

Facility Master Plan

Rightsizing the Regional Hospitals

Methodology

- Program ideal state based on projected Key Planning Units (KPU)s
- Identify opportunities to reduce current space
 - Relocate programs within existing building and demolish excess space
 - Relocate programs to new building addition and demolish excess space
 - Rebuild new more efficient facility
- Determine scope/cost of each scenario

Example of Big Rapids Program

Program	Big Rapids			
	DGSF/ KPU	KPU	BGSF Factor	BGSF
Acute Care	650	24	1.30	20,300
Intensive Care	750	6	1.30	5,900
OB	1,500	-	1.30	-
Rehab and Nursing Center	-	-	-	-
Clinical Decision Unit	550	-	1.30	-
Emergency Department	650	15	1.30	12,700
Surgery	3,200	3	1.30	12,500
Endoscopy	2,000	2	1.30	5,200
MRI	2,250	1	1.30	2,900
CT	1,600	1	1.30	2,100
Diagnostic Radiology	1,200	3	1.30	4,700
Ultrasound	800	3	1.30	3,100
Mammography	800	3	1.30	3,100
Nuc Med	1,250	2	1.30	3,300
Dexa	800	1	1.30	1,000
Sterile Processing	500	5	1.30	3,300
Laboratory	50	30	1.30	2,000
Pharmacy	40	30	1.30	1,600
Food Service	80	30	1.30	3,100
Central Services	100	30	1.30	3,900
Administrative Support	100	30	1.30	3,900
Building Support	100	30	1.30	3,900
Total Program				98,500
			SF/Bed	3,280
Current SF				185,700
Difference				87,200

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Summary of Findings

- There is an **overall excess space** capacity at the Regional Hospitals of **385,000 SF**
- Given the configuration of the existing facilities, it is often impossible to remove a portion of the facility without building new space to replace some of the critical clinical spaces (ORs, Beds) or other support functions (Lab, Pharmacy, Mechanical Rooms)
- **Spectrum Health would need to invest a total of \$110M - \$190M in construction and renovation to right-size each regional hospital**
- **Spectrum Health has already identified \$103M of facility and equipment maintenance or replacement costs over the next 10 years**
- A theoretical replacement of all Regional Hospitals would cost more than \$500M

Space Overage by Regional Hospital

Regional Hospital	Current Space	Ideal State	Difference
Big Rapids Hospital	185,700	98,500	87,200
Gerber Memorial Hospital	164,600	97,800	66,800
Kelsey Hospital	55,300	-	55,300
Ludington Hospital	152,600	111,600	41,000
Pennock Hospital	196,800	106,500	90,300
Reed City Hospital	81,000	64,500	16,500
United Hospital	195,100	201,000	n/a
Zeeland Hospital	157,900	129,200	28,700
Totals	1,189,000	809,100	385,800

Cost to Right-size vs. Replace by Regional Hospital

Regional Hospital	FCA* 10 yr Cost	FFAMP** 10 yr Cost	Right-size Cost	Replacement Cost
Big Rapids Hospital	\$7.8 M	\$8.9 M	\$18 - \$38 M	\$60 - \$70 M
Gerber Memorial Hospital	\$5.5 M	\$5.8 M	\$21 - \$30 M	\$60 - \$70 M
Kelsey Hospital	\$1.7 M	\$1.5 M	-	-
Ludington Hospital	\$8.5 M	\$7.5 M	\$55 - \$60 M	\$65 - \$75 M
Pennock Hospital	\$12.9 M	\$7.0 M	\$7 - \$36 M	\$65 - \$75 M
Reed City Hospital	\$1.0 M	\$4.5 M	\$5 - \$20 M	\$40 - \$45 M
United Hospital	\$8.7 M	\$10.3 M	-	\$125 - \$135 M
Zeeland Hospital	\$4.0 M	\$7.0 M	-	\$80 - \$90 M
Totals	\$50.3 M	\$52.7 M	\$106 - \$184 M	\$495 - \$560 M

* FCA = Cost to replace or upgrade MEP, Infrastructure, Elevators, Building Envelop, etc.

