

**MARKET VALUE APPRAISAL
SCH PROPERTY
202 AND 204 BRADY STREET
302 GAVAN STREET AND 209 MOLLER DRIVE
SITKA, ALASKA**

JDC FILE NO. 21-11

As of March 27, 2021

PREPARED FOR:

**Larry Reeder
Assessor
City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835**

BY:

**JULIE DINNEEN COMPANY
Julie C. Dinneen, MAI
302 W. Chester Street
Lafayette, CO 80026**

JULIE DINNEEN COMPANY
REAL ESTATE APPRAISALS

April 30, 2021

Larry Reeder
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

RE: Market Value Appraisal of SCH Property, 202 & 204 Brady Street, 302 Gavan Street and 209 Moller Drive, Sitka, Alaska. JDC File No. 21-11.

Dear Mr. Reeder:

At your request, I have completed an appraisal of the above referenced real estate, which is in Sitka. The property is referred to in this appraisal as the SCH property. The purpose of this appraisal is to determine the market value of the real estate (land and buildings) to aid the City and Borough of Sitka in decisions regarding its disposition. This report has been completed in conformance with the appraisal reporting standards formulated by the Uniform Standards of Professional Practice (USPAP) as formulated by the Appraisal Foundation.

The SCH property is an older facility with potentially significant depreciation due to age, deferred maintenance, functional obsolescence, design, and layout. A top to bottom facility assessment is not available for this property to aid in this appraisal process. Assumptions and estimations were made based upon reliance on a variety of sources.

An Extraordinary Assumption is required is required in this appraisal as critical information regarding the subject property is unknown or uncertain. A top to bottom facility assessment by a professional has not been completed for this property. The appraiser has made assumptions regarding all forms of depreciation impacting this property. If these assumptions are found to be false, they could alter the opinions or conclusions of this appraisal.

Based upon my research and analysis, I have formed the opinion that the market value of the fee interest in the subject property, in-as condition, is **\$8,250,000.**

Respectfully Submitted,



Julie C. Dinneen, MAI

302 WEST CHESTER STREET, LAFAYETTE, CO. 80026
(303) 579-3589

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CERTIFICATE OF APPRAISAL

I certify that, to the best of my knowledge and belief:

— the statements of fact contained in this report are true and correct.

— the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

— I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

— I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

— I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

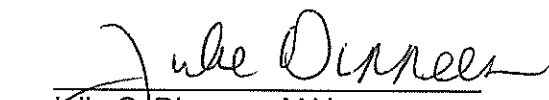
— my engagement in this assignment was not contingent upon developing or reporting predetermined results.

— my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event causally related to the intended use of this appraisal.

— my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

— I have made a personal inspection of the property that is the subject of this report.

— No one provided significant real property appraisal assistance to the person signing this certification.


Julie C. Dinneen, MAI

APPRAISAL REPORT

Purpose of the Appraisal

The purpose of this appraisal is to determine the market value of the former Sitka Community Hospital complex (SCH property) which includes the two-story hospital building, and the Mountainside Medical clinic on a Public zoned site that is estimated at 144,000 SF in size.

The subject property is currently leased by SEARHC, but this lease is not recognized or analyzed in this appraisal, as the purpose of the appraisal is to determine a market value to assist the City and Borough of Sitka in selling this property. Only the real estate (land and buildings) is valued.

Intended Users

The intended user of this report is the City and Borough of Sitka (CBS).

Date of the Appraisal

The date of the appraisal is March 27, 2021

Identification of Subject Property

The addresses for the property are 202 and 204 Brady Street, 302 Gavan Street, and 209 Moller Drive.

Lots 2, 3 & 14 and the "Sitka Hospital" site, located in Block D of United States Survey 225, Sitka Recording District, State of Alaska.

Property Rights Appraised

The fee simple interest in the real estate is appraised in this report. The subject is owned by the City and Borough of Sitka. It is leased to Southeast Alaska Regional Health Consortium (SEARCH) however, per the request of the owners, this lease is not recognized in this appraisal.

Definition of Market Value

Market Value is defined as "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specific date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated.

- 2) Both parties are well informed or well advised and acting in what they consider their own best interests.
- 3) A reasonable time is allowed for exposure in the open market.
- 4) Payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Scope of the Appraisal

The extent to which the property has been inspected:

The subject property was inspected on March 27th and March 28th of 2021. The interior of the lower level of the former hospital was inspected. The long-term care area on the upper level was not inspected due to Covid protocols. Maegan Bosak provided photographs of this area. All other areas were available for inspection as the rehabilitation clinic and the Mountainside Clinic were operating.

The type and extent of data researched:

The Sitka Economic Profile 2020, the 2030 CBS Comprehensive Plan, Alaska Trends Magazine and Alaska Journal of Commerce articles relating to the Alaska economy and to its the health care industry, SEDA studies, U.S. Healthcare trends, U.S. hospital closures, and U.S. hospital trends, were gathered and studied for this report. Trends in hospital and clinic facilities, as to design, layout, features, were researched. Trends in long term care facilities in the State and in the United States were investigated.

Articles and studies pertaining to the SCH were reviewed for this report. SEARHC employees were interviewed for this report, as well as employees of the City and Borough of Sitka. Architects, engineers, and contractors involved in health care construction in Alaska and in the U.S. were interviewed.

In Sitka and in the region, building sales and construction costs were researched for this report. Construction costs for renovations and new builds of commercial buildings and health care buildings were prioritized in the collection of data. Land sales in the Sitka market were included in the research for this assignment, as well as land parcels in other regional cities that are comparable in size and other characteristics to the subject property.

Maintenance and building system issues were gathered to the degree possible for the subject property. Lists of maintenance issues discovered in this appraisal process are

included in this report. A comprehensive facility assessment of the former hospital, addressing all structural issues, mechanical, electrical, plumbing, HVAC, elevator, lighting, fire safety, systems etc. was not available for this report.

The type of analysis applied:

The subject property is operating as a long-term care facility, a physical rehabilitation clinic and a stand-alone medical clinic on a 144,000 SF site. While there are many instances of new construction of hospital and clinic facilities in Alaska over the past decade, there are no sales of comparable facilities.

The availability of construction cost information for new or renovated projects allows for the inclusion of the Cost Approach. Land sales are available in the region to estimate the subject's site value.

A Sales Comparison Approach is included in this analysis and relies on sales of buildings that are in the region and that are medium to large (by regional standards), and that include significant land area. There are sales of small clinic buildings that have sold, and these are also included in this approach. It is important to note that there are no sales in the region of properties highly comparable to the subject property.

There are sales in the region of commercial buildings that were vacant at the sale date and purchased for either substantial renovation or other purposes. These sales provide useful information for this appraisal. There have also been purchases of medical clinics in the region that are useful for this appraisal.

Extraordinary Assumption

This type of assumption is required in this appraisal as critical information regarding the subject property is unknown or uncertain. A top to bottom facility assessment by a professional has not been completed for this property. The appraiser has made assumptions regarding all forms of depreciation impacting this property. If these assumptions are found to be false, they could alter the opinions or conclusions of this appraisal.

Marketing/Exposure Period

The exposure period is the amount of time the subject is exposed to the marketplace prior to selling as of the effective date of the appraisal. The marketing period is the amount of time it takes for generally comparable properties in the competing marketplace to sell at its market value.

Properties such as the subject, that are no longer operating as originally designed, for which the issue of re-use or repurposing is difficult, and for which a comprehensive facilities assessment is not available, would reasonably experience longer marketing periods, as potential buyers are faced with a myriad of unknowns. Examples in the region include the Nugget Mall in Juneau, the Bill Ray Center in Juneau, the former USFS office building in Sitka, the Assembly Building in Juneau, and the White Cliff school building in Ketchikan.

An exposure period of no less than three years is reasonable, and the same projection is reasonable for a marketing period.

Ownership History

Title to the subject property is vested in the City and Borough of Sitka. There has not been a transfer of title in the past five years.

Assessment Data

The subject property is owned by the City and Borough of Sitka and is reflected on the Property Info exhibits as Non-Taxable. The following Parcel Numbers apply to the subject property.

Parcel Number	Address	Legal Description
1-4452-001	204 Brady Street	Lot 2 Block D
1-4454-001	202 Brady Street	Lot 3 Block D
1-4476-001	302 Gavan Street	Ptn. Lot 14 Block D
1-4477-000	209 Moller Drive	"Sitka Hospital Site"

Sitka Economic Profile, 2020

This report by McDowell Group, is included in its entirety in the Addenda. The Summary is included on the following page. Below are listed several bullet points from this report.

- Sitka's population has been fairly steady over the past 30 years with total population cycling between high of 9,100 and lows of around 8,600. Sitka's population is now at its lowest point since the 1980s.
- The recent population decline in Sitka is greater than declines in other communities and in Alaska overall; the population was down 4.2% between 2016 and 2019.
- Sitka's population is getting older. The median age of a Sitka resident has grown from 38.1 to 40.1 over the last 10 years. This is significantly higher than the Alaska median age of 35.5 but similar to that of other Southeast communities.
- Adult's age 55 to 64: This age group represents the largest cohort in Sitka.
- Sitka's population is expected to decrease to 8,300 by 2030 and to 7,500 by 2045, based on the trajectory of current migration and natural change trends.
- Sitka cruise ship traffic reached a 10 year high in 2019 and the expectation was that it would increase to 302,000 by 2021.
- SEARHC is Sitka's largest single employer. The health cares sector's economic benefits to Sitka include year-round employment and comparatively high wages.
- Manufacturing employment primarily includes seafood processing and boat building.
- Over the past two years, Federal employment in Sitka has declined by about 10%.
- Between 2018 and 2019, construction employment held steady.

SITKA COMPREHENSIVE PLAN

Within the past few years, Smart Growth America, a national nonprofit that advocates for better cities, towns, and neighborhoods, announced in November of 2016 that Sitka was among six winning communities that were to receive a free smart growth technical assistance workshop in 2017. The workshop was invaluable to the completion of Sitka's Comprehensive Plan 2030, and to progress made on several recommended code changes that have been endorsed by the Director and Planning Commission.

SGA's recommendations for housing included the promotion of accessory dwelling units, the regulation and tracking of short-term rentals, the reduction of lot size and revision of development standards, and off-street parking reductions.

For the downtown area SGA recommended exploring the increase in the height maximum and setting a height minimum, incentives for multi residential mixed-use development, design standards, creating a more bike and walk friendly downtown, and the creation of a master plan for downtown.

Regarding Economic Development, SGA recommended addressing nonconforming lots, setbacks, and development standards, address the issue of parking and various options, and create master plans for Jarvis/Price/Smith area, Katlian area, Downtown area, Sheldon Jackson Campus area, etc. SGA recommended updating the planned unit development standards and protecting commercial and industrial uses in certain areas.

From 2018 to February 2019, Adoption of the Comprehensive plan took place which lays out a variety of actions steps to further meet the goals and objectives recommended by SGA and the community. Sitka was awarded the 2018 Comprehensive Plan Award by the American Planning Association Alaska Chapter.

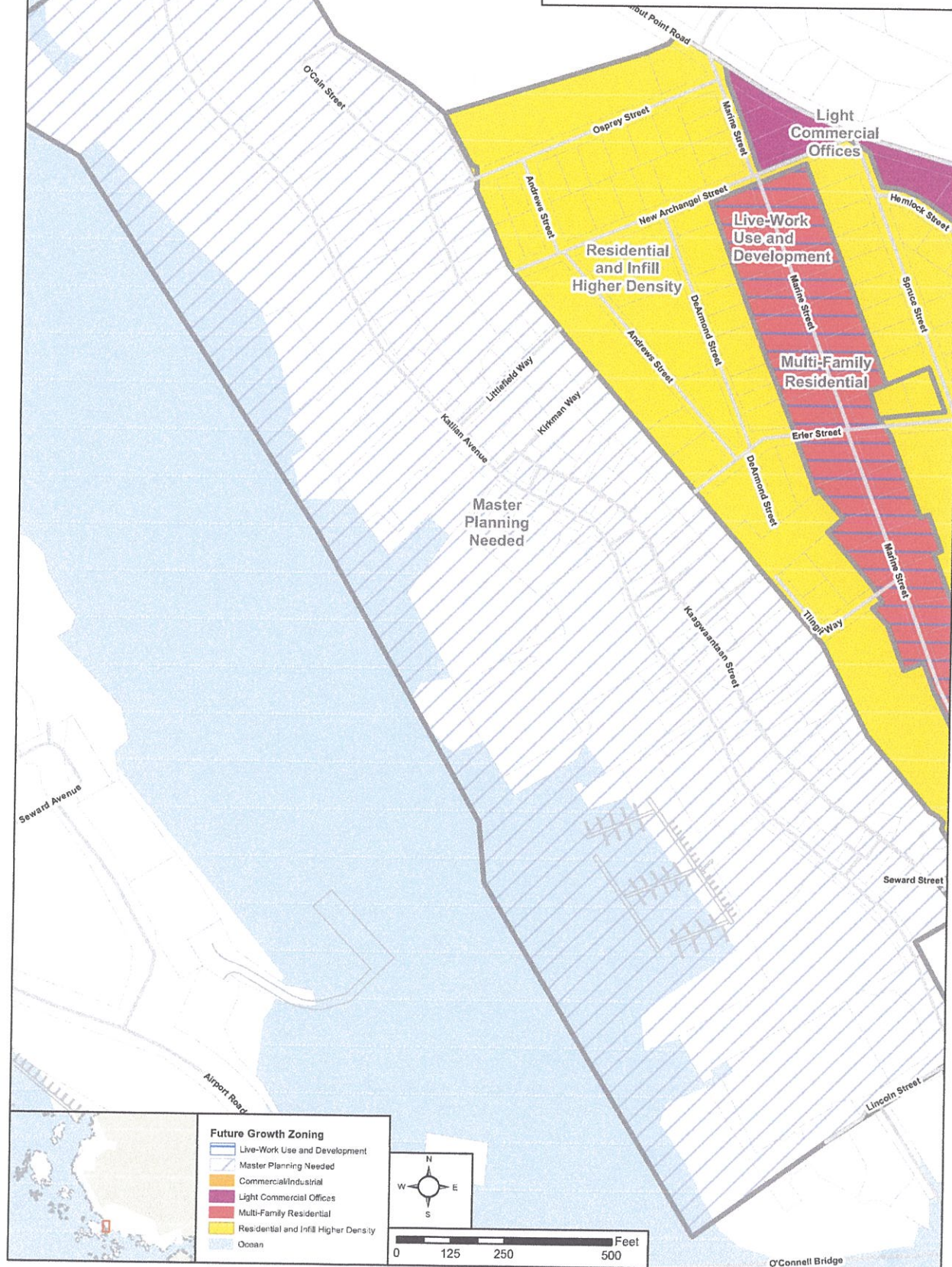
Based upon public input, the preferred land use scenario is one that reverses the trend of spreading out in a disconnected or unharmonious fashion and instead, focuses on growth and development infill. These infill corridors will provide greater access to transit, jobs, walkable neighborhoods, and parks and recreation. This scenario also uses less land, reduces costs associated with road, water, and sewer extensions, and encourages walkable, mixed use development patterns, which can lend to more affordable development.

In the Katlian Avenue area, the goal is to reduce pedestrian, bicycle, and vehicle congestion by extending the seawalk along this avenue.

Also applying to the subject's area would be the goal to improve pedestrian crossings, in school zones, through downtown, and at other heavily used intersections.

Future Growth Map Katlian/Kaagwaantaan Area

A Master Plan is needed to establish direction and to choose among a variety of options for development that address concerns regarding compatibility between heavy commercial/marine industrial uses, residential use, and light commercial use, accessibility, vehicular and pedestrian traffic, preservation and celebration of areas culture and history, and investment to spur revitalization.



Declining population and demographic shift will pose numerous challenges and opportunities. Conservative residential land development may be best considering projected population decline and costs of infrastructure expansion. Quality, accessible, and affordable housing options that meets the changing needs of older populations and the next generation should be the focus.

A goal is to develop vacant and underutilized property. Affordable housing and development costs are challenges that need a variety of approaches to reduce costs and provide creative solutions.

Based upon historic patterns of births, deaths, and in and out migrants to Sitka, AKDOLWD is projecting that after a five-year period of steady population, it will begin a slow steady decline based upon two trends. 1) A shrinking number of childbearing age residents and children in Sitka that will result in more deaths than births in the future and 2) more people are moving away rather than moving to Sitka. In addition, the number of Sitkans age 65 and older, and especially those age 80+, is projected to grow rapidly over the next 25 years.

An estimated 30% of Sitkans are struggling to make ends meet. 32% of Sitkans tax filers made \$25,000 or less. Approximately 9% of Sitkans had income below the poverty level in the last 12 months. Many Sitkans pay over 30% and up to 50% of their wages on housing; a strong indicator that affordable housing is a critical need in Sitka.

A stated opportunity is to include the potential to position the community as a regional healthcare hub. The aging population creates the market for additional eldercare services. There is opportunity to provide more options, through zoning, for assisted living and long-term care in Sitka.

The median value of an owner-occupied home in Sitka was the highest in the state in 2015. The median adjusted rent, including utilities, in Sitka was \$1,227 in 2017 and is higher than the state average and the region's average, except for Juneau.

The general rule of thumb for the percentage of income a household should devote to housing costs is 30%. From 2006 to 2015, the percentage of homeowners overburdened by costs rose from 37% to 47% while the percentage of renters overburdened by costs decreased from 66% to 44%.

There is a need for low-cost housing, transitional housing, temporary housing, and shelters to meet the needs of low-income families, and those experiencing homelessness, and other life challenges. The comprehensive plan's goals for the housing sector are to promote the construction of Accessory Dwelling Units, in more zones, reduce minimum lot sizes, encourage higher density development, offer development incentives for

affordable housing, increase tax on short term rentals, and encourage housing stock rehabilitation.

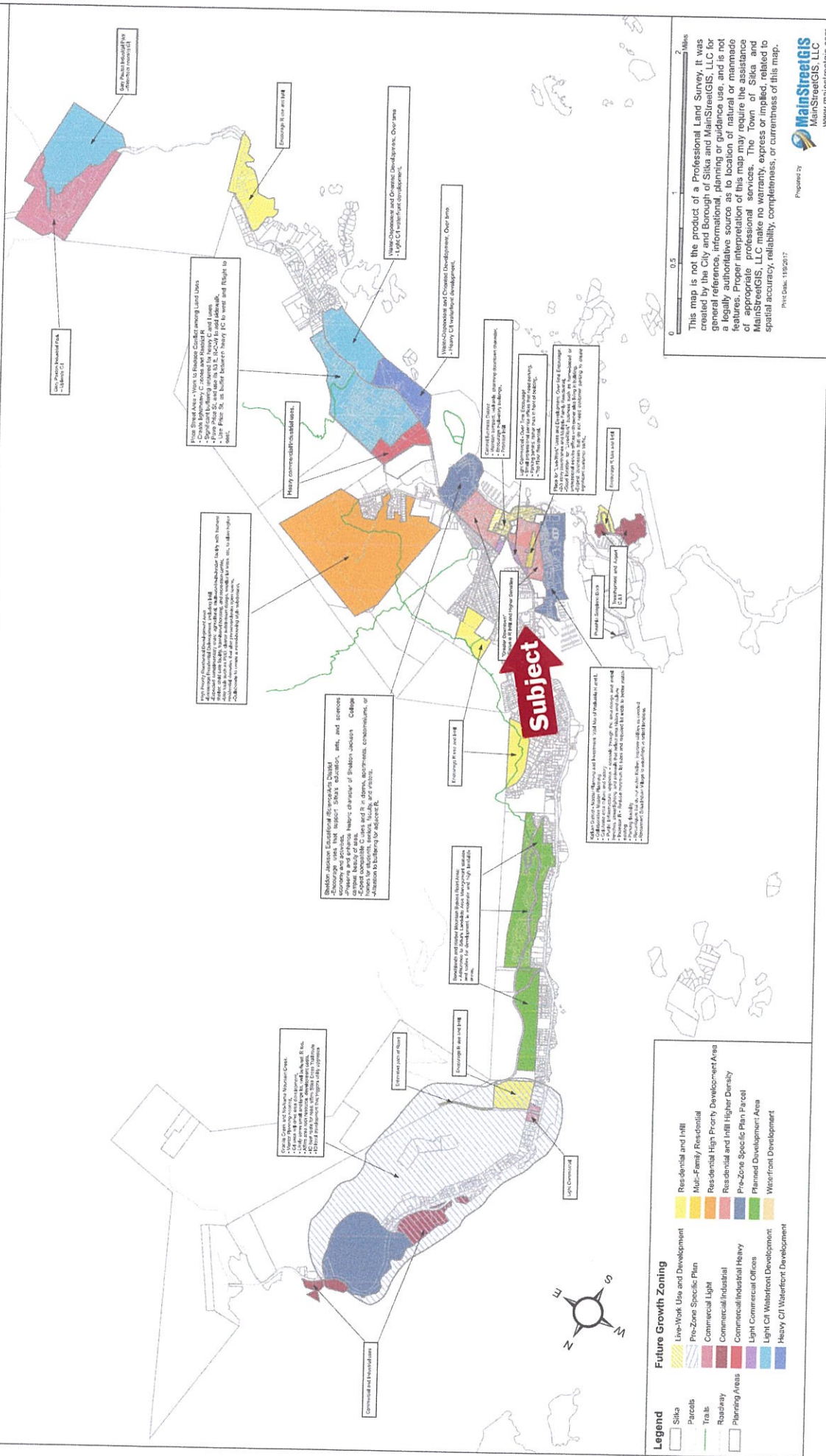
The following exhibits show various areas in Sitka identified in the Comprehensive Plan. In yellow are several residential infill areas, including two in the subject's broad neighborhood. Further to the north, along Halibut Point Road are areas identified for Planned Developments. The Katlian and Marine Drive areas are identified as having the potential for live/work uses, residential infill areas and transition areas. Along Halibut Point Road, is light commercial. The highest priority residential area identified in the Plan is in the Indian River area.

Summary

The foregoing information is extremely useful in determining what choices would be available for the subject property in the future that both meet the needs of Sitkans and meet the goals discussed in this section.



Future Growth Map



NEIGHBORHOOD

The broad neighborhood includes a variety of uses including residential in various housing types, offices, medical offices, grocery stores, hardware stores, elementary, middle, and high schools, parks, churches, and practice fields for sports.

Moller Drive becomes Katlian Street; Katlian follows the busy waterfront where the fish processors and boat harbors are located on Sitka Channel as well as many businesses tied to waterfront uses. ANB Harbor, Eliason Harbor and Thomsen Harbor are all within the subject's broad neighborhood, within .5 to .8 miles away from the subject's location.

Seamart is 1.2 miles away, Lakeside Grocery and other shops, as well as Blatchley Middle School lie just east of the Halibut Point Road/Katlian intersection, Sitka High school is .5 miles to the north, the State of Alaska Juvenile Justice Division is near the Moller entrance to the subject property, and AC Value Center, McDonalds, are a short distance to the west.

The 204 Siginaka Street building was acquired by Sitka Tribal has been significantly renovated for their headquarters, as well as offices for others. The Totem Square Inn has been on the market for some time and per the Anchorage realtor handling the listing, is under contract.

At 700 Katlian Street is the Center for Community building which includes a nonprofit agency that focuses on independent living for people of all ages, a SEARHC clinic and a vision clinic. Between the subject property and downtown are several small health care clinics.

Downtown Sitka is .8 to .9 miles away via Halibut Point Road or Katlian Street. At the edge of downtown, there is a round-about where Halibut Point Road, Lake Street and Sawmill Creek Road intersect. There are sidewalks on both routes to downtown, as well as bus stops. At the intersection of Moller Drive/Katlian and Halibut Point Road is a lighted intersection with crosswalks. Downtown Sitka many hotels, restaurants, offices, retail stores, banks, the Pioneer Home, City Hall, churches, and places of historical significance, the Harrigan Centennial Hall, the Sheldon Jackson Campus and Museum d the Sitka Sound Science Center, and Crescent Harbor.

Over the past few years, SEARHC has acquired several lots along Halibut Point Road, extending from the Harborview Condominium building to Brady Street. A former clinic was located at Brady Street and Halibut Point Road, which has been razed. SEARHC proposed to develop 52,000 SF in wood framed, low rise, mixed use buildings to provide apartments on the upper level and office, clinic, service, and storage uses on the ground and middle floors.

ALASKA HEALTHCARE INDUSTRY

Even during the worst economic times this sector shows continuous and substantial growth, per “The Most Stable Industry in Alaska”, December 20, 2018 – Alaska Business Magazine. Excerpts from this article are included below.

“It just grows, and it has been growing relentlessly for a very, very long time, per state labor economist Neal Fried. It is continuing to do that. In the past decade, new healthcare facilities have been built in Alaska’s population centers, as well as hub cities for rural areas such as Nome and Bethel. That trend is continuing, with new construction and upgrades to facilities in Soldotna, Anchorage, Palmer, and Southeast Alaska in the works or in planning stages.

Healthcare is Alaska’s largest private sector employer. In August 2018 it had grown to 38,500, up from 27,800 in 1998. There is no other industry in Alaska that is growing so consistently over time and that continues that trajectory of growth.

Alaska’s largest non-government employer is Providence Health and Services, with operates its largest hospital, Providence Alaska Medical Center in Anchorage, as well as hospitals in Seward, Kodiak, and Valdez. The health care system is comprised of hospitals and clinics. Fried says, hospitals are not true hospitals anymore as they include clinics that go on in them, as well as labs, etc. As such, they have become hybrids.

Healthcare construction in Alaska is influenced by many different factors, including an aging population, states Vanessa Orr in an article - “Upgrades, New Construction to Improve Alaska’s Healthcare Access. The need for specialized services such as mental health and addiction treatment, technological advancements, and requirements to update or replace facilities and equipment to meet state and federal regulations are all factors. Yet while it is important to invest in expanding, renovating, or even building brand new facilities, healthcare systems must at the same time keep a very tight grip on expenses, **especially in this time of economic uncertainty. Multiple projects in Alaska are moving forward with budget uncertainty putting others on hold.

Other healthcare construction projects throughout the state include the \$2.5 million Rainforest Recovery Center at Bartlett Regional Hospital in Juneau. The facility, which will create a single point of entry for patients seeking addiction treatment will be financed from the City’s 1 percent sales tax.

Central Peninsula Hospital is continuing its \$40 million Phase VI construction project that includes a new catherization lab and obstetrics wing. A clinic in Homer was acquired by CPI and then doubled in its size. Projects on hold include a \$60 million expansion of facilities at Mat-Su Regional Medical Center which was slated for 2020-2021.

In the Southeast Region, Metlakatla has a new 32,000 SF AISU health care facility that includes a primary clinic, emergency and behavioral health care, dental care and medical and community uses that is very energy efficient. In Klawock, a former convenience store has been converted and expanded to provide a medical clinic operated by SEARHC called the Alicia Roberts Medical Center located near the Klawock mall. A new medical clinic has been built in Hoonah, and in Haines, the 1970's SEARHC clinic of 11,931 SF has been renovated. In Juneau, SEARHC is acquiring buildings where they currently operate clinics.

In Sitka, SEARHC now operates many clinics and the Mount Edgecumbe Medical Center. The emergency department at the MEMC was recently renovated and expanded. MEMC is an acute, specialty, primary and behavioral health provider, committed to delivering comprehensive medical services to anyone living, working, or visiting Southeast Alaska. It is a 25-bed critical access hospital. The emergency department is a Level IV trauma center staffed 24 hours a day.

SEARHC proposes to build a new medical campus near to the existing campus which will include a 78,100 SF medical office building, an 83,250 SF hospital, and a 14,000 SF long term care facility. The hospital will be a 25-bed critical access hospital with four operating rooms, replacing all acute care presently provided at MEH. The new medical building will house primary care and specialty clinics with 50 treatment rooms as well as laboratory and radiology services.

SEARCH is leasing the SCH and has taken over all operations there which include long term care on the upper level, physical rehabilitation on the lower level, and a free-standing clinic near to the hospital.

Report – Alaska Long Term Care Ombudsman, October 2019-September 2020

The following excerpt is taken from this report.

“In the United States, the 65 plus population has increased 32.4% in past ten years and is expected to double from 2.5 million (17.2% of United States population) to 4.5 million by 2046. Growth will accelerate between 2019 and 2031 as baby boomers turn 65. Alaska is the most rapidly aging state in the United States according to Administrative and Aging Data. The fastest growing segment is the 85+ group. The size of Alaska's population in the 55-64 age group suggests that seniors, in the next decade, will increase. The increase in life expectancy plays a role as well. The older the person, the greater the need for care that will last not just months, but years. It is estimated that 50% of the 85 and up group is receiving long term care services.”

UNITED STATES HEALTH CARE TRENDS

The high-water mark occurred in 1981 when there were 6,933 hospitals in the United States, admitting 39 million patients or 171 per 1,000 persons. Thirty-five years later, the U.S. population had increased by 40% and the number of hospitals had decreased by 20%, with those remaining operating at 65% occupancy. Hospitals used to be 99% acute care and they needed every bed they could get. Today, hospitals increase beds if population growth takes place or to accommodate new services.

In 2019, 29 hospitals closed in the United States, the Sitka Community Hospital was included in this number, and in 2020, 15 hospitals closed. The primary reasons for closure were decreases in patient volume, decreases in reimbursements, operating costs, needed repairs and the presence of new competition in their market area. As is the case with the Sitka Community Hospital, many of the hospitals that closed, of various sizes and in various locations, had been struggling financially for some time before closing.

Earlier generations of hospitals reflected a long period of time when many in-patient rooms were the norm, and nurses were easy to recruit. The layout of these hospitals, by today's standards, did not provide enough observation of patients, and included large central clinic departments that were inflexible. A lot of space was dedicated to diagnostic services. Acute inpatient care in these older facilities tends to represent a disproportionately large percentage of total operating costs and occupies a disproportionally large amount of hospital space (35-40%).

The newer generation of hospitals support integrated service models, shared staff, and hi-tech equipment. Growth in the U.S. has been in ambulatory care outside of hospitals, reflected in an increase in separate outpatient diagnostic centers, and less in-patient hospital stays. With improved surgery and post-surgery care, hospital stays have decreased dramatically. Patients are often tested prior to admission. Today's equipment has become more mobile and smaller in size. The 400 SF surgery rooms with adjacent sterilization rooms are now obsolete. Labs and pharmacies are highly automated.

