

## Case Study: A Community Hospital in the Southwest

**Situation:** A private, not-for-profit 125-bed community hospital in the southwest approached us after a long period of being stalled in their replacement facilities planning. The scope and cost of the project far exceeded their debt capacity. We were asked to review the previous replacement facility feasibility study and to suggest alternatives.

**Approach:** Stroudwater updated the feasibility study and conducted an assiduous analysis of all cost estimates for the proposed facility. In addition, Stroudwater identified a financing strategy tailored to their unique circumstances, that in turn led to a revision of project scope to ensure project viability for the replacement hospital.

**Solution:** Stroudwater worked with the hospital to modify the scope and design of the replacement facility to better meet the anticipated community needs based on five-year projections, to preserve the hospital's flexibility for future growth, enhance the financial feasibility of the project, and ensure that the facilities strategy and financing strategy were compatible.

**Result:** The hospital financed the new facility with a combination of philanthropy, proceeds from tax-exempt debt financing, and proceeds from the sale of their existing campus. The 125-bed replacement hospital opened in April 2008.

**STROUDWATER ASSOCIATES**