
Date of Proposal**

Applicants shall submit one original, three copies, and one electronic copy of the Proposal. Electronic copies must be submitted in Adobe Acrobat (.pdf) format on a CD(s) or USB thumb drive(s). All information in the Proposal shall be submitted on 8.5-inch by 11-inch paper, except charts, exhibits, and illustrative and graphical information, which may be submitted on 11-inch by 17-inch paper. Each 11-inch by 17-inch page will count as one page, unless otherwise noted in this RFP. No text, charts, tables, graphics, or other substantive content shall be printed within 0.75 inch of any page edge. Any other information shall be presented with a readable format. All

Proposal forms shall be typed or completed using black ink. All signatures must be accompanied by a printed name, title, and date.

2.5 Proposal Submittal Requirements

The proposal shall contain the sections listed below, separated by dividers, and shall respond fully to all requirements of the RFP. The following table provides general guidelines regarding the suggested number of pages per Section; the Applicant may provide additional pages as necessary.

PROPOSAL CONTENTS			No. Pages
2.6	TECHNICAL PROPOSAL - VOLUME I		
2.6.1	EXECUTIVE SUMMARY		4 total
		COVER LETTER	1
		EXECUTIVE SUMMARY NARRATIVE	3
2.6.2	PROJECT TEAM QUALIFICATIONS		16 total
		TEAM QUALIFICATIONS & PERFORMANCE	4
		ORGANIZATIONAL CHART	2
		PROJECT MANAGER RESUME	2
		ENGINEER/ARCHITECT OF RECORD RESUME	4
		EXPERIENCE & APPROACH	4
2.6.3	PROJECT APPROACH		16 total
		CONCEPT NARRATIVE	4
		OVERALL SITE PLAN	2
		CONCEPTUAL DESIGN	4
		PROJECT SCHEDULE – NARRATIVE	2
		PROJECT SCHEDULE – CHART	2
		QUALITY MANAGEMENT APPROACH	2
2.6.4	COMMUNITY & NEIGHBORHOOD IMPACT		8 total
		COMMUNITY & NEIGHBORHOOD BENEFITS	4
		ADVERSE IMPACT MITIGATION	2
		LONG-TERM OPERATIONS	2
2.7	FINANCIAL CAPACITY AND FINANCING PLAN - VOLUME II		No Limit

2.6 Technical Proposal – Volume I

The Technical Proposal is intended to serve as an opportunity for the Applicant to clearly describe its qualifications, capabilities, and innovative approach to the Work. Although the purchase offer is an important factor in final selection, the evaluation criteria places an equal value on an Applicant's effort to achieve the Project Goals, as described in Section 2.1.

The Technical Proposal shall comply with the criteria established in the RFP. The Applicant is encouraged to provide concise narratives, graphic illustrations, drawings, and charts to ensure the CBS clearly understands the characteristics and benefits of the proposed Work.

2.6.1 Executive Summary

- A. Submit a Cover Letter, written in a non-technical style which states:
 - The Applicant (prime) and, if appropriate, the joint venture members
 - The Engineer/Architect of Record(s) and General Contractor Builder (if other than the Applicant)
 - Brief description of the legal relationship among the principal entities with regards to the project
 - A single point of contact person for the Proposal, including contact information
- B. Submit an Executive Summary Narrative, written in a non-technical style which generally familiarizes reviewers with the Applicant's approach and ability to achieve the stated Project Goals. The intent of the Executive Summary is to highlight the key elements of each section of the Technical Proposal and to certify the Applicant's commitment to truth and correctness of the Proposal. The authorized representative of the Applicant's organization must sign the Executive Summary; if the Applicant is a joint venture, all the joint venture members must sign the Executive Summary.

2.6.2 Project Team Qualifications

- A. Applicant Qualifications & Performance Record:

Submit Team Qualifications, in a non-technical narrative, describe the Applicant's entity (corporation, partnership, etc.) and identify all parties involved, including disclosures of all persons or entities having a beneficial interest in the proposal. Include a description of team expertise and satisfactory performance in land development projects, relating to property acquisition, design, construction, and facilities operations. The Applicant should focus on the proven cohesiveness of the team, as opposed to the individual qualifications of the firms. It is preferred that the Applicant's project specific team (key personnel, subcontractors, and major suppliers) have worked together on comparable projects in the past, but this is not a requirement.

- Identify the development team including names, addresses, and brief narratives for those individuals to be assigned to the project. Include the organizational structure, lines of responsibility, key personnel (as defined by the Applicant), and defined key personnel roles and responsibilities.
- Provide sufficient information for the CBS to evaluate current financial strength of the Applicant with verifiable sources of funding both equity and debt. The Applicant must show the financial capability of acquiring the Property and undertaking the proposed development, including company operating revenues and expenses, history of debt repayments and letter of credit.
- Identify any claims asserted by or against the Applicant within the past five years which were escalated to litigation or arbitration.
- Provide a brief description of representative projects completed by the Applicant's team within the past five years which are similar in scale, type, and complexity to the Project.
- With a focus on the knowledge and capabilities, describe any unique expertise or advantages of the Applicant's team which would benefit the overall success of the Project and a direct benefit to the CBS.

B. Organizational Chart

Submit an organizational chart demonstrating the basic structure of the Applicant's roles and responsibilities of each Key Personnel, as deemed appropriate by the Applicant, and the integration of any major supplier, sub-organization, or consultant(s).

C. Project Manager Resume

Submit a resume for the Applicant's dedicated Project Manager. The resume should specifically focus on experience with land development and facilities operations, project management approach, and qualifications applicable to the Project. Proven experience of successfully managing three (3) or more projects equivalent in the scope and cost to what is being proposed should be included.

D. Engineer/Architect of Record Resume

Submit a resume for the Applicant's dedicated Engineer and/or Architect of Record. The resume should specifically focus on land development experience, management approach, and qualifications applicable to the Project. Minimum qualifications should document that the individual is professionally licensed as an Engineer/Architect in the State of Alaska with proven experience of successfully designing and managing three (3) or more projects equivalent in the scope and cost to what is being proposed. In the event the Applicant requires more than one Engineer and/or Architect of Record, this subsection shall apply to the lead Engineer and/or Architect of Record responsible for majority of the design scope.

E. Land Acquisition, Site Development, Facilities Operations Experience & Approach

Submit a Statement of Qualification(s), written in a non-technical manner, describing the Applicant's experience in land acquisition, site development, and ongoing facilities operations.

- Clearly demonstrate the team's knowledge and expertise in managing and executing projects similar in scope.
- Include information on representative projects and client references for each noted project.
- Detail the Applicant's approach to the interrelationships among regulatory agencies, management, design, construction, operations, suppliers, and sub-contractors.
- Explain the Applicant's plan for integrating the CBS with respect to the design process, construction, operations, and other elements that the Applicant considers important.
- Summarize any significant lessons learned by the Applicant on past projects.

