

Chistochina Multi-Use Facility Business Plan

Prepared by

Mt. Sanford Tribal Consortium



July 2008

This conceptual plan was produced in part with Multi-Use Facilities Grant Assistance funds made available through the Department of Commerce, Community and Economic Development and the Denali Commission.



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ATTACHMENTS:

- Multi-Use Financial Spreadsheets
- Tribal Resolutions
- Project Location Map
- Space Determination Document
- Lease Agreement
- MSTC Auditor's Report
- MSTC Organizational Chart
- Site Plan Checklist

Executive Summary

Mt Sanford Tribal Consortium (MSTC) is constructing a 5,994 square foot multiuse facility to provide health care and other essential services for the residents of its service area. MSTC's programs, services and administration will be consolidated in the new facility, which will be located in the community of Chistochina.

In June 2008, MSTC completed an extensive conceptual planning process for the multi-use facility. To ensure that the facility is sustainable and meets community and organizational needs, MSTC received technical assistance from the State of Alaska Department of Commerce and Community Economic Development, Denali Commission, Foraker Group, Alaska Native Tribal Health Consortium, the Alaska Energy Authority, Karluk Design and other experts. As the project proceeds through the design and construction phases it will continue to receive input from the community members, architects, engineers, and others to ensure that the final design meets all regulations and standards.

The facility will house the following;

- A well equipped, modern health clinic that includes space for medical, dental and behavioral health services
- Meeting room space for organizations and community groups
- Program space for health, environmental, cultural, and other programs
- Office space for MSTC's administrative services
- Parking space for at least 30 cars
- A landscaped entry and lobby

MSTC anticipates that the new facility will benefit residents of the service area because:

- The new health clinic will provide expanded mid-level medical care services, preventative and routine dental care and a comprehensive range of behavioral health services *for the first time in our service area.*
- All of MSTC's programs, services, and administration will be consolidated in one facility.
- Meeting room space will be available for local community organizations, and state and federal agencies who visit the area will have meeting room space to discuss issues of importance to the residents of our service area;
- The facility will provide the appropriate infrastructure and advanced telecommunication technology necessary to operate essential programs that promote health and social services for local residents; and
- Its central location facilitates shared use of utilities and alternative energy systems for adjacent community buildings that will enhance the long term sustainability of all local facilities.

The total estimated cost for the facility is \$4,563,502, which includes all costs for a turn-key project. Funding from the Denali Commission is \$2,352,882. MSTC will use grants and loans to cover the balance of its cost share match of \$2,211,620, including; HUD Indian Community Block Grant, Rasmussen Foundation grant, State of Alaska Capitol Improvement grant, and USDA grants and loan(s) as needed.

1.0 INTRODUCTION

Mt Sanford Tribal Consortium (MSTC) began planning for a new health clinic over a decade ago when the only space available to provide clinic services was a small section of the Cheesh'na Tribal Council office building. The building is a small log structure that does not provide adequate space, privacy or other necessities for providing quality health services. As the planning process got underway for the new health clinic it was also recognized that MSTC's existing office facilities were not adequate to house its expanding programs and services and a new facility would be needed to consolidate all programs and services into a single multi-use facility.

After numerous meetings and discussions, MSTC was awarded a 2006 Conceptual Planning grant from the Denali Commission to plan for a multi-use facility that would house the new health clinic, MSTC's programs, and administrative offices. During this time, the Denali Commission underwent a series of changes that omitted funding for multi-use facilities. The Denali Commission application focused primarily on the health care portion of the facility, and MSTC was awarded a Multi-Use Facility Planning grant from the Alaska Department of Commerce, Community and Economic Development (DCCED) to conduct comprehensive planning for the entire multi-use facility.

The conceptual planning process has addressed a broad range of issues including site control, space determination, cost estimates, business planning, funding strategies, and other related issues to prepare for design and construction of the multi-use facility.

Planning activities included;

- Work sessions were held with area residents to ensure that the facility meets the long-term health care needs of the service area.
- MSTC identified space needs of the facility for staffing and proposed services.
- A site selection process to select the most appropriate site that addressed all site control issues;
- Financial planning to identify project costs, operation and maintenance costs, revenues and expenses, capitol costs, potential funding sources and establish a funding strategy for the facility; and
- The development of two, stand alone business plans for the Denali Commission and the DCCED.
- Feasibility studies were conducted to identify the most appropriate alternative energy systems for the new facility.

