



South  
Peninsula  
Hospital

**Prepared for**  
**The Kenai Peninsula Borough Assembly and**  
**Administration**  
**February 19, 2019**

# Presentation Overview

- Finance Report
  - Year End Review (BDO)
  - FYQ2
- Master Facility Planning
  - Process
  - Recommendations
  - Budget Implications
- Questions?



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Fax: 907-278-5779  
[www.bdo.com](http://www.bdo.com)

3601 C Street, Suite 600  
Anchorage, AK 99503

## **Independent Auditor's Report**

To the Honorable Mayor and Members  
of the Kenai Peninsula Borough Assembly,  
and South Peninsula Hospital, Inc.  
Operating Board  
Homer, Alaska

### **Report on the Financial Statements**

We have audited the accompanying financial statements of South Peninsula Hospital, a component unit of the Kenai Peninsula Borough, Alaska, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise South Peninsula Hospital's basic financial statements as listed in the table of contents.

# South Peninsula Hospital

## *Summarized Revenues, Expenses and Changes in Net Position*

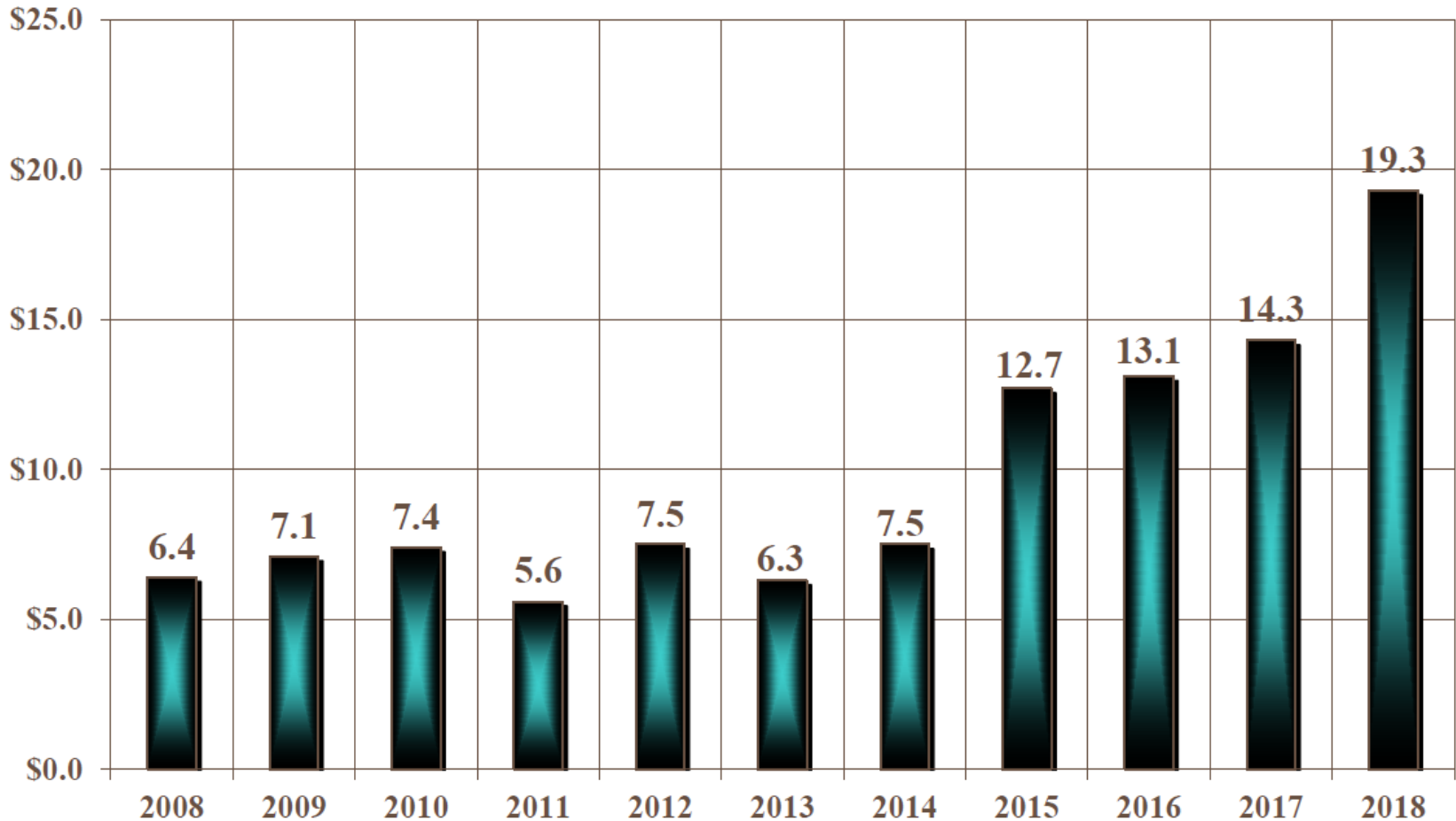
<i>Years Ended June 30,</i>	2018	2017	Change
<b>Total Operating Revenues</b>	75,125,486	71,719,639	3,405,847
<b>Total Operating Expenses</b>	74,695,788	71,942,828	2,752,960
Income (loss) from operations	429,698	(223,189)	652,887
<b>Total Non-Operating Revenues, net</b>	3,579,256	2,608,609	970,647
Change in net position	4,008,954	2,385,420	1,623,534
<b>Net Position, beginning of year</b>	44,518,291	42,132,871	2,385,420
<b>Net Position, end of year</b>	<b>\$ 48,527,245</b>	<b>\$ 44,518,291</b>	<b>\$ 4,008,954</b>

# South Peninsula Hospital

## Statement of Net Position

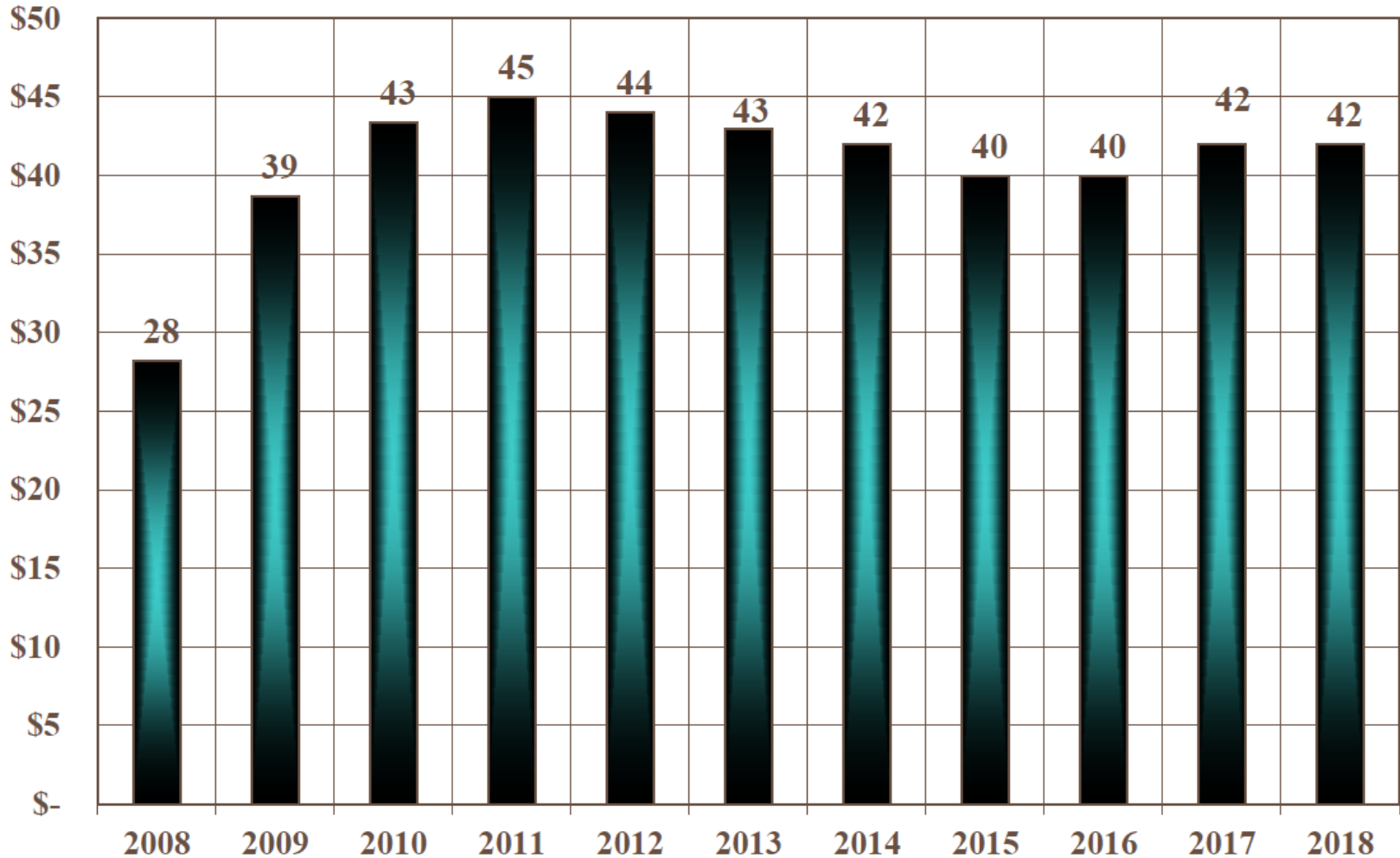
<i>June 30,</i>	2018	2017	Change
<b>Assets and Deferred Outflows of Resources</b>			
<b>Current Assets</b>			
Cash	19,266,793	14,325,693	4,941,100
Net patient receivables	15,832,870	14,107,098	1,725,772
Net property taxes receivable	164,370	159,408	4,962
Other	2,791,430	2,613,222	178,208
<b>Total Current Assets</b>	<b>38,055,463</b>	<b>31,205,421</b>	<b>6,850,042</b>
<b>Total Assets Whose Use is Limited</b>	<b>336,733</b>	<b>4,029,259</b>	<b>(3,692,526)</b>
<b>Net Capital Assets</b>	<b>42,351,400</b>	<b>41,722,462</b>	<b>628,938</b>
<b>Total Assets</b>	<b>80,743,596</b>	<b>76,957,142</b>	<b>3,786,454</b>
<b>Total Deferred Outflows of Resources</b>	<b>2,242,419</b>	<b>2,608,437</b>	<b>(366,018)</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 82,986,015</b>	<b>\$ 79,565,579</b>	<b>\$ 3,420,436</b>