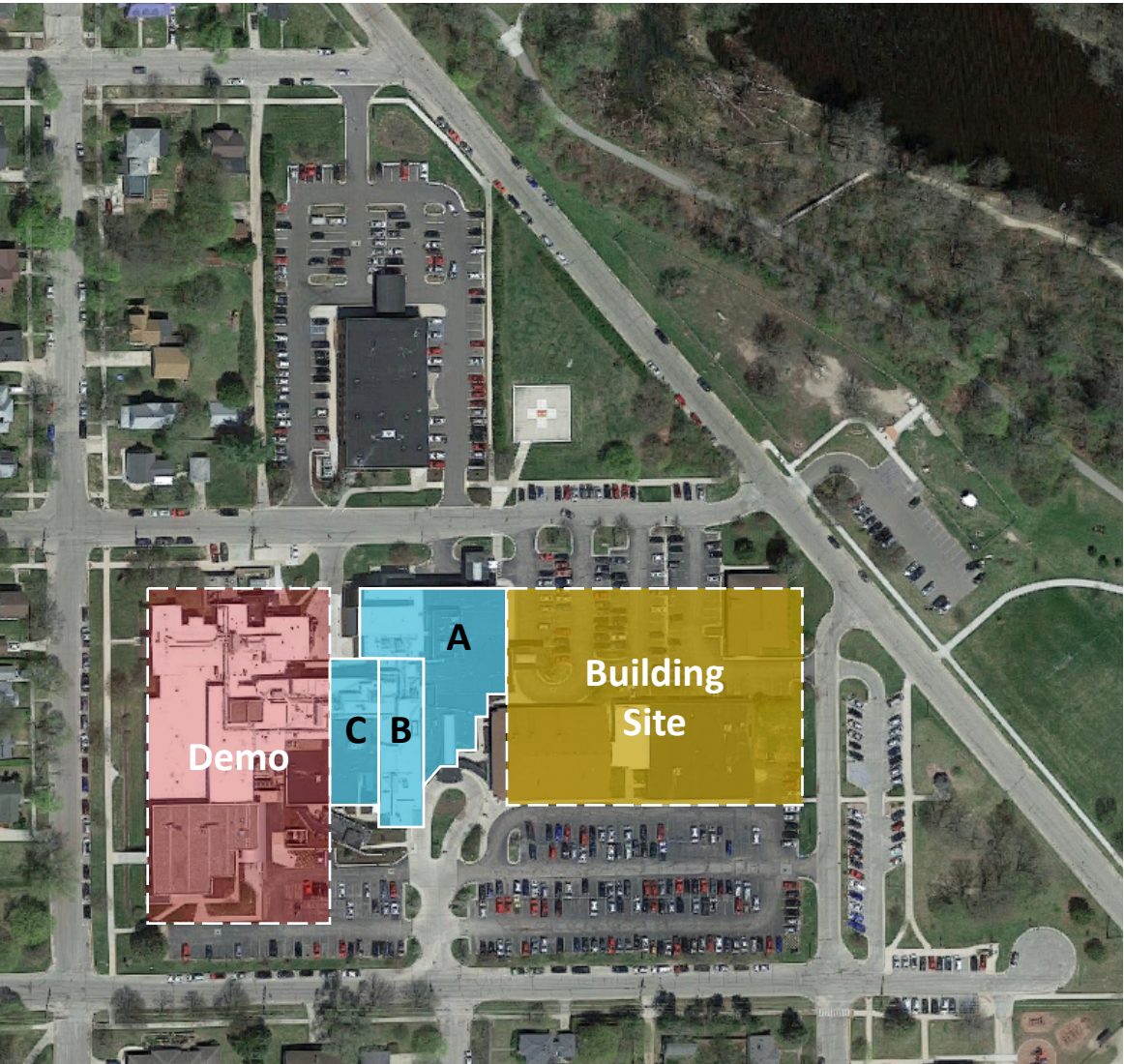
** FFAMP = Cost to update interior finishes | Source 10yr FCA & FFAMP provided by SH

Rightsizing the Regional Hospitals

Big Rapids Hospital

Ideal Size = 98,500 BGSF | 30 Beds | 3,280 SF/Bed
 (SF for SF Replacement Cost = \$60M - \$70M)

	Keep A+B+C	Keep A+B	Keep A
Existing to Remain	80,000	65,000	45,000
New Construction	18,500	33,500	53,500
Renovation	20,000	10,000	-
Demolition	105,700	120,700	140,700
Project Cost Impact	\$18M - \$20M	\$24M - \$27M	\$34M - \$38M
Scope	Keep ED, Acute, ICU, Surgery, Radiology, Laboratory Build new OB, Food Service and consolidate support	Keep ED, Acute, ICU, Surgery, Laboratory Build new OB, Radiology, Food Service and consolidate support	Keep ED, Surgery Build new Acute, ICU, OB, Radiology, Food Service and consolidate support

