

HINSHAW

CONSULTING

100 Park Avenue
P.O. Box 1389
Rockford, IL 61105-1389

T 815-490-4900
F 815-490-4901
www.hinshawconsulting.com

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OCT 27 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

October 26, 2015

Health Facilities and Services Review Board
c/o Courtney Avery, Administrator
2nd Floor
525 West Jefferson Street
Springfield, Illinois 62761

Re: CON Applications of MercyRockford Health System, Project Nos. 15-038 and 15-039
Potential Sites on Rockford's West Side for Hospital Modernization or Construction

Dear Members of the Board:

Hinshaw Consulting, LLC has been asked to review the alternatives for hospital siting relating to Rockford Memorial Hospital's (RMH) pending CON application. We have not been retained to conduct a market study, appraisals or to undertake any work to determine the suitability of any particular site or sites, but we have been tasked to assess in general terms, the availability of west side alternatives to the proposed RMH plan. We have concluded that there are options available that would allow for on-site modernization of the existing campus or near-site construction of a new campus. RMH and its affiliates own significant property directly surrounding the existing RMH campus and have access to additional adjacent properties in the neighborhood which would allow for extensive remodeling and expansion of the facility. Alternatively, we have noted that there is sufficient green space on the west side of Rockford that would appear to be suitable to build a new hospital if that alternative were to be pursued.

A. RMH owns or has access to much of the property surrounding its existing campus

As can be seen on the attached Map 1, the existing RMH campus is made-up of 45 parcels totaling 37.06 acres plus an additional 13.36 acres occupied by Rockford Health Physicians. RMH also owns 6.35 acres of surrounding parcels and there are nearby properties that could be acquired through eminent domain if needed. Another possibility for expansion would be Summerdale School at Glenwood and Kilburn located behind the current hospital. This site is 8.82 acres in size and if District 205 were open to a sale of the property, it would provide a ready opportunity for growth adjacent to the existing RMH site.

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B. Many alternative sites are available on Rockford's West Side

In order to demonstrate options available to RMH, some examples of potential relocation sites are shown on the maps attached hereto as Maps 2-5. To describe these properties briefly, there is a group of parcels along West State Street between Pierpont and Springfield Avenues consisting of 46.74 acres (Map 1, this property lies within an area that is eligible for TIF and other potential incentives which could further reduce the costs associated with this option); there is a cluster of parcels along Auburn Road, near Springfield Avenue that comprise a total of 407.14 acres (Map 2, these do have an indication of value with sales history showing around \$6,500 per acre); there are unimproved parcels near the Wal-Mart on Owens Center and Riverside consisting of 52.14 Acres; and finally a group of properties near Wesley Willows at Owens Center and Elmwood consisting of 661.01 acres. We make no judgment as to the suitability of any of these sites, but note that each is larger than the existing campus, would allow RMH to remain on the west side of Rockford and appear to be potentially available and viable for development. Additionally, this option could likely be pursued at lower cost than that proposed by the Applicant's move to the more affluent and commercially desirable location next to the interstate on Riverside Boulevard.

It is common knowledge that land on the west side of Rockford is generally less expensive than land on the east side of Rockford and that utilities and infrastructure are generally available throughout the City (wherever RMH chooses to build in Rockford, some infrastructure upgrades will be necessary). Land on the west side of Rockford such as the sites attached hereto, tend to be available for approximately \$20,000 per acre or less (some is assessed at farm value), while the land to which RMH seeks to relocate is in an area that traditionally commands much higher prices. For example, SwedishAmerican Hospital recently built a cancer treatment center very near to the east side RMH property and County records appear to show that the land sold for \$200,000 per acre. The RMH property on Riverside Boulevard consisting of approximately 263 acres and currently made-up of 9 parcels, should be able to be easily sold for commercial development and would likely net commensurate rates per acre, and the funds generated therefrom would thus be far more than what would be required for a comparably sized west-side site that would maintain quality care on the west side of Rockford.

