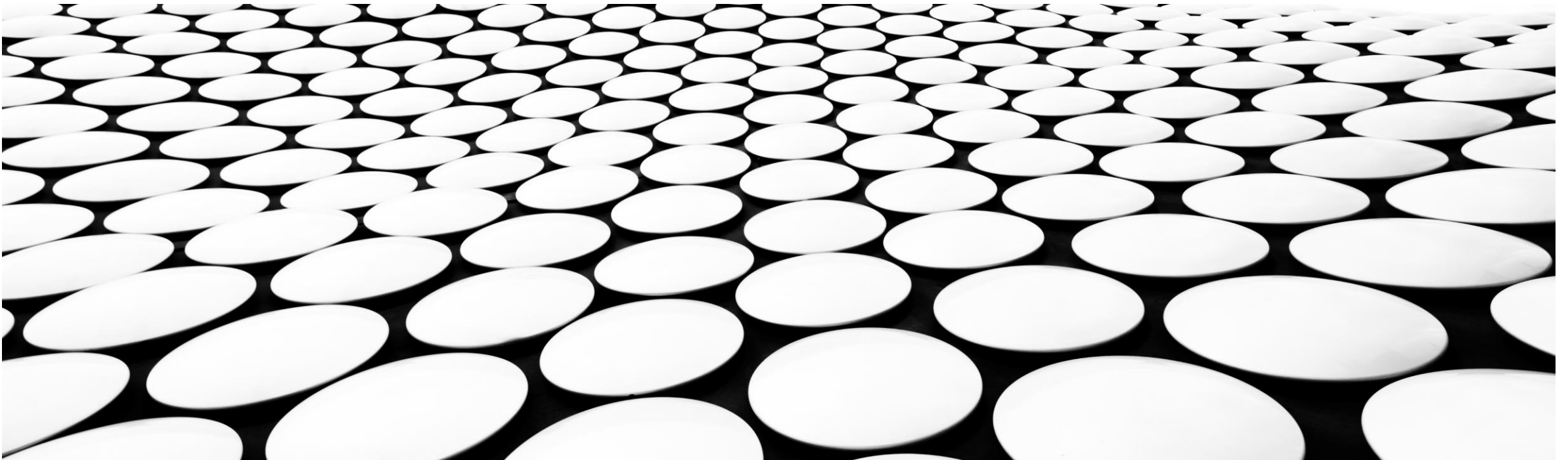


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# ANNUAL WORK SESSION (2020-2021): PETERSBURG MEDICAL CENTER HOSPITAL BOARD AND THE PETERSBURG BOROUGH ASSEMBLY

MAY 5<sup>TH</sup> 2021





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**Agenda**  
Work Session 2020-2021  
Petersburg Medical Center Hospital Board  
and the  
Petersburg Borough Assembly

**I. New Hospital Facility**

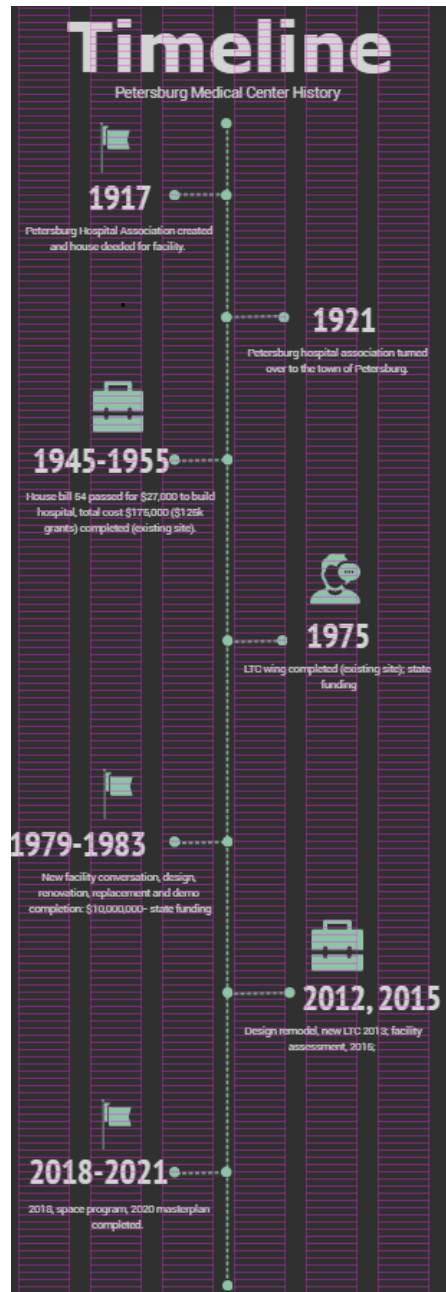
- A. Recap of the Denali Commission funded Master Plan for Petersburg Medical Center:
  - a. Follow up Assembly /PMC work session from Dec 2019
  - b. Follow up discussion from PMC / Community Townhall Jan 2020
  - c. Final Master Plan review Feb 2020
- B. Discussion of funding:
  - a. Value of a locally owned and managed facility vs run and owned by an outside entity
  - b. Resource allocation for a new facility
  - c. Current steps under way in planning and pursuing funding
- C. Next Steps:
  - a. Assembly and PMC action items

**II. Operational Overview**

- A. COVID response and lessons of operating a community healthcare facility during the pandemic
- B. Healthcare landscape of the future in Petersburg
- C. Economic viability
- D. Importance of healthcare in the community

*Guiding Values: Integrity - Dignity - Professionalism - Team Work - Quality*

# AGENDA



# PMC HISTORICAL TIMELINE

# WORKING FORWARD



Strategic Plan: Sept 2018



PMC/Borough Worksession: 2018 (Oct), 2019 (Dec), 2021



Community Cafe – outreach x4.