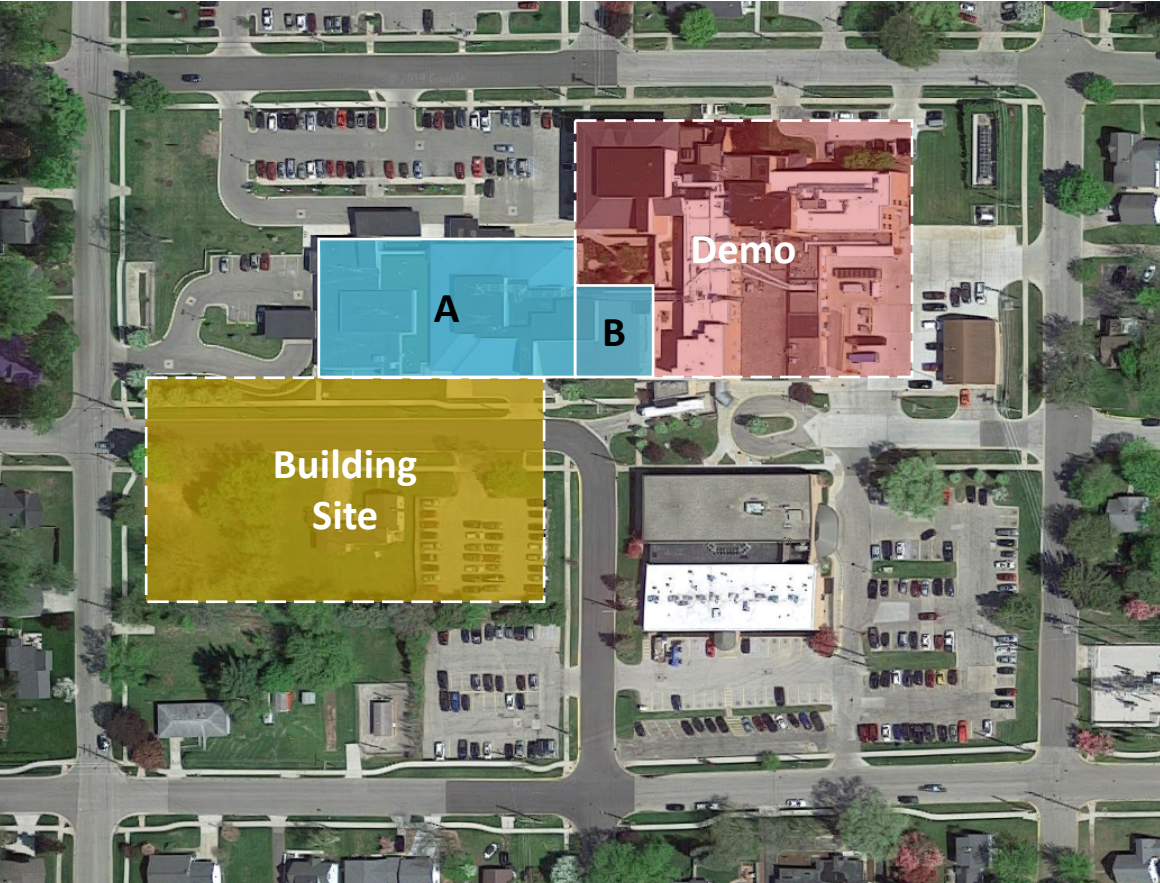


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Gerber Memorial Hospital

Ideal Size = 97,800 BGSF | 24 Beds | 4,080 SF/Bed
 (SF for SF Replacement Cost = \$60M - \$70M)

	Keep A+B	Keep A
Existing to Remain	65,000	55,000
New Construction	32,800	42,800
Renovation	-	-
Demolition	99,600	109,600
Project Cost Impact	\$21M - \$23M	\$27M - \$30M
Scope	Keep ED,OB, Radiology, Laboratory Build new Beds, Surgery, Food Service and consolidate support	Keep ED,OB, Laboratory Build new Beds, Radiology, Surgery, Food Service and consolidate support