This document includes background information, a project description, architectural drawings, site plan information, financial analysis, a funding strategy, and a project summary.

2.0 BACKGROUND INFORMATION

This chapter provides general information on the organization, the service area, existing facilities, community needs and the alternatives that have been considered.

2.1 THE ORGANIZATION

Mt Sanford Tribal Consortium (MSTC) is an Alaska Native Tribal Health Organization located in Chistochina, Alaska at mile 33 of the Tok Cutoff highway. MSTC was originally formed to manage the Indian Health Services Compact for the federally recognized Athabascan Indian tribes of Cheesh'na (located in Chistochina) and Mentasta Lake. Since its incorporation in 1993, the organization has experienced steady growth and matured into an efficient and accountable organization that now employs 15 staff and provides a variety health, social, environmental, and cultural programs and services. MSTC's health services are open to all residents in the service area.

MSTC's funding sources include management of the Indian Health Services Compact for its two member tribes and numerous grants through, Environmental Protection Agency, Office of Juvenile Justice, Administration for Native Americans, Department of Education, Alaska Energy Authority and other assorted funding sources. Its annual operating budget is in excess of \$2,000,000. Financial operations are contracted to a reputable accounting firm that provides accurate bookkeeping and timely reporting and ensures that the organization maintains clean audits and remains in good standing with all of its funding sources.

MSTC has a strong and capable administration that has contributed to its success over the years. President Evelyn Beeter, one of the original founders of the organization, has provided stable and consistent management throughout its history. Vice President, Wilson Justin, joined MSTC during its second year of operations and has provided knowledgeable and accomplished leadership for the organization.

2.2 THE REGION

The Copper River region is a large, sparsely populated, geographical area (roughly the size of Ohio) with approximately 3,200 people spread over 24,000 sq. miles. The region features spectacular natural beauty and is a popular recreational area for sportsmen, nature lovers, and visitors to the Wrangle St. Elias National Park. For residents however, life can be challenging. The region is in an unorganized borough. It has no local government, is economically distressed, and medically underserved. There are no hospitals or specialty health services such as pediatrics, optometry, etc. available in the region. Residents must travel long distances to urban areas to access critical services and supplies. Traveling these distances can often be cost prohibitive with today's rising gas prices, and dangerous during winter months, when driving conditions are hazardous or temperatures are dipping below -50.

2.3 THE SERVICE AREA

MSTC's service area is in the Northeastern sector of the region extending from the community of Chistochina, approximately 60 miles north to Mentasta Lake. The service area borders the Wrangell St. Elias National Park, which is currently upgrading park facilities in anticipation of increased visitors.

The service area includes the three (3) primary communities of Chistochina, Slana and Mentasta Lake and residents in the surrounding areas for a service area population of approximately 400. According to the *Alaska Community Database*, the unemployment rate averages 66% for the three communities in the service area. MSTC is the largest employer and service provider in the service area.

2.4 EXISTING FACILITIES AND COMMUNITY NEED

For areas in rural Alaska to grow, they need to offer employment, health care, housing, education and affordable energy. The classic "catch 22" problem is to be able to offer all of these amenities at the same time. MSTC's service area has tremendous potential for growth but currently lacks some of the infrastructure necessary to meet the needs of current and future area residents. For example, MSTC has had numerous opportunities to create employment through programs and services but has not had the clinic or office space to provide the services or adequate housing for employees and their families.

Status of Existing Facilities and Community Need

Health Care

Quality health care is vital to the health and safety of area residents. The existing health care facilities are housed in structures that are too small and seriously inadequate to provide confidentiality for patients and quality services. Residents, who can afford it, are currently traveling outside of the service area for these services.



Cheesh'na Tribal Council offices and area (554 sqf)
where health services are currently provided.

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Employment

Office space is critical for supporting employment and economic development. MSTC and the Cheesh'na Tribal Council are progressive organizations capable of creating employment and stimulating economic development, but there is no office space available to house administrative programs or services. There are no office buildings outside of the few Tribal facilities that are housed in log cabins and deteriorating mobile homes.

