



CITY OF
Crystal Lake
ILLINOIS

FACSIMILE TRANSMISSION SHEET

DATE: 3-16-11

TO: Illinois Health Facilities and Services Review Board

FROM: Michelle Rentzsch

RE: Letter of Support for Application #10-089 Mercy Crystal Lake Hospital

TOTAL PAGES BEING TRANSMITTED: (including this page) 4

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CITY OF
Crystal Lake
ILLINOIS

February 22, 2011

Dan Colby
Vice President
Mercy Health System Corporation, Inc.
1000 Mineral Point Avenue,
Janesville, Illinois 53548

RE: City of Crystal Lake Economic Development Committee Letter of Support

Dear Mr. Colby:

On behalf of the City of Crystal Lake Economic Development Committee, I am writing to inform you that on Tuesday, February 22, 2011, the Committee passed a motion to send this letter of support to endorse the approval of Mercy Health System's application for certificate of need for the proposed Mercy Crystal Lake Hospital and Medical Center project.

The City's Economic Development Committee acknowledges that Mercy Health System has revised its earlier plans to better serve the current and future needs of Crystal Lake and surrounding communities by increasing the number of hospital beds and high-priority services provided in the area.

The Committee recognizes that an estimated 650 to 800 construction related jobs will be created during the two-year construction project that will greatly benefit the Crystal Lake and surrounding communities. Additionally, within the first year of opening the facility, Mercy Crystal Lake Hospital is expected to employ more than a thousand individuals, filling 840 FTE positions, of which approximately 600 will be new jobs. These actions will greatly improve the unemployment rate in the City (8.1% as of December, 2010) and in McHenry County (9.4% as of January, 2011).

Finally, the Committee acknowledges that the total industry sales impact of the proposed Mercy Crystal Lake Hospital and Medical Center ranges from an estimated \$102.78 Million in the first year of operation to an estimated \$257.5 Million five years later.

Please reference the attached minutes from the February 22, 2011, Economic Development Committee meeting. Please feel free to contact me with any questions that you may have regarding our unanimous recommendation.

Sincerely,

Hagig Haleblian
Chairman, Crystal Lake EDC

City of Crystal Lake Economic Development Committee
February 22, 2011 ~ 7:30 a.m.
Municipal Complex - City Council Chambers Conference Room

Call to Order

The meeting was called to order at 7:30 a.m.

Mr. Haleblian welcomed the new members of the EDC.

Roll Call/Attendance

Members Affrunti, DeHaan, Fowler, Hymes, Riley, Saidler, and Haleblian were present. Ms. Feddersen arrived later during the meeting. Mr. Dalzell was absent.

James Richter II, Assistant Director of Economic Development, was present from staff. Also in attendance were Gary Reece, President of the Crystal Lake Chamber of Commerce; and Dan Colby with Mercy Health Systems.

Approve Minutes of the January 25, 2011 EDC Meetings

Mr. Fowler moved to approve the January 25, 2011 EDC minutes as presented. Mr. Riley seconded the motion. On roll call, members Affrunti, Fowler, Riley, and Haleblian voted aye. Members DeHaan, Hymes, and Saidler abstained. Ms. Feddersen had not arrived yet. Motion passed.

Public Participation and Comment

Mr. Colby handed out information regarding the proposed hospital and showed a color rendering of the building. This will be located at Three Oaks Road and Route 31 and will consist of a hospital and medical office buildings. Mr. Colby stated that they have rental facilities scattered around Crystal Lake and with the building of the medical offices, it will bring them all together in one place. This project will bring up to 800 construction jobs to the City and will take two years to build. The hospital will employ 1000 jobs initially and up to 1800 as growth occurs. Mr. Colby said they want to consolidate their facilities and provide additional services. He added that they take Medicare, etc. patients and this location shortens the time to get to the emergency services. Crystal Lake is the center of population in McHenry County and there are projections that the population will be 67 to 68,000 in a few years. They have received a Resolution from the City Council in support of this project.

