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April 30, 2015

Via Federal Express

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

**RECEIVED**

**MAY 01 2015**

**HEALTH FACILITIES &  
SERVICES REVIEW BOARD**

**Re: Request for Alteration of Permit – Hinsdale Surgical Center (Proj. No. 14-034)**

Dear Ms. Avery:

Pursuant to Section 1130.750 of the Illinois Health Facilities and Services Review Board (“State Board”) rules, I am writing on behalf of Hinsdale Surgical Center, LLC (the “Permit Holder”) to request an alteration of Project Permit No. 14-034 to increase the size of the facility and the cost of the project.

As you are aware, on October 7, 2014, the State Board approved the Permit Holder’s application to relocate its multi-specialty surgery center located at 908 East Elm Street, Suite 401, Hinsdale, Illinois to 12 Salt Creek Lane, Hinsdale, Illinois. Since receiving the CON permit, the Permit Holder has diligently worked with the Village of Hinsdale (“Village”) to obtain the necessary municipal permits to complete the project. Based upon the Village’s zoning requirements, additional space must be constructed outside of the building for placement of the emergency generator which is required by IDPH as well as for additional storage. Pursuant to the Village’s regulations, the structure must complement the existing building. This work will result in additional non-clinical square footage associated with the outbuilding and additional costs.

Further, some budget adjustments were required relating to the following items. The architectural and engineering costs were higher than projected in the certificate of need application. Also, the Village building permit was not included in the initial construction estimate. Finally, there are some additional equipment expenditures that will need to be made to outfit the new space to specifications. Included in the Permit Holder’s equipment cost is now a

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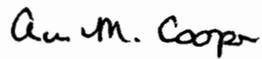
\$50,000 FFE contingency as there may be some additional requests for specific equipment as the project nears completion. Based on the Permit Holder's desire to have some flexibility, it is opting to maximize the allowable cost alteration.

In summary, the proposed revisions to the project will increase the total costs by \$664,277 (or 7%) to \$10,153,952. This increase includes an increase in the fair market value of the leased space based on the additional square footage that the landlord will be providing. The size of the facility will increase the non-clinical gross square footage by 464 gross square feet (or 2.8%) to 17,052 gross square feet. Related to the request, we have included the applicable worksheets which require adjustment as well as the alteration processing fee.

We believe this request is in compliance with the State Board's standards and request the State Board Chair approve the alteration of Project Permit No. 14-034 as a desk review.

If you have any questions or need any additional information regarding the project or this alteration request, please feel free to contact me:

Sincerely,



Anne M. Cooper

Attachments

## 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			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$3,143,483	\$655,169	\$3,798,652
Contingencies	\$281,359	\$58,641	\$340,000
Architectural/Engineering Fees	\$258,365	\$62,582	\$320,946
Consulting and Other Fees	\$130,615	\$31,638	\$162,254
Movable or Other Equipment (not in construction contracts)	\$560,709	\$134,420	\$695,129
Bond Issuance Expense (project related)	0	0	0
Net Interest Expense During Construction (project related)	0	0	0
Fair Market Value of Leased Space or Equipment	\$3,332,834	\$807,290	\$4,140,124
Other Costs To Be Capitalized <sup>1</sup>	\$687,656	\$9,191	\$696,847
Acquisition of Building or Other Property (excluding land)	0	0	0
<b>TOTAL USES OF FUNDS</b>	<b>\$8,395,021</b>	<b>\$1,758,931</b>	<b>\$10,153,952</b>
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities <sup>2</sup>	\$3,813,822	\$808,030	\$4,621,852
Pledges	0	0	0
Gifts and Bequests	0	0	0
Bond Issues (project related)	0	0	0
Mortgages	\$560,709	\$134,420	\$695,129
Leases (fair market value)	\$3,332,834	\$807,290	\$4,140,124
Governmental Appropriations	0	0	0
Grants	0	0	0
Other Funds and Sources	\$687,656	\$9,191	\$696,847
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$8,395,021</b>	<b>\$1,758,931</b>	<b>\$10,153,952</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

