

# Hammonton health park to reopen in former Kessler hospital

By MICHELLE BRUNETTI POST, Staff Writer | Posted: Thursday, April 18, 2013 11:50 pm

HAMMONTON - A North Jersey health care investment group plans to create a medical arts complex at the former William B. Kessler Memorial Hospital.

It would house most of the same services the failed hospital offered but through many providers, the first of which could be in the building about September.

"We're not changing the use. It will be a health care facility with multiple services," Hammonton attorney Frank G. Olivo said at Wednesday night's Planning Board meeting. He represents Kessler Management LLC, which purchased the 94,000-square-foot hospital for \$2.6 million in October 2011 after bankruptcy court proceedings.

The small, 130-bed hospital closed in 2009 after years of financial turmoil and a failed attempt to merge with South Jersey Healthcare.

Kessler Management would recruit tenants including physicians, outpatient surgery centers, blood labs, imaging services, physical therapy and rehabilitation services, as well as behavioral health and sleep centers, said Steve Kirby, managing partner for Kessler Management's holding company, Community Healthcare Associates, LLC, of Bloomfield, Essex County. He has two providers lined up who may be open by September, he said.

The group also has a signed letter of intent to open in the Kessler building from a North Jersey surgical center, Kirby said. But because of more complex building requirements and a more stringent licensing and inspection process for surgical centers, that portion probably won't open this year.

There would be no expansion of the footprint of the building or parking areas, Kirby said. He and his partners expect about 200 jobs to be based at the Kessler Medical Arts Complex.

Kirby said he has been in health care administration for 40 years, mostly working in hospitals. He has three main partners, all of whom are from North Jersey and have had long careers in the health care industry, he said. There is one local revenue-sharing partner for the Kessler project, health care attorney Edward Cienki, of Hammonton.

The investment group will put an additional \$2 million to \$3 million into a new roof, heating and air conditioning systems, windows and other maintenance needs. Kirby expects that work to begin in June.

Tenants would invest in interior upgrades to their own spaces, he said. Each individual space would be renovated as tenants are approved by the state Department of Health and Senior Services.

Kessler would be the second such project the group has tackled.

Community Healthcare Associates purchased the 300,000-square-foot Barnert Hospital in Paterson, Passaic County, after bankruptcy proceedings and renovated it as the Barnert Medical Arts Complex. Renovations began in 2008, and now the building is about 95 percent full, Kirby said. The group is finalizing a deal to buy a third failed hospital, Kirby said.

Barnert houses 10 physician's offices; three outpatient surgical centers; two women's and family practices; two behavioral health practices; and 14 specialty services such as a blood lab, a diabetes self-management training center, and several rehabilitation clinics and physical therapy services, according to printed materials handed out by Kirby.

Olivo asked the Hammonton Planning Board to waive the requirement for a change-of-use approval, which requires an application and public hearing, as the use would stay substantially the same. But the board declined the request because the facility would not be a hospital with a single license.

However, it recommended the group apply for waiver of site-plan approval, as the footprint on site will not change.

"Everyone wants to see something happen there, but it would be considered a change of use," said Planning Board Solicitor Michael Malinsky.

Chairman Ed Marinelli said the board must be cautious or other applicants will expect to avoid the change-of-use requirement, adding the town welcomes plans for the site.

Olivo said he expects to be back in front of the Planning Board for the change-of-use approval hearing and site-plan waiver in about two months. But first, he must get a certificate of filing from the Pinelands Commission.

The Kessler facility would compete with AtlantiCare's \$20.6 million, 40,000-square-foot Hammonton Health Park, which opened about two miles down the White Horse Pike in 2011. The health park offers wound-healing, cardiac diagnostics, a clinical laboratory, imaging center, satellite emergency department and other services. But Kirby said his facility is likely to attract a different mix of tenants.

At the request of the state, AtlantiCare had operated an emergency facility in Kessler for many months, starting the day the hospital closed, Kirby said. It invested about \$2 million in upgrades there.

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