Today's administration and management departments have been re-sized and are limber with some functions moved off site. Laundry and cafeteria functions are often moved off site or have been resized and reconfigured with an increase in use of prepackaged items and use of food prepared off site.

To remain financially stable, older hospitals routinely operate with less than their authorized number of beds. Hospitals base their staff and budgets on common need and patient volume and not on the number of beds they are licensed for. Decreasing the number of beds that they operate has reduced costs.

Per an article published by Space Med Essentials in November of 2016, hospital buildings and wings tend to become functionally obsolete for specific purposes before they become physically obsolete – resulting in inefficient space utilization. The cost of renovation may exceed the cost of new construction, depending on services to be accommodated, the age and general character of the space, replacement alternatives, and the re-use potential of the vacated space. Basements and utility areas may be under-utilized as cafeterias, laundry and support services are moved off site and medical records are stored electronically.

Articles pertaining to repurposing hospitals have been studied and provide the following information:

The healthcare market is undergoing a major transformation in how and where it delivers services. This is impacting service providers' real estate strategies in profound ways. Just as patient care is shifting from a reactive, episodic service model to one of continuous wellness, healthcare facilities must adapt to this new continuum of care.

As a result, the U.S. is rife with shuttered or underutilized hospitals. These facilities vary in size, shape, design, context, and age, and have come to symbolize the state of the healthcare real estate market. Together, these are the hospitals left behind, and the phenomenon only promises to grow. The question of what to do with underutilized or closed hospital buildings is of vital importance, not only to the buildings' owners and operators, but to the patients and communities they were built to serve.

When facing the challenge of adapting legacy healthcare infrastructure for new purposes, it is critical that stakeholders have a solid understanding of what works and what does not work. Often, the real opportunities for hospital reuse reside slightly off-stage, and away from the glow of critical praise and preservation dialogue. The vast numbers of the



hospital buildings left behind are not considered historic or iconic.

Decisions regarding the renovation or replacement of hospital buildings and wings are complicated and require extensive analysis and input from a variety of professionals. However, the impact of functional obsolescence on efficient space utilization, operating

costs and customer satisfaction should not be overlooked. Critical factors to be considered when undertaking a hospital reuse project include the following:

- Curate a team that includes architects and engineers, planners, facility managers, to help calculate capital and operational expenditures, as well as analyze market need and opportunity.
 - Make the conversation strategic and informed.
 - Understand the community, its demographics, its nuances, and personality.
 - Respect the bones of the building and understand how it can and cannot be adapted. The opportunities, or limitations, of infrastructure may be the key factor in deciding whether a building can be saved.
 - Understand how residential, housing, hospitality, learning, workplaces, and clinic programs work with the legacy infrastructure. Paired with the needs of the local community, this will help identify the best usage options.
 - Don't be afraid to make a big, inspirational move that goes beyond the pragmatic. The intervention should be a provocation, not an homage to the past.
 - Sometimes the smartest option is not to build. Sometimes you don't need more space, just better use of space. Look for ways to make processes more efficient – embarking on a new project should be the last resort.
- (Source: Canopy Lifestyles, Dennis Stamey)

A review of many articles pertaining to repurposing of existing developments for the housing and care needs of senior citizens is summarized below:

- Distressed REIT senior housing assets are being remodeled and updated. Vintage assisted living and memory care assets of 15-20 years of age have been transformed into new senior rental housing that reaches the unserved middle market. Most REITs are unable to infuse capital into dated assets, nor do they have the infrastructure to renovate and redevelop them. The market exists for adaptive re-use and repositioning to compete in the marketplace. These provide access to a large portion of seniors in the market that are unable to pay expensive monthly fees required in resort type housing. (Source: Lloyd Jones Sr. Living)
- In the late 1990's, a movement began to deinstitutionalize senior living, and in particular, nursing homes. A change to person directed care, more open plans with residential scale settings has empowered both residents and caregivers. The "small household" model is particularly suited for Alzheimer's Care. (Source: SHN website).
- Senior living frequently follows the lead of hospitality properties and provides the opportunity for hotel conversions to senior living facilities. (Lloyd Jones Senior Living)

- The Anthology of the Plaza in Kansas City, Missouri, won architectural awards for the conversion (referred to as a total gut job) of an 83,000 SF, five story, 1980 office building to an 83-unit Alzheimer's and dementia care facility. (Source: Faulkner Design Group)
- SHN – Senior Housing News features architectural and design awards across America and is an excellent source for trends in the senior living industry. Seniors in assisted living receive help with the activities of daily living, which include bathing, eating, dressing, toileting, getting in and out of a chair or bed, and walking. Typically designed for single occupancy an apartment may range from 320 to 650 SF and contain a bedroom, bathroom, living area and kitchenette. Dining is mostly communal, and a host of shared amenities and services are available. Memory care is a type of assisted living that provides a safe controlled environment for people with Alzheimer's, dementia, and other forms of memory impairment. Because high levels of noise and activity can agitate residents, a memory care building or household, if part of a larger project, will consist of 10 to 20 residents who each have their own apartments or bedrooms but share dining, living, and other activity spaces. These environments also employ design features and technology to keep occupants from wandering. Doors to corridors, for example, are kept locked and obscured, and tall fences concealed by landscaping enclose outdoor recreational areas. (Source: Senior Health News (SHN website).
- Senior living communities are introducing wellness-enhancing amenities such as walking trails, spas, healthy eating, and elements of design with biophilic design through living walls, water features and natural textures. Also critical is plentiful daylight and outdoor views which not only improve mood but also help regulate circadian rhythm. (Source: Senior Health News (SHN website)

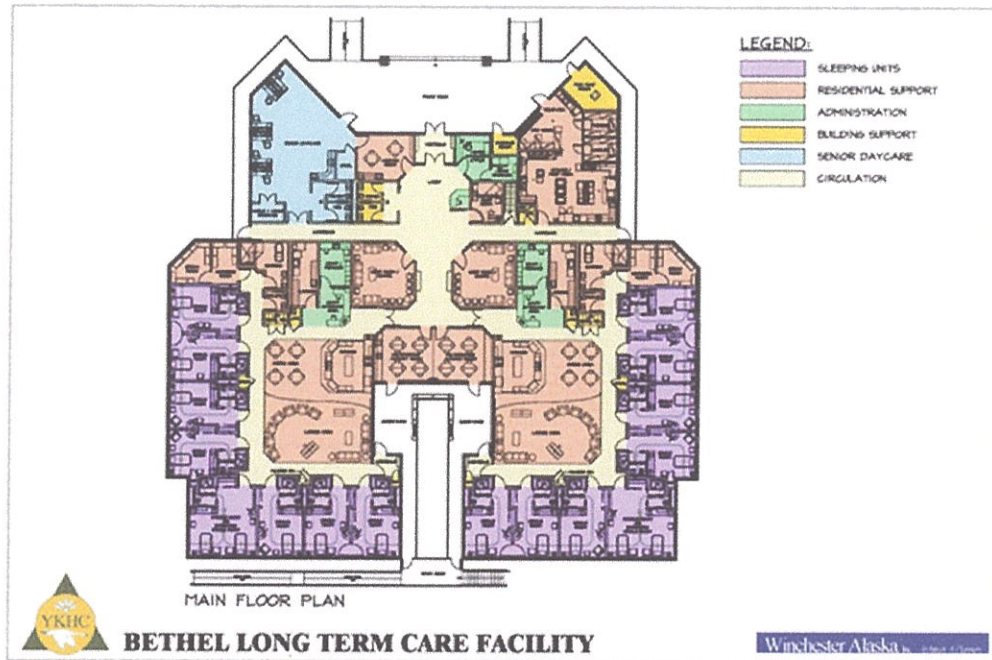
The following pages include floor plans and pictures for assisted living/memory care facilities, located in Alaska and throughout the United States. Additional information and schematics are included in the Addenda. The purpose for providing this information is to aid the reader in understanding the changes that would be needed to convert the existing Long Term Care facility at the subject property to one that mirrors that of current trends.

Wrangell Medical Center – Long Term Care Wing



Proposed Long Term Care Facility - Bethel





Mount Haven Long Term Care, Seward



DESCRIPTION OF SUBJECT SITE

The subject site includes three platted lots located at its west end, and an irregular shaped area at the middle and east end that is in Block D of USS 225 and is referred to on recorded plats as the "Sitka Hospital Site".

Lot 2 Block D has 64.63 feet on Brady Street, 117.54 feet on its south side, 110 feet on its north side, and 96.48 feet on its east side. The assessor's parcel number for this lot is 1-4454-001.

Lot 3 Block D has 50 feet of frontage on Brady Street, 96.02 feet on its north border, 106.88 feet on its east border and 110 feet on its south border. The assessor's parcel number for this lot is 1-4452-001.

Lot 14 of Lot D has 203.36 feet on its west border, 104.81 feet borders Gavan Avenue on the north, 255.45 feet on the east border and 76.65 feet on its south border. The assessor's parcel number for this lot is 1-4476-001.

Total Land Area in Lots 2, 3 and 15 of Block D

Using the CBS parcel viewer's measurement tools, the three lots noted above, on which the former hospital is located, is approximately 39,000 SF.

The "Sitka Hospital Site" is irregular in shape and an inset area along Moller Drive, owned by the State of Alaska, is .27 acres. Again, using the CBS parcel viewer's measuring tools, this site is approximately 105,000 SF in size. The "Sitka Hospital Site" has 255.45 feet on its west border, 223.2 feet on Gavan Avenue, 222.33 feet that borders 213 Gavan Street (Lot 1). There are two segments on Moller Drive abutting the State of Alaska owned parcel. These segments are 52 feet and 94 feet for a total of 146 feet of access to Moller Drive.

Combined Land Area

Adding the 39,000 SF at the west end and the 105,000 SF noted above, the total site area is estimated at 144,000 SF.

Topography and Soils

Soils tests were not provided for this appraisal. The site is above grade level of the surrounding streets, Brady, Gavan, Moller, and Halibut Point Road. The photographs indicate that the hospital building is built into a sloped site that rises from Halibut Point Road, Moller Drive and from Brady Street. After rising, it becomes a modestly sloping bench of land that is at a higher elevation than the surrounding area. The site slopes

2010 AERIAL



moderately up from the surrounding streets, as the photographs show. There were no drainage issues noted at the inspection date.

At the perimeter of the parking lot(s) there are vegetated areas with mature fir trees and some professionally landscaped areas.

Access

Access to the site is from Moller Drive, Brady Street and Gavan Street. There is a lighted intersection at Moller and Halibut Point Road. Moller Drive becomes Katlian Street traveling south. Moller Drive accesses the subject property and then dead ends.

The driveway into the subject property from Moller Drive provides access to the State of Alaska Juvenile Center and the driveway accesses the parking areas for the subject, provides access to the main covered entrances of the hospital buildings and to the Mountainside Clinic. The driveway passes between the clinic and the biohazard shed and provides access to Gavan Street.

Gavan Avenue and Brady Street connect to one another in the residential neighborhood behind the hospital. These are both paved, two-way residential streets. It was observed that the streets and sidewalks need work; especially along the sidewalk that passes the hospital.

Gavan Street and Brady Street connect to one another in the residential neighborhood behind the hospital. These are both paved, two-way residential streets. It was observed that the streets and sidewalks need work; especially along the sidewalk that passes the hospital. Halibut Point is a heavily traveled arterial in Sitka and especially in the subject's broad neighborhood where schools, grocery stores, and neighborhoods are located. This road has sidewalks and streetlights, the lighted intersection noted above, bus stops and storm drains. It is two lanes plus turn lanes where needed.

Halibut Point is a heavily traveled arterial in Sitka and especially in the subject's broad neighborhood where schools, grocery stores, and neighborhoods are located. This road has sidewalks and streetlights, the lighted intersection noted above, bus stops and storm drains. It is two lanes plus turn lanes where needed. Halibut Point Road begins about .8 miles east of the subject at the round-about where it meets Lake Street, and Sawmill Creek Road. Halibut Point extends westward for over six miles where it ends near Starrigan Campground.

There are two streets that access the main entrance to the hospital. Near the intersection of Moller Drive and Halibut Point Road, is a driveway onto the site. Reportedly, a forested area lying between the Harborview Condominiums and the subject driveway will be altered to provide a second access to the condominiums, providing safer access to this

development. The driveway accesses the front portico which allows for access to the Home Care administrative area and to a visitor's room for the long-term care facility.

Parking

There is on street parking along Brady and Gavan Streets. The rehabilitation clinic on the ground level of the hospital building has an entrance that is closest to Brady Street. The city has placed signs along the street near to this entrance so that patients can have a place to park, and/or drop off patients.

Easements

None known and none assumed to exist

Fire Hydrants

There are fire hydrants on the neighborhood streets noted above.

Utilities

The subject property is served by public water and sewer, storm drainage, trash pick-up, internet service and telephone. There is no natural gas in Sitka.

Zoning

The subject property is zoned P- Public. The surrounding zoning to the west and north of the subject site is R-1 and reflects established residential areas. To the south of the subject, located along Halibut Point, is a strip of land zoned C-1. To the east of the subject property, along Moller Drive are school sports fields and a running track.

A review of the 2030 Comprehensive Plan states that the goal is to promote infill to add residential uses to the marketplace and to support work/live uses in the broad neighborhood along Marine Street to the southwest. The land hugging Halibut Point Road between downtown and the subject property is an area where light commercial uses will be promoted.

Hazardous Waste Issues

It is assumed that none exist.

Easements

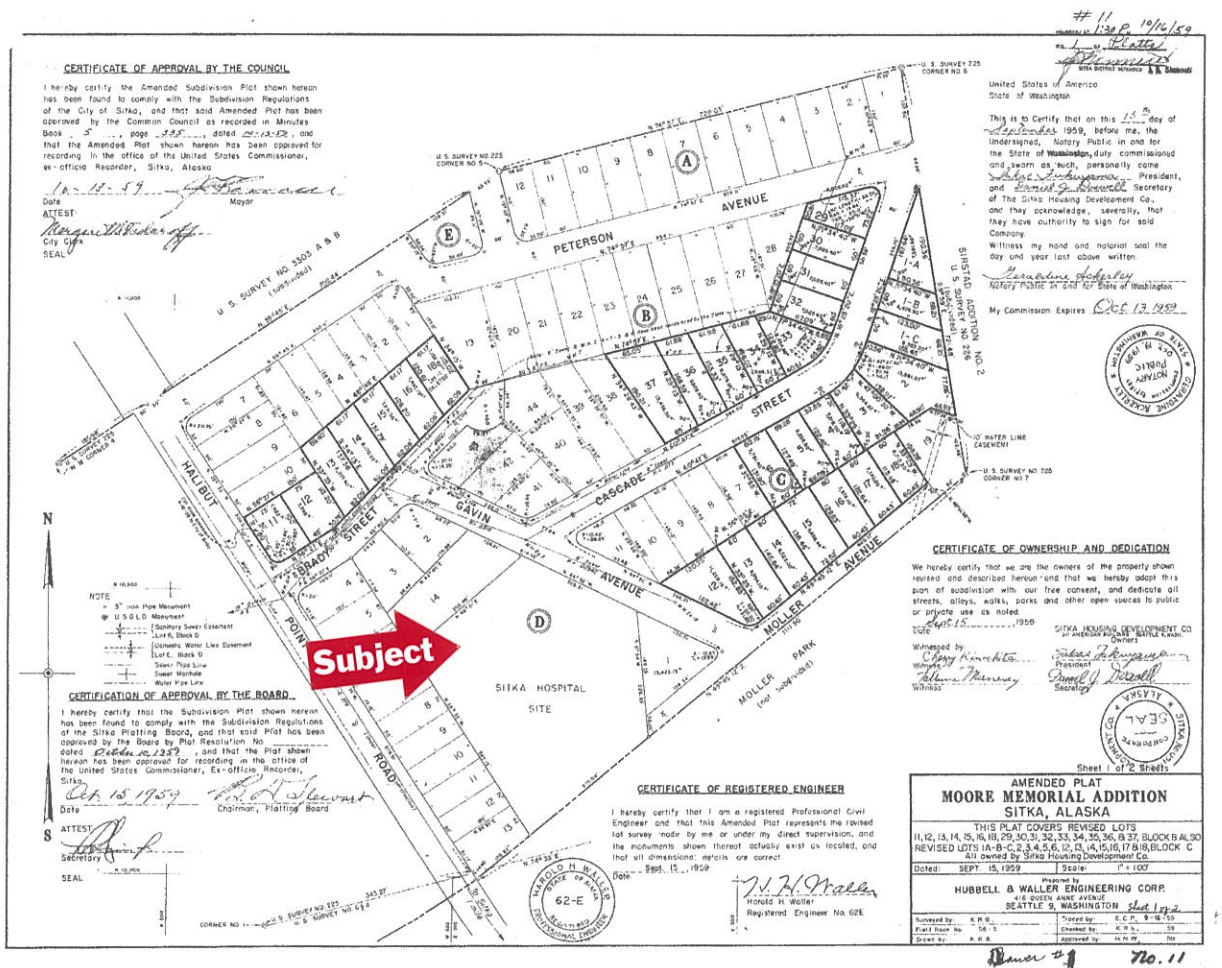
None known and none assumed

Utilities

The subject property is served by public water and sewer, by power, telephone, internet service and garbage collections services available in the City of Sitka.

Overall Location and Functionality

The subject site is well located in an area close to downtown, many schools, offices, stores, and residential areas. It is an established area with a broad mix of uses. The site is irregular in shape which will create some challenges in a future development. If not zoned P for Public, the most likely zoning would be C-1 or a similar zoning that would provide for mixed uses that are compatible with the area.



The plat above does not show the State of Alaska's .27 acre parcel on the Sitka Hospital Site. A plat showing this could not be located.

DESCRIPTION OF SUBJECT IMPROVEMENTS

Located on the subject site are the former hospital building, the Mountainside Clinic, and a biohazard shop. The areas within these buildings are summarized below:

	First Floor	Second Floor	Totals
Former SCH Hospital	13,156 SF Rehabilitation clinic and cafeteria/kitchen 10,473 SF Mechanical, laundry, storage uses	28,297 SF Long term care 456 SF Garage	52,382 SF or 92% of total for all 3 buildings
Mountainside Clinic	3,880 SF	n/a	3,880 SF or 6.8% of all buildings
Biohazard Modular Shop	560 SF	n/a	560 SF or 1% of all buildings
Totals	28,069 SF	28,753 SF	56,822 SF

Former Hospital Building

This is a two-level building that operated as the Sitka Community Hospital until mid-2019. Several sources indicate that it was constructed between 1982 and 1984. This building was designed for use as a critical access hospital (CAH) and was licensed for 27 beds, including 12 acute care beds. On exhibits in this section are floor plans by PDC Engineers that capture the layout of the interior in September of 2019.

The basic construction components of the building per SEARHC include concrete flooring systems, steel framing, metal exterior siding, and a flat built-up roof. As is typical of hospitals, construction relies upon use of flame retardant materials as well as finishing materials that are non-microbial whenever possible. The elevation of the building is approximately 30 feet. The ceiling height on the ground level is approximately 20 feet. In

the finished areas of the building, the ceilings are suspended, allowing for the placement of ductwork etc. for the HVAC system and for flush mounted fluorescent lighting.

Roof System

The building has a membrane roof system. No issues were reported.

Insulation

SEARHC believes that the building is adequately insulated.

Power

The building has three phase power (120v/240v and 277v). The lighting is fluorescent and SEARHC states that it is outdated and requires continual repairs. The bulbs are T-8's. SEARHC reports that it can still get the ballasts and bulbs needed for the lighting system and believes the last upgrade to this system was made 10-15 years ago.

The MCC (motor control center) is 40 years old and is the power distribution system. Four of the ATS's have been replaced by CBS in recent years.

HVAC System

At the heart of the heating system are two boilers that produce steam and two water makers. The boiler produces steam and there are issues with the valves, works adequately according to SEARHC. The heat is distributed in the dropped ceiling system as part of air handling system. There is a wall register in the cafeteria. According to SEARHC, the air handling system works but needs to be evaluated to assess the condition of the motors and the ducts.

Two hydronic valves have been replaced and SEARHC will not close them as they are uncertain that they will be able to turn them back on. SEARHC reports that they will wait until summer, as they are concerned that some of the valves may break and do not want to chance this in the winter. Per SEARHC, there is not back up system.

The boilers were installed in 1984 and the life of a boiler is typically 20 to 40 years. The boilers and the backup generator at the last stage of their useful lives per SEARHC.

Per SEARHC, the air intake and filter system work well and is located on the lower level on the south side. The air handling system per SEARHC, reportedly needs a thorough assessment.

Generator

The backup generator is 30 years old and it at the end of its useful life, with 5,600 hours. It is a 600-kw generator and SEARHC believes that replacement of it would cost no less than \$50,000 plus installation.

Lighting

Lighting works but requires many repairs as ballasts harder to replace. Per SEARHC, the system appears to have been upgraded 10 to 15 years ago. All the lighting is T8 fluorescents.

Windows

The windows are primarily fixed with some operable. The floor plan for the upper floor shows patient rooms along the exterior walls, where high windows are located. On the lower level, there are several large windows in the supply/laundry/receiving area and at the entrance to the Rehabilitation Clinic. The windows are reportedly original to the building.

Flooring

The flooring is in good condition throughout and includes medical grade carpet, vinyl, or linoleum.

Interior Wall Systems

Painted sheetrock or washable surfaces depending on use. Rubber baseboard between walls and floors.

Data Systems

SEARHC reported that \$10,000 was recently spent to integrate this building with SEARHC's main system.

Plumbing Systems

Reportedly, the galvanized pipes need to be replaced and SEARHC has experienced sewer blockages in the main several times. The concern is that there is a broken or separated pipe. Maintenance crews, thus far, have found galvanized pipes and repairs made with black plastic PVC, which SEARHC indicates is not appropriate for a commercial building.

Fire Safety System

It is served by a fire safety system and no issues are reported.

Elevator

The elevator is not being used as it is considered unsafe by SEARHC. It is 40 years old and needs replacement at \$150,000 plus install costs.

Automation System

The building automation system needs to be upgraded, per SEARHC.

First Floor – 28,297 SF (excluding garage area)

The first floor of the hospital building includes two covered entrances with automatic doors typical of a hospital facility. On this level is the offices for SEARHC's Home Health department. The balance of the finished area is where the SEARHC Long Term Care Center is located.

The long-term care (LTC) facility was not inspected due to Covid protocols, although a portion of it could be viewed from a locked double door to a main hallway. Other pictures of the LTC were provided by SEARHC. The main hallways are wide and well lit, and the floor and wall finishes are in good condition. The vinyl and carpet flooring were replaced within the past two years.

On the following pages are floor plans of the building created by PDC Engineering of Juneau. These plans are included in this section and are discussed below.

The floor plan shows that while operating as a Long-Term Care facility, this level was originally designed for use as a CAH (critical access hospital) with operating rooms, sterile rooms, a maternity ward, a birthing room, diagnostic rooms, a clinical lab, ultrasound, x ray room, waiting room, recovery room, lounges and locker areas, CT room, nursery, offices, etc. There are 23 patient rooms located along the perimeter of the north, west and south walls, as shown. Each patient room has a bathroom. The hallway system is shown in yellow.

SHEET NOTES

1. APPLICABLE CODES: IBC 2012 WITH ALASKA STATE CODE AMENDMENTS AND NFPA 101-2012.
2. THE FACILITY IS A SEPARATED MIXED USE OCCUPANCY (NFPA 101) SECTIONS 6.1.1.1 AND 6.1.1.4).
3. THE FACILITY IS SPRINKLERED BY A WET PIPE SPRINKLER SYSTEM.
4. THE FACILITY IS MONITORED BY THE LOCAL FIRE DEPARTMENT.
5. EXISTING BUSINESS OCCUPANCY APPLIES TO THE LOWER LEVELS AND COR.
6. PATIENT TREATMENT AREAS ARE LOCATED ON THIS FLOOR. (NFPA 101) SECTION 7.1.3.2.1 AND 7.1.3.2.2.
7. EXISTING HEALTH CARE OCCUPANCY APPLIES TO THE UPPER FLOOR/FIRST FLOOR. THIS INCLUDES EMERGENCY ROOMS, PATIENT SLEEPING QUARTERS, CONSULT ROOMS, A CHAIR, X-RAY, AND PHYSICAL THERAPY. (NFPA 101) SECTION 7.1.3.2.1 AND 7.1.3.2.2.
8. THERE SHALL BE NO STORAGE, NO VEHICLES, OR GAS POWERED EQUIPMENT IN THIS AREA.
9. GARAGE IS OPEN TO THE ORIGINAL BUILDING BASEMENT BELOW (STAIR ACCESS). ORIGINAL BUILDING BASEMENT IS FULL HEIGHT, HAS NO SPRINKLERS, HAS NO FIRE ALARM SYSTEM DEVICES CONNECTED, AND SHALL NOT BE USED FOR STORAGE.
10. 2-HOUR FIRE SEPARATION IS REQUIRED BETWEEN THE GROUND FLOOR AND STAIR SHAFT ALSO SUPPORT THIS REQUIREMENT. (NFPA 101) TABLE 6.1.1.4 (10).
11. 1-HOUR LIFE SEPARATION IS REQUIRED. HAZARDOUS AREAS INCLUDING HYDRAULIC FLUID, (NFPA 101) SECTION 10.3.2.1.5) HAZARDOUS AREAS BUT ARE NOT RESTRICTED TO THE FOLLOWING:
 - a. CLEANING LAUNDRIES LARGER THAN 100 FT².
 - b. PAINT SHOPS.
 - c. REPAIR SHOPS.
 - d. ROOMS WITH SOILED LINEN IN VOLUME EXCEEDING 64 GAL.
 - e. ROOMS OR SPACES LARGER THAN 100 FT² WITH REPAIR SHOPS, USED FOR STORAGE OF COMBUSTIBLE SUPPLIES, AND EQUIPMENT QUANTITIES EXCEEDING 1000 LBS.
 - f. ROOMS OR SPACES LARGER THAN 100 FT² WITH EQUIPMENT QUANTITIES EXCEEDING 1000 LBS.
 - g. QUANTITIES LESS THAN THOSE THAT WOULD BE CONSIDERED A SEVERE HAZARD.
12. BUILDING STORY SUBDIVISION INTO SMOKE COMPARTMENTS PER NFPA 101 SECTION 10.3.2.1.1. THERE ARE NOT SLEEPING ROOMS FOR MORE THAN 30 PATIENTS IN THE FACILITY.
13. PATIENT SLEEPING ROOM DOORS ARE ON CLOSERS AND RESIST THE PASSAGE OF AUTOMATIC-CLOSING AND LATCHING.

LIFE SAFETY PLAN LEGEND

- 1-HOUR (MINIMUM) FIRE BARRIER WALL AND DOOR ASSEMBLY
- 2-HOUR (MINIMUM) FIRE BARRIER WALL AND DOOR ASSEMBLY
- EXIT CORRIDOR
- HAZARDOUS AREA (NFPA 101) SECTION 10.3.2.1
- EXIT ROUTE
- 2-HOUR (MINIMUM) FIRE BARRIER AROUND SHAFT BETWEEN FLOORS

LIFE SAFETY PLAN DISCLAIMER
 THESE DRAWINGS ARE COMPILED FROM THE ORIGINAL DRAWINGS AND THE ORIGINAL CONTRACT DOCUMENTS. THE ORIGINAL CONTRACT DOCUMENTS, FIELD NOTES, AND RECOMMENDATIONS FOR CONSTRUCTION COMPLIANCE. DRAWINGS NOT CONTAINED IN THESE DRAWINGS ARE NOT TO BE USED FOR ANY OTHER PURPOSE. PHYSICALLY VERIFIED IN FIELD PLANNING MODIFICATIONS.



1 LIFE SAFETY PLAN - FIRST FLOOR
 SCALE: 3/32" = 1'-0"

REVISIONS

Ground Floor Plan

The ground floor plans show the layout of this floor in September of 2019. Some of the floor plan has been altered since the date of this schematic; namely, the central portion that included the conference room and adjacent offices is now a large, open area used for rehabilitation work, as shown in the photograph. There is a reception for this clinic, as well as offices and exam rooms along the east wall, and supply rooms. The main access to the rehabilitation clinic is on the south side of the building at a covered entrance. There is a concrete walk from the entrance to Brady Street, whereas discussed earlier, there are 7 parking spaces for patient drop off and pick up. These signs were installed by CBS.

Near the entrance is the cafeteria and dining room, and the elevator. The west side of the ground floor is where the receiving area is located. The receiving entrance is on Brady Street and there is a moderately sloped area where vehicles can pull up. SEARHC reports that this area needs repaving.

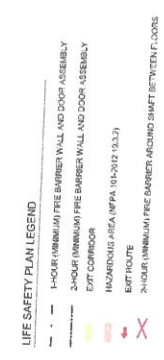
There are large windows facing the street and two double door entrances here. Off the main hallway is a room where oxygen tanks and equipment are stored. The use of this room has changed as, without surgeries, the larger oxygen tanks are no longer used. /

The cafeteria and kitchen have access on the main and receiving halls. The kitchen is a commercial type with washable floor and walls surfaces. The dining area is carpeted.

The portion of the building that lies near Gavan Street is where the mechanical and storage areas are located. These areas have high ceilings and slab floors with drains. Much of this area is dedicated to the HVAC systems, MCC systems, fire safety system, etc.

There is an exterior door facing Gavan Street where the fuel tanks and other equipment is located inside a fenced area. Along the south wall the fresh air intake and filters are located. In the northeast portion are storage areas with high ceilings.

1 LIFE SAFETY PLAN - GROUND FLOOR
F-101 SCALE 3/32" = 1'-0"



LIFE SAFETY PLAN DISCLAIMER

THESE DRAWINGS ARE COMPILED FROM AVAILABLE INFORMATION. THESE DRAWINGS INCLUDE THE BEST AVAILABLE INFORMATION AT THIS TIME. THE INFORMATION SHOULD BE USED FOR PRELIMINARY PLANNING PURPOSES ONLY. WHEN PLANNING OR PROGRAMMING, PHYSICAL MODIFICATIONS,

INFORMATION CONTAINED IN THESE DRAWINGS REPRESENTS THE BEST AVAILABLE INFORMATION AT THIS TIME. THE INFORMATION SHOULD BE USED FOR PRELIMINARY PLANNING PURPOSES ONLY. WHEN PLANNING OR PROGRAMMING, PHYSICAL MODIFICATIONS,

- LIFE SAFETY PLAN | LEGEND

F-101

PDC
ENGINEERS
PLAN • DESIGN • CONSTRUCT
1028 Aurora Drive, Fairbanks, Alaska 99709
907.452.1414 / AECC0605



CONSULTANT:

The following table relies on a review of industry standards for hospitals such as the subject, and the components that they include. The purpose of this exhibit is to illustrate what the floor plan and systems of a hospital include, and comment about each, based upon information from various sources. Exhibits are included later in this section that present information from various sources that speak to maintenance, upkeep, replacement, and conditions of systems within the building.