PMC- Report assembly meetings monthly.



Townhall meeting presentation on new facility Masterplan:  
Jan 2020



Identify site for new replacement facility- phase 2

# Cost Estimate Structure

Below is the summary cost estimate for the three options explored in the master plan. Detailed cost estimate breakdowns are included in the appendix.

Cost Element	Greenfield Scheme 7A		Greenfield Scheme 7B		Downtown Scheme	
	Building	Site	Building	Site	Building	Site
	72,463 SF	325,000 SF	80,170 SF	325,000 SF	95,414 SF	142,000 SF
Direct Costs						
Construction	\$ 31,436,581	\$ 5,482,655	\$ 33,420,923	\$ 5,223,434	\$ 38,965,197	\$ 5,236,493
Margins & Adjustments						
Location Factor	25.0%	\$ 7,859,145	\$ 1,370,664	\$ 8,355,231	\$ 1,305,859	\$ 9,741,299
General Conditions	7.5%	\$ 2,947,179	\$ 513,999	\$ 3,133,211	\$ 489,697	\$ 3,652,987
Design Contingency - Building	8.0%	\$ 3,379,432		\$ 3,592,749		\$ 4,188,759
Design Contingency - Site	15.0%		\$ 1,105,097		\$ 1,052,848	\$ 1,055,481
MEP Market Contingency	2.6%	\$ 1,173,561		\$ 1,253,535		\$ 1,439,339
Contractor's OH & Profit	7.5%	\$ 3,509,692	\$ 635,431	\$ 3,731,673	\$ 605,388	\$ 4,349,069
Escalation to NTP	8.4%	\$ 4,225,670	\$ 765,059	\$ 4,492,936	\$ 728,887	\$ 5,236,279
Per Diem Imported Labor	2.5%	\$ 1,363,282	\$ 246,823	\$ 1,449,505	\$ 235,153	\$ 1,689,323
Total Cost	\$ 55,894,542	\$ 10,119,727	\$ 59,429,763	\$ 9,641,265	\$ 69,262,252	\$ 9,665,370
Total Estimated Construction Cost	\$ 66,014,269		\$ 69,071,028		\$ 78,927,622	
Indirect Costs*	40.0%	\$ 26,405,708		\$ 27,628,411		\$ 31,571,049
Total Project Cost	\$ 92,419,977		\$ 96,699,440		\$ 110,498,670	

\* Indirect Costs include non-construction project related expenses such as site surveys, geotechnical investigation, design fees, plan review and permit fees, inspections, finance cost, moving expenses, and furniture, fixtures, and equipment. Indirect costs on hospitals can range from 30% to 50% .



# REPLACEMENT HOSPITAL

- Masterplan Complete
- Refined cost strategy closer to \$82M– zero based budgeting instead of %.
- Cost per sq ft: ~\$1180

# RURAL HEALTH FACILITIES LOCAL VERSUS OUTSIDE ENTITY

## Petersburg Community Facility

- Local economic impact\*
- Locally controlled
- Local workforce
- Locally operated

## Outside entity

- No control on service lines
- No decision making on healthcare
- Potentially lost economic value
- Potentially lost to a large organization.

\*Access, Quality, And Financial Performance Of Rural Hospitals Following Health System Affiliation  
[Claire E. O'Hanlon](#),<sup>1,2</sup> [Ashley M. Kranz](#),<sup>3</sup> [Maria DeYoreo](#),<sup>1</sup> [Ammarah Mahmud](#),<sup>3</sup> [Cheryl L. Damberg](#),<sup>1</sup> and [Justin W. Timbie](#)<sup>3</sup>

