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Banner asks Q.C. to annex land for hospital

By Sarah Boggan
Tribune

Banner Health officials have asked Queen Creek to annex land planned for a hospital to avoid paying high impact fees to Pinal County and to help attract physicians. The Town Council is scheduled to take up the request at its meeting Wednesday.

The 80-acre property for a medical campus is currently in unincorporated Pinal County, where developers see the highest impact fees in the East Valley.

Banner Health spokesman Bill Byron said the first phase of the planned hospital at the southwest corner of Combs and Gantzel roads is moving forward as planned with completion targeted for early 2010. But, he said, the company wants to annex into Queen Creek to improve chances for lower impact fees on future phases.

Those future phases include offices for doctors who staff the hospital. The higher impact fees factor into higher lease rates for those physicians, Byron said.

"Our concern is that it could have a negative impact in terms of physicians coming to the area to establish their practices," he said. "You can't operate a hospital without physicians."

Byron said communities across the Valley compete for physicians, who locate in places that are favorable for their practices.

"If we somehow put ourselves from the get-go where we can't be as competitive, that could hurt the hospital and access to medical services in the area," he said. "Ultimately the long-term success of this project depends of having a sufficient amount of physicians in the area."

Banner expects to pay about \$11.5 million in impact fees for its four-phase project in Pinal County, Byron said.

"Banner is nonprofit, but we can build large-scale projects and certainly we can deal with impact fees," he said. "We still think they need to be lower."

Queen Creek's estimate on impact fees for Banner's four phases, including the hospital, would be about \$4.5 million. But construction sales tax imposed by Queen Creek is estimated at \$10 million, town officials said. Pinal County does not impose a construction sales tax.

"We're at very early stages in these discussions with Queen Creek," Byron said about the cost estimates. "In the meantime, we're fully engaged in working with Pinal County and anticipate we will throughout the lifetime of the project."

Pinal County Supervisor Sandie Smith said the county is helping Banner determine what is best for the hospital. "We're fine looking into which way is better for them because they're still in the same area and delivering the same services," she said.

Because Banner's site is not contiguous to Queen Creek's town limits and state law requires contiguity for annexation, the town would need a Vestar Development Co. site north of the Banner site to annex as well, Town

Manager John Kross said.

"We already have a pre-annexation agreement with Vestar, but we need to find out if they're agreeable to annex sooner rather than later."

Kross said the town would also look at annexing a shopping center that includes a Fry's grocery store. None of the properties would include housing developments, he said.

Over the next 20 years the annexations could mean \$15 million for the town in sales tax, development fees, building permit fees and property tax revenues.

Kross said the quickest annexation can take 90 days, but with several property owners needing to participate, the proposal could take six months or longer.

Queen Creek Mayor Art Sanders said he supports having Banner Ironwood Medical Center in town.

"We definitely need two or three hospitals in this area," he said. "The northwest part of Pinal County is really hurting for anything close, and I would love to have a hospital in our community."

Depending on various population estimates, there are between 50,000 and 70,000 people in the hospital's planned service area and will be even more when the hospital is expected to open in early 2010.

Banner plans to open a tower with 24 beds and then phase in more beds with growth. The facility is designed to parallel area growth and community need with more than 600 beds planned for the future and will include emergency room services, a radiology department and an electronic medical records system.

The hospital is expected to employ as many as 300 people.



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