While the First Floor has a layout typical of a hospital, many of the features listed on the following table may be in use if they are not needed by the current use. The rooms and the systems may be closed off.

Area/Function	Subject	Standard Features	Reported Issues/Status
Administration	X		
Emergency Room	X	One emergency room	Used for storage, etc.
Operating Rooms	X	2 operating rooms, recovery & sterile rooms.	Used for storage, etc.
Diagnostic & Treatment	X	Clinical Lab, ultra-sound, labs, CT, respiratory,	n/a
Maternity Ward	X	Birth room, surgery, nursery	n/a
Inpatient Care	X	23 patient rooms at perimeter of first floor. Each room with bathroom, gas lines, ventilation system, electrical capacity for high current use.	LTC using 18 patient rooms
Anesthesia & Med Storage	X	For anesthesia humidity must be kept at 60 to 65%.	n/a
Sanitation	X	Plumbing for building with specialized looped plumbing preferred. For each bed, must accommodate 110 to 120 gallons of water/day.	Galvanized pipes need to be replaced. Sewer blockages in same area several times. System need evaluation
Kitchens/Eating Areas	X	Dining on first floor, kitchen on ground floor	Commercial kitchen is functioning
Housekeeping & Laundry	X	Laundry room on ground floor	Laundry room not in use
Radiology	X	Walls must be lined with lead	n/a
Gas	X	Many inpatient rooms, the operating rooms, require pumps for oxygen, nitrogen, vacuumed & pressured air with automatic switches & necessary power.	n/a
Air Locks	X	integral to many areas, includes hermetically sealing doors tied to ventilation system	n/a
Elevator	X	Original to building, inconsistent performance	At end of life & needs replacement per SEARHC
Lighting		In hospital needs to be at least 1000 lumens in OR and 500 lumens in other areas. Subject has fluorescent T8 lighting fixtures.	Many repairs to lighting system are requested on continual basis. Outdated system
Ventilation	X	Filtered air needs to enter but not exit rooms and a renewal of 15-20 volumes of air in one hour per room. In OR, once door shut, only filter air in circulation	Air intake and filter system works well. Air Handler #2 replaced in 2017.
Power & Motor Control Center	X	Ability to carry 120V,220V & 380V for high current.	Subject has 120V, 240V & 277V. MCC is 40 years old, 4 main electrical automatic transfer switches replaced.
HVAC System	X	2 boilers and 2 two water tanks with back up system, back up generator, fuel tank. Heat distributed by air handlers in ceiling system.	Components of the system are old & at end of useful life; backup generator is 30 yrs. Valves of concern. Old and has 5,600 hours on it. Total system needs a thorough assessment
Fire Safety	X		No issues reported
Windows		Noted in 5 Year Capital Plan in FY 2017 budget as in need of replacement	30 large picture windows with double casements including all patient rooms & other various locations are original.

The following pages include information from various sources regarding the condition of the buildings and their systems. These include information provided in an email from Victor Littleton of SEARHC, in the maintenance department, Exhibit B from the SCH Facility Lease Agreement, and a list items on the Five-year Capital Plan from the FY 2017 budget and long-range plan prepared by CBS. This information is helpful in establishing the overall condition of the facility and needed assessments and work.

List from Victor Littleton:

- Old underground mechanical space between Mountainside Clinic and SLTC needs to be filled in and is a hazard
- New roof is needed for Mountainside Clinic as several leaks have been patched. The installation was done incorrectly and will remain a problem.
- Many ceiling tiles are damaged, and a complete replacement should be considered
- Many work requests to replace or replace old fluorescent lighting.
- An upgrade for the 40-year-old elevator is a must as it is difficult to run consistently.
- MCC's are at the end of their useful life and need to be replaced
- The 30-year-old generator has 5,600 hours on it. It works but is old and could need an overhaul
- The bio-cooker is old and constantly in need of repair. The building is sagging and has a large amount of mold.
- Many of the door handles are broken or damaged and need to be replaced.
- Hydronic boiler and heat exchanger need to be replaced and are currently in operable due to broken seals and leaks
- 6,000-gallon fuel tank for boiler and generator is compromised and there is corrosion to the inside of the tank. This causes clogged filters which can only be fixed by being pumped out by the city which we have done twice so far.
- Honeywell BAS needs an upgrade, control and monitoring from off site is not possible with the current set up.
- AHUs 1,2, 3, 4, 5 & 8 need VFDs corrosion due to a faulty humidification system is an issue, and filter bank upgrade needed
- Steam control valve on heat exchanger does not close completely and needs to be replaced
- Steam boiler header valve does not close completely and needs to be replaced.
- There are galvanized sections of domestic cold-water pipes that need to be replaced
- Upper parking lot and service entrance on Brady Street are in bad shape, repaving and striping is needed

- PRVs for incoming waterline are corroded so badly that we are unable to adjust them
- Drainage waste and vent system for sewer pipes are failing. Lots ABS repairs noted in the building, the sewer main has gotten plugged several times underground, in the same spot. Plumber believes this could be due to a cracked pipe or a pipe separation under the kitchen. Replacement of a significant of the water and wastewater systems need to be considered.

OVERALL CONDITION AND MAINTENANCE ITEMS – EXHIBIT B

- Replacement of 4 main electrical automatic transfer switches to emergency power.
- Replacement of main air handlers 1,3 and 4 (#2 was replaced in 2017)
- Replacement of 30 large picture windows with double casements including all patient rooms and other various locations on the main floor (all windows are original to the 1984 building)
- Branch circuit corrections within the electrical service infrastructure (see attached electrical assessment report dated 5-17-16. Lessor's work.
- Main parking lot and entrance driveway repaving
- South side of clinic repaving
- Steam boiler feed water piping replacement
- Replacement of de-aeration tank – component of feed water system
- Scullery grease interceptor installation in main kitchen – Lessor's work
- Replacement of day tank for emergency generator
- Renovate and upgrading, including floor replacement of 4 primary acute care patient rooms
- Floor replacement in-patient rehabilitation room
- Roof issues on Mountainside Clinic building
- Branch circuit corrections within the electrical service infrastructure (see attached electrical assessment report dated 5-17-16. Lessor's work.
- Main parking lot and entrance driveway repaving
- South side of clinic repaving
- Steam boiler feed water piping replacement
- Replacement of de-aeration tank – component of feed water system
- Scullery grease interceptor installation in main kitchen – Lessor's work
- Replacement of day tank for emergency generator
- Renovate and upgrading, including floor replacement of 4 primary acute care patient rooms

Five Year Capital Plan in FY 2017 budget & Long-Range Plan

- FY 2018 budget for SCH included the following:
- Repave ER driveway and clinic parking \$150,000 (2018)
- Replace oil boiler with electric \$75,000 (2018)
- Replace 4 main air handlers \$10,000 (2019)
- Air Rebalance \$25,000 (2018)
- Reorient loading bay and rear entrance \$20,000 (2018) \$100,000 (2019)
- Renovate ER entrance \$250,000 (2019)
- Repave main driveway and parking lot \$500,000 (2019)
- Hospital Window Replacement \$100,000 each year in 2019, 2020, 2021
- Acute Care Remodel – Long Range \$2,750,000

DESCRIPTION OF MOUNTAINSIDE CLINIC

A review of older aerials on the Sitka parcel viewer shows a 2007 view of the property in which the original hospital building, reportedly dating back to the 1940's was located. The Mountainside Clinic appears to be located near to where a portion of the original hospital was located.

The Mountainside Clinic is a one-story clinic that was delivered to the site in four sections and assembled. It has wood framing, a wood floor system, Hardiplank siding, and a gable shingle roof that is extended to protect the front and side entrances to the building. These areas are of treated wood decking and railing and provide handicap access into the building. It is a modular building supported by a post and pad foundation that includes a concrete pad and adjustable jacks.

The floor plan of the clinic includes a lobby and reception area, and hallways that access the 11 exam rooms, three restrooms, and supporting offices for doctors, and rooms for files, supplies, and prep work.

The exam rooms have high rectangular windows in wood casements, medical grade vinyl flooring with rubber baseboard, dropped acoustical ceilings, and painted sheetrock walls. The lighting is flush mounted in the suspended ceilings and is fluorescent. Also, in the ceiling are the vents for the heating, cooling, and air exchange system. There are three air conditioning units along the east side of the building.

Each exam room has a sink and cabinetry. The entry doors are wood with metal kick plates at the bottom. The hallways have commercial grade carpeting with rubber baseboard as does the lobby and reception area and the doctor offices. The doctor offices have sliding windows in wood casements. The reception and lobby areas also have windows.

In 2017, an addition was made to the clinic at its south end. It is a modular building that was intended to add area to the clinic because of increased outpatient demand. The addition is on a concrete pad and has a gable roof and Hardiplank siding. It has a covered entrance and is just steps away from the main building. The addition has vinyl flooring, an upper window and ceiling mounted lighting. Initially added for an additional exam room, it is now used for a supply room. This modular addition measures 12.3 feet by 20.3 feet for a total of 240 SF. Per records, it was purchased for \$400,000.

Overall Condition

The clinic interior, as shown in the photographs, is in good condition. SEARHC reports that the roof needs replacing at an estimated cost of \$30,000 to overlay and repair it. Roof leaks along the north side of the clinic required significant work in Exam Room #10 as the floor joists were compromised as was the exterior wall. \$20,000 was spent on repairing the joists. SEARHC has indicating that the shingle installation was not done correctly, and that there are issues with the overlays of the four sections at the exterior walls.

GARAGE & BIOHAZARD SHOP

Garage

There is a garage near the portico entrance of 456 SF. It has a roll up door facing east and exterior man door. From inside stairs down to the underground basement are located.

Underground basement

This area has two sets of concrete stairs that accesses it. Above this area is a paved area that is cordoned off with no parking signs. On older aerials on the CBS parcel viewer, there is evidence of a T shaped structure in the 2007 aerial. In the 2012 aerial, it appears that it has been completely razed. In a current aerial, the Mountainside Medical Clinic is now located in part of the area of the former hospital. The hospital was razed, however, a basement area accessed by interior stairs from a garage, or from exterior stairs off the parking lot, exists.

According to the assessor's records, this underground area is 2,605 SF. Piping from the hospital building to the Mountainside Clinic building is located along the ceiling of this basement area, and the surface area has been blocked off from any parking use by SEARHC, which leases the property. Along the top of the basement wall is piping suggesting that some services from the hospital to the Mountainside Clinic exist here.

Modular Biohazard Shop

Located at the east end of the site is this small building that is shown in the photographs. It is of wood construction and is not on a permanent foundation. It has a wood floor system and doors that are above grade. It is served by power.

Driveways, Landscaping, Parking, Paving

The subject site is irregular in shape and has driveways accessed from Gavan Street and Moller Drive that serve the entrance to the First Floor of the hospital building, to the Mountainside Clinic and to the Biohazard Shop, there are landscaped areas near the covered entrance and there is a garden area facing Gavan Street. There is a rock wall supporting the site along Gavan Street.

Other portions of the site between the hospital building and Gavan Street, as shown in the photos, are lawn. Lying to the east, and south of the site, there are matured wooded areas.

The areas that are used for parking, circulation and for receiving exhibit signs that paving and striping is long overdue. The surface is uneven in many areas

due to uneven seams and potholes. There was puddling observed in several areas due to these issues.

There are storm drains in the parking lot. The parking striping is very faint, and I counted 83 spaces at the east portion of the site. There are two pull in spaces in front of receiving on the west side.

There is an area, reportedly formerly used for parking that lies above the underground basement that once served the original hospital dating back to the 1940's. this area is cordoned off to prohibit parking. The integrity of this area for parking and other uses is unknown.

PHOTOGRAPHS OF SUBJECT PROPERTY



HALIBUT POINT ROAD VIEWS NEAR SUBJECT



Subject



Subject



GAVAN STREET VIEWS, VIEW WEST FROM MOLLER DRIVE



SOUTH VIEWS OF HOSPITAL BUILDING



SOUTH ENTRANCE, NORTH & WEST VIEWS & EAST ENTRANCE



EAST SITE VIEWS BETWEEN HOSPITAL & CLINIC BUILDINGS



FIRST FLOOR COMMON AREAS & FORMER OPERATING ROOMS



HALLWAYS – REHABILITATION CLINIC



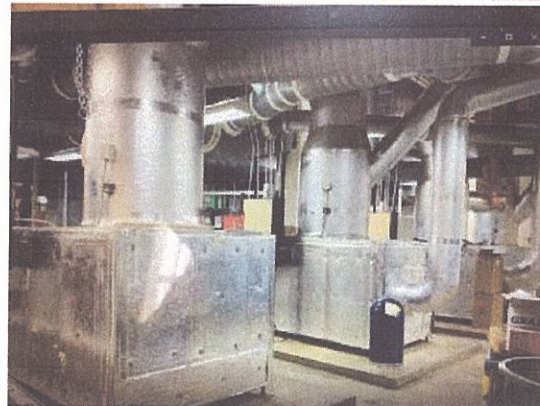
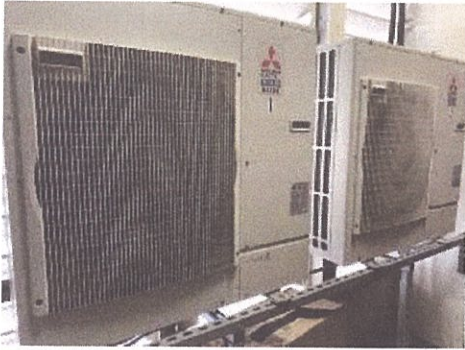
REHABILITATION AND CAFETERIA AREAS



WORKROOMS & STORAGE – GROUND FLOOR

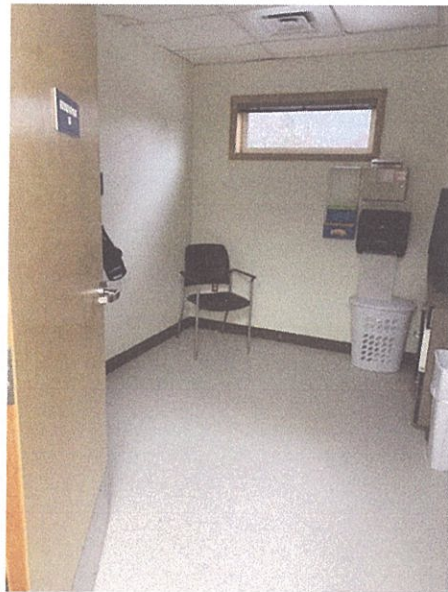


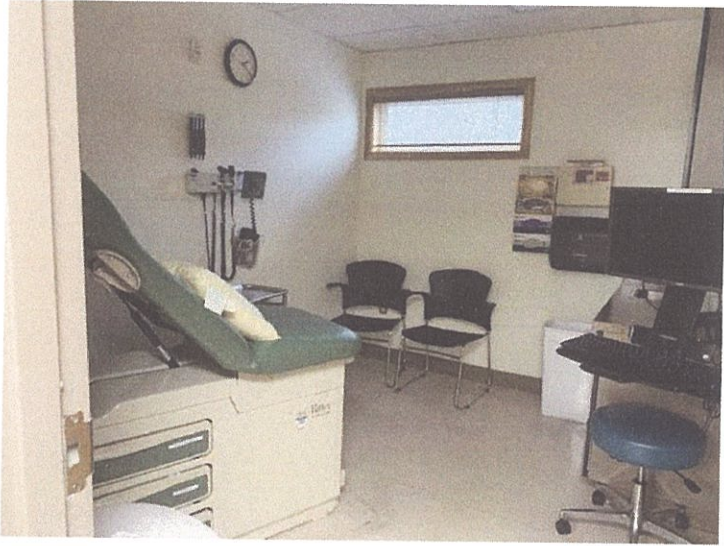
PHOTOGRAPHS OF MECHANICAL, HVAC, ELECTRICAL EQUIPMENT



MOUNTAINSIDE CLINIC







BIOHAZARD MODULAR BUILDING



HIGHEST AND BEST USE

The definition of highest and best use is as follows:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

As-If Vacant

Assuming the site is vacant, it reflects an irregular parcel with frontage on Brady, Gavan, and Moller Streets. The parcel abuts an older residential neighborhood to the north and west, is close to Halibut Point Road to the south, and to school track and sports fields to the east. The intersection of Moller and Halibut Point Road is lighted and heavily used. Downtown Sitka is within .8 to .9 miles of the subject property. To the south, Katlian Street is the extension of Moller Drive and extends along the waterfront to the downtown area. The location of the subject property is close to several schools, grocery shopping, residential neighborhood, office, and clinic uses, and three boat harbors. The subject area is walkable and on bus lines.

The 2030 Comprehensive Plan for CBS promotes infill, efficient use of infrastructure, work/live uses in transition areas between residential and commercial areas, affordable housing, ADU's, more housing geared to the elderly, and walkable areas. As vacant, the subject property could fulfill needs of Sitkans as outlined in the Comprehensive Plan. A mixed-use development, perhaps in a campus like setting, could be developed that provides for affordable housing and services located in an area close to shopping, services, employment places, schools, and recreational venues.

Proposed for the commercial land between the subject site and Halibut Point Road, SEARHC proposes a 52,000 SF, mixed use development including services, clinic and apartment uses. Such a project would be compatible with a mixed-use development on the subject site.

As Improved

The subject property is improved with a two story, 52,382 SF hospital building currently operating as a long-term care facility and a physical rehabilitation clinic in a building designed for a critical access hospital. The hospital is 40 years old and, although a thorough facility assessment has not been completed ahead of this appraisal, it is reasonable to assume, based on information that is available, that many components of the building are in need of updating or replacement, and that the First-Floor layout as a CAH facility, is inconsistent with those of a modern long term care facility and rehabilitation clinic patterned after current industry trends.

The subject hospital improvement is substantial in size. It is possible that the structure can support a gut renovation that would be an expensive endeavor. Throughout the

U.S. there are many examples where commercial buildings of all types, including hospitals, have been re-positioned/repurposed to compete in the marketplace.

The Mountainside Clinic is located centrally on the site, and assuming that a new development plan was created, it may remain permanently, or be relocated if need be. not. pairing a renovated hospital building with supporting and compatible uses, it may reflect an interim use that can be relocated in the community.

The improvements, namely the former hospital building, does contribute value to the site, even though it is not achieving its highest potential as it stands. This improvement does offer the ability to be gut-renovated and upgraded to meet demand for uses that are in need in the community of Sitka. A gut renovation of the former hospital building would result in a facility with long term care and rehabilitation clinic needs that conform to current industry standards that were discussed earlier in this report.

COST APPROACH

Replacement cost new is defined as *“the estimated cost to construct, at current prices, a building with utility equivalent to the building being appraised, but built with modern materials and current standards, design and layout.”*

In this approach, costs are projected for the subject buildings that would reflect modern facilities providing long term care, rehabilitation clinic use in the SCH building, and for medical outpatient clinic use in the Mountainside Clinic. The depreciation that exists in the buildings is deducted from cost new and the value of the land is added as a final step.

It is assumed that the SCH and Mountainside Clinic, etc. will be replaced with new construction that supports the current uses and that meet current trends in the health care industry that were discussed earlier in this report. It is assumed that exterior assemblies, HVAC systems, communication systems, design features and layout, will reflect modern features that are in step with industry standards.

In developing this approach to value, I have interviewed architects and engineers from Northwind Architects of Juneau and from Wold Architects and Engineers, a national firm that was involved with the development of the new Wrangell Medical Center which opened early this year. I have also reviewed construction costs for new medical facilities statewide.

The following cost comparisons and interviews with architects and engineers provide information that is relevant to this approach.

Cost Comparison No. 1 is the Wrangell Hospital, a one-story facility completed in 2021 with 35,000 SF; 75% is a Critical Access Hospital and 25% is a wing for a Long-Term Care facility with 14 beds. The LTC floor plan reflects a “household” model, which is the leading trend in the industry. This new facility is of wood construction on a concrete foundation with gable roofs and mechanical systems required for a CAH. The cost of this hospital was \$27,480,000 or **\$785 SF**. The remote location of this hospital and construction cost spikes attributed to Covid -19, impacted the final cost of this project.



Cost Comparison No. 2 is a project at Bartlett Memorial Hospital in Juneau that involved demolishing 2,400 SF of a one-story wood frame structure that houses administrative offices, a meeting room and a sleep off center that is attached to the residential care portion of the Rainforest Recovery Center, and new construction to replace it.

A new 4,400 SF one story addition was constructed to house administrative offices, a reception and entry lobby, an assessment center, and a four room Detox Suite. The project included the demolition of a backup generator and transformer and installation of new electrical service and communications wiring from Bartlett Regional Hospital. Revisions to water and sewer service were part of this project. Construction included concrete foundations, wood framing, fiberglass windows, vinyl siding, asphalt shingles, painted sheetrock walls, carpet and sheet vinyl, cabinets and solid surface countertops, bath accessories, plumbing systems, HVAC systems, DDC systems, lighting and power systems, special electrical systems, a new fire alarm, metal door frames, wood doors and relites. Alaska Commercial Contractors Inc. of Juneau was awarded this project at **\$533 SF**.

Cost Comparison No. 3 is the Homer Medical Clinic Expansion in 2018. Kenai Peninsula Borough purchased the clinic in 2015 when it was a 4,904 SF one story facility, and expanded it by 5,584 SF at a cost of \$3,000,000 or **\$537 SF**.



Cost Comparison No. 4 provides information from discussions with Dave Hurley of Northwind Architects in Juneau. This firm has been active in the development of many health care projects in the region. Mr. Hurley indicated that construction costs have spiked recently, due to Covid-19 factors, and that the cost new for a new long term care facility would be **\$650 to \$700 SF**.

Cost Comparison No. 5 is a two-story office building located at 802 3rd Street in Douglas. The building was constructed in 1962 on a sloped site of 40,018 SF, for use as offices for the State of Alaska. The condition of the building was such that a decision was made to either replace it or to renovate it. It was determined that the building could be renovated for approximately the same cost of replacing it. Dawson Construction completed a significant structural upgrade of the building - the exterior cladding was replaced, along with all operating systems. The 40,000 SF project was completed in 2018 and required that the office employees relocate to interim offices for 15 months. The cost of this project was \$18,000,000 or \$450 SF. Northwind Architects participated in this project and opined that the **\$450 SF** project cost, today, would be much higher.



Side View Entrance Before Renovation



After Renovation

Analysis of Cost Comparisons and Projection of Cost New

The information provided above supports a replacement cost new for the Long Term Care/Rehabilitation facility of \$650 SF. The estimate of cost new for the Mountainside Clinic, taking into account that is a modular building on a post and pad foundation, is \$475 SF. The estimate of cost new for the garage and biohazard areas is \$125 SF. As shown on Page 63, Direct Costs, based upon the foregoing assumptions, is **\$35,721,900**.

Indirect Costs

These costs include architects and engineers fees, construction financing, and contingencies. The assumptions are that A&E fees will be 10%, construction financing at 4% and contingencies of 3% for a total of 17% of Direct Costs.

Estimate of Replacement Cost New

This is the total of Direct and Indirect Costs and, as shown, is **\$41,080,185**.

Depreciation

Estimated depreciation to the subject property, and especially to the Long-Term Care/Rehabilitation building is projected based upon articles pertaining to older hospital buildings that have the potential to be re-purposed, interviews with architects and engineers, and a review of the lists of maintenance related issues at the subject property included earlier in this report.

In addition to the above, I spoke with Lisa Von Barga, Wrangell City Manager, about the status of the former hospital and what the City intends to do with it. The former hospital in Wrangell operated from 1968 to a few months ago when the new hospital was completed.

The former hospital was built in 1968. In 2010 articles, etc. the status of the 42-year-old hospital was of concern as it was continuing to operate, but its structural and systems were old. The essence of the article was that the hospital needed to be renovated or replaced. The hospital would operate in Wrangell for another 10 years; it was replaced by the new Wrangell Medical Center that was built at \$785 SF. I asked Lisa what the status of the former hospital building was, and were there any potential interim uses in mind, or any interested buyers. She indicated that it will be used as an interim facility while the public safety building is updated. After that point, she hopes it will be razed. She indicated that there were "tire kickers" interested in the vacated hospital, but she stated that once they learned of all the issues and deficiencies in the building, the interest ceased.

My conversations with engineers and architects suggested that, given the former hospital's age, repurposing of the building would likely require more than a renovation and closer to a gut-renovation. A renovation typically involves minor exterior assembly work and selective

demolition to support the renovation. This tends to be appropriate for newer buildings with a more robust exterior.

A gut – renovation requires greater exterior assemblies work, and a demolished interior down to the core and shell to effectively provide for new construction. A full gut is more likely in older buildings with outdated systems and exterior. A gut job can be easier than a renovation but still somewhat more expensive, though they can be comparable. A gut-renovation helps to eliminate unknowns, but the savings made can be a wash with the larger demolition and disposal costs involved. Finally, with older buildings in Southeast Alaska, these projects nearly always require a good measure of work to the exterior assemblies in addition to the interior gut and build back work. Given this, I would not assume that the exterior would be OK. (source: Dave Hurley, Northwind Architects)

Wold Architects and Engineering were highly involved in the Wrangell Medical Center project which opened earlier this year. I spoke with both an architect and engineer involved with this project and they opined that the conversion of a hospital use to a long-term care use would likely be a gut job, as the patient rooms are likely too small to meet industry standards and to reflect the industry standard for LTC facilities, which conforms to the “household” or “green” model discussed earlier in this report. For example, they indicated that the plumbing would not line up. It was indicated that the subject’s mechanical area, by modern standards, was likely excessive in size and ceiling height when considering modern HVAC systems. Considering the age of the building, it was their opinion that all the mechanical and systems are likely at their end of life and needed to be replaced. Given this, a gut job, retaining the bearing walls, was their prognosis for the subject.

In Douglas, Alaska, a 1962 office building that was state owned and occupied needed to be renovated or replaced. The state considered both possibilities and determined that they could have a gut-renovation done for the same cost of building new (at \$450 SF). The job took place in 2018-19. Northwind Architects worked on this project and indicated that with increases in cost, this job could not be completed for that cost today.

Conclusion of Depreciation Issue for former SCH building

Based upon all the data collected, this building experiences depreciation due to its age, changes in the healthcare industry with respect to design, layout, HVAC systems, data systems, etc. The consensus is that a gut-renovation is appropriate, and the cost of such a project is likely to fall close to cost new, or potentially higher than cost new.

Considering the foregoing, depreciation to this building is estimated at 95% in this analysis.

Estimate of Depreciation for Mountainside Clinic

This modular building arrived four parts and was assembled on site. It is not on a permanent foundation. A small addition was added in 2017 and is exterior to the main building, which is not ideal. Finally, the roof system has a leaking issue that needs to be addressed. The building is approximately nine years old and accrued depreciation is estimated at 15%.

Estimate of Depreciation for Biohazard Shed

This shop building is reportedly having issues with the floor load requirements of the biohazard equipment. While functional, it is at the end of its useful life and is depreciated 90%. Ideally, this portion of the site could be used for other purposes and this function moved elsewhere, or the biohazard requirements would be contracted to an off-site location.

Deferred Maintenance

The basement area from the former 1940s hospital facility includes the below ground area and the asphalt surface which is cordoned off from parking for safety reasons. This area needs to be addressed. \$400,000 is estimate for this effort.

Depreciated Value of Subject Improvements

As shown at the end of this section on Page 63, total depreciation is estimated at 82% of replacement cost new, or \$33,829,313. The depreciated value of the improvements is estimated at \$7,250,872.

Value of Subject Site

The subject site is irregular in shape and is well located in Sitka, within walking distance and bus lines of many uses. As noted earlier, if not in public ownership, it is assumed that the zoning would be C-1, based upon a review of the 2030 Comprehensive Plan.

If vacant and unimproved, the site would reflect a relatively large parcel of land in the Sitka market that is served by infrastructure and all public utilities. The land sales selected include sales in the Sitka market, which include commercial sites in the Sawmill Creek area, and the small parcels acquired by SEARHC along Halibut Point Road adjacent to the subject property. Also included is a land sale and a listing for light commercial zoned land in Vintage Park in Juneau where a blend of retail, apartments, offices, mixed use condos, and senior housing exist. Additional details to the land sales discussed below are included in the Addenda.

Land Comparison No. 1 is located near to the subject, at the corner of Brady Street and Halibut Point Road. This 7,950 SF lot was marketed at \$220,000 and sold for \$190,000 or \$23.90 SF. SEARHC acquired the property for a future mixed-use development.

Land Comparison No. 2 is also on Halibut Point Road, adjacent to the Harborview Condominiums. SEARHC acquired three lots totaling 20,400 SF for \$21.32 SF. This acquisition was for the future mixed-use development of 52,000 SF proposed by SEARHC.

Land Comparison No. 3 is the Cole's Trailer Park at 1311 Sawmill Creek Road. The 48,810 SF land area is improved with a 22-space mobile home park which offers minimal services other than utilities. The marketing brochure advertised this triangular shaped property as having a commercial highest and best use. The property sold for \$500,000 in July of 2015; this amount divided by the land area indicates a price per square foot of **\$10.24**. The site is zoned C-2. The buyers continue to operate the park but realize that the medium to long term highest and best use is not reflected by the current use.

Land Comparison No. 4 is the December 2017 sale of 30,000 SF of C-1 zoned land at 106 Burkhart Street off Sawmill Creek Road near Price Street. This parcel had been platted into three lots for future residential development. The buyer had been looking for a commercial site for 3-5 years and may build shops, four-plex's or a combination of uses in the future. The site had a retaining wall and was rocked in. The property sold for \$390,000 or **\$13.00 SF**.

