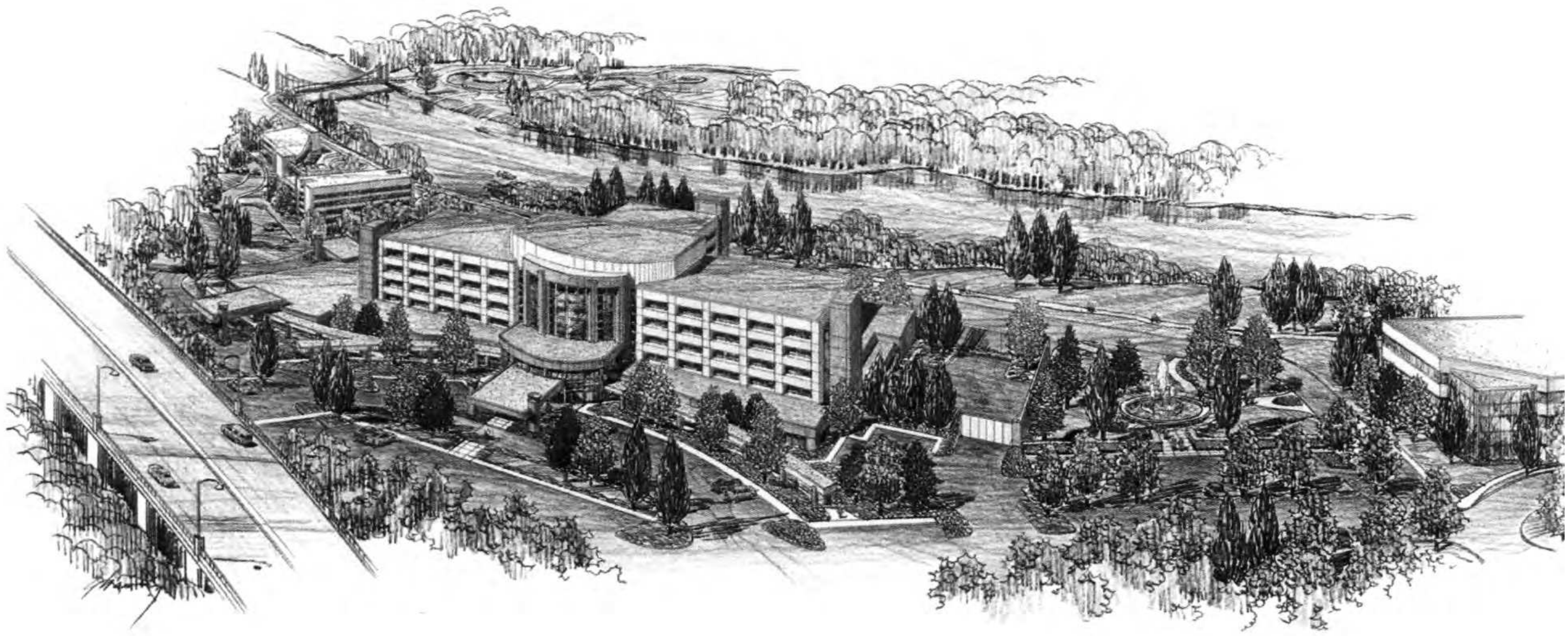

Triad's EWEB

Is downtown hospital worth the cost in public money and natural riverfront? ■ By Alan Pittman

McKenzie-Willamette/Triad's demand that the city give up its riverfront, public utility buildings and millions of dollars for a new downtown hospital has met with heavy opposition in letters and public testimony.

In response, Triad appears open to compromise. Triad's local CEO Roy Orr says the hospital is now willing to consider just buying EWEB's industrial land and leaving EWEB's riverfront administrative building in utility ownership. "I don't think it's impossible," Orr said in an interview, adding that a denser, more urban hospital design could fit on the remainder of the site. "I wouldn't rule it out."

"He's never said that to us," says EWEB Commissioner Sandra Bishop, a leading critic of selling to the hospital. Bishop says even if EWEB could keep it's administration building, she would still have concerns that a large hospital would "dominate the site" and not be compatible.

Councilor Bonny Bettman, a leading proponent of locating Triad at EWEB, says she's also heard hospital officials say they are willing to consider leaving the EWEB administration building and constructing a hospital on the industrial part of the site. "That's an option that people are willing to look at."