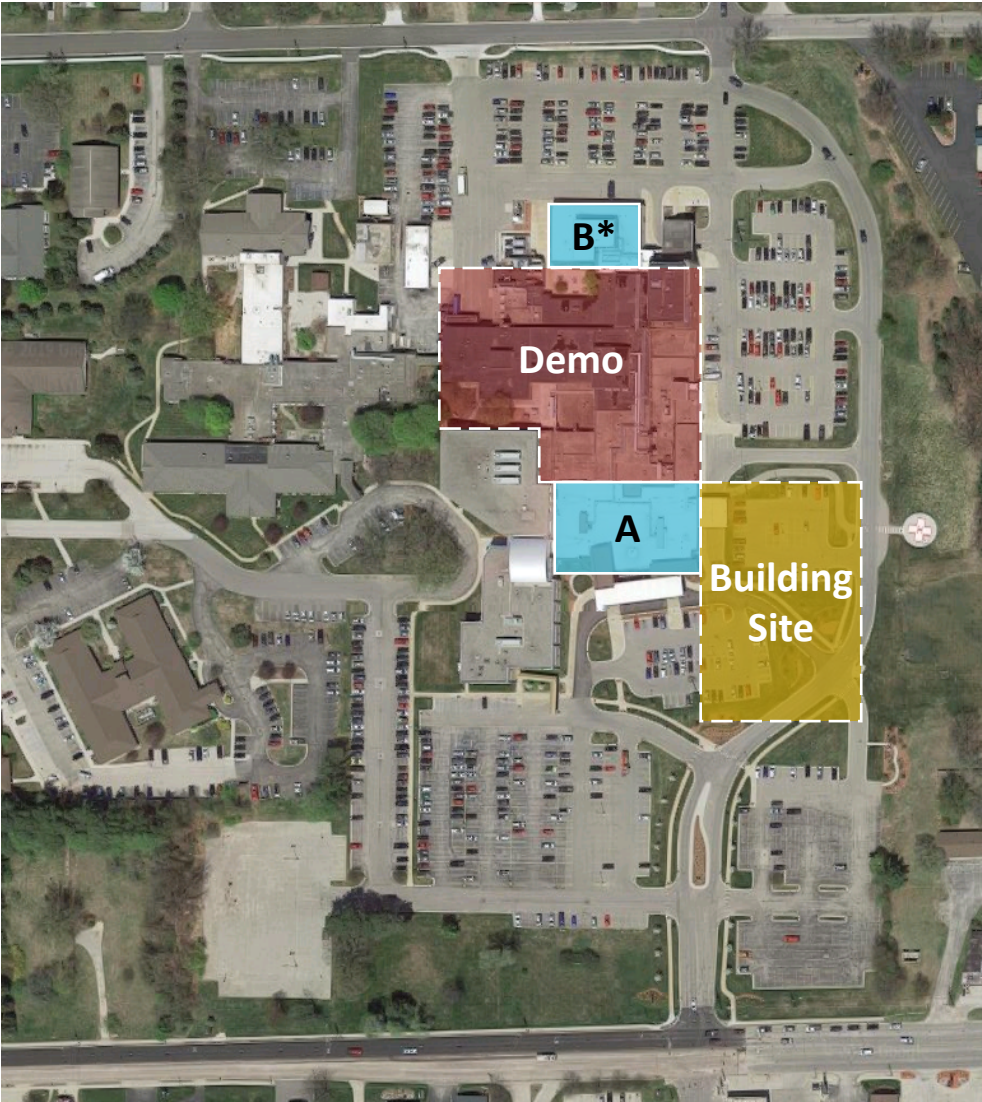
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Ludington Hospital

Ideal Size = 111,600 BGSF | 30 Beds | 3,720 SF/Bed

(SF for SF Replacement Cost = \$65M - \$75M)

	Keep A
Existing to Remain	22,000
New Construction	89,600
Renovation	-
Demolition	130,600
Project Cost Impact	\$55M - \$60M
Scope	Keep ED, OB, Radiology, Laboratory Build new Beds, Surgery, Food Service and consolidate support



* Building B couldn't be used for clinical space | May be used for administrative space.