2.6.3 Project Approach

- A. Submit a Narrative describing the Applicant's concept and approach to acquire the subject parcels, redevelop and/or repurpose the site and manage on-going operations. Include a description of how the current lease agreement SEARHC will be incorporated into the overall development plan and schedule. The Applicant's approach shall deliver a facility that results in the best use of the site, contributing to the overall economic and social welfare of the Sitka community in terms of increased revenue, skilled job creation, social services, and other community benefits. The site plan and design concepts shall be sensitive to the surrounding neighborhood characteristics and shall be compatible with existing neighboring uses.
- B. Submit an Overall Site Plan illustrating the technical approach to satisfy the Project Requirements. At a minimum, the conceptual site plan shall include the layout of major components of the facility. Provide dimensions and depict the conceptual geometry of the proposed facility in relation to the existing site.
- C. Submit conceptual designs of the proposed facility. These concepts may include a combination of sections, details, elevations, photos, and plan views to further illustrate and convey the Applicant's approach to satisfy the Project Requirements. The intent of the design sheets is to provide the CBS with a clear understanding of the Applicant's approach to the Project.
- D. Submit a Project Schedule Narrative, written in a non-technical manner, summarizing the sequence of events, consistent with the Applicant's approach to the Project. Describe the personnel on the team responsible for the scheduling, planning, and management for achieving schedule performance. Detail the management approach for coordinating and

prioritizing land acquisition, permitting, design, procurement, construction, quality management, and environmental activities. Briefly describe the Applicant's intended process and sequence of milestones/releases. Address any provisions made to mitigate the potential for delays. Include a Preliminary Project Schedule, illustrated in logic-driven Gantt chart or CPM prepared with Primavera or MSProject software. At a minimum, include start dates, finish dates, and relationships for each major milestone.

- E. Submit a Quality Assurance/Quality Control Narrative describing the Applicant's approach to provide, implement, and assure excellent quality technical requirements and performance throughout the project life-cycle.

2.6.4 Community and Neighborhood Impact

- A. Applicants must include a narrative explaining the Project's community and neighborhood benefits. For the purpose of this RFP, this is defined as the way that the physical project fits with the character of the neighborhood and may have a positive effect on residents and the Community of Sitka. Such impact should be described and quantified with relevant metrics such as the approximate number of people to be served by the Project or its social impact component. Applicants are encouraged to think creatively and to seek input and/or partnerships from community-based organizations. Examples of community impact may include (but are not limited to):
- Creating or retaining permanent (non-construction) jobs for local residents, including contribution or participation in job readiness and training programs.
 - Providing access to quality pre-K and afterschool care.
 - Providing important community goods, services, and facilities in the proposed development project.
 - Providing affordable housing within the proposed development.
 - Providing opportunities for minority businesses, including flexible lease rates, contracting and supplier opportunities post-construction, and mentorship programs.
 - Investment in local educational services: public Pre-K – 12, community college or job training programs.
- B. Submit an assessment of potential adverse impacts on the community and neighboring properties; including, but not limited to, noise, parking, construction staging, storage of material and the effects of vehicular and pedestrian traffic. The Applicant shall develop a mitigation plan to address potential adverse impacts.
- C. Submit a Long-Term Operations Narrative describing how the proposed development will be operated, maintained, and managed in the long-term and the responsible entity or entities.

2.7 Financial Capacity and Financing Plan – Volume II

The Financial Capacity and Financing Plan is intended to serve as an opportunity for the Applicant to demonstrate the financial feasibility and economic benefits of the proposed Project within current market conditions. Qualitative public benefits may be included as support to the well-defined quantitative benefits. The pro-forma analysis should include calculations and accompanying narratives addressing the following requirements:

2.7.1 Benefits to the Sitka Economy

A. Estimated Tax Revenue to CBS

Describe and itemize the anticipated revenues from property tax, sales tax, utility usage, and any other special revenues (revenue sharing, royalties, etc.) that CBS can expect as a result of the redeveloped facility. Describe the current and anticipated market and/or economic conditions that are the basis of the analysis and any foreseeable vulnerabilities and/or risks associated with these assumptions. This analysis shall summarize all assumptions and background information used for calculations in a clear, reasonable, and replicable manner. Revenues anticipated to be generated from increased economic development and/or sales tax revenue must include a detailed description and must be from business that would not otherwise take place in the community. Include a timeline for when CBS will realize these revenues.

B. Estimated Job Creation

As part of the Financial Capacity and Financing Plan the Applicant shall submit an estimate of the number of new jobs and job descriptions that the development will create, the proposed number of residents from the local Sitka community which will be hired and trained, projected salaries and a timeline for implementation.

2.7.2 Financial Feasibility

The Development Site has an estimated fair market value of approximately \$###, based on the property appraisal report completed by <NAME, DATE>; where Land is valued at : \$### and on-site structures and improvements at \$###. CBS has set a minimum purchase price of \$###

The CBS will also consider Proposals for long-term Ground Lease agreements, where the CBS maintains ownership of the land while the developer takes ownership of all structures and other improvements serving the Property. In this scenario the Applicant / Developer will enter into a long-term Ground Lease agreement with the CBS including appropriate terms and/or contingencies as mutually agreed between the Applicant / Developer and the CBS, subject to Assembly approval.

The Applicant must demonstrate the development team's capacity to carry out the proposed Project, as well as the financial feasibility of the proposed Project within current market conditions. Proposals must provide:

- A. The Applicant shall provide a Purchase Offer. The Purchase Offer shall include a narrative summarizing the Purchase Offer and the proposed General Terms and Conditions for the sale of the Property, including, but not limited to, the offer price and any contingencies.
- B. A written narrative of the project financing plan providing evidence of the development team's capacity to finance the total cost of the Project. Evidence should include signed letter(s) of interest and/or preliminary term sheets from prospective financing sources that include terms of financing, that reference this specific Project, and that reference the pertinent amount of financing as listed on the Project budget. Please provide written evidence of interest from as many sources listed on project sources/uses budget as possible.
- C. Project financials including development budget(s), sources and/or uses, assumptions, and operating pro forma(s) demonstrating feasibility through acquisition, predevelopment, construction, and on-going operations.
- D. Describe and explain the need for any public subsidy or assistance from state, federal, or nonprofit agencies that will be sought for this project; include details such as type of assistance, length of agreement term, commencement and completion dates, etc.
- E. Any other information that may support the Applicant's financial position and financial viability of the proposed Project; at minimum, the most recent balance sheet and income statement, ideally complete, audited financials.

Proposal Deposit

Proposals do NOT require a deposit. However, once the preferred Proposal is selected by the Proposal Review Committee, the selected Applicant will be required to submit a deposit to the CBS when signing the Agreement of Sale.

2.7.3 Risk Assessment

Submit a Risk Assessment narrative, describing any identified risks associated with the Applicant's approach to the Project. The CBS recognizes risks are inherent on every project; evaluation will be based upon the Applicant's ability to convey a thorough assessment of potential risks specific to the proposed Project approach. The Applicant need not describe every possible risk but should instead focus on the key risks which have a medium to high probability of occurring and/or impacting the overall success of the Project.