Business Infrastructure

The area hosts a high volume of tourist traffic during the summer months that provides tremendous potential for small business development but the infrastructure is extremely limited in the service area. Chistochina has one small grocery store/gift shop that sells convenience foods and locally made crafts and other sundries. Besides one Bed and Breakfast, there are no motels, restaurants, or other businesses that give tourists a reason to stop, and there are no facilities to rent for business development.

MSTC headquarters in Chistochina which houses administrative and program offices.



Extension offices (ATCO unit) are used for MSTC programs. The three small sheds (unheated) are used for storage of files, bulk office supplies, and community emergency equipment.

Housing

The service area lacks adequate housing to support the anticipated growth. Cheesh'na Tribal Council has developed a planned community with twenty five 5-acre lots that are available for Tribal members to build homes in Chistochina. In order to qualify to build a home in this new development, potential homeowners must first have steady employment in the community.

Education

Chistochina has a small K-6 elementary school but grade 7-12 students in the area are bussed 50 miles to school in Glennallen. Growth of the service area could lead to the construction of new schools for these youth. Conversely, low student counts (less than 11 students) jeopardize closing of the local schools, which has a detrimental effect on the community.

2.5 ALTERNATIVE SOLUTIONS CONSIDERED

MSTC considered several alternatives for addressing the lack of adequate facilities including; do nothing, renovate and/or expand existing facilities, build separate facilities for program and services and constructing a multi-use facility. Each is described below.

a) **Do Nothing**

The problem will only get worse over time so the “do nothing” approach is unacceptable.

b) **Renovate and Expand Existing Facilities**

Alaska Native Tribal Health Consortium conducted codes and condition surveys of MSTC's existing facilities; the assigned engineer concluded that these buildings had too many structural and other problems to renovate and/or expand and recommended that they be replaced. There are no other existing facilities in the community that are available to purchase for renovation.

c) **Construct Separate Facilities for Programs and Services**

MSTC considered building a separate clinic and office space for programs, services and administration but this increases construction and O&M costs and does not allow for consolidation of programs and services.

d) **Construct a Multi-Use Facility**

Constructing a multi-use facility was determined to be the most feasible approach. This option consolidates MSTC's programs and services, reduces construction and O&M costs, and facilitates better communications and coordination with staff. As discussed above, the multi-use facility will improve health care services and stimulate employment, economic development, housing, and educational opportunities for service area residents.

3.0 PROJECT DESCRIPTION

3.1 COMMUNITY PLANNING

In 2001 and 2002, MSTC conducted comprehensive community planning conferences with the residents of Mentasta and Chistochina. Work sessions produced broad based, long range community plans that were derived directly from the people who live in the communities. These plans have been updated in succeeding years to ensure MSTC continues to meet the needs of its constituents. Through this process, residents identified community needs, priorities and goals, which then become the responsibility of MSTC to achieve. The infrastructure sections of these plans call for the development of new facilities to house programs and services (see Chistochina Community Plan in Appendix).

3.2 SERVICE AREA PLANNING

To achieve economies of scale and comply with the Denali Commission's *Open Door Policy* with its new health clinic, MSTC has also consulted with community leaders and health providers from Slana, the largest non-Native community in the service area to elicit community support for the new clinic. Slana's existing health services are provided in a small log cabin that is not adequate or equipped to provide quality health services. After discussions with their community members, the Slana Community Council was pleased to provide a letter of support for the multi-use facility. Several Slana community members being employed by MSTC, so there has been strong support for the other portions of the multi-use facility as well.

