



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET NO:	BOARD MEETING: June 24, 2025	PROJECT NO: 25-009	PROJECT COST: Original: \$34,190,180
FACILITY NAME: TARGET Health Cooperative Partnership Medical Clinics Building		CITY: Chicago	
TYPE OF PROJECT: Non-substantive			HSA: VI

PROJECT DESCRIPTION: The Applicant (The Board of Trustees of the University of Illinois) proposes establishing a three-story Medical Office Building (MOB) at 5525 South Pulaski Road, Chicago. The expected completion date is December 31, 2026, and the estimated project cost is \$34,190,818.

Information regarding this Application for a Permit can be found at this link:

<https://hfsrb.illinois.gov/project.25-009.html>

UI Health Medical Office Building



EXECUTIVE SUMMARY

PROJECT DESCRIPTION:

- The Applicant (the Board of Trustees of the University of Illinois) proposes establishing a three-story MOB at 5525 South Pulaski Road, Chicago. The Applicant will modernize and repurpose a previously closed medical office building operated by Mercy Hospital and Medical Center, which was closed in 2021. The expected completion date is December 31, 2026, and the estimated project cost is \$34,190,818.
- This is the second Application for a Permit for this project. The State Board approved the original Permit #22-007 on March 15, 2022, for \$19,866,732, with an original completion date of March 1, 2023.

WHY THE PROJECT IS BEFORE THE STATE BOARD:

- The project is before the State Board because the project exceeds the capital expenditure minimum of \$17,252,704.

PURPOSE OF THE PROJECT:

- The Applicant states: *“This project aims to improve access to healthcare services for a largely financially disadvantaged Latino population residing on the southwest side of Chicago.”*

PUBLIC HEARING/COMMENT:

- A public hearing was offered but was not requested. No letters of support or opposition were submitted regarding this project.

SUMMARY:

- This project was initially approved as Permit #22-007. The Applicant acquired an existing MOB at 5525 South Pulaski Avenue, Chicago, that was formerly owned by Mercy Hospital and Medical Center.
- On January 14, 2025, the State Board was notified that the Board of Trustees of the University of Illinois was relinquishing Permit #22-007. The Applicant informed the State Board that they had been awarded a second grant to fund expanded dental and other services at the MOB, which would increase the cost of Permit #22-007 above the allowable 7% increase.
- Funding for this project is being provided through two grants from the Illinois Department of Healthcare and Family Services (IDHFS) to the TARGET Health Cooperative ("**Transforming the Gage Park/West Elston Community Through Partnership**"), which is led by UI Health and includes as partners Alivio Medical Center, Friend Family Health Center, and UI Health's Mile Square Health Center, each of which is a federally qualified health center (FQHC) operating in the area. The initial grant was for \$17,272,028, and the second was for \$6,544,000 to address the project's capital costs.
- The proposed modernization project appears to return the Medical Office Building to operational standards and restore accessible health care to the community.
- The Applicant has addressed 10 criteria and failed to meet the following.

Criterion	Non-Compliant
77 Ill. Adm. Code 1120.140 (c) – Reasonableness or Project Costs	<u>Modernization and Contingencies</u>—These costs total \$6,067,520, or \$318.69 GSF (\$6,067,520/19,039=\$318.69). This appears high compared to the State Board Standard of \$218.10/GSF. State Board Staff Notes: Modernizing an MOB in Chicago can cost \$200 to \$400 per square foot, with factors like building size, complexity of renovations, and materials used significantly influencing the final price.



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STATE BOARD STAFF REPORT

Project #25-009

TARGET Health Cooperative Partnership Medical Clinics Building

APPLICATION/SUMMARY CHRONOLOGY	
Applicant(s)	The Board of Trustees of the University of Illinois
Facility Name	TARGET Health Cooperative Partnership Medical Clinics Building
Location	5525 South Pulaski Road, Chicago
Permit Holder	The Board of Trustees of the University of Illinois
Operating Entity/Licensee	Target Health Cooperative Partnership
Owner of Site	The Board of Trustees of the University of Illinois
Gross Square Feet	29,700 GSF (16,725 clinical) (12,975 non-clinical)
Application Received	February 14, 2025
Application Deemed Complete	February 14, 2022
Anticipated Completion Date	December 31, 2026
Review Period Ends	April 15, 2025
Review Period Extended by the State Board Staff?	No
Can the Applicant request a deferral?	Yes

I. Project Description

The Applicant (the Board of Trustees of the University of Illinois) proposes establishing a three-story MOB at 5525 South Pulaski Road, Chicago. The Applicant will modernize and repurpose a previously closed MOB operated by Mercy Hospital and Medical Center, which was closed in 2021. The expected completion date is December 31, 2026, and the estimated project cost is \$34,190,818.

