



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

ITEM NUMBER: D-02	BOARD MEETING: October 25, 2016	PROJECT NUMBER: 15-040
PERMIT HOLDERS(S): Interstate Alliance, Inc. d/b/a MercyRockford Health System – Rockford Health System – Rockford Memorial Hospital		
FACILITY NAME and LOCATION: Rockford Memorial Hospital – Riverside Campus		

DESCRIPTION: The permit holders are requesting an Alteration to Permit #15-040. This is the **first alteration** for this permit.

**STATE BOARD STAFF REPORT
ALTERATION TO PERMIT
PERMIT #15-040**

I. Project Description and Background Information:

On November 18, 2015 the State Board approved the permit holders to establish a medical clinics building in 81,498 GSF of space at a cost of \$68,585,762.

At that time, the permit holders were approved to establish a medical clinics building physically connected to the proposed new Rockford Memorial Hospital – Riverside Campus facility. The proposed facility was approved for six levels in approximately 81,498 GSF as follows:

- Lower Level: mechanical
- 1st Floor: retail pharmacy and support areas
- 2nd Floor: physician offices
- 3rd Floor: physician offices
- 4th Floor: diagnostic services and administrative space
- 5th Floor: mechanical

Approximately 50% of the space in the medical clinics building will be used as physicians' offices, with the remainder being allocated for a limited scope of outpatient services, administrative functions and support and public areas. The outpatient services include: Holter monitors, EKG testing, Echo testing, TEE procedures, Stress Echo testing, EEG, and EMG Electromyography The proposed completion date is June 30, 2019.

Attached to the end of this report are the permit holders alteration request.

II. Alteration Request:

On September 2, 2016 the permit holders submitted a permit alteration request for Permit #15-040. The permit holders are requesting to increase the cost of the project from \$68,585,762 to \$73,027,081 or 6.48% and increase the gross square footage from 81,498 GSF to 82,378 GSF or 1.07 %. Additionally, the proposed alteration will add two ultrasound units.

III. Reasons for the Proposed Alteration

The permit holders stated the reasons for the alteration are refinements to the square footage and cost requirements identified through the post-CON approval planning process.”

The alteration does NOT propose the discontinuation or addition of any categories of service, or a change in the methods of financing of the project from what was approved in the permit. It is noted the amount of cash and securities will remain unchanged and the amount of borrowed funds will increase for this project. Table Four and the end of this report displays the project’s costs as approved and the costs resulting from the alteration request.

IV. Applicable Rules

77 IAC 1130.750 – Alteration of Post Permit Projects specifies that a permit is valid only for the project as defined in the application and any change to the project subsequent to permit issuance constitutes an Alteration to the Project. **All alterations** are required to be reported to the State Board before any alteration is executed.

77 IAC 1130.750 b) states the cumulative effect of alterations to a project shall not exceed the following:

- 1) a change in the approved number of beds or stations, provided that the change would not independently require a permit or exemption from HFSRB;
- 2) abandonment of an approved category of service established under the permit;
- 3) any increase in the square footage of the project up to 5% of the approved gross square footage;
- 4) any decrease in square footage greater than 5% of the project;
- 5) any increase in the cost of the project not to exceed 7% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 7% of the total project cost;
- 6) any increase in the amount of funds to be borrowed for those permit holders that have not documented 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).

The State Board Staff notes that only those criteria that are relevant to this alteration request are discussed below. All other criteria remain unchanged from the Original State Board Staff Report.

V. Summary of Staff Findings

A. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1110.

B. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1120.

VI. Project Costs and Sources of Funds

The permit holders are requesting to increase the cost of the project from \$68,585,762 to \$73,027,081 an increase of \$4,441,318 or 6.48%. The increase costs will be paid by an increase in the bond issue of \$4,441,318. [See Table at the end of this report]

VII. Costs Space Requirements

The permit holders provided a revised cost space chart as required. The conversion factor from DGSF to GSF was two percent (2%).