CONCLUSIONS

It is our assessment that there are potential opportunities that could be studied which might lead to viable options for modernization of the existing RMH campus or for relocation to a new west-side site. These

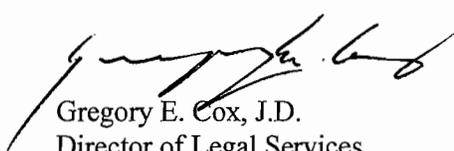
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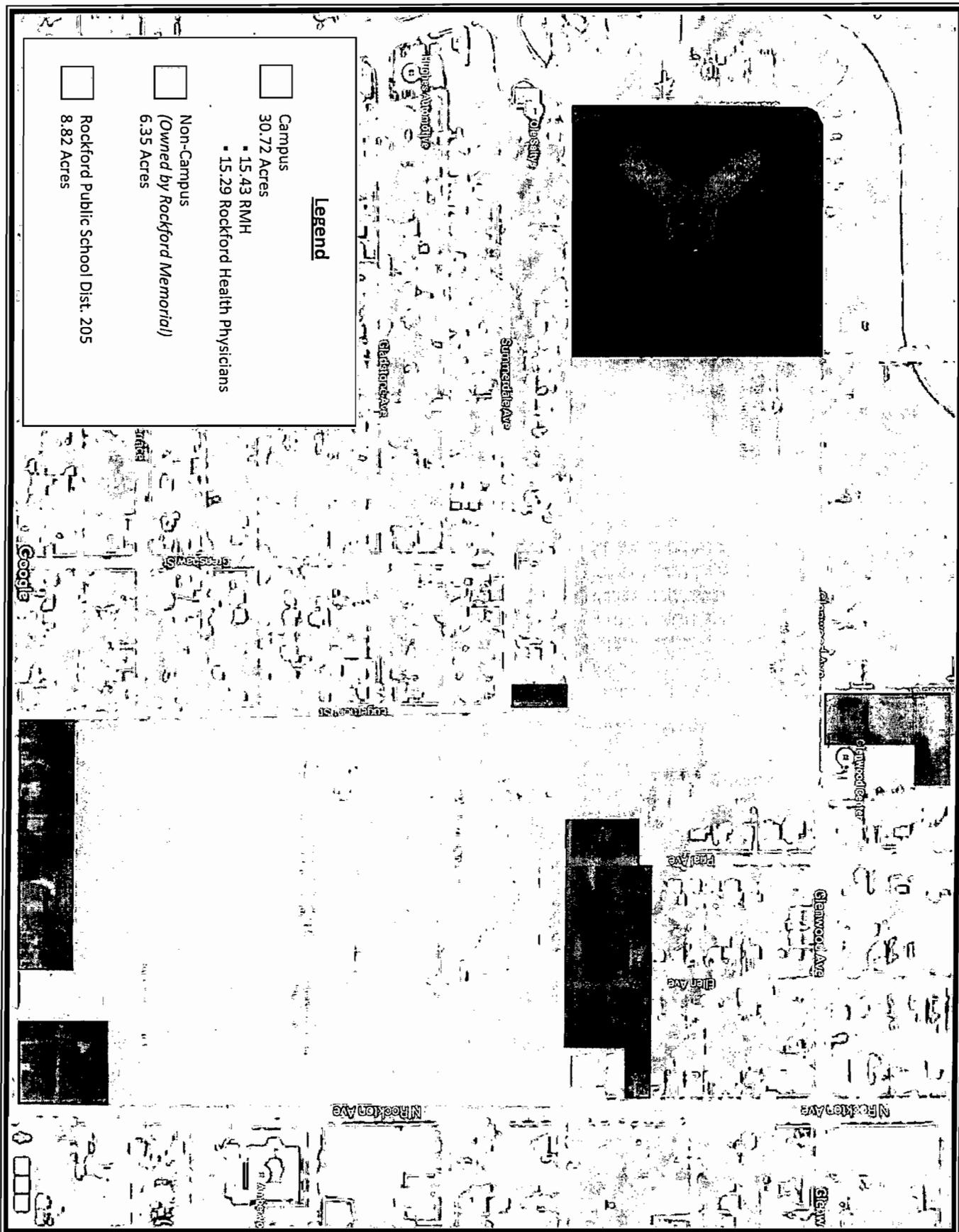
options are likely to be cost effective and, if chosen would provide for a continuation of the full services of a Level I facility for RMH's existing patient population and would as well maintain a distribution of health facilities across the City. Map 6, shows the current sites of the three hospitals serving Rockford to demonstrate the current distribution.

