

HB

101

<TARGET><BILL>HB 101</BILL><SUBJECT>HB
101</SUBJECT><COMM>HFIN29</COMM></TARGET>

Fiscal Note

State of Alaska
2015 Legislative Session

Bill Version: HB 101
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB101-DHSS-HCMS-3-26-15
Title: MUNI BOND BANK LOANS TO REG HEALTH
 ORGS
Sponsor: HERRON
Requester: House Finance Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates				
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
OPERATING EXPENDITURES	FY 2016	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personal Services	***		***	***	***	***	***
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	***	0.0	***	***	***	***	***

Fund Source (Operating Only)

None							
Total	***	0.0	***	***	***	***	***

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2015) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2016) cost: 0.0 *(separate capital appropriation required)*
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

Why this fiscal note differs from previous version:

Not applicable, initial version.

Prepared By:	Margaret Brodie	Phone:	(907)334-2520
Division:	Health Care Services	Date:	03/26/2015 09:00 AM
Approved By:	Sarah Woods, Deputy Director Finance & Management Services	Date:	03/26/15
Agency:	Health & Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2015 LEGISLATIVE SESSION

BILL NO. HB101

Analysis

This bill would offer municipal bonds to tribal health organizations for the construction or remodel of tribal healthcare facilities, a low interest option that may encourage infrastructure development. As tribal organizations take advantage of this opportunity, the State may see an increase in provision of tribal healthcare services to Alaska Native Medicaid recipients, services which are claimable at 100% federal match as compared to the 50% federal match rate for the same service provided in a non-tribal setting.

Based on past experience, the department expects it may be able to capture 10%, annually, of the value of the municipal bonds issued for a project, in general fund cost savings resulting from providing services at 100% federal match vs. the 50% match rate. However, the department cannot gauge the level of interest such a municipal bonds offer may garner from tribal organizations and thus, costs for this bill are currently indeterminate.

Representative Bob Herron

Rep.Bob.Herron@akleg.gov

State Capitol • Juneau, Alaska 99801-1182

Phone: (907) 465-4942 • Fax: (907) 465-4589



House District 38
Kuskokwim, Yukon & Johnson Rivers
Kuskokwim Bay & Nelson Island

Akiachak
Akiak
Aniak
Atmautluak
Bethel
Chefornak
Chuathbaluk
Crooked Creek
Eek
Goodnews Bay
Kasigluk
Kipnuk
Kongiganak
Kwethluk
Kwigillingok
Lower Kalskag
Marshall
Mekoryuk
Mertarvik
Napakiak
Napaskiak
Newtok
Nighthute
Nunapitchuk
Oscarville
Platinum
Quinhagak
Russian Mission
Toksook Bay
Tuluksak
Tununak
Tuntutuliak
Upper Kalskag

Sponsor Statement

HB 101

Muni Bond Bank loans to Regional Health Organizations

HB 101 provides Regional Health Organizations direct access to the Alaska Municipal Bond Bank (AMBB) for the purpose of issuing debt, in an amount not to exceed \$250 million. In 2014, the Legislature passed SB 218 which allows AMBB to issue bonds on behalf of the University of Alaska for their new power plant. This bill aims to accomplish the same results for Regional Health Care Organizations.

AMMB is a public corporation of the State of Alaska established to aid Alaska municipalities in financing capital improvement projects. AMBB generates funding by selling bonds on the national market, and using the proceeds to purchase bonds from local governments. AMBB leverages its credit ratings into lower interest rates than municipalities would be able to borrow independently. These municipalities then pay principal and interest to the Bond Bank on their debt. Utilization of the State's moral obligation pledge has not cost the State as every loan that the AMBB has entered into over the last 40 years has been paid.

Currently, regional health organizations have *indirect* access to the Bond Bank by partnering with a municipality to apply to the Bond Bank on a conduit basis. All non-profits that want to issue tax exempt debt in Alaska must do so through a municipality on a conduit basis. However, even though the debtor is not the municipality, not all municipal governments are willing to consider using the Bond Bank on the behalf of a local non-profit due to the complexity of the bonding process.

Benefits of Utilizing the Bond Bank

The Bond Bank has an excellent loan record with 100% of loans repaid and in conjunction with state support, has received "AA+" credit ratings from both Standard & Poor's Ratings Services and Fitch Ratings. Strong credit ratings allow the Bond Bank to borrow money at favorable interest rates. Smaller communities are at a disadvantage in the financial markets. They may have lower bond ratings, and although credit worthy, have not issued bonds or notes, have little outstanding debt, or lack investor familiarity. Over the last 10 years, the

Bond Bank has saved Alaskan communities approximately \$112 million, and has secured over \$1.5 billion dollars since inception to finance the construction of key projects; including schools, roads, utilities, harbors, hospitals, and other municipal facilities.

Yukon Kuskokwim Health Corporation (YKHC) Proposal

Regional health organizations in Alaska have been constructing new health infrastructure in coordination with the federal government's Indian Health Service's Joint Venture Construction Program (JVCP). JVCP is a competitive federal program whereby the regional health organization agrees to construct new health infrastructure and then the federal government will request additional staffing for the new facility from Congress.

Four JVCP projects have recently been built in Alaska. At this time, the federal government is considering two additional JVCP projects in Alaska, one of which is a large rural project with the Yukon-Kuskokwim Health Corporation headquartered in Bethel. YKHC's project request was recently rated number one in the nation by the federal government out of thirty-seven other competitive JVCP applications.

YKHC is currently working with the federal government to renovate the existing Bethel hospital and construct a new primary care clinic costing approximately \$250 million. YKHC will pay for the construction. Federal standards call for Congress to fund approximately 200 new staff in relation to the cost of a construction project, which will also provide an economic opportunity in human capital for the region.

The JVCP will cost the State of Alaska no additional monies, and in fact the improvements are expected to save State funds. The JVCP will bring approximately 200 new permanent positions into Bethel region, paid for by the federal government. The JVCP will create hundreds of new construction jobs in Bethel and elsewhere, paid for by YKHC. The JVCP will improve access and quality of care for the residents of the entire Yukon-Kuskokwim Delta.

Construction in rural Alaska is expensive and therefore affordable financing becomes extremely important for large rural JVCP projects. For this large rural project to be affordable for YKHC, the low interest rates obtainable by the Bond Bank is necessary.

I request your support in passing this bill.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

February 20, 2015

SUBJECT: Sectional Summary of HB 101 (Work Order No. 29-LS0533\A)

TO: Representative Bob Herron
Attn: Rob Earl

FROM: Megan A. Wallace *MAW*
Legislative Counsel

You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

Section 1. Amends AS 44.85.005 to include legislative findings relating to health care and nonprofit regional health organizations.

Section 2. Amends AS 44.85.010(a) to include a policy to assist regional health organizations.

Section 3. Amends AS 44.85.090 to add "a regional health organization" to the list of exceptions to the limitations on the authority of the bond bank authority to make loans.

Section 4. Amends AS 44.85.180(e) to provide the bond bank authority with the power to issue bonds or notes in amounts not to exceed \$250,000,000 for the purpose of making loans to regional health organizations.

Section 5. Amends the definition of "municipal bond" to include obligations of a regional health organization.

Section 6. Adds a definition of "regional health organization."

Section 7. Provides for an immediate effective date.

MAW:lnd
15-129.lnd



YUKON-KUSKOKWIM HEALTH CORPORATION
"Working Together to Achieve Excellent Health"

**A PROPOSAL TO PARTICIPATE IN
INDIAN HEALTH SERVICE
JOINT VENTURE CONSTRUCTION PROGRAM**

APPLICATION

*** * * ***

YUKON-KUSKOKWIM HEALTH CORPORATION

YUKON-KUSKOKWIM PRIMARY CARE CENTER

AND

YUKON-KUSKOKWIM DELTA REGIONAL HOSPITAL

BETHEL, ALASKA

November 25, 2014

**APPLICATION
INDIAN HEALTH SERVICE
JOINT VENTURE CONSTRUCTION PROGRAM**

*** * * ***

YUKON-KUSKOKWIM HEALTH CORPORATION

YUKON-KUSKOKWIM PRIMARY CARE CENTER

AND

YUKON-KUSKOKWIM DELTA REGIONAL HOSPITAL

BETHEL, ALASKA

Submitted November 25, 2014

PROPOSED:



**Dan Winkelman
President/CEO
Yukon-Kuskokwim Health Corporation**

11/24/14
Date

RECOMMEND FOR CONSIDERATION:

**Chris Mandregan Jr., Director
Alaska Area
Indian Health Service**

Date

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List of Abbreviations

AAIHS	Alaska Area Native Health Service	ISDA	Indian Self-Determination and Education Assistance Act
AK	Alaska	km	Kilometers
AN/AI	Alaska Native & American Indian	km2	Square Kilometers
ANMC	Alaska Native Medical Center	m	Meters
BGSM	Building Gross Square Meters	m2	Square Meters (see also SM)
CAP	Capital	cm	centimeters
CDBG	Community Development Block	OB	Obstetrics
CEO	Chief Executive Officer	OPV	Outpatient Visits
CHA/P	Community Health Aide/Practitioner	POC	Point of Contact
CHSB	Community Health Services Building	PCP	Primary Care Providers
CHS	Contract Health Services	PCPV	Primary Care Provider Visits
DGSF	Department Gross Square Feet	PJD	Program Justification Document
DGSM	Department Gross Square Meters	POR	Program of Requirements
DI	Diagnostic Imaging	PSA	Primary Service Area
EHR	Electronic Health Records	RRM	Resource Requirements Methodology
ER	Emergency Room/Department	RRMNA	Resource Requirements Methodology Needs Assessment
ES	Engineering Services	SA	Service Area
ESA	Extended Service Area	SCF	South-central Foundation
FBES	Facilities Budget Estimating System	SM	Square meters (See also m2)
FEDS	Facilities Engineering Deficiencies System		
FF&E	Furnishings, Finishes & Equipment	SSER	Site Selection and Evaluation Report
FTE	Full Time Equivalent	SU	Service Unit
FY	Fiscal Year	WW	West Wing
FY	Fiscal Year	YKHC	Yukon Kuskokwim Health Corporation
GYN	Gynecology	U.S.	United States
HA	Hectares		
HSP	Health Systems Planning Process		
IHS	Indian Health Service		

4. Project Summary

Thru the Joint Venture Construction Program (JVCP), the Yukon Kuskokwim Health Corporation (YKHC) proposes to finance and 1) build a new approx. 11,750 SM Primary Care Clinic, and 2) renovate the approx. 9,100 SM adjacent existing Yukon Kuskokwim Delta Regional Hospital (YKDRH) in Bethel, Alaska. The new clinic facility, located adjacent to the existing hospital site, will be designed to meet 2025's projected outpatient clinic demand. The existing hospital's renovation is tailored to meet the 2025 projected inpatient and ancillary demands. Both facilities will be constructed to the appropriate Indian Health Service and Joint Commission facility standards. A total project cost of approx. \$250M is anticipated by YKHC. The project short-term objective is to complete the new construction and renovation consistent with JVCP requirements in a timely manner and within established budgets. The long-term objective is to provide needed in- and outpatient facilities to support health delivery care in the YKHC service area for the next 30 years.

Background

YKHC is a federally recognized non-profit Tribal Organization. It is authorized by resolution by its 58 federally recognized tribal governments, to provide health care services to the people of the Yukon-Kuskokwim Delta (YK Delta) under Title V of the Indian Self-Determination and Education Act. YKHC is governed by a 21-member Board of Directors, elected by its tribal members.

The YKHC is headquartered in Bethel, Alaska, which is located 400 miles west of Anchorage and is the gateway to the Y-K Delta which has an IHS beneficiary User Population of 30,408 projected for 2025. This unique, isolated area is the traditional home of the state's indigenous Yup'ik, Cup'ik, and Athabascan people. This region is approximately 75,000 square miles (roughly the size of Oregon) and is not connected to a road system. As of 2010 Census 89% of residents are Alaska Natives. 50.2% of the populations speak a Yupik language at home, followed by English at 46.4%. 57.4% of families live under the poverty level, and many live a subsistence lifestyle.