The consideration of various risks is unique to each Project approach and may be related to schedule, costs, procurement, design, resources, constructability, logistics, management, environmental, weather, safety, quality, and/or a combination of other factors and constraints. All identified risks shall include the Applicant's assessment of probability and any mitigation measures.

2.8 Interviews

The CBS reserves the right to request interviews with Applicants. If interviews become an evaluation factor, the CBS will coordinate the specific date, time, and location of each Applicant's interview no later than the date provided in Section 2.2. The location of the interview will be Sitka, Alaska, or arranged virtually if requested by either party.

2.9 Non-mandatory, Pre-Proposal Conference

A non-mandatory pre-proposal conference will be held in TBD, starting at <TIME> local time on <DATE>. Representatives of the CBS will be present to discuss the Project. Applicants are encouraged to attend and participate in the conference. The CBS will post on Bid Express website such Addenda as the CBS considers necessary in response to questions arising at the conference. Oral statements may not be relied upon and will not be binding or legally effective. Potential Applicants and team members may participate by Zoom or telephone conference, at the time specified above, using the following call-in instructions:

1. Dial X-XXX-XXX-XXX
2. Enter the conference ID: XXXXXXXX and press #

You will be placed directly into the meeting if the moderator has already joined. If the moderator has not joined, you will be placed on hold for up to 10 minutes.

2.10 Questions and Clarifications

Applicant questions regarding the meaning, intent, or a perceived ambiguity, error, omission, discrepancy, or deficiency contained in the RFP documents shall be submitted no later than the deadline represented in Section 2.2 by email. Questions received after the deadline may not be answered. Only questions answered by formal, written Addenda will be binding. Oral and other interpretations or clarifications will be without legal effect. All questions must specifically reference the Sections and page numbers of the RFP documents, unless the question is general in nature. Telephone requests will be accepted provided that the requests are followed by an email. Received questions, written responses, and any Addenda will be posted on Bid Express. All questions shall be transmitted to:

Amy Ainslie, Planning Director. Email: planning@cityofsitka.org Phone: (907) 747-1815

3.0 PROPOSAL EVALUATION CRITERIA AND PROCESS

CBS will initially conduct a threshold review of each Proposal submitted to determine its compliance with the Proposal Submittal Requirements. Only Proposals that comply with these requirements will be considered for evaluation. If no Proposal meets these requirements, CBS may allow all Applicants to supplement their submissions to conform to these requirements.

Proposals selected pursuant to the threshold review will be evaluated by a Proposal Review Committee using the evaluation factors listed below. Proposals will be evaluated in their entirety; no one factor, but rather a combination of all the following factors will determine the successful Applicant. CBS may ask one or more Applicants to give a presentation and may elect to request supplemental information from all Applicants or a pool of finalists. Final recommendation will be made by the Proposal Review Committee, and final approval must be obtained from the CBS Assembly. Upon selection of the successful Applicant, the CBS will seek the authorization of the sale from the Assembly, for the transfer of the Property. As stated in Section 1.1, the Assembly's decision to authorize the sale could be subject to an advisory vote of the citizens per the procedures in SGC 18.12.010(B).

3.1 Evaluation Scoring Criteria

Each component of the Proposal, as described in Section 2.6, has been assigned an allocation of available points. Responsive Proposals will be evaluated and scored by a Proposal Review Committee. Proposal components which do not comply with the requirements of the RFP, such as but not limited to, Proposal format, minimum qualifications, and Project Requirements may be considered "Non-responsive" and disqualified.

Each Application will be evaluated and scored on a qualitative basis. The RFP provides the value of available points per section to represent a commitment by the CBS to maintain a fair and competitive evaluation process. The following criteria will guide the Proposal Review Committee in using their professional judgment to determine which Applicant has submitted the best Proposal.

PROPOSAL EVALUATION SCORE SHEET		MAX SCORE
2.6	TECHNICAL PROPOSAL – VOLUME I	
2.6.2	PROJECT TEAM QUALIFICATIONS	10
		TEAM QUALIFICATIONS & PERFORMANCE
		ORGANIZATIONAL CHART
		PROJECT MANAGER RESUME
		ENGINEER/ARCHITECT OF RECORD RESUME
		EXPERIENCE & APPROACH
2.6.3	PROJECT APPROACH	10
		CONCEPT NARRATIVE
		OVERALL SITE PLAN
		CONCEPTUAL DESIGN
		PROJECT SCHEDULE
		QUALITY MANAGEMENT APPROACH
2.6.4	COMMUNITY & NEIGHBORHOOD IMPACT	10
		COMMUNITY & NEIGHBORHOOD BENEFITS
		ADVERSE IMPACT MITIGATION
		LONG-TERM OPERATIONS
2.7	FINANCIAL CAPACITY AND FINANCING PLAN VOLUME II	
2.7.1	BENEFITS TO THE SITKA ECONOMY	20
		ESTIMATED NEW TAX REVENUE
		ESTIMATED NEW JOB CREATION
2.7.2	FINANCIAL FEASIBILITY	10
		FINANCING PLAN
		RISK ASSESSMENT
2.7.2.A	PURCHASE OFFER	40

Total Points Available: 100 points

3.2 Qualitative Rating Factor

Proposals will be ranked using the following qualitative rating factors for each RFI criteria:

Rating Description	Points
Outstanding	1
Excellent	0.8
Good	0.6
Fair	0.4
Poor	0.2
Non-responsive	0

The rating factor for each criteria category as listed in the Proposal Evaluation Score Sheet in Section 3.1 will be multiplied against the points available to determine the total points for that category. Costs shall be scored as defined in the cost section below.

EXAMPLE: For the evaluation of the “Project Team Qualifications” criterion, if the evaluator feels the response as provided was “Good,” they would assign a Qualitative Rating Factor of 0.6 for that criterion. The final score for that criterion would be determined by multiplying the qualitative rating factor of 0.6 by the maximum points available (10), and the resulting score of 6 would be assigned to the “Project Team Qualifications” criterion. This process would be repeated for each criterion.

3.3 Evaluation Process

The Proposal Review Committee shall be composed of individuals representing the CBS and will evaluate all proposal(s) received. The Committee shall rank the proposals as submitted.

The CBS reserves the right to select proposals for consideration based solely on the written proposal.

The CBS also reserves the right to request oral interviews with any or all responding respondents. The purpose of the interviews is to allow expansion upon the written responses. A second score sheet will be used to score those firms interviewed. The final selection will be based on the total of all evaluators’ scores achieved on the second rating. The same categories and point ranges will be used during the second evaluation as with the first evaluation.

3.4 Proposal Validity

All Proposals shall remain valid and in full force and effect for a period of sixty (60) days after Proposal Due Date. If no award has been made within this timeframe, Applicant may be requested to extend the validity date or shall have the right withdraw its Proposal.

