

NEWS

Mark Reed may move on Oakhurst site

Board to mull giving Dunham go-ahead to buy

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Vidette Reporter

ELMA — At their meeting tonight, March 25, Public Hospital District No. 1 commissioners will consider a resolution authorizing the purchase of the Oakhurst site in Elma for a new Mark Reed Hospital.

The resolution, if passed, would also give the final say-so on whether the district purchases the site to Mark Reed CEO Renée Dunham, instead of the commissioners.

But at least one commissioner has expressed concern that the decision may be made too hastily.

"No one should rush into a big financial decision like this," Dean Schwickerath says in a guest editorial in this week's *Vidette*. "I'm getting that rushed feeling in our recent board meetings, instead of the slow and methodical research an important project like this requires."

Besides authorizing Dunham to negotiate a purchase agreement with Grays Harbor County, which owns the 22-acre site, the resolution would

give her the authority "at her discretion to determine whether it is in the best interest of the district to proceed with the purchase and close the transaction or terminate the agreement ..."



Dunham

Section 2 of the resolution says the price must not be more than the \$1 million the county has already offered to sell the site for, and, if the site is purchased on an installment basis, the installment period must not be more than 40 years, with the interest rate on the installments not more than 5 percent.

Section 2 also says Dunham "is authorized and directed to obtain all necessary information, to proceed with completing the feasibility analysis of and due diligence with respect to the property."

If Dunham "elects to proceed with the purchase," Section 3 says, she and the "proper district officials are authorized and directed to do all other things and execute and deliver all documents ... necessary and reasonable to consummate the transaction promptly and in accordance with the terms and conditions of the agree-

ment."

But it does not delineate who the "proper district officials" might be. Moreover, "all actions previously taken in furtherance of the purposes of this resolution are ratified and confirmed," it says.

'Investigation'

A preamble in the resolution says the commissioners desire Dunham also "to complete the due diligence investigation of the property" and assumes the results of the investigation would be "satisfactory" before beginning negotiations with the county.

Part of the investigation of the site includes an in-depth study headed by the architectural firm Scherer & Associates of Olympia, completed last week.

In a memo on the \$10,000 study, the firm's principal, John Wm. Scherer, said the site, once the location of the Oakhurst Tuberculosis Sanatorium, has "no known recognized environmental conditions that could adversely impact the environmental integrity" of the property and that the soils "are the perfect material for fill, drainage, storm water and/or foundations."

The consultant's "professional opinion" is "onsite critical areas should not have any effect on the

proposed construction" of the hospital. Asked Monday what "critical areas" his memo refers to, Scherer said he did not want to elaborate because the district had not yet received the full report.

Zoning is no problem, all major utilities are available, and "there are no civil engineering obstacles to developing Oakhurst as a site for the Mark Reed replacement facility," Scherer's memo says.

Additionally, "no right of way changes or dedications are evident" that would restrict site development, and a 20-foot sewer easement running diagonally through the center of the property "does not pose a challenge for future development," the memo says.

A change in the site's tax-exempt status, should the district purchase it, would mean 2010 taxes would be about \$54,600, the memo notes.

"In my professional opinion, the Oakhurst site is perfectly suitable for development of the Mark Reed Hospital replacement facility," Scherer recommends in the memo. "A more lengthy and detailed assessment of the site would certainly provide more detailed information, but the assessments made to date represent an acceptable standard of due diligence and care," he concludes.

A Nashville firm, Gresham, Smith and Partners conducted a market analysis, projecting in January that a new hospital in Elma would receive about 80 percent more admissions, 25 percent more emergency visits and 50 percent more outpatient and clinic visits than if it were to be built in McCleary.

Another part of the "investigation," a financial feasibility study, has just begun and could take about two months, according to the hospital's chief financial officer, Ron Hulscher. That study, expected to cost about \$59,000, is being headed by Dingus, Zarecor & Associates, certified public accountants in Spokane, and Arnett & Foster, PLLC, an accounting and consulting firm based in Charleston, West Va.

Dunham has said that hopes are that the district, which is planning to apply for a U.S. Department of Agriculture Rural Development loan, would like to submit the application for that this summer.

It's estimated the new hospital would cost between \$15 million and \$25 million.

Tonight's commission meeting, which is open to the public, is set for 6 p.m. in the Elma City Council chambers, through the Second Street entrance to Elma City Hall.