

Straight talk about the Hospital facility replacement project by Renée Dunham, CEO....

The hospital replacement project has created much talk in our communities lately. I am sure by now almost everyone is aware that Mark Reed Health Care District is actively pursuing loans to build a replacement facility. The good news is that people are finally talking about a very important subject in rural communities...Healthcare! The bad news is that with so many different places to get information, it is difficult to get a truly accurate message out to everyone. So with coffee shop talk and spreading news by word of mouth in mind, I will attempt to answer some of the most common questions and concerns we are hearing about the project.

Q: In the past, the communities have been able to vote for the new location of the hospital. Why is there no vote this time?

A: In 2003 & 2005 the hospital put a measure on the ballot that would increase taxes to pay for construction of a new hospital. Although the location was different each year, the communities were actually voting to increase taxes, not on the location. Both attempts failed, falling short of the required 60% necessary to pass the levy. The current project is being structured so the citizens of our communities will NOT be asked to increase their taxes to pay for the construction. Commissioner Drew Hooper notes that Grays Harbor County had over a 13% unemployment rate in 2009. He feels it would not be fiscally responsible for the hospital to add additional tax burdens on the community if it is possible for the hospital to be built without that obligation.

Q: So, if the hospital defaults on the loans they are attempting to get from the USDA isn't the community going to ultimately be responsible for the debt anyway?

A: First of all, it is important to know that the hospital is conducting required studies of our financial status to determine exactly how much money we can safely borrow without being over extended and still be able to responsibly manage our current operations. With that said, the hospital intends to pursue revenue bonds through the USDA, which is different from tax supported bonds. Revenue bonds are supported by the net receipts of the facility. If the hospital was to close or default, the taxpayers would not be responsible for the balance of the revenue bonds. The intent is to take advantage of the extremely low interest rates being offered by the USDA, combined with the low cost of construction, to get the most value for our dollars spent.

Q: How was the new location of the future hospital determined?

A: The current facility was ultimately located in McCleary because land was donated to build the hospital. At that time, residents from McCleary, AND Elma, AND the surrounding areas, donated money to build a hospital that would serve the entire hospital district. Today that building, which was constructed in 1956, has surpassed its life expectancy for hospital purposes. As part of due diligence, it is required that the hospital conduct a Market Analysis to determine if the local area can generate enough business to support a new facility. Secondly, hospital administration met with Green Diamond, local real estate agents, and private citizens in both McCleary & Elma who had vacant land of at least 10 acres available. Every piece of land that was offered as a viable option was reviewed for suitability by an architect and civil engineer.

Q: Why isn't the hospital being built on donated land?

A: At no time in the process was the hospital offered free or donated land. The board of commissioners reviewed all data, sites, and community feedback before ultimately selecting the County owned property at 240 East Young street

in Elma which is nearly the centermost location of the hospital district. A summary of the feasibility study and the property analysis can be viewed on the hospital website at www.markreed.org – click on the replacement facility tab.

Q: The project feels rushed, why is the hospital moving so quickly?

A: The hospital has been attempting to replace its aging facility for over 10 years now. The hospital board has included facility replacement in every strategic plan we have created since I was hired in August of 2007. After achieving a positive bottom line (net income) in 2008, hospital administration began conversations with Red Capitol Group (healthcare financing experts) in March of 2009 to begin working on facility replacement planning. Throughout the remainder of 2009, after another financially successful year, analysis and possible scenarios were investigated. In October of 2009, the real possibility of USDA funding was confirmed. The hospital is conducting due diligence and completing every step of the process to submit a complete and accurate application to the USDA. The hospital is applying for a loan; there is no grant money involved. There are no steps being skipped or rushed, there is just a lot of activity right now. Most of the early processes happen behind the scenes with spreadsheets, analysis, and operations, whereas now, we are into the phase that is more visible to the community so it seems that there is a flurry of activity. But from my desk, we have been moving at this pace for well over a year now.

Q: Okay, so the hospital site has been chosen and things are moving forward. What's next, what is the timeline and where can the community get more information about the project?

A: The next steps are to complete the financial feasibility study, work with the local medical providers and hospital staff to create 20% of the architect drawings, and finalize the application to the USDA. There is still a lot of work to be done to determine exactly what the scope of services will be; although we have had a lot of discussions about the possibilities, no decisions have been made at this time. We are targeting submission of our loan application for this summer. We will wait for approval from the USDA at that point, with hopes of hearing back by the fall. If good news is received, we will need to complete our drawings with much more detail and work to secure our construction team. Best case scenario, we could see movement on the construction site by the summer of 2011. To get more information on the latest news there are several options: attend the open public board meetings held the 4th Thursday of every month (call for location), visit our website – www.markreed.org, or call the hospital at (360) 495-3244.