3.5 Organizational Conflicts of Interest

Applicants shall disclose, prior to the Proposal Due Date, all relevant details concerning past, present, or planned activities, interests, or relationships that may present a real or perceived organizational conflict of interest which may provide the Applicant an unfair competitive advantage. The CBS will review any received disclosures and provide the Applicant with a determination regarding disqualification. Any conflict-of-interest determination by the CBS shall be avoided or neutralized prior to submission of a Proposal. Failure to disclose, avoid, or neutralize a conflict of interest which the Applicant was aware of prior to a contract award, may result in rejection of the Proposal or termination of Contract for default.

3.6 Proprietary Information and Return of Proposals

All Proposals received by the CBS in response to this RFP are deemed property of the CBS and are subject to the Public Records Act. The CBS, or any of its agents, representative, employees, or consultants, shall not be liable to an Applicant or individual participating in a Proposal, because of the disclosure of all or a portion of a Proposal under this RFP. Any information contained in a Proposal which the Applicant believes constitutes proprietary or confidential, exempting the information from any Public Records disclosure shall be clearly designated. Blanket designations shall not be accepted. The CBS will notify Applicant of any Public Records request relating to this RFP, providing an opportunity for the Applicant to seek a court injunction against the requested disclosure.

The general nature of concepts, solutions, and value engineering provided in the Proposal shall not be proprietary. The CBS reserves the right, at its sole discretion, to utilize general Proposal contents provided by any Applicant during final negotiations and/or Contract delivery with the Best Value Responsible Bidder. All Proposal information will be treated by Owner in a confidential manner during the evaluation and award activities, and will not be disclosed to any person or entity not involved in the evaluation and award process until after contract award.

3.7 Applicant Compensation

No compensation or reimbursement for preparation of the Proposal will be paid by the CBS.

3.8 Modification and Withdrawal of Proposal

Proposals may be modified or withdrawn in writing, executed in the same manner as the Proposal, prior to the Proposal Due Date and time. If within three (3) business days after the Proposal Due Date and time an Applicant provides written notice to the CBS demonstrating that there was a material and substantial error in the preparation of its Proposal, the Applicant may withdraw its Proposal without penalty.

3.9 Protest Procedures

Prior to a submission of a protest relating to or arising from this Request for Proposal, all parties shall use their best efforts to resolve concerns raised by an interested party through open and frank discussions. Protests shall be concise and logically presented to facilitate review by the CBS. Failure to substantially comply with any of the requirements of these Protest Procedures may be grounds for dismissal of the protest. Protests shall include the following information:

- A. Name, address, fax, and telephone numbers of protester;
- B. Solicitation or contract number;
- C. Detailed statement of the legal and factual grounds for the protest, to include a description of resulting prejudice to the protester;
- D. Copies of relevant documents;
- E. Request for a ruling by the CBS;
- F. Statement as to the form of relief requested.
- G. All information establishing that the protester is an interested party for the purpose of filing a protest; and
- H. All information establishing the timeliness of the protest.

All protests filed directly with the CBS will be addressed to the manager of the CBS or other official designated to receive protests. Protests based on alleged apparent improprieties in the Proposal Documents and solicitation procedures or evaluation and award criteria shall be filed at least ten (10) calendar days before the proposal submittal date. Failure to promptly file a protest based on solicitation procedures or evaluation and award criteria shall be deemed a waiver of the right to pursue a protest. In all other cases, protests shall be filed no later than five (5) calendar days after the basis of protest is known or should have been known, whichever is earlier, but no later than ten (10) days after the proposal due date.

Action upon receipt of a protest shall be as follows:

- A. Upon receipt of a protest before award, a contract may not be awarded, pending resolution of the protest, unless contract award is justified, in writing, to be in the best interest of the CBS.
- B. If award is withheld pending the CBS resolution of the protest, the CBS will inform the Applicants whose proposals might become eligible for award of the contract. If appropriate, the Applicants will be requested, before expiration of the time of acceptance of their proposals, to extend the time for acceptance to avoid the need for re-solicitation. In the event of failure to obtain such extension of time, consideration should be given to proceeding with award.

- C. Upon receipt of a protest within ten (10) days after contract award, the CBS shall immediately suspend performance, pending resolution of the protest, including any review by an independent higher level official, unless continued performance is justified, in writing, for urgent and compelling reasons or is determined, in writing, to be in the best interest of the CBS.
- D. Pursuing the CBS protest does not extend the time of obtaining a judicial stay, injunction, or other remedy.
- E. The CBS shall make its best efforts to resolve protests within 20 days after the protest is filed. To the extent permitted by law and regulation, the parties may exchange relevant information.
- F. The CBS protest decision shall be well-reasoned and explain the CBS's position. The protest decision shall be provided to the protestor using a method that provides evidence of receipt.

4.0 DISPOSITION OF LAND

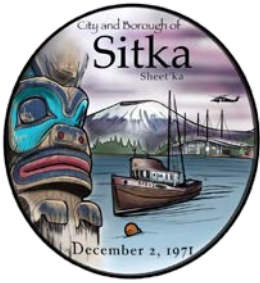
Following the Proposal Due Date, the CBS intends to evaluate all Proposals, and issue a notice of Apparent Best Value Applicant within the general timeframes provided in Section 2.2 of this RFP. This recommendation will be presented to the Sitka Assembly for authorization to enter into an Agreement of Sale.

In the event that the selected Proposal requires the parcels to be re-zoned, CBS, on behalf of the applicant, will complete all necessary requirements in compliance with SGC Title 22. The successful Applicant shall be responsible for securing and paying all other costs associated with permits, licenses, approvals, lot line relocation, or variances necessary to comply with the development controls, Sitka General Code, and the approved engineering and/or architectural plans.

5.0 RIGHTS OF THE COMMUNITY AND BOROUGH OF SITKA

The CBS reserves all rights, which shall be exercisable in its sole discretion, without limitation or cause or notice, the following and/or any applicable law:

- A. The right to reject any or all Proposals without limitation and/or to cancel, re-issue, postpone, or withdraw the RFP at any time without incurring any obligation or liability.
- B. The right to modify the RFP language, timeframes, or contents and issue addenda; all addenda shall be recognized in writing by the Applicant on the Proposal Form.
- C. The right to conduct confidential meetings, discussions, or correspondence with one or more Applicant to obtain a better understanding of Proposal contents.
- D. The right to engage technical and/or legal consultants in the evaluation of Proposal.
- E. The right to waive informalities, irregularities, or deficiencies in the RFP or Proposals
- F. The right to negotiate contract terms with the Best Value Responsible Bidder.
- G. The right to open the Proposals privately.