Sincerely,

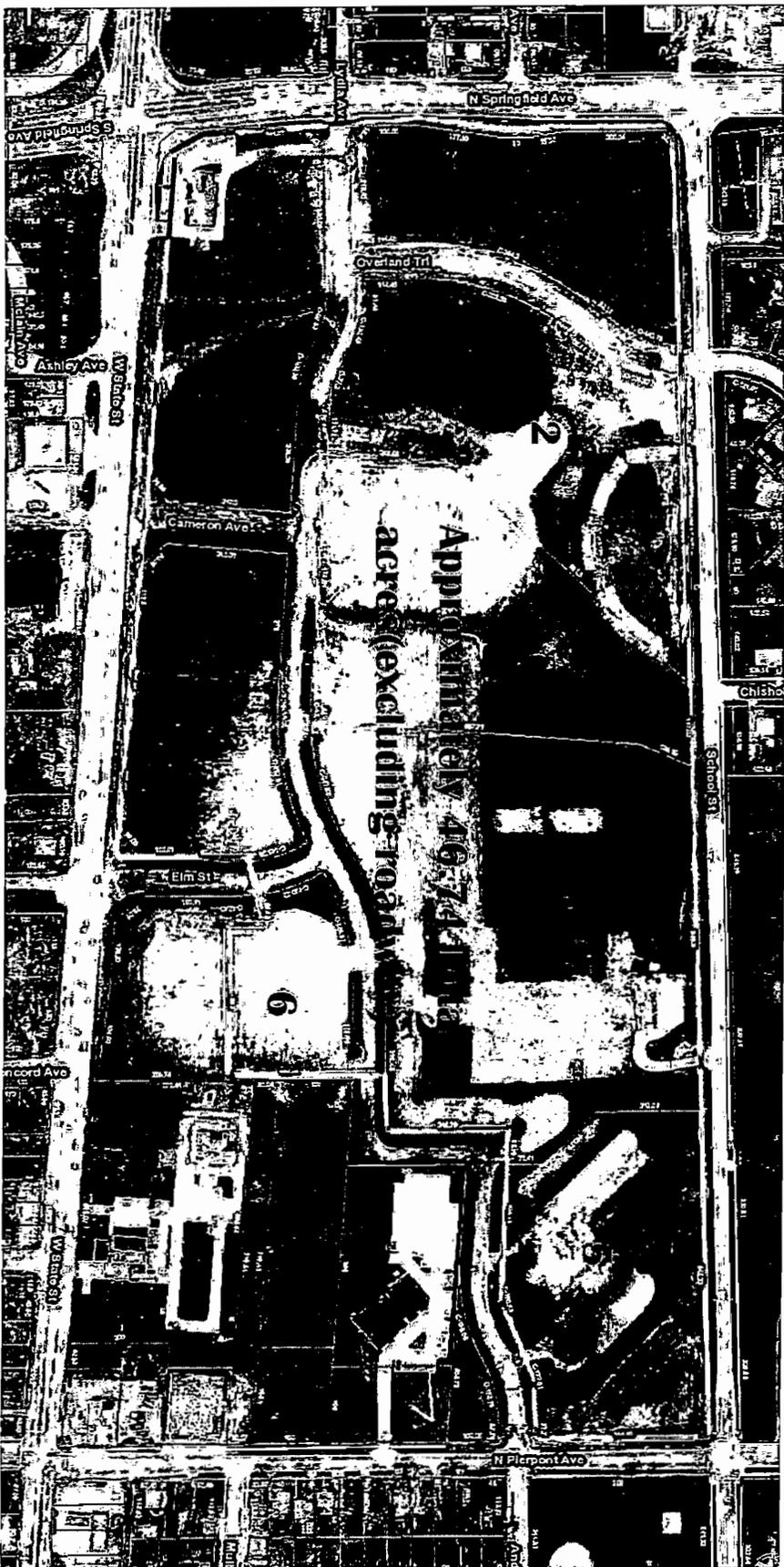
HINSHAW CONSULTING, LLC



Gregory E. Cox, J.D.