The YKHC is the only full service health provider in the entire region. In addition to traditional health care services, YKHC provides a wide variety of community, social, and population health services. Services delivery is based on a "tiered level of care model" centered on the Community Health Aide Program with village clinics supported by a single central hospital and residential/specialty services in Bethel. Services that cannot be provided in the YK Delta are referred out of the region to the Alaska Native Medical Center or other care.

Need

Services have grown significantly over the past 35 years since the current hospital opened, as both the population and the demand for ancillary health services such as behavioral health have grown. In 1993 after YKHC took over the hospital operations YKHC had approx. 130,000 outpatient visits per year. In 2012, YKHC had over 230,000 outpatient visits. Current trends show a marked increase in outpatient versus inpatient services.

To meet the demands for inpatient and outpatient services, the current YKDRH campus needs to be expanded. The Alaska Area Plan and the YKHC facility plans call for a new Primary Care Center that would house all or most of the centralized outpatient services for the YK delta. Moving most of the outpatient services to the new facility will: 1)

allow outpatient services to grow; 2) improve patient care and better service efficiencies between outpatient and inpatient services and 3) free up space within the hospital. Freeing up space in the hospital will also allow the renovation of the 35 plus year old hospital to meet current standards and projected inpatient needs.

Using the Health Systems Planning (HSP) software and Bethel's existing infrastructure, our proposal would build and open an approximately 11,750 SM new clinic building adjacent to the existing hospital-and renovate and open approximately 9,100 SM hospital by phase.

YKHC Management Capacity

YKHC has a long track record of successfully developing and managing its services and facilities. Administratively and financially YKHC has enjoyed a strong record. In construction, YKHC has successfully overseen and built over \$250M in a wide array of health and social service facilities. To help manage this project, YKHC has complemented its significant internal expertise with the Innova Group, and Bettisworth North Architects, all with JVCP experience.

Implementation

YKHC proposes to build the new Primary Care Clinic on the current Hospital campus. YKHC has submitted a letter of intent to IHS and the land is currently in the process of being transferred from IHS to YKHC -first by Quit Claim and then Warranty Deed. The entire planning and design process will take 12 months. Construction, due to the required phased approach to build while under operation, is projected to take up to 5 years. When complete, the new facility will be leased to IHS cost free. YKHC will occupy and operate the new facility using the additional staff funding provided by IHS under this JVCP.

The IHS approved planning documents and design solution will determine final costs based on YKHC securing financing of approximately \$250M. YKHC proposes to finance the design and construction with existing YKHC resources, grant funding from the State of Alaska and debt financing. YKHC is in talks with the State of Alaska, federal agencies, the Alaska Municipal Bond Bank, Wells Fargo and others regarding additional support and financing. YKHC commits to separately arrange for and finance any equipment needed for healthcare operations.

In summary, YKHC and its team has demonstrated capability and experience in successfully completing complex health care construction projects in the arctic and rural environment. YKHC has committed substantial financial reserves to this project. The YKHC Board of Directors has carefully considered the benefits and risks associated with the project and has provided unanimous support for this initiative (see Attachment1). We believe the IHS JVCP program can offer YKHC unprecedented opportunity to provide quality tribal healthcare services in the YKHC region for years to come.

5. Project Narrative

a. Name of Tribe

This application is submitted by the Yukon Kuskokwim Health Corporation for and on behalf of its 58 affiliated tribes. A map and listing of the YKHC service area and associated villages is attached.

b. Proposed Geographic Location

The proposed project is located in Bethel, Alaska on the current Yukon Kuskokwim Delta Regional Hospital (YKDRH) campus. The site and building are in the process of transfer to YKHC -initially thru a Quit Claim deed to be conveyed by the end of 2014 and thru a Warranty Deed following congressional action in early 2015.

c. Estimated Size

The total project is estimated at 20,850 SM. It is composed of 2 components: a New Primary Care Clinic estimated at 11,750SM; renovation of the current hospital and related spaces which is estimated at 9,100SM.

d. Description of Proposed Healthcare Services

The new Primary Care Clinic facility will consist of the following services:

- Primary Care
- Audiology
- Dental Care
- Specialty Care to include Podiatry
- Laboratory
- Rehabilitation Services
- Behavioral Health
- Wellness
- Public Facilities
- Employee Facilities
- Case Management

The new facility will take direction from the IHS Primary Care Improving Patient Care (IPC) concept and its tenets that follow:

1. Care based on continuous healing relationships.
2. Customization based on patient needs and values.
3. The patient as the source of control.
4. Shared knowledge and the free flow of information.
5. Evidence based decision making.
6. Safety as a system priority.
7. The need for transparency
8. Anticipation of needs.
9. Continuous decrease in waste.
10. Cooperation among clinicians.

IHS's has adopted the staff Team Room as an essential component of IPC's goals for a Proactive Care Team, Informed Activated Patient and that each staff member work to the full extent of their license.

Renovation within the existing Hospital will also follow the tenets of IPC as it pursues the modernization of the 35 plus year old facility. The Renovation will impact the following services:

- Business Office
- Health Information Management
- Security
- Emergency
- Behavioral Health Clinical Decision Unit
- Pharmacy
- Respiratory Therapy
- Surgery
- Clinical Engineering
- Facility Management
- Acute Care
- Labor & Delivery/Nursery
- Dietary
- Housekeeping and Linen
- Property & Supply
- Public Facilities

With the exception of the Behavioral Health Clinical Decision Unit, the proposed programs, whether new or remodeled, are staffed and sized in accordance with the Indian Health Service's Health System Planning and Resource Requirements Methodology criteria. Draft User Population and Workload adjustments, as well as more complete "draft" program descriptions may be found in the draft Program Justification Document and draft Program of Requirements within the appendix. These document represents the beginning of the required planning documents to be submitted for approval through the Alaska Area beginning in February 2015.

The Behavioral Health Clinical Decision Unit has been identified by the Yukon Kuskokwim Health Corporation as a key transitional care program for the assessment, transfer and return of Behavioral Health patients to and from the Alaska Psychiatric Institute (API) in Anchorage. The 6 bed, less than 48 hour stay, clinical decision unit will provide a safe place for patients transferring back into the community, out to API, or for short term evaluation and care while admission is contemplated. The transfer and return of these "vulnerable" patients is a recognized problem in Anchorage as well as throughout rural Alaska.

Project Design Overview

Celebration of Alaska Native Culture

The Yukon-Kuskokwim Health Corporation's (YKHC) vision is to provide an integrated healthcare model that will promote health and wellness for the people of Yukon-Kuskokwim Region by renovating the existing hospital and constructing a new outpatient health clinic. The cultural values of welcoming, honoring, sharing, and family support will be woven into the design to empower patients, visitors, and staff.

The new facilities' landscaping, design, and planning will improve health care services for the region's residents through integrated health care delivery, and will become a cultural icon, with appropriate and relevant Native Alaska references specific to this region, including:

- Exposed wood/log finishes, interior and exterior, to reflect the "Qasgi" or place for traditional gathering or community centers
- "Ellam Yua" Traditional Yupik Symbol of a circle, noting the connection of the Creator and greater spiritual world beyond
- Relationship with the Land in site improvements, landscaping, and providing for views and daylight throughout the facilities' interior and exterior spaces
- Cultural principles, including physical, mental, emotional and spiritual values, which will be connected and strengthened throughout this facility
- Connection to the water – the Native people of the Yukon-Kuskokwim Region are of the waterways—connected to the region's winding rivers, rushing in summer and frozen ice in winter. They live off and within the land and water, celebrating the uniqueness of each season

Site Design

A gracious entry drive, with space for multiple cars and safe, accessible pedestrian access, combined with an inviting vestibule will clearly identify the facility's new main entry. Immediately upon entering, a greeter stationed nearby will welcome visitors and assist them with their first point of care and assistance.

The new clinic joins the existing hospital at an angle paralleling the property line and the form of the Kuskokwim River bending and defining Bethel's southern edge. The clinic is designed with the primary care, wellness center and lab located on the first floor, allowing quick, easy connection with the relocated pharmacy and the main entry. This will create efficient flow and ease of service outside of clinic visits. Efficiency and clarity of wayfinding will help patients to these high-use departments through a main circulation spine that is consistent and stacked on all three floors. Running north to south in the clinic, the wide hallway serves for waiting areas on each floor, with direct views and access to precious daylight.

Exterior Design

The vertical elements of the new clinic echo the texture of the wood structure found in traditional houses and qasgi. Strips of color represent salmon drying on racks, with sunlight streaming between them.

The greater volume of the new clinic steps down to the scale of the existing hospital through the main entry and connector volume. This creates a welcoming point of entry, with the use of warm materials and colors. The materials throughout are durable and maintainable, warm in tones and color.

Interior Design

The connector between the existing hospital and the new clinic is a gathering space. It is a contemporary solution based on the traditional qasgi, or communal men's house – the social and ceremonial center of village life. This circular space represents a strong cultural design element to the region's Native people. As the main architectural expression, this gathering space will promote social interaction, connection to the outdoors with views and daylight, and be a comfortable respite area for all.

The clinic bays are designed for flexibility and adaptability, should future growth require changes. Modular layouts are used throughout, from exam rooms to integrated team work areas on all three floors of the clinic. The clinic spaces are located to the north of a main circulation hall, allowing views across the town to the north and west.

The second floor of the clinic is planned on a similar flexible layout as the first floor. Clinical departments of Specialty Clinic, Audiology and Dental are located along the north of the circulation spine, adjacent to one another to allow for flexibility and growth, with support spaces to the south. The third floor includes a prominent shared conference room, with views to the river and mountains beyond while the Rehabilitation Services and Behavioral Health Suite share the clinical spaces.

This project is an opportunity to create a sustainable healthcare community and improve the greater YKHC Campus with a facility that is designed for the future, is culturally respectful and sensitive, and provides the apex in contemporary health care and wellness.

e. Certification of Consistency with IHS Healthcare Facilities Plan

The project is consistent in mission and scope with outlined plans from the February 2006 Alaska Area health Services & Facilities Master Plan. For more information pertaining to this plan, see Attachment 7, Draft PJD, Tab O.

6. Project Management Plan

a. Method Proposed to Manage the Design and Construction

Overview:

YKHC proposes to use a fast track - "Design-Bid-Build" (DBB) method to manage the design and construction. YKHC will manage the entire process augmented by specialized project expertise to help oversee and build all phases the project to ensure consistency and continuity of the process; conformance with all requirements and achieving best long term value for our investment.

To manage the project, YKHC proposes a variety of tools and methods YKHC (and its partners) are familiar with or can easily adapt to. These include but are not limited to: use of Master Builder/Sage to track and coordinate project documents; reviews; submittals; costs; etc.; MS Project to track project schedules; dependencies; resources to help ensure the project stays on schedule.

To expedite the overall project delivery, YKHC proposes to use a "fast track" approach. Under this approach YKHC proposes to advance clinic construction even while finishing the design on the back-fill and hospital renovation work.

Design:

YKHC has engaged well qualified design firms with extensive Alaska, bush, cultural and hospital design experience. YKHC proposes to augment our design team with assistance from IHS Technical Branch; YKHC Quality Control Team and ANTHC consultant support.

Bid:

YKHC proposes to bid services it currently does have do or exceed our or internal capacity.

Build:

This phase include: new construction (the new Primary Care Clinic); renovation (the current YKRDH hospital) and the remodel of the "backfill areas in the CHSB and the West Wing vacated when they move into the new Primary Clinic Building. In all case, YKHVC proposes to meet all relevant design and construction standards. For the areas to be renovated, YKHC proposes to comply with IHS requirements where applicable including component systems that are integrated into the entire building: fire alarm, HVAC, etc. . The only exceptions would be those components or areas that have previously been upgraded. We fully expect to comply with LEED and IHS Sustainability requirements.

To complete this work, YKHC has been in discussions with well qualified General Contractors interested in partnering with YKHC to build the project. YKHC proposes to bring the General Contractor partner on board early in the process to help ensure maximum use of the contractors expertise and access to a wider array of qualified subs willing and able to complete the work and willing to work in remote Alaska at reasonable cost and able to achieve excellent quality.