II. Summary of Findings

- A. State Board Staff finds the proposed project is in conformance with all relevant provisions of Part 1110 (77 Ill. Adm. Code 1110).
- B. State Board Staff finds that the proposed project does not conform to all relevant provisions of Part 1120 (77 Ill. Adm. Code 1120).

III. General Information

The Applicant is the University of Illinois Board of Trustees. The Board consists of 13 members, 11 of whom have official votes. The Governor appoints nine for terms of six years, and three student trustees (one from each university: Urbana-Champaign, Chicago, and Springfield) are elected by referenda on their campuses for one-year terms. One of these student trustees is appointed by the Governor to have an official vote. The Governor serves as an ex-officio member.

The Applicant acquired an existing MOB located at 5525 South Pulaski Avenue, Chicago, that was formerly owned by Mercy Hospital and Medical Center and served as outpatient services operated by the Hospital.

Funding for this project is being provided through two grants from the Illinois Department of Healthcare and Family Services to the TARGET Health Cooperative ("**Transforming the Gage Park/West Elston Community Through Partnership**"), which is led by UI Health (University of Illinois Hospital and Health Sciences) and includes as partners Alivio Medical Center, Friend Family Health Center, and UI Health's Mile Square Health Center, each of which is an FQHC operating in the area. The initial grant was for \$17,272,028, and the second was for \$6,544,000 to address the project's capital costs. The site is owned by the University of Illinois Board of Trustees. The proposal is a non-substantive project subject to a Part 1110 and Part 1120 review.

According to the Applicant, the MOB became operational in February 2022. The UI Health specialty and care coordination services were initiated in February 2022; immediate care services were commenced in July 2022; behavioral health services were initiated in September 2022; radiology services began in April 2023; rehabilitation services were initiated in September 2023, and limited dental services will commence in September 2025. The Applicant states that during the 12-months ending January 17, 2025, nearly 38,000 patient visits were provided. The outpatient services offered at the MOB include the following:

• cardiology • colorectal surgery • dermatology • endocrinology • ENT • general surgery • genetics • internal medicine • nephrology • neurology	• ophthalmology • orthopedics • pediatric cardiology • pediatric endocrinology • pediatric hematology • pulmonary medicine • rheumatology • women's health • wound care
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Addition to Project

The services anticipated to be provided upon completing this project that were not included in the original project (#22-007) are the following: orthopedics, rheumatology, dermatology, ENT, genetics, wound care, and sports medicine. In addition, numerous facility-related issues that either were discovered during the initial renovation process or were deemed too expensive to undertake are being included in this project, including replacement of the HVAC system, parking lot improvements, window repairs, ADA modifications, vent system improvements and the installation of a new roof. The number of exam rooms has increased from 15 to 26. The surgical specialties noted in the application will be limited to pre- and post-op visits. No surgery will be performed in the building. An ASTC is not included in the project because, according to the Applicant, the

cost associated with the establishment of an ASTC and the space requirements made the inclusion of an ASTC impractical. In addition, the surgeons seeing patients in the surgical specialty clinics have access to the (nearby) U of I Medical Center.

Among the **specialty clinics** to be provided are:

- cardiology • colorectal surgery • dermatology • endocrinology • ENT • general surgery • genetics • internal medicine • nephrology • neurology • ophthalmology • orthopedics • pediatric cardiology • pediatric endocrinology • pediatric hematology • pulmonary medicine • rheumatology • women's health • wound care

IV. **Health Service Area**

The proposed MOB is in HSA VI (the City of Chicago), and the A-02 Hospital Planning Area (HPA). The A-02 HPA includes the City of Chicago Community Areas of Humboldt Park, West Town, Austin, West Garfield Park, East Garfield Park, Near West Side, North Lawndale, South Lawndale, Lower West Side, Loop, Armour Square, McKinley Park, and Bridgeport.

The State Board projects less than 1% decrease in the total population in the A-02 HPA by 2026 but an increase of 21% in the over 65+ population (see Table One).

TABLE ONE							
A-02 Hospital Planning Area Population Projections							
Year	Total	0-14	15-44	45-64	65-74	75+	65+
2021	591,140	95,350	309,410	123,350	40,020	23,000	63,020
2026	589,070	85,620	306,730	120,700	43,100	32,920	76,020
Difference	-2,070	-9,730	-2,680	-2,650	3,080	9,920	13,000
%	-0.35%	-10.20%	-0.87%	-2.15%	7.70%	43.13%	20.63%
Source: State of Illinois Demographer							

V. **UI Health University of Illinois Hospital and Health Services**

UI Health is in Chicago and in the the A-02 HPA. Over six years (2018-2023), the Hospital averaged 24% Medicare patients, 38% Medicaid, 36% Private insurance, and approximately 2% charity care.