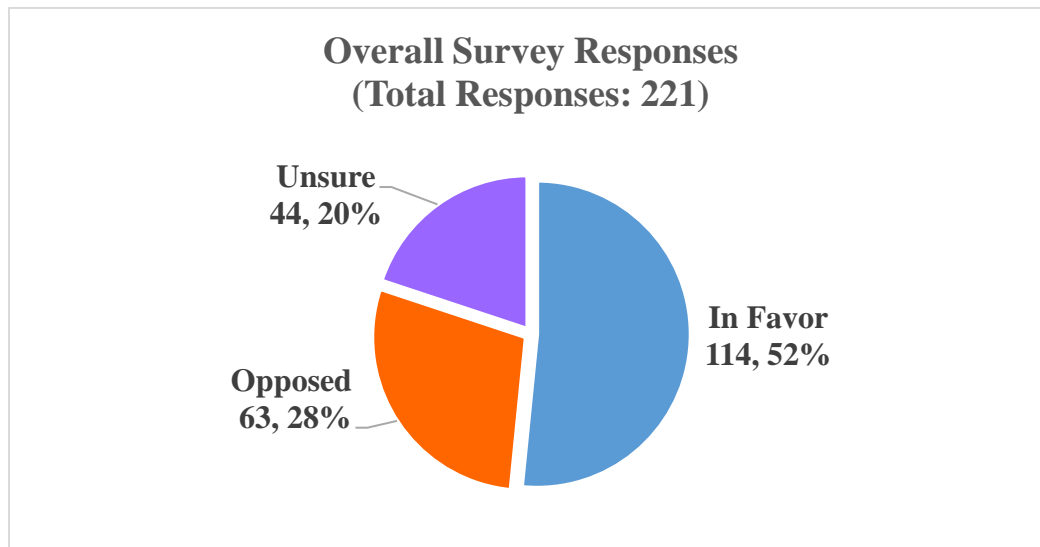


City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

Public Opinion Survey – Former SCH Building and Associated Properties Responses as of 4/5/2021



Section I: For those in favor of the sale:

The primary reasons given for supporting the sale were that the site is surplus to CBS needs, it could be expensive in the future to maintain it, CBS needs the money, and that it could be used for economic development, more health care services, or housing if sold.

The goals and priorities in selecting a proposal for the site primarily centered around the sale price and use of the property. Approximately 1/3 stated that their primary concern was getting the highest return on the property/selling for at least fair market value. Over 1/3 stated a preference for proposals that provided health/medical services and/or some sort of public benefit (as opposed to private, commercial use).

Preferred uses for the site included:

- General housing/affordable housing
- Medical/health related
- Senior housing
- Long-term care
- Public use/community center
- Police Department
- Offices
- Let a new owner decide

Non-preferred uses for the site included:

- Hospital
- Correctional facility
- Industrial/manufacturing uses (or other high intensity uses that would create a lot of noise, traffic, or emissions)
- Housing – both high-end as well as low-cost
- Retail pharmacy
- Night clubs/alcohol/marijuana/gambling related businesses
- Anything tourism related
- CBS facilities
- Social services: Homeless shelter, rehabilitative services, SAFV type shelter
- Recreation
- Non-profit uses (i.e. those who will pay no or reduced property taxes)
- Commercial Enterprises

When asked if there were any conditions or stipulations that should be included in sale provisions, responses included that details of the sale be made public, that CBS receives full market value for the building, that the building continue to be used for health services, to not have the building demolished, to have no retail allowed, to ensure that long-term care stays in the building unless another facility is constructed, protections to CBS from future liability/obligations, provisions to ensure the building does not become derelict, encourage green initiatives such as converting the boiler to electric, providing more space for bikes/walkability, etc., and ensuring CBS has right of first refusal if the property is resold.

Section II: For those opposed to the sale:

The primary reasons given for opposing the sale were that CBS should continue leasing the property and generating income from the property in the long-term, that CBS should retain the property for future uses (city infrastructure needs, a back-up medical facility), concerns about losing a prime property that could have strategic/community use in the future, and that the decision should be put out to a public vote.

Alternative uses (other than sale) for the site included:

- Youth/activities center
- Community center
- Police station or other CBS uses
- Continued long-term care
- Elder/senior housing
- General housing
- Social services: Homeless shelter, rehabilitative services, SAFV type shelter
- Another, private health care facility or other medical services
- Birthing center
- Low cost housing
- Recreation/entertainment

- Educational uses
- Daycare
- A variety of uses so long as it's managed through a lease rather than sale

When asked if there were any conditions or stipulations that could be make respondents more comfortable with a sale, many responded that they'd like to see a competitive process where anyone could bid, guaranteeing that future use of the site is for medical/health services and/or community/public benefit, ensuring we receive fair market value, and CBS getting right of first refusal if the property is resold in the future. Approximately half of respondents in this category stated that there were no conditions or stipulations that would make them more comfortable with a sale and feel that CBS should retain it.

Section III: For those unsure of selling:

For those unsure about selling the site, many stated that they would like to have more details on who the buyer would be and what the use is before formulating an opinion. Many felt there were pro's and con's on both side, recognizing that CBS likely doesn't have funds to make use of the property as of now, but concern about the opportunity costs in the future by giving up the site. Several suggesting leasing the site instead.

The goals and priorities in selecting a proposal identified by these respondents were heavily focused on public/community benefit as a result of future use, cohesion with the surrounding neighborhood, positive economic impact, and CBS revenues.

Preferred uses for the site included:

- Entertainment/Recreation
- Mixed use including housing
- Health/Medical services such as: A new hospital, nursing school/medical training facility, birthing center/midwifery training center, and inpatient treatment for drug/alcohol dependence
- Housing: General housing, senior housing/assisted living, affordable housing
- Community center: shared workspaces, teen center, gathering place
- Child care
- Police station or other CBS uses
- Homeless shelter
- Educational services

Non-preferred uses for the site included:

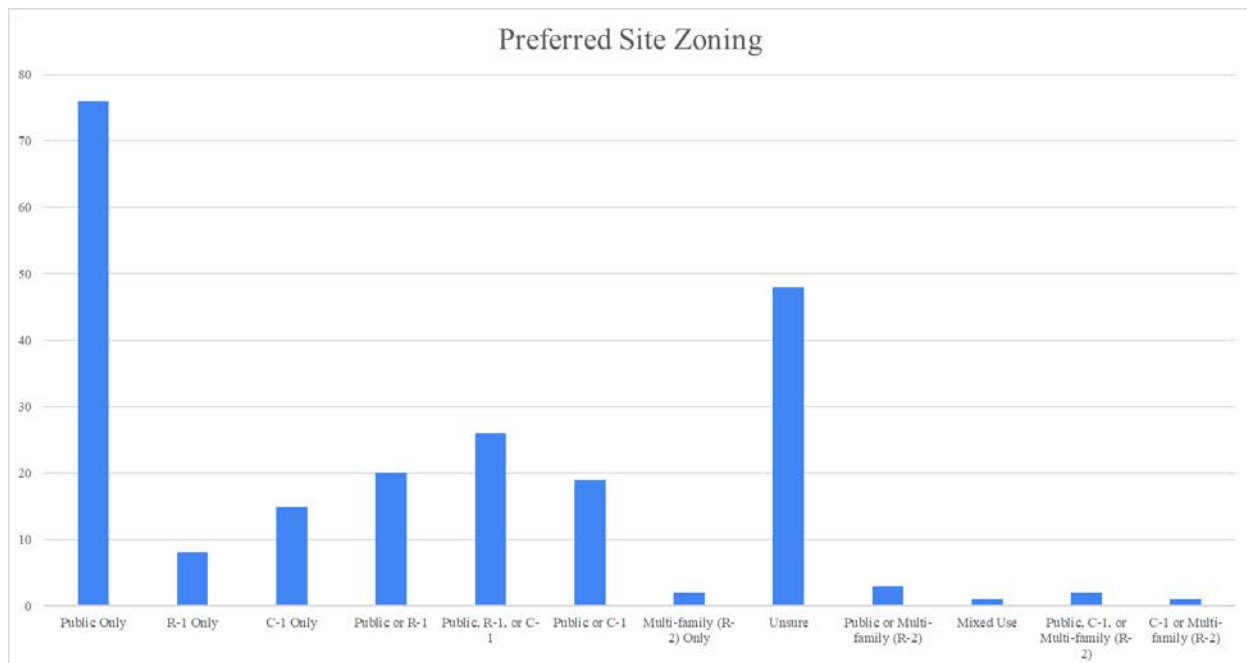
- Industrial/high intensity commercial
- Any ventures that do not serve the whole community (i.e. general commercial use)
- Rehabilitation facilities
- Anything alcohol/marijuana related
- Housing: high-end/single family housing, affordable housing, high density housing
- Retail or restaurant uses
- Lodging; short-term rentals, lodges, hotels, etc.