To help ensure full conformance with design intent; contract and sub-contract conformance and LEED requirements , YKHC proposes to engage a 3rd party commissioning/continuous commissioning agent that will be ensure optimal operations thru construction into the first stages of operation.

Operation:

A key element of our project is and will continue to be a focus on operations. This ranges for ensuring effective staff and operations transitioning into new or reconfigured space to oversight of work in and around on-going operations to ensure maximum patient, visitor and staff safety.

b. **Listing of Key Staff** –See resumes

YKHC Project Steering Committee

President/CEO

Dan Winkelman,

Steering Committee

Project Director –

Newton Chase, Vice President of Support Services

(alt) Deanna Latham CE , Director of Capital Projects (Alternate Project Director)

Program Management–

Jane Russell, Vice President of Health Services

(alt) Patricia Smith,

Medical Management

Dr. Joe Klejka

(alt) Dr. Ellen, Hodges, Chief of Staff

Project Finance–

Tommy Tompkins, Vice President of Finance

(alt) Sherry Smith, Budget Director

Workforce Management

Darlene Trenier, Vice President, Workforce Development
(alt) Seth Lindren, Recruitment Manager

c. Project Team

YKHC Project Team

Project Management (Joint Venture)

Steve Merkel, YKHC Project Manager

Erik Freeden, Vice President, Meridian Project Management*

Kent Crandall, Vice President, Heery Inc.*

Planning Team

John Temple, The Innova Group

Design Team

Tracy Vanairsdale, AIA, LEED - Bettisworth North Architects

CB Bettisworth, AIA, Bettisworth North, Architects

Karl Sonnenberg, AIA, ZGF, Inc

Paul Jones, AIA, Jones & Jones, Cultural Architect

Construction Team (Joint Venture)

Kris Manke YKHC Director of Construction

Josh Pepperd, President, Davis Construction and Engineers Inc.*

David Shure, PE, Nortech Engineering , Commissioning Agent*

Quality Control Team

Larry Brown, PE, Notkin Mechanical engineers, Mechanical

Design/Construction/Operations*

Jeff Hankin, PE Sparling Inc. , Electrical Systems*

Don Hammelman, Vice President, Summit Construction Inc., -

Construction Auditing*

*YKHC has been in contact with each of the firms *'d above. Each has expressed a keen interest with working and partnering with YKHC on this project. All other firms are currently under contract.

d. Proposed Points of Contact (POCs)

Newton Chase, Vice President of Support Services

PO Box 528, Bethel, Alaska 99559

907-543-6558

907-545-1958 (mob)

newton_chase@ykhc.org

(alt) Deanna Latham CE , Director of Capital Projects (Alternate Project Director)

PO Box 528, Bethel, Alaska 99559

907-543-6071

907-545-4309

Deanna_latham@ykhc.org

e. **Resumes of Key Staff**

Project Direction:

Newton Chase

Vice President – Support Services

Project Director

Newton Chase is the Vice President of Support Services for YKHC. He was born in Ojai, California and has lived in Alaska almost 30 years. His undergraduate work was in Architecture at the University of California, Berkley. His graduate work is in Urban Planning at the University of Washington, Seattle. Mr. Chase has lived in Alaska 30 years and is been involved in a number of remote Alaska construction projects. These include:

- YK Delta Corrections Center;
- Bethel Youth Facility;
- Bethel Group Home;
- Bethel Public Health Center;
- Nome Youth Facility,
- Anvil; Mountain Correctional Center.
- Bethel Pre-maternal Home

Mr. Chase's healthcare experience includes overseeing design and/or managing numerous construction projects. Among them are:

- Alaska Psychiatric Institute - \$75M –replacement hospital
- Providence Alaska Medical center with projects ranging up to \$200M – construction PH 1 West Campus ;
- Renown Health System with projects ranging up to \$350M –new patient tower; ER; DI; and ORs].
- Cleveland Clinic Abu Dhabi - \$3.5B - 4.3M sf new hospital, ORs, clinic, conference/ training center
- McGill University Medical Center – Cancer Hospital -90,000 sf

Deanna Latham, CE (pending)

Assistant Project Director

Ms. Latham is the YKHC Director of Capital Projects. She is Yup'ik from Quinhagak, Alaska and was born and raised in the YK Delta. She has a Bachelors of Science degree in Civil Engineering from the University of Alaska Fairbanks. She has over 8 years working on YK regional healthcare design and construction projects . These include over 15 village health clinics; the newly opened Long Term Care Facility; the newly opened Bethel Pre-maternal Home, Sobering Center, Hooper Bay Sub-Regional Clinic, various Hospital improvement projects, among others.

Steering Committee

Project Executive

Dan Winkelman

President & CEO

Yukon-Kuskokwim Health Corporation

Bachelor of Science, University of Oregon, 1994

Juris Doctor, University of New Mexico, 1997

Dan is Deg Hit'an Athabascan Indian from Anchorage with family originally from Shageluk and McGrath, Alaska. He is an enrolled member of the Shageluk Native Village Tribe.

Dan is President & CEO of the Yukon-Kuskokwim Health Corporation (YKHC) headquartered in remote Bethel, Alaska. YKHC is a tribal health organization of 58 tribes from the Yukon-Kuskokwim Delta that operates 41 village clinics, 5 sub regional clinics and a hospital comprising 1,300 employees with an annual budget of approximately \$150 million.

He has over 15 years experience in health care and over 10 years as a senior leader in a Company with over 1,000 employees. The Company's revenues of \$72 million in 2002 are now over \$150 million. During that time, YKHC successfully constructed over \$200 million of new clinics and facilities, almost entirely grant or earmark funded. YKHC also developed a subsidiary into a joint venture that is Alaska's largest medevac operator, LifeMed Alaska.

Dan has worked several years with national and statewide Tribal leadership, the Alaska Legislature, its leadership, numerous Governors, Commissioners, numerous members of Congress, the Indian Health Service and other agencies. Dan's abilities to develop strong relationships with legislators and advocate for health priorities enabled YKHC to receive over 12 earmarks in 6 short years, totaling over \$50 million. Especially gratifying was that this was achieved without the aid of a single lobbyist.

Program Manager

Jane Russell

Vice President for Health Services

Yukon Kuskokwim Health Corporation

Doctor of Pharmacy, Creighton University 1997

Masters in Business Administration (focus Management and Strategy), Western Governors University 2010

Jane Russell has worked in the health care field for 17 years. Jane's broad range of experience includes 8 years in the pharmacy field as a clinical pharmacist, specializing in intensive care and oncology, and then in pharmacy management. For the last 9 years, Jane has been employed by the Yukon Kuskokwim Health Corporation as an administrator and most recently Vice President. She oversees the health care delivery system for 50 rural communities spread over 75,000 square miles and approximately 25,000 patients in southwest Alaska. She leads 57 programs and approximately 1,000 employees as well as provide budgetary oversight for 100 million dollars. Jane's position is responsible for overall organizational excellence, service development, program execution, quality, customer satisfaction, & financial results. YKHC is the sole comprehensive provider of health care, and is the main employer and economic driver for the region.

Medical Director

Joseph Klejka, MD

Corporate Medical Director

Yukon Kuskokwim Health Corporation

Bachelor of Arts (Chemistry and Biology), Walsh University, 1985

M.D., North Eastern Ohio Universities College of Medicine, 1989

Joseph A. Klejka, MD, has worked for Yukon Kuskokwim Health Corporation since 1992, first as a front line Family Medicine Board Certified physician at the hospital, and for 17 years as the Corporate Medical Director. Dr. Klejka received his Medical Degree from North Eastern Ohio Universities College of Medicine in 1989, and finished a 3 year residency in Family Medicine in 1992 at Aultman Hospital in Canton, Ohio.

Dr. Klejka serves as a board member of the Alaska Primary Care Association. This non-profit organization is committed to expanding healthcare access to underserved populations throughout Alaska by maximizing Community Health Center resources.

Joseph served on the Bethel City Council for 5 years, completing his most recent term 10/14/ 2014, acting as Mayor for 4 ½ of those years. During the last 2 years, the City Council oversaw construction of a \$26 million dollar swimming pool and fitness facility. Joseph is also a member of the Bethel City Public Works Committee

Financial Director

A. Tommy Tompkins, CPA(Texas cert. # 010707)

VP Finance/CFO

Yukon-Kuskokwim Health Corporation

Bachelor of Business Admin - Accounting, Texas A&M University

Tommy Tompkins worked for Yukon-Kuskokwim Health Corporation (YKHC) from October 2005 until July 2011 with approximately three years as Controller and two as CFO. After less than three years retirement, Tommy returned to YKHC as Interim CFO. After working with the CEO and senior leadership team as they returned YKHC to profitability, he has committed to a long term relationship in that position.

Previous audit experience with Ernst & Young (formerly Arthur Young & Co.) and financial positions in Oil and Gas, Interstate Trucking and Personal Financial Planning with American Express Financial Advisors has given Tommy broad experience in financial management to go with the knowledge of Tribal Healthcare; especially as healthcare able to be delivered in remote areas such as the Yukon and Kuskokwim River deltas of western Alaska.

Workforce Director

Darlene L. Trenier -

V. P. of Workforce Development

Bachelor of Business Admin - Human Resources, Loyola Marymount University, Westchester, CA

Darlene L. Trenier has worked for Yukon-Kuskokwim Health Corporation (YKHC) since July 2011 where she began as the Employee Relations Manager, was promoted to Director of Human Resources in November 2013 and then promoted to the newly created position of Vice-President of Workforce Development which includes oversight of the Human Resources Department, the Public Relations and Grant Departments, Department of Risk (including company-wide insurance portals) and the General Counsel Department.

Darlene brings 20+ years of demonstrated expertise in leadership and in providing innovative human capital management solutions including strategic planning, policy and procedure administration, recruiting and hiring practices, personnel development, retention approaches, legal compliance structures, managerial support, and conflict resolution management. She has a broad range of experience in the aerospace and aviation industries, non-profit and healthcare industries which aides her in accomplishing YK's mission of working together to achieve excellent health in the Yukon-Delta region of western Alaska.

Planning Team

John Temple

Healthcare Planner

Partner, Vice President

The Innova Group

Bachelor of Architecture, Syracuse University, 1985

John Temple has worked in the health care planning field for 28 years. John's broad range of experience includes owner/planner/design manager, architectural healthcare planning and healthcare demand and service line resource consulting. His specific expertise facilitates the synthesis of population demographics, operational evolutions and facility planning.

In leadership at The Innova Group, John has developed the Program Justification Document and Program of Requirements for the following Native American organizations and the Indian Health Service.

Lake County Tribal Health Joint Venture Master Plan, Addition/Alteration PJD&POR, Business Plan & Staffing Plan - Lakeport, California

Tanana Chiefs Conference Joint Venture PJD & POR - Fairbanks, Alaska

South Central Foundation Joint Venture PJD & POR - Palmer/Wasilla, Alaska

Kenaitze Joint Venture PJD & POR - Kenai, Alaska

Gallup Indian Medical Center PJD & POR - Gallup, New Mexico

In the past 5 years, John Temple has also worked for, among others, Veterans Health Administration, Kaiser Permanente, Harborview Medical Center and the Commonwealth of Massachusetts.

Design Team

Tracy Vanairsdale, AIA, LEED AP

Principal Architect

Tracy Vanairsdale is a Principal at Bettisworth North and was born and raised in Fairbanks. In her 16 years at the firm, Tracy has served as Architect, Project Manager, and Principal in Charge for projects throughout the state, most notably as project architect for both the Morris Thompson Cultural and Visitor Center, and TCC Chief Andrew Isaac Health Center. Tracy is known for her positive working relationship with clients and for connection to the user groups during charrettes/workshops, assuring their needs and wants are addressed throughout the project design.

Tracy is currently on the team for the Fairbanks Memorial Hospital Surgery Addition working closely with the ZGF design team and user groups to develop schematic designs.