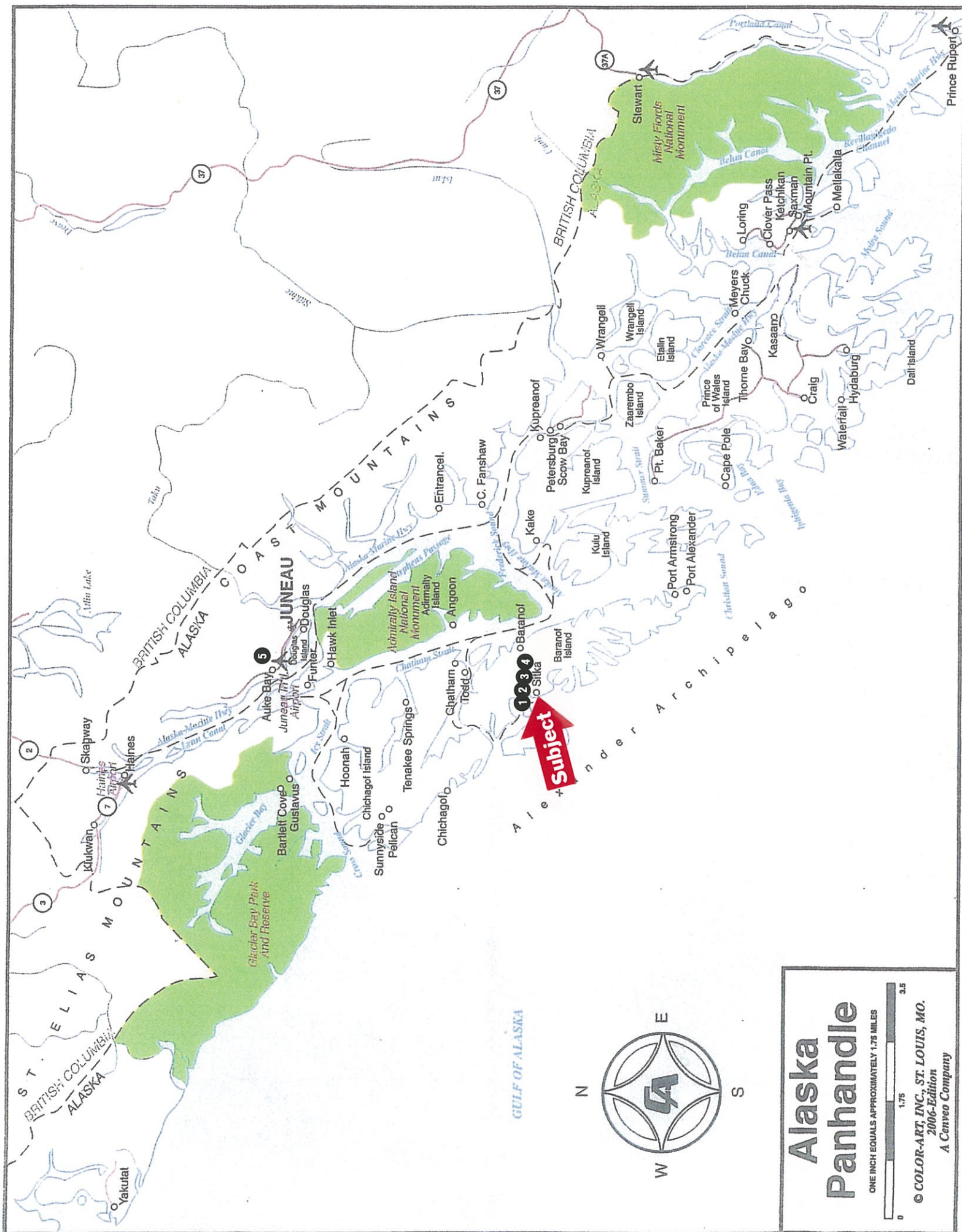
Land Comparison No. 5 is a 127,336 SF parcel at Vintage Park in Juneau, zoned light commercial that was under contract for \$16.00 SF to SEARHC, who intended to build a medical clinic. Safeway, an adjacent property owner, had power to decide against uses on this neighboring property, and decided not to allow this sale to go through. This is a flat parcel with good soils.

SUMMARY OF LAND SALE COMPARISONS						
SUBJECT	SALE NO. 1	SALE NO. 2	SALE NO. 3	SALE NO. 4	SALE NO. 5	
SUBJECT PROPERTY	200 BRADY STREET SITKA	802 & 810 HALIBUT PT. ROAD SITKA	COLE'S TRAILER PARK SITKA	106 BURKHART STREET SITKA	VINTAGE BUSINESS PARK TRACT A2 JUNEAU	
SALE PRICE	\$ 190,000	\$ 435,000	\$ 500,000	\$ 390,000	\$ 2,037,376	
SALE DATE	Jul-18		Jul-15	Dec-17	Apr-20	
LAND AREA	144,000	7,950	20,400	30,000	127,336	
SALE PRICE PER SQ. FOOT	\$ 23.90	\$ 21.32	\$ 10.24	\$ 13.00	\$ 16.00	
ZONING	PUBLIC	C-1	Light Commercial	C-2	C-1	Light Commercial
TOPOGRAPHY	sloped and level areas	modest slope, forested	1976	level	level, good soils	level, good soils
COMMENTS		future development	future development	22 space trailer viewed as interim use	future development	healthcare clinic

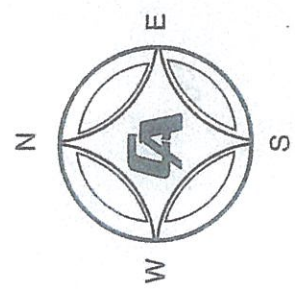
Conclusion of Site Value

The comparisons are commercially zoned properties that range from \$10.24 SF to \$23.90 SF. The two sales at the high end of the range are small parcels next to the subject property. The indicators for these smaller parcels are too high for the subject. The three remaining comparisons range from \$10.24 SF to \$16.00 SF. The value for the subject should fall within this range. The \$16.00 SF indicator is similar in size to the subject but sets the upper limit for the subject as it is in Juneau.

Considering the market data, as well as the irregular shape of the subject, especially at its east end, market value is estimated at \$14.50 SF or **\$2,088,000.**



GULF OF ALASKA



Alaska Panhandle

ONE INCH EQUALS APPROXIMATELY 1.75 MILES

0 1.75 3.5

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SUMMARY OF COST APPROACH

DIRECT COSTS

Long Term Care and Rehabilitation Facility	51,926	SF @	\$ 650	sf =	\$ 33,751,900
Mountainside Clinic	3,880	SF @	\$ 475	sf =	\$ 1,843,000
Garage at East End of Long Term Care	456	SF @	\$ 125	sf =	\$ 57,000
Biohazard modular shop	560	SF @	\$ 125	sf =	\$ 70,000

TOTAL OF DIRECT COSTS

56,822 SF GBA \$ 35,721,900

INDIRECT COSTS

Architect & Engineers Fees	10% of direct costs	\$ 3,572,190
Construction Financing	3% of direct costs	\$ 1,071,657
Contingencies	2% of direct costs	\$ 714,438

TOTAL INDIRECT COSTS

15% \$ 5,358,285

REPLACEMENT COST NEW

\$ 41,080,185
\$ 723

DEPRECIATION

Physical and Functional Depreciation to former SCH bldg.	95%	\$ (33,026,234)
Accrued physical depreciation to Mountainside Clinic	15%	\$ (284,744)
Accrued Depreciation of Garage	70%	\$ (45,885)
Accrued Depreciation to Biohazard Shop	90%	\$ (72,450)
Deferred maintenance 1940s hospital basement		\$ (400,000)

TOTAL DEPRECIATION

82% \$ (33,829,313)

DEPRECIATED VALUE OF IMPROVEMENTS

\$ 7,250,872
\$ 128

VALUE OF SUBJECT SITE

144,000 SF @ \$ 14.50 SF \$ 2,088,000

FINAL VALUE BY COST APPROACH ROUNDED

\$ 9,338,872
\$ 9,340,000
56,822

SALES COMPARISON APPROACH

The Sales Comparison Approach is a process by which comparable properties that have sold or are for sale are compared to the subject property. The rationale behind this approach is based upon the principle of substitution, and assumes that a typical buyer, investor, or user would not pay more to buy the subject property than he/she would buy a comparable or substitute property.

In this approach, sales of improved properties, region wide, have been researched, with a focus on those with improvement square footage as close as possible to the subject property, and a land to building ratio that is as similar as possible.

To refresh, the subject property has a total of 56,822 SF of improvements on 144,000 SF of land area, indicating a land to building ratio of 2:53:1. Sales 1-3 are generally similar to the subject property as a whole in this regard.

Sales 4 and 5 are sales of clinics, which are relevant as they provide indicators of value for small to medium sized clinics.

The comparisons are discussed below and are presented in greater detail in the Addenda.

Building Sale No. 1 is commonly referred to in Juneau as the Bill Ray Center. It is at 1108 F Street in Juneau near to the Juneau-Douglas bridge, schools, office buildings and an established older neighborhood.

The University of Alaska had used less and less of the building the decade before it was listed for sale. The need for in person classrooms had decreased due to increases in long distance learning, and the U of A had enough classroom space at Auke Bay to meet all its classroom needs, and no longer needed this building. Further, the building was costing the U of A \$40,000 per month for utilities and upkeep.

In September of 2013, First National Bank of Alaska acquired the U of A property for \$3.1 million and built a new bank branch on a portion of the site. The remainder of the property was excess to their needs and was put on the market.

The property was marketed for five years before selling for \$2,375,000. The buyer was working on projects in Juneau and was drawn to the property for the large parking lot, which could provide a good staging area for this construction firm. The building has remained. This sale has a similar land to building ratio as the subject property. The sale indicates a value indicator of \$108 SF. It is noteworthy that given the long exposure time, many contractors and developers looked at this property to determine if they could figure a realistic use for it that would be economically feasible.



Building Sale No. 2 is the 3100 Channel Drive property in Juneau, commonly known as the Juneau Empire building. This building was custom designed for the headquarters of the Juneau Empire and included very high-quality interior finishes. The newspaper downsized and eventually was sold. The building became a multi-tenant office building with SEARHC the dominant tenant on a long-term lease. The building includes newspaper production area with a loading dock on a portion of the ground level, which is about 20% of the building area.

SEARHC acquired this building for \$9,192,500 in June of 2020. The property was not marketed, and the negotiations were between the buyer and the seller. The property includes 130,782 SF of commercially owned land which includes landscaped and parking lot areas. The price paid for this property was **\$174 SF**. The building was built in 1986 and was in good condition at the sale date.

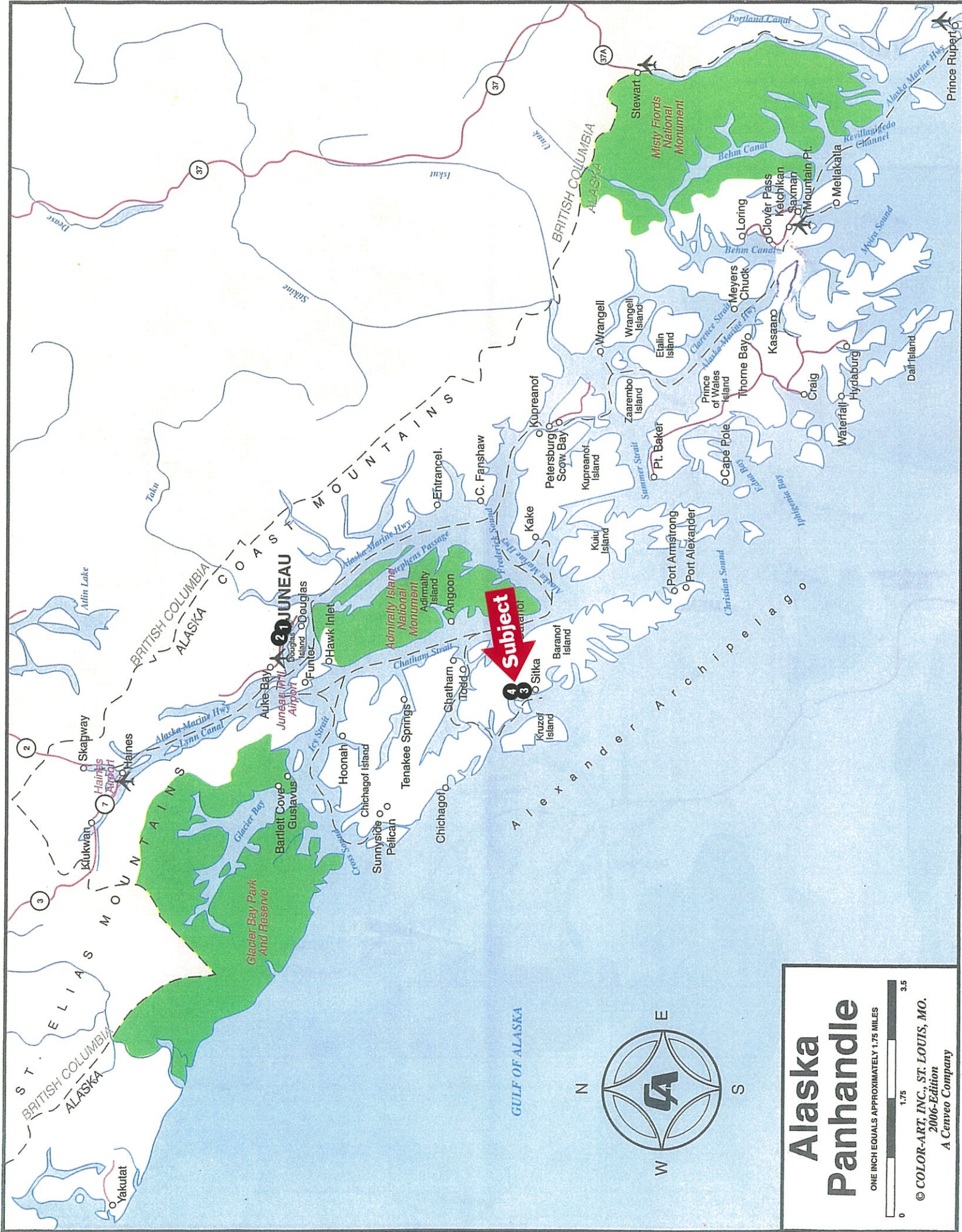


Building Listing No. 3 is in Sitka and is the Totem Square Inn. This property was listed over the past two years for \$5,900,000. This property is 43,075 SF and includes 75 hotel rooms, a full restaurant and bar that is leased out, and several commercial and office leases on the ground floor. The owner of this property also owns the Westmark Hotel on Seward Street. This hotel had been operating for 6 months of the year for many years. The hotel was closed in the off season. The entrance of the Aspen Suites to the market in 2017, impacted the summer occupancy that this hotel could achieve, and lodging revenues decreased significantly.

The property is off the market and the Anchorage realtor indicated that it is under contract at this writing. This property includes an irregular shaped lot of 95,073 SF, of which 27% is submerged tidelands. The property includes a ramp and float system and outside covered deck facing the water. The asking price equates to **\$135 SF**. The property did not sell at its asking price; the sale price will not be disclosed until closing.



Building Sale No. 4 is the Moore Clinic at 814 Halibut Point Road. This two-level clinic had a finished daylight walk out lower level, and an upper level that had an elevation similar to the SCH building. There was a covered walkway from the clinic to the SCH at the sale date. This clinic well exposed to the market before selling for \$1,075,000, but as their efforts to assemble land to develop a 52,000 SF mixed use project progressed, they decided to raze the clinic. The price paid for the clinic building was **\$264 SF**.



Alaska Panhandle

ONE INCH EQUALS APPROXIMATELY 1.75 MILES

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Building Sale No. 5 is the sale of the Homer Medical Clinic at 4136 Bartlett Street in Homer. The one-story clinic of 4,904 SF had been built in 1985 on a 78,408 SF site. The clinic had been leased to the by the Kenai Peninsula Borough for three years before the Borough purchased it for \$1,530,000 or **\$312 SF**. Three years after the purchase, the Kenai Peninsula Borough expanded the clinic by 5,584 SF at a cost of **\$537 SF**, as was noted earlier in this report.



SALES COMPARISON APPROACH - SUMMARY GRID

SUBJECT		BUILDING SALE NO. 1		BUILDING SALE NO. 2		BUILDING LISTING NO. 3		BUILDING SALE NO. 4		BUILDING SALE NO. 5	
		1108 F STREET		3100 CHANNEL DRIVE		TOTEM SQUARE INN		814 HALIBUT POINT ROAD		4136 BARTLETT STREET	
		BILL RAY CENTER - JUNEAU		JUNEAU		201 KATLIAN ST. SITKA		SITKA		HOMER	
SALE PRICE	1982-84/2012	\$		2,375,000 \$		9,192,500 \$		5,900,000 \$		1,075,000 \$	
AGE OF CONSTRUCTION		1976		1986		1970s/2012 w/upgrades		Jul-17		1985	
SALE DATE						under contract/list price shown				Oct-15	
GROSS BUILDING AREA	56,822	22,055		52,799		43,705		4,078		4,904	
SALE PRICE/SF		108 \$		174 \$		135 \$		264 \$		312	
BUILDING TYPE	steel frame/sided & wd clinic	steel frame reinforced concrete		steel frame, concrete and glass		wood construction		2 level medical clinic		one story medical clinic	
USE & LAYOUT	long term care, clinics	university classrooms/admin		offices and 20% production area		hotel, restaurant, office, service		average		wood construction	
OVERALL CONDITION	fair to average	average		good to very good		average plus		C-1		average +st	
ZONING	Public	light commercial		general commercial						commerical	
TOTAL LAND AREA	144,000	60,165		130,782		95,073		52,000		78,408	
LAND TO BUILDING RATIO	2.53	2.73		2.48		2.18		12.75		15.99	

Conclusion of Sales Comparison Approach

Comparisons 1-3 are improved commercial properties in the region that have similar land to building ratios as the subject. Sale 1 and Listing 3 are more relevant as both properties face challenges from an operating perspective. Sale 1 has been vacant for many years. Sale 2 is an operating office building centrally located in Juneau near to the hospital.

Sales 1 and Listing 3 range from \$108 to \$135 SF; the SCH building would fall within this range, and likely at the lower end given the uncertainty of its overall condition.

Sales 4 and 5 at \$264 to \$312 for clinic buildings that are older than the subject and in that regard, are low indicators for the subject. Adjusting each indicator +25% for age difference increases these indicators to \$330 to \$390 SF respectively. For the purpose of this analysis, \$365 SF is deemed reasonable, as it falls within this range.

The \$108 SF indicator is the most reasonable estimate for the SCH building which accounts for 93% of the combined GBA at the subject property. Mountainside Clinic accounts for about 7% of the GBA and, as noted above, warrants a value of \$365 SF. The combined average is \$126 SF ($\$108 \times .93 + \$365 \times .07$).

Based upon the foregoing, the conclusion by this approach is 56,822 SF x \$126 SF or \$7,159,572, rounded to **\$7,160,000**.

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach	\$9,340,000
Sales Comparison Approach	\$7,160,000

The cost approach benefits from a great deal of information from knowledgeable sources. However, there remain uncertainties regarding the extend of all forms of depreciation impacting this property. It is possible that a gut-renovation of the SCH building may exceed the cost of new construction.

Market data for the sales comparison approach that is highly relevant to the subject is scarce. There are simply no sales of similar properties in the region.

The market value for the subject, based upon the available information and data presented in the appraisal, falls within the range of \$7,160,000 to \$9,340,000. \$8,250,000 falls at the mid-range point and is the estimated value of the property.

SITKA ECONOMIC PROFILE

Sitka Economic Profile, 2020

PREPARED FOR:

Sitka Economic Development Association

July 2020

McDowell Group Anchorage Office

1400 W. Benson Blvd., Suite 510
Anchorage, Alaska 99503

McDowell Group Juneau Office

9360 Glacier Highway, Suite 201
Juneau, Alaska 99801

Website: www.mcdowellgroup.net

This document provides a high-level overview of the latest data available on key socioeconomic indicators for Sitka. Many of the economic effects of the COVID-19 pandemic are not yet evident in available data, which may have time lags of a month to more than a year. The observed or likely effects of COVID-19 are discussed where possible.

The information is presented in three segments:

- Demographics
- Economics
- Industry trends

For some key indicators, data for other communities or Alaska overall are provided for context.

Key sources of data include Alaska Department of Labor and Workforce Development (DOLWD), Alaska Department of Fish and Game (ADF&G), the federal Bureau of Economic Analysis (BEA), and various McDowell Group research publications. Where warranted, monetary values have been presented in both nominal and real (inflation-adjusted) dollars using the Bureau of Labor Statistics (BLS) Urban Alaska Consumer Price Index (CPI).

COVID-19 has dramatically changed the local, state, and national economic landscape. Economic losses have been severe, and the path to recovery is unclear.

As Sitka entered 2020, several underlying trends were evident in socioeconomic data:

- Sitka's economy is diverse, with important contributions from the seafood industry, tourism, health care, and "national interest" federal government, including the U.S. Coast Guard (USCG) and the U.S. Forest Service (USFS). This diversity provides a degree of economic resiliency.
- Sitka's economy has shown long-term stability, with employment fluctuating within a narrow band over the past decade. Sitka has largely been spared the losses Alaska suffered through the 2015-2018 recession driven by the 2014 oil price collapse.
- While employment and population have been generally flat, total and per-capita real (inflation-adjusted) income earned by Sitka residents has been growing through at least 2018 and probably into 2019.
- Recent population decline is of concern. With another year of decline in 2019, Sitka has experienced three consecutive years of population loss. Compared to 2014, Sitka's population has declined by a total of 534 residents, a 6% decrease. Based on demographic trends through 2019, Sitka's population is projected to continue slowly declining, slipping to 8,300 by 2030, about 250 fewer residents than in 2019.

The economic shutdown in March and April resulted in sharp declines in business sales and steep employment cuts. By April, unemployment in Sitka reached 12.8%, triple the March rate of 4.2%. More than 500 Sitka resident workers filed unemployment claims in April. May and June numbers showed some improvement, with unemployment at 12.4% and 11.7%, respectively. (The statewide unemployment rate in June was 12.3%, while the national rate was 11.2%.)

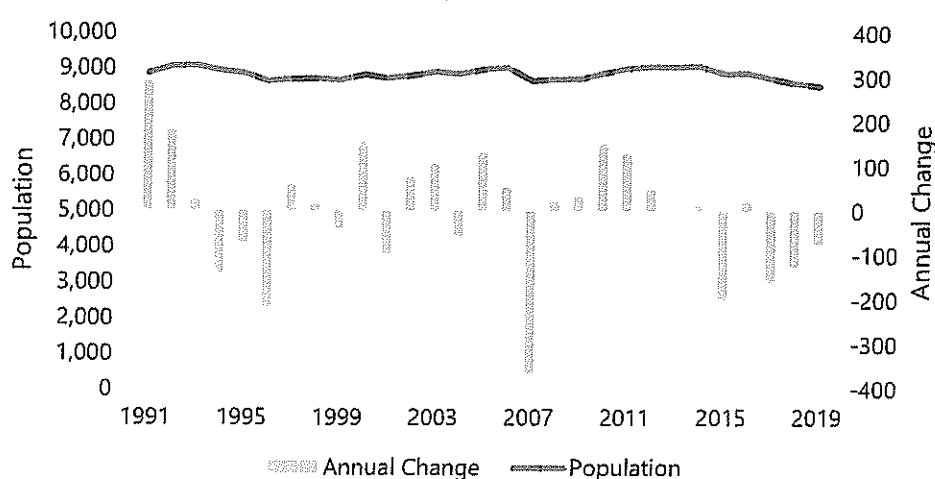
The economic damage associated with COVID-19 crosses many sectors of the economy, particularly restaurants and bars, hotels, retailers, and health care services. Further damage will unfold over the summer due to losses in the visitor industry, which could cost the Sitka economy more than \$30 million in direct visitor spending.

CARES Act funding, Payroll Protection Program (PPP) funding, Economic Impact Payments, expanded unemployment insurance payments, and other sources of federal funds have added (or will be adding) much needed cash (likely totaling more than \$40 million) to local residents, businesses, and other organizations. However, these are temporary infusions into an economy that could take several years to fully recover.

Population

- Sitka's population totaled 8,532 residents in 2019, down a little less than 1% from 2018. While the decline was small, it was the third consecutive annual decline. Since 2014, Sitka's population has dropped by a total of 534 residents, a 6% decrease.
- Sitka's population has been fairly steady over the last 30 years with total population cycling between highs of about 9,100 and lows of around 8,600. However, Sitka's population is now at its lowest point since the 1980s.

Figure 1. Sitka Population, 1991 to 2019



Source: DOLWD.

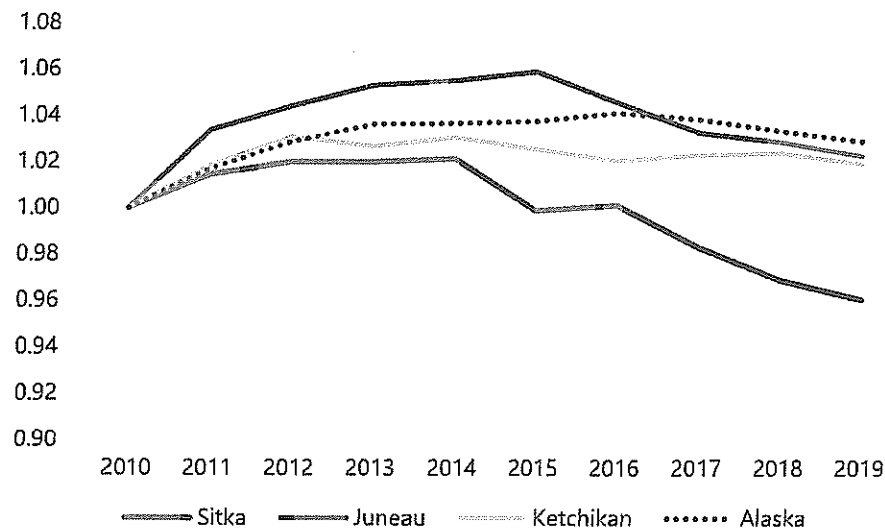
- The recent population decline in Sitka is greater than declines in other communities and in Alaska overall. While Sitka's population was down by 4.2% between 2016 and 2019, Alaska's was down 1.2%, Juneau's was down 2.2%, and Ketchikan's was down 0.1% over the same period.

Table 1. Population Trends in Sitka and Other Areas, 2010-2019

Year	Sitka	Juneau	Ketchikan	Alaska
2010	8,881	31,275	13,477	710,231
2011	9,018	32,331	13,722	722,159
2012	9,052	32,657	13,891	730,603
2013	9,054	32,941	13,836	736,071
2014	9,066	33,000	13,889	736,423
2015	8,899	33,128	13,820	737,022
2016	8,905	32,705	13,753	739,676
2017	8,748	32,302	13,782	737,847
2018	8,652	32,247	13,843	736,239
2019	8,532	31,986	13,739	731,007

Source: DOLWD.

Figure 2. Population Change (2010 = 1.00)



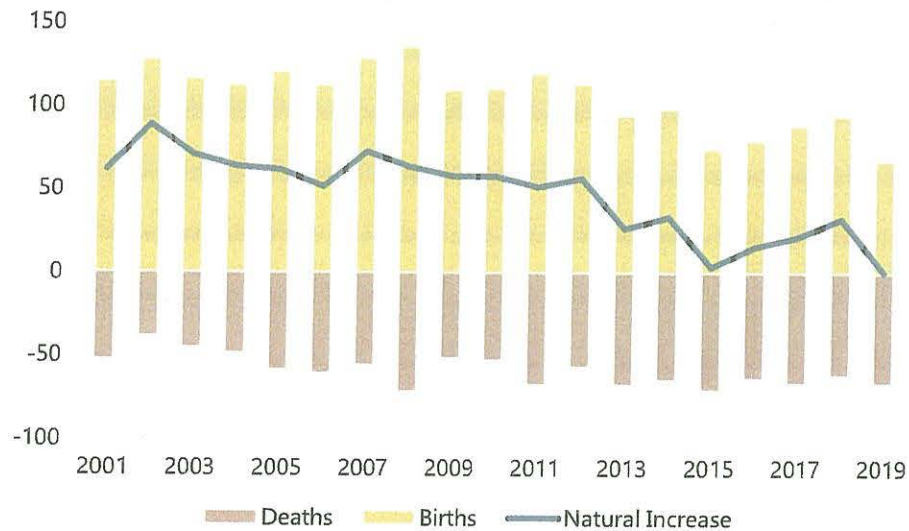
Source: DOLWD.

- Declining school enrollment in Sitka reflects out-migration and other demographic shifts. School enrollment in 2019-20 (1,251 students) was at its lowest point since peaking in 2013-14 (1,421 students). Enrollment is down 12% over the 2013-14 to 2019-20 period.

Births/Deaths

- Population change results from a combination of net migration and natural increase. Natural increase is the difference between the number of local deaths versus the number of births.
 - Sitka experienced a natural increase of one in 2019 with 67 births and 66 deaths.
 - The rate of Sitka's natural increase has been trending down over the last two decades as a result of both decreasing birth rates and increasing death rates.

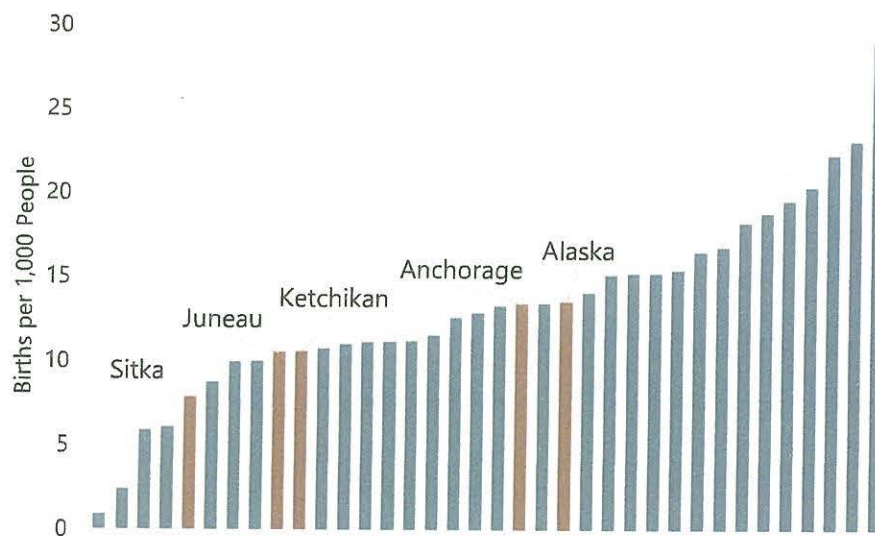
Figure 3. Sitka Births, Deaths, and Natural Population Change



Source: DOLWD; McDowell Group calculations.

