

The importance of Duke Lifepoint's decision to locate their new hospital facility in Marquette will extend far beyond the provision of modern state-of-the-art medical care to our residents and regional community. Officials with Duke Lifpoint announced that the new \$280M facility will open within the next three years and create hundreds of local jobs. Most residents in the community responded with welcome relief, although some expressed "wait and see" ambivalence, reflecting concern that the "cost" of the agreement ultimately must generate value for the community.

So, what economic value will the new hospital generate? Hospital care remains the largest component of our local healthcare economic cluster, and is also the fastest growing segment of the U.S. economy. For over 125 years, Marquette General Hospital has been an economic cornerstone within the City, providing excellent services and steady growth even during turbulent economic times. Successful communities require high quality health care services to attract and retain businesses, residents, and foster economic growth. Today, nearly one out of every 10 local workers is employed in a healthcare profession.

The goods and services hospitals and their employees purchase from other local businesses create additional economic value, including the improvement or construction of new downtown businesses, the purchase of family homes – all of which will also contribute taxes to the City, Schools, Library, and other critical community activities and institutions.

In addition to the immediate economic construction impact – I.E., \$280M of new property development, and hundreds of new local construction jobs created during the 3-4 year building cycle, the lasting value will be expressed through multiple "ripple effects" as measured by the U.S. Government and the American Hospital Association.

It is estimated that each hospital job creates one more job within the economy, and that each dollar spent by a hospital creates roughly \$1.80 of additional economic activity. Per the implementation agreement approved by the State of Michigan Attorney General, the projected result will be an approximate 500 job increase or more. If the hospital has an annual operating budget of \$300M, the impact to the local economy will be approximately \$500M per year, or approximately one third of the total value of the U.P. Healthcare sector.

The City and State share a common interest in economic growth and development. The state provides financing and incentives for redevelopment of "Brownfield" properties – I.E., land with long histories of heavy industry, large-scale manufacturing activity, or other non-commercial public use - because of the greater economic value created through re-use and redevelopment. The establishment of a Brownfield project will allow the City to keep a greater proportion of the taxes paid by DLP as the State investment match. As a result, the taxes paid by DLP will be used to finance public improvements, including upgrades to road and transportation infrastructure, public utilities, and relocation of existing municipal facilities. It is estimated that the new hospital will generate \$126M of

taxes first 25-30 years of its operating life, with a corresponding Brownfield Project cost of \$77.7M

Are there a lot of moving parts? Yes. The decision to locate the new Duke Lifepoint Hospital in downtown Marquette creates the opportunity for historic renewal. We stand at the start of the process, knowing that access to high-quality modern healthcare will not only enhance the well-being of residents, but improve the City's ability to retrain and attract additional businesses and grow. Marquette will realize additional business activity, job creation, and renewed strength in a mainstay of our local economy.

(Bill's Blog this issue will be the first of three articles which discuss the DLP project. Next in the series: Gary Simpson, Marquette CFO, describing the financial planning and associated administrative actions supporting the DLP Memorandum of Understanding.)