Charles "CB" Bettisworth, AIA

Founder, Project Planner

Registered Architect, Alaska

Bachelor of Architecture, University of Oregon, 1967

Graduate Work in Urban Planning, University of Washington, 1972-73

CB Bettisworth is founder of Bettisworth North and has played a part in nearly every one of the firm's projects since its start in 1976. CB specializes in early stage project planning, programming, visioning, concept design, leading to project scope definition.

Within Bettisworth North, CB has created and uses a facilitated and structured charrette/workshop collaborative design process for all the firm's projects. He is a firm believer in the creative process of collaboration; that individuals of differing perspectives offer valuable ideas and that, as we work together, great projects result.

CB's lifelong love for Alaska runs deep. His professional career has been devoted to the design of quality buildings which are sustainable for the long term within each unique climate of Alaska, while providing each client with a facility that fits their needs and budget.

Johnpaul Jones, FAIA

Cultural Design Specialist

Registered Architect, WA, CA, OR, ID, HI, AZ, CO, and Washington DC

Bachelor of Architecture, University of Oregon, 1967

Johnpaul Jones has a distinguished 40-year career as an architect and founding partner of Jones & Jones. His design philosophy emerged from his Cherokee-Choctaw ancestors, which connects him to the natural world, animal world, and human world.

Mr. Jones' designs have won widespread acclaim for their reverence for the earth, for paying deep respect to the regional architectural traditions and native landscapes and for heightening understanding of indigenous people and cultures of America.

His experience includes successful collaborations with some 40 Tribes regionally and nationally on projects ranging from the National Museum of the American Indian to tribal cultural centers and cultural landscapes. His respect and sensitivity to the ways and beliefs of Native People throughout North America will provide a foundation for fully integrating tribal interests and cultural goals into this project. His most recent project completed in Alaska is the TCC Chief Andrew Isaac Health Center with Bettisworth North.

Karl Sonnenburg, AIA, ACHA
ZGF Partner in Charge
Registered Architect, Alaska and Washington
Bachelor of Architecture, Ball State University, 1975

Karl's nearly 40 years of professional experience include nearly 250 healthcare projects ranging from studies and renovations to major expansions, master plans, and new construction. His medical background includes programming, planning, design, construction administration and project management in the full range of diagnostic and treatment services, nursing units, support services ancillary departments and medical offices.

Karl's most recent projects in Alaska includes the Providence Alaska Medical Center in Anchorage which included the Women's & Children's Hospital Tower Addition and the North Expansion and Renovation and the ongoing Fairbanks Memorial Hospital Surgery Addition with Bettisworth North

Other resumes are available upon request

f. Position Descriptions – Summaries

Project Director-

- Shall oversee overall the overall project
- Ensuring appropriate coordination and timely communication between and among team members and with external stakeholder
- Ensuring roles, responsibilities are will understood and complied with
- Project schedule and budget milestones are met or improved upon
- Regulatory and other requirements are complied with
- Communication within and external to project is timely and two-way

Project Team

Project Executive

- Provide overall direction of the project, plans and designs
- Chairs the Project Steering Committee
- Oversee project communications to other agencies and the wider community

Program Director:

- Shall oversee program planning; incorporation of the agreed upon model of care in conformance with any IHS standards and requirements;
- Shall ensure program staff follow-thru with all requirements including program design, staff planning; training etc.
- Assist in program and staff coordination during design and

construction and assist in the transition and first operations of the new, remodeled and renovated spaces.

- Ensure that patient needs and requirements and safety are kept as the highest priority

Medical Director

- Shall oversee medical aspects of the planning and design
- Shall oversee the technology/IT aspect of the project
- Shall oversee program measurements including setting and tracking against an established service baseline

Financial Director:

- Shall oversee all financial aspect of the project including project financing; coordination between the project and operating budgets to ensure appropriate coordination and balancing.
- Timely prepare and distribute needed reports to financial partners and team members
- Oversee timely payment of accepted bills and invoices

Workforce Director

- Oversee overall staffing planning meets all requirements and best professional and clinical requirements
- Shall oversee the recruit and engagement of qualified staff
- Shall oversee the onboarding; training and competency assessments appropriate to current and new staff in the new , remodeled and renovated spaces ;

Project Manager(s):

Overall:

- Shall plan, track, oversee day-to-day project design and construction activities to ensure efficient and effective operations in full compliance with all requirements and contracts
- The Overall Project Manager: shall also ensure appropriate prioritization, coordination between design and construction teams.

Clinic: As above, focused on clinic building and back-fill

Hospital: As above, focused on the hospital

Planning Team

Planning team members are responsible for:

- Using best professional judgment and expertise to appropriately analyze, assess, and apply HSP/IHS and other applicable best professional healthcare planning standards

Design Team

Design team members are responsible for:

- Employing best professional expertise in the design and engineering of a cost effective and efficient facility compliant with all requirements and responsive to YKHC and patients' needs and requirements

Construction Team

Construction team members are responsible for:

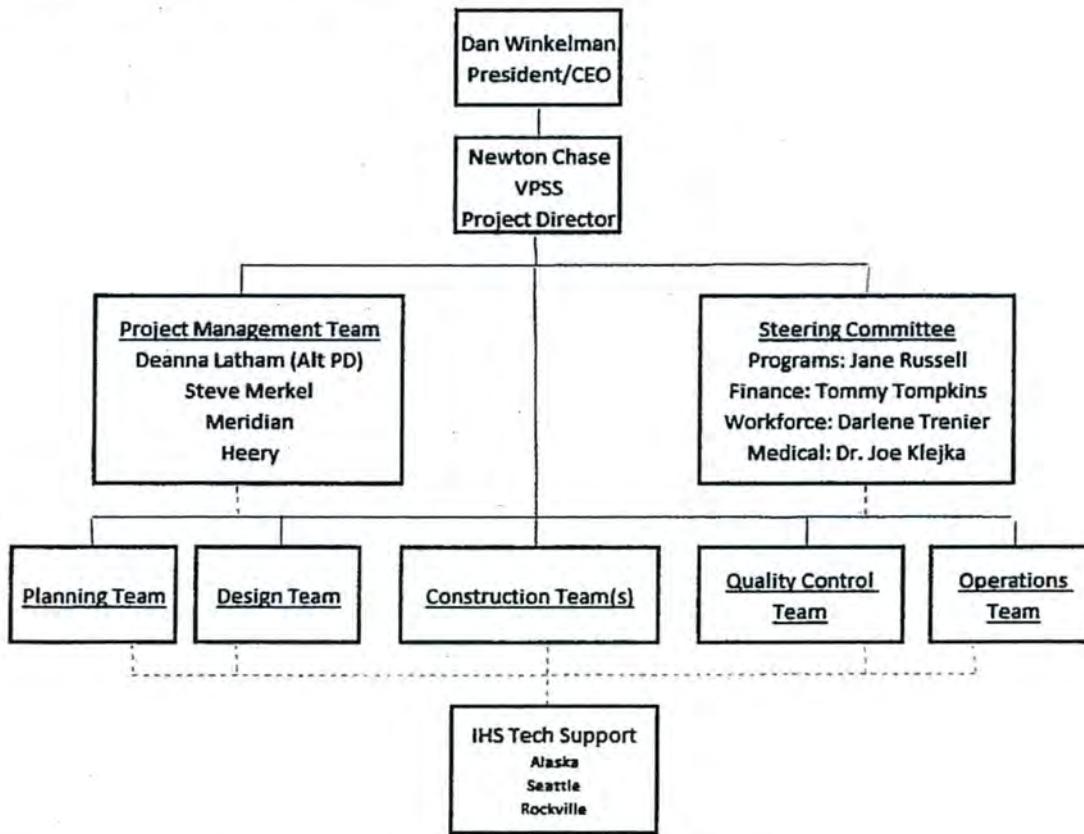
- Planning, procuring and oversight of the material acquisitions, layout and construction of the project in a cost effective and efficient manner ensuring YKH received best long term capital and operating cost value

Quality Control Team:

Quality Control team members are responsible for:

- third party oversight of design, construction and operations documents, plans and components
- providing advice and counsel to YKHC and team members well in advance of any issues to avoid unneeded costs of delays and to improve the overall quality and long term cost optimization of the construction and operations investment.

g. Proposed Project Organization Chart



7. Project Budget Estimate

The abridged spreadsheet version of the IHS Facilities Budget Estimating System (FBES) is found on the following page, and estimates the cost of the Yukon-Kuskokwim Health Corporation Joint Venture Construction Project at \$166,280,000,¹ assuming the midpoint of construction March 2018.

Demolition on the site, in preparation for this project has already been accomplished. The Appendices contain a Draft PJD that utilizes a detailed FBES to estimate project cost. This IHS tool projects costs inclusive of additional granularity including:

- New building area and unit cost detail by department
- Renovation area and unit cost detail by extent/level of renovation
- Special equipment cost identification detail
- Site transfer costs, associated with Quit Claim and Warranty Deed are anticipated to be minimal and are not included in the FBE
- Previously placed structural foundation piles from the previously demolished structure remain in place. Removal of these elements is not practical due to the prohibitive cost involved, or to the excessive amount of site disturbance required. As such, the design of the new structure will need to assess the impact of this existing condition and develop an appropriate solution, which may have a significant impact on the proposed structural system. Additional site costs have been added to the FBES estimate for this requirement.
- Site related cost detail (clearing, parking, drives, landscaping and utilities)
- Construction cost detail showing:
 - Base construction cost..... \$72,696,164
 - Location impact (base cost x 2.08) at estimate date\$157,381,256
 - Escalation allowance 1.12862
 - *compounded escalation to mid-point of construction*
 - Resulting in a construction cost at mid-point of.....\$180,771,259
 - Additional costs detail including:
 - other construction costs..... \$25,121,456
 - design costs \$18,348,283
 - other budgeted costs \$32,719,598
 - Total project budget with phased funding.....\$253,813,000

¹ Note: Midpoint construction cost does not match Project Estimate on page 26. Please reference attached Summary of the Budget Estimate in the Draft Project Justification Document Tab M Dated 11/24/2014.

Total FBES construction cost estimate assumes midpoint of construction March 2018. This FBES report is found in Tab M of the attached PJD.

There exists potential for additional costs above and beyond what is reflected in the FBES report, primarily due to regional or site-specific factors.

- The total area of existing space to be renovated, and the extent of renovation that will be required, is still under consideration and study.
- Local escalation rates are reportedly higher than the national average.
- The impact of new construction and renovation on healthcare demand and basic facility operational costs will be difficult to quantify even after final phasing drawings are established. Also some temporary constructions may be necessary due to the phasing.
- Financing costs are not included in the Facility Budget Estimate.

These unknowns, and other unforeseen issues will arise as the project progresses. YKHC project management team understands the need for design and construction contingencies and will provide budget and schedule risk management updates throughout project implementation.

To establish a rough budget for the construction of a health care facility use one of the the following formats. Select the budget format that best fits your facility; then fill in the anticipated "Date of Construction" (mm/dd/yy). It is suggested that you use the estimated date for the mid-point of construction. Then fill in the "Total Gross Building Area" in square meters. (Escalated Base Cost per Square Meter x Building Area x Line Item Percentage of Budget)

Project Name: **Yukon-Kuskokwim Primary Care Center & Yukon-Kuskokwim Delta Regional Hospital**

Date of Construction (mm/dd/yy):	
Average Monthly Escalation:	0.00249
Base Cost per Square Meter HC:	2,454
Escalated Base Cost per Square Meter Health Center:	0

Date of Construction (mm/dd/yy):	3/15/18
Average Monthly Escalation:	0.00249
Base Cost per Square Meter Hospital:	3,390
Escalated Base Cost per Square Meter Hospital:	3,714

Date of Construction (mm/dd/yy):	
Average Monthly Escalation:	0.00249
Base Cost per Square Meter ARH:	2,672
Escalated Base Cost per Square Meter Alternative Rural Hospital:	0

Health Center		
Total Gross Building Area (sq. m):		
	Percent of Budget	Budget
Design:		
Site Survey and Appraisal	0.004	0
Site Acquisition	0.000	0
A/E Design Fee	0.145	0
Design Contingency	0.011	0
Construction:		
A/E Const. Admin/Observ	0.058	0
Building Construction	1.342	0
Other Cost	0.021	0
Taxes	0.118	0
Construction Contingency	0.148	0
Equipment:		
Group II and III Equipment	0.292	0
Special Equipment	0.118	0
Cultural Arts	0.007	0
Total	2.284	0

An ambulatory care facility operating a minimum of 40 hours per week, staffed with a basic health team offering services for acute and chronic ambulatory programs and acting as a referral center to higher levels care.