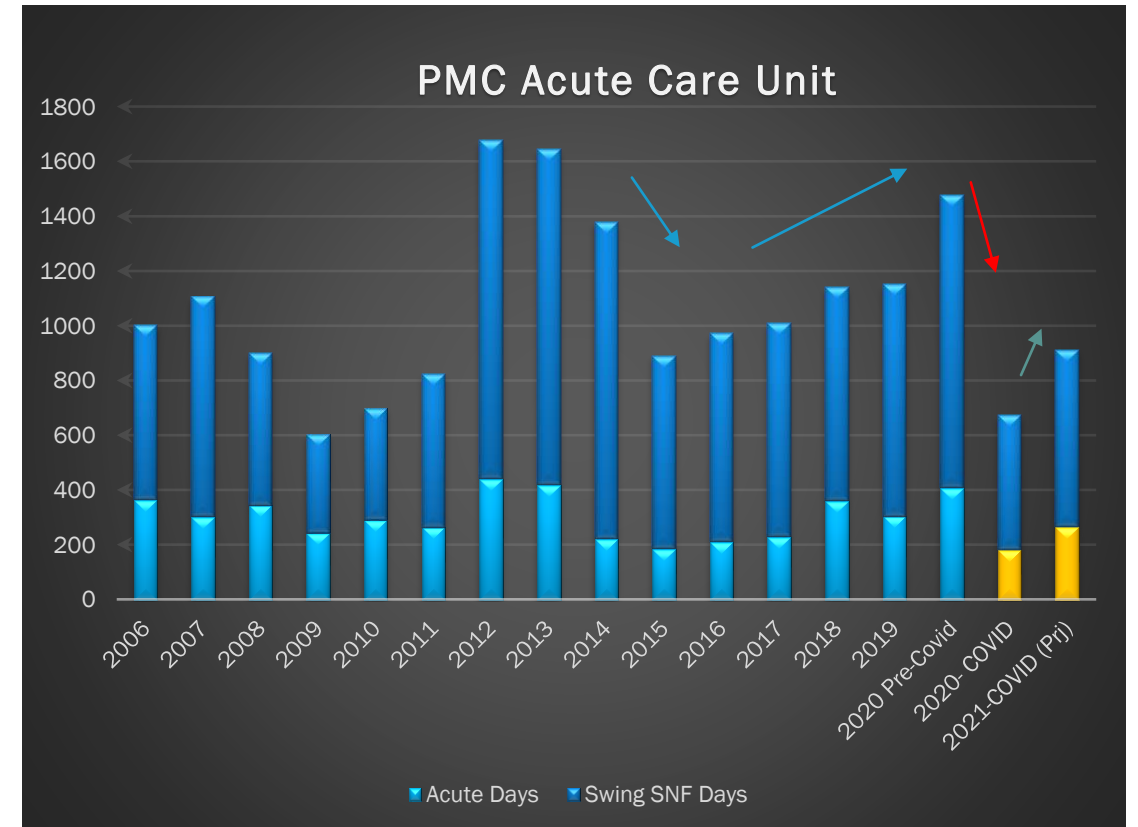
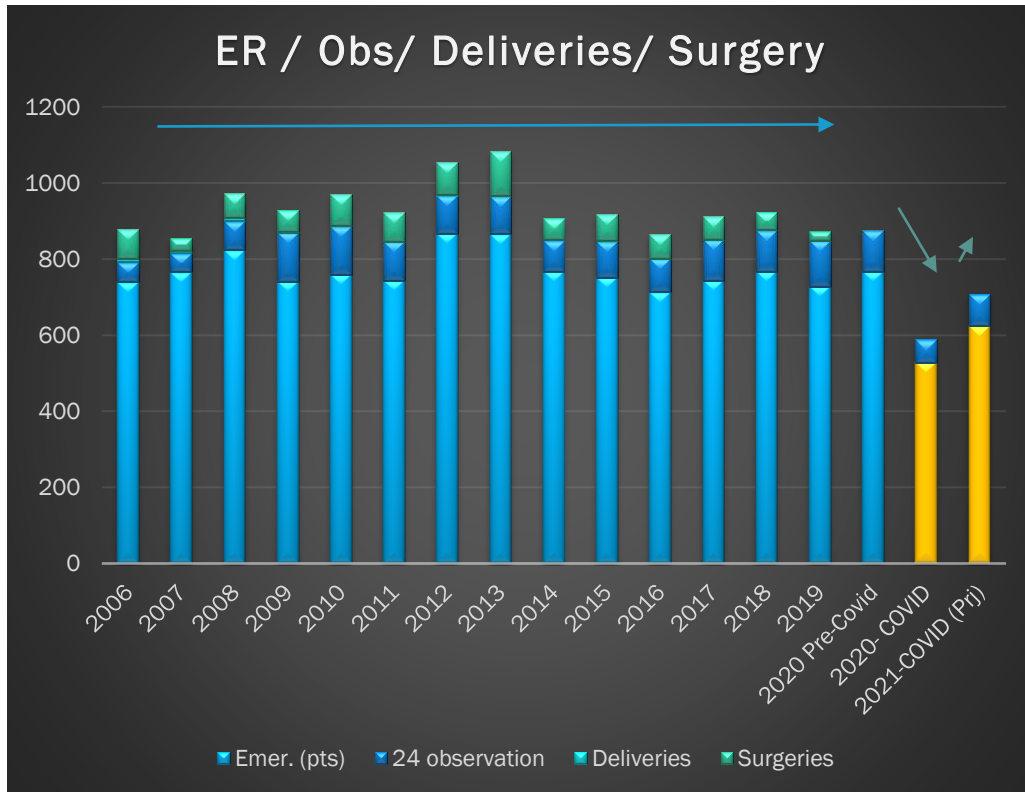
\*Wishner J, Solleveld P, Rudowitz R, Paradise J, Antonisse L. *A look at rural hospital closures and implications for access to care: three case studies [Internet]*. San Francisco (CA): Henry J. Kaiser Family Foundation; 2016. July 7 [cited 2019 Oct 10]. Available from: <https://www.kff.org/medicaid/issue-brief/a-look-at-rural-hospital-closures-and-implications-for-access-to-care/>