- Sitka has seen a steadily decreasing birth rate over the last 20 years. During the 2000s, Sitka's birth rate averaged 13.5 births per 1,000 people. Last year Sitka had a birth rate of just 7.9.
- Sitka's birth rate is now one of the lowest of any region in Alaska and is 42% lower than Alaska as a whole.

Figure 4. Birthrates for Alaska and Selected Communities, 2019

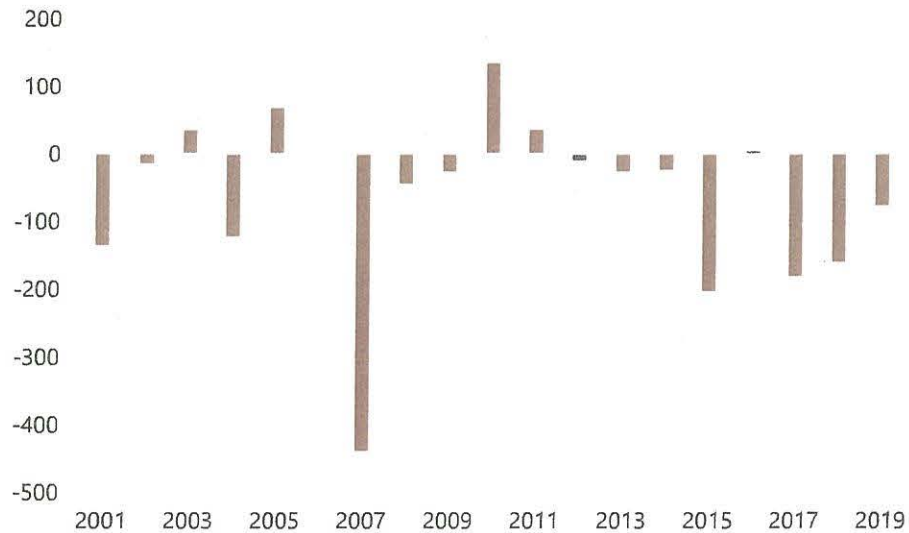


Source: DOLWD; McDowell Group calculations.

Migration

- In the last eight years, Sitka has only seen one year with positive net migration. In 2016, four more people moved to Sitka than left. Over the last four years alone, 615 more people moved away from Sitka than moved to Sitka.

Figure 5. Sitka Net Migration

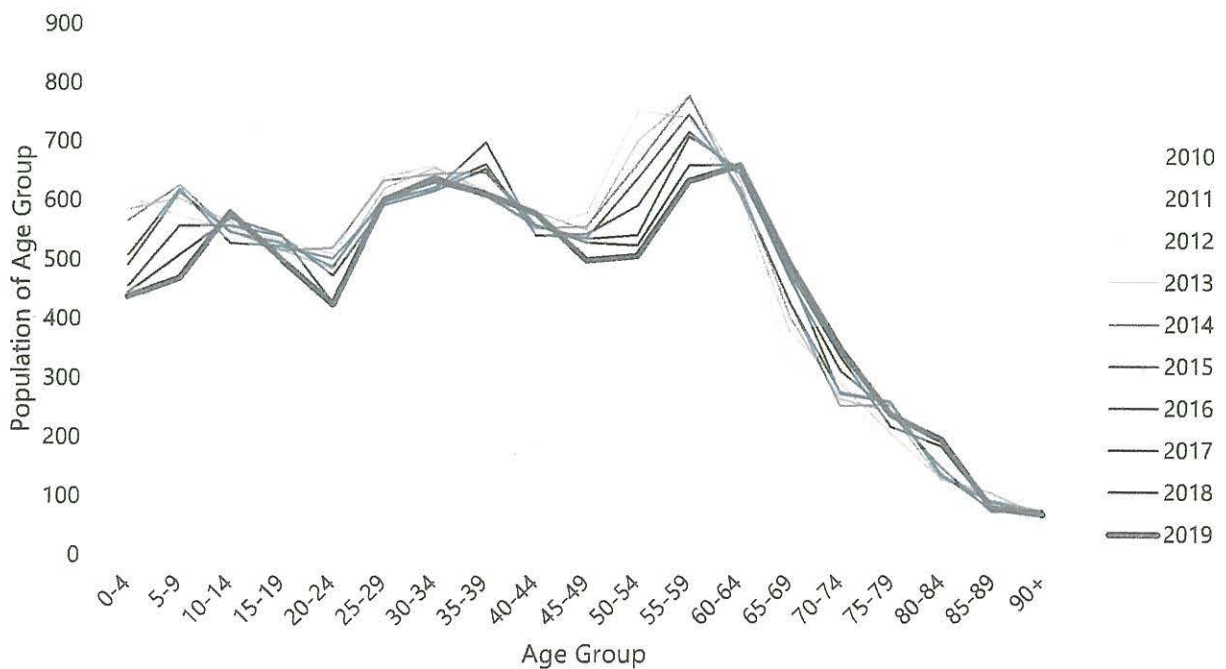


Source: DOLWD; McDowell Group calculations.

Age and Demographics

- Sitka's population is getting older. The median age of a Sitka resident has grown from 38.1 to 40.1 over the last 10 years. This is significantly higher than the Alaska median age of 35.5 but similar to that of other Southeast communities. Of the 14 borough/census areas in Alaska with the highest median age, nine are in Southeast Alaska, led by Haines with a median age of 48.6.

Figure 6. Sitka Population by Age Group



Source: DOLWD; McDowell Group calculations.

- Sitka's population has three distinct age groups:
 - **Children age 10 to 19:** Ten years ago, there were 1,185 children aged 9 or under. Now, 10 years later, these children are aged 10 to 19. The current number of children aged 10 to 19 is 1,078, meaning that this cohort of children has declined by 9% over the last 10 years.
 - There are now only 906 children aged 9 and under, a 24% reduction from 10 years ago. This means that not only has the cohort of children currently aged 10 to 19 shrunk by 9%, the number of children replacing them has shrunk even further.
 - **Adults age 25 to 44:** The number of adults aged 25 to 44 in Sitka has been consistent over the last 10 years, staying between about 2,420 and 2,480. The size of this group holds steady while there are persistent reductions in age group populations on either side. This implies that some of this cohort moves to Sitka at around 25 and then slowly begins leaving Sitka starting at about 35.
 - **Adults age 55 to 64:** This age group represents the largest cohort in Sitka. Ten years ago, when these residents were age 45 to 54, they were by far the largest age group in Sitka. As they have aged, their population has decreased by about 9%.

Population Projection

- Sitka's population is projected to decrease to 8,300 by 2030 and to 7,500 by 2045, based on the trajectory of current migration and natural change trends.
- Sitka's projected 25-year decline, at 11.7%, is greater than Juneau's (-0.6%) and Ketchikan's (-8.2%) and in sharp contrast to the statewide growth projection (+14.6%) over the next 25 years.
- It is important to note that DOLWD population projections are not updated every year and may be adjusted in the future to reflect current population trends as well as economic events. These projections were prepared prior to the COVID-19 pandemic.

Table 2. Population Projections Through 2045

Year	Sitka	Juneau	Ketchikan	Alaska
2019	8,532	31,986	13,739	731,007
2020	8,609	32,242	13,620	746,582
2025	8,489	32,554	13,561	770,392
2030	8,312	32,640	13,418	790,777
2035	8,092	32,531	13,186	808,367
2040	7,829	32,240	12,919	823,771
2045	7,530	31,783	12,607	837,806
Total Change (%)	-11.7%	-0.6%	-8.2%	+14.6%

Source: DOLWD; McDowell Group calculations.

Sitka's Economic Footprint

There are various ways to describe the size of Sitka's economy.

- The Bureau of Economic Analysis measured Sitka's Gross Domestic Product (GDP) in 2018 at \$512 million, up from \$488 million in 2017. GDP is a measure of the market value of final goods and services produced in Sitka annually. In 2018, the private sector accounted for \$367 million (72%) of Sitka's total GDP.
- BEA estimated total earnings in Sitka at \$397 million in 2018, up from \$377 million in 2017. Total earnings is a measure of wages and self-employment income for residents and non-residents working in Sitka.
- Sitka residents' personal income totaled \$622 million in 2018, up from \$589 million in 2017. Total personal income is a measure of income from all sources earned by residents of Sitka. This measure does not include wages earned locally by nonresidents.
- Total gross business sales are a measure of local business activity and provides a good barometer of overall trajectory of the economy. According to City and Borough of Sitka data, gross sales totaled \$411 million in FY2018 and \$407 million in FY2019.

Employment Trends

- Sitka's economy included an average of 4,311 wage and salary jobs in 2019, according to DOLWD data. This measure of employment does not include self-employed fishermen, other self-employed people, or active duty military.
- Wage and salary employment in Sitka increased 1.7% (70 jobs) between 2018 and 2019. The significant decrease in local government employment (down 87 jobs, 12.8%) and the increase in health care jobs (up 82 jobs, 14.1%) are likely the result of SEARHC assuming control of Sitka Community Hospital.
- **COVID-19:** While specific data is not yet available, sectors hit hardest by the COVID-19 pandemic include leisure & hospitality, retail trade, transportation, and health care. Additional information about employment impacts of COVID-19 is provided in the labor force section of this report.

Table 1. Sitka Employment Trends, 2016-2019

Industry	2016	2017	2018	2019	2018-19 Change	2018-19 Change %
Government Sector						
Federal Government	126	120	113	108	-5	-4.0%
State Government	326	320	323	315	-8	-2.5%
Local Government	681	692	679	592	-87	-12.8%
Private Sector						
Construction	188	158	154	156	+2	+1.1%
Manufacturing	445	495	477	547	+70	+15.7%
Seafood Processing	363	411	393	462	+69	+19.0%
Retail	449	449	459	448	-11	-2.4%
Transportation	290	293	270	270	0	0.0%
Scenic & Sightseeing	145	140	113	125	+12	+8.3%
Financial Activities	125	119	117	116	-1	-0.8%
Professional & Business Services	173	177	187	203	+16	+9.2%
Educational and Health Services	664	678	688	771	+83	+12.5%
Educational Services	83	ND	78	80	+2	+2.4%
Health Care & Social Assistance	581	ND	609	691	+82	+14.1%
Leisure & Hospitality	521	522	518	521	+3	+0.6%
Accommodations	138	149	157	148	-9	-6.5%
Restaurants and Bars	357	341	332	343	+11	+3.1%
All Other	241	260	257	264	+7	+2.9%
Total Employment	4,229	4,283	4,241	4,311	+70	+1.7%

Source: QCEW, DOLWD.

Wage Trends

- Wages earned in Sitka in 2019 totaled \$208.7 million, up 6% from the 2018 total of \$196.6 million. The change included a drop in government wages and an increase in private sector wages, likely related to change in hospital management.
- The average monthly wage in Sitka in 2019 was \$4,033 (the equivalent of \$48,396 annually). The average was higher in the government sector (\$4,734; local, state, and federal combined) than in the private sector (\$3,818).
- Sitka's average monthly wage in 2019 was about 15% below the statewide average of \$4,748.

Table 4. Sitka Monthly Wage and Total Annual Wages Trends, 2014-2019

	2014	2015	2016	2017	2018	2019
Total Annual Wages (\$millions)						
Government	\$61.9	\$62.6	\$62.1	\$61.4	\$63.4	\$57.7
Private industry	\$137.0	\$133.1	\$121.7	\$124.1	\$133.2	\$151.0
All Sectors	\$199.0	\$195.6	\$183.7	\$185.5	\$196.6	\$208.7
Avg. Monthly Wages						
Government	\$4,382	\$4,433	\$4,565	\$4,521	\$4,739	\$4,734
Private industry	\$3,402	\$3,274	\$3,271	\$3,302	\$3,550	\$3,818
All Sectors	\$3,656	\$3,572	\$3,617	\$3,624	\$3,862	\$4,033

Source: QCEW, DOLWD.

Table 5. Average Monthly Wage, Statewide and Selected Communities, 2019

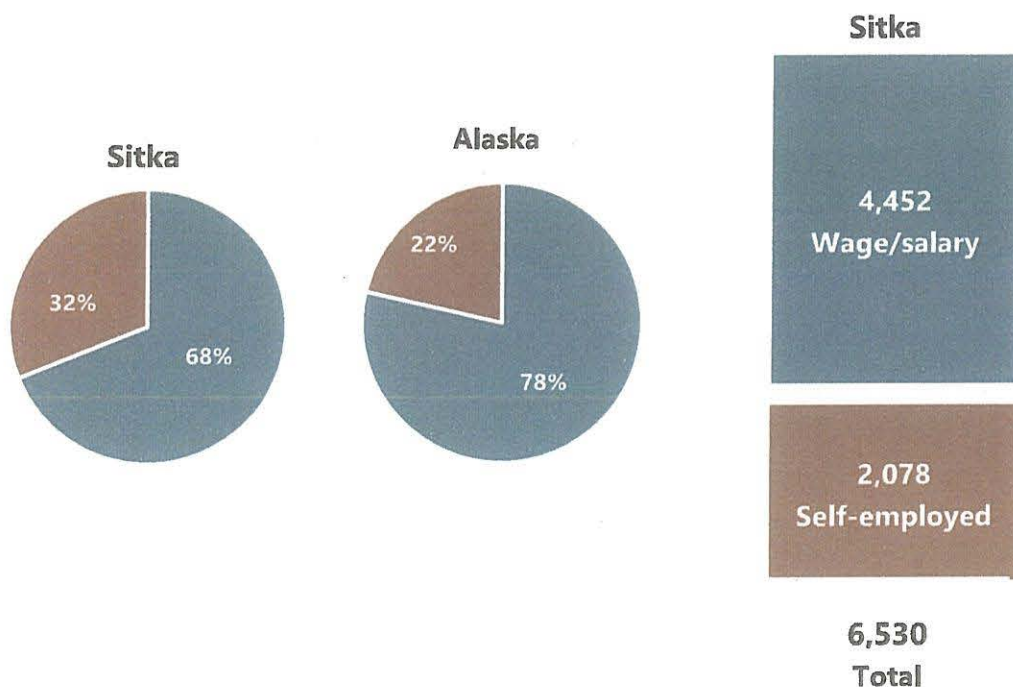
	Average Monthly Wage
Alaska	\$4,748
Anchorage	\$5,002
Juneau	\$4,397
Ketchikan	\$4,047
Sitka	\$4,033
Petersburg	\$3,576
Wrangell	\$3,546

Source: QCEW, ADOLWD.

Wage/Salary Employment and Self-Employment

- Wage and salary employment and self-employment together accounted for 6,530 jobs in Sitka in 2018, according to the latest available BEA data.
- Wage and salary employment accounted for 4,452 jobs, or 68% of all employment in Sitka in 2018. Self-employment accounted for 2,078 jobs (32%).
- Self-employment accounts for a larger share of jobs in Sitka (32%) than in Juneau (21%), Ketchikan (24%), and Alaska overall (22%); the discrepancy is likely attributable to Sitka's high number of commercial fishermen.

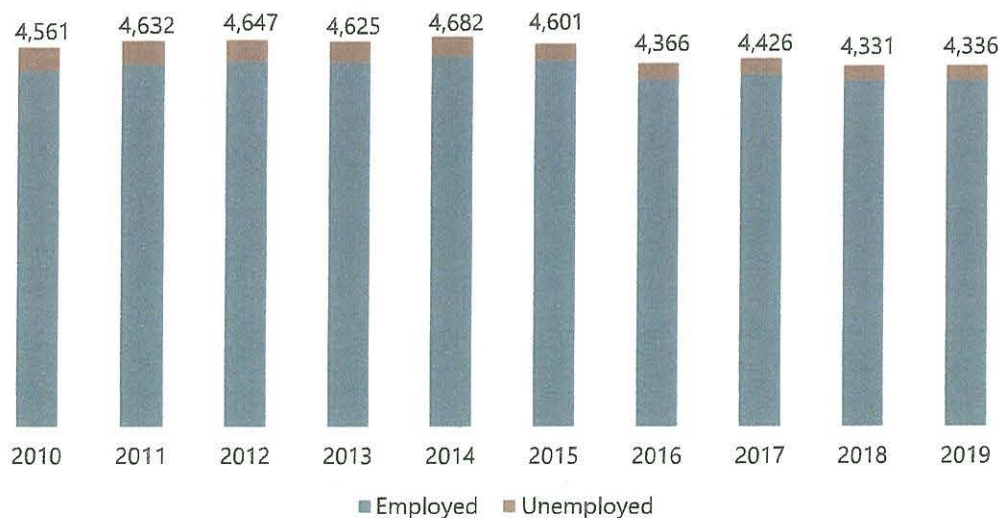
Figure 7. Wage and Salary Employment and Self-Employment, 2018



Labor Force/Unemployment

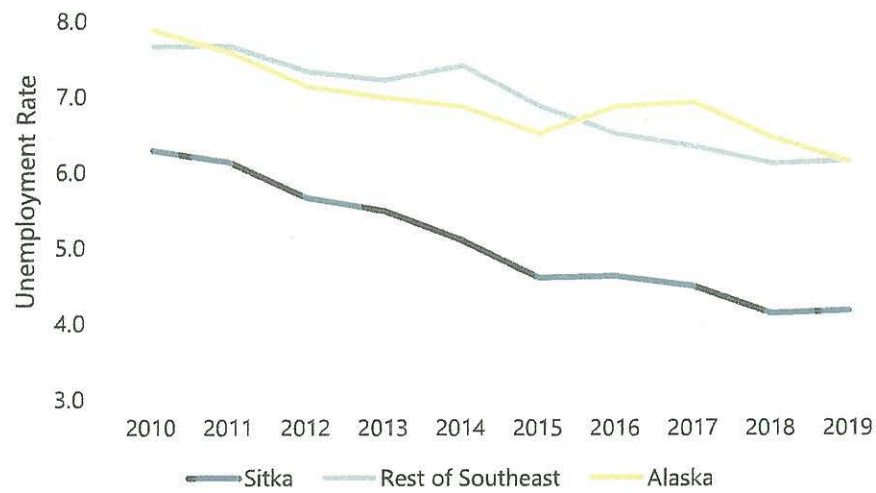
- Sitka's labor force averaged 4,336 workers in 2019, ranging from 3,879 in January to 5,012 in July. The labor force includes employed and unemployed (but seeking employment) residents. It does not include seasonal nonresident workers.
- Sitka's average annual unemployment rate had been declining steadily over the past eight years, until 2019.
- **COVID-19:** Labor force statistics provide the first measures of the economic impact of the pandemic.
 - Sitka's unemployment rate climbed to 12.8% in April, triple the March rate of 4.2%. In April, 519 Sitka resident workers were unemployed, out of the total resident labor force of 4,063. In a typical April, approximately 170 to 190 Sitka workers are unemployed.
 - The 505 Sitkans who received unemployment insurance payments in April 2020 received a total of \$1.31 million in benefits for the month, including the \$600 per-week federal supplement.

Figure 8. Sitka Labor Force, 2010-2019



Source: DOLWD.

Figure 9. Unemployment Rate (%), by Area, 2010-2019



Source: DOLWD.

Table 6. Unemployment Rates (%), by Area, 2010-2019

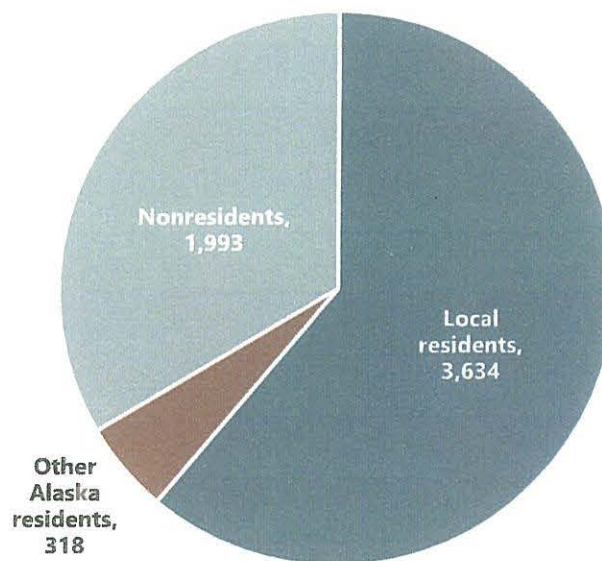
	Sitka	Rest of Southeast	Alaska
2010	6.3	7.7	7.9
2011	6.1	7.7	7.6
2012	5.7	7.3	7.1
2013	5.5	7.2	7.0
2014	5.1	7.4	6.9
2015	4.6	6.9	6.5
2016	4.6	6.5	6.9
2017	4.5	6.3	6.9
2018	4.1	6.1	6.5
2019	4.2	6.2	6.1

Source: DOLWD.

Nonresident Workers

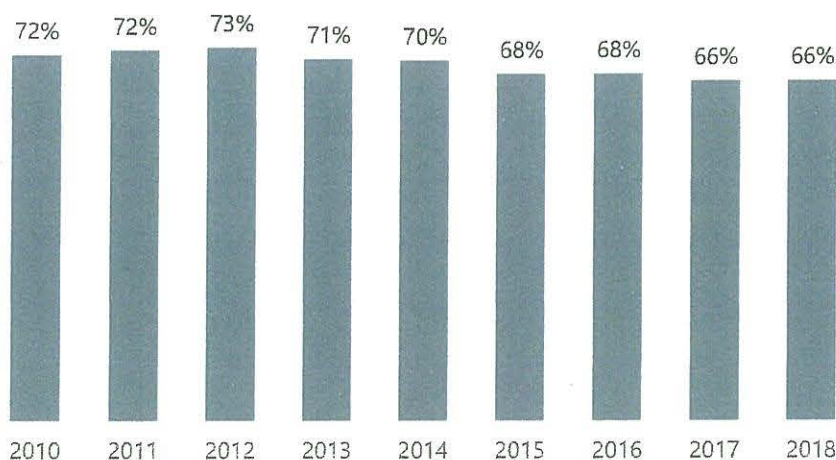
- In 2018, Sitka's workforce included 1,993 non-Alaska residents and 318 Alaskans from elsewhere in the state.
- Nonresidents are an important source of labor for Sitka employers. Non-Alaska residents accounted for 34% of the local workforce in 2018. Including Alaska residents from elsewhere in the state, 39% of the workforce was non-local.
- In the private sector, nonresidents represented 39% of the Sitka labor force in 2018. Those workers took home 26% of the private sector wages earned in Sitka.
- Sitka is more dependent on nonresident workers than Ketchikan and Juneau, as illustrated below.

Figure 10. Nonresidents in the Sitka Workforce, 2018



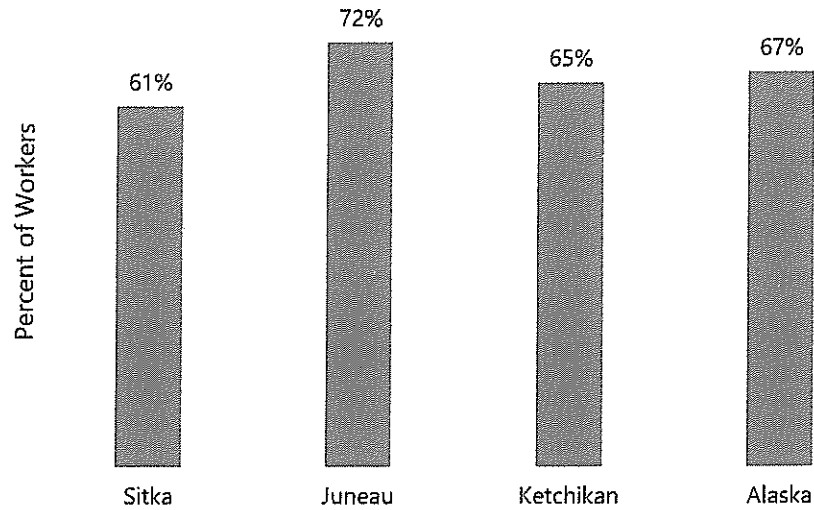
Source: ADOLWD.

Figure 11. Share of Alaska Residents in the Sitka Workforce, 2010 to 2018



Source: DOLWD.

Figure 12. Share of Workers that are Local Residents



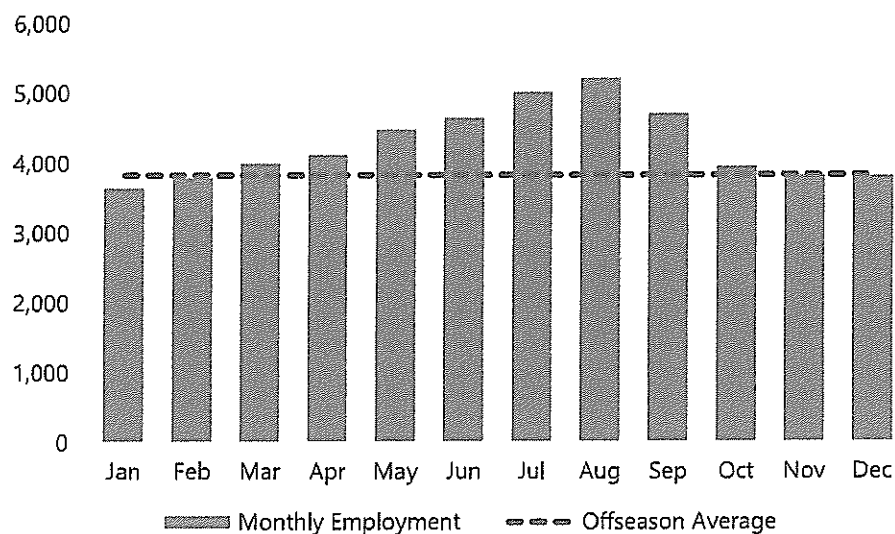
Source: DOLWD.

Seasonality of Employment

Overall Seasonality

- During the off-season months of October to March, Sitka has averaged 3,836 employees over the last four years. In the peak month of August, employment has averaged 5,209 over the same period, 36% higher than the off-season. This number does not include self-employment, such as commercial fishermen, or active duty military.

Figure 13. Sitka Employment by Month
(Averages for Jan. 2016 – Sept. 2019)



Source: QCEW, McDowell Group calculations.

Seasonality by Sector

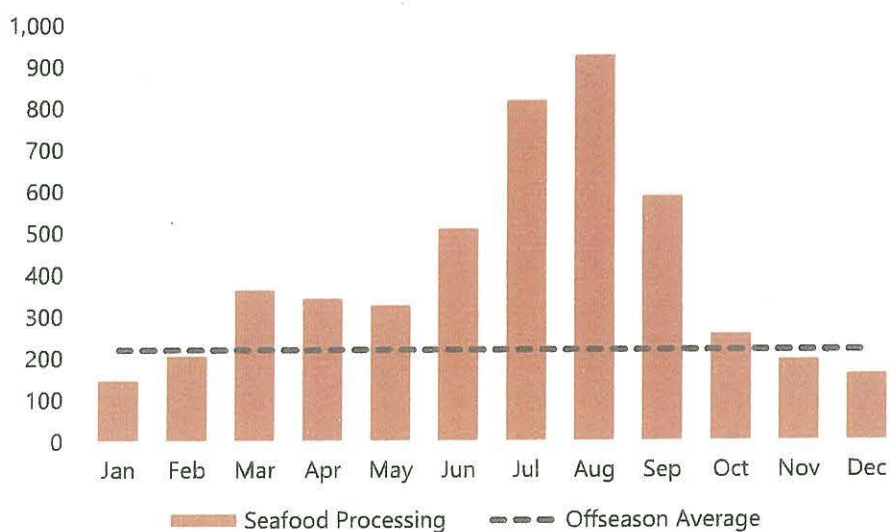
For the following analysis, Sitka employment is broken into four categories:

- Seafood processing employment
- Seasonal tourism-dependent employment
- Moderately seasonal tourism-influenced employment
- Non-seasonal employment.

SEAFOOD PROCESSING EMPLOYMENT

- Seafood processing is Sitka's most seasonal sector, peaking at more than 900 employees during the summer months and dropping below 200 in the winter.

Figure 14. Average Monthly Seafood Employment in Sitka (Jan. 2016 – Sept. 2019)

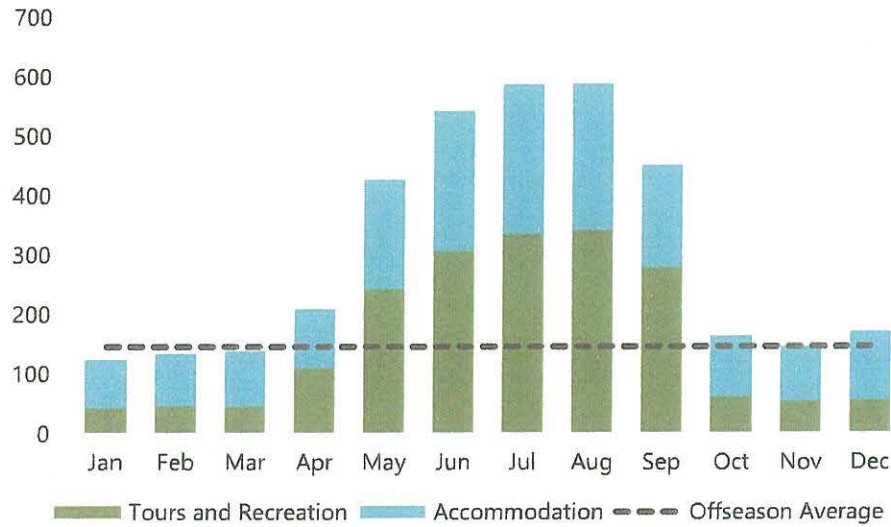


Source: QCEW, McDowell Group calculations

EMPLOYMENT IN TOURISM-DEPENDENT SECTORS

- The tourism-dependent sectors of tours and recreation and accommodation are highly seasonal, accounting for about 150 jobs in the winter months and almost 600 in July and August.

