

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON

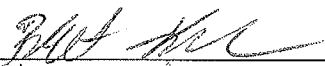

SPECIAL MEETING

June 14, 2013

Verdant Health Commission Board Room

Commissioners Present	Bob Knowles, President Fred Langer, Commissioner Deana Knutsen, Commissioner
Commissioners Excused	J. Bruce Williams, MD, Commissioner Karianna Wilson, Commissioner
Staff	Carl Zapora Lisa King Jennifer Piplic Karen Goto
Staff Excused	George Kosovich
Guests	Sarah Zabel, Swedish/Edmonds David Jaffe, Swedish/Edmonds Members of the public
Call to Order	The Special Meeting of the Board of Commissioners was called to order by President Knowles at 12:05 p.m.
Special Meeting	Sarah & David presented an overview of the Swedish/Edmonds campus expansion plan (E:32:13). <i>Motion was made, seconded and passed unanimously to endorse</i> the Swedish/Edmonds campus expansion plan.
Adjourn	The meeting was adjourned at 12:35 p.m.

Attest By:


President

Secretary

SWEDISH EDMONDS CAMPUS EXPANSION OVERVIEW

June 14, 2013

E:32:13
6.14.2013



EXECUTIVE SUMMARY

PROJECT OVERVIEW

- Swedish Edmonds has received Providence board approval to proceed with full design and construction of an ambulatory building adjacent to the existing hospital facility.
- The new addition will house a new emergency department with dedicated behavioral health unit, an urgent care center, a new outpatient diagnostic imaging center, a new 12-bed observation unit, a shelled second floor for additional programs and services in the future, and a new two story (300 space) parking garage.
- The project is a new “front door” for the campus designed to address perpetual capacity shortages, open new avenues for patient access to key ambulatory services, and improve competitive standing and community reputation.
- The new facility is projected to cost \$63.5 million dollars and encompass approximately 77,000 square feet of space.

