

Bartlett Regional Hospital

BRH AND ASSEMBLY JOINT COMMITTEE MEETING AGENDA

Friday, February 18, 2022; 12:00 p.m.

Zoom Videoconference

The public and Committee members wishing to attend virtually may access the meeting via the following link <https://bartlethospital.zoom.us/j/97337617418>

or call

1-877-853- 5247 and enter webinar ID 973 3761 7418

- I. CALL TO ORDER
- II. ROLL CALL
- III. APPROVAL AGENDA
- IV. PUBLIC PARTICIPATION
- V. COVID UPDATE
- VI. PROPERTY ACQUISITION
 - [Existing Property Considerations](#)
 - [Family Practice Building Purchase](#)
- VII. COMMENTS
- VIII. ADJOURNMENT



City and Borough of Juneau
City & Borough Manager's Office
155 South Seward Street
Juneau, Alaska 99801
Telephone: 586-5240 | Facsimile: 586-5385

TO: BRH Board Chair Solomon-Gross
FROM: Rorie Watt, City Manager
RE: Property Considerations

DATE: February 2, 2022

As the Board contemplates possible land or facility additions to the BRH campus, I recommend that you consider two ideas that may help achieve similar results:

1. Construction of a parking garage.

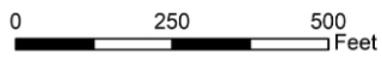
Parking garages are rarely favorites for capital funding, but they can free up land for other development opportunities. Surface parking is a low value use for high value land, BRH currently uses more than three acres for surface parking.

2. Hillside Excavation.

It may be feasible and economical to excavate some of the hillside behind the BRH campus. The general idea would be to emulate the hillside excavation on the adjacent parcels to the north. Generally, the topography behind the CBJ land is steep and excavation of it may or may not be feasible. Depth to bedrock is uncertain and its location could make excavation more or less favorable. Generally, though if BRH could acquire an acre or two of usable land, it may be worth the cost, even at a premium.

The attached drawing looks good on paper, but the contour lines are at 20' foot intervals and the 2 acre box would have an 80'-100' back slope. Still, a development option may be feasible depending on a variety of factors. Next step would be to hire an engineering/survey firm to perform some survey and geotechnical work to see if this concept is worth pursuing.

Purchasing property as a public entity can be tricky; both of these ideas may give the board to create usable land on campus through its sole discretion.



Total parking = approx. 142,775 sq ft
Contours are at 20ft intervals

Bartlett Regional Hospital

3260 Hospital Drive, Juneau, Alaska 99801

907.796.8900

www.bartletthospital.org

DATE: February 15, 2022
TO: BRH & Assembly Joint Committee
FROM: BRH Board President Kenny Solomon-Gross and Finance Chair Deborah Johnston
RE: Purchase of Family Practice Building

GOALS:

Short-Term: Community Stability & Investment Opportunity

Ensure BRH has enough land to expand into because the existing BRH campus is nearing capacity. Provide strategic investment opportunities through the existing rental revenue stream, knowing that all leases and financial arrangements of the existing tenants will need to be analyzed for compliance with federal health care regulatory requirements before closing.

Mid-Range: Expand Specialty Service Providers

Provide the opportunity to expand specialty services by offering a space to specialty providers not currently serving the community and relocating select, well-established BRH specialty services in the future.

Long-Term: Potential for Physical Growth

Expand our footprint locations allowing BRH to overcome current space restrictions on campus due to growth in services areas and thereby establish a greater physical presence in the Juneau community. The property's flat, useable land offers ample opportunity for future building expansion, providing further square footage for operations.

HOW:

The Family Practice Building located in the valley houses multiple established medical practices. Purchasing the building gives BRH more exposure to the patient population we currently serve. Our population finds it convenient to access services with other healthcare providers who have locations, or plan to open them, in the valley. We want to provide easy access to specialty care practitioners and offer the same level of care delivery at a location closer to patients' homes.

At a purchase price of \$2.4 million (appraised value), the property would provide an investment opportunity, providing a better return annually (6.8% or \$165,000, see attachment) than the 1% return currently being realized. Based on first-year projections, the subsequent two-year projections have a 3% conservative growth rate added to their gross revenue and expenses that shows a healthy bottom line.

WHY:

BRH has one central location with no additional ownership of physical sites in Juneau, limiting the scope of practice and making it hard for our team to accommodate the demand for services that we provide. Our current needs are not being met due to a lack of available space, limiting our future strategic needs to deliver care to a broader patient population.

ATTACHMENT

\$165,000 net operating income / \$2,400,000 purchase price = 6.8% annual return on investment

CAPITALIZATION OF NET INCOME				
Family Physicians Practice	6,800 SF	\$	2.65	\$ 216,240
Dr. Raster	1,000 SF	\$	2.50	\$ 30,000
Chiropractic First	1,550 SF	\$	2.50	\$ 46,500
Gross Revenue	9,350 SF			\$ 292,740
Stabilized Vacancy & Credit Loss			5%	\$ (14,637)
Gross Effective Income				\$ 278,103
EXPENSES	10,640	sf	GBA	
Professional Management			5%	\$ (13,905)
Administration		\$ 0.35	SF	(3,724)
Utilities		\$3.40	SF	(36,176)
Building Maintenance & Upkeep		\$ 2.50	SF	(26,600)
Insurance		\$ 0.64	SF	(6,810)
Real Estate Taxes		\$ 2.00	SF	(21,280)
Reserve Allowance		\$ 0.45	SF	(4,788)
Total Expenses				\$ (113,283)
Net Operating Income				\$ 164,820
Capitalization Rate				7%
Indicated Value				\$ 2,354,575
Rounded				\$ 2,355,000

Excerpt above from page 61 of Market Value Appraisal, Medical Clinic, 10301 Glacier Highway, Juneau, Alaska, prepared for Division of Lands and Resources, City and Borough of Juneau, by Julie Dinneen Company on July 20, 2021