TABLE TWO
UI Health University of Illinois Hospital and Health Services
2023 Utilization

	Authorized Beds	Staff Beds	Admit	Days	OB Days	ALOS	ADC	Occupancy	Standard Met
Medical Surgical	240	240	10,091	70,763	7,413	7.8	214.2	89.25%	Yes
Pediatric	20	20	388	2,800	640	8.9	9.4	47.00%	No
Intensive Care	65	61	2,603	18,811	0	7.2	51.5	79.3%	Yes
OB	45	36	2,101	4,839	174	2.4	13.7	30.44%	No
Neonatal	30	30	548	4,844	0	8.8	13.3	44.2%	No
AMI	50	38	562	12,363	0	21.2	33.9	67.70%	No
	450	425	16,293	114,420	8,227				

TABLE THREE
UI Health University of Illinois Hospital and Health Services
Medicare Cost Report

	2018	2019	2020	2021	2022	2023
Total Patient Revenue	\$2,508,152,761	\$2,708,305,535	\$2,646,287,527	\$2,839,423,391	\$3,229,885,887	\$3,631,026,907
Contractual Allowances	\$1,787,070,980	\$1,948,333,476	\$1,866,272,869	\$1,997,254,385	\$2,220,098,298	\$2,489,057,195
Net Patient Revenue	\$721,081,781	\$759,972,059	\$780,014,658	\$842,169,006	\$1,009,787,389	\$1,141,969,712
Operating Expenses	\$1,087,737,760	\$1,025,908,827	\$1,123,713,149	\$1,320,838,657	\$1,310,114,810	\$1,282,834,089
Net Income from Patient Services ⁽¹⁾	-\$366,655,979	-\$265,936,768	-\$343,698,491	-\$478,669,651	-\$300,327,421	-\$140,864,377
Other Income	\$428,657,251	\$299,595,456	\$350,724,679	\$553,096,117	\$363,671,349	\$106,776,807
Other Expense	\$656,800	\$0	\$0	\$0	\$22,835,206	\$31,000,000
Net Income	\$61,344,472	\$33,658,688	\$7,026,188	\$74,426,431	\$40,508,722	\$75,776,807
Operating Margin	-50.85%	-34.99%	-44.06%	-56.84%	-29.74%	-12.34%

1. Operating Margin = Net Income from Patient Services ÷ Net Patient Revenue

V. Project Uses and Sources of Funds

The Applicant will modernize 29,700 GSF of existing space for the MOB (16,725 GSF clinical/12,975 non-clinical). The project cost (\$34,190,818) will be funded through cash and securities (\$10,374,790) and an IDHFS grant (\$23,816,028) (see Table Four).

TABLE FOUR
Project Costs and Sources of Funds

Permit #22-007				Permit #25-009			
Project Uses	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	Difference
Preplanning Costs	\$120,000	\$25,000	\$145,000	\$101,500	\$43,500	\$145,000	\$0
Site Preparation	\$75,000	\$50,000	\$125,000	\$297,500	\$127,500	\$425,000	\$300,000
Modernization Contracts	\$1,463,860	\$965,585	\$2,429,445	\$5,686,740	\$2,375,665	\$8,062,405	\$5,632,960
Contingencies	\$167,250	\$129,750	\$297,000	\$380,780	\$213,220	\$594,000	\$297,000
Architectural & Engineering Fees	\$146,800	\$98,500	\$245,300	\$455,064	\$194,166	\$649,230	\$403,930
Consulting and Other Fees	\$360,672	\$92,798	\$453,470	\$427,000	\$183,000	\$610,000	\$156,530
Movable or Other Equipment	\$5,251,618	\$456,662	\$5,708,280	\$7,249,310	\$1,279,290	\$8,528,600	\$2,820,320
Other Costs to be Capitalized	\$2,984,716	\$891,538	\$3,876,254	\$5,802,720	\$2,486,880	\$8,289,600	\$4,413,346
Acquisition of Building/Other Property	\$5,071,977	\$1,515,006	\$6,586,983	\$4,820,888	\$2,066,095	\$6,886,983	\$300,000
Total Uses of Funds	\$15,641,893	\$4,224,839	\$19,866,732	\$25,221,502	\$8,969,316	\$34,190,818	\$14,324,086
Project Sources of Funds	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	Difference
Cash/Securities			\$4,866,732			\$10,374,790	\$5,508,058
Grants			\$15,000,000			\$23,816,028	\$8,816,028
Total Sources of Funds			\$19,866,732			\$34,190,818	\$14,324,086

VI. Background of the Applicant

A) Criterion 1110.110(a) – Background of the Applicant

An Applicant must demonstrate that he is fit, willing, and able, and have the qualifications, background, and character to provide a proper health care service for the community adequately.

