



November 20, 2023

Dear Governor Dunleavy,

The Petersburg Borough Assembly would like to express our support for the recently submitted FY2025 Capital Budget request made by Petersburg Medical Center for the construction of their new healthcare facility.

Petersburg Medical Center (PMC) has provided medical services to the community of Petersburg for more than 100 years. The hospital was originally built in 1955 and became a federally designated Critical Access Hospital in 2001. PMC is a vital part of the community, providing critical medical services to all residents of the region, as well as supporting seasonal fishing and cannery workers.

PMC employment is a significant part of the local economic engine. 97% of employees and 100% of the medical staff live in Petersburg, injecting \$11-\$12 million per year in salaries into the local economy. According to the Alaska Hospital & Healthcare Association 2022 Workforce Analysis, healthcare has become the most important economic sector in the state, driving growth in other industries. Petersburg Borough listed PMC as their top priority for capital projects this year.

PMC's building is outdated, inefficient, and past its useful life. Petersburg needs a modern, efficient healthcare facility that will enhance patient privacy, provide greater accessibility, and ensure the availability of critical services that support our residents here at home.

A total of \$29 million has been secured for the project to date and site work will begin this month. PMC is requesting \$37 million in next year's State Capital Budget for **Phase 4 – Main Hospital Building Shell & Core**, leaving only about \$30 million of additional funding needed to complete the project. Due to southeast Alaska weather, getting the shell and core of the main building built as quickly as possible is a priority. This will lead to overall savings and improve overall quality control by working and storing materials in a dry building. During Phase 4 it will also be important to procure certain long lead items for the final phase. In today's market, many mechanical and electrical equipment items have extremely long procurement times (e.g., Air Handling Units are 30 - 40 weeks out and electrical switch gear is 36 – 80 weeks). The state can play a key role in the project and maintain the overall project schedule by funding Phase 4.

We sincerely thank you for your consideration and all that you do for Alaskans.

Respectfully,

Mark Jensen
Mayor
On behalf of the Petersburg Borough Assembly