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January 8, 2008

Julie Sonier  
Minnesota Department of Health  
Health Economics Program  
85 East 7<sup>th</sup> Place, Suite 220  
St. Paul, MN 55101

Re: Application for New Hospital (Prairie St. John's)

Dear Ms. Sonier:

The City of Woodbury has been working for some time on the creation of a medical campus district in Woodbury. The concept for a medical campus district arose from the recent update of the city's commercial comprehensive plan. The Comprehensive Plan Task Force felt that the area by the Woodwinds Health Campus and Hospital presented a unique opportunity for a concentration of medical-related uses and associated professional jobs anchored by the hospital. A market study, by the McComb Group supported this idea, and found that:

- Woodbury has less medical office space, fewer hospital beds and a lower physician market share than would be expected based on its trade area size. The large trade area and population per bed suggests that more beds can be supported.
- Physician offices and employment have grown about 8 percent annually.
- Having a supply of developable land makes it possible for medical offices to locate near hospitals and expand as their business grows.
- The demand for hospital beds and medical office space is inter-related. Developable sites in medical centers provide hospitals and medical specialty groups the opportunity to expand in a cooperative manner as the health care needs of their trade areas increase.

The request by Prairie St. John's to build a psychiatric hospital facility in Woodbury is consistent with the City's plans to create a medical campus district in this vicinity. The use is consistent with the City's vision. The facility as it has been described to us would involve 80 beds, which would provide in-patient care for mental health needs. It would also include an out-patient care component as well. Prairie St. John's currently has an out-patient facility in Woodbury and has been a good corporate citizen of Woodbury.