

**Oaklawn Hospital Presentation
to the Hospital and Neighborhood Committee
September 21, 2010
Key Points/Summary**

1. Economic Study Presentation

- a. Oaklawn recognizes need for vibrant downtown retail and tourism
- b. Oaklawn generates ~\$50MM in personal earnings in Marshall area
- c. Every 10 employees at Oaklawn Hospital generate an additional 2.7 jobs in the Marshall area
- d. In 2009 the hospital's 769 Marshall employees supported an estimated 208 additional jobs in the city/surrounding townships
- e. Number of Oaklawn jobs equivalent to total number of Marshall manufacturing jobs

2. Patients Are Our Passion and Our Priority

- a. Many of our patients come to us very sick, vulnerable, and have mobility difficulties
- b. Provide as many services nearby as possible
- c. Provision of excellent service and facilities is our mission

3. Healthcare Reform

- a. 40% of all U.S. hospitals technically insolvent in 2008
- b. \$17 BB aggregate profit all hospitals in nation
- c. \$16 BB aggregate decrease in reimbursement due to healthcare reform
- d. \$16 MM less reimbursement to Oaklawn over the next 10 years due to healthcare reform
- e. Growth is the only answer to offset these losses
- f. Oaklawn must maintain financial viability to survive
- g. The trend toward consolidation, merger and buyouts will continue
- h. Michigan had 250 hospitals in the early 1970's; it has 142 now

4. Michigan Hospitals

- a. Pennock in Hastings has hospital-owned parking in neighborhood surrounding the hospital. City is fighting township to keep Pennock in the city
- b. Hillsdale has hospital-owned parking in the neighborhood surrounding the hospital
- c. Sturgis has hospital-owned parking in the neighborhood surrounding the hospital
- d. It's common in other small towns for the hospital to have parking in former residential lots across from the hospital
- e. Mergers and acquisitions are occurring with many small independent hospitals (Chelsea, Gerber, Zeeland, Watervliet, Pipp, Dowagiac, Vicksburg, Lakeview)

- 5. Oaklawn Hospital estimated onsite square footage needed in 20 years**
- a. Oaklawn will have 280,000 sq. ft. onsite when the surgery project is finished, of which 150,000 sq. ft. has been added in the last 20 years
 - b. Department by department analysis
 - c. All offsite solutions were considered. Currently 51% of all outpatients are treated offsite.
 - d. About 150,000 sq. ft. onsite maximum estimated new space needed
 - e. About 60,000 sq. ft. could be handled on the current hospital property
 - f. 90,000 sq. ft. shortfall
- 6. Oaklawn needs to grow**
- a. Inpatient services have grown about 90% over the past 20 years
 - b. Outpatient services have grown between 119% and 169% over the past 12 years
 - c. Reasons for growth:
 - i. To remain financially viable
 - ii. To have space for new technologies/services
 - iii. To accommodate growth in patients and needed services
 - iv. To achieve greater economies of scale
 - d. Oaklawn is in a very challenging fight for survival as an independent hospital
 - e. Community support is needed, just as with the hospital zoning district that Marshall voters supported 70% to 30%
 - f. Oaklawn had 135 employees and 6 active staff doctors in 1972. Today Oaklawn has 908 employees and 97 active staff doctors.
 - g. Hospital site zoned HCHSD with maximum height basically 60'
 - h. Most property south of hospital is zoned B-3; west is POSD; north and east are mostly R-3.
- 7. Parking/access problems**
- a. With the new surgery project and loss of street parking from Ricketson project, there will be 54 fewer spaces onsite or on N. Madison across from hospital
 - b. Only 8-10 handicap spaces will be left on the hospital site
 - c. ED and front entrance will face a severe parking shortage. ED volume has grown from 9,017 ED visits in 1979 to 22,000 in 2010.
 - d. Weather protection, safety a concern for patients and visitors walking from parking to hospital
 - e. Some patients/visitors are unable/unwilling to use the parking ramp
 - f. 483 spaces provided by Oaklawn after Surgery project (348 in the ramp, 135 surface)
 - g. 796 spaces required by code currently
 - h. 20-year parking need by code (if 150,000 sq. ft. added to site) approximated at 960-1160, though code may overstate need
 - i. True 20-year shortfall 200-500 spaces (by code, 500-700)
 - j. Parking ramp spaces cost \$15,000, surface parking \$3,000-\$6,000/space

- k. Downtown businesses provide almost no parking of their own
- l. Franke Center would have almost no parking without Oaklawn's ramp on the east side and Oaklawn's lot on the west side
- m. Oaklawn prohibits its employees from parking on streets around hospital.

**8. Cost to build a new hospital with just current square footage plus surgery:
\$150 MM-\$200 MM**

- a. Deed restriction on current site (about 50%) requires it to be a hospital or a park

9. Neighborhood issues

- a. Oaklawn buys property near the hospital for future growth, to respond to owners' concerns (buffers), and for patient care needs
- b. Oaklawn has agreed to buffers to mitigate neighbors' concerns
- c. Oaklawn has agreed to "guarantee" no loss in market value on sale of property to nearby neighbors
- d. Oaklawn recognizes the landscaping guidelines in the zoning ordinances are the minimum requirement

10. NHLD issues

- a. Moved houses can possibly be counted as contributing structures a few years after being moved within the District
- b. The loss Oaklawn incurred moving house at 223 N. Madison was \$60,000. A loss of up to \$120,000 is probable on future house moves (razing a house costs \$8,000-\$13,000).
- c. Out of 787 contributing structures in the District, there has been a total of 10-12 long-term losses: 2 were moved within the District and may be regained, 3 were moved outside the district, and 7 were permanently lost.
- d. No District has ever been de-designated
- e. Oaklawn has spent millions of dollars on adaptive reuse, maintaining historic houses or providing incentives to move contributing structures
- f. The only contributing structure Oaklawn has ever razed was the garage at 223 N. Madison, which was structurally unsound

11. Oaklawn's contributions to the community

- a. \$16 million in community benefit in 2009
- b. \$90,000 in taxes to be paid in 2011
- c. \$800,000 extra paid on parking structure for aesthetics
- d. ~\$45,000 in moving incentives since NHLD was formed
- e. ~\$100,000 loss on houses Oaklawn moved
- f. ~\$250,000 restoring properties and the Brooks Rupture Appliance building
- g. Three Oaklawn-owned structures have been on Historic Home Tour