Mr. Colby explained the process for the Certificate of Need that is required by the State of Illinois. He said the public hearing will be held here at the City of Crystal Lake Council Chambers on March 18th and that a report will be forwarded to the State. The hearing will be conducted by a non-voting representative and an attorney who will determine if the testimony will be allowed. The testimony can be made in person or by letter. After the hearing the State Board of 6 members will convene on May 10th to make their decision. Mr. Colby said they can approve, deny or continue their decision. He added that they will be presenting first to the Board and then Centegra.

Mr. Affrunti asked if both proposals could be approved. Mr. Colby said it is possible but he doubts it. Ms. Feddersen asked if the area hospitals are running at capacity. Mr. Colby said they only need to be at 80% capacity. He said Good Shepherd in Barrington will be objecting to this request because it is close. There are districts within the State and McHenry County is its own district. The Board only looks at what is close by in that district and not the distance between a request and a hospital in an adjacent district like Lake County.

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Mr. Richter asked how much does the State look at the location vs. the population density of the area. Mr. Colby said it's up to the Board members. He said they should be looking at the existing population, greatest EMS needs, etc. The Crystal Lake area has over 100,000 people. If they were to get the Board's approval, they would be coming to the City of Crystal Lake for their PUD approval of the plan like they did several years ago which received approval. They would be starting construction ASAP while Centegra wants to wait 2 years before going to Huntley for their approval and then start building. One of the problems for Centegra is that the population is not growing as rapidly as it has in the recent past while the population is there in Crystal Lake. Mr. Colby said they plan to open their facility in 2014 while Centegra wants to wait to build until 2015 possibly. If the population doesn't grow, it could be even longer.

Mr. Reece asked how long is the Certificate of Need good for. Mr. Colby said 2 years. Ms. Feddersen asked if there will be a rehab center with this facility. Mr. Colby said not immediately. Mr. Saidler asked all of the doctors will be moved into this facility from other leased spaces. Mr. Colby said there will be 12 doctors moving into the site and there will be new doctors moving here from all over the country.

Mr. Colby said this facility will be a Level 2 emergency room with a heliport. They can't put in everything, such as rehab center, in the beginning or they will not meet certain criteria that is necessary.

Mr. Fowler said he feels this is a plus for the area and a long time coming. He never understood why Crystal Lake did not have a hospital since we have always been the largest city in McHenry County. He said this is a great fit.

Mr. Haleblan moved that a letter or resolution be created in support of the Certificate of Need for Mercy Health Systems. Mr. Riley seconded the motion. On voice vote, members Affrunti, Feddersen, Fowler, Hymes, Riley, Saidler, and Haleblan voted aye. Mr. DeHaan abstained. Motion passed.

Committee Membership

Mr. Richter welcomed the new members of the EDC. He suggested that at the next meeting they hold a strategic planning meeting to discuss the goals, objectives, and structure of the EDC. They can also appoint a new Chairperson for the Committee. Mr. Fowler suggested that they plan for a little more time for the next meeting – possibly until 9:30. The members agreed.

Mr. Riley suggested that the members be sent the information from last year's strategic planning meeting. Mr. Richter said he will send that out so members will have an opportunity to review it.

Mr. Richter said there were several other individuals who applied for these positions and were not appointed. The members had previously suggested that those people be invited to participate in subcommittees as well as give them an open invitation to attend these meetings. Mr. Richter stated there was an issue with one of the individuals who was not selected. Mr. Haleblan said he would call them.

Staff Updates

I Shop Crystal Lake

Mr. Richter presented the proposed budget for the 2011-2012 fiscal year for the EDC.

Mr. Saidler said at the bottom of the I SHOP CL website says it can be mobile but it is not the best. He said that may cost a little more than what is shown. He added that there is money proposed for a new jingle. Mr. Saidler said jingles are expensive and unless there will be radio ads it doesn't pay.