3.3 FACILITY PLANNING

a) Primary Care Space

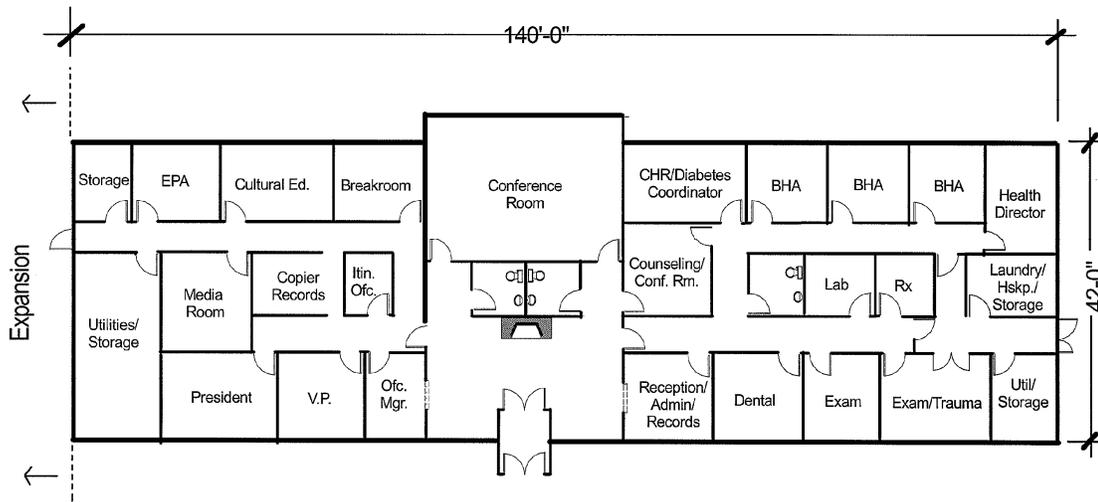
Our next priority was to determine the size and shape of the health clinic to provide primary care services. MSTC worked with technical assistance providers assigned by the Denali Commission to determine the size of the clinic and primary health services that would be needed to meet the needs of the service area. A request for primary care space was submitted to and approved by the Denali Commission (see Summary Concept Paper in Appendix).

b) Remaining Multi-use Space

Having determined the size and shape of the primary health care portion of the facility, MSTC then set out to determine the remainder of program, administrative and meeting room space for the facility and incorporate remaining space into the multi-use facility. In order to comply with Denali Commission requirements for funding, the facility had to comply with the Commission's 51% rule in which requires at least 51% of the facility be devoted to primary care space. After numerous discussions, MSTC hosted a work session with various technical assistance providers to work on space determination and costs. The goals were to design a facility that would meet future needs, project costs, and ensure sustainability.

3.4 LAYOUT AND DRAWINGS

During the planning process, the Foraker Group architect worked with MSTC to allocate space in the most efficient way possible. Each program, service, function, and staffing need was carefully analyzed to determine the optimum use of space. The end result was a 5,994 square foot multi-use facility (see Space Determination documents in Appendix).



Chistochina Clinic/Multiuse Facility

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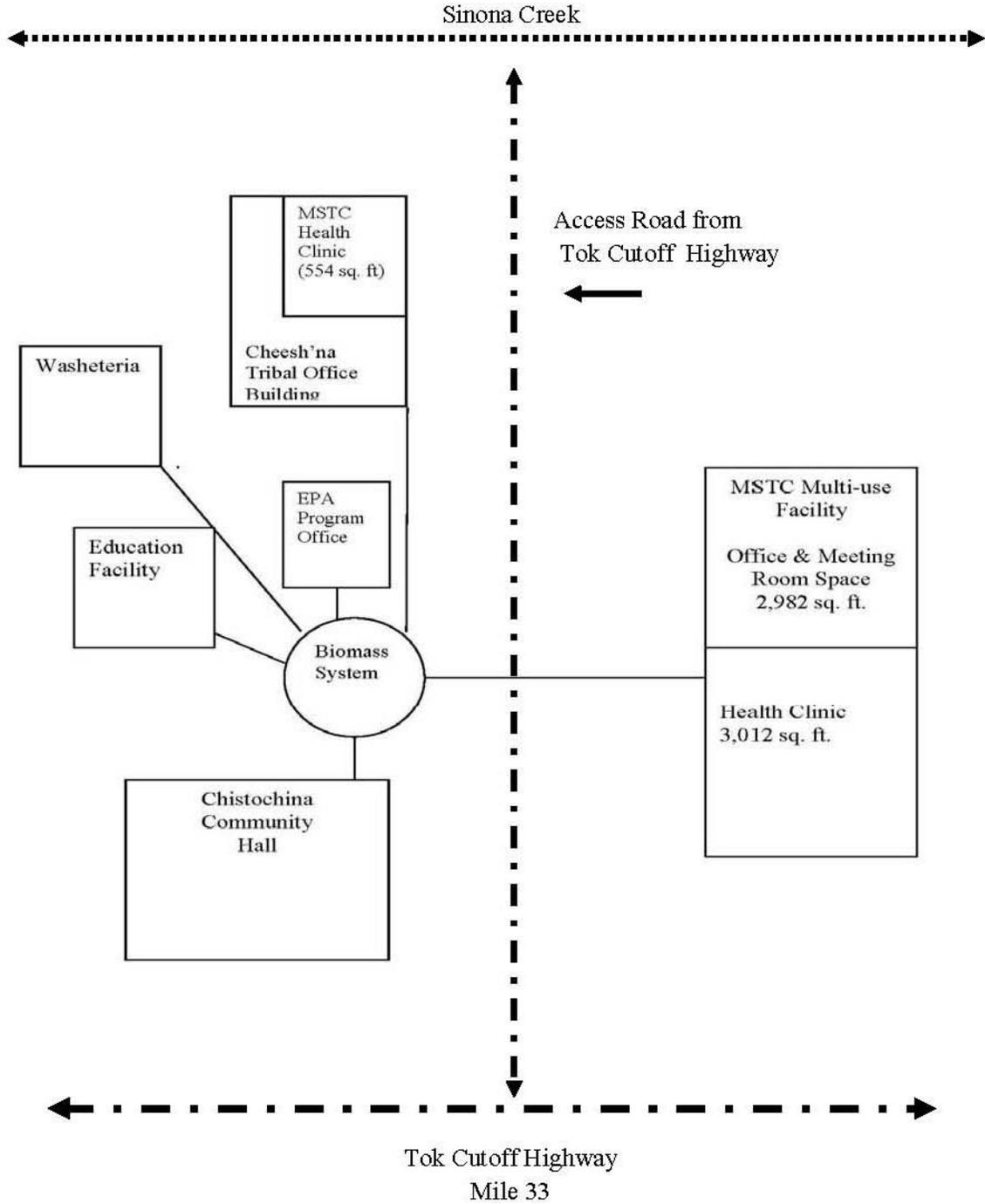
4.0 SITE SELECTION