This latest turn in the tangled year-long web of offers from Triad for the EWEB land could mean a compromise deal. So far, Triad has said it wants to include EWEB's administration building in any purchase, while many opponents have balked at the high public cost of building a new EWEB headquarters building. But offers for EWEB's land have appeared and disappeared in the past, and much about the deal remains secretive and uncertain.

The biggest question for the public may be is it worth it? Do the big benefits of a downtown hospital outweigh the high costs in public money and lost public riverfront?

Downtown Benefits

Bettman says the benefits make the deal worth it. "Having a hospital located downtown is highly desirable." She offers a long list of advantages:

• The EWEB site is close to the city's highest population areas, providing critical access to life-saving emergency services.

• The site also meets the city's goals of redeveloping underused sites near downtown to divert expensive urban sprawl into efficient, compact, walkable and livable development.

• The EWEB site will take advantage of already existing roads, sewers and other infrastructure, and cost far less than serving a new hospital site on the edge of town.

• Locating the hospital downtown will also avoid a sprawl-inducing "mass exodus" of medical offices, clinics and other hospital-tied health services from downtown to the edge of town.

• The new workers downtown will help revitalize the city's struggling downtown and further promote livability and avoid sprawl.

• Hospital employees and customers will enjoy the positive healing environment of walking along the river and in a vibrant downtown.

• Helping Triad will increase competition with PeaceHealth and reduce local medical bills.

City's Cost

While many critics of Triad's EWEB proposal agree on the benefit of a downtown hospital, they are not sure it's worth the cost.

The city of Eugene has showered public subsidies on Triad in an effort to attract it to the site. The city has offered Triad up to $15 million in incentives over the past year to consummate the deal including: a $12 million railroad underpass, $1.5 million for riverside areas, about $1 million in development charge waivers, $500,000 in hospital relocation incentives and $400,000 to mitigate EWEB wetland destruction at a new site. Most of this subsidy money will come from diverting state and local tax revenue using the city's downtown urban renewal district.

It's a lot of money, but if Triad built on the edge of Eugene, the public tab could be even higher. PeaceHealth's Riverbend site, for example, is costing taxpayers tens of millions of dollars in road infrastructure to accommodate urban sprawl. On the other hand, if getting Triad downtown means forcing EWEB to the edge of town, the anti-sprawl advantages of a downtown hospital could be partially balanced by the sprawl-inducing disadvantages of moving EWEB's 400 workers to the city's edge.

The millions of dollars in public subsidies will go to help Triad's corporate bottom line. Triad Hospitals, Inc. is one of the nation's largest for-profit hospital chains with more than 50 hospitals in the South and West and almost $5 billion in annual revenues. Its stock has almost doubled in the last six months, generating tens of millions of dollars in stock-option profits for its executives.

Triad bought an 80 percent stake in the McKenzie-Willamette non-profit hospital in October 1993 for $20 million (including $13 million in cash) and plans to spend "approximately $100 million" on a replacement hospital, according to recent corporate security filings.

Triad's annual report describes a corporation focused on profiting from acquiring interests in non-profit hospitals in small, rapidly growing cities. Its stock analysts are concerned about uncollected debts and Triad has sought to increase collections from uninsured and partially insured patients. "Each patient's insurance coverage is verified as early as possible before a scheduled admission or procedure," Triad's 2004 Annual Report states. "To improve upfront collections, Triad endeavors to collect the patient responsibility portion of amounts due at or prior to the scheduled admission or procedure. To facilitate the upfront collection process, Triad has instituted an incentive program for its employees which is based on the amount of upfront cash collections on patient responsibility accounts."

It's unclear to what degree this profit focus differs from non-profit hospitals. In the past, non-profit PeaceHealth has been criticized for some of the highest operating surpluses (profit margins) and lowest rates of charity care in Oregon, according to state data.

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EWEB's Cost

Critics of selling EWEB have also complained the public will give the corporation millions of dollars more if EWEB sells to Triad at a "fire sale" price.

Triad has offered EWEB about $25 million for its property including the administration building, about what two property appraisals came in at.

"The offer is nowhere near the value of the land," says Commissioner Bishop. She says the appraisals failed to capture the value of the unique riverfront site next to downtown and a new federal courthouse.

David Hinkley, a neighborhood leader, e-mailed EWEB to point out that the UO recent-