EXECUTIVE SUMMARY

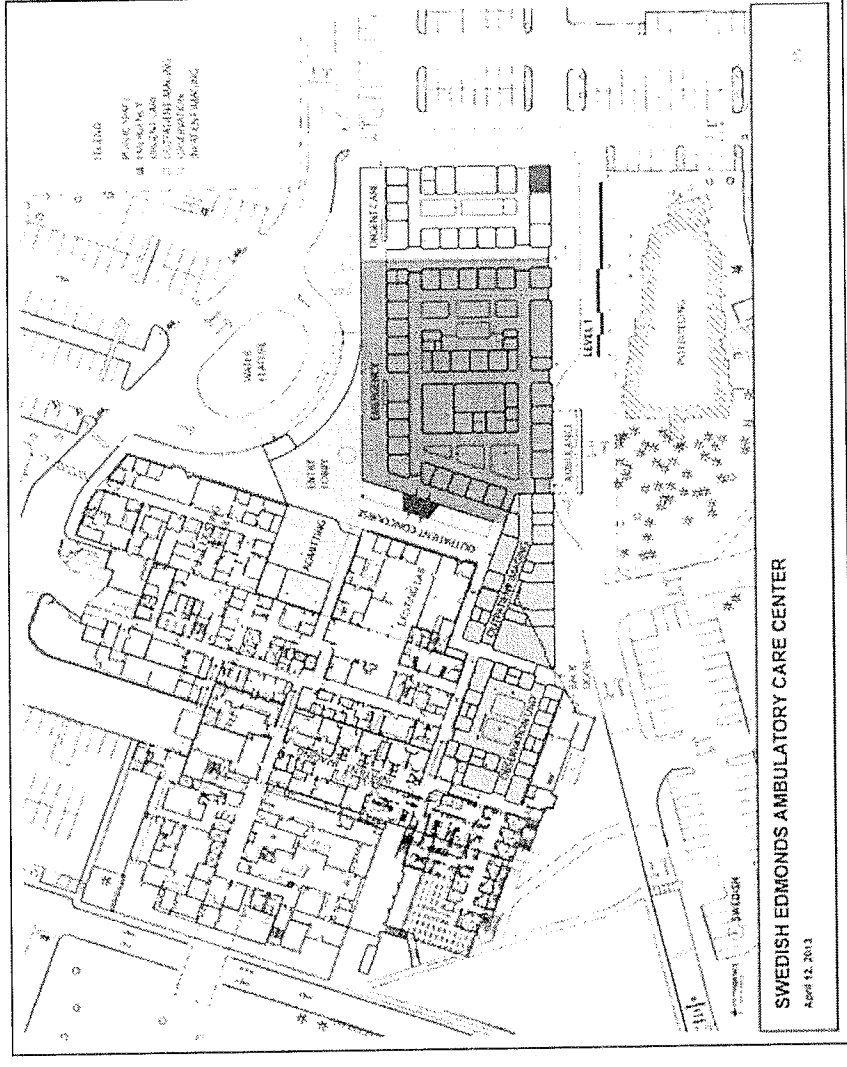
BUSINESS PROPOSITION

New Construction

- 1st Floor: Emergency Department
 - 29 ED beds: 2 trauma rooms, 27 exam rooms with at least 4 of the exam rooms dedicated for behavioral health patients
- 1st Floor: Urgent Care
 - 8 Rooms
- 2nd Floor: Shelled space for future hospital programs/services
- 2-story parking structure with 304 stalls

Renovation (In Location of Old ED)

- Outpatient Diagnostic Imaging (OPDI)
 - Contiguous with new Emergency Department
 - Space for 1 MRI, 1 CT, 2 general x-ray, and 2 ultrasound modalities
- 12 Bed Observation Unit



EXECUTIVE SUMMARY

PROJECT BENEFITS

The new facility will provide a multitude of benefits for the community and the campus:

- Improved **patient experience**
 - Care provided for behavioral health patients in an appropriate setting
- Improved **physician satisfaction**
- Improved **patient access** to local affordable ambulatory services such as urgent care and observation
- Improved community **reputation**
- Improved campus **financial performance**
- Improved **throughput and productivity**
- Strengthened employer positioning resulting from campus availability of lower cost of care alternatives (e.g. urgent care, observation unit)
- Strengthens the hospital's brand and demonstrates a long-term commitment to the community



EXECUTIVE SUMMARY

PROJECT COSTS

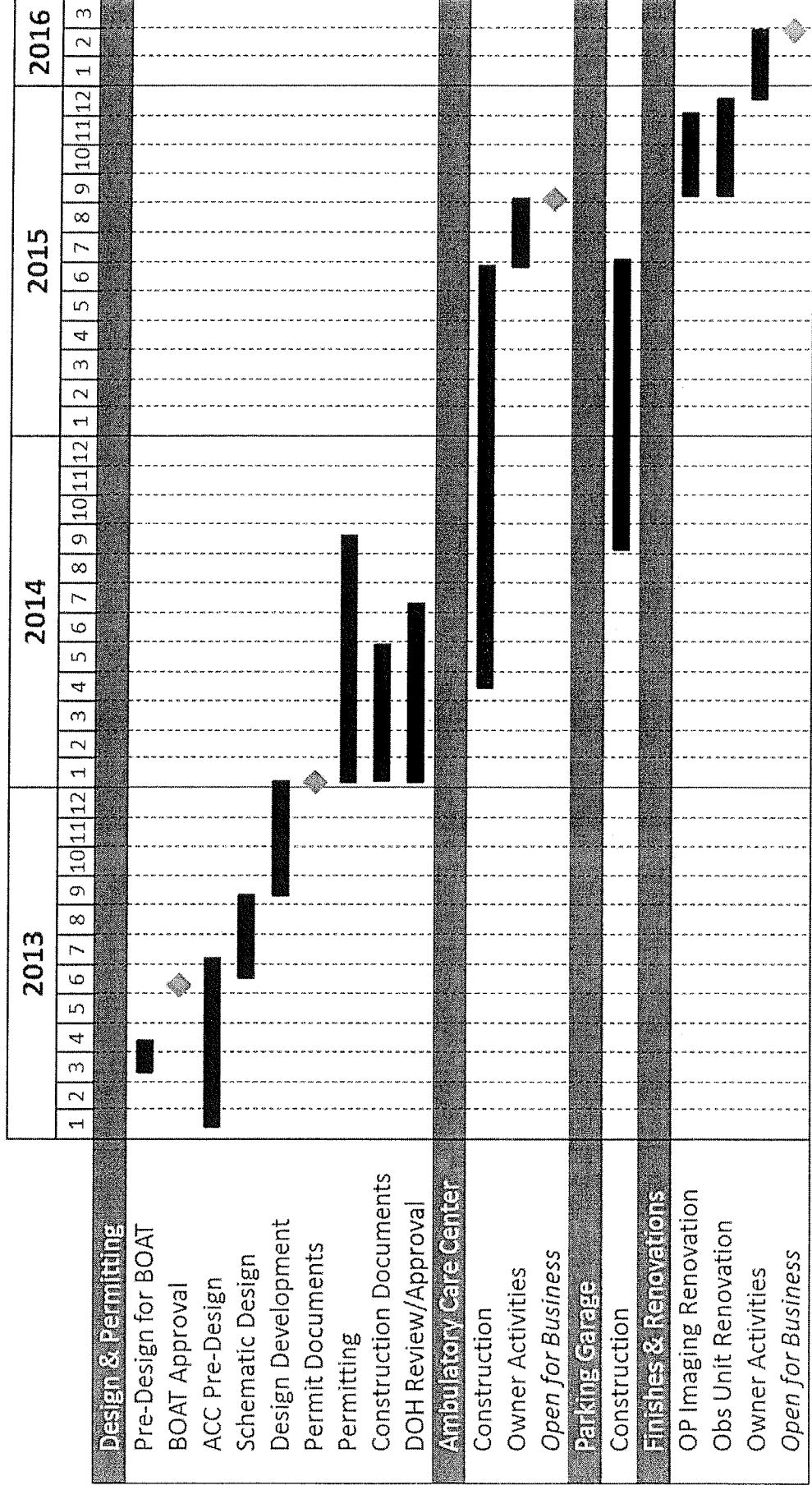
Major expenses for the \$63.5M project are categorized as follows:

• Construction Costs	\$35.9M
• Sales Tax & Construction Contingency	\$5.8M
• Furniture, Fixtures, and Equipment	\$11.0M
• Design & Management	\$5.0M
• Project Contingency	\$3.0M
• Fees, Interest, Permits, Other	\$2.8M
• Capital spend is spread across 4 years with construction beginning in 2014	
• 2013:	\$3,254,600
• 2014:	\$20,645,400
• 2015:	\$37,324,400
• 2016:	\$2,275,500

Financing method is to be determined after board approval

KEY MILESTONES & DRAFT TIMELINE

- Construction begins
April 15, 2014
- New Facility open for business
September 4, 2015
- Renovations on existing facility completed
February 26, 2016



Thank You



Edmonds

News Release

Media Contacts:

Steve Kaiser, Swedish/Edmonds, 425-640-4035, steve.kaiser@swedish.org

Swedish/Edmonds Announces Plans for Hospital Expansion

*Addition Includes New Emergency Department,
Urgent Care and Outpatient Imaging*

EDMONDS, WASH., June 14, 2013 — Fulfilling a promise to the community to make significant investments in advanced medical services and technology, today Swedish/Edmonds announced plans for a \$63.5 million expansion at the existing hospital campus. Construction of a two-story, 77,000-square-foot facility will feature a new emergency department(ED) with a dedicated behavioral health unit and urgent care center. It will also include a new outpatient diagnostic imaging center, observation unit, front entry, and parking garage. The building's second floor will be reserved for future expansion of hospital services. Construction is expected to begin in spring 2014, with completion of the ED and urgent care center in fall 2015.

The new expansion will offer faster, more affordable care at the urgent care center and reduce ED wait times, while also providing greater privacy in ED and a more pleasant environment overall. The current ED at Swedish/Edmonds was built in the early 1970s with a projected capacity of 25,000 patient visits per year. For the past decade, ED visits have increased to well in excess of 42,000 visits annually. It's estimated that 15 percent of the patients could be served in an urgent care setting rather than in the ED.

"This new addition is all about putting the patient first, providing the right level of care, in the right setting, and giving patients more affordable options that fit their needs," says David Jaffe, chief executive at Swedish/Edmonds. "The investment in our campus will improve access to our ED, as well as provide needed local outpatient services and enhance the overall patient experience.

The Board of Commissioners for Public Hospital District No. 2 of Snohomish County, also known as the Verdant Health Commission, has endorsed plans for the new ambulatory care center. Under a 30-year lease agreement with Swedish Health Services, the Hospital District Board of Commissioners is consulted on major issues concerning Swedish/Edmonds.



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"We are thrilled with the plans presented by Swedish and with the improved care that will be offered to our residents through this expansion," says Carl Zapora, superintendent for the Verdant Health Commission. "The plans reinforce Swedish's commitment to our community, and we are happy to be working with such a dedicated partner."