## South Peninsula Hospital Operating Cash (in millions)

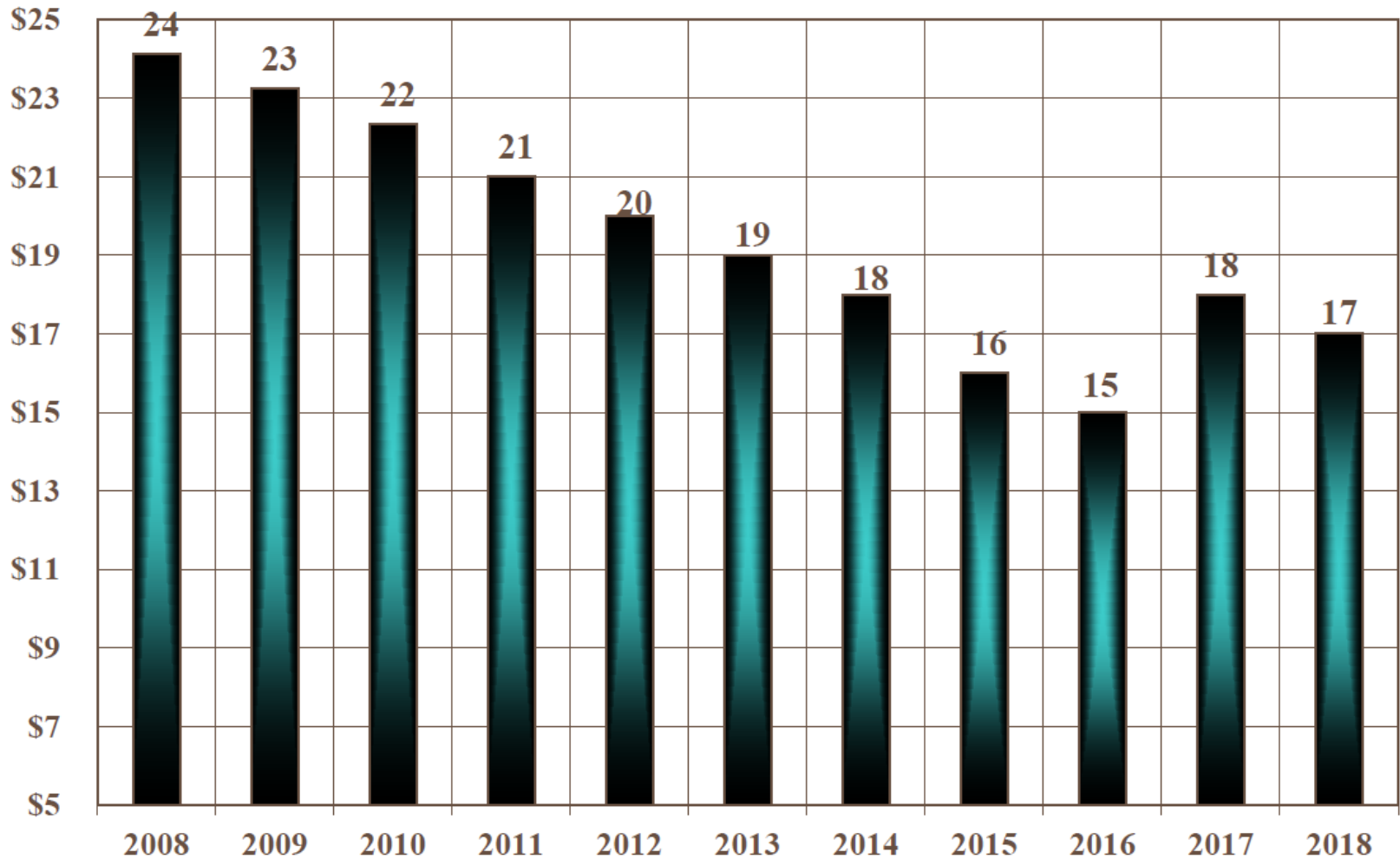


# South Peninsula Hospital

## Property, Plant, and Equipment, net (in millions)



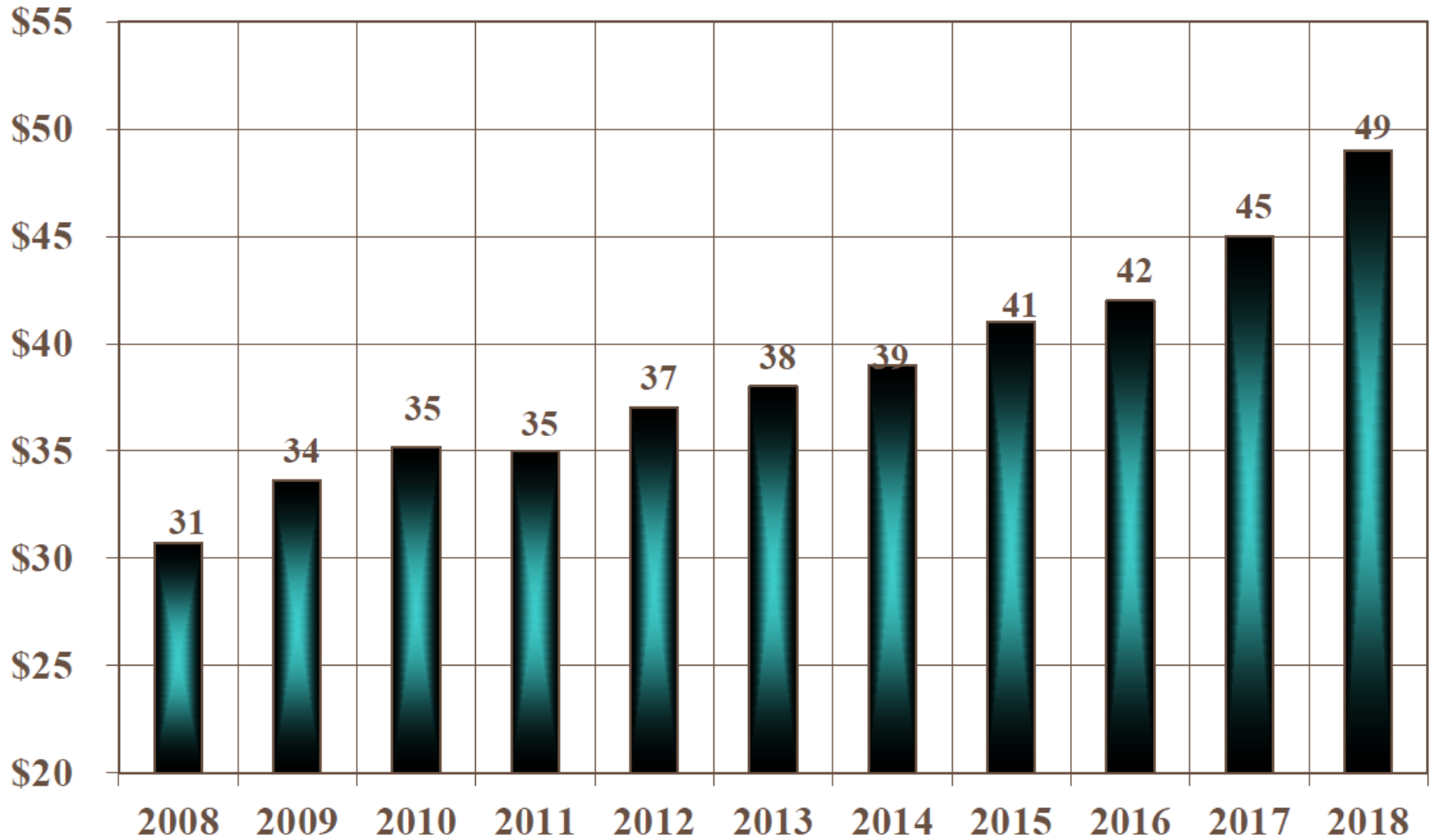
# South Peninsula Hospital Bonds Payable (in millions)