Figure 15. Average Highly Seasonal Industry Employment in Sitka (Jan. 2016 – Sept. 2019)

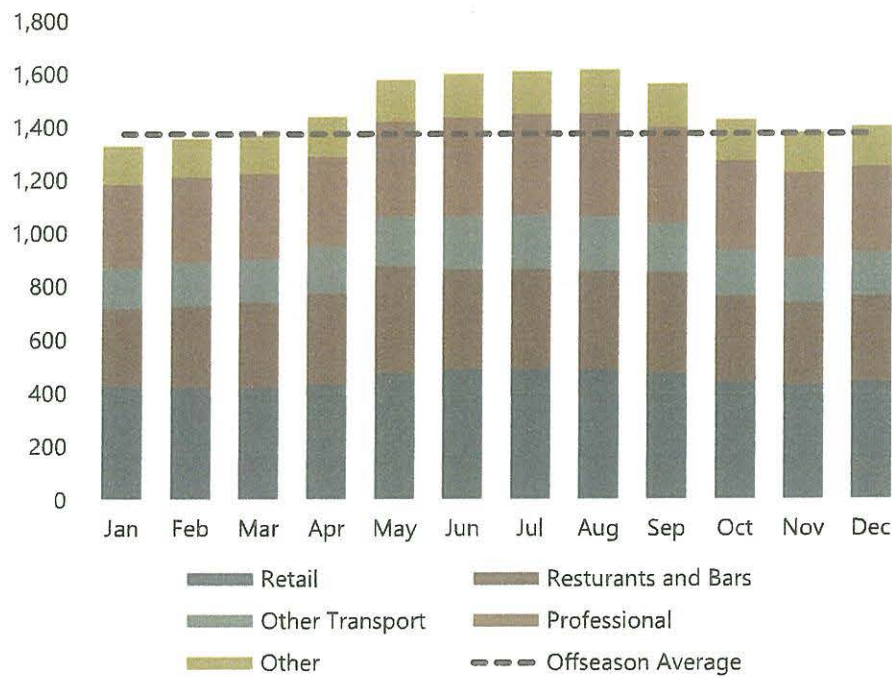


Source: QCEW, McDowell Group calculations.

EMPLOYMENT IN MODERATELY SEASONAL SECTORS

- A number of sectors are moderately dependent on tourism, increasing 15% to 30% during the summer months. These include retail, restaurants and bars, and other transportation. Other sectors are also somewhat seasonal, such as professional services. The winter average employment for these industries combined is 1,375 while the August peak climbs to more than 1,600.

Figure 16. Average Moderately Seasonal Industry Employment in Sitka (Jan. 2016 – Sept. 2019)

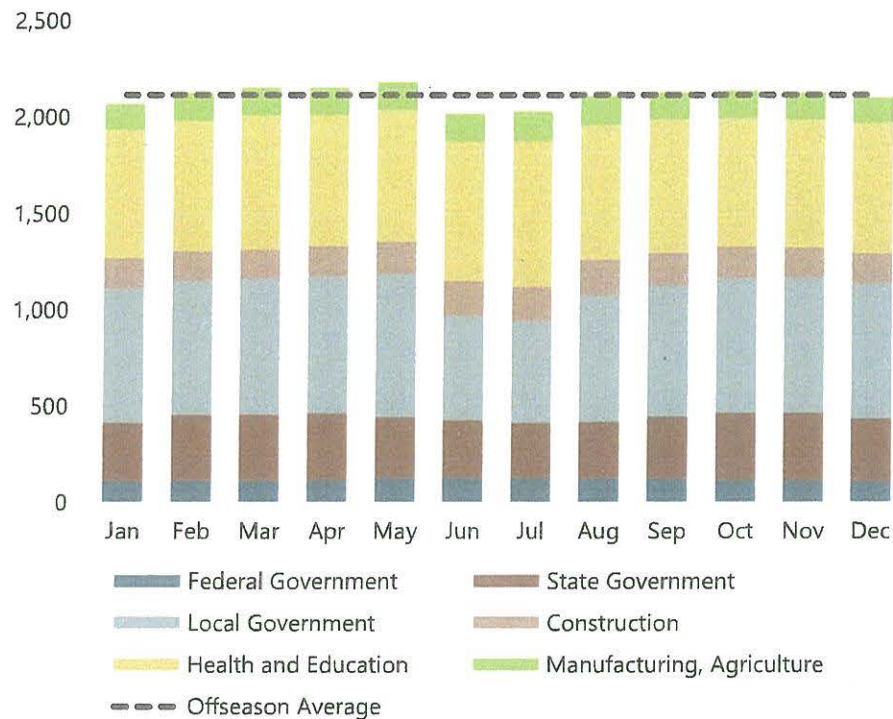


Source: QCEW, McDowell Group calculations.

NON-SEAFOOD/TOURISM EMPLOYMENT

- Employment is generally consistent throughout the year for sectors not directly impacted by seafood or tourism. This includes local, state, and federal government, as well as health care. The slight dip in employment in June and July is related to school district employment.

Figure 17. Non-Seafood/Tourism Employment in Sitka (Jan. 2016 – Sept. 2019)



Source: QCEW, McDowell Group calculations.

Personal Income

- Sitka residents earned \$622 million in total personal income in 2018. This is a measure of income from all sources, including from employment, investments, and transfers from government.
- Between 2009 and 2018, total personal income increased by 48% in nominal dollars and 26% in "real" (inflation-adjusted) dollars.

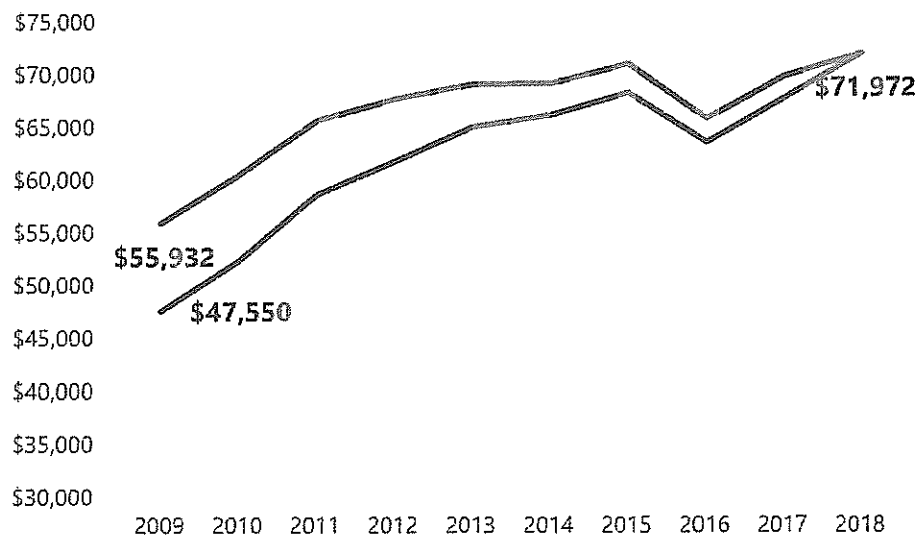
Figure 18. Sitka Total Personal Income, 2009-2018 (\$millions)



Source: BEA, DOLWD, CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.

- Per capita income among Sitka residents was \$71,972 in 2018. Nominal per capita income in Sitka increased each year between 2009 and 2018, except in 2016.
- Per capita income increased 29% between 2009 and 2018, similar to the 26% growth in personal income.

Figure 19. Sitka Per-Capita Personal Income. 2009-2018

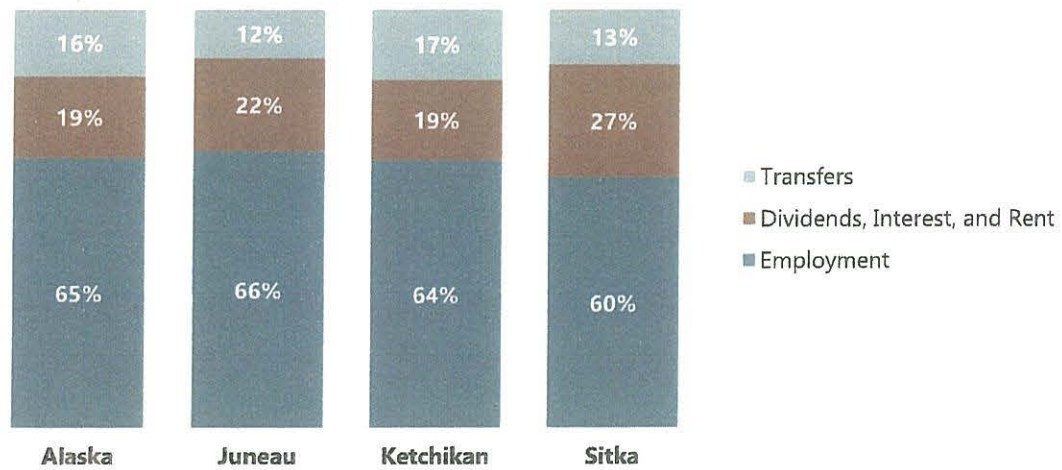


Source: BEA, DOLWD, CPI. Real values calculated by McDowell Group using the Urban Alaska CPI.

- Employment income represents 60% of Sitka resident income; investments account for 27%; and transfer payments (from government to individuals) account for the balance. Employment income includes both wage and salary income and proprietor's income (including self-employed fishing).
- Over the last 10 years, investment income has grown faster than employment income and has accounted for more than half of the growth in real personal income in Sitka.

- The 27% of Sitka's income attributable to dividends, interest, and rent is higher than Ketchikan, Juneau, and the state as a whole. It has been a major driver of Sitka's income growth over the last 10 years and has helped make Sitka's per-capita income among the highest in the state.

Figure 20. Sitka Personal Income Sources by Area. 2018



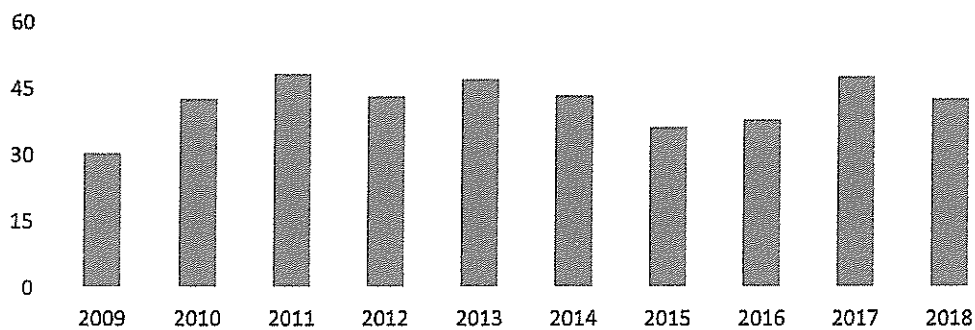
Source: BEA.

Key Industry Conditions and Trends

Seafood Industry

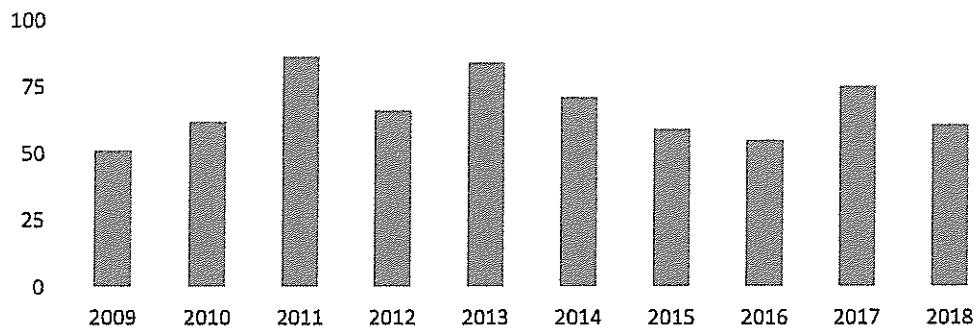
- The seafood industry is a key source of jobs, income, and tax revenue in Sitka. Based on preliminary Commercial Fisheries Entry Commission (CFEC) data, in 2019, 398 Sitka resident permit holders harvested 27.8 million pounds of fish with a total ex-vessel value of \$38.5 million.
- The ex-vessel value of all seafood landed (and processed) in Sitka in 2018 totaled \$61 million (2019 data is not yet available).

Figure 21. Sitka Resident Commercial Fishing Earnings, 2009-2018 (\$ Millions)



Source: CFEC

Figure 22. Estimated Seafood Landings Value in Sitka, 2009-2018 (\$ millions)



Source: CFEC

Table 10. Sitka Resident Participation, Harvest, and Earnings, Value of Sitka Landings, 2009-2019

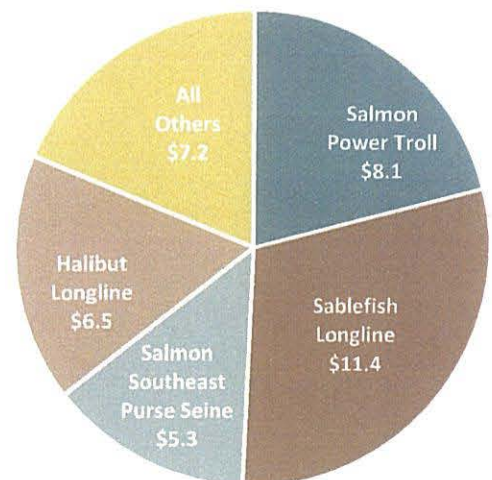
	Active Permit Holders	Total Pounds Harvested (millions)	Total Ex-vessel Earnings (\$ millions)	Estimated Sitka Landings Value (\$ millions)
2009	468	29.4	30.5	51.3
2010	458	33.9	42.7	62.2
2011	467	37.4	48.5	86.5
2012	481	25.5	43.4	66.2
2013	456	50.2	47.2	84.3
2014	456	35.7	43.6	71.3
2015	445	36.5	36.4	59.4
2016	450	24.3	38.0	55.0
2017	425	33.5	47.8	75.4
2018	414	23.9	42.7	61.0
2019 (prelim.)	398	27.8	38.5	na

Source: CFEC

- Sitka resident harvest of sablefish (black cod) accounted for more than \$11.4 million in ex-vessel income in 2019. Sitka power trollers earned \$8.1 million. Local halibut fishermen earned more than \$6.5 million in ex-vessel income, based on preliminary data. Seiners earned \$5.3 million.

Seafood Processing

- Seafood processing accounted for an annualized average of 462 jobs in Sitka in 2019. This includes peak monthly employment of 1,048 (August) and a monthly low of 170 (January).
- Sitka's seafood processing sector generated total wages of \$24.2 million in 2019.
- Seafood processing generated \$1.2 million in raw fish tax for the City and Borough of Sitka in FY2019.
- Sitka's largest property taxpayer and three of the top eight property taxpayers are seafood processors. Those three processors had a total combined assessed property valuation of \$33 million in 2019.¹

Figure 23. Sitka Fisherman Earnings (\$ millions) by Permit Type, 2019¹ City and Borough of Sitka FY2019 Comprehensive Annual Financial Report.

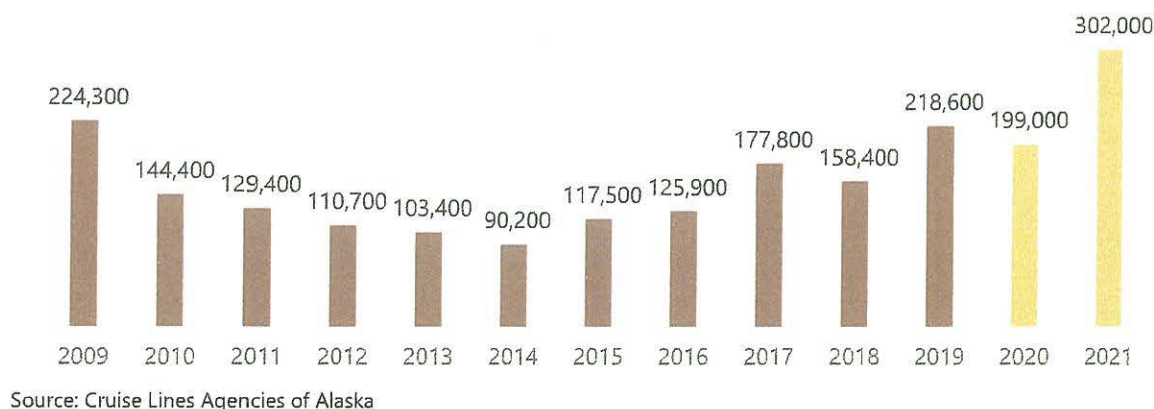
Hatchery Impacts

- Northern Southeast Regional Aquaculture Association (NSRAA), based in Sitka, produced commercially harvested salmon with a total ex-vessel value of \$16 million in 2019. The year 2018 was a record high, with total ex-vessel value of \$29 million.
- According to a recent McDowell Group study focusing on the 2012-17 period:
 - Hatchery salmon accounted for \$120 million in statewide ex-vessel value, representing 22% of total salmon value.
 - Hatchery salmon accounted for \$361 million in first wholesale value, representing 24% of the statewide total.
 - Southeast Alaska hatcheries accounted for 2,000 jobs and \$90 million in annual labor income
- NSRAA generates approximately 30% of the regional economic impact of salmon hatcheries.

Visitor Industry

- Sitka cruise ship traffic reached a 10-year high in 2019, when passenger volume totaled 218,600. Pre-COVID-19, the expectation for 2020 was just under 200,000 passengers. The 2020 cruise season has been essentially canceled due to COVID-19, although small cruise vessels are still planning some sailings in August and September.

Figure 24. Sitka Cruise Passenger Visitation, 2009-2019 Actuals, 2020 and 2021 (Pre-COVID-19 Forecasts)



Before COVID-19, cruise passenger traffic to Sitka was projected to reach slightly more than 300,000 passengers in 2021, topping Sitka's previous peak of 290,000 passengers in 2008.

- In 2019, Sitka captured 16% of Alaska's total cruise market of 1.36 million passengers.
- Though a large part of the local economy, there are no regularly published, comprehensive measures of the employment impact of Sitka's visitor industry, as it is spread across many sectors of the economy.

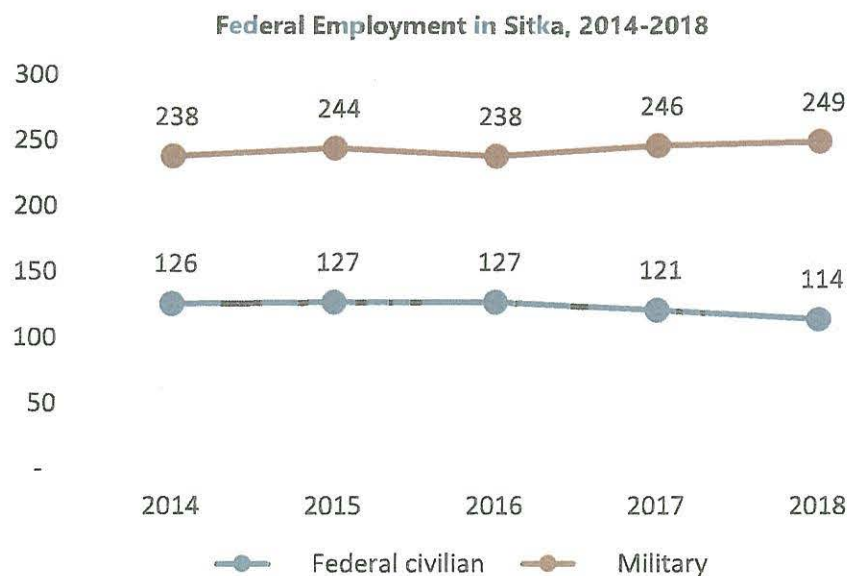
- In 2016 (the most recent analysis available), \$715 million in visitor spending generated 11,925 jobs and \$445 million in total annual labor income in Southeast Alaska, including all direct, indirect, and induced economic effects. Visitor spending in Sitka accounted for 8% of regional spending.

Health Care and Social Services

- DOLWD reported 691 private-sector jobs in Sitka in health care and social assistance in 2019. Workers in these jobs earned \$44.2 million in total annual wages in 2018. The significant increase over 2018 is due to Sitka Community Hospital, previously reported under local government employment, transitioning to SEARHC management.
- With approximately 500 employees, SEARHC is the single largest source of employment (and wages) in the community.
- DOLWD figures do not include the Pioneer Home, which is reported under state government employment.
- The health care sector's economic benefits to Sitka include year-round employment and comparatively high wages. Monthly wages are about one-third higher than average.
- This sector included 97 workers and \$2.6 million in annual wages associated with providing various forms of social assistance. There are 10 employers in this category, including the Center for Community, Sitka Counseling, and Youth Advocates of Sitka.
- Private out-patient care providers accounted for an average of 49 jobs and \$1.6 million in wages in 2019.

Federal Government

- The “national interest” sector is another important source of year-round employment and other economic activity in Sitka. BEA reported uniformed military employment in Sitka at 249 active duty and reservists in 2018, with \$22.6 million in total annual wages and benefits.
- Civilian federal government employment averaged 114 jobs and \$13.8 million in wages and benefits in 2018. The U.S. Forest Service is the largest component of federal employment in Sitka. Federal government workers earned a monthly average wage of \$6,978 (\$83,700 annually), making them among the highest paid workers in the community.
- Federal employment has declined by about 10% over the past two years.



Source: BEA.

Other Economic Activity

While seafood, health care, tourism, and federal government form the foundation of Sitka's economy, there are other important sources of economic activity.

- Organizations focused on Alaska Native affairs are a powerful economic force in Sitka. This includes SEARHC (Sitka's largest single employer), the region's Indian Health Service provider. Sitka Tribe of Alaska (STA) is the federally recognized government entity representing the interests of 4,000 tribal citizens residing in Sitka and elsewhere. STA provides a broad range of services and operates a variety of tribal enterprises. Shee Atiká is Sitka's urban corporation resulting from the Alaska Native Claims Settlement Act (ANCSA) and is the source of income, scholarships, and other benefits for local shareholders.
- Manufacturing is big business in Sitka, mainly in the form of seafood processing. However, there is other manufacturing activity creating jobs and income. In 2019, there were 85 jobs and \$4.7 million in wages in manufacturing (mainly boat building) not related to seafood.
- Sitka's Professional and Business Services sector accounted for 203 jobs and \$7.3 million in total wages in 2019. This sector includes a wide variety of occupations, such as attorneys, accountants, and engineers; science and technology professionals; and a range of administrative and facility management services. Employment in this sector averaged 187 jobs in 2018, with total annual wages of \$6.5 million.
- In 2019 employment in the retail sector averaged 448 jobs, with total annual wages of \$13.2 million. Fifty companies reported employment in the retail sector. Though a portion of this sector is visitor-related, retail employment is fairly steady over the year, ranging from a monthly low of 417 to a high of 484 workers. The retail sector saw some decline in employment between 2018 and 2019 (from 459 to 448 jobs); however, retail wages increased, from \$12.9 million to \$13.2 million.
- Construction employment in Sitka averaged 156 jobs in 2019, with total annual wages of \$12.5 million. These are high-wage jobs, averaging \$6,651 per month, or just over \$79,800 annually. Construction employment held steady between 2018 and 2019 (at 154 and 156 jobs, respectively), though total wages increased, from \$10.1 million to \$12.5 million.

ALASKA HEALTH CARE ARTICLE



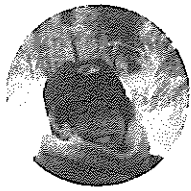
[HOME](#) | [INDUSTRY](#) | [HEALTHCARE](#) | [THE MOST STABLE INDUSTRY IN ALASKA](#)

The Most Stable Industry in Alaska

DEC 20, 2018 | [HEALTHCARE](#)



Julie Stricker is a journalist



Julie Stricker

living near Fairbanks.

Job security is likely not a concern for those working in the healthcare industry, either as caregivers or tangentially constructing healthcare facilities.

Fierce demand increases healthcare construction

Even during the worst economic times this sector shows continuous and substantial growth.

"It just grows and it's been growing relentlessly for a very, very long time," says state labor economist Neal Fried. "It's still continuing to do that."

In the past decade, new healthcare facilities have been built in Alaska's population centers, as well as hub cities for rural areas such as Nome and Bethel. That trend is continuing, with new construction and upgrades to facilities in Soldotna, Anchorage, Palmer, and Southeast Alaska in the works or planning stages through 2020.

Healthcare Development

Healthcare is Alaska's largest private sector employer. A decade ago, the Alaska healthcare industry employed 27,800 workers. By 2010, that number had grown to 30,200. By August 2018, 38,500 people were employed by the state's healthcare organizations.

"That's pretty serious growth," Fried says. "No other industry is growing that way. There is no other industry that is growing so consistently over time. It's kind of amazing that it's that large and it's growing that rapidly and it's still on that trajectory of growth."

Mental Health Services Lacking

One area of great need is mental health services. Central Peninsula Hospital in Soldotna added six detox beds in 2017 in response to the opioid epidemic. Although the number seems small, there are only thirty detox beds statewide, concentrated in Anchorage and Fairbanks.

The idea is to give patients a safe place to detox and relieve some of the burden on emergency rooms. The new Soldotna facility is called Care Transitions, which received a \$1 million grant in early 2017. Central Peninsula Hospital plans to open an inpatient facility next to Care Transitions, which also will feature a program that teaches patients life skills.

Addiction is often related to mental health issues. There are few treatment facilities around the state for adolescents with mental illness, so most are transferred to facilities in Anchorage, which can move those youth away from friends, family, and other support systems.

“The need for substance abuse and mental health treatment resources is overwhelming and growing,” said Alaska Representative Ivy Spohnholz in a news release announcing the approval of two projects that would add dozens of mental health treatment beds in Palmer and Anchorage. Spohnholz is an Anchorage

Alaska's largest non-government employer is Providence Health and Services, which operates the state's largest hospital, Providence Alaska Medical Center in Anchorage, as well as hospitals in Seward, Kodiak, and Valdez.

But healthcare is more than hospitals, Fried says.

"There's also clinics," he says. "Hospitals aren't really true hospitals anymore. They're not just a place people go to spend the night. There's a lot of day stuff going on: a lot of clinics that go on in hospitals, labs, all kinds of other things. So they've become more of a hybrid as well. All the doctors' offices, nursing facilities, and other things, they're counted in healthcare."

It also has an impact on the construction side, Fried says. "That's expensive construction. In some places, like Bethel and Nome, it's an even bigger player for those economies. Healthcare may be the largest single source of jobs," he says, noting that the school district is usually the other large employer.

In addition, the hospitals in those hub communities also serve many rural communities in the region.

Before most medical facilities are built, however, they must go through an approval process with the State of Alaska called a Certificate of Need. The process ensures responsible development, "rational health planning, healthcare quality, access to healthcare, and healthcare cost containment," according to the Alaska Department of Health Care Services.

CURRENT ISSUE

Democrat and the chairwoman of the House Health and Social Services Committee.

The two facilities, Alaska Regional Hospital in Anchorage and the Mat-Su Regional Medical Center in Palmer, were approved to add twenty-four beds and thirty-six beds, respectively.

"These new resources will help fill a well-documented gap in treatment capacity in the population centers of Anchorage and the Mat-Su Borough," Spohnholz said. "These sixty new treatment beds will allow many more behavioral health patients to stay closer to home where they often have support structures in place to assist in their long-term recovery efforts."

Both communities have been hard-hit by the opioid epidemic and do not have the appropriate resources to address it. Mat-Su Regional Medical Center in Palmer has only two beds for mental health patients and increasingly needs to turn away people suffering from mental health and drug abuse issues because of a lack of facilities.

Often, the emergency room has to go on what it calls "psych divert" when it finds out a potentially violent person is being brought to the facility. In those cases, a room may have to be emptied so the mental health patient has a safe place to be evaluated. According to the hospital, it went on "psych divert" only 5 times in 2012. In 2016, it happened 234 times.

The mental health facility in Palmer will be new construction with an estimated cost of \$19.3 million, paid for by private funds. Completion is expected to be in 2020.

The twenty-four beds in Anchorage are located in a portion of Alaska Regional Hospital that wasn't in use. Total cost of the renovation of the 11,125-square-foot facility is estimated at \$6.8 million, paid for by the Hospital Corporation of America, which owns the hospital. Those beds were expected to be available this year.

Other Healthcare Construction

Mat-Su officials say its other medical facilities are insufficient for its current needs and have asked for additional expansions. State officials project Mat-Su's population to grow another 22 percent by 2025. The current hospital, which has forty-nine medical-surgical beds, operates at capacity almost every day, according to a letter sent to Mat-Su residents. It has a total of seventy-four beds and is owned by Community Health Systems.

The hospital received a Certificate of Need to expand its emergency department and behavioral health program. Under the proposal, the hospital will add twelve beds to the eighteen in its current emergency department. Eight of those would be general treatment beds and four would be rooms tailored to patients with mental health concerns.

The expansion will be up to 17,600 square feet in size and cost about \$14.5 million. It also would be completed in late 2020, dovetailing with the already approved mental health facility. Part of the facility will go into a third-floor space that was shelled in but left undeveloped when the hospital was built in 2006.

A 40,000-square-foot medical plaza at Mat-Su Regional Medical Center was completed in summer 2018. The new Medical Plaza II is adjacent to the existing medical facility and houses health service providers and services such as oncology, a pharmacy, advanced wound care, and hyperbaric therapy. Wasilla-based general contractor Howdie Inc. built the outpatient facility.

When these projects are complete, they will more than double the current medical capacity in Palmer.

For many patients outside the main population centers, a medical emergency usually means they must travel to Fairbanks or Anchorage for treatment. Such is the case for heart patients on the Kenai Peninsula. ^

In 2017, Central Peninsula Hospital decided to proceed with plans to install the Peninsula's first catheterization lab, where cardiac patients can receive angiograms and have pacemakers implanted. Currently, cardiology patients must go to

Anchorage for treatment. The lab, as well as an update to its obstetrics department, is expected to be funded by \$28.9 million in revenue bonds.

Central Peninsula Hospital is a forty-nine-bed acute care hospital opened in 1971, owned by the Kenai Peninsula Borough and operated by the nonprofit Central Peninsula General Hospital.

“The fastest-growing part of our population for a number of years is people over sixty-five. As we age, we use a heck of a lot more healthcare [services]. So that very powerful demographic force is in play.”

—NEAL FRIED, STATE LABOR ECONOMIST

In 2003, the hospital began a multi-phase project to expand and upgrade its facilities, which includes adding the detox beds and obstetrics upgrades. The sixth and final phase includes the catheterization lab and other facilities, adding about 28,700 square feet and renovating another 26,000 square feet, according to the project description. It includes adding three beds to its intensive care facility and expanding the pharmacy.