- Anything tourism related
- Recreation
- Homeless shelter

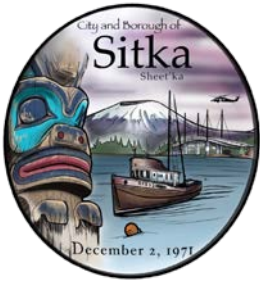
When asked if there were any conditions or stipulations that could be make respondents more comfortable with a sale, respondents wanted to limit any future costs or liabilities to CBS, ensuring CBS has right of first refusal if the property is resold, having requirements for mixed use and traffic planning, ensuring that the site is always used in a way that is available/beneficial to the whole community, keeping it reserved for education purposes or medical/health services, having a competitive process that is open to all, limiting subdivision and lots sold for large/high-end housing, requiring some amount of affordable/low income housing if site is to be developed for housing, prevent building from becoming derelict, restricting resale for at least 10 years, requiring dedication of green space, and receiving full rate property tax.

Section IV: Overall Messages/Takeaways

Across the board, whether respondents were in favor of, opposed to, or unsure of selling the site, there was broad support for the idea that the use of the site to be for some sort of community of public good. In some cases, this was specified to mean medical/health services as opposed to general commercial use – in addition to those opposed to selling in general, about 1/3 of those in favor of the sale and 40% of those unsure of the sale still would like to see the site used in some public/community manner. This was reflected in the preferences for zoning; the most recommended zoning for the site was for it to remain in the Public lands district.



- 24 respondents stated their support of the site being leased.
- 8 respondents wanted the decision to be put to a public vote.
- 7 respondents wanted CBS to have first right of refusal in a sale contract if sold.




City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: February 25, 2021

Subject: Updated Timeline 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 (encl. 1).

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.

Analysis

We recently learned the earliest independent appraisal we could secure would not be able to begin until late March. I optimistically expect that appraisal report to be ready no earlier than the middle of April 2021. The appraisal figures will be a crucial piece to the completion of the RFP if the Assembly decides to set a minimum bid price.

A key decision that significantly impacts the timeline is whether or not the Assembly would prefer to go to an advisory vote per Section 18.12.010 B of Sitka General Code (SGC). As a reminder, to include this item on the 2021 election ballot (if so desired), the

ballot ordinance would have to be presented no later than July 27, 2021. Given the extension of our original estimates, some additional staff research, and new developments, I am presenting some options for your consideration:

Option 1: RFP with No Advisory Vote

In this scenario, CBS staff would continue with the RFP process on an amended schedule. If a proposer is selected, the proposal would be presented to the Assembly at which time they could decide if they would like to proceed with the sale. A public advisory vote would not be held. Below is a potential schedule:

- April 13, 2021 – Draft RFP presented to Assembly for approval
- April 20 thru June 20, 2021 – Advertise RFP for agreed upon 60-day period
- June 20 thru June 30, 2021 – Evaluation team reviews and selects a proposal
- July 13, 2021 – Selected proposal presented to Assembly for approval to begin sales negotiations
- August 10, 2021 – Sales terms presented to Assembly for consideration
- September 28, 2021 – Assembly final review of sales contract to approve the sale.

Option 2: RFP with Public Advisory Vote

In this scenario, CBS staff would continue with the RFP process on an amended schedule. At any time, a special election could be held on the matter, which takes approximately three months and \$10K to facilitate, or the Assembly may choose to wait until the October 2021 regular election. This overall sales schedule is difficult to determine without guidance on when/if an advisory vote would be held. It is reasonable to assume that no proposal would be selected, or sales negotiations would commence until after the Assembly were to evaluate the results of any election held. It is important to note that the election results would be advisory only, and the ballot item would focus on the sales action only.

Option 3 (Recommended): RFP with Public Hearings in lieu of Advisory Vote

In this scenario, CBS staff would continue with presale work and the RFP process on an amended schedule. While the RFP is being developed, two public hearings could be held where the public could interact with the Assembly and voice their concerns and opinions on the sale of the SCH building and surrounding property. I am proposing that those sessions be widely advertised and held in Assembly chambers on March 16th and March 30th. If appropriate, the RFP can be revised to reflect citizen concerns. After the public hearings, the draft RFP would be presented to the Assembly at the regular session on April 13th and would incorporate both public input and fair market value figures determined by an appraisal. It is important to note that the hearings would focus on the sales action only, and not who the potential buyer may be. Here is the proposed schedule:

- March 16, 2021 – First public hearing with Assembly on SCH building sale
- March 30, 2021 – Second public hearing with Assembly on SCH building sale
- April 13, 2021 – Draft RFP presented to Assembly for approval
- April 20 thru June 20, 2021 – Advertise RFP for agreed upon 60-day period
- June 20 thru June 30, 2021 – Evaluation team reviews and selects a proposal

- July 13, 2021 – Selected proposal presented to Assembly for approval to begin sales negotiations
- August 10, 2021 – Sales terms presented to Assembly for consideration
- September 28, 2021 – Assembly final review of sales contract to approve the sale.

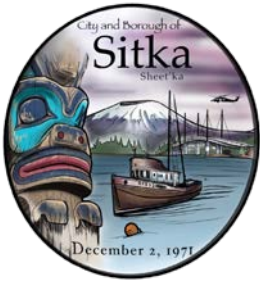
Fiscal Note

On February 9, 2021, a supplemental appropriation passed second on 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.

Recommendation

I recommend that the Assembly make note of the options presented above and provide staff with one of the options to facilitate the sale of the SCH building and associated property.

Encl: 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



City and Borough of Sitka

PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator

Date: January 5, 2021

Subject: Draft Timeline for Sitka Community Hospital (SCH) Building 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. Properties to be purchased include land, building, 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.