Primary Care Acute Care Hospital		
Total Gross Building Area (sq. m):	21,368	
	Percent of Budget	Budget
Design:		
Site Survey and Appraisal	0.001	51,036
Site Acquisition	0.001	54,527
A/E Design Fee	0.140	10,112,875
Design Contingency	0.011	795,720
Construction:		
A/E Const. Admin/Observ	0.050	3,638,250
Building Construction	1.363	98,745,832
Other Cost	0.017	1,204,521
Taxes	0.129	9,355,351
Construction Contingency	0.148	10,809,593
Equipment:		
Group II and III Equipment	0.249	18,036,308
Special Equipment	0.101	7,350,098
Cultural Arts	0.002	139,858
Total	2.210	180,093,985

A facility providing basic inpatient services, ambulatory care, and a range of inpatient and ambulatory specialty care. These facilities routinely serve patients referred from health centers and Alternative Rural Healthcare Facilities. While certain medical and surgical specialties may provide services part time in this facility, full time IHS staff capabilities will likely be limited to family practice/general medicine, internal medicine, pediatrics, obstetrics & gynecology and general surgery.

Alternative Rural Healthcare Facility (ARRHF) or Alternative Rural Hospital (ARH)		
Total Gross Building Area (sq. m):		
	Percent of Budget	Budget
Design:		
Site Survey and Appraisal	0.002	0
Site Acquisition	0.000	0
A/E Design Fee	0.178	0
Design Contingency	0.014	0
Construction:		
A/E Const. Admin/Observ	0.072	0
Building Construction	1.883	0
Other Cost	0.039	0
Taxes	0.176	0
Construction Contingency	0.183	0
Equipment:		
Group II and III Equipment	0.366	0
Special Equipment	0.145	0
Cultural Arts	0.007	0
Total	2.864	0

A health care facility providing a broad range of ambulatory care and community health services, emergency room services, but limited, low acuity inpatient care. The facility may also include low risk birthing and ambulatory surgery services. This facility does not provide inpatient surgery, c-sections, or ICU services. These facilities routinely serve patients referred from health centers and act as a referral center to facilities providing higher acuity and specialty care.

Notes:
The above method for evaluating budgets should not be used if a PJD has been established for a project. This methodology does not consider the location of the facility or its special site cost, utility cost, or equipment cost. The percentage of budget line items for health centers represents an average budget for 8-Health Centers, the percentage of budget for a hospital represents the average budget for 3- Hospitals, and the percentage of budget for an Alternative Rural Health Care Facility represents the average budget for 4- facilities. But, the projects used in developing the averages do include the site, utility, special equipment, and labor supplement cost for their respective location and needs.

Project Estimate

8. Financial Plan

Overview

YKHC has improved its financial position over the past years while continuing to make needed investments in services. Currently, YKHC has over \$80M in short and term investment accounts and projects a modest profit for FY15 and continued increases in the next position.

To finance the proposed project YKHC has contacted a variety of financial institutions and agencies potentially interested in partnering with YKHC on this much needed project. To date, all institutions and agencies have been exceptionally receptive. (See sample Letters of Interest received from potential financial partners). Interest expressed has been on several fronts: a) loan guarantees by federal and state agencies to help lower financing costs/improve bonds ratings; 2) direct loans primarily in the form of General Obligation bonds and 3) direct state/federal grants.

Based on these contacts, YKHC will use financing that provides funds needed to support the needs of the JVCP project and at the same time provide the best value to YKHC. In all cases, YKHC sets a high priority of securing a long term fixed rate commitment; with the ability to advance pay with little or no penalty

YKHC will be seeking and obtaining any state and/or federal grants to lower the overall amount required to be financed. We anticipate clarity on any grants by mid-May, 2015.

On Financing, YKHC plans to seek Alaska Legislative authorizing underwriting up to \$250M in Alaska Municipal Bond bank low interest GO bonds. YKHC has secured support from members of the majority in both the House and the Senate –including Senate Finance to introduce and support legislative action. YKHC anticipates legislative approval by mid-May, 2015.

For amounts that are not funded above, YKHC proposes seeking loan guarantees to lower loan and bond interest rates. Two major agencies in this regard are USDA and BIA. Both agencies estimate 90 to 120 days to secure such guarantees.

YKHC has also discussed commercial financing thru issuing long term general obligation and revenue bonds. Commercial banks already contacted include Wells Fargo and Co-Banks –both of which are familiar with the JVCP program. As above, these institutions are very interested and estimate financing taking approx. 90 day to 120 days.

In all cases where YKHC will require financing, we propose to re-pay these loans thru 3rd party, commercial and self-pay sources. In no case, will YKHC commit any IHS funds to re-pay any loans.

Please note, as stated in our pre-application, separate to the JVCP agreement, YKHC will secure financing/funding to support equipment needed for the projects using much the same approach as above. As possible, YKHC sets a priority of partnering with one or more equipment suppliers who will provide the equipment and on-going serving of this and other YKHC equipment –as recruitment and retention of suitable equipment serving support is somewhat problematic in this remote area.

a. Assets to Be Converted

As above, YKHC will convert any mid and longer term investment accounts needed to secure suitable long term financing/partnerships. In addition, YKHC has available significant equity on the CHSB building and housing that can be used to help secure loans.

b. Proposed Loans (Type and Amount)

As above, YKHC proposes a tiered financing approach. From YKHC's early contacts, the following loans/guarantees are currently "readily" available –with additional amounts potentially available with :

- State Bonds: min. \$250M –The Alaska Municipal Bond Bank on behalf of this project will be asking the Alaska State legislature for \$250 Cap for . AIEDA has loans exceeding \$100M.
- Federal/State Loan Guarantees: (available) min. \$80M –USDA will be seeking to raise the Alaska allocation above. BIA is similar
- Federal/State Loans: (available) min. \$ 25M –as above USDA and VBIA will be asking higher state caps to support this project
- Commercial: min. \$200.0M

c. Grants

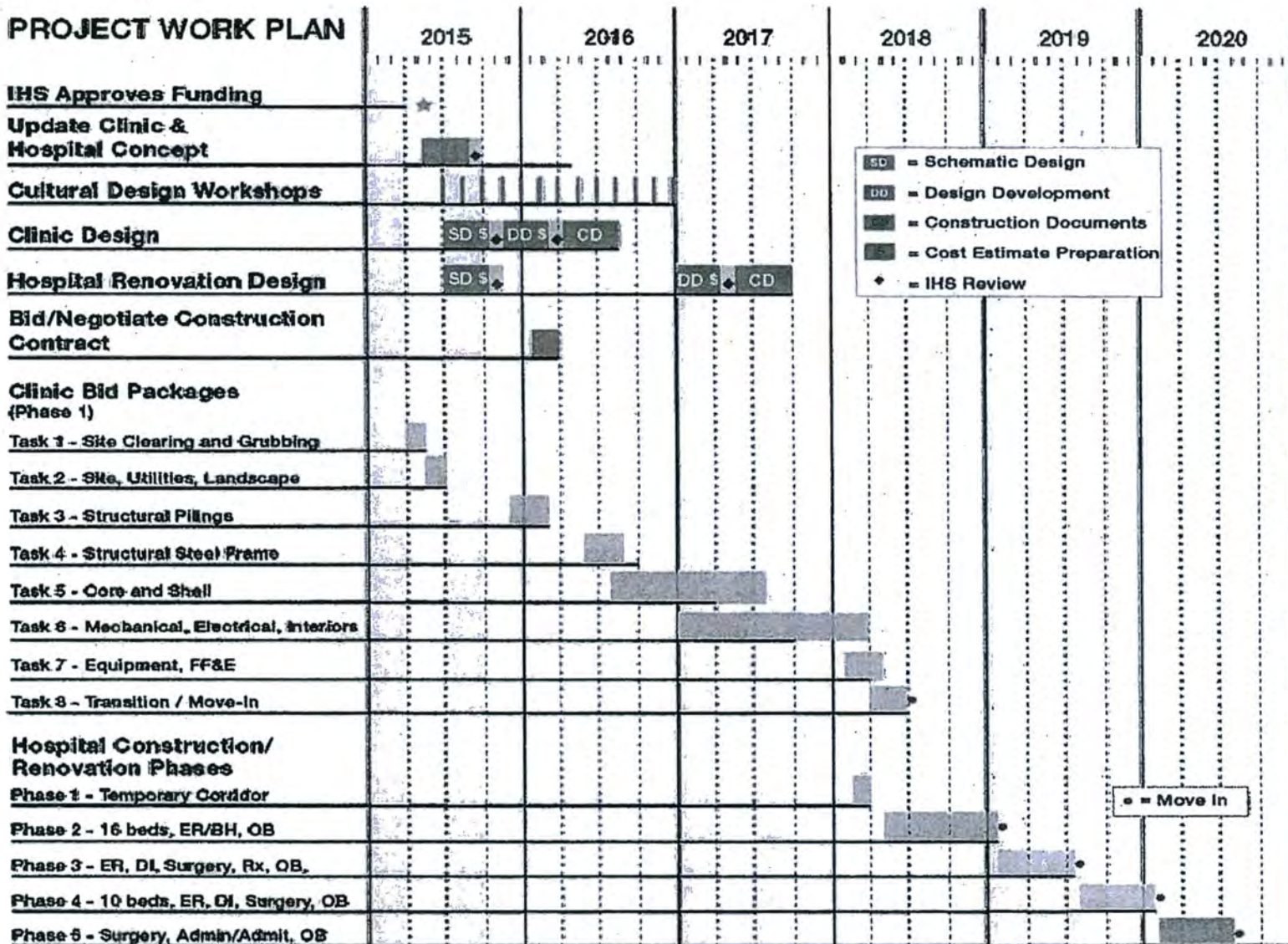
Based on early discussion with various granting agencies, not counting, IHS MIRAC or other funds, YKHC anticipates potentially:

- Grants-in-aid - \$30.0M min. (grants over time)

d. Prior Audit Letter

A copy of the most recent YKHC audit letter is attached under Appendix 8. There were no findings or recommendations.

PROJECT WORK PLAN



9. Proposed Project Schedule

ATTACHMENTS



YUKON-KUSKOKWIM HEALTH CORPORATION

"Working Together to Achieve Excellent Health"

Date: November 25, 2014

Mr. Christopher Mandregan, M.P.H., Director
Alaska Area Native Health Service
4141 Ambassador Drive, Suite 300
Anchorage, AK 99508

Dear Director Mandregan,

The 2014 Joint Venture Construction Program represents a significant opportunity for Yukon Kuskokwim Health Corporation (YKHC) to address critical needs across the 58 tribes in our region. Our pre-application and final application clearly highlights our 1. Relative Need, 2. Ability to Fund Project, 3. Ability to Manage Project, as well as our 4. Ability to Complete Project on Schedule.

Relative Need - YKHC Need Score is the direct result of our large patient population, an aged deteriorating facility and its unique remoteness.

Ability to Fund Project - YKHC has been a long term financially stable organization. We have considered our reserves, tested the financial markets and are prepared to secure substantial project funding.

Ability to Manage the Project - The Steering Committee is in place, our planning team (Innova) is underway, our design team (Bettisworth North w/ ZGF) is selected and proceeding. Uniquely qualified, YKHC has internal staff with successful healthcare design and construction management experience with projects ranging up to \$3.5B in value. To assist the local project management. YKHC will partner/hire the services of Health Care Project Management team. For the past 15 plus years, YKHC has been licensed as a "force account" general contractor and has completed over \$250M in various capital projects. For this project, YKHC will Joint Venture with a larger experienced health care general contractor.

