

Constantino, Mike

From: Jack Axel [jacobmaxel@msn.com]
Sent: Friday, February 17, 2012 8:27 AM
To: Constantino, Mike
Cc: Tom Wright; larry_bell@cdh.org; gretchen.parker@delnor.com; mskinner@sidley.com
Subject: RE: Project 11-108/Delnor Comprehensive Cancer Center
Attachments: scan167.pdf

From: jacobmaxel@msn.com
To: mike.constantino@illinois.gov
CC: tom.wright@delnor.com; larry_bell@cdh.org; gretchen.parker@delnor.com; mskinner@sidley.com
Subject: Project 11-108/Delnor Comprehensive Cancer Center
Date: Thu, 16 Feb 2012 17:17:22 -0600

please see attached letter

by email

February 16, 2012

Mr. Michael Constantino
c/o Illinois Health Facilities
and Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Delnor Comprehensive Cancer Center
Project 11-108
Comments on State Agency Report

Dear Mike:

Please accept this letter, consistent with Section 1130, and in response to the State Agency Report (SAR) published for the above-referenced project on February 14, 2012.

The application was found to be in compliance with all applicable Part 1110 review criteria and all but one of the applicable Part 1120 review criteria. Specifically, a finding of "non-compliance" was made on criterion 1120.140(c), Reasonableness of Project and Related Costs. Under that criterion, ten assessments were made, and eight of which were determined to "reasonable when compared to the State standard" or without a standard for comparison. The first finding of noncompliance with a standard was a result of the modernization and proportionate contingency cost of \$323.05/sf exceeding the standard by \$56.05/sf, or a total of \$180,873.35 compared to the project cost of \$19,995,379. The "overage" represents 0.9% of the project cost. Of note is the fact that 79.95% of the reviewable renovation cost is directly attributable to the renovation of radiation therapy space, perhaps the most expensive area to renovate in any health care facility, and as identified in ATTACHMENT 42C of the application, over three times the cost per square foot of the other clinical area that will be renovated. The renovation cost was estimated with the assistance of Construction Cost Systems, Inc., which specializes in the development of construction cost estimates for major projects, and has had considerable experience in the health care sector.

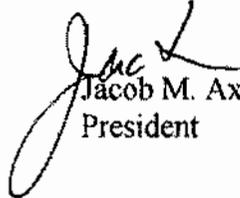
The second finding noted that the architectural and engineering fee allocated to new construction exceeded the standard. The SAR notes, however, that the architectural and engineering fee associated with the renovation is significantly below the State standard. When combined, the total fee appears to be \$71,478 below the sum of the two

standards. The applicant's have yet to sign a contract for the full extent of architectural and engineering services, and are willing to stipulate as a condition to their Permit that the fees will not exceed the State standard when a contract is developed.

Thank you for the opportunity to provide this information, and the applicants would appreciate it if you would either provide this letter to the Board or make them aware of these issues.

Should any additional information be desired that would not delay the review of this project, please do not hesitate to call me.

Sincerely,


Jacob M. Axel
President

cc T. Wright
L. Bell
G. Parker
M. Skinner