Features of the new ambulatory care center include:

- A new public lobby – a 7,600-square-foot concourse that's open, inviting and patient centric
- A 23,400-square-foot ED with 29 exam rooms, including rooms for behavioral health
- A 12-bed observation unit
- New imaging equipment – a CT scanner, two new digital X-ray machines, new ultrasound equipment and dedicated space to add a new MRI in the future
- A new, two-story parking structure, capable of accommodating more than 300 vehicles with free parking
- 37,000-square-feet of additional shelled space on the second floor of the new ambulatory care center to be used for future hospital services and programs

The new project represents the next major step in what has been a concerted effort by Swedish/Edmonds to improve the campus and its community health care services since the affiliation with Swedish occurred in late 2010. For example, in 2011, robotic-assisted surgery was offered as a new choice for the community. In 2012, a new \$12 million electronic health record system was implemented. This year, a new two-story, 17,000-square-foot outpatient cancer center opened.

"New ambulatory services are a key step for us," added Jaffe. "The addition of a shelled second floor allows us to plan for the future with the option of expanding other hospital services and programs. That's always been our focus – looking forward and anticipating the needs of our community."

The milestone project will be the hospital's most ambitious since the nine-story patient tower opened in 1972. Fifty years ago, construction began on the original 110-bed, \$1-million hospital.

"News about the hospital expansion has already generated a lot of excitement with the medical staff," says Babu Rajendran, M.D., president of the medical staff at Swedish/Edmonds. "We're elated about this project and are eager to get started."

Philanthropic gifts from the community will play an important role in this project, and the Swedish Foundation will seek support from private donors, foundations and corporations who understand both the need for this new facility and the impact it will have on the patients and



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families the hospital serves. Proceeds from the Swedish/Edmonds *Imagine* Gala, November 15, 2013, will help raise critical funds for the new ED.

About Verdant Health Commission

For nearly 50 years, Public Hospital District No. 2, Snohomish County's commissioners governed and managed our community hospital. Since reaching an agreement with Swedish Health Services in 2010 to operate the hospital, the Board of Commissioners shifted its focus to prevention and wellness, creating the Verdant Health Commission. The commission works to educate and empower the community to make healthy lifestyle choices, while protecting the ownership of the hospital for future generations.

About Swedish/Edmonds

Swedish/Edmonds is licensed for 217 beds with a professional staff of about 1,400 employees. The hospital is nationally recognized having received the Distinguished Hospitals for Clinical Excellence™ Award from HealthGrades®, a leading independent source of physician information and hospital quality ratings, in 2011 and 2012. For more information, visit www.swedish.org/edmonds.

About Swedish

Founded in 1910, Swedish is the largest non-profit health provider in the Greater Seattle area. It is comprised of five hospital campuses (First Hill, Cherry Hill, Ballard, Edmonds and Issaquah); ambulatory care centers in Redmond and Mill Creek; and Swedish Medical Group, a network of more than 100 primary-care and specialty clinics located throughout the Greater Puget Sound area. In addition to general medical and surgical care including robotic-assisted surgery, Swedish is known as a regional referral center, providing specialized treatment in areas such as cardiovascular care, cancer care, neuroscience, orthopedics, high-risk obstetrics, pediatric specialties, organ transplantation and clinical research. For more information, visit www.swedish.org, www.swedishcares.org, www.facebook.com/swedishmedicalcenter, or www.twitter.com/swedish.

About Providence Health & Services

Providence Health & Services is a not-for-profit Catholic health care ministry committed to providing for the needs of the communities it serves – especially for those who are poor and vulnerable. In 2012, Providence affiliated with Swedish Health Services, expanding both organizations' ability to carry out their individual missions. With this affiliation, the combined scope of services includes 32 hospitals, 350 physician clinics, senior services, supportive housing and many other health and educational services. The health system employs more than



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64,000 people across five states – Alaska, California, Montana, Oregon and Washington – with its system office located in Renton, Washington. In 2011, Providence provided more than \$651 million in community benefit, including nearly \$204 million in free and discounted care for those who could not afford to pay for care. Providence Health & Services continues a tradition of caring that the Sisters of Providence began more than 155 years ago. In 2011, Swedish provided more than \$145 million in community benefit in Western Washington. Together, Providence and Swedish are working to improve quality, increase access and reduce the cost of care in all of the communities they serve. For more information, visit www.providence.org.

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