TABLE ONE
Cost Space Requirements

Department/Areas	Approved	Alteration	Difference	Approved	Alteration	Difference
	Cost	Cost		GSF	GSF	
Reviewable						
Diagnostic Testing	\$6,649,250	\$6,496,239	(\$153,011)	5,695	5,695	0
Ultrasound	\$0	\$520,000	\$520,000	0	880	880
Infusion Therapy	\$2,099,763	\$2,099,763	\$0	2,282	2,282	0
Total Reviewable	\$8,749,013	\$9,116,002	\$366,989	7,977	8,857	880
Non Reviewable						
Physician Offices	\$29,002,873	\$31,491,673	\$2,488,800	37,961	37,961	0
Staff Areas	\$2,369,535	\$2,444,535	\$75,000	3,115	3,115	0
Public Areas Circ.	\$17,155,196	\$17,555,196	\$400,000	18,842	18,842	0
Conference Center	\$2,961,919	\$3,057,919	\$96,000	2,064	2,064	0
Administration	\$2,369,535	\$2,484,535	\$115,000	2,444	2,444	0
Medical Staff	\$1,777,151	\$1,877,151	\$100,000	2,366	2,366	0
Mechanical	\$3,548,319	\$4,267,848	\$719,529	6,729	6,729	0
DGSF to BGSF	\$652,221	\$732,221	\$80,000	0	0	0
Total Non Reviewable	\$59,836,749	\$63,911,078	\$4,074,329	73,521	73,521	0
Total	\$68,585,762	\$73,027,080	\$4,441,318	81,498	82,378	880

VIII. State Board Staff Finding for Part 1110

A) Criterion 1110.234 (a) - Size of the Project

The permit holders are proposing diagnostic services in 6,575 GSF of new construction or an increase of 880 GSF of space to add two (2) ultrasound units. The permit holders were approved for the following services as part of Permit #15-040.

- Holter monitors which is a battery-operated portable device that measures and tape records your heart's activity continuously for 24 to 48 hours or longer depending on the type of monitoring used.
- EKG testing or electrocardiogram is a test that checks for problems with the electrical activity of your heart.
- Echo testing is a type of ultrasound test that uses high-pitched sound waves that are sent through a device called a transducer. The device picks up echoes of the sound waves as they bounce off the different parts of your heart,
- TEE procedures is a transesophageal echo is a type of echo test in which the ultrasound transducer, positioned on an endoscope, is guided down the patient's throat into the esophagus,
- Stress Echo testing, Stress echocardiography, also called an echocardiography stress test or stress echo, is a procedure used to determine how well your heart and blood vessels are working
- EEG a electroencephalogram is a test that detects electrical activity in your brain using small, flat metal discs (electrodes) attach
- EMG Electromyography is a diagnostic procedure to assess the health of muscles and the nerve cells that control them

- Ultrasound is an imaging method that uses high-frequency sound waves to produce images of structures within your body.

The State Board Departmental Gross Square Footage (DGSF) Standard for an ultrasound unit is 900 DGSF of space. The permit holders are proposing 880 DGSF for the two units. In addition the permit holders will have a six chair infusion therapy area in 2,282 DGSF of space. The permit holders have met the requirements of this criterion stipulated in Part 1110 Appendix B.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 IAC 1110.234 (a))

B) Criterion 1110.234 (b) - Projected Utilization

The permit holders are projecting the two (2) ultrasound units will provide 4,400 visits per unit by the second year after project completion. The State Board Standard is 3,100 visits per unit. The permit holders have met the projected utilization standard. Because the State Board has utilization standards in Part 1110 Appendix B for the ultrasound unit the permit holders provided the necessary attestation that the ultrasound unit will be at target occupancy.

Additionally the permit holders projected the following utilization for the services outlined in Table Two below as part of the approval of Permit #15-040. The State Board does not have utilization standard for these services. Because the State Board does not have utilization standards for these services assurance by the permit holders is not required.

TABLE TWO		
Clinical Services Provided at Medical Clinics Building		
	Historical Utilization 2015	Projected Utilization By Second Year
Holter monitoring	148	75
EKG testing	1,011	500
Echo testing	1,091	550
TEE testing	56	30
Stress echo testing	290	145
EEG	855	425
EMG	599	300
Non-oncology infusion therapy	702	700

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH CRITERION PROJECTED UTILIZATION (77 IAC 1110.234 (b))

C) Criterion 1110.234 (e) - Assurance

In additional information provided by the permit holders, the permit holders attested to the permit holders understanding that, by the end of the second year of operation after the project completion, the permit holders will meet or exceed the utilization standards specified in Part 1110 Appendix B.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH CRITERION ASSURANCE (77 IAC 1110.234 (e))

Clinical Services Other than Categories of Service

A) Criterion 1110.3030 (a) – Introduction

These criteria are applicable only to those projects or components of projects (including major medical equipment), concerning Clinical Service Areas (CSAs) that are not "Categories of Service", but for which utilization standards are listed in Appendix B, including:

- A) Surgery
- B) Emergency Services and/or Trauma
- C) Ambulatory Care Services (organized as a service)
- D) Diagnostic and Interventional Radiology/Imaging (by modality)
- E) Therapeutic Radiology
- F) Laboratory
- G) Pharmacy
- H) Occupational Therapy/Physical Therapy
- I) Major Medical Equipment

The permit holders have identified the services in Table One above to be located in the medical clinics building. The services identified in Table One do not have size or utilization standards. However, the addition of two (2) ultrasound units requires the permit holders to address Criterion 1110.3030 (c) 1) 2) 3) 4) - Need Determination

B) Criterion 1110.3030 (c) 1) 2) 3) 4) - Need Determination

- 1) Service to the Planning Area Residents
- 2) Service Demand
- 3) Impact of the Proposed Project on Other Area Providers
- 4) Utilization

The permit holders have stated they believe the patient population will be similar as that of the Rockton Avenue location. Over fifty percent (50%) of the patients will come from within the B-01 Hospital Planning Area i.e. the location of the proposed hospital. The B-01 Hospital Planning Area includes Boone and Winnebago Counties; DeKalb County Townships of Franklin, Kingston, and Genoa; Ogle County Townships of Monroe, White Rock, Lynnville, Scott, Marion, Byron, Rockvale, Leaf River and Mount Morris.

Service demand for the clinical services other than categories of service is based upon the two (2) years historical utilization at the Rockton Avenue campus. [See Application for Permit #15-040 Pages 55-56] One (1) clinical service other than categories of service has been added as part of this alteration.

The permit holders are projecting that the two (2) ultrasound units will have 4,400 visits per unit by the second year after project completion. The average historical usage [2014 and 2015] was 3,409 visits per unit. The State Board Standard is 3,100 visits per unit. If the historical utilization remains unchanged the permit holders have met the requirements of this criterion.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE CRITERION CLINICAL SERVICES OTHER THAN CATEGORIES OF SERVICE (77 IAC 1110.1330 (c) 1) 2) 3) 4))

IX. State Board Staff Finding for Part 1120

Financial Viability

- A) Criterion 1120.120 - Availability of Funds**
- B) Criterion 1120.130 – Financial Viability**

The permit holders’ most current audited financial information is summarized in Table Three below.

TABLE THREE		
Mercy Alliance, Inc.		
Audited Financial Statements		
December 31		
(Dollars in thousands)		
	2014	2013
Cash	\$22,326	\$13,284
Current Assets	\$141,088	\$122,359
Total Assets	\$726,088	\$677,694
Current Liabilities	\$89,086	\$83,945
Long Term Debt	\$213,017	\$218,178
Total Liabilities	\$325,595	\$329,196
Operating Revenue	\$527,133	\$502,633
Operating Expenses	\$518,128	\$489,585
Operating Income	\$9,005	\$13,048
Excess of Revenues over expenses	\$22,740	\$23,565

The permit holders are proposing to fund this project with cash of \$15,000,000 and a bond issue of \$58,027,101 which is an increase in the bond funding of \$4,441,338. The State Board Staff accepted the Bond Rating submitted by the permit holders with the application for permit because it is less than eighteen (18) months old.

The permit holders provided evidence of an A3 bond rating from Moody’s Investor Services with the submittal of #15-040 [Application for Permit pages 57-58D dated August 14, 2015.] This rating stated in part “*MercyRockford Health System currently has no bond debt outstanding, however, Mercy Alliance Inc., Wisconsin (Mercy) and Rockford Health System, Illinois which merged in January, 2015 to form MercyRockford Health System each have bond debt outstanding which remains separately secured at this time. The initial A3 issuer rating reflects the scale and market presence of the combined legacy health systems (Mercy and Rockford), good balance sheet resources and proven management team as evidenced by already improving margins. While MercyRockford Health System’s debt profile currently does not include any direct debt obligation, our rating is a forward view of MercyRockford Health System’s plan to become the sole corporate member of every entity that is currently a subsidiary of Mercy or Rockford, consolidate all existing debt under a newly created MRHS obligated group and fund clinical integration and operational expansion with debt that will be parity to the planned MercyRockford Health System obligated group. The rating is constrained by the historically weak operations of Rockford, risks inherent with integration and operational improvement initiatives, as well as the likelihood of sizable capital building plans which would materially elevate MercyRockford Health System’s leverage in CY 2016.*”