Analysis

The following draft timeline is a **best-case scenario** and has been developed for expectation management and tracking:

- **January 12, 2021** – SEARHC letter presented to Assembly requesting sale to be pursued through competitive process
- **January 26, 2021** – Supplemental Appropriation presented to Assembly for costs associated with preparing the RFP for possible sale (RFP consultation, outside assessor, building inspection, business valuation, etc.)
- **March 9, 2021** – Draft RFP presented to Assembly for approval
- **March 15 thru May 15, 2021** – Advertise RFP for agreed upon 60-day period
- **May 15 thru May 25, 2021** – Evaluation team reviews and selects a proposal
- **June 8, 2021** – Selected proposal presented to Assembly for approval to begin sales negotiations
- **July 13, 2021** – Sales terms presented to Assembly for either approval or to

continue to a public advisory vote.

- **October 5, 2021** (if directed by Assembly) – Advisory vote on SHC Building sale
- **October 12, 2021** – Assembly final review of sales contract (and consideration of Advisory vote – if held) to approve the sale.

Given that we will not be able to secure an appraiser, inspector, and/or RFP consultant under contract until the appropriation is approved on January 26, 2021, it is not unreasonable for the overall schedule to shift to the right. The appraisal and inspection are necessary inputs to the RFP, and our ability to secure those services will be the first bottleneck in the RFP development.

There may also be a need to secure outside legal counsel to assist in the sales contract which could further lengthen the timeline and potentially add legal fees to the estimated fiscal analysis of this memo.

The timeline presented above is to outline how quickly the process would need to move forward in order to make the October ballot (if so desired) since July 27, 2021 is the last date to present ballot initiatives for the regular election.

Moving as quickly as possible, I do not foresee this sale being completed prior to November 2021.

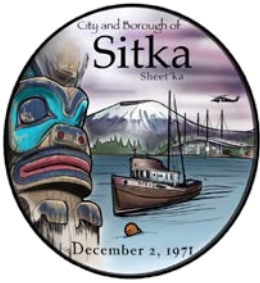
Fiscal Note

A supplemental appropriation will be necessary to obtain the appropriate support to develop a comprehensive RFP for the sale, provide an independent assessment of the building, and obtain an in-depth building inspection. The amount of the appropriation is estimated to be \$25,000, however, formal cost estimates have not yet been pursued through the private sector. Customarily, the selected proposer/buyer shares equally in appraisal costs, paid at time of closing. The expenses incurred to facilitate the sale that are paid by the general fund will be reimbursed by the sale proceeds, as Article XI, Section 11.16 of the Charter requires the municipality to deposit only the net proceeds from the sale of real property.

Recommendation

I recommend that the Assembly make note of the draft timeline and potential costs associated with sales proceedings of the former SCH site.

Encl: Assembly memo of November 3, 2020
SEARHC request of October 21, 2020
Former SCH Aerial Site
Code Excerpt
SEARHC letter of December 14, 2020



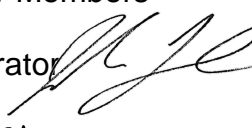
City and Borough of Sitka


PROVIDING FOR TODAY...PREPARING FOR TOMORROW

Coast Guard City, USA

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning Director 

Date: November 3, 2020

Subject: **Sitka Community Hospital (SCH) Building 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. Properties to be purchased include land, building, and all other improvements at 209 Moller Drive, 202 and 204 Brady Street, and 302 Gavan Street. The request and an aerial image of the parcels in question is included in your packet for reference.

Analysis/Fiscal Note

1. Competitive Bid

Section 18.12.010(E) of SGC requires competitive bid for disposal of CBS property “unless the assembly finds that competitive bidding is inappropriate”.

According to this section, a finding by the Assembly that “competitive bidding is inappropriate” can be based on the “size, shape, or location of the parcel, rendering it of true usefulness to only one party[.]” Arguably, the parcel has only “true usefulness” to SEARHC. The parcel contains a building, and other infrastructure, that was (for many decades as SCH) and is currently (under a five year lease to SEARHC) used for health care services. The configuration of the building, and other infrastructure, is best suited for health care services. Since SEARHC is owner of most of the adjacent real property, the location of the parcel is only truly useful to SEARHC, who intends to continue to use the building, and other infrastructure, for health care services. These circumstances may support a finding that competitive bidding is inappropriate.

Also, according to this section, a finding by the Assembly that “competitive bidding is inappropriate” can be based on the “nature of the property or the circumstances surrounding its disposal to include possible unjust results with regard to the existing lessee[.]” Again, the nature of the property is that the building, and other infrastructure,

was and is currently used for health care services. The building, and other infrastructure are best suited for health care services. The community could be best served by continuity of use. Significantly, SEARHC currently leases the property, with nearly four years remaining on the lease (lease expires 8-1-2024). If the sale was by competitive bid, the purchaser would have to purchase subject to the lease. Under these circumstances, SEARHC may be subject to unjust results with a new lessor. These circumstances may support a finding that competitive bidding is inappropriate.

2. Advisory Vote

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." Early valuation efforts done for insurance purposes in 2016 indicate that the value of the building and the land is well over the five million dollar threshold. Therefore, the Assembly may choose (but is not required to) put the decision out for an advisory vote by either adding it to the October ballot or scheduling a special election, and stay their decision until the election is over. The vote would be advisory only, not binding.

A decision tree has been included in your packet to help guide the order of operations for the sale process. The ultimate decisions regarding timing, price, and terms of sale will be decided as a part of the sales agreement and ordinance. Staff would like direction on responding to the request and initiating associated sale proceedings.

Recommendation

Staff needs direction from the Assembly on three main points:

- Does the Assembly want to dispose of the property through a sale?
- Does the assembly desire a waiver of competitive bidding for a sale?
- If a sale is desired, whether through competitive bid or direct negotiation, would the assembly desire that the ordinance authorizing the sale receive an advisory vote at a general or special election?

Suggested motions (in order):

1. Keep or sell

"I move to direct staff to initiate sale proceedings for the former Sitka Community Hospital site".

2. Competitive/Non-Competitive Sale

"I move to find that competitive bidding for this property is appropriate pursuant to SGC

18.12.010(E), and direct staff to prepare an RFP for the sale of the former Sitka Community Hospital site.”

OR

“I move to find that competitive bidding for this property would be inappropriate due to possible unjust results with regard to the existing lessee and adjacent property owner pursuant to SGC 18.12.010(E), and for staff to work with the lessee, SEARHC, on a direct negotiation for the sale of the former Sitka Community Hospital site.”

3. Advisory Vote

“I move that the sale of the former Sitka Community Hospital site should receive an advisory vote at the 2021 general election, and that the Assembly will stay its decision on the sale pending the outcome of the election.”

OR

“I move that the sale of the former Sitka Community Hospital site should receive an advisory vote at a special election, and that the Assembly will stay its decision on the sale pending the outcome of the election.”