Director of Legal Services



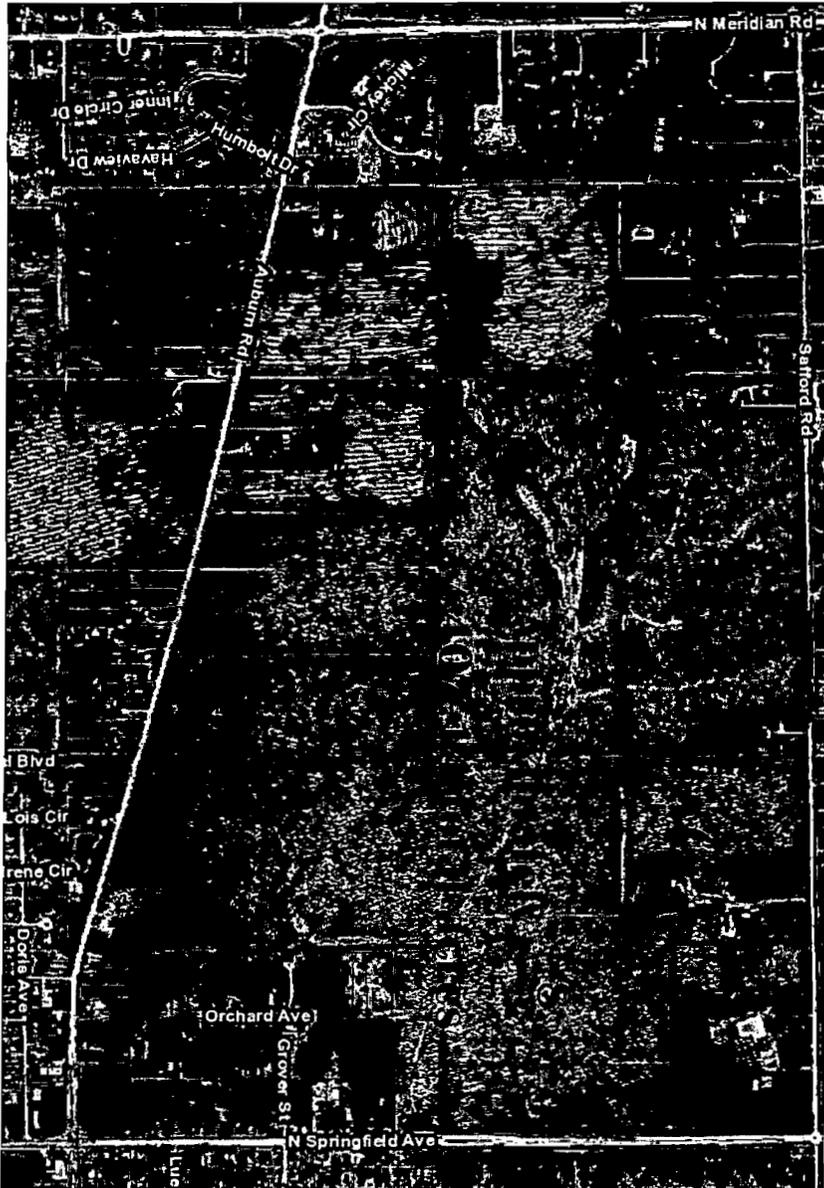
Map 2 — Between West State and School Streets