Ability to Complete the Project on Schedule - With the planning and design underway, funding resources aligned, and an experienced management team in place, YKHC is prepared to complete the new Primary Care Clinic and phased Hospital renovation on time and budget.



YUKON-KUSKOKWIM HEALTH CORPORATION

"Working Together to Achieve Excellent Health"

YKHC is excited to submit this application which promises to transform healthcare in our region for years to come. Our staff, as represented by Newton Chase, Vice President of Support Services at 543-6558 or 545-1958 or newton_chase@ykhc.org, are available for any questions, clarifications or concerns regarding this project application.

Sincerely,

Dan Winkelman
President/CEO

YKHC JVCP APPLICATION

NOVEMBER, 2014



Backup information

AERIAL RENDERING

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



View from east illustrating existing hospital to the left and new clinic to the right.

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- A4 Overall Plan
- A5 Hospital Renovation Plan
- A6 Clinic First Floor Plan
- A7 Clinic Second Floor Plan
- A8 Clinic Third Floor Plan
- A9 Building Section
- A10 Exterior - Entry Rendering
- A11 Interior - Gathering Space Rendering
- A12 Hospital Renovation Phasing Plan

JVCP NEW CLINIC AND HOSPITAL RENOVATION
BETHEL, ALASKA



YUKON-KUSKOKWIM HEALTH CORPORATION

Working Together to Achieve Excellent Health

BETTISWORTH^{NORTH}

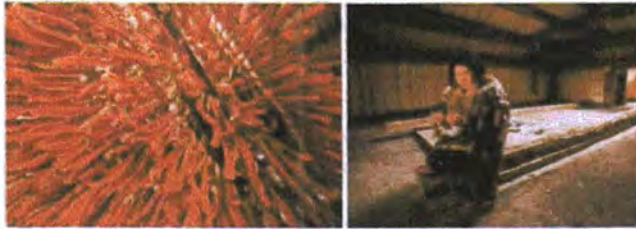
JONES ■ JONES

ZGF

A1

PROJECT DESCRIPTION

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



Drawing of a traditional qasgi. Image from *Eskimo Architecture*².



1. Fienup-Riordan, Ann. "Qasgmi: In the Qasgi." *Yuungnaqpiallerput: The Way We Genuinely Live*. The Anchorage Museum & the Calista Elders Council. 3 Jan. 2008. Web. 22 Nov. 2014. <<http://yupikscience.org/2qasgi/index.html>>

2. Lee, Molly and Gregory A. Reinhardt. "Southwest Alaska, Bering Sea, Sibena, and Gulf of Alaska." *Eskimo Architecture: Dwellings and Structures in the Early Historic Period*. Fairbanks: U of Alaska, 2003. 128. Print.

- This project is an opportunity to create a sustainable healthcare community and improve the greater YKHC campus with a facility that is designed for the future, is culturally respectful, and provides the apex in contemporary health care and wellness.
- The ramping entry drive reduces distance and eliminates stairs between drop-off and entry, it's connectivity to existing boardwalks and gentle ramp create a pedestrian friendly environment & access point.
- An efficient circulation spine connects the existing hospital and new clinic, consistent circulation & public areas on all three levels of new clinic improves efficiency and wayfinding.
- Clinic waiting areas on each floor are provided with views and daylight, a new atrium in the hospital provides daylight to renovated patient rooms.
- Modular layouts are used throughout the new clinic, from exam rooms to integrated team work areas, allowing for flexibility and growth.
- The Primary Care, Wellness Center, & Lab are located on the first level of the clinic, in close proximity to the relocated Pharmacy and main entry.
- The clinical departments of Specialty Clinic, Audiology, & Dental are located adjacent to one another north of the circulation spine on the second level of the clinic, with support spaces to the south.
- On the third level of the clinic, a new shared conference room has views to the river and mountains beyond, Rehabilitation Services and the Behavioral Health Suite share the third level clinical spaces.
- Vertical elements on the clinic exterior echo the texture of traditional wood-framed structures; ribbons of color emulate the hues and rhythm of salmon drying on racks with sunlight streaming between.
- The greater volume of the new clinic steps down to the scale of the existing hospital through the main entry/connector volume.
- Similar scale massing and matching materials and fenestration on the re-skinned hospital and new clinic create visual continuity between the two buildings.
- Paralleling the property line, the new clinic is joined to the existing hospital by the connector volume in a sweeping bend that also parallels the bend of the Kuskokwim River defining Bethel's southern edge.
- The connector between the existing hospital and the new clinic is a gathering space, it is a contemporary take on the traditional qasgi, or communal men's house.

During our ancestors' time, they said that the qasgi was the foundation of a community. A place without a qasgi wasn't recognized as a community.
-Frank Andrew, Kwigillingok

- As the principal architectural expression, this gathering space will promote social interaction, enhance the connection to the outdoors with views and daylight, and provide a vital community center within the hospital & clinic, the YKHC healthcare campus, Bethel, and the YK Delta region.



JVCP NEW CLINIC AND HOSPITAL RENOVATION
BETHEL, ALASKA



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ZGF

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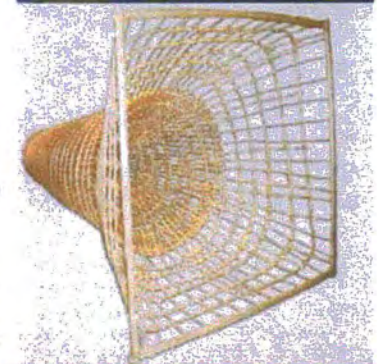
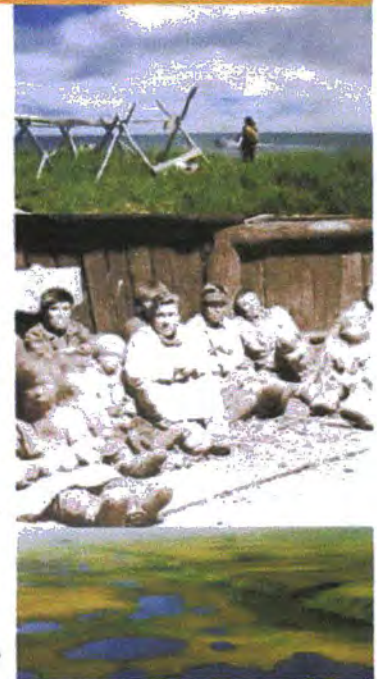
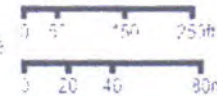


MASTER PLAN FEATURES

- Safe & functional vehicular & pedestrian circulation
- New entry access drive off of Chief Eddie Hoffman Highway
- Main entry drop off loop: Vehicular & pedestrian access to the main entrance at first floor grade
 - Drop off area: Accessible parking, taxi queuing & space for a public transit stop, consideration of space for seasonal parking of ATVs & snow machines
 - Visitor parking: Approximately 150 vehicles
 - Walkways: Safe & convenient access to clinic's main entry
 - Landscaping: Native tundra vegetation and trees in bermed planting beds at the drop off loop, parking areas & pedestrian circulation
 - Consideration of views, solar aspect, seasonal weather patterns, & the seasonal subsistence calendar guide landscape design.
 - Reorganized existing parking area: Main entry aligns directly with Old Hospital Road to provide safe vehicular patterns and a safer intersection for pedestrians

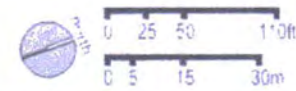
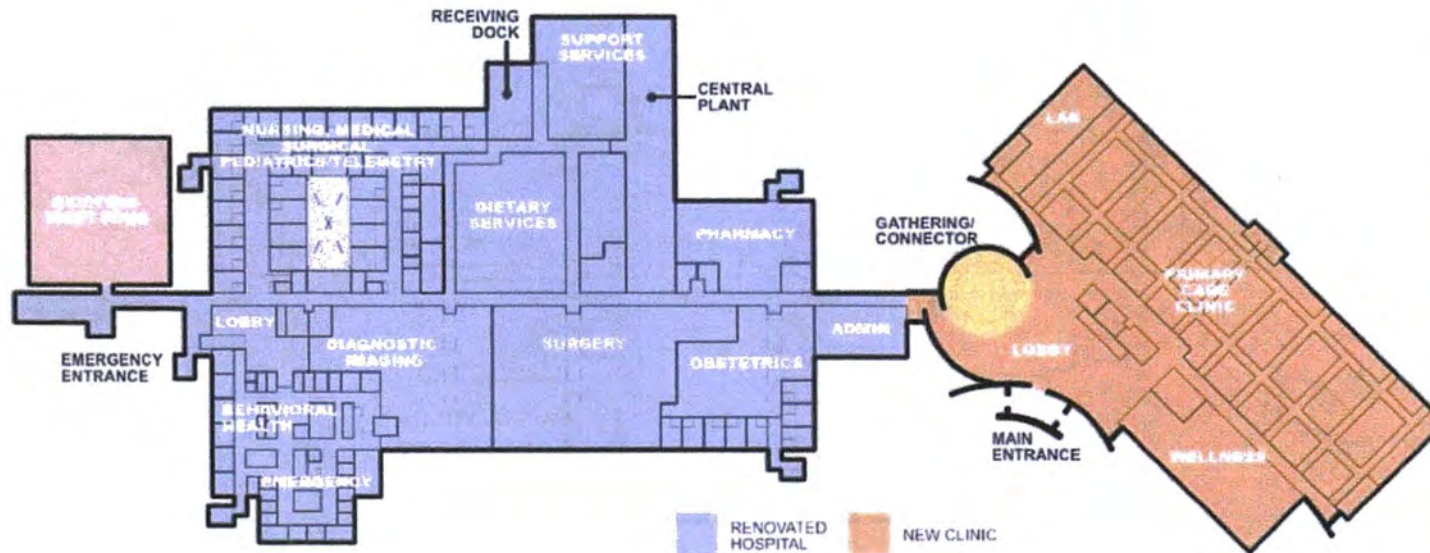
LEGEND

- 1 HOSTEL
- 2 BUILDING 800 STAFF HOUSING
- 3 KEYS HEALTHY HOUSING
- 4 WATER TOWER
- 5 SERVICE ACCESS PLATFORM
- 6 WEST WING ADMINISTRATION BUILDING
- 7 RENOVATED EXISTING YUKON-KUSKOKWIM DELTA REGIONAL HOSPITAL
- 8 NEW CLINIC
- 9 AMBULANCE ACCESS PLATFORM
- 10 COMMUNITY HEALTH SERVICES BUILDING (CHSB)