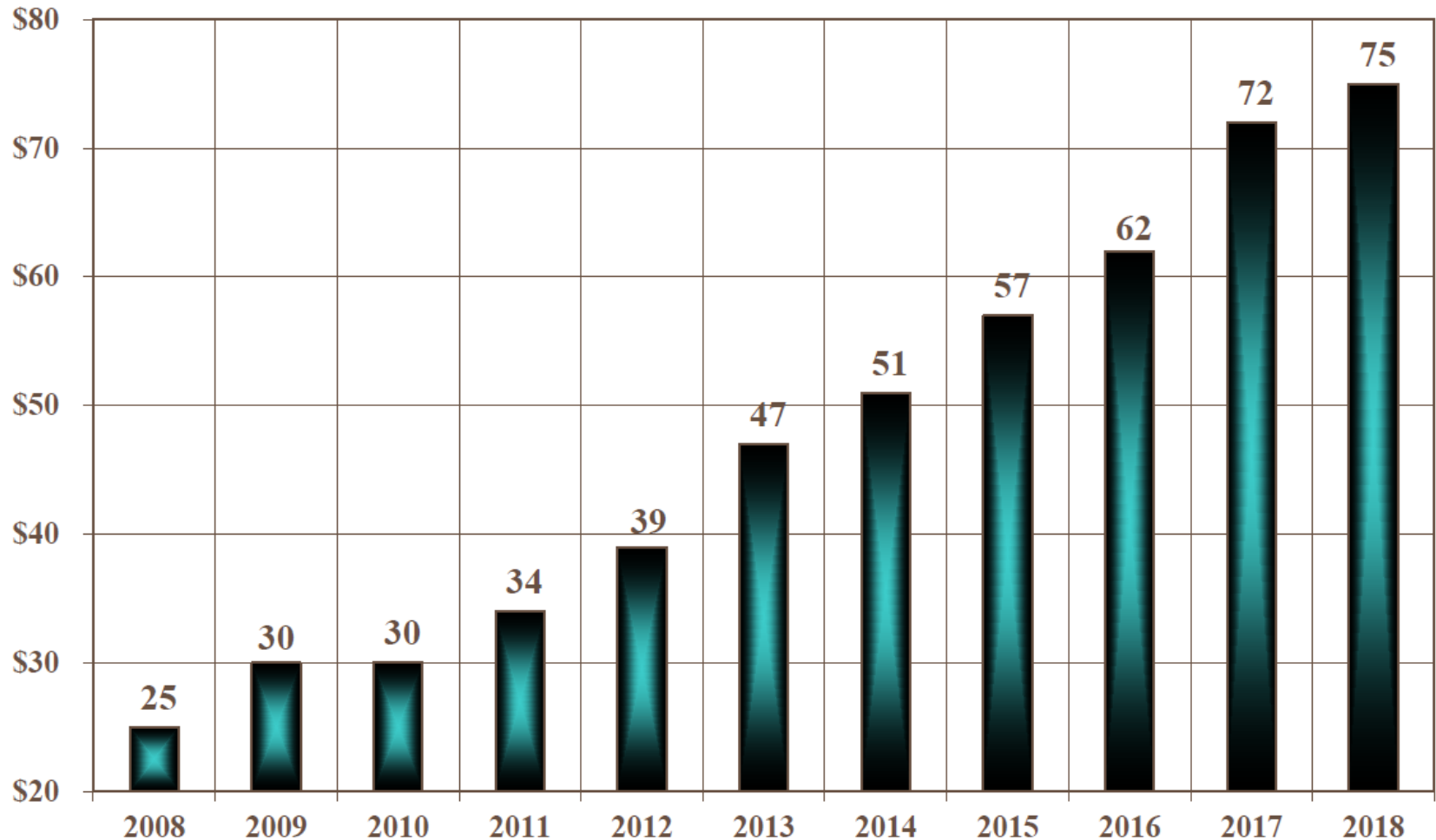
# South Peninsula Hospital

## Total Net Position (in millions)



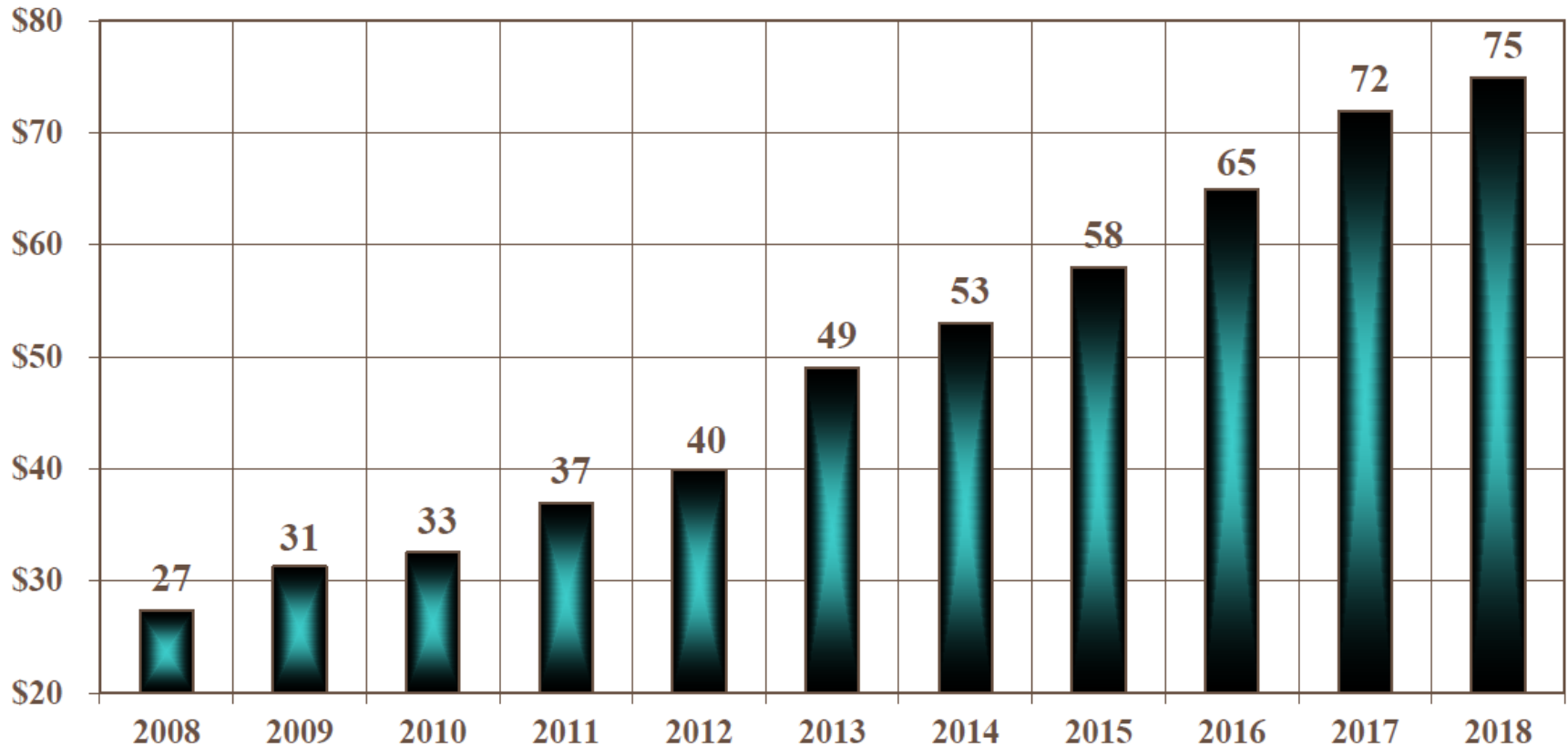
# South Peninsula Hospital

## Total Operating Revenues (in millions)



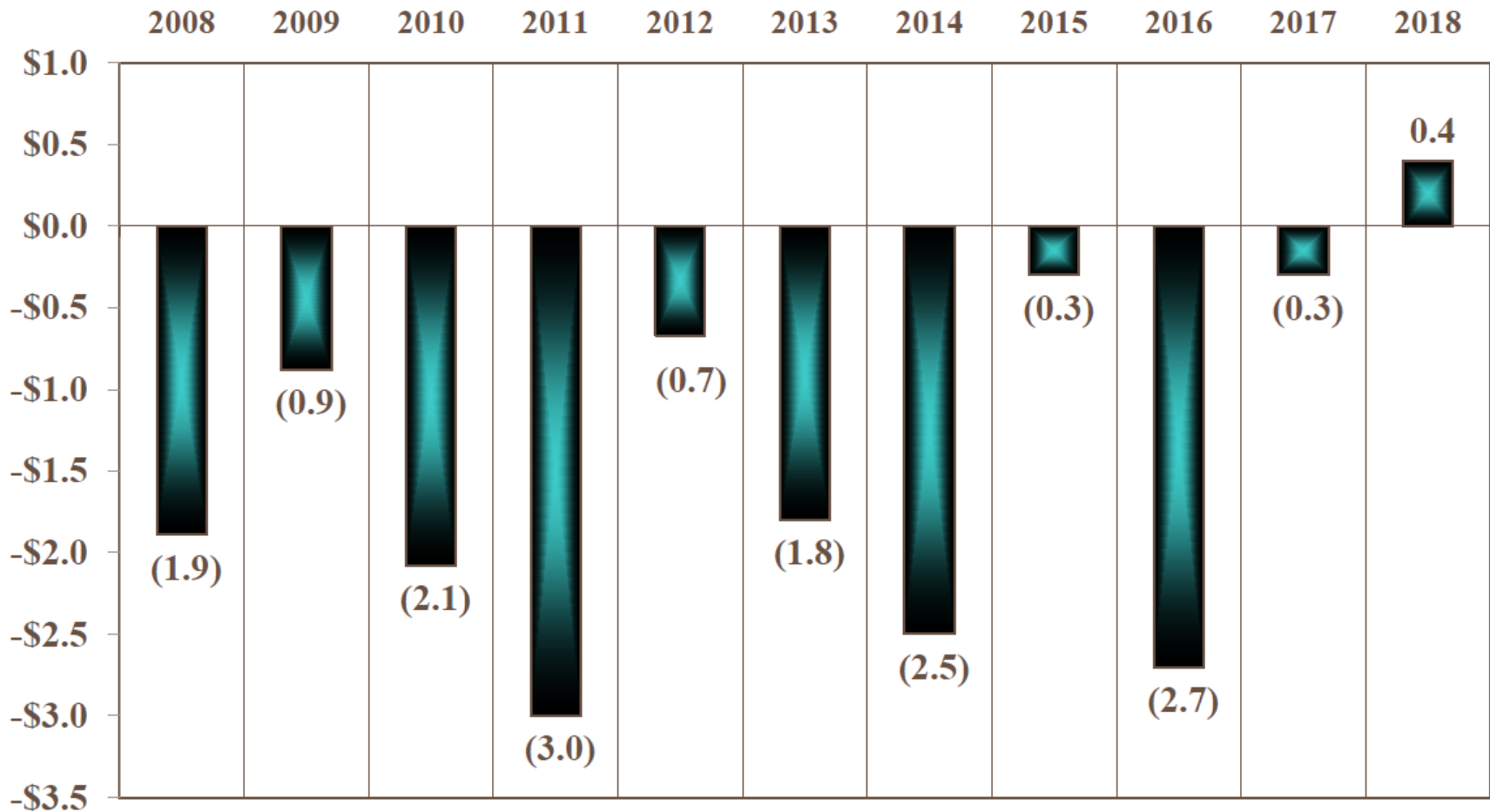
# South Peninsula Hospital

## Total Operating Expenses (in millions)



# South Peninsula Hospital

## Income (Loss) From Operations (in millions)





# Master Facility Planning

© A.C. Productions

## **Medical Staff Presentation**

February 20, 2019

## **Board of Directors**

January 23, 2019 (approved by Board)

January 21, 2019

## **MFP Committee Meetings**

December 10, 2018

November 13, 2018

October 4, 2018

September 6, 2018

August 16, 2018

# Master Facility Planning Team (26)

Updated 12/24

Joseph Woodin, Chief Exec.

Lee Yale, RN, Chief Nurs. Off.

Glenn Radeke, Dir. Facilities

Derotha Ferraro, Dir. Mark. & PR

Laura Hansen, Dir. Phys./Pro. Pract.

Jean Juchnowicz, Int. Dir. HR

Kelley Gaul-Houser, Dir. HR

Sue Shover, RN, Dir. Qual. Mgmt.

Dr. William Bell, Homer Med. Ctr.

Dr. Katie Ostrom, Chief Med. Staff

Dr. Giulia Tortora, Incoming Chief

Angela Hinnegan, Dir. Finance

Anna Hermanson, Int. Rev. Cycle Dir.

Helen McGaw, RN, LTC Director

Harrison Smith, Engineering

Kim Greer, RN, Acute Care Manager

Ivy Stuart, RN, Home Health Mngr.

Maria Soto, Local 959 Rep.

Keri-Ann Baker, Board Member

Lane Chesley, Board Member

Roberta Highland, Service Area Bd.

Rick Abboud, City Planner

John Hedges, KPB Project Mgr.

Bryan Zak, City Mayor

Emma Schumann, Dir. Strat. Init.  
MFP Coordinator

Wendy Weitzner  
The Innova Group



# Master Facility Planning Process: 5 Steps

step  
1

Where are we? – Review what we have & Visioning Exercise  
(Meeting 1 - August)

step  
2

Where do we want to be? – Review, Determine Drivers & Homework  
(Meeting 1 & 2, September/October)

step  
3

How can we get there? – Review, Ideas & Proposals  
(Meeting 3 & 4, October/November)

step  
4

Which way is best? – Review, Select & Tweak Best Proposal  
(Meeting 5 & 6 if necessary November/December)

step  
5

Turning the plan into paper - **and getting feedback:**

Board January 2019

Medical Staff & Staff (Feb 2019)

Community March 2019



# Proposed Master Facility Plan

Approved

1. Remodeling Shelled Space
  - Consolidate several non-clinical departments
  - Move Infusion to space with windows/natural light
2. Expanding parking in upper (& lower lots)
  - Raze CR3 & 4-Plex
3. Acquiring adjacent private properties for growth

Future Consideration

- 
- Creating housing units (Cedar House, etc.)
  - Expanding kitchen/dining space
  - Creating Hospice/Palliative rooms in AC
  - Expanding Clinical Services spaces
  - Creating a (employee) Childcare Center
  - Relocating Behavioral Health Services
  - Considering a Senior Living Community
    - Renovate Long Term Care?

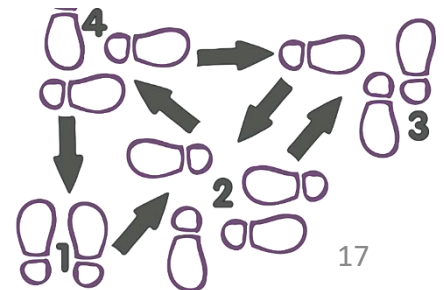


# How We Got There...

## Educational Information & Discussion Time

- Oriented participants to facilities and Master Facility Planning
- Reviewed the process for creating a plan
- Reflected upon Past MFPs' Plans, Ideas & Suggestions (1994 & 2003 plans)
- Reviewed what we have (e.g., floor plans, SF, owned vs. leased, etc.)
- Learned about the surrounding area/properties (environmental & ownership)
- Reviewed concepts of Hospital Facility Planning (centralization vs. decentralization, department adjacencies, etc.)
- Shared thoughts on the best & worst
- Arrived at Drivers
- Considered options that addressed the Drivers

**A lot of discussion & work!**



# Past Plans

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- 1994 MFP
- 2003 MFP
- Current Plan



~ 1960

# Past Plans

## 1994 & 2003 MFPs:

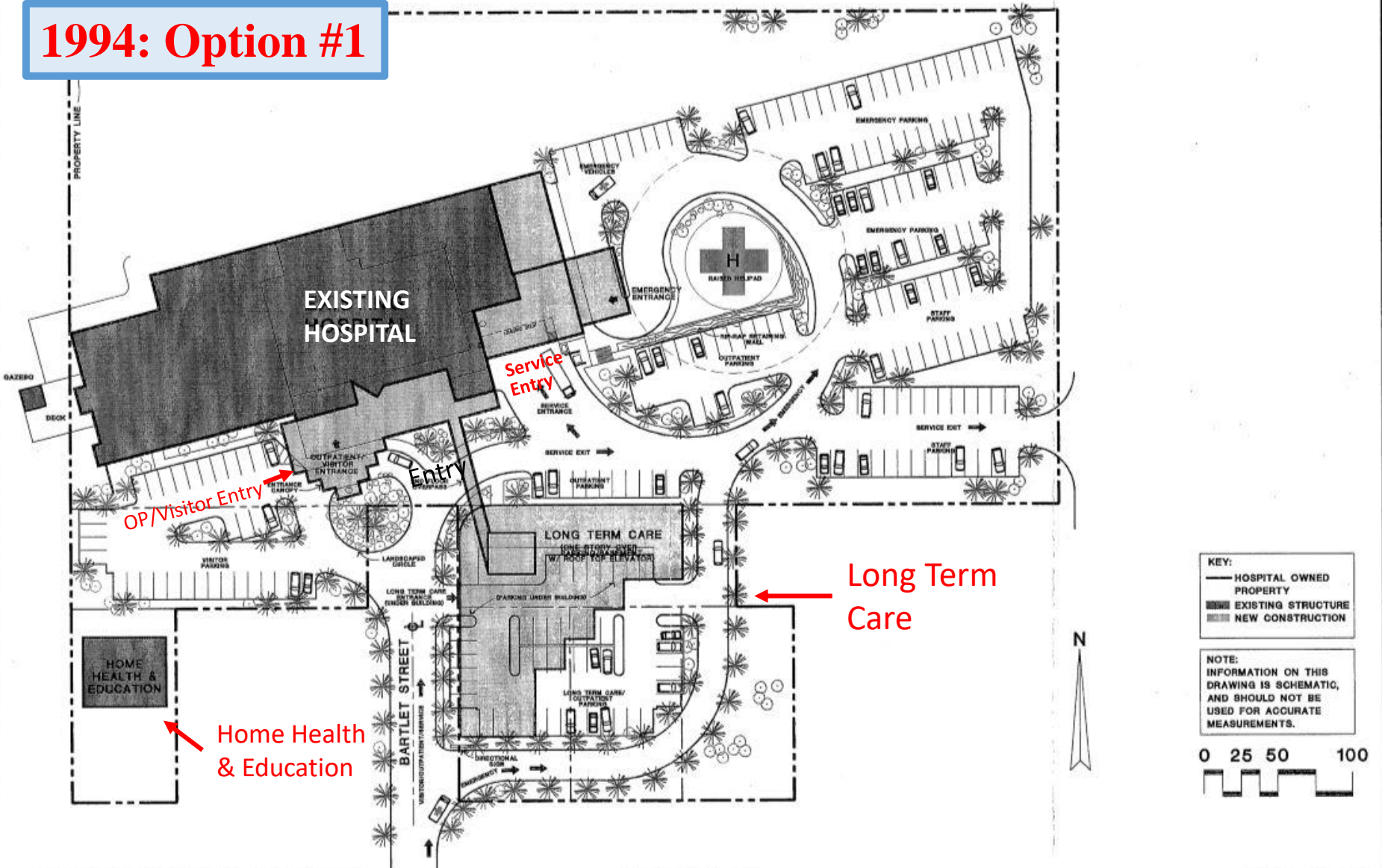
- Detailed plans created (76 pgs. + 54 pgs.)
- Outside consultants used
  - '94: Mills, Johns and Rigdon
  - '03: Livingston Slone, Inc., Frank Zilm & Associates, and Orr Architectural Consulting
- Time Consuming & Expensive Process
- Followed some, but not all, suggestions
- Some of the same issues exist today

# 1994 Issues Identified (MFP Executive Summary)

1. Patient circulation is long and convoluted. The current location of the Main Entrance is removed from patient services by one floor, with the exception of its proximity to Physical Therapy and Lab. The Emergency Entrance, which is closer to most outpatient services, is encumbered by a lack of convenient parking. Access to this entrance also conflicts with ambulance traffic, which accesses the Hospital at the same location.
2. Demand for general medical services offered by SPH is likely to grow. This is due to a projected population growth of 2% per annum and increasing acuity levels of the patient population.
3. Outpatient waiting is inadequate. Waiting for patients in Emergency, Radiology, Surgery and Clinical Services is combined in one 150 SF area. This area accommodates the walking wounded, as well as other ambulatory patient groups. Waiting is also open to trauma circulation.
4. Emergency services are disjointed. In addition to inadequate waiting, access to exam and trauma services is along a public corridor. The service also lacks triage and good proximity to nursing support/control space.
5. Spatial shortfalls result from poor utilization of beds, inefficient circulation and increased demands. Due to the fact that the Hospital was not designed to accommodate interactive ambulatory patient groups, the bed unit is used to prepare ambulatory surgical patients and AM Admits, in addition to general inpatients. This problem impacts nursing units in addition to outpatient services.
6. Capacity of the Long Term Care Unit is inadequate to support community demand. The 1994 projected demand of 6,255 patient days indicates an occupancy of 95%, which in fact, exceeds the capacity of the unit. In addition, the present unit was not originally designed as a Long Term Care Unit. It also needs increases in activity, dining and support spaces.