The permit holders have qualified for the financial waiver because of the “A” or better bond rating.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE AVAILABILITY OF FUNDS, FINANCIAL VIABILITY (77 IAC 1120.120) (77 IAC 1120.130)

Economic Feasibility

- A) Criterion 1120.140 (a) – Reasonableness of Financing Arrangements**
- B) Criterion 1120.140 (b) – Terms of Debt Financing**

The permit holders stated *“This letter is provided as a response to Section 1120.140.b, and as an affirmation that, in the opinion of the applicants, the conditions of debt proposed to partially finance two projects proposed for Rockford Memorial Hospital's site located to the southeast of the intersection of I-90/39 and East Riverside Boulevard in Rockford Township, Winnebago County, Illinois, are reasonable. As of the filing of the required Certificate of Need applications, it is anticipated that approximately \$446,000,000 will be incurred through the issuance of bonds, with an anticipated interest rate of 4.96% and term of 30 years. It is the applicants' opinion that the combination of debt and equity financing identified in the CON applications represents the lowest net cost reasonably available to the permit holders at this time, and the most advantageous funding scenario available to the applicants.”* See page 59 of the Application for Permit #15-040. The financing appears reasonable and per the permit holder the financing will be at the lowest net cost available to the applicants.

- C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs**

The permit holder must document that the altered project costs are reasonable and do not exceed the approved permit amount.

Preplanning Costs are \$30,000. These costs remain unchanged from the approved permit amount and are less than 1% of the new construction, contingency and movable equipment. These costs are in compliance with the State Board Standard of 1.8%.

Site Survey Soil Investigation and Site Preparation Costs are \$90,000. These costs remain unchanged from the approved permit amount and are two percent (2.0%) of new construction and contingency. These costs are in compliance with the State Board Standard of five percent (5.0%).

Offsite Work Costs are \$2,863,456 and are \$150,000 less than the approved permit amount of \$2,846,506. The State Board does not have a standard for these costs.

New Construction and Contingency costs are \$2,083,403 and are \$235.23 per GSF. This appears reasonable when compared to the approved State Board Standard of \$242.49 per GSF.

Contingency Costs are \$99,210 and are 5% of construction costs of \$1,984,193. This appears reasonable when compared to the approved State Board Standard of 10%.

Architectural/Engineering Fees are \$165,000. These costs remain unchanged from the approved permit amount and are 3.64% and in compliance with the approved State Board Standard of 7.36-11.06%.

Consulting and Other Fees are \$442,395 and remain unchanged from the approved permit amount. The State Board does not have a standard for these costs.

Movable Equipment costs are \$2,447,711 an increase of \$215,000 from \$2,232,711. The State Board does not have a standard for these costs.

Bond Issuance Expense is \$69,084 a decrease of \$6,669 from \$75,753. The State Board does not have a standard for these costs.

Net Interest During Construction is \$924,953 a decrease of \$89,293 from \$1,014,246. The State Board does not have a standard for these costs.

THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS

TABLE FOUR
Project Costs and Sources of Funds

	Approved Permit			Alteration Proposal			Difference			% Difference
	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total	Reviewable	Non Reviewable	Total	
Preplanning	\$30,000	\$245,000	\$275,000	\$30,000	\$245,000	\$275,000	\$0	\$0	\$0	0.00%
Site Survey and Soil Investigation	\$10,000	\$20,000	\$30,000	\$10,000	\$20,000	\$30,000	\$0	\$0	\$0	0.00%
Site Preparation	\$80,000	\$705,000	\$785,000	\$80,000	\$705,000	\$785,000	\$0	\$0	\$0	0.00%
Off Site Work	\$2,846,506	\$22,343,810	\$25,190,316	\$2,863,456	\$22,476,860	\$25,340,316	\$16,950	\$133,050	\$150,000	0.60%
New Construction Contracts	\$1,764,193	\$13,837,906	\$15,602,099	\$1,984,193	\$17,257,545	\$19,241,738	\$220,000	\$3,419,639	\$3,639,639	23.33%
Contingencies	\$88,210	\$691,895	\$780,105	\$99,210	\$828,774	\$927,984	\$11,000	\$136,879	\$147,879	18.96%
Architectural and Engineering Fees	\$165,000	\$1,025,600	\$1,190,600	\$165,000	\$1,025,600	\$1,190,600	\$0	\$0	\$0	0.00%
Consulting and Other Fees	\$442,395	\$3,487,005	\$3,929,400	\$442,395	\$3,487,005	\$3,929,400	\$0	\$0	\$0	0.00%
Movable and Other Equipment	\$2,232,711	\$8,930,842	\$11,163,553	\$2,447,711	\$9,219,642	\$11,667,353	\$215,000	\$288,800	\$503,800	4.51%
Bond Issuance Expense	\$75,753	\$594,192	\$669,945	\$69,084	\$600,861	\$669,945	(\$6,669)	\$6,669	\$0	0.00%
Net Interest Expense During Construction	\$1,014,246	\$7,955,499	\$8,969,745	\$924,953	\$8,044,792	\$8,969,745	(\$89,293)	\$89,293	\$0	0.00%
Total Use of Funds	\$8,749,014	\$59,836,749	\$68,585,763	\$9,116,002	\$63,911,079	\$73,027,081	\$366,988	\$4,074,330	\$4,441,318	6.48%
Sources of Funds										
Cash and Securities	\$1,950,000	\$13,050,000	\$15,000,000	\$1,950,000	\$13,050,000	\$15,000,000	\$0	\$0	\$0	0.00%
Bond Issues	\$6,799,013	\$46,786,750	\$53,585,763	\$7,166,022	\$50,861,079	\$58,027,101	\$367,009	\$4,074,329	\$4,441,338	8.29%
Total Sources of Funds	\$8,749,013	\$59,836,750	\$68,585,763	\$9,116,022	\$63,911,079	\$73,027,101	\$367,009	\$4,074,329	\$4,441,338	6.48%

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SEP 02 2016

HEALTH FACILITIES &
SERVICES REVIEW BOARD

August 30, 2016

Ms. Courtney Avery
Administrator
Illinois Health Facilities and
Services Review Board
525 West Jefferson
Springfield, IL 62761

RE: Request for Alteration of Permit
Rockford Memorial Hospital-Riverside
Boulevard Campus Medical Clinics Building
Permit 15-040

Dear Ms. Avery:

On November 17, 2015 the Illinois Health Facilities and Services Review Board ("IHFSRB") approved by an 8-0-1 vote the establishment of a medical clinics building ("MCB") adjacent to Rockford Memorial Hospital-Riverside Boulevard Campus ("RMH-Riverside") in Rockford Township. The proposed alteration addressed in this letter and accompanying documents addresses the provision of two ultrasound units, adds square footage to three non-reviewable areas, and increases the project's cost. The requested ultrasound units will improve patient access to this largely-outpatient diagnostic modality; and the changes to square footage are a result of the post-CON approval planning process.

The proposed alteration is consistent with the limitations placed on alterations in Section 1130.750, and, to the best of our knowledge, consistent with all applicable review criteria

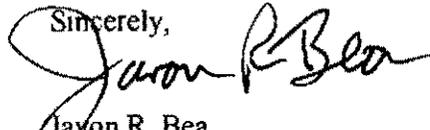
Enclosed are revised versions of the following Sections and Attachments:

- Section I, Project Costs and Sources of Funds

- Section VIII, Availability of Funds
- ATTACHMENT 9, Cost Space Requirements
- ATTACHMENT 14, Size of Project (ultrasound)
- ATTACHMENT 15, Project Services Utilization (ultrasound)
- ATTACHMENT 34, Non-Categories of Service (ultrasound)
- ATTACHMENT 39, Reasonableness of Project and Related Costs

Should any additional information be required, or should you have any questions relating to this alteration request, please contact Jack Axel at 847/776-7101 or jacobmaxel@msn.com.