OVERALL PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014

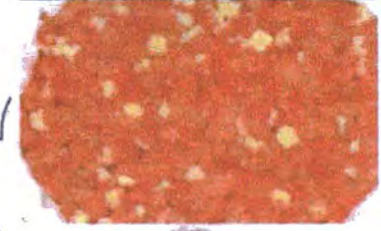
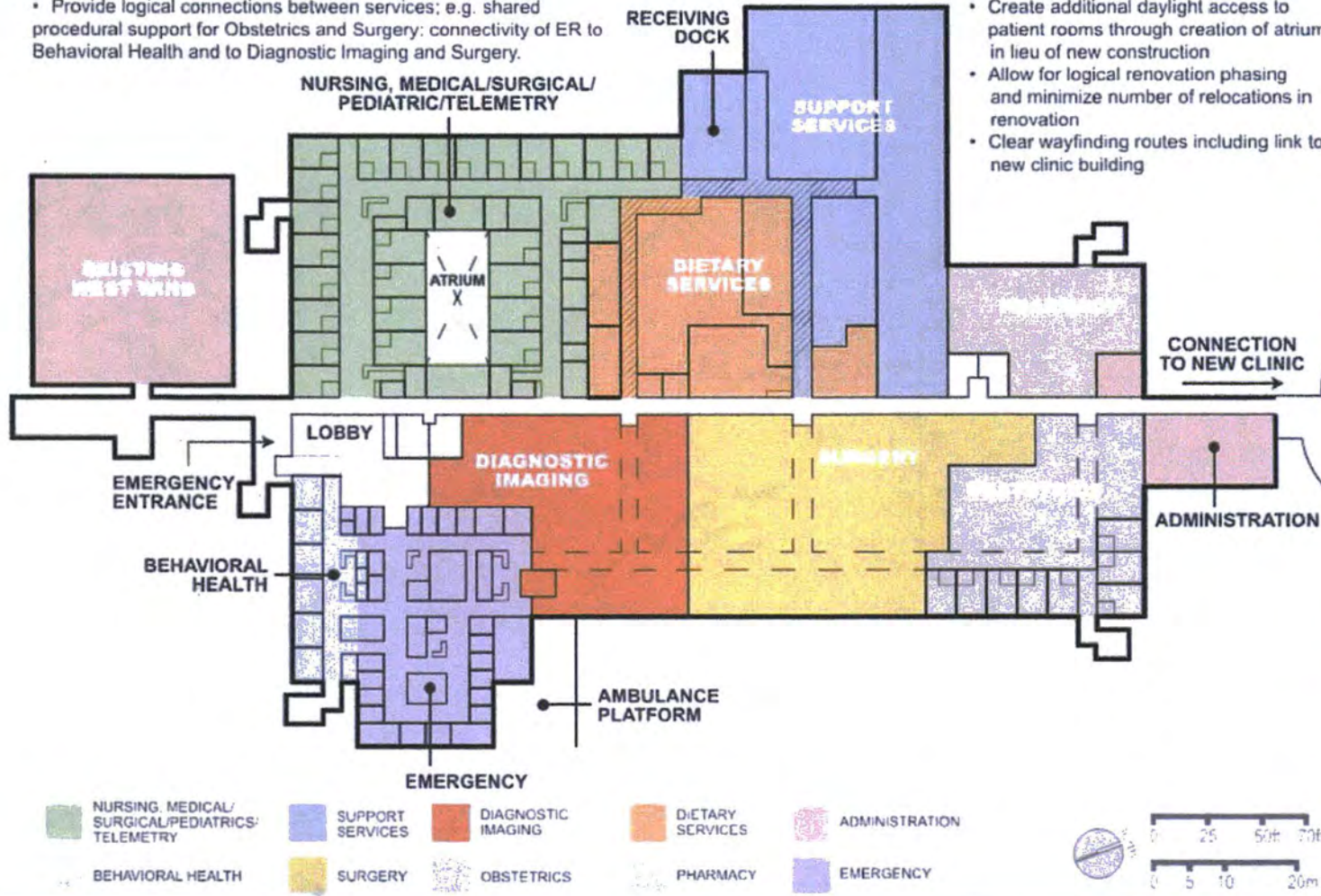


HOSPITAL RENOVATION PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014

- Provide logical connections between services; e.g. shared procedural support for Obstetrics and Surgery; connectivity of ER to Behavioral Health and to Diagnostic Imaging and Surgery.

- Create additional daylight access to patient rooms through creation of atrium in lieu of new construction
- Allow for logical renovation phasing and minimize number of relocations in renovation
- Clear wayfinding routes including link to new clinic building



JVCP NEW CLINIC AND HOSPITAL RENOVATION
BETHEL, ALASKA



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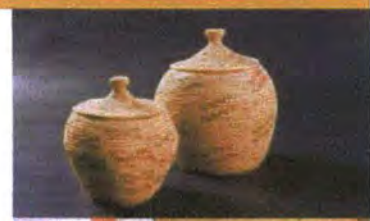
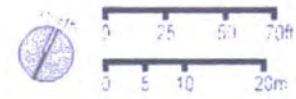
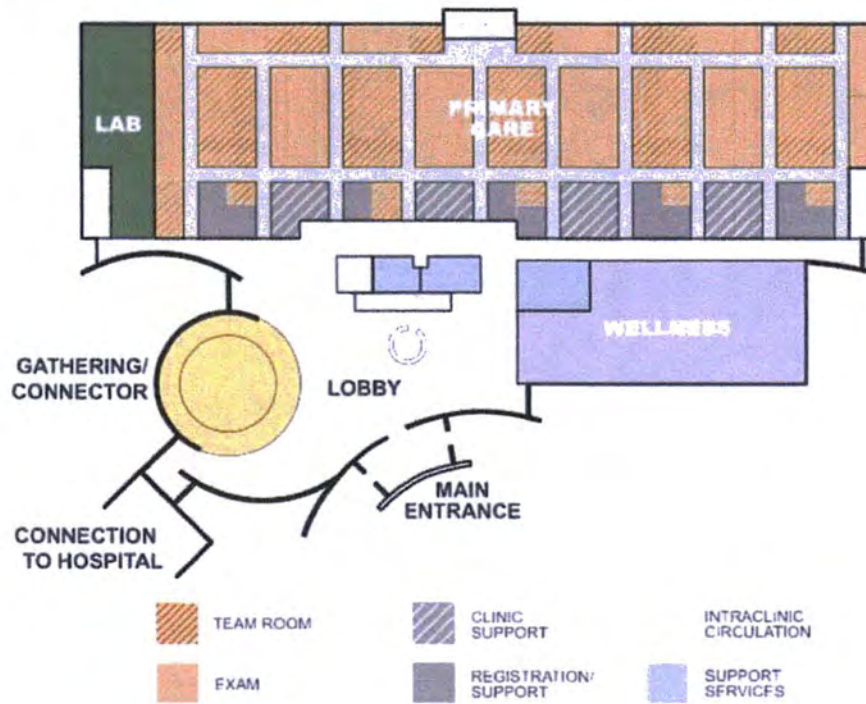
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CLINIC FIRST FLOOR PLAN

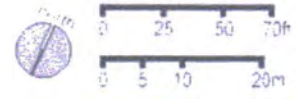
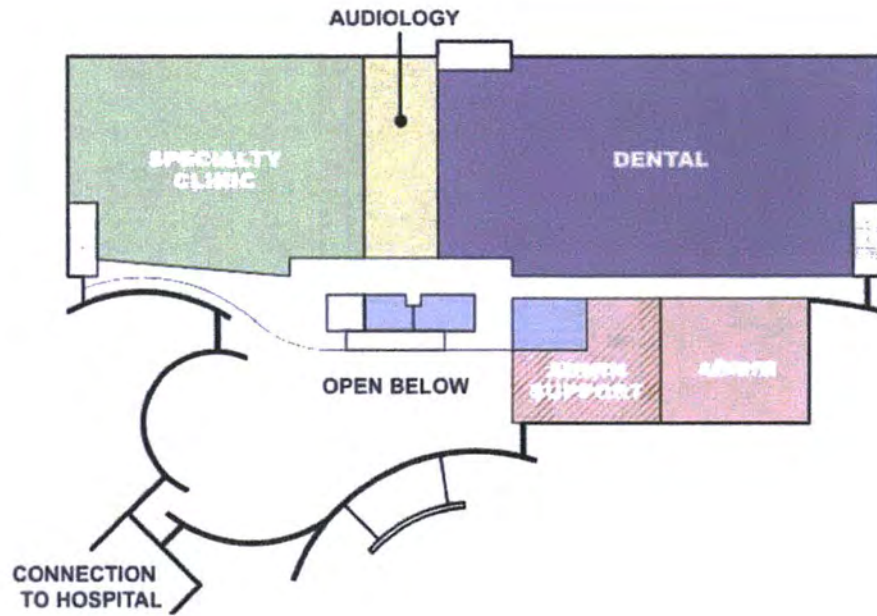
PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014

- Flexible planning module allows for departmental growth and IHS "Improving Patient Care" concepts
- Flexible and adaptable room types allow for multi-use or shared function
- Clinic module designs will be repeated on each floor allowing for familiarity and efficiency
- Clinic module design will allow for natural light and exterior views wherever possible
- Clinic Team Room design will foster collaboration and interaction, while empowering each team member to work to the full capability of their license
- Integrated Care
- Execution of Improving Patient Care program



CLINIC SECOND FLOOR PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



JVCP NEW CLINIC AND HOSPITAL RENOVATION
BETHEL, ALASKA



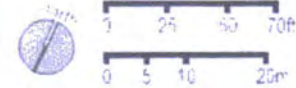
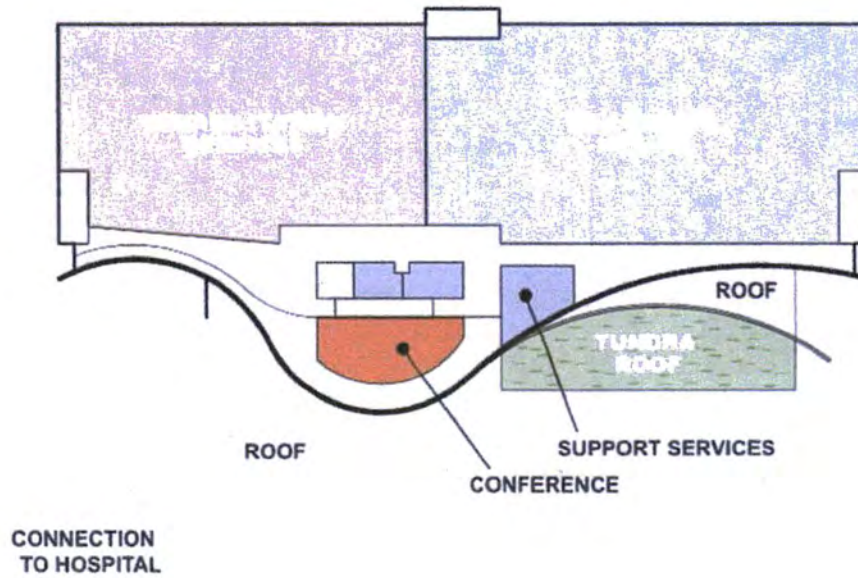
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CLINIC THIRD FLOOR PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



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A8

EXTERIOR - ENTRY RENDERING

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



View of main entry from the east. Vertical elements on the clinic exterior echo the texture of traditional wood-framed structures; ribbons of color emulate the hues and rhythm of salmon drying on racks with sunlight streaming between.

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BETHEL, ALASKA



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View of interior looking northwest. The connector between the existing hospital and the new clinic is a gathering space. It is a contemporary take on the traditional qasgi, or communal men's house - "the social and ceremonial center of village life".

3. Fienup-Riordan. Ann. "Qasqim: In the Qasqi." *Yuungnaqpiallerput: The Way We Genuinely Live*. Seattle, WA: U of Washington, 2007. 31. Print.