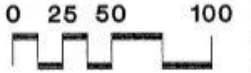
# 1994: Option #1



**KEY:**

—	HOSPITAL OWNED PROPERTY
■	EXISTING STRUCTURE
□	NEW CONSTRUCTION

**NOTE:**  
 INFORMATION ON THIS DRAWING IS SCHEMATIC, AND SHOULD NOT BE USED FOR ACCURATE MEASUREMENTS.



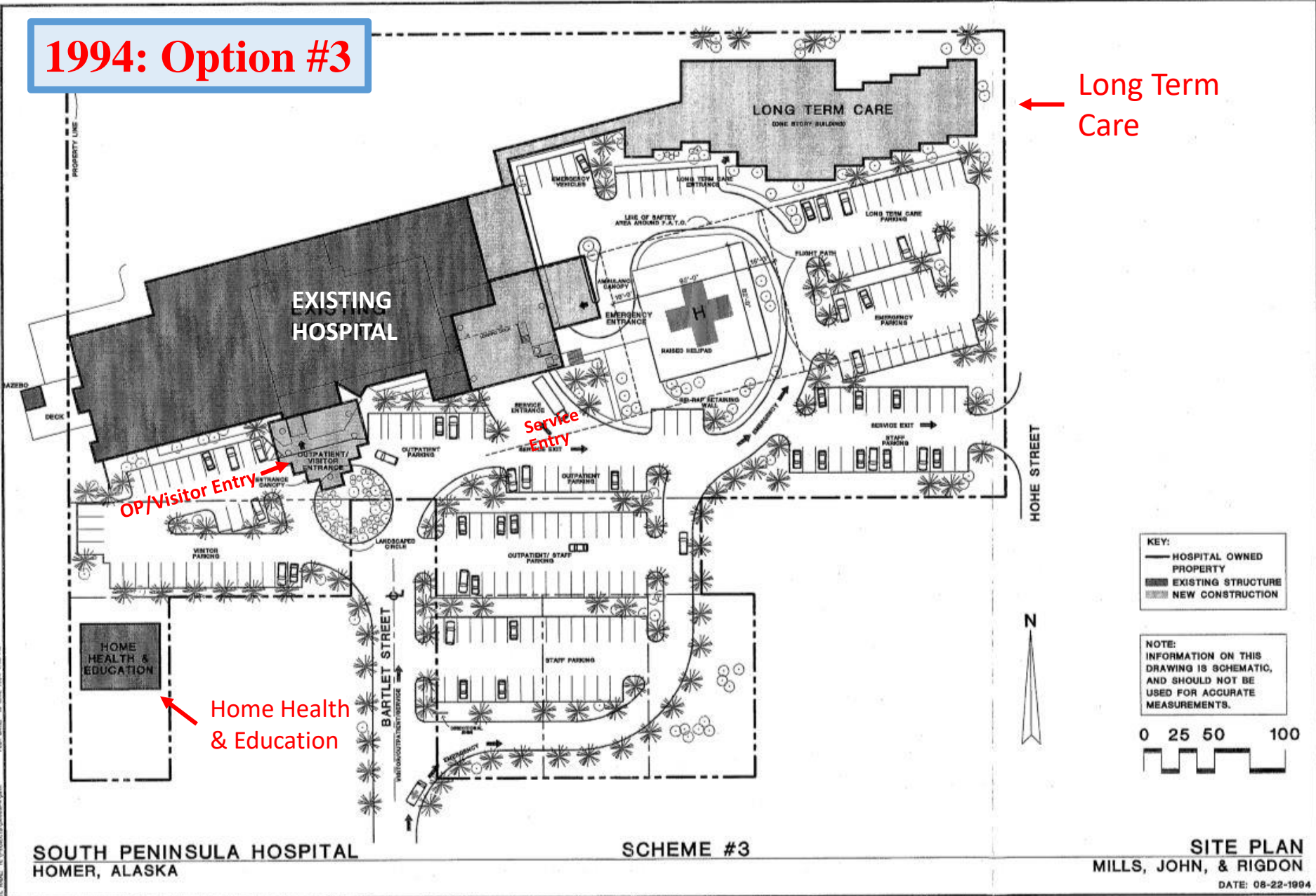
**SOUTH PENINSULA HOSPITAL  
 HOMER, ALASKA**

**SCHEME #1**

**SITE PLAN  
 MILLS, JOHN, & RIGDON**

DATE: 08-22-1994

# 1994: Option #3



← Long Term Care

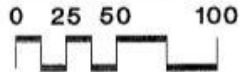
OP/Visitor Entry

Service Entry

Home Health & Education

**KEY:**  
 — HOSPITAL OWNED PROPERTY  
 ■ EXISTING STRUCTURE  
 □ NEW CONSTRUCTION

**NOTE:**  
 INFORMATION ON THIS DRAWING IS SCHEMATIC, AND SHOULD NOT BE USED FOR ACCURATE MEASUREMENTS.



**SOUTH PENINSULA HOSPITAL  
 HOMER, ALASKA**

**SCHEME #3**

**SITE PLAN  
 MILLS, JOHN, & RIGDON  
 DATE: 08-22-1994**

## 2003: Option #1

- Build brand new hospital facility
- Consolidate all hospital functions on one campus
- Build it on a new 30+ acre site
- Estimated cost of \$60-\$70 million (2003 dollars) excluding land acquisition

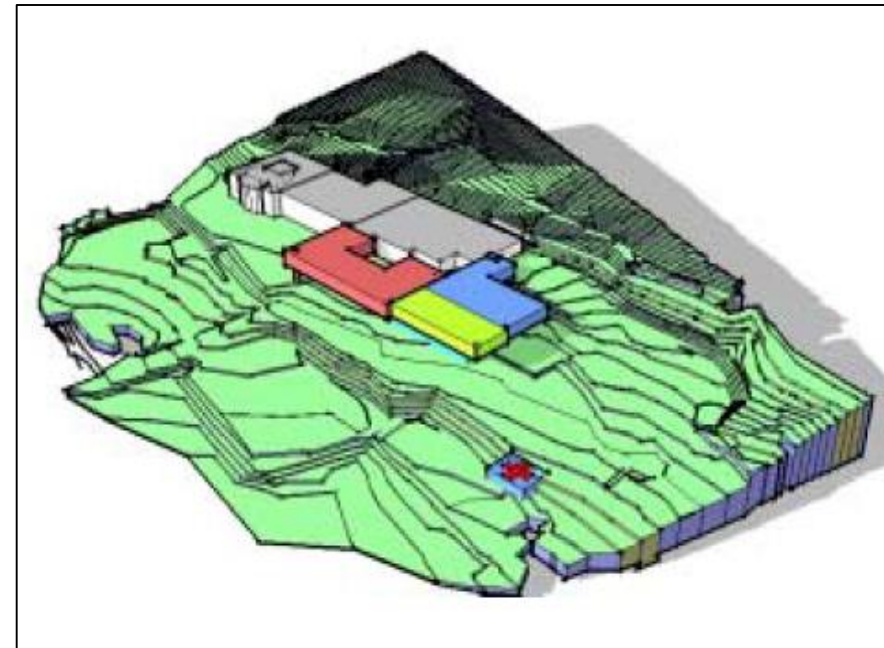
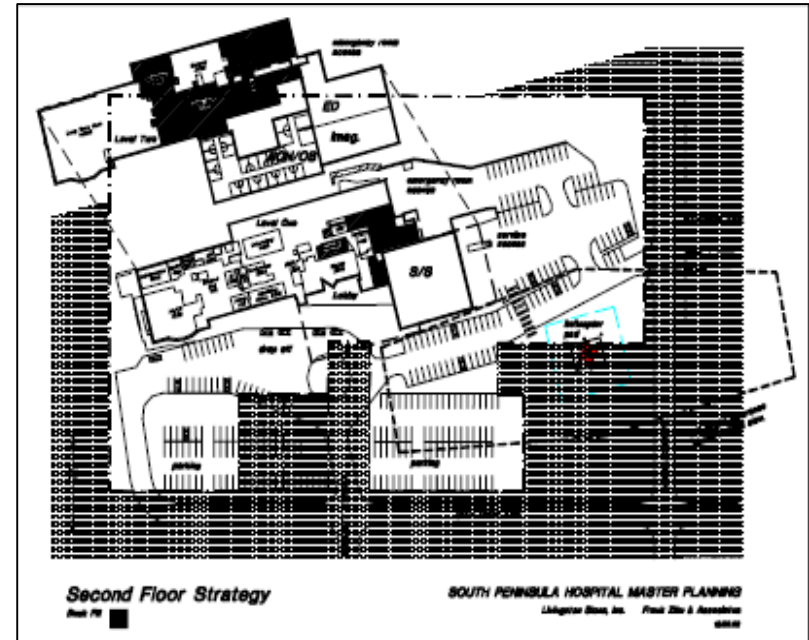




## 2003: Option #3

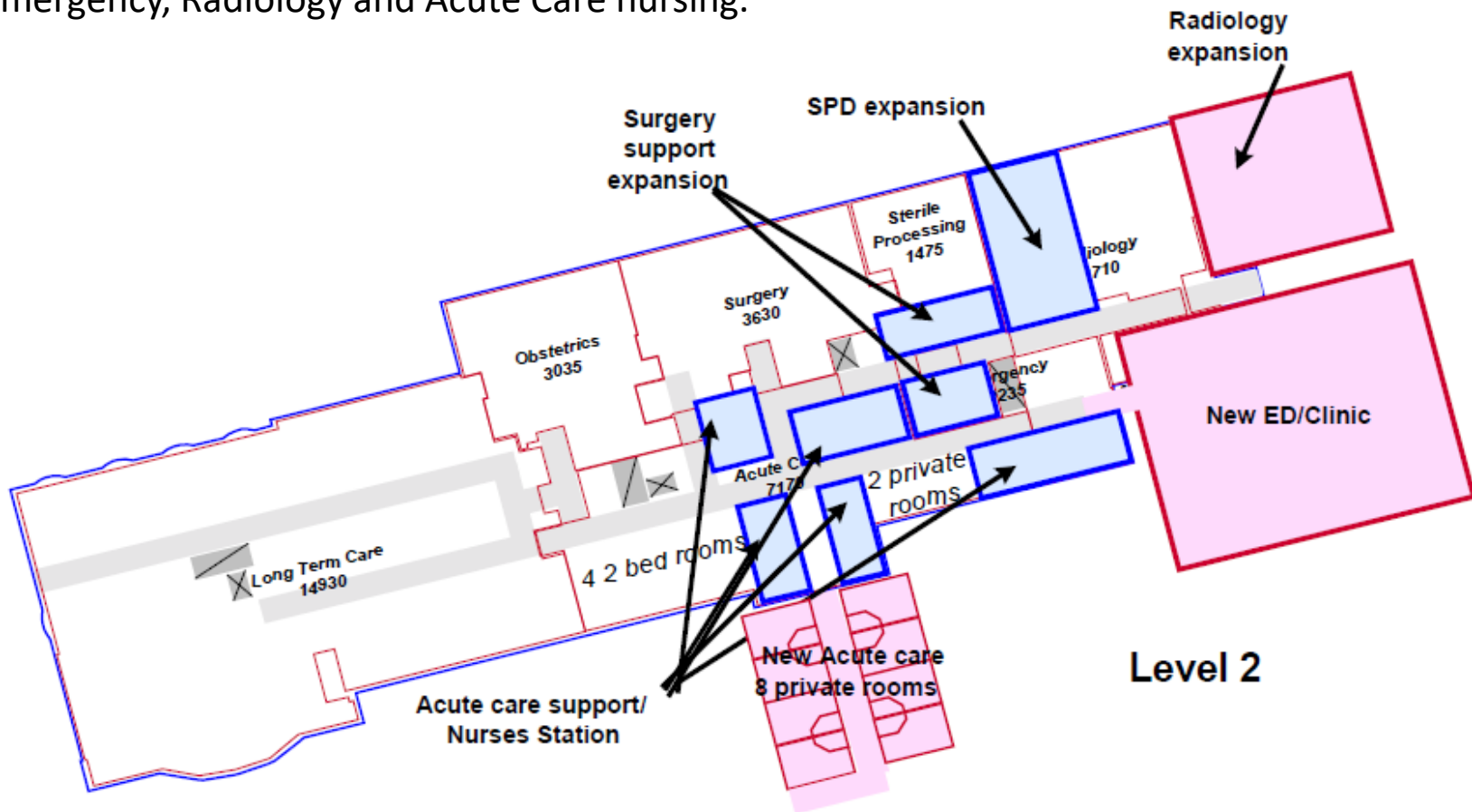
Driver: Efficiency in nursing coverage between Acute Care and Emergency Dept.

- Expand ED and Imaging to the south
- Create covered drop off/entry below ED/Imaging
- Add new space and remodel Acute/OB
- Future LTC expansion could occur in space vacated by Acute/OB
- Helipad moved and raised to provide required clearance from structures
- **Build low-cost, free standing Power Plant & Support services building**
- Current Power Plant and Support services space would become Materials Management (MM).
- ER and MM access would be from the east (Bayview), public access from the south (Bartlett)
- Medical Office Building (MOB) could be added as a future phase



## 2003: Option #4

This option includes expansion on Level 2 of Emergency, Radiology and Acute Care nursing.



This went out for proposals, and the organization selected...

