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# Oakhurst to be sold to Mark Reed

## Hospital proposal of \$900K over 4 years is approved

By LEIF NESHEIM  
Vidette Editor

**MONTESANO** — Mark Reed Health Care District will buy the former Oakhurst Sanatorium site in Elma for \$900,000, spread out in three payments through 2014. It's an almost \$400,000 discount of the land value — and \$1.3 million off the total certified value, including buildings — with no interest due.

County commissioners unanimously accepted the offer hospital district CEO Renée Dunham presented Monday on behalf of Grays Harbor Public Hospital District No. 1, also known as Mark Reed.

The approval is the first step in writing a purchase and sale agreement, Commissioner Terry Willis said. The sale is contingent on the approval of financing.

The district plans to pursue a United States Department of Agriculture Rural Development loan to purchase and

build a new, roughly \$20 million, 40,000-square-foot hospital. District officials say a new facility is necessary because the current aging hospital in McCleary is too small and has no room for expansion.

The district proposed paying \$250,000 at closing, expected by the end of 2010, \$300,000 on Oct. 31, 2012, and a final payment of \$350,000 on Oct. 31, 2014.

Initially the hospital district considered paying the county over 20-30 years, but county commissioners wanted the money sooner.

"A cash payment of the \$1 million up front would be a hardship for our project," Dunham said.

"This will help with cash flow for the hospital and allow them to build and begin operations," Willis said.

In February, commissioners offered to sell the property for \$1 million. The land is assessed at \$1.3 million, including buildings it's \$2.2 million.

The buildings include a daycare and low-income housing. The district will honor the remainder of the 50-year housing lease, as required. However, even with the buildings, there still is room for the proposed facility, with some room for possible future expansion, Dunham said. Most

of the building value is the housing project building.

Hospital district commissioners last month gave Dunham the authority to negotiate a deal and sign on the district's behalf, so long as she didn't exceed \$1 million and met other requirements.

A consultant study determined that relocating the hospital to Elma was the best option for the district's future. The district considered several properties in and around McCleary and Elma but quickly honed in on the 22-acre Oakhurst site.

Owners of other properties under consideration were asking considerably more than the assessed value of the properties, Dunham said. The Oakhurst site also already has utilities, and the consultant the district hired to evaluate its feasibility said it was one of the best hospital sites he'd ever seen, Dunham said.

If things go well, the district will break ground in 2011 and hopes to open in 2013, Dunham said.

The district plans to continue some clinic functions in McCleary but must be careful to move at least 75 percent of its current operation to the new location so it won't run afoul of federal laws governing the district's status as a critical access hospital, Dunham said.