The new construction replaces an existing wing, which will be joined on three sides by existing buildings. Construction began in summer 2018, with estimated completion in 2020. Total project costs are estimated to be about \$32 million.

Further south on the Peninsula, the Homer Medical Center completed a major expansion in 2018. The facilities are owned by the borough and the center is operated in partnership with South Peninsula Hospitals. The project added 5,584 square feet and an additional five examination rooms, a procedure room, phlebotomy draw room, lab, and imaging facilities. It was funded through general

obligation bonds in the South Peninsula Hospital Service Area. Steiner Construction was the contractor for the project.

In Anchorage, Walsh Construction worked on a major renovation of the US Air Force Hospital on Joint Base Elmendorf-Richardson. The renovations are over two floors, about 12,000 square feet. The project includes upgrades to two operating rooms, surgical support areas, and a sterile supply facility. An MRI facility will also be renovated to provide better workflow for patients and staff.

"We are proud to provide turn-key construction services to the US Air Force and make a small contribution that will offer enhanced healthcare to those who provide our freedom and their families," says Matt Clugston, senior project manager for Walsh Construction, of the project that is slated for completion in summer 2019.



SEARHC Serves Southeast

In Southeast Alaska, three groups have said they want to buy or merge with Sitka Community Hospital, which has had financial problems in recent years. Two of the proposals, one from Quorum Health Resources and one from the Sitka Jet Center, were dismissed in a community meeting in August.

That leaves a proposal from the Southeast Alaska Regional Health Consortium (SEARHC), a nonprofit made up of fifteen Southeast Alaska tribes, that operates the Mt. Edgecumbe Hospital and several clinics in the city of 9,000 residents, as well as other facilities throughout Southeast Alaska.

SEARHC's proposal would allow it to acquire the hospital business for \$9 million; lease the hospital facility from the city for \$140,000 per year; guarantee employment for the current staff; assume pension liabilities; and allow the city to keep the \$900,000 in tobacco monies it currently directs to the hospital.

In 2017, SEARHC merged with Wrangell-based Alaska Island Community Services. Under that agreement, SEARHC assumed the clinic's property tax obligations and established a local advisory board. It set aside a percentage of surplus funds to local initiatives to improve residents' health and well-being. In late 2018, SEARHC took over operations at Wrangell Medical Center (WMC) while it builds a new healthcare campus adjacent to the Alaska Island Community Services Medical Clinic. The new facility will include a critical access hospital and long-term care facility.

The SEARHC Board is unwavering in its commitment to provide the best healthcare possible for its communities, says Board Chair Kimberley Strong. "By assuming responsibility for WMC and building a new healthcare campus, we are serving all of Wrangell and ensuring access to quality, long-lasting services."

As communities continue to build and upgrade their medical facilities, Fried says the growth trend is far from over, thanks to demographics.

"One of the reasons we believe healthcare will probably continue to grow, even though it's very expensive and to some extent puts a burden on the economy, is because of our age structure," he says. "The fastest-growing part of our population for a number of years is people over sixty-five. As we age, we use a heck of a lot more healthcare [services]. So that very powerful demographic force is in play."



SUPPORTING ARTICLES – LONG TERM CARE

HOME

PORTFOLIO

ABOUT

LOGIN

CONTACT



LOCATION: Seward, Alaska

CLIENT: Providence Health & Services

MARKET SECTORS: **Senior Living**

Seward Mountain Haven residential facility is based on the “Green House Project” program and design philosophies that treat long term care facilities as the residents’ “home,” a place designed and managed to maximize the quality of life.

The program consists of four Residential Housing Units accommodating 10 residents each and a Central Commons Building consisting of General Stores, Delivery,

Novel Coronavirus Disease 2019 (COVID-19)

April 19, 2021 Update

All residents and caregivers were tested on 3/29/21 and received negative results. Caregivers are being tested again today and will be tested on a weekly basis again. Our caregivers wear appropriate personal protective equipment (PPE) such as masks, face shields, and gloves when providing care to our beloved residents to keep them safe. The majority of our residents and caregivers chose to get the COVID-19 vaccine, and new residents are given the option to get the vaccine. We are grateful that all of our beloved residents have remained COVID free!

Life Engagement

We are celebrating a resident's birthday in Eagle lodge today with favorite games and a cake, and safe social distancing. Many of our residents received haircuts a couple weeks ago from a hair stylist who visited the lodges. Around twelve residents enjoyed going on scenic drives before PSMH had to return to Phase I of reopening with limited excursions only for medical reasons. We are hoping that our residents will be able to go on outings again once the COVID cases in the Kenai Peninsula Borough go down again.

Visitation

Residents continue to receive inside visits from their families and friends. If you would like to schedule a visit, please call Janet Durnil: (907) 362-1731, or Melanie Smith: (907) 224-2980, as Jill Hemstock is on vacation this week. All visitors will be screened and asked about vaccine status. Face covering will be required and provided for visitors. For now, we would like to offer one time a week visits for 1 hour, with 30 minutes cleaning time in-between visitors for all residents. Unfortunately no pets or children are allowed inside at this time. No visitors are allowed for residents if they are on quarantine. Visitation will be in the resident's room with a safe social distance of 6 feet and limited movement in the facility.

[Review past updates.](#)

The grounds of Seward Mountain Haven have four homes designed for 10 elders who each enjoy their own spacious bedroom and private bathroom. The great room of each home has an open-air kitchen, family-style dining room and a hearth where elders and guests can gather to visit. The homes also have secure patios with breathtaking views of Seward's mountains and bay.

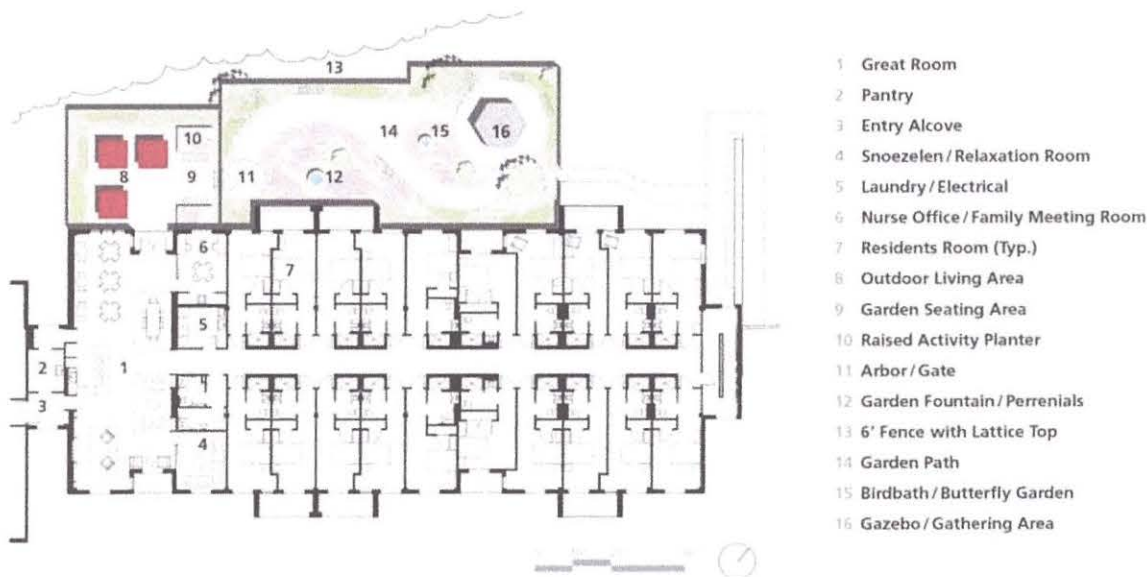
In this home-like environment, caregivers provide a high-level of nurturing care. Elders have the opportunity to be more involved in daily activities such as cooking, planning menus, picking furnishings and choosing decor. Family and friends are welcome and encouraged to visit.

Although the houses look and function like homes rather than traditional institutional nursing facilities, the quality and level of medical care remains high. The environment of Seward Mountain Haven, combined with continued high-quality long-term medical care provides elders with a better quality of life and may improve overall health.



Robert Benson Photography

The Burnham Family Memory Care Residence at Avery Heights, in Hartford, Conn., designed by Amenta Emma Architects



Courtesy Amenta Emma Architects

Site plan, Avery Heights

The 2015 IBC brought clarity to the occupancy and use classification of assisted living buildings that house 16 or more people. While assisted living is generally considered institutional, confusion lingered over whether an I-1 or I-2 designation was more appropriate, says James Warner, FAIA, principal of housing and senior living, at [JSA](#) in Portsmouth, N.H. The I-1 designation assumes the ability of residents to evacuate in an emergency and allows wood-frame construction; I-2, which applies to hospitals and skilled nursing, requires noncombustible construction for multistory buildings.

This 2015 update addresses the issue of self-preservation by appending two conditions to its I-1 classification: Condition 1 stipulates the ability for occupants to evacuate a building without any assistance; Condition 2 allows minimal verbal and physical assistance, which aptly describes seniors in assisted living. "The I-1



Courtesy SWBR Architects

Floor plan, the Green House Homes at Saint Elizabeth Home



Courtesy Veri | Waterman Associates

Site plan, the Green House Homes at Saint Elizabeth Home

Currently, 80 percent of the 246 Green House homes—in 33 states—are designated for skilled nursing (the rest are assisted living). None of these would have been possible without changes in state and federal building and fire codes. The open kitchen, for example, required adding new sections on hazardous areas to the *Life Safety Code*, which any nursing home receiving Medicare or Medicaid funding must follow. The federal government currently uses the 2012 edition, which permits open kitchens in new qualified nursing homes, says Skip Gregory, president of Tallahassee, Fla.-based [Health Facility Consulting](#).

Updates to the FGI guidelines have also helped advance the design and culture of nursing homes, Gregory says. The 2010 edition led to a new room design by specifying that all residents have unimpeded access to an exterior window and, hence, daylight, a closet for personal belongings, and a toilet room that can be accessed without going through another person's space. In 2014, FGI issued two sets of guidelines—one for the design and construction of hospitals and outpatient facilities, and the aforementioned guide for residential health, care, and support facilities—that focus on person-centered care and incorporate cultural shifts in values: choice, dignity, respect, self-determination, and purposeful living. In 2018, FGI released [separate guidelines](#) for hospitals and for outpatient facilities.

Life Plan Communities

Also called continuing care retirement communities, life plan communities enable access to higher levels of care by placing the full or parts of the continuum of care under one roof or in one development. These typically multi-acre campuses are located in suburban or rural areas, but newer developments are popping up in urban centers.

Today's seniors "want to be where the action is, so we're seeing a number of mixed use projects in a denser environment where there's retail on the ground floor and a senior living community above it," Siefering says. The proximity also helps seniors feel less isolated.

However, providing the required number of parking spaces can be a challenge. "The regulations related to parking are not caught up with senior living uses, particularly as you get far down the continuum with assisted living, memory care, and skilled nursing, where the need for a car drops significantly," says Scott Fitzgerald, senior associate at Perkins Eastman.

Furthermore, in California, skilled nursing cannot be in the same building as the other types of senior housing, says Alexis Denton, AIA, who is a principal of [SmithGroupJJR](#) in San Francisco and co-chair of the [AIA Design for Aging advisory group](#). "So the location does determine the type of product, how much you can fit," she says. "It's everything."



Robert Benson Photography

Caleb Hitchcock Memory Care Neighborhood in the Duncaster Retirement Community, Bloomfield, Conn., designed by Amenta Emma Architects

Living the Life

Senior living communities are introducing wellness-enhancing amenities, such as walking trails, spas, and healthy eating, as well as elements of biophilic design through living walls, water features, and natural textures, says Myles Brown, AIA, principal of [Amenta Emma Architects](#) in Hartford, Conn. Also critical, plentiful daylight and outdoor views not only improve mood but also help regulate circadian rhythm.

Condition 2 requires a higher standard of construction, but it, too, can be built out of wood up to three stories," Warner says.

Some issues remain, however. The I-1 Condition 2 classification mandates doors with a 20-minute fire-protection rating and automatic closers, making them difficult for frailer occupants to operate and for memory care staff to observe residents, who "are often frustrated when confronted by closed doors," Shonaiya notes.

Skilled Nursing

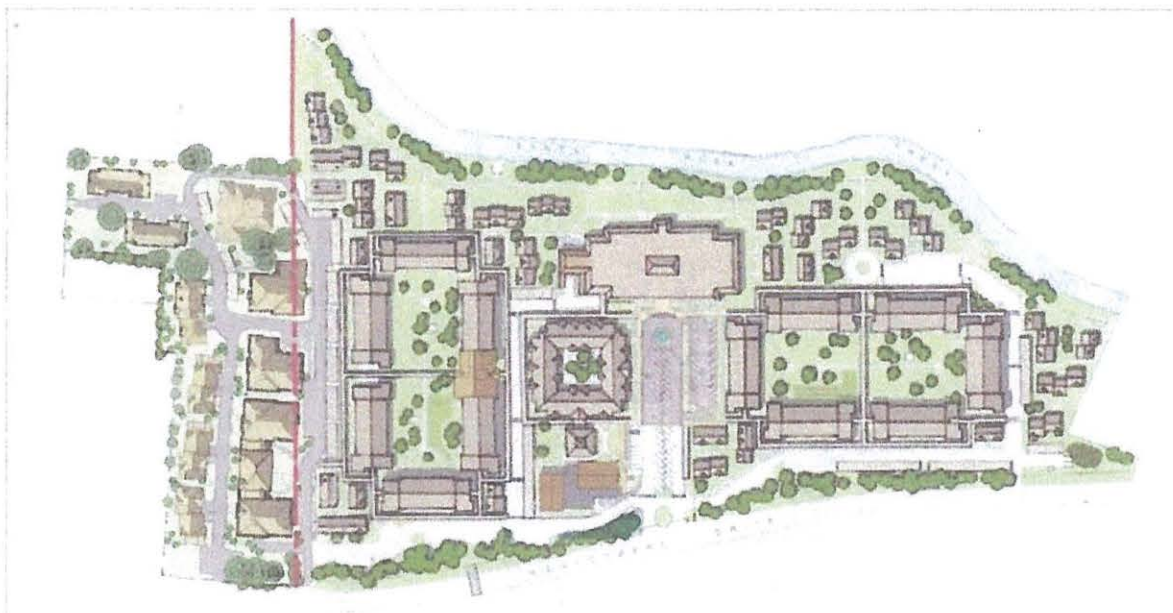
Skilled nursing houses seniors who need long-term medical care or short-term rehabilitation after a hospital procedure. Traditional nursing home designs were modeled after hospital wings and may cram 60 beds among two quarters with a nursing station in the middle, Warner notes. Some have double-occupancy rooms, with a cubicle curtain for privacy. Dining occurs at set times, and meals are pre-packaged, pre-portioned, and prepared in a large, central kitchen.

The Linthicum, Md.-based [Green House Project](#) is one organization proposing an alternative design. Its eponymous small-house solution creates a home-like environment by limiting the number of residents to 10 and decentralizing support staff and services. Resident rooms are grouped around an open-plan living area (often with a fireplace), dining area, and kitchen that's accessible 24/7, "so anyone who wants a meal, a beverage in the middle of the night, for example, would have access to that," says senior director Susan Ryan.



Robyn Ivy

The Green House Homes at Saint Elizabeth Home, in East Greenwich, R.I., designed by SWBR Architects



Courtesy Perkins Eastman

Site plan

Assisted Living

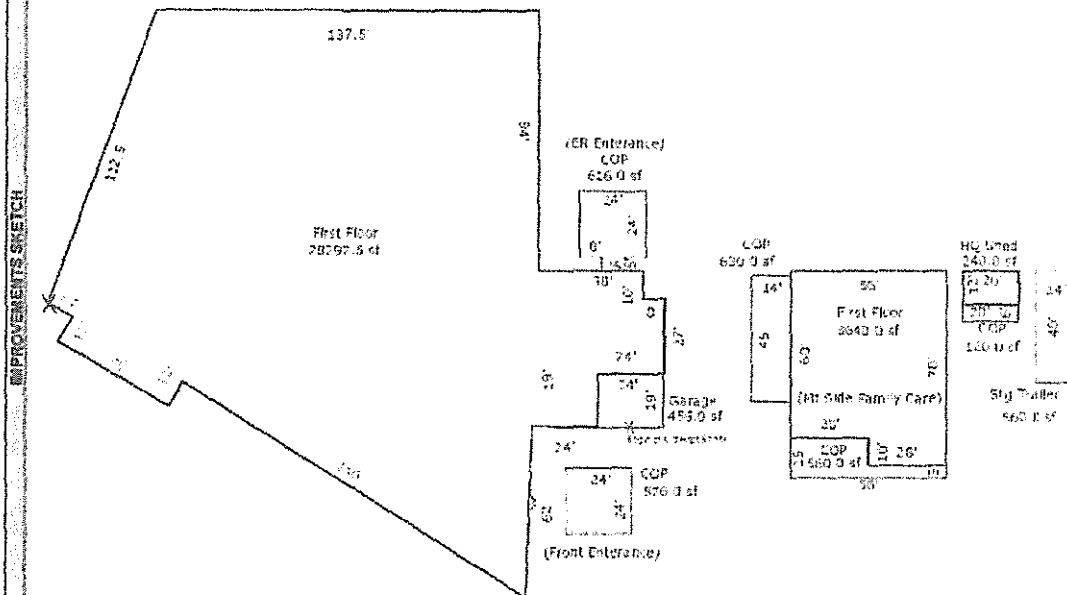
Seniors in assisted living receive help with the activities of daily living, which include bathing, eating, dressing, toileting, getting in and out of a bed or chair, and walking. Typically designed for single occupancy, an apartment may range from 320 square feet to 650 square feet and contain a bedroom, bathroom, living area, and kitchenette. Dining is mostly communal and a host of shared amenities and services are available. Assisted living communities are licensed by the state.

Memory care is a type of assisted living that provides a safe, controlled environment for people with Alzheimer's, dementia, and other forms of memory impairment. Because high levels of noise and activity can agitate residents, a memory care building or household, if part of a larger project, will consist of 10 to 20 residents who each have their own apartments or bedrooms but share dining, living, and other activity spaces.

Memory care environments also employ design features and technology to keep occupants from wandering. Doors to corridors, for example, are kept locked and obscured, and tall fences concealed by landscaping enclose outdoor recreational areas.

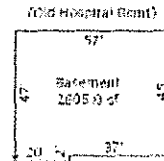
SUBJECT PROPERTY INFORMATION

Parcel No	14477600
Property Address	209 Moller Drive
City	Sitka
State	AK
Zip	99835
Owner	City & Borough of Sitka
Client	
Appraiser Name	Josh Joseph
Inspection Date	8/20/17



AREA CALCULATIONS SUMMARY					Comment Table 1
Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA1	First Floor	1.00	3640.00	252.0	
	HQ Shed	1.00	240.00	64.0	
	First Floor	1.00	26297.45	773.0	32177.45
GAR	Garage	1.00	456.00	86.0	456.00
	P/P	1.00	560.00	142.0	
	COP	1.00	120.00	52.0	
COP	COP	1.00	615.00	106.0	
	COP	1.00	576.00	96.0	
	COP	1.00	630.00	118.0	2502.00
OTH	Stg Trailer	1.00	560.00	108.0	560.00
					Comment Table 2
					Comment Table 3
Net BUILDING Area (rounded w/ factors)					32177

Parcel No	14477600		
Property Address	209 Moller Drive		
City	Sitka	State	AK
Zip	99835		
Owner	City & Borough of Sitka		
Client			
Appraiser Name	Josh Joseph	Inspection Date	6/20/17

Comment Table 1

Comment Table 2 Comment Table 3

CERTIFICATE OF APPROVAL BY THE COUNCIL

I hereby certify the Amended Subdivision Plat shown hereon as Lots 11, 12, 13, 15, 16 and 18, Block B has been found to comply with the Subdivision Regulations of the City of Sitka, and that said Amended Plat has been approved by the Common Council as recorded in Minutes Book 5, page 317, dated 6-23-59, and that the Amended Plat shown hereon has been approved for recording in the office of the United States Commissioner, ex-officio Recorder, Sitka, Alaska

Date June 16, 1959
 Mayor [Signature]
 ATTEST
[Signature]
 City Clerk
 SEAL

United States of America
 State of Washington

This is to Certify that on this 16 day of June, 1959, before me, the Undersigned, Notary Public in and for the State of Wash., duly commissioned and sworn as such, personally came SAKAE FUKUYAMA, President, and DANIEL J. DOSWELL, Secretary of The Sitka Housing Development Co., and they acknowledge severally, that they have authority to sign for said Company.

Witness my hand and notarial seal the day and year last above written

Notary Public in and for the State of Wash.

My Commission Expires

SITKA ADDITION NO. 2
 U.S. SURVEY NO. 226
 CORNER NO. 6

[Signature]
 President
[Signature]
 Secretary

CERTIFICATE OF OWNERSHIP AND DEDICATION

We hereby certify that we are the owners of the property shown revised and described herein as Lots 11, 12, 13, 15, 16 and 18, Block B of subdivision with our free consent, and dedicate all streets, alleys, walks, parks and other open spaces to public or private use as noted.

Date JUNE 19, 1959
 Title SITKA HOUSING DEVELOPMENT CO.
 Witnessed by [Signature] Owners
 Witness [Signature] President
 Witness [Signature] Secretary

(PLAT DOES NOT SHOW
 STATE OF ALASKA 274 C GNSCH)

CERTIFICATION OF APPROVAL BY THE BOARD

I hereby certify that the Subdivision Plat shown hereon as Lots 11, 12, 13, 15, 16 and 18, Block B has been found to comply with the Subdivision Regulations of the Sitka Platting Board, and that said Plat has been approved by the Board by Plat Resolution No. dated June 16, 1959, and that the Plat shown hereon has been approved for recording in the office of the United States Commissioner, Ex-officio Recorder, Sitka.

Date June 16, 1959
 Chairman, Platting Board [Signature]

ATTEST
[Signature]
 Secretary

SEAL

CERTIFICATE OF REGISTERED ENGINEER

I hereby certify that I am a registered Professional Civil Engineer and that this Amended Plat represents the revised plat survey made by me or under my direct supervision and the monuments shown thereon are correct, and that all dimensional data are correct.

Date MAY 16, 1959
[Signature]
 Harold H. Walter
 Registered Engineer No. 62E

Sheet 1 of 1 Sheets

AMENDED PLAT MOORE MEMORIAL ADDITION SITKA, ALASKA

THIS PLAT COVERS REVISED LOTS 11, 12, 13, 15, 16, 18, BLOCK "B"

All owned by Sitka Housing Development Co.

Dated MAY 15, 1959 Scale: 1" = 100'

Prepared by
HUBBELL & WALLER ENGINEERING CORP.
 416 QUEEN ANNE AVENUE
 SEATTLE 9, WASHINGTON

Surveyed by	K.R.B.	6-29-58	Traced by	E.C.P.	5-15-59
Field Book No.	54		Checked by	K.H.B.	5-15-59
Drawn by	K.R.B.		Approved by		

LAND SALE COMPARISONS

COMPARABLE LAND SALE NO. ①

Location: 200 Brady Street, Sitka

Legal Description: Lot 4, Block D, Moore Memorial Addition, SRD.

Sale Date: April 30, 2018

Grantor: Sarah E. Linebaugh, Trustee, and Leslie C. Longenbaugh, Trustee

Grantee: Southeast Alaska Regional Health Consortium

Recording: WD 2018-000433

Price: \$190,000

Terms: cash to seller

Land Size: 7,950 SF

Access: Brady Street

Zoning: C-1

Utilities: water, sewer, power, phone

Soils/Topography: moderate in topography with good soils and mature trees

Description: This corner lot borders Brady Street and Halibut Point Road. It is wooded with mature fir trees and is moderate in topography. The lot was acquired by SEARHC who is assembling lots along Halibut Point Road for a proposed mixed-use development that will include low rise buildings with service, clinic and apartments. This property abuts the City owned property where the former hospital is located and now houses a long-term care facility and clinics.

Analysis: $\$190,000 / 7,950 \text{ SF} = \23.90 SF

Confirmation: SEARHC by Julie Dinneen, MAI

COMPARABLE LAND SALE NO. 2

Location: 802 and 810 Halibut Point Road, Sitka

Legal Description: Lot 1 Plat 2005-14, and Lots 8 and 9 Block D, Moore Memorial Addition, SRD.

Sale Date: April 6, 2020

Grantor: The Edward and Joyce Martin Living Trust

Grantee: Southeast Alaska Regional Health Consortium

Recording: WD 2020-000330

Price: \$435,000

Terms: cash to seller

Land Size: 20,400 SF

Access: Brady Street

Zoning: C-1

Utilities: water, sewer, power, phone

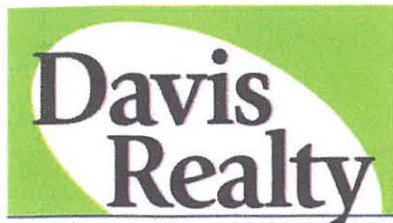
Soils/Topography: moderate in topography with good soils.

Description: This property lies west of the Harborview Condominiums that are located at the corner of Moller Drive and Halibut Point Road.

The three lots were acquired by SEARHC who is assembling lots along Halibut Point Road for a proposed mixed-use development that will include low rise buildings with service, clinic and apartments. This property abuts the City owned property where the former hospital is located and now houses a long-term care facility and clinics.

Analysis: $\$435,000 / 20,400 \text{ SF} = \21.32 SF

Confirmation: SEARHC, buyer, by Julie Dinneen, MAI



Cedar Coast Consulting LLC

SITKA
LAND

COMMERCIAL ZONED LAND 200 Brady Street \$220,000



KEY FEATURES

STYLE: Land
LOT SF*: ±7,950
MLS#: 18220
ZONED: C-1

This commercially zoned lot is centrally located on the corner of Halibut Point Road and Brady Street. Consider developing your new venture here.
Call Nancy Davis at (907) 747-1032 for more information.

**The square footage and property information on this brochure was compiled from various outside sources. The above listed measurements are approximations.*

208-D Lake Street Sitka, AK 99835

Office: (907) 747-1032 | Toll Free: 1-866-747-1032 Fax: (907) 747-1035

Kerri O'Toole, Owner/Broker | Cell: (907) 738-1907 | kerri@davisrealtysitka.com

Nancy Davis, Associate Broker | Cell: (907) 752-1045 | Home: (907) 747-8097 | ndavis@gci.net

www.DavisRealtySitka.com

USE YOUR
SMART PHONE
AND SCAN HERE
FOR DETAILS,
PHOTOS, VIRTUAL
TOUR AND MORE



2003 AERIAL



City & Borough of Sitka, Alaska

Selected Parcel: 209 Moller Dr ID: 14477000

Printed on 4/5/2021

50 m
200 ft



MainStreetMaps
MainStreetGIS, LLC
www.mainstreetgis.com

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LAND SALE COMPARISON NO. ③

Location: Cole's Trailer Park, 1311 Sawmill Creek Road, Sitka

Legal Description: Lot A Plat 83-7 and metes and bounds in Plat 79-39, SRD

Sale Date: July 15, 2015

Grantor: Susan Padilla

Grantee: Paul and Emily Davis (of Sitka)

Recording: WD 2015-0007893

Price: \$500,000

Terms: owner financed with \$75,000 down

Land Size: 48,810 SF

Access: Sawmill Creek Road, a two-way paved highway

Zoning: C-2

Utilities: all

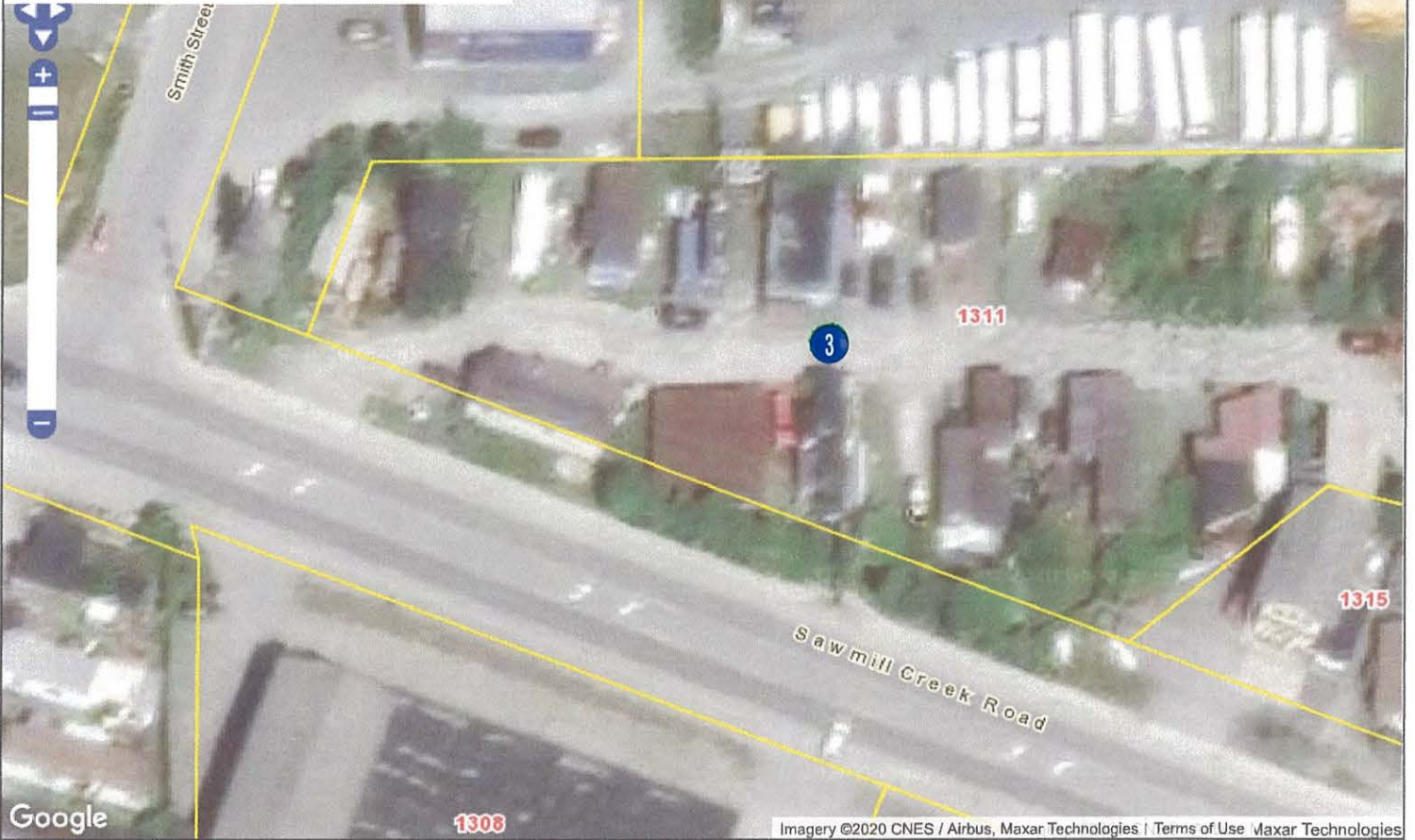
Soils/Topography: level quarried site with good soils

Description: This is the Cole Trailer Park with 22 spaces. It is an older, established park with minimal services to spaces aside from access and utilities. The property was advertised as having a highest and best uses of commercial development. The property was marketed since 2013 by J.R. Riley out of the Anchorage area. The irregular (generally triangular) shaped parcel has frontage on Sawmill Creek Road just east of Smith Street. The buyers planned to operate the park, but realized value was in the land.