# 2003: Option #4 July 2004



First Floor

South Peninsula Hospital  
 Homer, Alaska



Design Development Presentation

July 2004

RIN/KMI

# Final plan in 2008



# Existing Conditions

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- The Campus
- Our Facilities
  - Age of Hospital
- Environmental Surroundings
- Floor Plans
- Parking
- Challenges & Opportunities





# All Facility Locations (except Home Health Bldg.)



# Existing Facility/Land Occupancy & Ownership





## South Peninsula Hospital

- 4300 Bartlett St.
- 106,225 SF
- 1976/1985/1999/2008/2011
- Owned



## Homer Medical Center

- 4136 Bartlett St.
- 10,520 SF
- 1985/2017
- Owned



## 4-Plex

- 348 Cityview St.
- 3,100 SF
- 1990
- Owned



## Orthopedics/Specialty Clinic

Kachemak Bay Professional

- 4201 Bartlett St.
- 3,372 SF clinic/ 3,225 SF basement
- 2002
- Leased

## Behavioral Health

- 4251 Bartlett St.
- 1,025 SF
- 2009
- Leased



## West Wing

- 4117 Bartlett St.
- 1,638 SF
- 1977
- Leased



## Cedar House

- 347 Cityview St.
- 2,604 SF
- 1978
- Owned

## Conference Room #3

- 348 Cityview St.
- 960 SF
- 2005
- Owned



## Garage, Man Cave, Sheds & Trailer

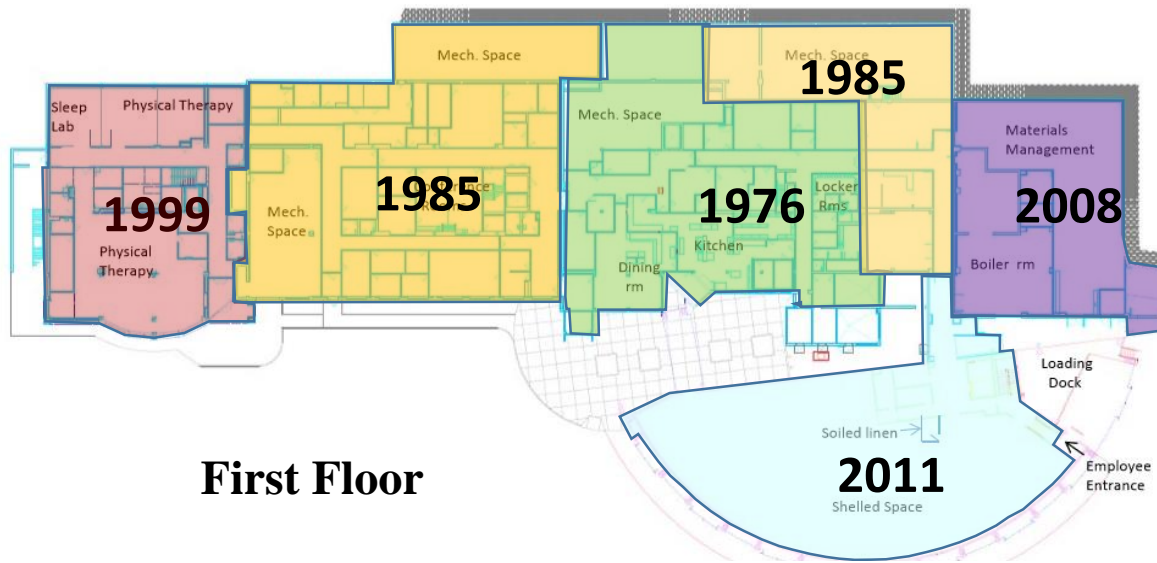
- 347-1/2 Cityview St.
- 612 SF (garage)
- 1989-?
- Owned



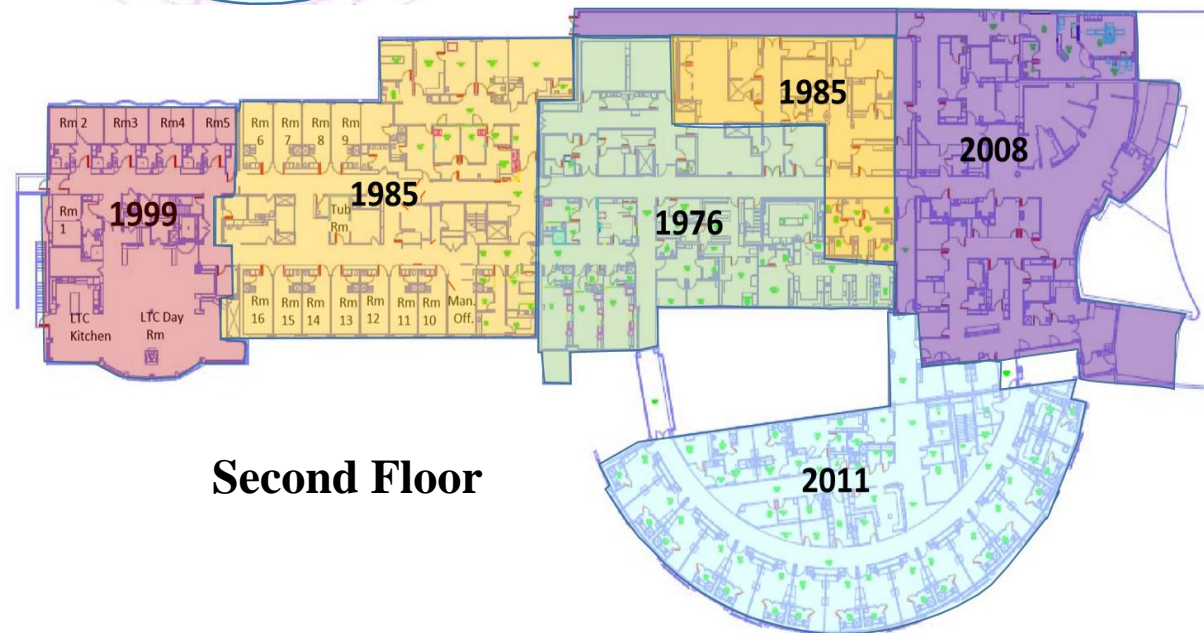
## Home Health Bldg.

- 203 W. Pioneer Ave.
- 4,059 SF
- 1960
- Leased

# Age of Original Additions/Buildings



**First Floor**



**Second Floor**



# Floor Plans

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- Hospital
  - First Floor
  - Second Floor
- Out Buildings
- Patient Care vs. Support



