

Presence plans \$147 million medical office building on North Side

By Claire Bushey February 21, 2013

Presence Health is planning its biggest construction project since its creation in a 2011 merger — a \$147 million medical office building at its St. Joseph Hospital along the North Side lakefront.

The project highlights how health systems in the Chicago market must continually upgrade facilities and equipment to remain competitive.

"It's the health care version of keeping up with the Joneses," said Adam Lynch, vice president of Principle Valuation LLC, a Chicago-based health care appraisal firm.

Called the Center for Advanced Care, the 205,000-square-foot facility at Surf Street and Sheridan Road in Lincoln Park will have space for outpatient surgery, medical imaging, physical therapy and centers to treat cancer and digestive diseases. Three floors will be for physician offices and another three floors for 350 parking spaces. A glass skywalk will span Commonwealth Avenue to connect the building to the main hospital, at 2900 N. Lake Shore Drive.

The facility is to be 10 stories, according to BidClerk.com.

The project is "critical to the medical center's future," a health system spokeswoman said in a statement.

St. Joseph and Presence intend to seek approval from the Illinois Health Facilities and Services Review Board later this year. The board regulates health care construction projects to prevent duplication of services.

The system was formed by the merger of Chicago-based **Resurrection Health Care Corp.** and Mokena-based Provena Health in November 2011, forming the state's **largest Catholic hospital system**, with 12 medical centers. Together, the two systems generated \$1.2 billion in revenue in the first three quarters of 2012.

20-YEAR-OLD EXPANSION PLANS

While the average age of the physical plants operated by Presence is roughly in line with that of **rivals including Advocate Health Care**, based in Oak Brook, Ascension Health, based in St. Louis, and Trinity Health, based in Novi., Mich., Mr. Lynch said, health care systems are continually working to keep patients and attract new ones.

St. Joseph's plans call for providing a more convenient and cost-effective setting for outpatient services and doctors' offices, the statement said, allowing patients to receive treatment across medical specialties in a single location. It will also allow for future upgrades, reconfiguring clinical areas and services and creating more private patient rooms at the main hospital.

Outpatient services will occupy just under half of the new building. Other services and amenities include a bariatric surgery program, sports medicine and rehabilitation services, a conference center, a pharmacy and a coffee shop for patients and families

St. Joseph's plans date back to 1989, when the hospital began talks with then-44th Ward Ald. Bernie Hansen about constructing a building on the Surf Street lot. It decided in 2003 to make it an outpatient pavilion. The city approved the zoning in 2006.

Brookfield, Wis.-based Hammes Co. is the lead developer on the project.

For Presence, the challenge will be deciding how to allocate resources for capital improvements among all the

hospitals in its statewide network.

“You give St. Joe's a hundred million dollars, but then you have to keep all the other hospital CEOs at all the other locations happy,” Mr. Lynch said. “It's like trying to figure out how much money you're going to give to each of your kids for college education.”