# PMC COMMUNITY IMPACT

- Salaries /wages currently: >95% staff live in Petersburg. Economic impact 155 employees with ~20 employees directly related to COVID and indirectly related to COVID. ~11-12 Million salaries directly into community.
- COVID impact to staff and staff burn out.
- Healthcare is not a commodity to be sold to the highest bidder.
- PMC board, administration and staff are in alignment with keeping PMC as a community health facility. An alternative organization to run and operate the hospital after a 100 years of service in PSG may damage the economics of the community, the continuity of services to the community and the workforce, morale and staffing at PMC.
- I would request the assembly and the community to fully support The PMC board for a replacement facility as recommended by Masterplan, by advocating for state and federal infrastructure capital improvement funding.
- New construction increases local economy, important measure post COVID.

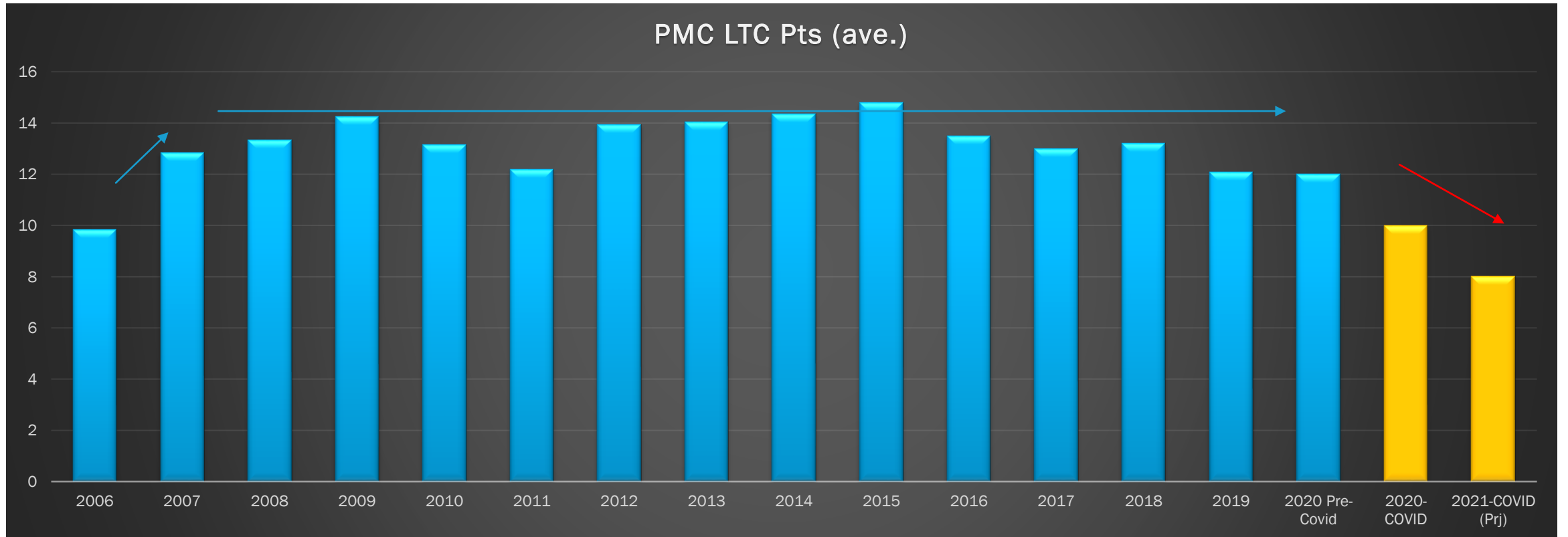


# PETERSBURG MEDICAL CENTER



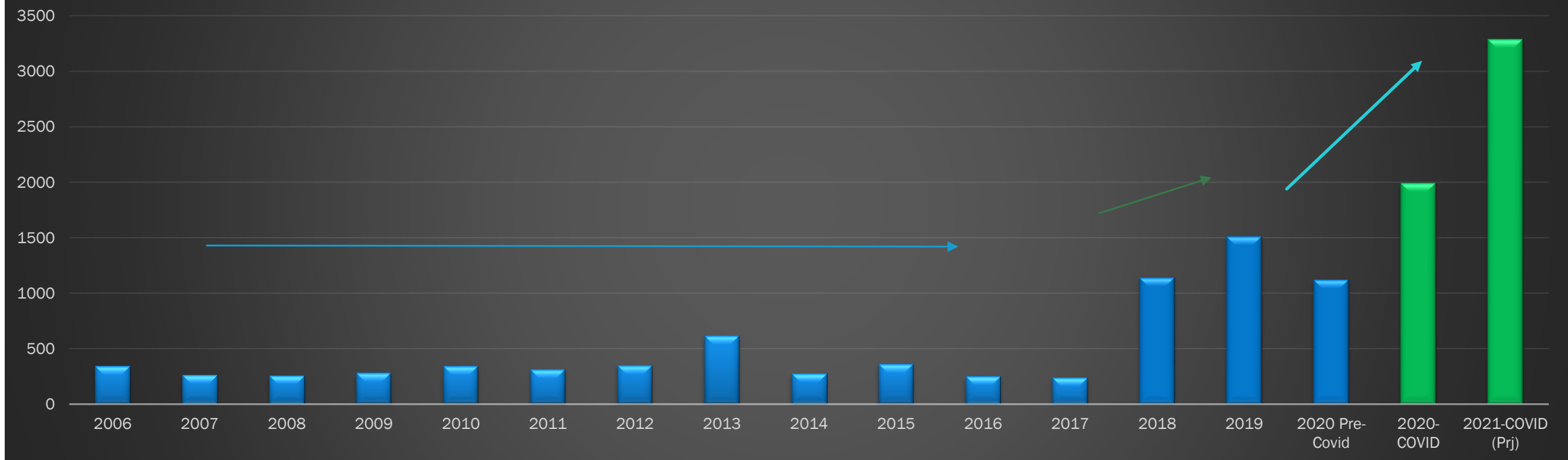


# PMC LONG TERM CARE

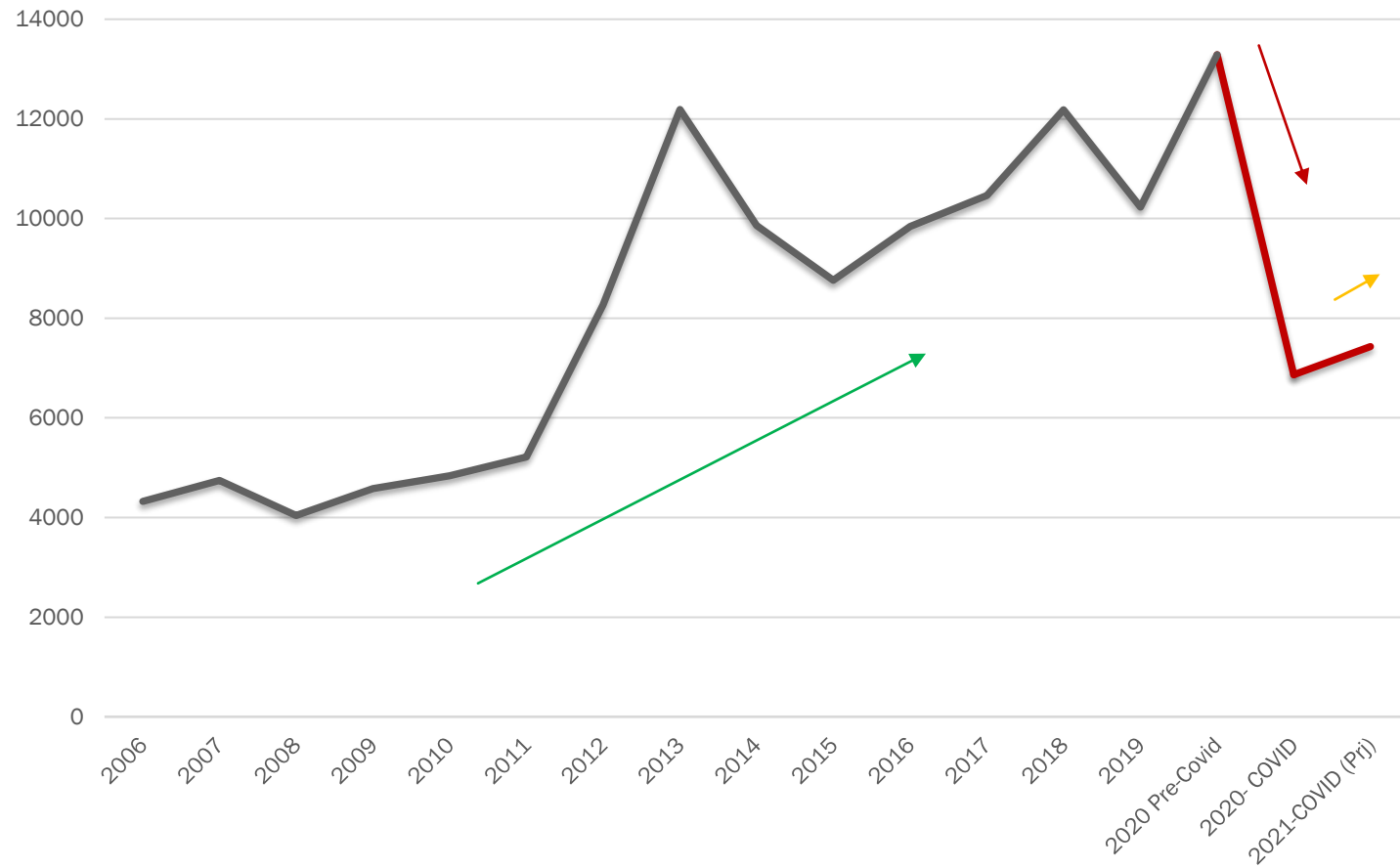


# PMC HOME HEALTH AGENCY

Home Hlth visits

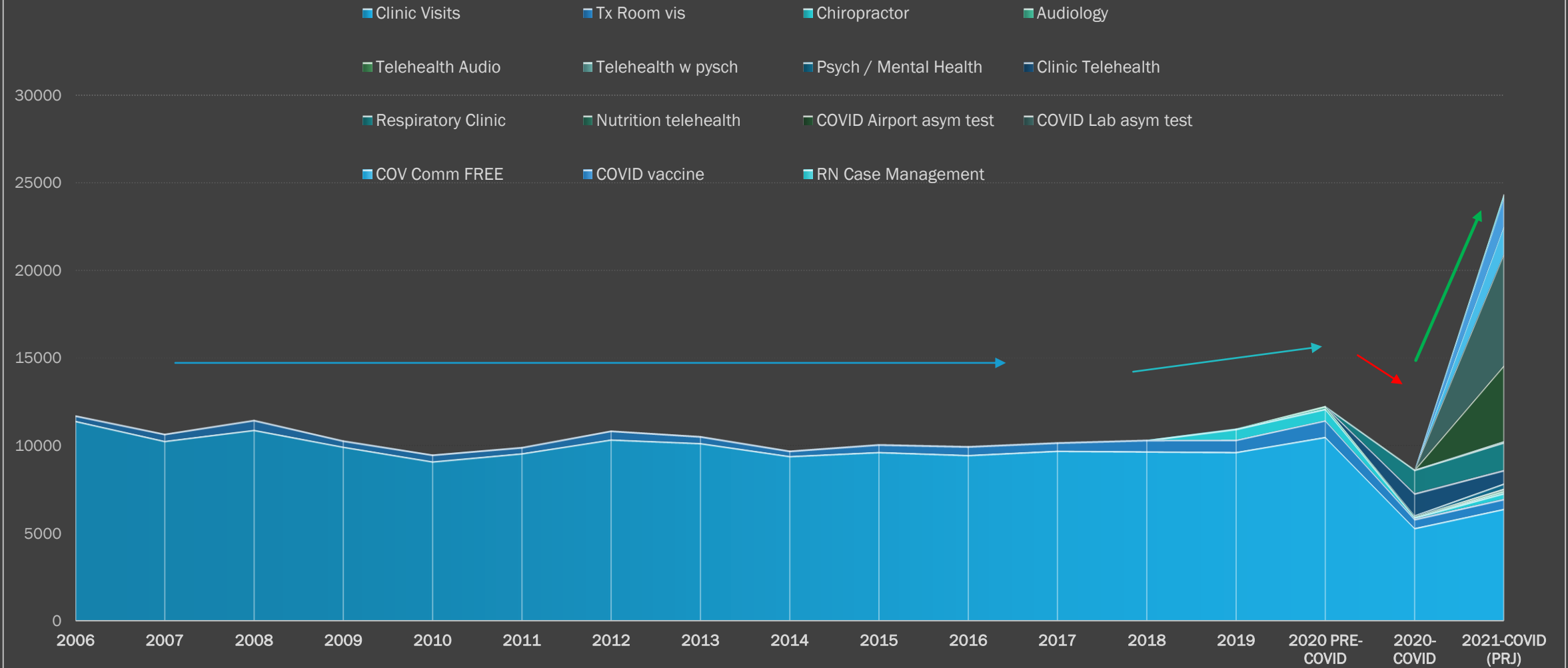


PT (OT/SLP started 2014) Total



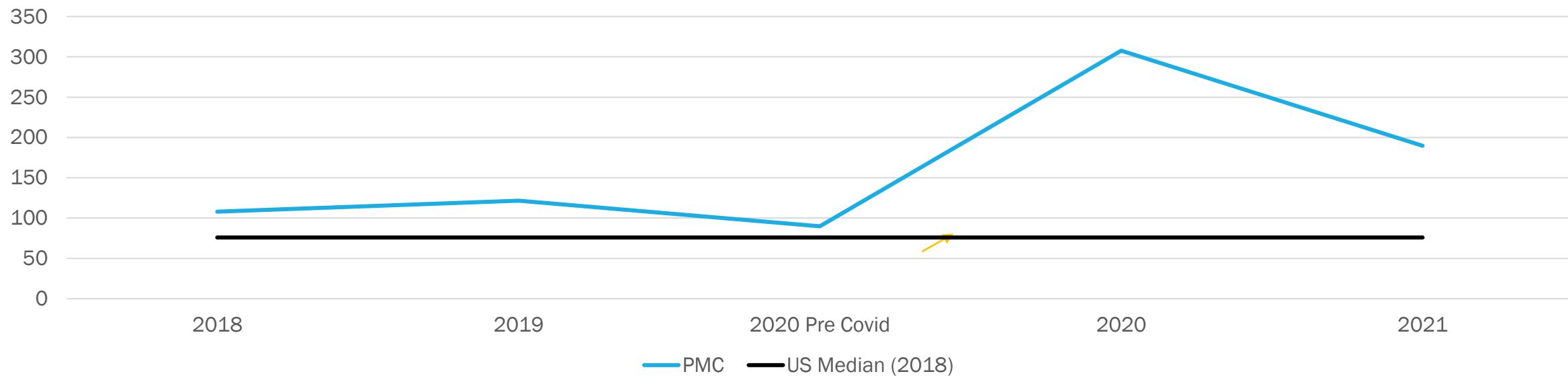
**PMC REHAB  
DEPARTMENT  
(PT/OT/ SLP)**