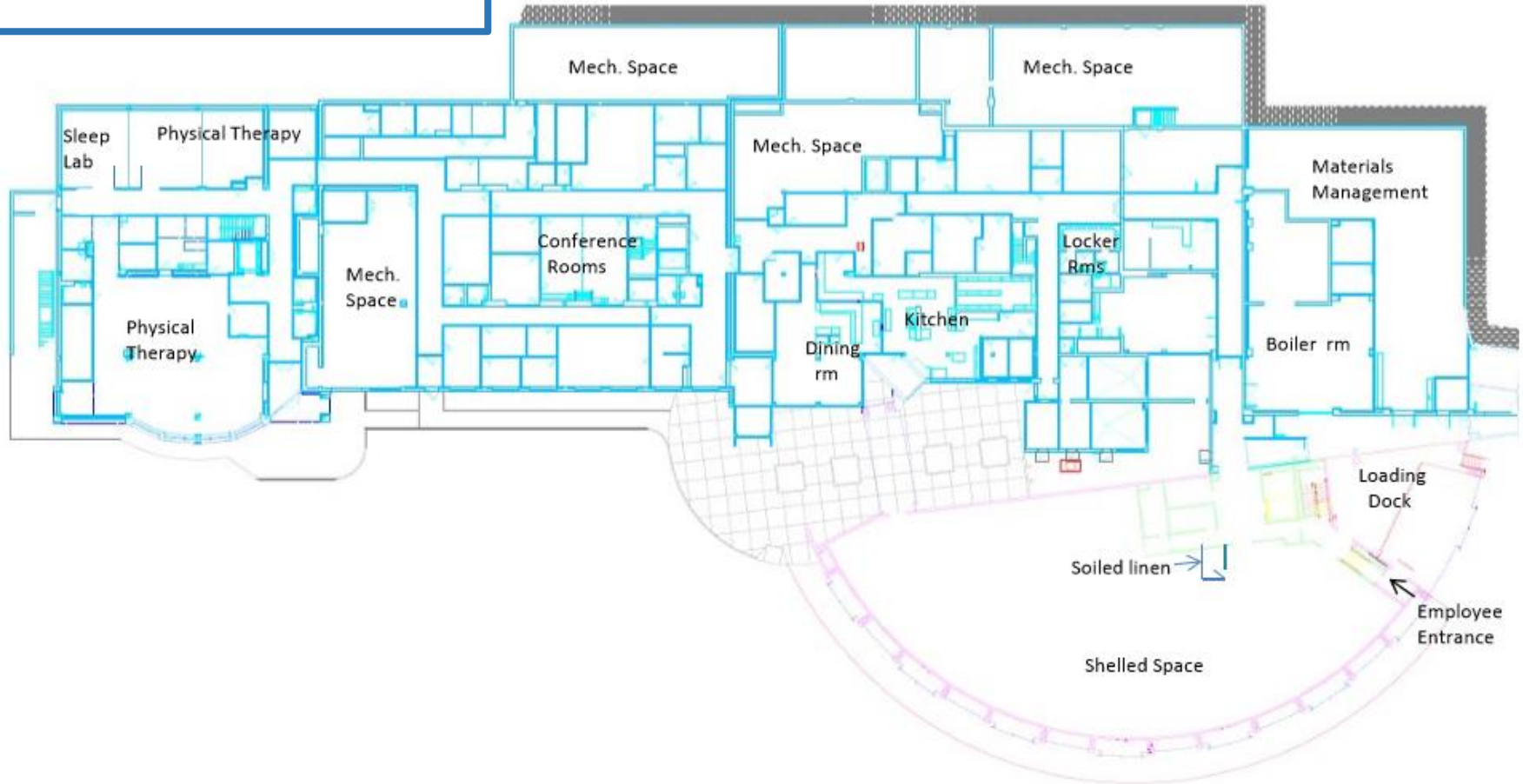
# South Peninsula Hospital

4300 Bartlett St.

106,225 SF

1976/1985/1999/2008/2011

## First Floor





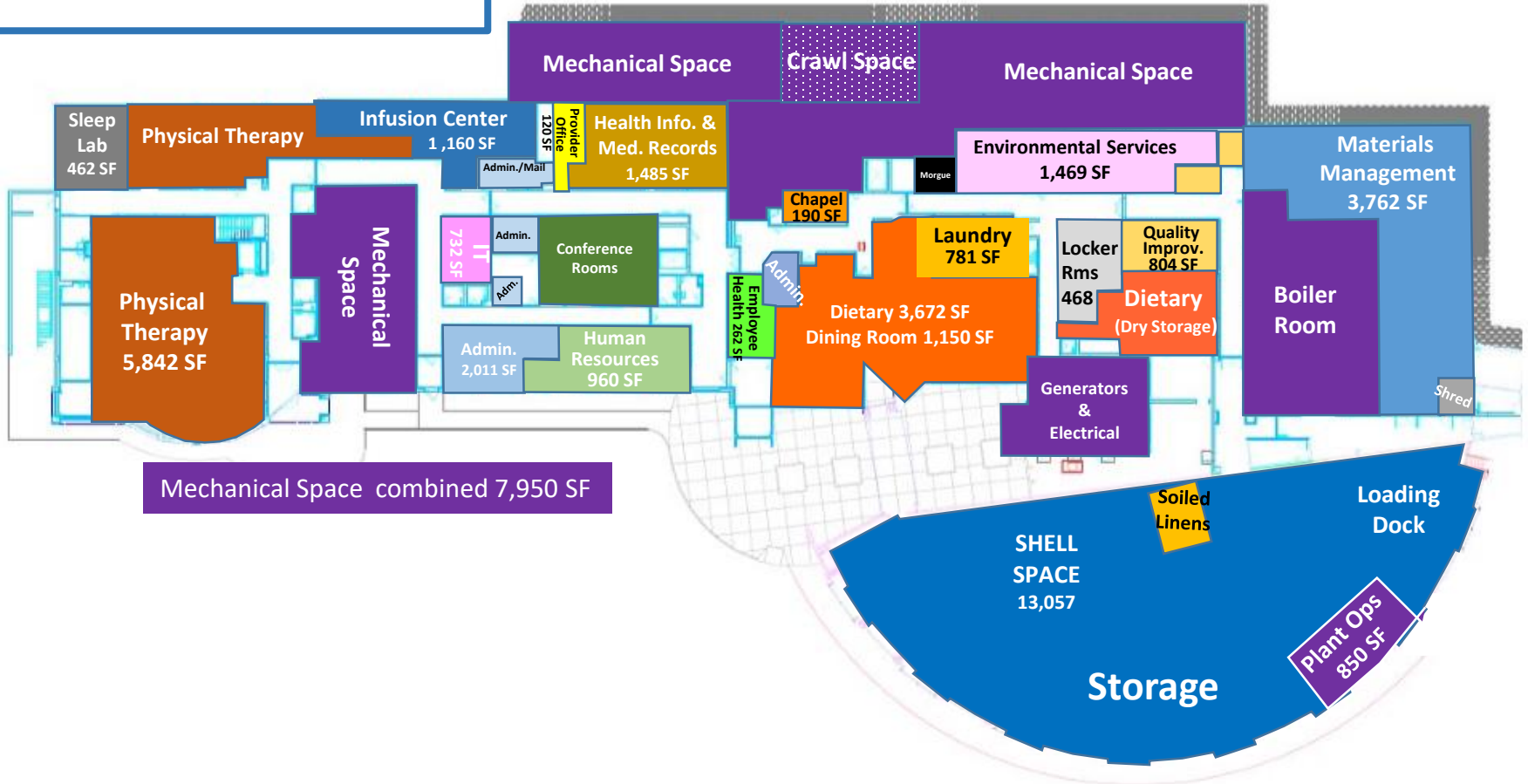
# South Peninsula Hospital

4300 Bartlett St.

106,225 SF

1976/1985/1999/2008/2011

## First Floor



# South Peninsula Hospital

4300 Bartlett St.

106,225 SF

1976/1985/1999/2008/2011

## Second Floor



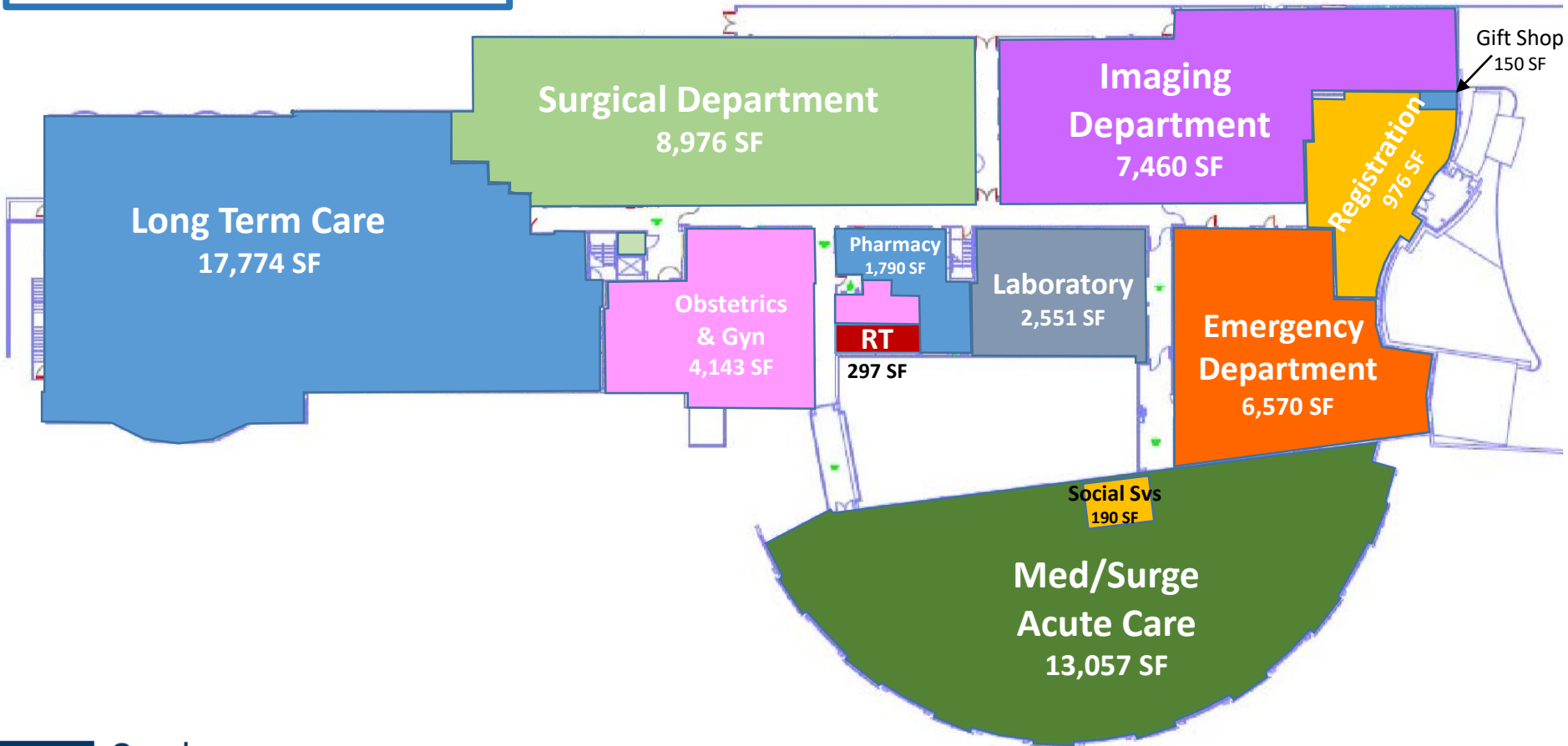
# South Peninsula Hospital

4300 Bartlett St.

106,225 SF

1976/1985/1999/2008/2011

## Second Floor



# Homer Medical Center

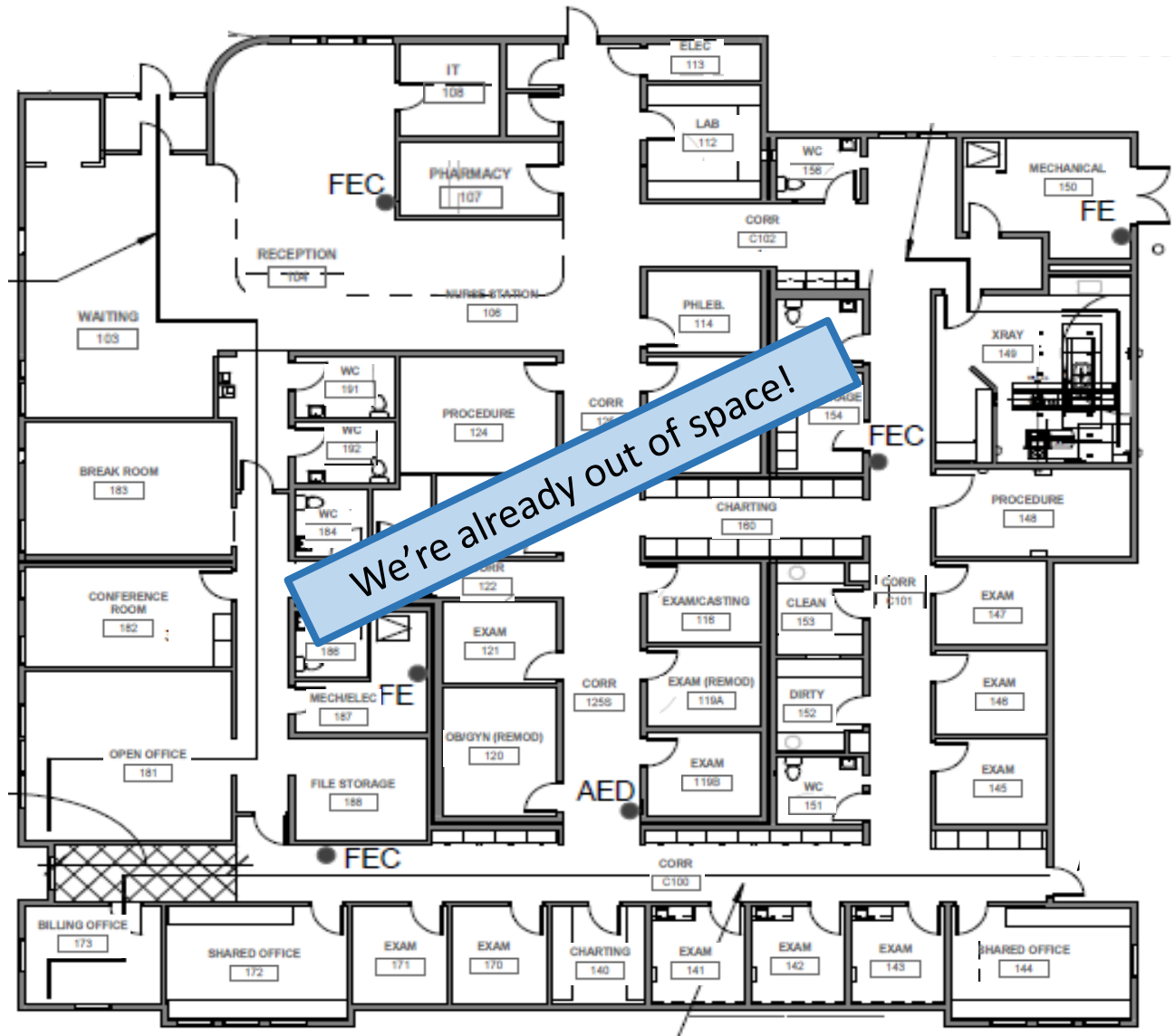
4136 Bartlett St.

10,520 SF

1985/2017

Owned

Plans by: Livingston Sloan



# Parking

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- Too many small lots
  - Tiered and “maze like”
  - Not enough parking in the summer
  - Not enough parking for patients near services
- 

- Where are the bottle necks?
- How do we fix them?

## LOT DESIGNATION

Patients 

Staff 

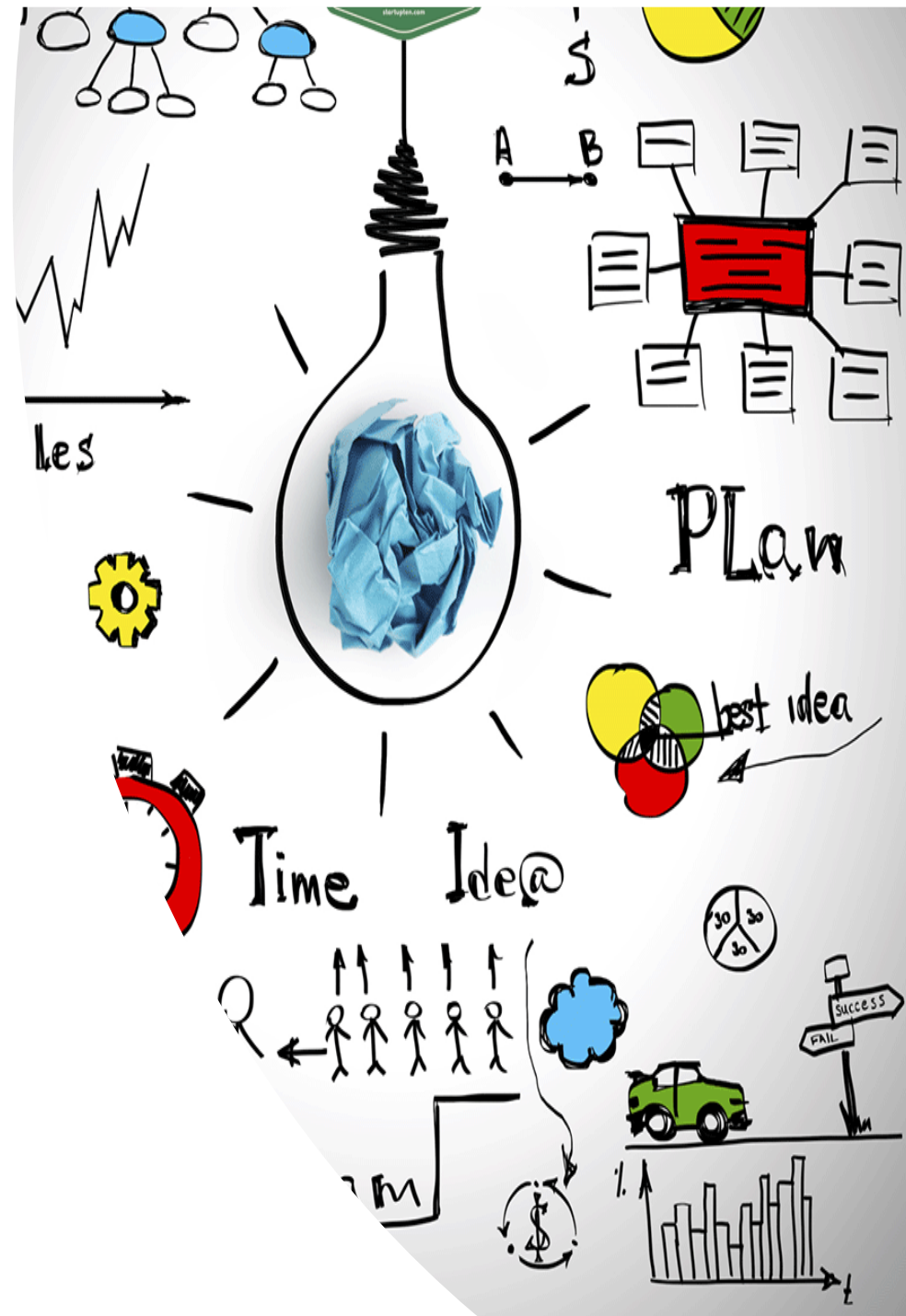
Mixed 

# The Parking Challenge

# Concepts in Planning

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- Centralized vs Decentralized
- Traffic Segregation
- Departmental Adjacencies
- Patient Flow







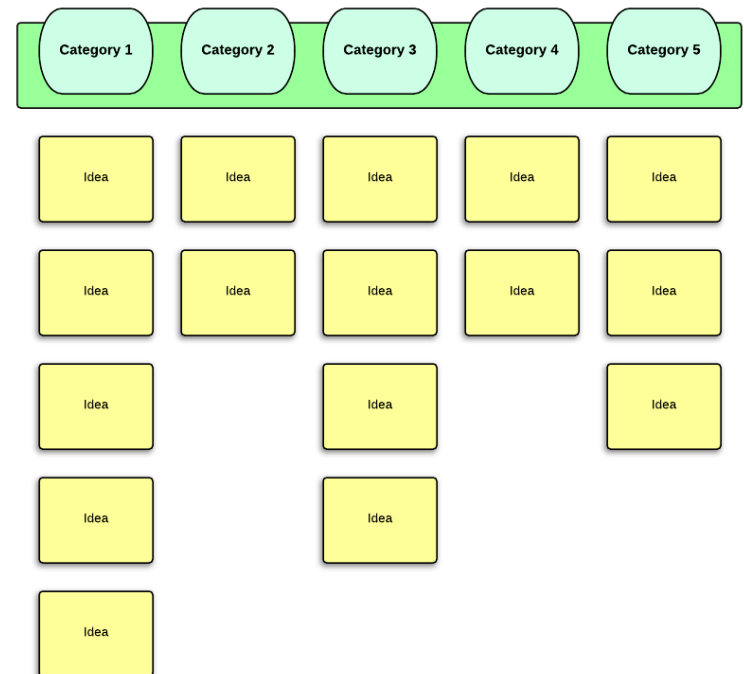
# Visioning

Group work

- Create Affinity Diagram\*
- Report out by group
- Place notes under themes during report out

\* An **Affinity Diagram** is a tool that gathers large amounts of language data (ideas, opinions, issues) and organizes them into groupings based on their natural relationships

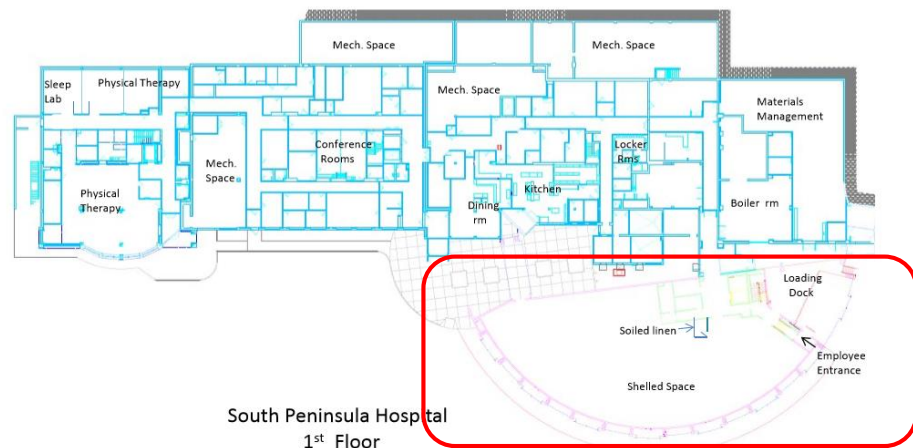
Good Things/Bad Things



# Shelled Space Ideas

## and Homework

- What would you do with the Shelled Space?
- How would that effect other areas?
  - Would it vacate space elsewhere?
  - What would that vacant space be used for?
- Does your idea line up with the Drivers?