MSTC collaborated with the Cheesh'na Tribal Council in Chistochina to select an appropriate site for the multi-use facility. The Council had an existing lease on a large section of land from Ahtna, Inc., which was originally intended for another purpose. After several discussions and negotiations, it was decided that locating MSTC's new multi-use facility on that property would be a better use of the site because it would provide numerous benefits to both organizations and to the community at large. As a result, MSTC obtained a new, 30-year lease on the property.

The selected site is suitable because:

- It meets all Denali Commission site control requirements;
- It is large enough to accommodate the current facility, parking requirements, and possible future expansion;
- Soil samples concluded that the site is suitable for construction;
- It makes access to community services more convenient, because it is in a 'campus area' setting with the community hall, Tribal Council offices, and small structure used as a satellite site for distance education classes through Prince William Sound Community College;
- It is located adjacent to Tok Cutoff highway, providing visibility and easy access to the health clinic;
- It has good southern exposure to accommodate solar energy systems and also presents opportunities to expand the proposed biomass (alternative energy) system, which will provide heat and hot water for the multi-use facility to other facilities in the campus area.
- It provides easy access to existing electrical utilities and opportunities to connect to Cheesh'na Tribal Council's new sewer and water system that is scheduled for construction in 2009.

Chistochina Community Facilities Campus Diagram





To the left is the Chistochina Community Hall (approx 1200 sqf) and the treed section to the right of the building is the site for the new Multi-Use Facility.

The section (right) is another view adjacent to the Community Hall where the new facility will be located.



5.0 CAPITAL COST ESTIMATE

The capital cost estimate for this project was performed by a professional estimator with the Foraker Group. The reader will note that the cost per square foot for this project appears substantially higher than that of other similar projects in the state. The difference is in methodology used for cost estimating. The lower cost estimates in similar projects typically represent primarily construction costs. The Foraker Group estimate for this project represents all cost associated with a “turn-key” project. This new form of cost estimating was the preferred method of the Denali Commission

6.0 OPERATION AND MAINTENANCE COST ESTIMATE

The following O&M expenses have been identified for the new multi-use facility. These expenses fall into three primary categories; 1) O&M expenses, 2) repair and replacement (R&R) costs, and 3) capital replacement costs. O&M expenses were calculated using the financial worksheets in the Denali Commission application with assistance from Athena Logan of DCCED. Information for each category is explained below, followed by a summary of all O&M expenses for the multi-use facility.

