



**FRESENIUS
MEDICAL CARE**

April 9, 2015

RECEIVED

APR 10 2015

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Ms. Courtney Avery
Administrator
Illinois Health Facilities & Services Review Board
525 West Jefferson, 2nd Floor
Springfield, IL 62761

Re: Alteration, Permit #14-019, Fresenius Medical Care Summit

Dear Ms. Avery:

At the July 14, 2014 Illinois Health Facilities and Services Review Board meeting Fresenius Medical Care was granted permit to establish the above referenced 12-station ESRD facility. I am writing to request an alteration to this permit.

Original plans as put forth in the application were for a 9,700 GSF building. After receiving permit the physicians supporting this project decided they did not want home therapies located the Summit facility and would instead see all of their home patients at the nearby Fresenius Berwyn home therapies clinic. It was therefore decided a more suitable size for the in-center facility would be 8,761 GSF. There are no other changes to the size or scope of the project.

The following pages are replacement pages for the original application that are related to this alteration. These include:

- Page 6 Project Costs and Sources of Funds
- Page 16 Availability of Funds
- Page 35-36 Itemized Costs
- Page 38 Cost/Space Requirements
- Page 116 Size
- Page 167 Economic Feasibility – Reasonableness of Project and Related Costs

Enclosed is an alteration fee in the amount of \$1,000. Thank you for your time and attention to this matter.

Sincerely,

Lori Wright
Senior CON Specialist

Project Costs and Sources of Funds

Complete the following table listing all costs (refer to Part 1120.110) associated with the project. When a project or any component of a project is to be accomplished by lease, donation, gift, or other means, the fair market or dollar value (refer to Part 1130.140) of the component must be included in the estimated project cost. If the project contains non-reviewable components that are not related to the provision of health care, complete the second column of the table below. Note, the use and sources of funds must equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	1,410,521	N/A	1,410,521
Contingencies	140,176	N/A	140,176
Architectural/Engineering Fees	151,000	N/A	151,000
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	368,000	N/A	368,000
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	2,591,086 212,550	N/A	2,803,636
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	4,873,333	N/A	4,873,333
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	1,631,647	N/A	1,631,647
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	2,803,636	N/A	2,803,636
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	438,050 *	N/A	438,050*
TOTAL SOURCES OF FUNDS	4,873,333	N/A	4,873,333

NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

* Actual construction costs are \$1,410,521 however, the landlord is to contribute \$438,050 in tenant improvement allowances to be paid back over the term of the lease, but relates directly to the construction costs.

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

VIII. - 1120.120 - Availability of Funds

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

<u>1,631,647</u>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> 1) the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and 2) interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
<u>N/A</u>	<p>b) Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.</p>
<u>N/A</u>	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
<u>2,803,636</u>	<p>d) Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:</p> <ol style="list-style-type: none"> 1) For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated; 2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate; 3) For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.; 4) For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment; 5) For any option to lease, a copy of the option, including all terms and conditions.
<u>N/A</u>	<p>e) Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;</p>
<u>N/A</u>	<p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p>
<u>438,050</u>	<p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<u>4,873,333</u>	TOTAL FUNDS AVAILABLE

SUMMARY OF PROJECT COSTS

Modernization Contracts

General Conditions	70,500
Temp Facilities, Controls, Cleaning, Waste Management	3,500
Concrete	18,000
Masonry	21,400
Metal Fabrications	10,600
Carpentry	124,000
Thermal, Moisture & Fire Protection	25,000
Doors, Frames, Hardware, Glass & Glazing	96,600
Walls, Ceilings, Floors, Painting	227,800
Specialities	17,600
Casework, FI Mats & Window Treatments	8,400
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	451,300
Wiring, Fire Alarm System, Lighting	272,000
Miscellaneous Construction Costs	63,821
Total	1,410,521

Contingencies

Contingencies **\$140,176**

Architectural/Engineering

Architecture/Engineering Fees **\$151,000**

Movable or Other Equipment

Dialysis Chairs	30,000
Misc. Clinical Equipment	18,000
Clinical Furniture & Equipment	27,000
Office Equipment & Other Furniture	35,000
Water Treatment	100,000
TVs & Accessories	75,000
Telephones	13,000
Generator	35,000
Facility Automation	20,000
Other miscellaneous	15,000
Total	\$368,000

Fair Market Value Leased Space & Equipment

FMV Leased Space (8,761 GSF)	\$2,591,086
FMV Leased Dialysis Machines	200,550
FMV Leased Computers, Fax, Copiers	12,000
Total	\$2,803,636

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	4,873,333		8,761		8,761		
Total Clinical	4,873,333		8,761		8,761		
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL	4,873,333		8,761		8,761		
APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD 450-650 BGSF Per Station	DIFFERENCE	MET STANDARD?
ESRD IN-CENTER HEMODIALYSIS	8,761 (12 Stations)	5,400 – 7,800 BGSF	961	No

As seen in the chart above, the State Standard for ESRD is between 450 - 650 BGSF per station or 5,400 – 7,800 BGSF for 12 stations. The proposed BGSF is over the State standard by 961 GSF. Remaining additional space will be utilized for administrative offices and likely future expansion. It is more cost effective to expand than to establish new facilities as the clinic utilization increases.

Criterion 1120.310 (c) Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD		161.00			8,761			1,410,521	1,410,521
Contingency		16.00			8,761			140,176	140,176
TOTALS		\$177.00			8,761			\$1,550,697	\$1,550,697

* Include the percentage (%) of space for circulation

Criterion 1120.310 (d) – Projected Operating Costs

Year 2017

Estimated Personnel Expense	498,960
Estimated Medical Supplies	114,371
Estimated Other Supplies(Exc. Dep/Amort)	<u>991,499</u>
Total	\$2,075,683

Annual Treatments 8,986

Cost Per Treatment \$230.99

Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs

Year 2017

Depreciation/Amortization	233,935
Interest	<u>0</u>
CAPITAL COSTS	\$233,935

Treatments: 8,986

Capital Cost per treatment \$26.03