


City and Borough of Sitka

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A Coast Guard City

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

From: John Leach, Municipal Administrator 

Date: August 18, 2021

Subject: Sitka Community Hospital (SCH) Site Sale Ordinance

Background

On August 10th, the Assembly passed an ordinance (ORD 2021-22) on second and final reading to place an advisory question on a potential sale of the property to the qualified voters on the regular election ballot. In the advisory question on the ballot, voters are directed to an ordinance authorizing the sale of the property which explicates the basic terms of the sale proposal; that sale ordinance is now before you for consideration.

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

The RFP was advertised locally, as well as in Anchorage and Seattle. The notice was also sent to STA, the Chamber, SEDA, Southeast Conference, Rural Development, local real estate brokers, the Alaska State Hospital and Nursing Home Association, the University of Alaska, and to several large healthcare providers in Alaska and the Pacific Northwest.

One response to the RFP was received from the Southeast Alaska Regional Health Consortium (SEARHC). The proposal is to purchase the property for \$8.25 million with the intent of retaining the existing hospital building for continued long-term care, physical therapy, and home health/administrative uses, and utilizing vacant space to build a multi-family residential building with 28 dwelling units. The modular unit currently housing Mountainside Family Clinic and Urgent care would be removed, and those services moved into off-site clinic space. Capacity at the long-term care facility would be expanded from 15 beds to 19, with 4.2 additional FTEs expected. SEARHC estimated the sale closing by 3/1/2022 and a project completion date of 12/31/2024. The

Evaluation & Selection team deemed the proposal to be responsive per the RFP guidelines.

Analysis

As was discussed in relation to ORD 2021-22, there were a few deadlines that were critical to meet in order to put the advisory question on this sale to the voters in the regular election. One of those deadlines was timing of this sales ordinance, which must be passed on first reading on August 24th in order to be included on the regular election ballot. The second reading of this ordinance must be delayed until October 12th per SGC 18.12.010(B) which states that in case the Assembly exercises the option of an advisory vote for real property disposal, "The assembly shall stay its decision on any such sale, lease, or disposition pending the outcome of the election."

An adjusted process/timeline:

Sale Ordinance 1 st Reading	August 24, 2021
Regular Election	October 5, 2021
Election results reviewed Sale Ordinance 2 nd Reading	October 12, 2021
Preparation of purchase agreement for sale of land & deed	October 13, 2021 – March 1, 2022*
Assembly approval of purchase agreement for sale of land & deed	Date TBD – must take place prior to execution of agreement & deed
Execution of purchase agreement for sale of land & deed	On or before March 1, 2022*

**March 1, 2022 is the anticipated date per SEARHC's RFP response and the tentative goal for sale closing if the Assembly moves forward with the sale. The date may shift depending on the time needed for preparation of documents associated with the sale.*

Fiscal Note

Per Charter Section 11.16(b), the net proceeds from the sale of the any municipal real property shall be deposited in the Sitka Permanent Fund.

Recommendation

In order to complete the process initiated by ORD 2021-22, this sales ordinance should be passed on first reading, with second reading taking place after the election.