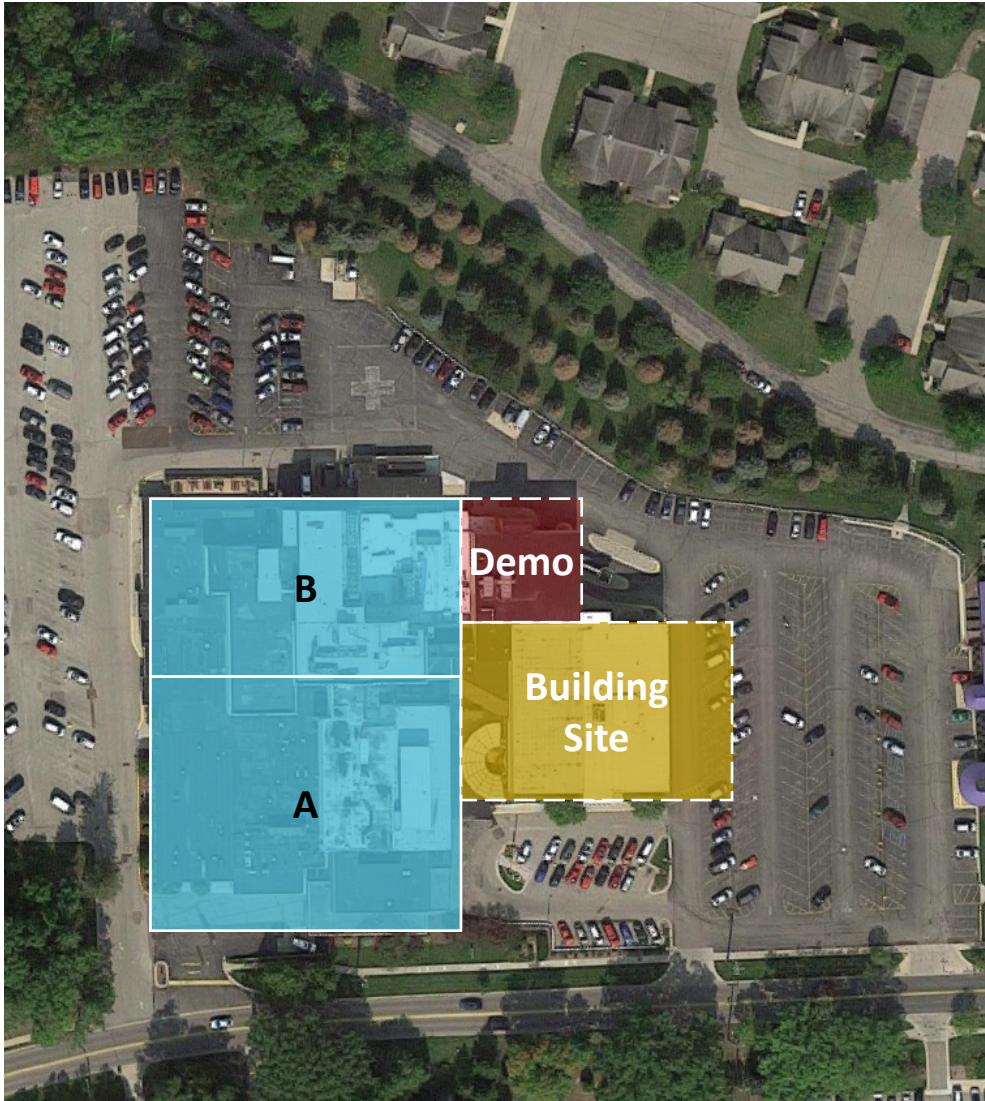
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Pennock Hospital

Ideal Size = 106,500 BGSF | 40 Beds | 2,660 SF/Bed

(SF for SF Replacement Cost = \$65M - \$75M)

	Keep A+B	Keep A
Existing to Remain	125,000	65,000
New Construction	-	41,500
Renovation	20,000	20,000
Demolition	71,800	131,800
Project Cost Impact	\$7M - \$9M	\$32M - \$36M
Scope	Keep all clinical functions Relocate Ambulatory and consolidate administrative support	Keep ED, Imaging, Laboratory, Acute, ICU Build new OB, Surgery, Food Service and consolidate support