<sup>1</sup> Net Book Value of Equipment to be transferred to Replacement ASTC

<sup>2</sup> Cash of \$1,041,352; Tenant Improvement Allowance of \$3,580,500

**Section I, Identification, General Information, and Certification**  
**Cost Space Requirements**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
<b>REVIEWABLE</b>							
ASTC	\$8,395,021	13,727			13,727		
Total Clinical	\$8,395,021	13,727			13,727		
<b>NON REVIEWABLE</b>							
Storage	\$137,314		464	464			
Stairwells	\$294,736	520			520		
Mechanical Space	\$84,453	149			149		
Elevator Core	\$74,251	131			131		
Administrative	\$899,513	1,587			1,587		
Public Toilets	\$268,664	474			474		
Total Non-clinical	\$1,758,931	2,861	464	464	2,861		
<b>TOTAL</b>	<b>\$10,153,952</b>	<b>16,588</b>	<b>464</b>	<b>464</b>	<b>16,588</b>		

**Section X Economic Feasibility**  
**Criterion 1120.140(c), Reasonableness of Project and Related Costs**

1. The Cost and Gross Square Feet by Department or Service table below sets forth the modernization cost and square footage allocated to each department of the proposed ASTC.

<b>COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE</b>									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Mod. Foot	Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
<b>Clinical</b>									
ASTC		\$229.00			13,727			\$3,143,483	\$3,143,483
Contingency – Clinical		\$20.50			13,727			\$100,703	\$281,359
<b>Total Clinical</b>		<b>\$249.50</b>			<b>13,727</b>			<b>\$3,424,842</b>	<b>\$3,424,842</b>
<b>Non-Clinical</b>									
Storage	\$197.04		464				\$91,428		\$91,428
Stairwells		\$197.04			520			\$102,463	\$102,463
Mechanical Space		\$197.04			149			\$29,359	\$29,359
Elevator Core		\$197.04			131			\$25,813	\$25,813
Administrative		\$197.04			1,587			\$312,708	\$312,708
Public Toilets		\$197.04			474			\$93,398	\$93,398
Contingency – Non-Clinical	\$17.64	\$17.64	464		2,861		\$8,183	\$50,458	\$58,641
<b>Total Non- Clinical</b>	<b>\$214.68</b>	<b>\$243.60</b>	<b>464</b>		<b>2,861</b>		<b>\$99,611</b>	<b>\$614,199</b>	<b>\$713,810</b>
<b>TOTALS</b>	<b>\$214.68</b>	<b>\$243.49</b>	<b>464</b>		<b>16,588</b>		<b>\$99,611</b>	<b>\$4,039,041</b>	<b>\$4,138,652</b>
* Include the percentage (%) of space for circulation									

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

<b>Table 1120.310(c)</b>			
	<b>Replacement ASTC</b>	<b>State Standard</b>	<b>Above/Below State Standard</b>
Modernization Costs	\$3,424,842	\$249.66 x 13,727 GSF \$3,427,083	Below State Standard
Contingencies	\$281,359	10% to 15% x Construction Costs = (10% x \$3,143,483) to (15% x \$3,143,483) = \$314,348 to \$471,522	Below State Standard
Architectural/ Engineering Fees	\$304,605	6.54% to 9.82% x (Construction + Contingencies) = 6.54% to 9.82% x (\$3,143,483 + \$281,359) = 6.54% to 9.82% x \$3,424,842 = \$223,985 to \$336,319	Meets State Standard
Consulting and Other Fees	\$130,615	No State Standard	
Equipment	\$560,709	\$435,131.83 per operating room = \$435,131.83 x 4 operating rooms = \$1,740,527	Below State Standard
Fair Market Value of Leased Space	\$3,332,834	No State Standard	
Other Costs to be Capitalized	\$687,656	No State Standard	