SP/SF: \$500,000/48,810 SF = \$10.24 SF

Confirmation: James Riley, Broker by Julie Dinneen, MAI

1311 SAWMILL CREEK ROAD



Imagery ©2020 CNES / Airbus, Maxar Technologies | Terms of Use | Maxar Technologies



City & Borough of Sitka, Alaska

Printed on 12/16/2020

10 m
50 ft



MainStreetMaps
MainStreetGIS, LLC
www.mainstreetgis.com

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LAND SALE COMPARISON NO. 4

Location: 106 Burkhart Street, Sitka

Legal Description: Lots 2A, 2B and 2C of T&O Subdivision, Plat 2013-17, SRD

Sale Date: December 20, 2017

Grantor: Timothy Patrick Twaddle and October Reynolds-Twaddle

Grantee: Jerome Mahoskey

Recording: WD 2017-001410

Price: \$225,000 deed of trust with First Bank

Terms: cash to seller

Land Size: 30,000 SF

Access: 20-foot-wide private access off Burkhart Street, a paved two-way neighborhood street

Zoning: C-1

Utilities: water, sewer, power, telephone

Soils/Topography: level site, rocked in and retaining wall on two sides

Description: A rectangular shaped parcel with 149 feet of frontage on south side of Burkhart Street between Price Street and Lance Drive in Sawmill Cove area of Sitka that has been platted into three lots. Plat includes 20-foot access and utility easement that provides access to three lots from Burkhart Street. The buyer stated that the site is served by 6-inch water and sewer lines. The seller had retired and moved out of state and the buyer had been looking for a commercial site for 3-5 years. The buyer and seller were knowledgeable of the market and negotiated the price; no broker was involved. The buyer plans to develop in the future – perhaps shop bays for four plexes. The buyer does not intend to sell of the platted lots and views the site as one large parcel. The buyer felt that there was more demand than supply of this type of parcel in Sitka.

SP/SF: \$390,000/30,000 SF = \$13 SF

Confirmation: Jerome Mahoskey buyer by Julie Dinneen, MAI



COMPARABLE LAND SALE NO. 5

Location: NHN Vintage Boulevard, Vintage Business Park, Juneau

Legal Description: Lot A2 Vintage IV, JRD

Contract Date: April 2020

Grantor: Pacific Investment Group LLC

Grantee: Southeast Alaska Regional Health Consortium

Recording: n/a

Price: \$2,037,376

Terms: cash to seller

Land Size: 127,336 SF

Access: Vintage Boulevard and a private easement with 4,125 SF that is paved

Zoning: Light Commercial

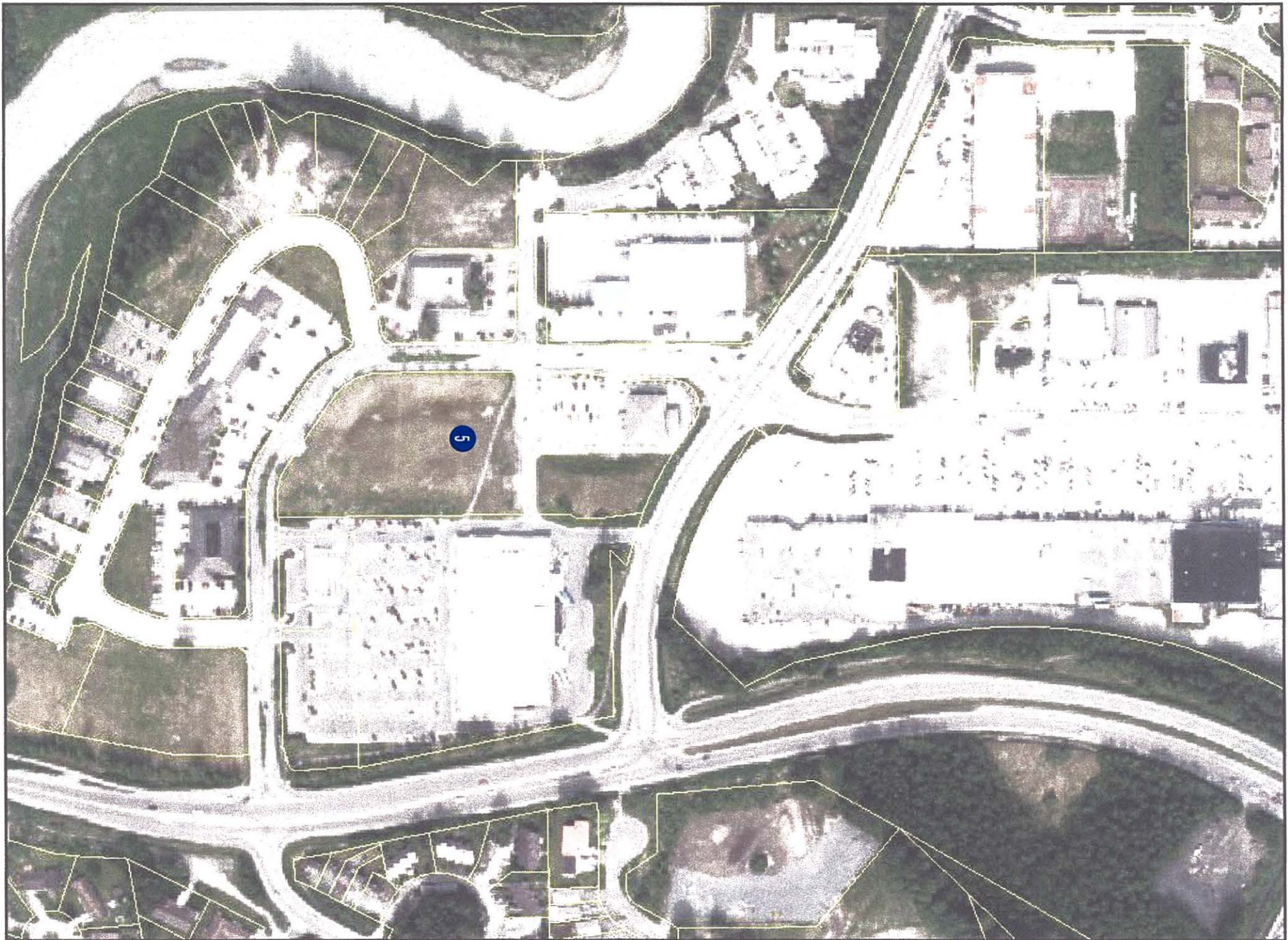
Utilities: water, sewer, power, phone all available

Soils/Topography: generally, level, good soils

Description: This parcel is regular in shape and has good soils. Safeway is on the adjacent lot and other uses in this business park include a bank, offices, senior apartments, and mixed-use condominiums. Safeway has the right to decline potential sales on this parcel and they indicated that they did not want a health care clinic on this site, so the contract fell through. The property is back on the market for \$16 SF.

Analysis: $\$2,037,376 / 127,336 \text{ SF} = \16.00 SF

Confirmation: Larry Bauer, broker, and SEARHC, buyer, by Julie Dinneen, MAI



The City and Borough of Juneau is not responsible and shall not be liable to the user for damages of any kind arising out of the use of data or information provided by the City and Borough of Juneau, including the installation of the data or information, its use, or the results obtained from its use. ANY DATA OR INFORMATION PROVIDED BY THE City Borough of Juneau IS PROVIDED "AS IS" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. Data or information provided by the City Borough of Juneau shall be used and relied upon only at the user's sole risk, and the user agrees to indemnify and hold harmless the City Borough of Juneau, its officials, officers and employees from any liability arising out of the use of the data/information provided. NOT FOR ENGINEERING PURPOSES

BUILDING SALE COMPARISONS

OFFICE BUILDING SALE NO. 1

Location: Bill Ray Center, 1108 F Street, Juneau

Legal Description: Lots 2, 3, 6 & 7 of Block 5 Urban Renewal Plat 73-13 & Lot 3 Bk 6A Plat 76-3, JRD.

Grantor: First National Bank of Alaska

Grantee: DCI Commercial LLC

Sale Price: \$2,375,000

Sale Date: July 20, 2018

Recording: SWD 2018-003052

Terms: cash

Zoning: LC

Building Site: 60,165 SF

Building Age: 1976

Building Size: 22,055 SF on two levels

Building Condition: average minus

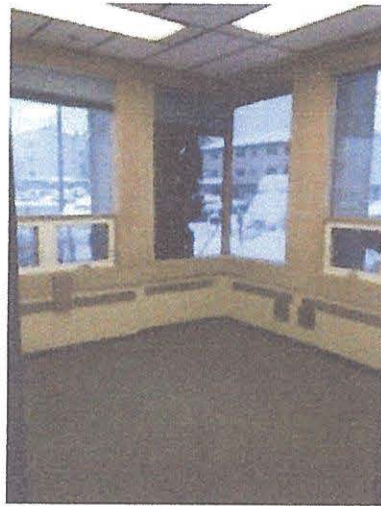
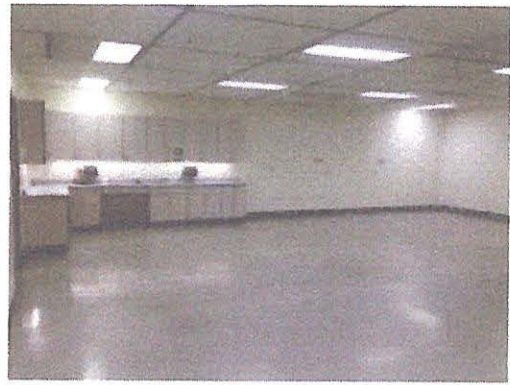
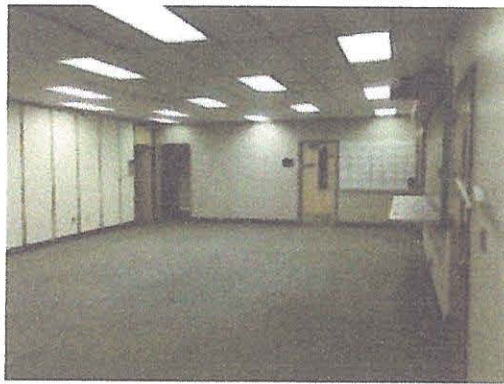
Land to Building Ratio: 2.72:1

Description: This is a two story, reinforced concrete structure housing offices and classrooms formerly used by the University of Alaska Southeast. Adjacent to the building to the south is a paved parking lot with 72 spaces. FNBA had the building on the market several years. The price was reduced significantly prior to this sale. The building was vacant at the sale date and had been vacant for about two years. In general, the building interior is outdated in style, layout and finish.

SP/SF Indicator: \$2,375,000/22,055 SF = \$108 SF

Confirmation: Carlton Smith, broker by Julie Dinneen, MAI





COMPARABLE BUILDING SALE NO. ②

Location: 3100 Channel Drive, Juneau

Legal Description: Tracts C and D of Bridgchris Park Subdivision, Plat 83-135, and a fraction of USS 2133, JRD.

Sale Date: June 25, 2020

Grantor: Southeastern Newspapers Corporation

Grantee: Southeast Alaska Regional Health Consortium

Recording: SWD 2020-003079

Price: \$9,192,500

Terms: cash to seller

Building Size: 52,799 SF with 20% in newspaper production area with loading dock and 80% offices on three levels.

Building Age: 1986

Land Size: 130,537 SF

Access: Channel Drive

Zoning: general commercial

Utilities: water, sewer, power, phone

Soils/Topography: moderate in topography with good soils

Description: This 1985 office building was specifically built by the seller, that operated the Juneau Empire newspaper and had its headquarters in this building. The seller occupied very good quality offices with excellent views of the channel for years. The balance of the building was leased. The building has good quality offices and is served by elevators. The building has an HVAC system, oil fired heating a fire alarm system, and restrooms and kitchenettes on each level. The warehouse has 14-foot ceilings, and the upper floors have 12-foot ceilings. As the photos show, the interior of the building has good quality office finishes throughout and in some areas very good quality finishes.

The presence of this building, its shape and artistry are incorporated into the exterior walls. The abundance of exterior windows offers water and mountain views. The building has a steel frame system overlain by concrete and glass exterior walls. The flat roof is a membrane type. There are 97 striped parking stalls on the property. The buyer had been leasing space in this building on a long term basis prior to the sale. The buyer and seller negotiated the sale price; both had appraisals completed to aid in the sale process.

Analysis: \$9,192,500/52,799 SF = \$174 SF

Confirmation: SEARHC, buyer, by Julie Dinneen, MAI





COMPARABLE BUILDING SALE NO. ③

Location: Totem Square Inn, 201 Katlian Street, Sitka

Legal Description: Lot 1 of Totem Square Subdivision, Plat 2006-18, SRD

Grantor: SOJO LLC

Grantee: n/a

Listing Price: \$5,900,000

Recording: n/a

Terms: cash to seller

Building Size: 43,705 SF

Building Age: 1970's with restaurant addition in 2012, several upgrades periodically

Land Size: 95,073 SF zoned WD. 27% is submerged tidelands. 73% is generally level site shored up by rip rap

Access: Katlian Street, 2 way, paved

Zoning: WD

Utilities: water, sewer, power, phone

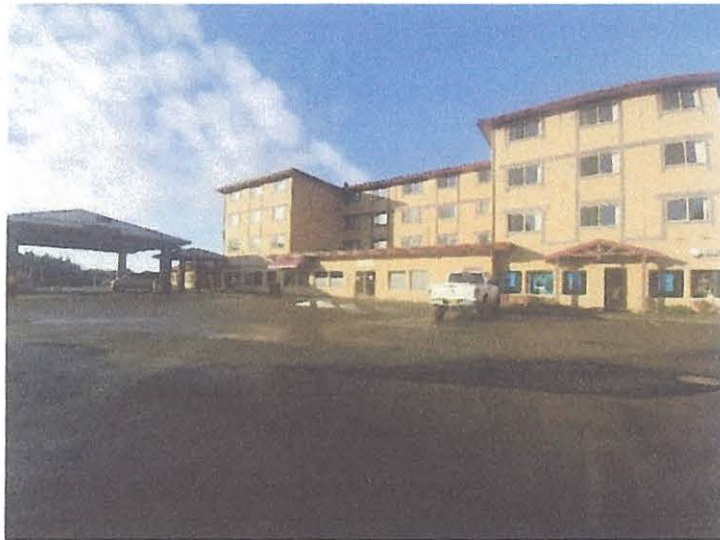
Soils/Topography: moderate in topography with good soils

Description: This is a 75-room hotel that is a four-story structure attached to a newer one-story full-service restaurant. There are many commercial space leases on the ground floor of this building as well. The hotel is in good condition with an HVAC system, a Piezotronics 3 System for fire safety, oil fired heating with thermostats in each room, and elevator service. The hotel portion of the building takes up 80% of the building area, the leased spaces 9.5% and the restaurant/kitchen, 10.5%. The hotel has been well maintained. The hotel had been on the market for a few years, and per the broker, is under contract. The price remains confidential until closing. The restaurant has been leased out the past few years and the hotel rooms have operated only seasonally, in the summer. The entrance of the Aspen Suites to the downtown market in 2017, impacted the rooms department of this hotel. The seller also owns the Westmark Hotel.

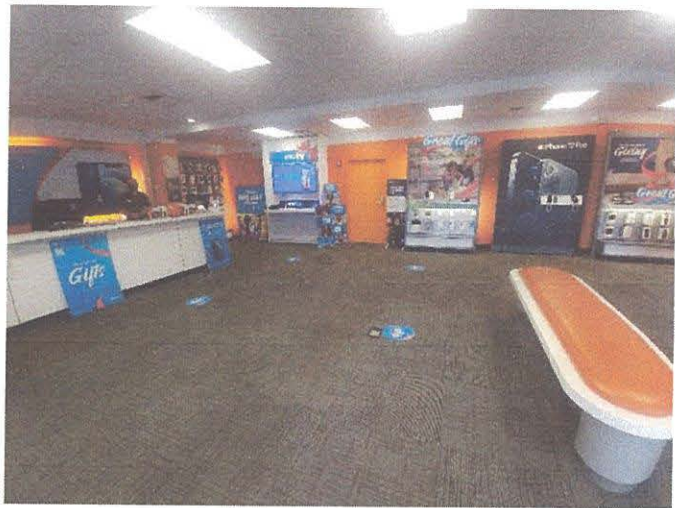
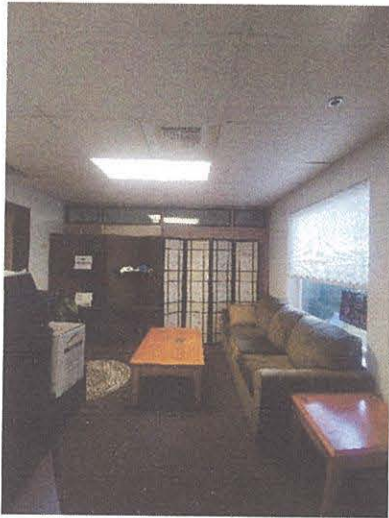
Analysis: \$5,900,000 / 43,750 SF = \$135 SF

Confirmation: Alcan Realty, Renee Burk by Julie Dinneen, MAI









COMPARABLE BUILDING SALE NO. ④

Location: Moore Medical Clinic, 814 Halibut Point Road, Sitka

Legal Description: Lot 1, Plat 2005-14 and Lot 8 and Lot 9 D, Blk. D, Moore Memorial Addition, SRD.

Sale Date: March 6, 2020

Grantor: Dr. John and Kristy Totten; Totten Family Partners LTD

Grantee: Southeast Alaska Regional Health Consortium

Recording: WD 2017-0810

Price: \$1,075,000

Terms: cash to seller

Building Size: 4,078 SF on daylight basement level and upper level

Land Size: 24,018 SF

Access: Halibut Point Road

Zoning: C-1

Utilities: water, sewer, power, phone

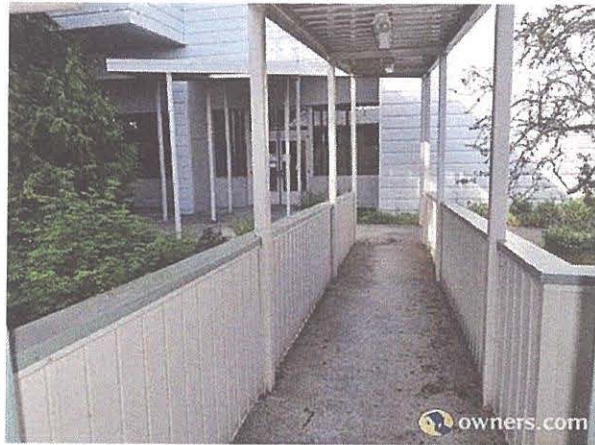
Soils/Topography: moderate in topography with good soils

Description: This clinic location was adjacent to the Sitka Community Hospital. Reportedly, it had some foundation issues, but the interior was usable clinic space, and the roof was in good shape. The finished walk out basement was at ground level on this sloped site with an area of 1,680 SF. The upper level was at grade level with the south entrance to the hospitals' ground floor, with an area of 2,398 SF. The floor plan included four bathrooms, several exam rooms, and a waiting room. It was marketed by ReMax

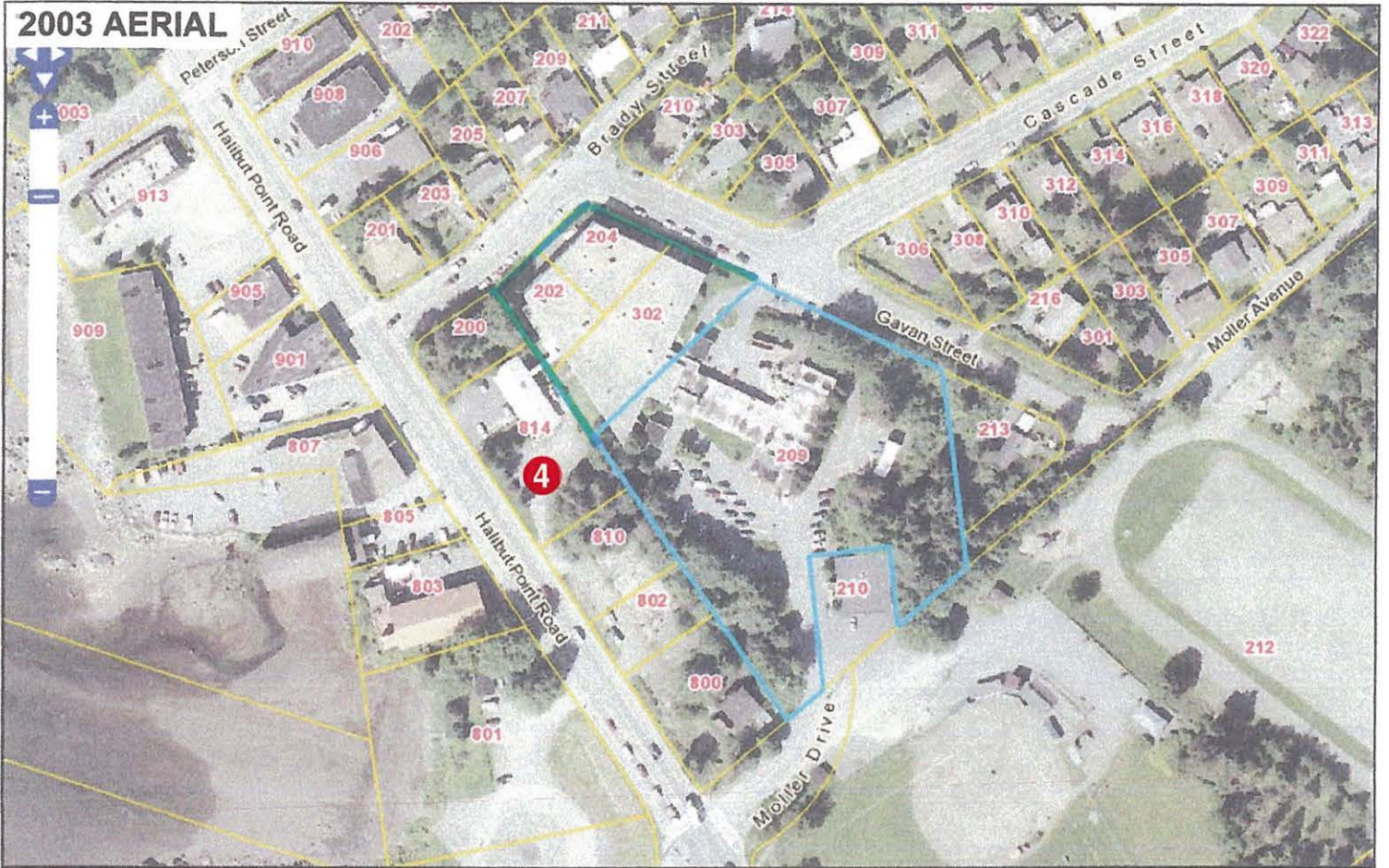
Analysis: \$1,075,000/4,078 sf = \$264 SF

Confirmation: SEARHC, buyer, by Julie Dinneen, MAI





2003 AERIAL



City & Borough of Sitka, Alaska

Selected Parcel: 209 Moller Dr ID: 14477000

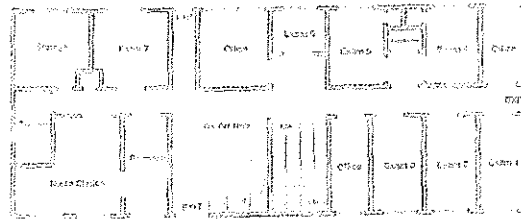
Printed on 4/5/2021

50 m
200 ft

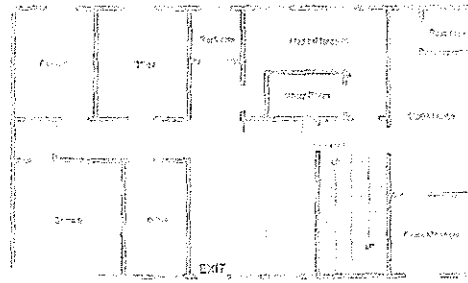


MainStreetMaps
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③

SKETCH/AREA TABLE ADDENDUM

SUBJECT	Parcel No 14460000																																																														
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	City Sitka	State AK	Zip 99835																																																												
	Owner Totten Family Partners, LTD.																																																														
	Client																																																														
IMPROVEMENTS SKETCH	Appraiser Name Josh Joseph		Inspection Date 11/24/16																																																												
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	<table border="1"> <thead> <tr> <th colspan="6">AREA CALCULATIONS SUMMARY</th> </tr> <tr> <th>Code</th> <th>Description</th> <th>Factor</th> <th>Net Size</th> <th>Perimeter</th> <th>Net Totals</th> </tr> </thead> <tbody> <tr> <td>GBA1</td> <td>First Floor</td> <td>1.00</td> <td>2397.50</td> <td>234.0</td> <td>2397.50</td> </tr> <tr> <td>BSMT</td> <td>Fin Bsmt</td> <td>1.00</td> <td>1680.00</td> <td>176.0</td> <td>1680.00</td> </tr> <tr> <td>P/P</td> <td>RFX/Conc P R</td> <td>1.00</td> <td>450.00</td> <td>162.0</td> <td></td> </tr> <tr> <td></td> <td>Conc P R</td> <td>1.00</td> <td>733.60</td> <td>268.9</td> <td></td> </tr> <tr> <td></td> <td>Cnpy/Conc P R</td> <td>1.00</td> <td>201.00</td> <td>79.0</td> <td></td> </tr> <tr> <td></td> <td>RFX/Conc P</td> <td>1.00</td> <td>10.50</td> <td>13.0</td> <td></td> </tr> <tr> <td></td> <td>Conc P R</td> <td>1.00</td> <td>222.00</td> <td>86.0</td> <td>1617.10</td> </tr> <tr> <td colspan="5">Net BUILDING Area (rounded w/ factors)</td> <td>2398</td> </tr> </tbody> </table>			AREA CALCULATIONS SUMMARY						Code	Description	Factor	Net Size	Perimeter	Net Totals	GBA1	First Floor	1.00	2397.50	234.0	2397.50	BSMT	Fin Bsmt	1.00	1680.00	176.0	1680.00	P/P	RFX/Conc P R	1.00	450.00	162.0			Conc P R	1.00	733.60	268.9			Cnpy/Conc P R	1.00	201.00	79.0			RFX/Conc P	1.00	10.50	13.0			Conc P R	1.00	222.00	86.0	1617.10	Net BUILDING Area (rounded w/ factors)					2398
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CITY & BOROUGH OF SITKA

AFEX SOFTWARE 000 608 9950

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COMPARABLE BUILDING SALE NO. ⑤

Location: 4136 Bartlett Street, Homer, Alaska

Legal Description: Lot 2A Block 5, Fairview Subdivision No. 11, Plat 85-28 KRD

Sale Date: October 16, 2015

Grantor: Paradox Management LLC

Grantee: Kenai Peninsula Borough

Recording: SWD 2015-003192

Price: \$1,530,000

Terms: cash to seller

Building Size: 4,904 SF one story clinic

Building Age: 1985

Land Size: 78,408 SF

Access: Bartlett Street

Zoning: commercial

Utilities: water, sewer, power, phone

Soils/Topography: moderate in topography with good soils

Description: This one story clinic was in average plus condition and was leased to the Kenai Peninsula Borough for three years prior to the purchase. The lessee had the first right of refusal to purchase the clinic. The borough wanted the clinic to become part of the Central Peninsula health care system. The building had a typical clinic design and was in above average condition.

The buyer expanded this clinic by 5,584 SF three years after this acquisition, significantly upgrading this medical facility.

Analysis: \$1,530,000/4,904 SF = \$312 SF

Confirmation: Kenai Peninsula Borough, buyer, by Julie Dinneen, MAI



Assumptions and Limiting Conditions

- The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
- Neither all, nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media

Qualifications of Appraiser

**PROFESSIONAL
QUALIFICATIONS**

JULIE C. DINNEEN, MAI

302 W. Chester Street
Lafayette, CO. 80026

(303) 579-3589

juliedinneencompany@gmail.com

EDUCATION

Bachelor of Science, Economics, Lewis & Clark College. Portland, Oregon, 1981

PROFESSIONAL AFFILIATIONS

APPRAISAL INSTITUTE - Member Appraisal Institute #7898

STATE OF ALASKA – Certified General Real Estate Appraiser #AA90

EMPLOYMENT HISTORY

1993-Present

Julie Dinneen Company – Sole Proprietor

Fee Appraisal Shop with a wide variety of assignments in Southeast Region of Alaska.

Board of Equalization Referee for four counties in Metro Denver.

1991-1993

Manager of Juneau Office - Real Estate Services Corporation

Fee Appraisal Shop with a wide variety of assignments in Southeast Region

1989-1993

Associate Appraiser in Anchorage Office – Real Estate Services Corporation

Fee Appraisal Shop with a wide variety of assignments in Southcentral Alaska

1988-1989

Associate Appraiser in San Francisco Office – Arthur Jimmy International

Extensive travel in western states, predominantly skilled nursing facility assignments

1982-1988

Associate Appraiser in Anchorage Office – Shorett & Riely

Fee Appraisal Shop with a wide variety of assignments in Southcentral Alaska

1981-1982

Research Assistant in Portland Office – Curtis, MacKenzie & Slocum