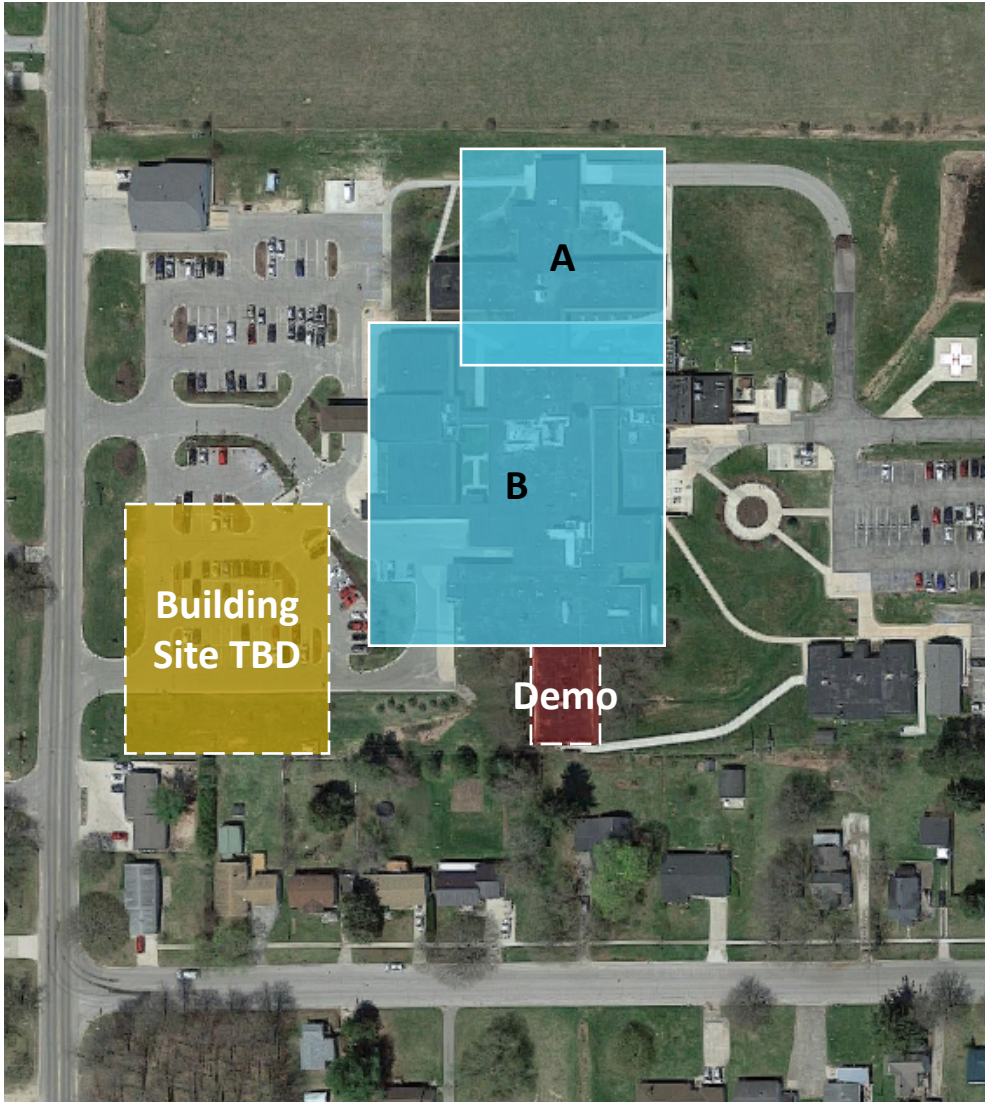
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Reed City Hospital

Ideal Size = 64,500 BGSF | 26* Beds | 2,480 SF/Bed
(SF for SF Replacement Cost = \$40M - \$45M)

	Keep A+B	Keep A
Existing to Remain	75,000	-
New Construction	-	20,000
Renovation	20,000	20,000
Demolition	6,000	75,000
Project Cost Impact	\$5M - \$7M	\$18M - \$20M
Scope	Renovate ED to ED/IP unit and RNC Demo IP wing	Renovate RNC Build new Regional Healthplex Demo Remaining Space

* Includes 22 RNC Beds



Rightsizing the Regional Hospitals

United Hospital

Ideal Size = 201,000 BGSF | 86* Beds | 2,340 SF/Bed

United Hospital is appropriately sized for the projected demand assuming that the 3rd floor space is fitted out to accommodate 22 Beds.



* Includes 38 RNC Beds

Rightsizing the Regional Hospitals

Zeeland Hospital

Ideal Size = 129,200 BGSF | 48 Beds | 2,690 SF/Bed

Zeeland Hospital has enough capacity and is appropriately sized to accommodate future projected volumes.