The UI Health University of Illinois Hospital and Health Services has a two-star rating from the Medicare Care website. The Applicant is the Board of Trustees of the University of Illinois. The Applicant provided signed certification pages attesting that no adverse action was taken against facilities owned by the Applicant during the three (3) years before applying. The signed certification pages also contain authorization permitting the Illinois Health Facilities and Services Review Board and the Illinois Department of Public Health to access any documents necessary to verify information submitted. The authorization includes, but is not limited to, official records of IDPH or other State agencies, the licensing or certification records of different states, when applicable, and the records of nationally recognized accreditation organizations.

The Board of Trustees of the University of Illinois owns UI Health, University of Illinois Hospital, and Health Services. Per 210 Ill. Adm. Code 85/3(A)(2), it is not subject to the licensure requirements of the Illinois Hospital Licensure Act. The Hospital was established under the University of Illinois Hospital Act [110 ILCS 330] . The Applicant attests that the University of Illinois is exempt from providing a Certificate of Good Standing from the State of Illinois. Also, the Illinois Department of Public Health does not license MOB's. The TARGET Health Cooperative Partnership will direct the day-to-day operations, which the University of Illinois Physicians Group leads.

VI. Purpose of Project, Safety Net Impact Statement, and Alternatives

The following three (3) criteria are informational; no conclusion is being drawn about the adequacy of the information submitted.

A) Criterion 1110.110 (b) Purpose of the Project

To demonstrate compliance with this criterion, the Applicant must document that the project will provide health services that improve the health care or well-being of the market area population to be served.

The Applicant states: *“The proposed project aims to improve access to health care services for a large minority patient population residing on the southwest side of Chicago.”* The MOB, until 2021, housed a variety of outpatient services provided by Mercy Hospital and Medical Center. According to the Applicant, when the building was abandoned due to the sale of Mercy Hospital and Medical Center by Trinity Health, access to services in the area was greatly diminished, with the University of Illinois Medical Center becoming one of the most used sources of health care for the patient population previously relying on Mercy.

B) Criterion 1110.110 (c) - Safety Net Impact Statement

This is a non-substantive project, and a safety net impact statement is not required.

C) Criterion 1110.110 (d) - Alternatives to the Project

To demonstrate compliance with this criterion, the Applicant must document all alternatives to the proposed project that were considered.

The Applicant considered two alternatives regarding this project.

1) Construct a New Building in the Vicinity of the Proposed Project

The Applicant rejected this alternative because the cost of new construction would far outweigh the renovation cost of the existing MOB, regardless of the project size. While the Applicant notes similar outcomes related to associated costs, resident accessibility, and quality of care, the excessive cost related to this alternative was grounds for rejection.

2) Establish MOB On or Near the UI Medical Center Campus

The alternative was dismissed because it failed to provide the level of accessibility to medical services once known to the residents of the neighborhood where the project is located. While the Applicant notes similar operating costs and quality of care outcomes, a project near the UI Medical Center campus would diminish accessibility for the patient population. No project costs were identified with this alternative.

State Board Staff Notes: The Applicant considered two alternatives to the project: constructing a new building and locating the clinic building on a site closer to the UI Medical Center campus. According to the Applicant, formal construction cost estimates were not sought for either of these alternatives, with both believed to be inferior to the modernization project, which utilizes a building that another hospital had used as an outpatient center/MOB. While numerous (and often costly) repairs and needed upgrades were discovered during the initial modernization process, the Applicant believes that constructing a similarly sized building would exceed the costs incurred. In addition, the building's location is essential to the project's purpose, as it is easily accessible to its target patient population.

VII. Project Scope and Size, Utilization, and Assurances

A) Criterion 1110.120 (a) – Size of the Project

B) Criterion 1110.120 (b) – Projected Utilization

A) Size of Project

To demonstrate compliance with this criterion, the Applicant must document that the proposed project size complies with the State Board Standard in Part 1110 Appendix B.