Map 2-Between West State & School Streets

Map Parcel #	Tax Parcel ID Number	Acreage	Owner of Record
1	11-20-201-008	4.28	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
2	11-20-202-001	6.89	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
3	11-20-202-002	6.78	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
4	11-20-227-001	11.77	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
5	11-20-227-002	5.42	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
6	11-20-226-013	2	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
7	11-20-204-001	4.3	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
8	11-20-203-001	5.3	Rockford Renaissance Dev LLC, 330 Spring Creek Rd, Rockford, IL 61107
Total Acreage:		46.74	
(excluding roadways)			

MAP 3-Between Auburn and Safford Roads



MAP 3-Between Auburn and Safford

Map Parcel #	Tax Parcel ID Number	Acreage	Owner of Record
1	11-17-101-002	60.37	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
2	11-18-226-004	33.27	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
3	11-18-226-003	24.91	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
4	11-18-201-002	14.74	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
5	11-07-451-001	80.06	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
6	11-07-401-002	68.58	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
7	11-08-301-007	69.63	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
8	11-08-301-009	38.71	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030
9	11-08-301-008	16.87	Timothy J, Todd M and Michael J Greenfield, 9750 Mt Vernon Rd, Forreton, IL 61030

Total Acreage: 407.14

Map 4-Riverside Blvd



MAP 4 Riverside Blvd

Map Parcel #	Tax Parcel ID Number	Acreage	Owner of Record
1	11-03-327-001	6.99	Belvidere National Bank, 600 S State St, Belvidere IL 61008
2	11-03-351-009	1.68	Prospect LLC, Julie Waldschmidt, 7625 N University St, Ste C, Peoria, IL 61614
3	11-03-376-002	19.78	Delano Berg and Gregory Ladehoff, 45446 Link St, LaPlata, MO 63549
4	11-03-376-003	9.53	Delano Berg and Gregory Ladehoff, 45446 Link St, LaPlata, MO 63549
5	11-03-351-012	2.38	Wal Mart Stores Inc Property Tax #0555, 1301 SE 10th St, Store No 92057, Bentonville, AR 72716
6	11-03-352-004	5.63	Delano Berg and Gregory Ladehoff, 45446 Link St, LaPlata, MO 63549
7	11-03-354-001	1.19	Delano Berg and Gregory Ladehoff, 45446 Link St, LaPlata, MO 63549
8	11-03-352-002	4.96	Joseph Saladino, 1303 Montague Road, Rockford, IL 61102
Total Acreage:		52.14	

Map 5 - Owen Center and Elmwood Roads



Map 5 - Owen Center and Elmwood Roads

Map Parcel #	Tax Parcel ID Number	Acreage	Owner of Record
1	11-03-151-002	75.82	Wesley Willows Inc, 4141 N Rockton Ave, Rockford, IL 61103
2	11-03-101-002	92.48	Thomas Leick, 2735 Centerville Rd, Rockford, IL 61102
3	07-34-300-005	21.61	Charlotte Ferguson, 6280 Owen Center Road, Rockford, IL 61101
4	07-34-300-004	21.85	Charlotte Ferguson, 6280 Owen Center Road, Rockford, IL 61101
5	07-34-300-010	96.61	Charlotte Ferguson, 6280 Owen Center Road, Rockford, IL 61101
6	07-34-400-006	26.32	Charlotte Ferguson, 6280 Owen Center Road, Rockford, IL 61101
7	07-34-400-007	26.32	Charlotte Ferguson, 6280 Owen Center Road, Rockford, IL 61101

Total Acreage: 361.01

Map 6