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## Days Cash On Hand

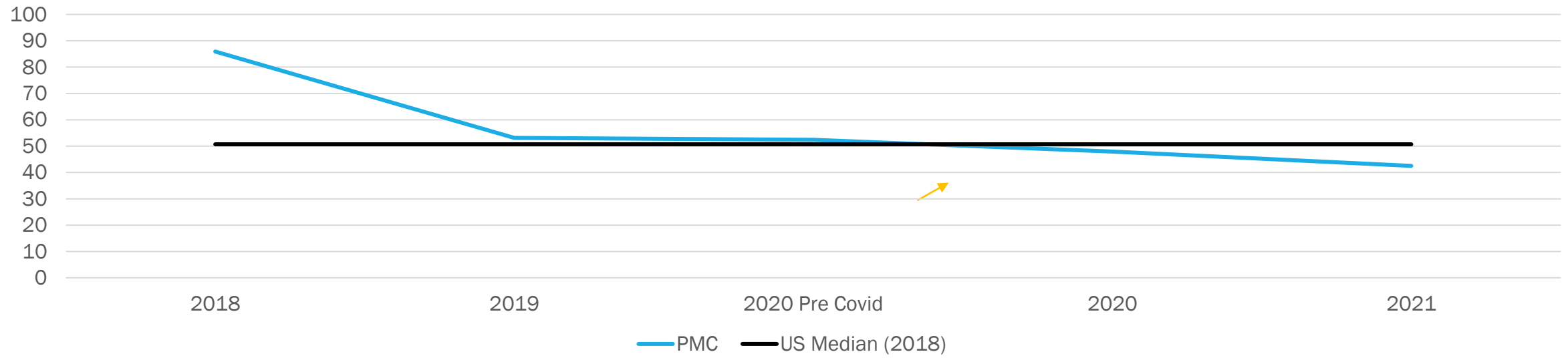
Higher is Better



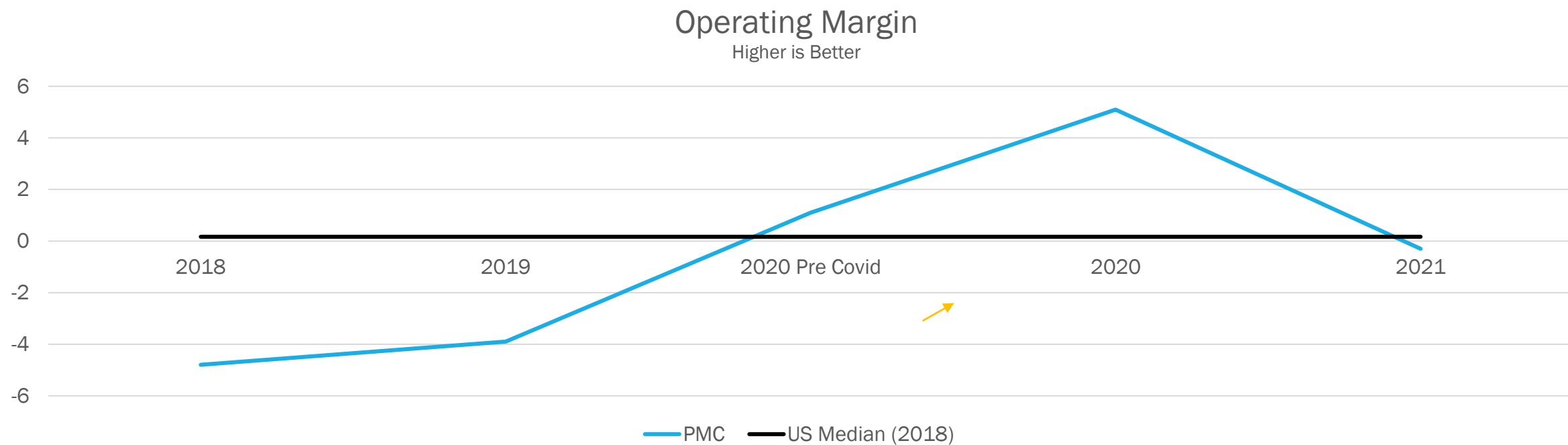
# PMC DAYS CASH ON HAND

## Days in AR, Net

Lower is Better

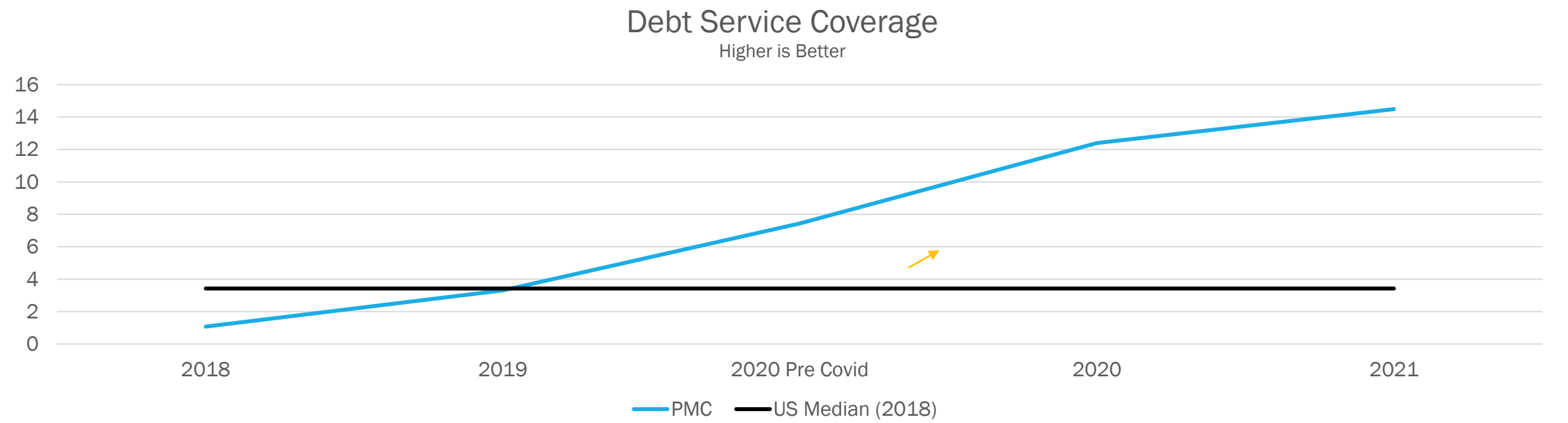


# PMC DAYS AR

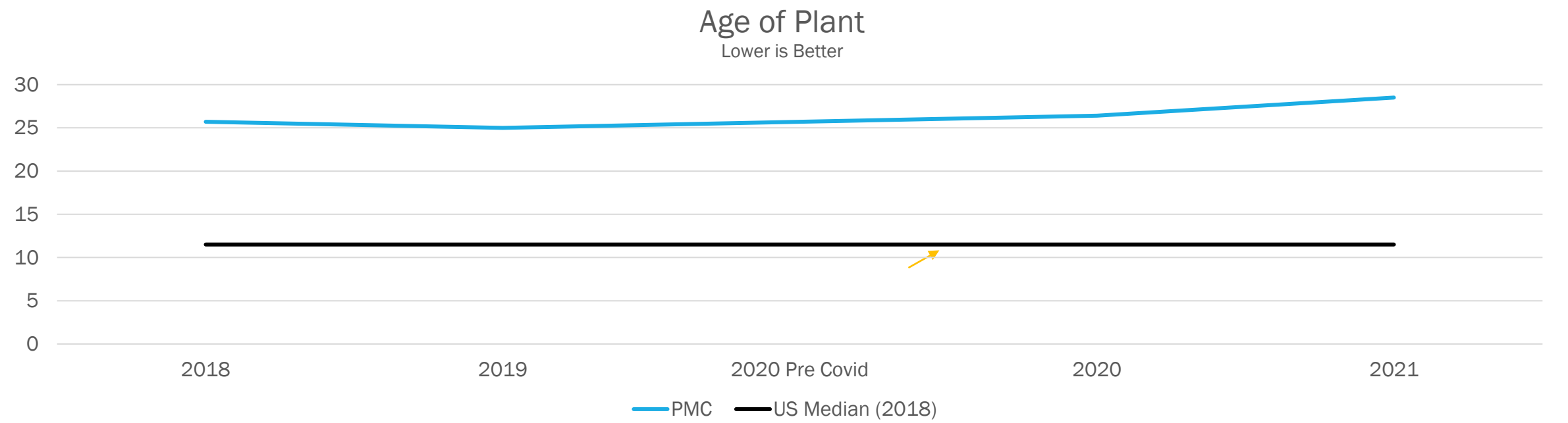


# PMC OPERATING MARGIN





# PMC DEBT SERVICE COVERAGE



# PMC AGE OF THE PLANT



## NEW FACILITY- CURRENT EFFORTS TO DATE

- Master Plan completed.
- Permitting from the Corps of Engineers for the geotechnical work on all sites has been finalized.
- Construction = economic infrastructure investment and growth.
- Healthcare is an economy.
- COVID-19 has shown how dynamic and responsive healthcare and community leaders are required to be in emergency situations that threaten the livelihood of a small rural community.
- The hospital rebuild will be designed and constructed to meet the healthcare safety standards that were determined essential during a pandemic.

## **ACTION ITEMS NEXT STEPS**

Assembly priority for funding state and federal capital infrastructure.

Alaska State Hospital and Nursing Home Association support for Petersburg hospital replacement under the American Rescue Plan.

Site selection / environmental study.

Site Acquisition Documentation

Site Preparation