# MASTER FACILITY PLAN

## Development and Evaluation

**Consulted with: Wendy Weitzner  
The Innova Group**

**South Peninsula Hospital**

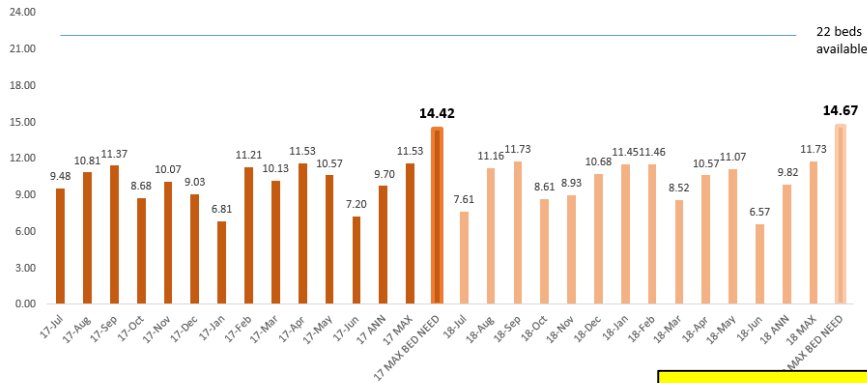
October 4, 2018

## M/S Bed Need - Current Workload

FY 2017-FY2018 Total M/S and Swingbed patient days

- The monthly M/S census average is never above 12. The maximum beds need in the past 2 years is 15.
- Can “excess” beds be used for hospice/palliative care?

FY 2017-FY 2018 Census/Max Census Bed Need @ 80% Occupancy

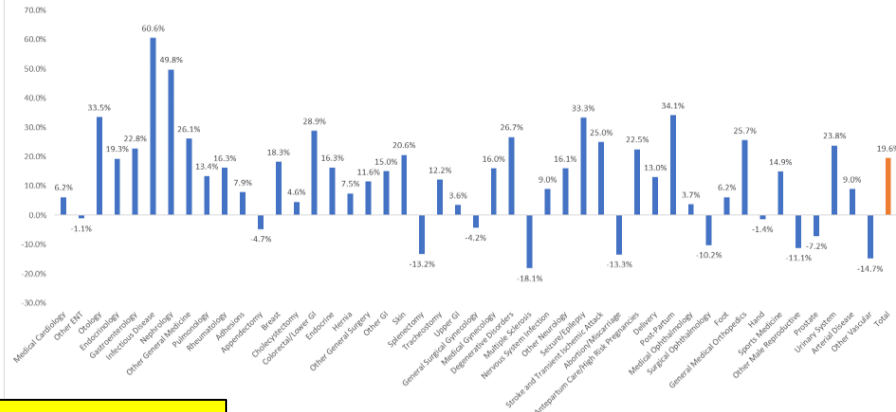


## M/S Bed Need Forecasts

Includes Zip Codes: 99568, 99603, 99556, 99639 and 99663/Seldovia with 414 people  
Source: Advisory Board Company. Age 15+, 50 mile radius from Homer

- Up to a 20% 10-year growth in discharges forecasted, primarily due to aging and increased disease prevalence; 7% growth in 5 years
- Results in 17 beds needed—assuming no change in share, LOS, etc.
- Slower growth with greater care management assumptions (.5% & 12% in 5 and 10 yrs)

10 Year Forecasted Growth in Discharges: Homer 50 Mile Radius; Age 15+

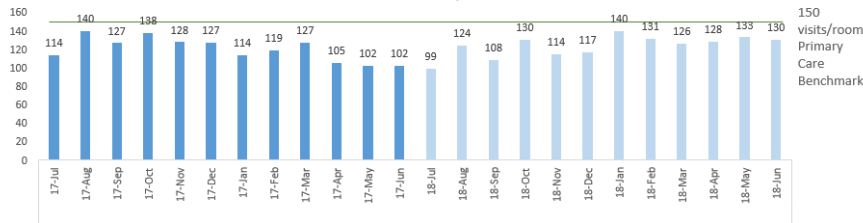


Reviewed lots of data!

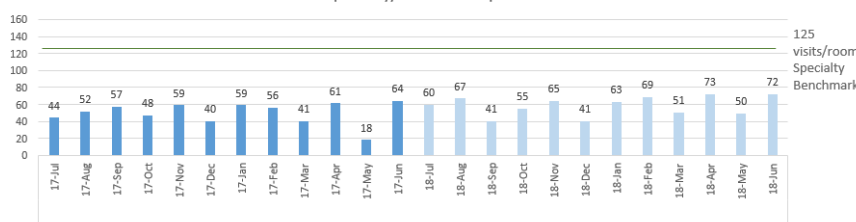
## Outpatient Need - Current Workload

- HMC/Primary Care visit volume per exam room is close to national benchmark standards
- Specialty/Ortho visit volume per exam room is lower indicating opportunity to backfill

FY 2017-FY 2018 HMC Visits per Exam Room



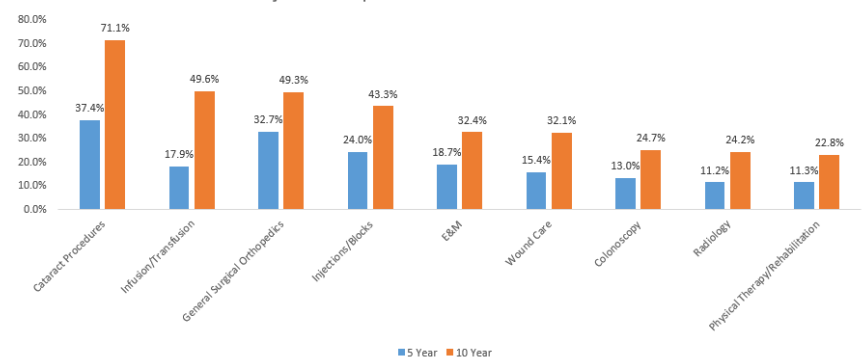
FY 2017-FY 2018 Specialty/Ortho Visits per Exam Room



## Outpatient Forecasts

All outpatient services are anticipated to grow

Projected Outpatient Growth in Select Services



Source: Advisory Board Company. Age 15+, 50 mile radius from Homer

# Option Solution Matrix

More Group work & Homework!

1. Address parking challenges
2. Acquire adjacent property to allow for growth
3. Consolidate/centralize services
4. Improve food services/dining
5. Ensure sufficient capacity to grow clinical services
6. Develop a vision for Senior Services
7. Develop a solution for hospice & palliative care
8. Consider opportunities for childcare facility
9. Evaluate better location for the infusion center
10. Transitional housing for interim and new staff

## Weighted Scores

Option A \$	Option B \$\$\$	Option C \$\$
9	24	31
4	9	8
5	29.5	19
0	26	21
2	14	24
-6	12	33
-1	3	3
11	13	19
10	20	31
11	4	21



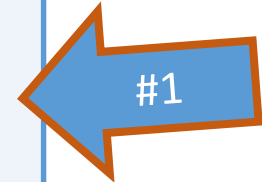
# Proposed Master Facility Plan

Approve

1. Remodeling Shelled Space
  - Consolidate several non-clinical departments
  - Move Infusion to space with windows/natural light
2. Expanding parking in upper (& lower lots)
  - Raze CR3 & 4-Plex
3. Acquiring adjacent private properties for growth

Future Consideration

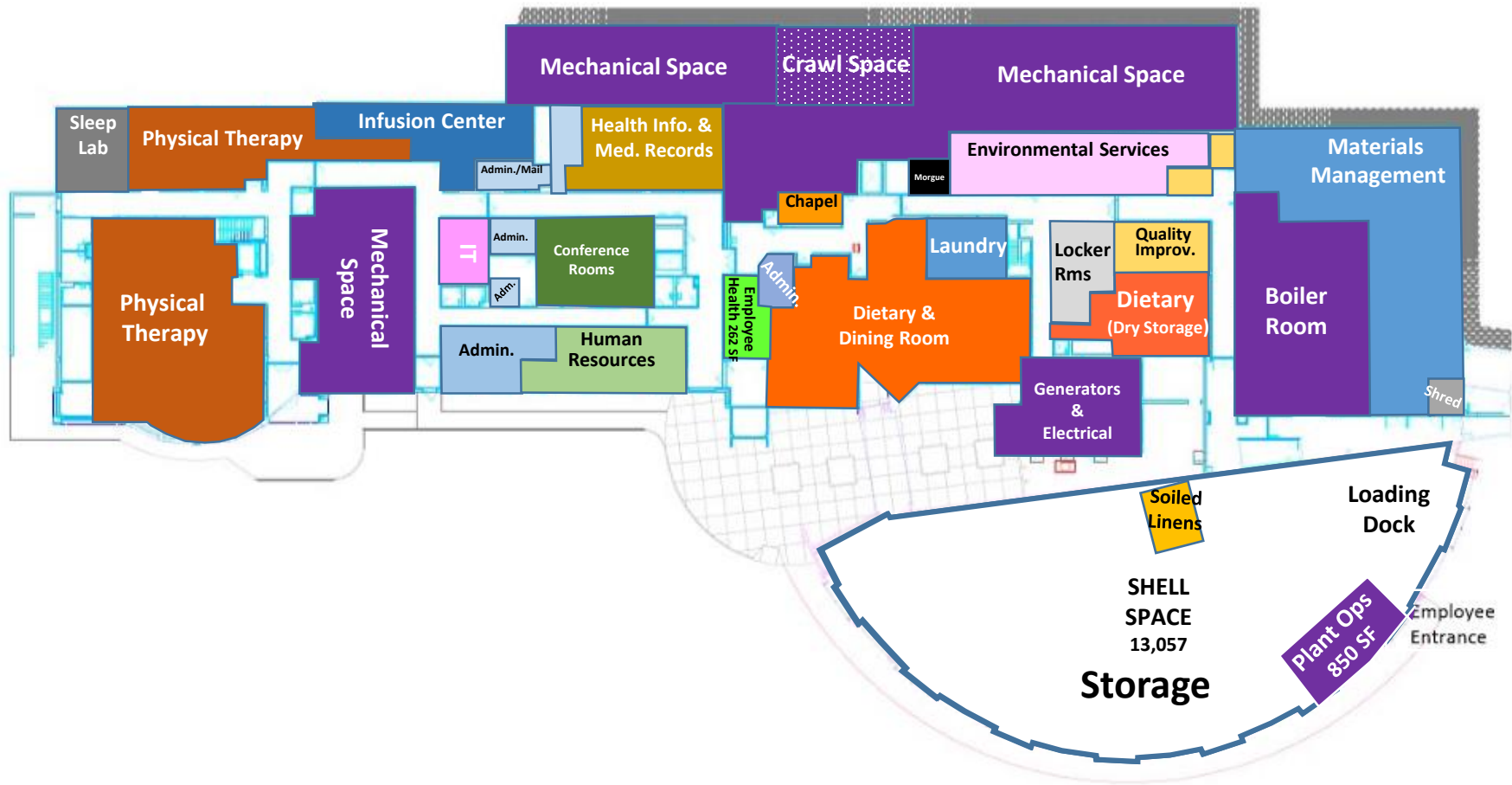
- 
- Creating housing units (Cedar House, etc.)
  - Expanding kitchen/dining space
  - Creating Hospice/Palliative rooms in AC
  - Expanding Clinical Services spaces
  - Creating a (employee) Childcare Center
  - Relocating Behavioral Health Services
  - Considering a Senior Living Community
    - Renovate Long Term Care?



