

January 14, 2008  
North Bay Business Journal

# **HEALTH CARE: Petaluma health officials give OK to \$10 million facility**

## **Private group continues to explore own center for outpatient surgery**

**by D. Ashley Verrill**  
**Staff Reporter**

PETALUMA – Petaluma Health Care District officials have approved the final piece needed to move forward with construction of a \$10 million medical office building they hope will be ready for occupancy early next year.

Meanwhile, an independent medical group is in talks about building its own ambulatory surgery center, although both groups appear divided about whether Petaluma has enough business to support both the hospital and a for-profit surgery center.

“Our position has been and is that the creation of a for-profit ambulatory surgery center would not be good for hospital,” said district CEO Daymon Doss. “There is not enough business in Petaluma for both entities and we see it as a lose-lose proposition.”

South Sonoma County Medical Group President Bob Ostroff has asked the board Thursday if an independent consultant could study the viability of two facilities. District Board President Robert Hill agreed to explore the possibility during a strategic planning meeting next month.

In September, the medical group announced intentions to develop the surgery center with partner Texas-based Cirrus Health at an office building on Southpoint Boulevard behind the hospital.

Initially, the doctors wanted to build on the hospital site, but officials with St. Joseph Health System, which leases the hospital, opposed the proposal.

Cirrus Health officials have since pulled the group's application for the Southpoint property, but Petaluma Senior Planner Irene Borba said the building's owners are still pursuing a medical conditional-use permit.

Cirrus officials have said they hope to open a center by this fall, but they did not

disclose an alternative location.

The hospital's medical office plan has been in the works for several years, Mr. Doss said, and groundbreaking could occur as early as next month. He said the building was planned partially as a way to help attract physicians by giving them on-site office space.

The district approved the fifth and final contract needed to move forward with the plans Thursday, which will now go to the city for approval. The building, located at 400 N. McDowell Blvd., would be approximately 40,000 square feet on two levels.

Mr. Doss said the building will have about 20 physicians and possibly other hospital services on the first floor. Some will be used by doctors already working in the hospital, but the district also has preliminary agreements in the works with outside doctors and hope to recruit more.

The building is being funded mostly through private investment firm G&W Ventures and Basin Street Properties, who will own the building, though the final contract provides conditions where the hospital could purchase back the building in the future.