6.1 OPERATIONS & MAINTENANCE EXPENSES

Operation and maintenance costs are annual expenses necessary to sustain the facility. They include;

- **Personnel:** administrative, maintenance and custodial expense
- **Utilities:** heating, hot water, and electricity costs
- **Maintenance:** Supplies, general repairs and maintenance expense

6.2 REPAIR AND REPLACEMENT EXPENSES (R&R)

These are costs for items totaling more than \$1,000 which are not replaced on an annual basis such as; furnishings, boilers, water heaters, backup generators and similar equipment. R&R funds are budgeted annually in a separate account in the amount of \$13,488 to ensure there is enough funding on hand to repair or replace these items.

6.3 CAPITAL REPLACEMENT EXPENSE

These costs represent the annual amount that is saved for the eventual replacement of the facility at the end of its useful life. The useful life of MSTC's multi-use facility is estimated to be 50 years. Replacement costs are estimated annually at \$16,719 based on the cost estimate of the facility of \$4,563,502.

6.4 TOTAL ANNUAL EXPENSE ESTIMATE: Year One

Revenues for the facility exceed its operating expenses. A comprehensive set of spreadsheets are provided with this submission that detail annual expense estimates.

7.0 FINANCIAL PLAN

This section discusses the sustainability of the multi-use facility and the potential funding sources for construction.

7.1 REVENUES, EXPENSES, & SUSTAINABILITY

MSTC will utilize two primary funding streams to sustain the multi-use facility. Revenues from the health clinic portion for the facility were extensively researched for the Denali Commission business plan, and are summarized in attached spreadsheets.

The health clinic portion of the facility will generate revenues through health services provided. The offices and meeting room portion of the facility will be sustained through rental income that is changed to MSTC's programs and administration that will be housed in the facility. In the event that additional office space becomes available, MSTC will rent that space to groups, businesses, or organizations doing business in the service area.

7.2 ENERGY COSTS AND SUSTAINABILITY

Rising energy costs have been identified as the primary issue affecting the long-term sustainability of the facility. MSTC will utilize an energy efficient design and alternative energy systems to reduce utility costs.

Energy Conservation: Our first priority is to construct the most energy efficient building possible. MSTC and the Cheesh'na Tribal Council (CTC) have worked collaboratively with the Alaska Energy Authority (AEA) and other agencies and experts in the field to identify energy conservation strategies. MSTC has discussed these issues with Alaska Native Tribal Health Consortium Engineers, UAF Energy experts, architects from Karluk Design and other experts in the building industry and will proceed with plans to design the most energy efficient facility possible in the design phase of this project.

Alternative Energy: We anticipate utilizing two alternative energy sources to reduce energy costs for the new facility.

1) Biomass: An AEA feasibility study concluded that a hydronic heating system (outdoor wood fired boiler) is a viable alternative to expensive heating oil to provide heat and hot water to the facility. MSTC and Cheesh'na Tribal Council are working collaboratively with the AEA to design and implement a large hydronic heating system that will provide heat and hot water to all the tribal facilities in the campus area (see Biomass System in Chistochina Community Facilities Campus Diagram). Current cost estimates indicate that the system will save roughly 78% on heating costs.

2) Solar: MSTC and Cheesh'na Tribal Council are collaborating on a solar demonstration project that is collecting solar radiation data in the campus area. Data from this project will be utilized to design the most appropriate and cost effective solar electric system to offset electricity costs for the multi-use facility and other facilities in the campus area.

7.3 POTENTIAL FUNDING SOURCES

Denali Commission

The Denali Commission is the primary funding source for the multi-use facility. The total project cost is estimated at \$4,563,502, and estimated amount of funding from the Denali Commission is \$2,351,882. This funding covers architectural and engineer costs for the entire facility, 80% of the cost of construction for the primary care space and 20% of the funding for the multi-use facility.

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Other Funding Sources

MSTC will apply to the following funding sources for the remaining cost share amount for the facility:

- Rasmuson Foundation Tier II Grant
- Indian Community Development Block Grant (ICDBG)
- State of Alaska Capital Improvements Grants (CIP)*
- USDA Grants and Loan(s)**
- IHS Equipment funds
- IHS Facility funds

*A FY2008 CIP request was submitted, but deleted this year by the Senate Finance Committee in favor of other local projects. We are in consultation with our legislative representatives, and have been advised to submit a phased request over the next 3 years. MSTC will continue to apply for CIP state funds for this project.

**The USDA Grants and/or Loans will supplement any remaining funds needed for the project.