Sincerely,



Jayon R. Bea

President and Chief Executive Officer

enclosures

PROJECT COST AND SOURCES OF FUNDS

	Reviewable	Non-Reviewable	TOTAL
Project Cost:			
Preplanning Costs	\$ 30,000	\$ 245,000	\$ 275,000
Site Survey and Soil Investigation	10,000	20,000	30,000
Site Preparation	80,000	705,000	785,000
Off Site Work	2,863,456	22,476,860	25,340,316
New Construction Contracts	1,984,193	17,257,545	19,241,738
Modernization Contracts			
Contingencies	99,210	828,774	927,984
Architectural/Engineering Fees	165,000	1,025,600	1,190,600
Consulting and Other Fees	442,395	3,487,005	3,929,400
Movable and Other Equipment (not in construction contracts)	2,447,711	9,219,642	11,163,553
Bond Issuance Expense (project related)	69,084	600,861	669,945
Net Interest Expense During Construction Period	924,953	8,044,792	8,969,745
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized			
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	\$ 9,116,002	\$ 63,911,079	\$ 73,027,081
Sources of Funds:			
Cash and Securities	\$ 1,950,000	\$ 13,050,000	\$ 15,000,000
Pledges			
Gifts and Bequests			
Bond Issues (project related)	\$ 7,166,002	\$ 50,861,079	\$ 58,027,081
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 9,116,002	\$ 63,911,079	\$ 73,027,081

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:

_ \$15,000,000 _	a)	Cash and Securities - statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <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;
_____	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.
_____	c)	Gifts and Bequests - verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
_ \$58,027,081 _	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: <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.
_____	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;
_____	f)	Grants - a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources - verification of the amount and type of any other funds that will be used for the project.
\$73,027,081	TOTAL FUNDS AVAILABLE	

APPEND DOCUMENTATION AS ATTACHMENT 36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

SIZE OF PROJECT

The medical clinics building project, as proposed through this alteration request, will have only one area with an IHFSRB-adopted space standard, ultrasound. Two ultrasound units will be located in the medical clinics building, with 880 dgsf being allocated to the service, consistent with the space standard as identified in the table below.

DEPARTMENT/SERVICE	PROPOSED DGSF	STATE STANDARD	DIFFERENCE	MET STANDARD?
Ultrasound	880	1,800	-920	YES

PROJECT SERVICES UTILIZATION

The proposed alteration involves only one clinical service having an IDPH-adopted utilization. That service is ultrasound, and two units are proposed to be provided.

Dept./ Service	2014	PROJECTED UTILIZATION*		STATE STANDARD	MET STANDARD?
	Historical Utilization* (Patient Days) (TREATMENTS)	YEAR 1	YEAR 2		
Ultrasound	10,227	3,000	4,400	3,101	YES

CLINICAL AREAS OTHER THAN CATEGORIES OF SERVICE

Rockford Memorial Hospital-Riverside Boulevard Campus Medical Clinics Building will provide only one clinical area that is not identified by IDPH as a category of service, but which has a target utilization level identified in Section 1110, APPENDIX B.

Through the proposed alteration, the Permit holders request approval to locate two ultrasound units in the medical clinics building. (The elimination of one approved ultrasound unit from the hospital project has been requested through a separate alteration request.) Please refer to ATTACHMENT 15, for an identification of proposed utilization.

ATTACHMENT 34

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	A	B	C	D	E	F	G	H	Total
	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$	Modernization \$	Costs
	New	Mod.	New	Circ.	Mod.	Circ.	(A x C)	(B x E)	(G + H)
Reviewable									
Diagnostic Testing	\$ 221.16		5,695				\$ 1,259,506		\$ 1,259,506
Ultrasound	\$ 250.00		880				\$ 220,000		\$ 220,000
Infusion Therapy	\$ 221.16		2,282				\$ 504,687		\$ 504,687
			8,857				\$ 1,984,193		\$ 1,984,193
contingency	\$ 11.20						\$ 99,210		\$ 99,210
							\$ 2,083,403		\$ 2,083,403
Non-Reviewable									
Physicians' Offices	\$ 225.00		39,405				\$ 8,866,125		\$ 8,866,125
Staff Areas	\$ 190.00		3,115				\$ 591,850		\$ 591,850
Public Areas & Circulation	\$ 216.60		19,423				\$ 4,207,022		\$ 4,207,022
Conference Center	\$ 220.00		2,064				\$ 454,080		\$ 454,080
Administration	\$ 220.00		2,444				\$ 537,680		\$ 537,680
Medical Staff	\$ 220.00		2,366				\$ 520,520		\$ 520,520
Mechanical	\$ 200.00		6,991				\$ 1,398,200		\$ 1,398,200
			75,808				\$ 16,575,477		\$ 16,575,477
contingency	\$ 10.93						\$ 828,774		\$ 828,774
							\$ 17,404,251		\$ 17,404,251
DGSF>>BGSF							\$ 682,068		\$ 682,068
							\$ 18,086,319		\$ 18,086,319
PROJECT TOTAL	\$ 238.23		84,665				\$ 20,169,722		\$ 20,169,722