Attachments:

- SEARHC Request
- Former SCH Site Aerial
- Code Excerpt
- Decision Tree

October 21, 2020

Administrator John Leach
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

Dear Mr. Leach,

The SouthEast Alaska Regional Health Consortium (SEARHC) hereby requests to purchase the following property described as the old Sitka Community Hospital (SCH) facility:

1. 209 Moller Drive (A fractional portion of Lot Fourteen (14), Block D, Moore Memorial Addition), containing 110,000 square feet
2. 202 Brady Street (Lot Three (3), Block D, Moore Memorial Addition), containing 8,482 square feet
3. 204 Brady Street (Lot Two (2), Block D, Moore Memorial Addition), containing 9,654 square feet
4. 302 Gavan Street (A portion of Lot 14, Block D, Moore Memorial Addition), containing 6,290 square feet

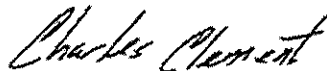
As the current lessee, SEARHC utilizes the Sitka Community Hospital facility for long-term care, rehabilitative services, and primary and urgent care clinic space. As these services grow, the facility needs significant upgrades, requiring investment and future planning, and remediation of contamination and safety hazards. This level of investment will only be feasible with ownership of the facility.

The upcoming Mt. Edgecumbe Medical Center Construction and Expansion Project will further the need to renovate the SCH facility as service lines and staff positions will be required to relocate during the construction process. The SCH facility's ownership would allow positions to remain in Sitka instead of moving to other locations throughout the region.

We look forward to collaborating with the City and Borough of Sitka on a mutually beneficial property sale.

Thank you for your consideration.

Sincerely,



Charles Clement
President and Chief Executive Officer



CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT
LAND MANAGEMENT APPLICATION FORM

1. Review guidelines and procedural information.
2. Fill form out completely. No request will be considered without a completed form.
3. Submit all supporting documents and proof of payment.

APPLICATION FOR:☐ TIDELAND☐ LEASE☐ LAND☒ PURCHASE**BRIEF DESCRIPTION OF REQUEST:**

The SouthEast Alaska Regional Health Consortium requests to purchase the Sitka Community Hospital facility and underlying parcels.

PROPERTY INFORMATION:

CURRENT ZONING: P- Public ARE YOU THE UPLAND PROPERTY OWNER? Adjacent property owner

CURRENT LAND USE(S): Health Services PROPOSED LAND USES (if changing): _____

APPLICANT INFORMATION:

PROPERTY OWNER: City and Borough of Sitka

PROPERTY OWNER ADDRESS: 100 Lincoln Street Sitka, AK 99835

STREET ADDRESS OF PROPERTY: 209 Moller Drive, 202 and 204 Brady Street, 302 Gavan Street

APPLICANT'S NAME: SouthEast Alaska Regional Health Consortium (SEARHC)

MAILING ADDRESS: 222 Tongass Drive Sitka, AK 99835

EMAIL ADDRESS: maeganb@searhc.org DAYTIME PHONE: 907.966.8942

PROPERTY LEGAL DESCRIPTION:

TAX ID: _____ LOT: _____ BLOCK: _____ TRACT: _____

SUBDIVISION: _____ US SURVEY: _____

OFFICE USE ONLY

COMPLETED APPLICATION		SITE PLAN	
NARRATIVE		CURRENT PLAT	
FEE		OWNERSHIP	

REQUIRED SUPPLEMENTAL INFORMATION:

- ☒ Completed application form
- ☒ Narrative
- ☐ Site Plan showing all existing and proposed structures with dimensions and location of utilities
- ☐ Proof of filing fee payment
- ☐ Proof of ownership (If claiming upland preference)
- ☐ Copy of current plat

CERTIFICATION:

I hereby certify that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request. I understand that public notice will be mailed to neighboring property owners and published in the Daily Sitka Sentinel. I further authorize municipal staff to access the property to conduct site visits as necessary.

Maryn BOSCH (on behalf of SEARHC)
Applicant

10/20/20
Date



18.12.010 Real property disposal.

A. Real property, including tidelands, and land acquired from the state, may be sold or leased only when authorized by ordinance. Lease of space within municipal buildings that are of a value of less than one thousand dollars shall be treated as disposals of personal property without ordinance. All other leases of space within a municipal building shall be treated as disposal of real property under this chapter.

Note: The value of a lease shall be determined by multiplying the monthly or annual rent by the term of the lease.

B. 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. This subsection shall not apply to leases at the former Alaska Pulp Corporation mill site, now known as the Gary Paxton Industrial Park, and the property leased under Ordinance 99-1539.

C. No advisory vote or competitive bid is required for exchange of municipal property, both real and personal, including tidelands, or any interest in property, with the United States, the state of Alaska, or a political subdivision.

Such disposals to other governmental units shall be done by ordinance.

All leases of real property and tidelands approved by the assembly and signed by the lessee prior to the date of enactment of the ordinance codified in this title are confirmed and ratified and voter ratification required under the former ordinance is waived. (Enactment date September 27, 1983).

D. The lease of any municipal property on a temporary basis may be made by the administrator upon motion of the assembly without ordinance. Temporary shall be defined as any lease terminable at the will of the municipality where no more than thirty days prior notice of intent to terminate is required.

E. Sale or lease of municipal real property, including tidelands, shall be by competitive bid, unless the assembly finds that competitive bidding is inappropriate, due to the size, shape, or location of the parcel, rendering it of true usefulness to only one party, or is waived by subsection C of this section. The assembly may also find that competitive bidding is inappropriate due to the nature of the property or the circumstances surrounding its disposal to include possible unjust results with regard to the existing lessee, or adjacent or neighboring property owners.

F. When it is deemed advantageous to the municipality, it may trade uplands or tidelands for other land of approximately equal size or value. Should the municipal property in question be of such value as to permit an advisory vote, an advisory vote may be authorized by the assembly, and the requirements and procedures concerning such election shall apply.

G. The administrator is authorized to sign all municipal lease and conveyance documents.

(Ord. 18-29 § 4 (part), 2018; Ord. 99-1545 § 4 (part), 1999; Ord. 93-1141 § 4, 1993; Ord. 92-1110 § 4, 1992; Ord. 92-1026 § 4, 1992; Ord. 83-556 4 (part), 1983.)

December 14, 2020

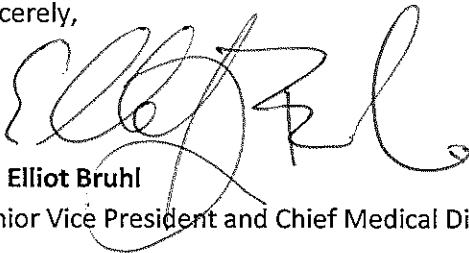
City and Borough of Sitka
John Leach, Municipal Administrator
100 Lincoln Street
Sitka, AK 99835

Dear Mr. Leach,

After considering options put before the SouthEast Alaska Regional Health Consortium (SEARHC) regarding the Moller Drive Campus's potential purchase, we request that the Assembly and city prepare a process for the facility's competitive bid at your earliest convenience.

SEARHC looks forward to participating in a transparent sale process to increase healthcare services and employment options in Sitka.

Sincerely,



Dr. Elliot Bruhl
Senior Vice President and Chief Medical Director



Maegan Bosak
Director of Marketing and Communications