JVCP NEW CLINIC AND HOSPITAL RENOVATION
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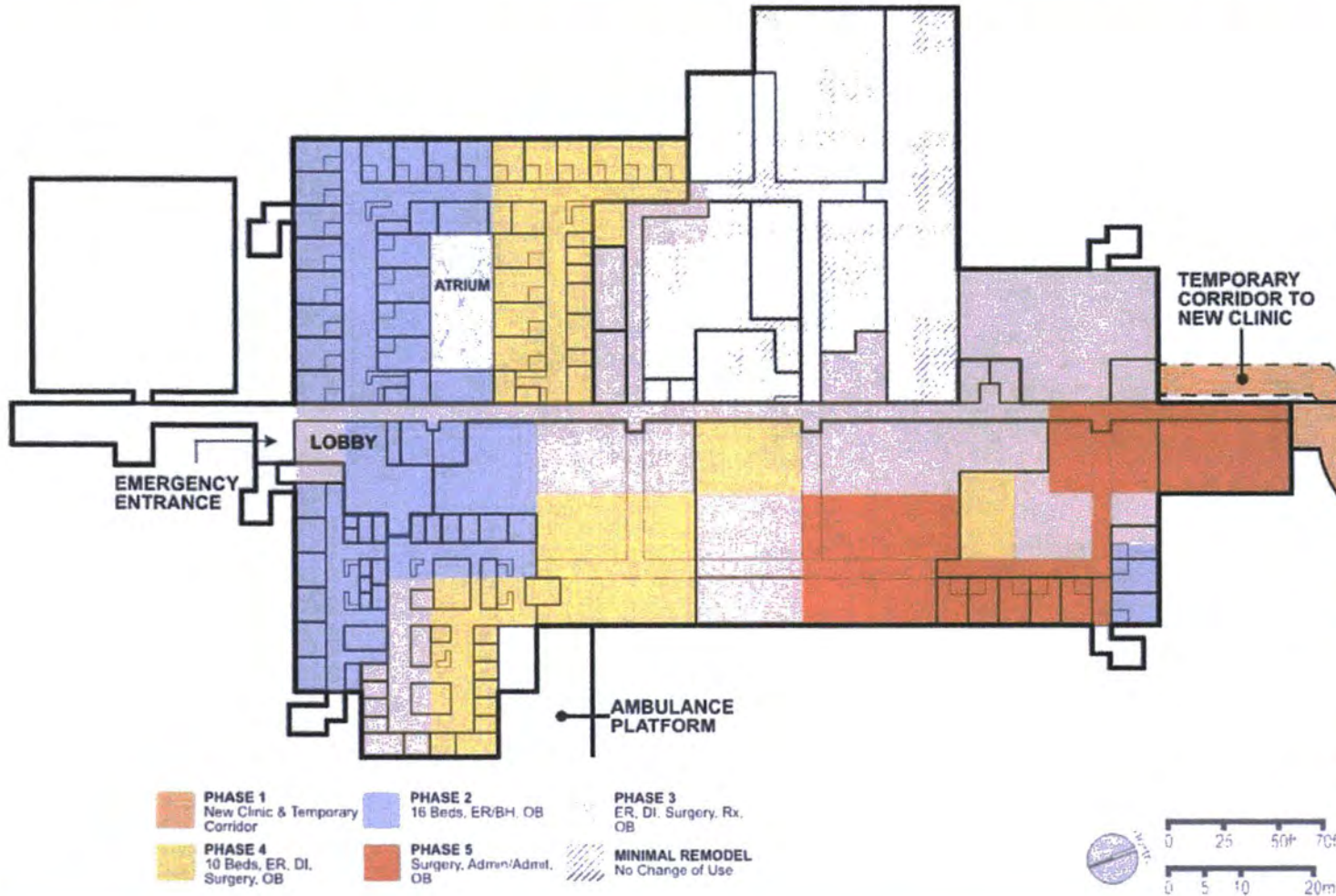
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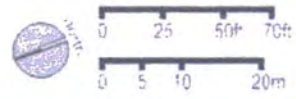
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HOSPITAL RENOVATION PHASING PLAN

PRELIMINARY CONCEPT DESIGN - NOVEMBER 2014



- PHASE 1**
New Clinic & Temporary Corridor
- PHASE 2**
16 Beds, ER/BH, OB
- PHASE 3**
ER, DI, Surgery, Rx, OB
- PHASE 4**
10 Beds, ER, DI, Surgery, OB
- PHASE 5**
Surgery, Adm'n/Admet, OB
- MINIMAL REMODEL**
No Change of Use



JVCP NEW CLINIC AND HOSPITAL RENOVATION
BETHEL, ALASKA

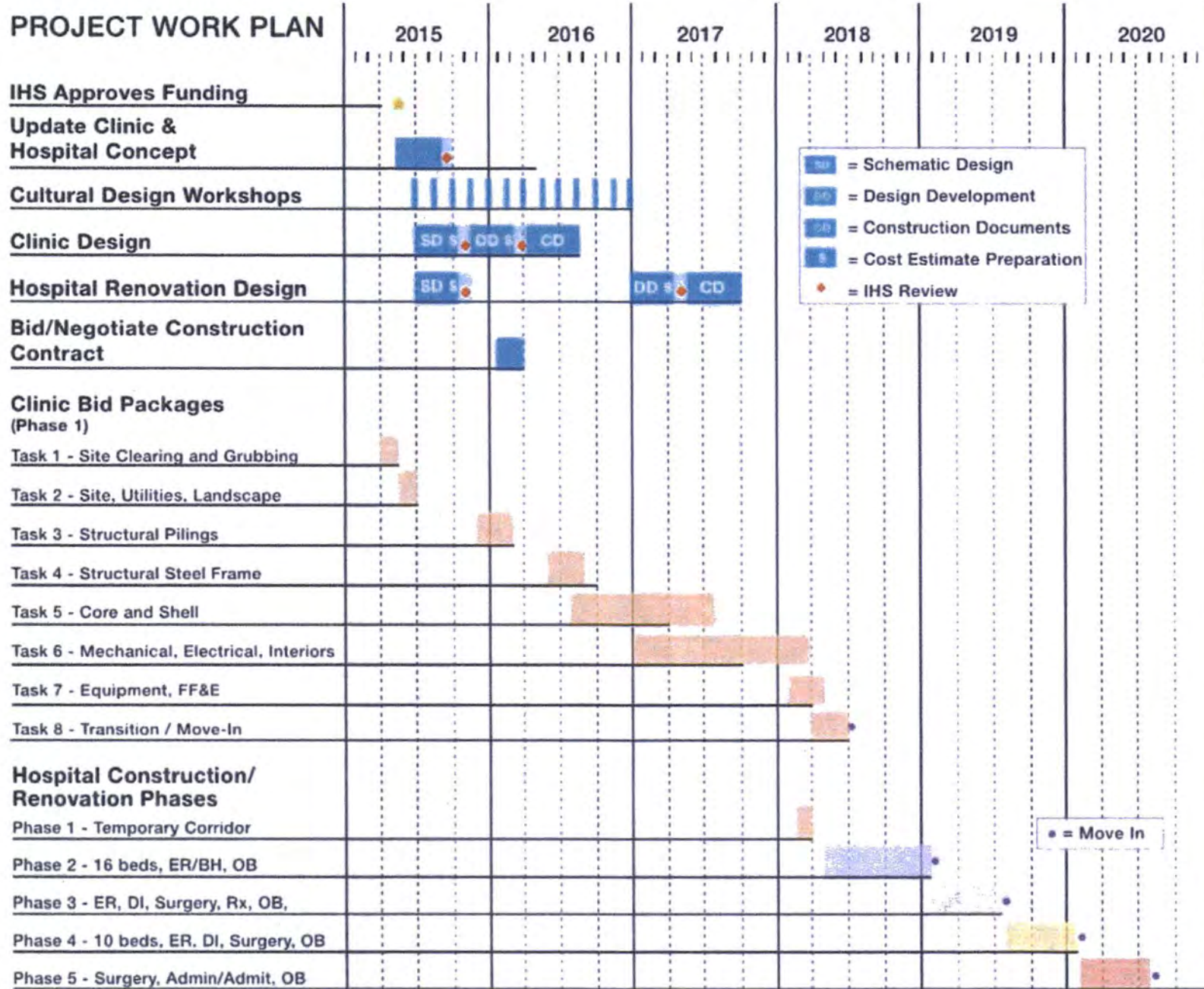


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PROJECT WORK PLAN



- = Schematic Design
- = Design Development
- = Construction Documents
- = Cost Estimate Preparation
- = IHS Review

● = Move In

QUESTIONS





JAN 14 2015

Indian Health Service
Rockville, MD 20852

President and CEO Dan Winkleman
Yukon Kuskokwim
P.O. Box 528
Bethel, Alaska 99559

Dear President and CEO Winkleman:

Congratulations! As a follow-up to Dr. Roubideaux's January 12 blog announcement on the completion of the review of applicants for the final phase of the most recent Indian Health Service (IHS) Joint Venture Construction Program (JVCP) solicitation, you were ranked number 1 of the 13 applicants in this highly competitive final round. As one of the top three, you are invited to proceed with the completion of planning documents for your facility this year. Please note however that the Notice to Proceed on project construction shall not start until after the Joint Venture Agreement (JVA) has been signed by IHS. We can work with you on any public notification at the time of the signing of the JVA.

The preparation of the planning documents for your project consists of the Program Justification Document (PJD), the Program of Requirements (POR) and the Site Selection Evaluation Report (SSER). If there are any changes in the scope or plans for this new facility since the time of your application, please let us know prior to submission of any planning documents. Once drafted, the documents should be delivered to the Alaska Area office so they can be sent to Headquarters for review and approval. The contact information is provided below.

While these documents are being prepared, the Tribe and the IHS will work together on the JVA, which includes the specific responsibilities and authorities of each party. To assist in this activity, the Alaska Area will provide you the model agreement. As the Tribe proceeds with the design of this much-needed facility, the IHS's role will be limited to the review of the concept drawing, schematic drawing, and final plan in accordance with the approved POR.

Your contacts for the project are:

IHS Headquarters

CAPT John Longstaff, P.E.
Telephone: (301) 443-1068
Fax: (301) 443-1810
Email: john.longstaff@ihs.gov

Alaska Area

CAPT Kelly Leseman
Telephone: (907) 729-3540
Fax: (907) 729-5690
Email: kelly.leseman@ihs.gov

We do want you to know that we notified the other top seven applicants today of their rank and our intention to notify them to proceed in future years. We also notified the rest of the top 13 applicants that they are alternates in case one of the top seven applicants has a delay or does not continue in the JVCP. Therefore it is important to keep in close communication with IHS about your progress on the planning documents so that we can get the JVA signed and you can proceed with construction. If there are significant delays or you are unable to proceed in a timely fashion, please note that we have other applicants ready to proceed and we may select other applicants to move ahead of you. This has happened in the past when applicants have dropped out or we have not heard anything for a significant period of time, and we want to be fair to all of the top seven, who are of course anxious to proceed, and to the alternate sites that would like to be considered to proceed. We appreciate your cooperation and frequent communications with our staff to ensure progress to the JVA.

We also want to remind you that the commitment from IHS is to request the additional staffing and operating costs from Congress is based on your estimated date of beneficial occupancy i.e. the date that you have cleared all the inspections and requirements to officially open for business in a fully functional facility. The date of receipt of those funds is dependent upon the appropriations process and the budget context, and we cannot guarantee a specific date for their appropriation. Please work closely with us once we sign the JVA and construction proceeds so that we can do our best to make the timing work with your construction schedule. I also want to remind all programs that basing the conditions of any financing agreements on your staffing funding is prohibited in this program and puts you at considerable financial risk if the budget context changes and our fund requests for staffing are delayed for any reason by Congress. This information is in the JVA that we will sign as conditions of participation but Tribes have asked us to be clear about these conditions at the beginning of the process based upon best practice/lessons learned from prior rounds of the JVCP.

Thank you for your interest in this program, and congratulations on this notice to move forward with the planning documents! The IHS looks forward to working with you to improve access to quality healthcare for the patients you serve.

Sincerely,



Gary J. Hartz, P.E., BCEE

Director

Office of Environmental Health and
Engineering

cc: Christopher Mandregan, Jr., Alaska Area Director
CAPT Kelly Leseman, Health Facilities Engineer



CITY OF BETHEL

P.O. Box 1388 • Bethel, Alaska 99559-1388

Phone (907) 543-2087 • Fax (907) 543-4171

www.cityofbethel.org

March 23, 2015

To Whom it May Concern:

I am writing in support of Senate Bill 46 and House Bill 101. If passed, these bills would allow Yukon Kuskokwim Health Corporation access of \$250 million from the municipal bond bank.

The proposed new primary care clinic and hospital expansion would greatly improve medical services to the people of Bethel and the YK Delta. Not only the physical infrastructure, but many new provider and support positions will be funded by the Indian Health Service.

As the Mayor of Bethel, I personally support SB 46, HB 101 and the YKHC expansion and renovation proposal. YKHC is the biggest employer in Bethel and the YK region. This project will add over 250 new permanent jobs and annual increase in revenue of over \$30 million to Bethel. This is in addition to construction jobs. This would provide an economic boost the local economy.

These new jobs would be federally funded and would not cost the state anything.

YKHC is a well established company. It has been in operation since 1969, with consistent expansion of services. It has reliable revenue streams and has demonstrated increased revenues and collections. It would be a good risk.

Richard Robb
Mayor, City of Bethel



JAN 14 2015

Indian Health Service
Rockville, MD 20852

President and CEO Dan Winkleman
Yukon Kuskokwim
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