Phase 1

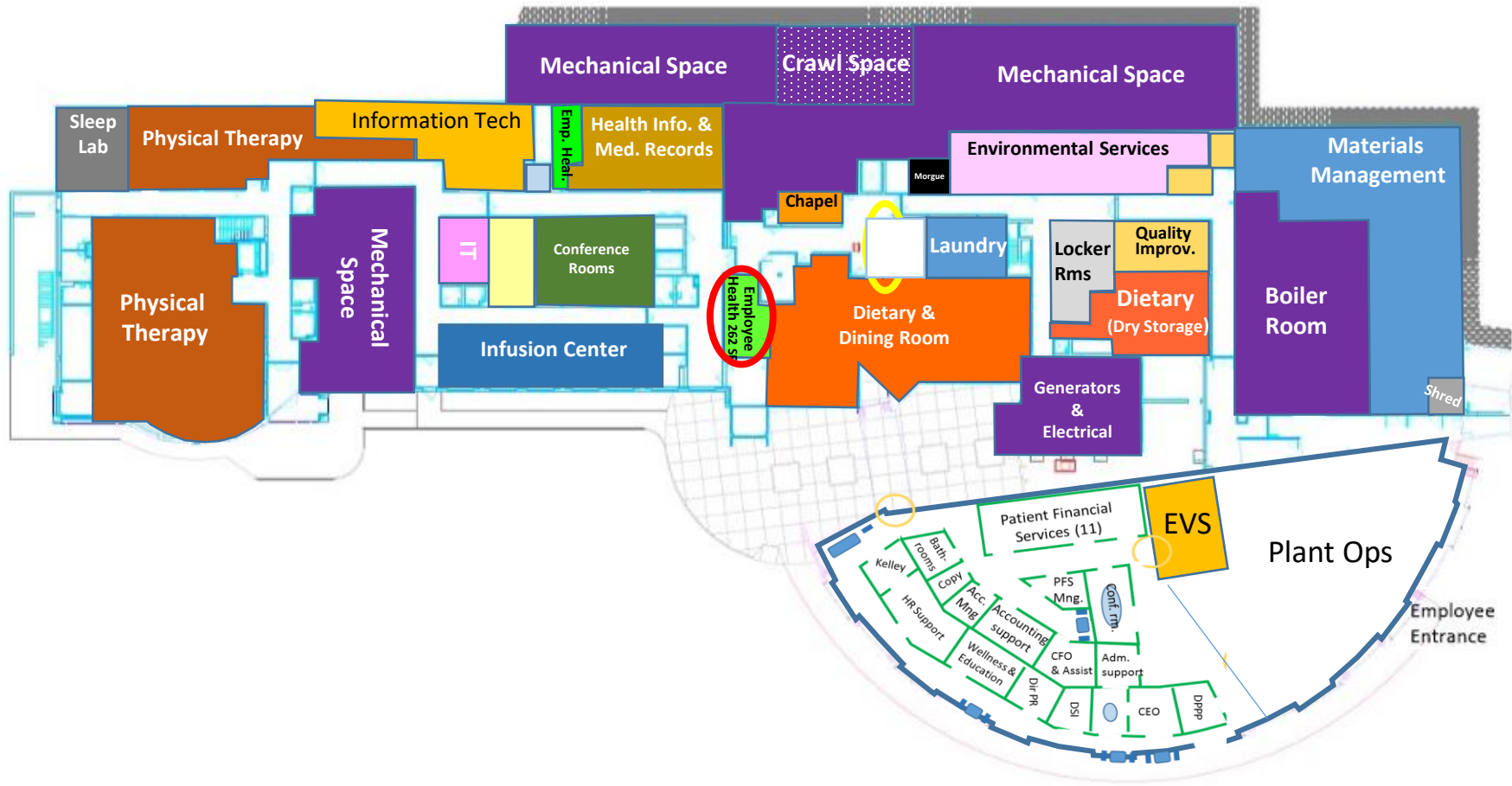
Phase 1

Plans by: RIM Architects



# Phase 1

Plans by: RIM Architects





# Proposed Master Facility Plan

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Future Consideration

- 
- Creating housing units (Cedar House, etc.)
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Phase 1

Phase 1

Expand



Demolish  
or move

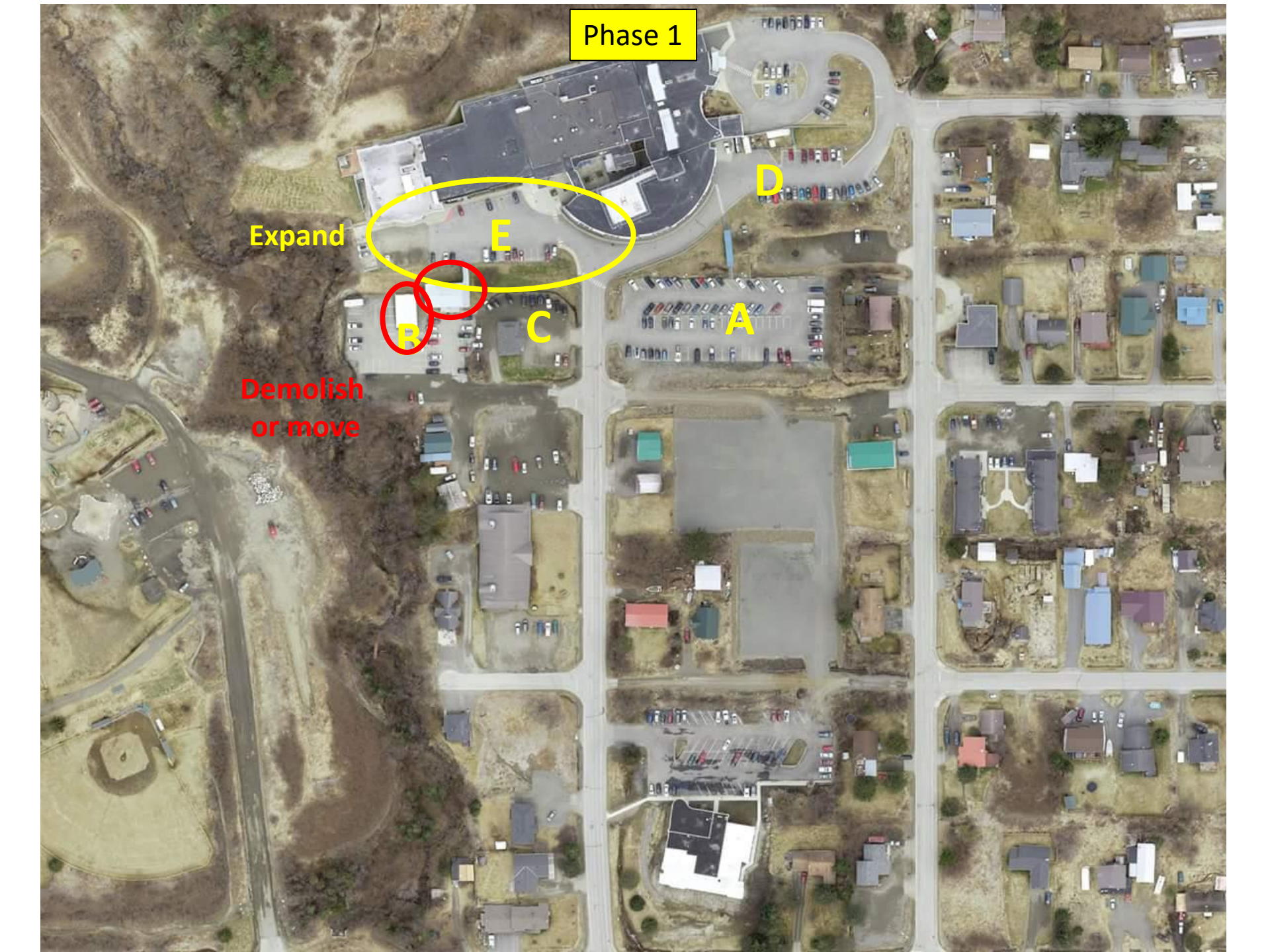


D

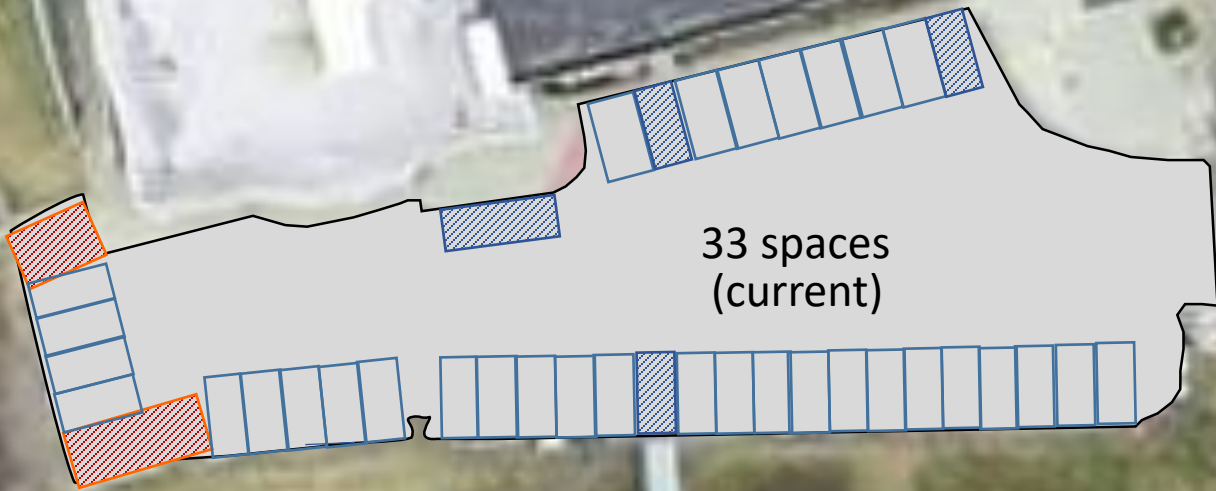
A

E

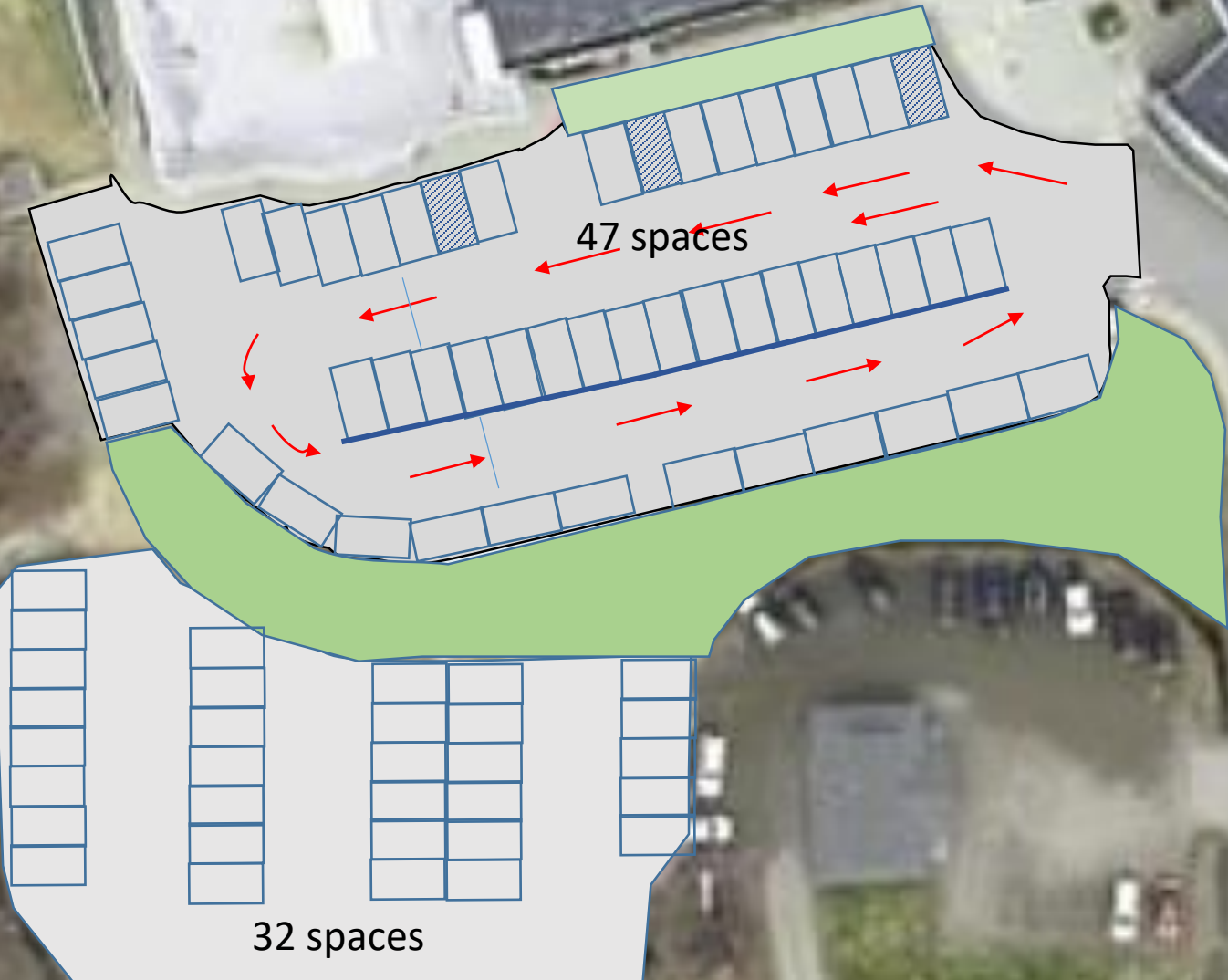
C



Phase 1



Phase 1



47 spaces

32 spaces

# Proposed Master Facility Plan

Approve

1. Remodeling Shelled Space
  - Consolidate several non-clinical departments
  - Move Infusion to space with windows/natural light
2. Expanding parking in upper (& lower lots)
  - Raze CR3 & 4-Plex
3. Acquiring adjacent private properties for growth



Phase 1

Future Consideration

- 
- Creating housing units (Cedar House, etc.)
  - Expanding kitchen/dining space
  - Creating Hospice/Palliative rooms in AC
  - Expanding Clinical Services spaces
  - Creating a (employee) Childcare Center
  - Relocating Behavioral Health Services
  - Considering a Senior Living Community
    - Renovate Long Term Care?





South  
Peninsula  
Hospital