The Applicant proposes to add four clinical services applicable to IHFSRB spatial standards: General Radiology, Mammography, CT, and Clinic/Exam Rooms. The three Imaging modalities also have applicable utilization standards. Table Five identifies the services/modalities, the proposed spatial allotment, and the appropriate State Board size

standards for each service. The Applicant will have 26 exam procedure rooms: five for urgent care, four for a dental clinic, and 17 shared rooms for several specialty clinics. The space addressed in this criterion appears to comply with the standards relevant to the proposed project.

TABLE FIVE				
Size of Project				
Service (# of Units)	Proposed DGSF	State Standard	Difference	Met Standard?
General Radiology (1)	870	1,300	(430)	Yes
Mammography (1)	885	900	(15)	Yes
CT (1)	1,300	1,800	(500)	Yes
Ultrasound	183	900	(717)	Yes
26 exam rooms ⁽¹⁾	NA	NA	NA	NA
1. No Standard				

B) Projected Utilization

To demonstrate compliance with this criterion, the Applicant must document that the facility will be at target occupancy as specified in Part 1100.

The proposed project seeks to establish a MOB, containing three Imaging modalities with utilization standards applicable to the IHFSRB regulation. The services are identified in Table Six with the projected utilization. Each identified modality will offer one service unit, automatically satisfying the minimum utilization requirement. It appears the Applicant has met the requirements of this criterion.

TABLE SIX			
Project Services Utilization			
Service (Units)	Historical Procedures	Projected Procedures	State Board Standard ⁽¹⁾
Mammography (1)	1,792	1,901	5,000 visits
CT (1)	2,596	2,755	7,000 visits
Ultrasound	2,044	2,169	3,100 visits
General Radiology	2,168	2,301	8,000 procedures
*Hours of Operation			
1. All Diagnostic and Treatment utilization numbers are the minimums per unit for establishing more than one unit, except those noted in 77 Ill. Adm.. Code 1100.			

VIII. Criterion 1110.270 - Clinical Service Areas Other than Categories of Service

A) Criterion 1110.270 (c) – Service Modernization

The applicant shall document that the proposed project meets one of the following:

1) Deteriorated Equipment or Facilities

The proposed project will result in the replacement of equipment or facilities that have deteriorated and need replacement. Documentation shall include, but is not limited to, historical utilization data, downtime or time spent out of service due to operational failures, upkeep and annual maintenance costs, and licensure or fire code deficiency citations involving the proposed project.

2) Necessary Expansion

The proposed project must expand diagnostic treatment, ancillary training, or other support services to meet patient service demands. Documentation shall include, but is not limited to, historical utilization data, evidence of changes in industry standards, changes in the scope of services offered, and licensure or fire code deficiency citations involving the proposed project.

A) Service Modernization

The Applicant proposes modernizing a MOB containing three fixed-site imaging modalities (CT, Mammography, and General Radiology), each offering one operational service unit. The Applicant identified a service area radius of four miles surrounding the proposed project site. There are 12 zip codes in the service area, with a reported population of 516,653 residents. UI Health is seven miles northeast of the proposed facility and has served as a primary provider of healthcare services to area residents.

In 2021, a survey was conducted of the MOB's physical plant, identifying the following deficiencies:

- Rooftop HVAC units need replacement.
- Numerous toilet rooms are not in compliance with ADA standards.
- Lack of an operating sprinkler/fire suppression system
- Parking lots need resurfacing.
- Cracks forming along floors.
- Holes in the walls surrounding pipes.
- Brick interior walls in disrepair
- Windows on the 1st floor in need of replacement
- Exterior doors in need of replacement
- Ceiling tiles in need of replacement on the first floor and lower level
- Carpeting in need of replacement

The proposed modernization project appears to return the MOB to clinical and operational standards and restore accessible health care to the community. The Applicant has successfully addressed this criterion.

IX. Financial Viability

A) Criterion 1120.120 - Availability of Funds

B) Criterion 1120.130 – Financial Viability

To demonstrate compliance with these criteria, the Applicant must document sufficient cash to fund the proposed project and that the Applicant is financially viable.

The Applicant is funding this project with cash/securities totaling \$10,374,790 and grants from the Illinois Department of Healthcare and Family Services totaling \$23,816,028. The Applicant has supplied proof of an “A” or better rating from S&P Global Ratings and Moody’s. The Applicant has qualified for the financial waiver with the “A” or better bond rating. The Applicant has met these two criteria.

S&P Global Ratings stated the following:

The 'A' rating reflects our opinion of:

- *University of Illinois Health Services Facilities System status as an essential service provider in the system's primary service area (PSA) and an improving position in the competitive Chicagoland market:*
- *Continued clinical support from the University of Illinois, which operates one of the largest medical schools in the nation based on the number of students.*
- *Healthy financial performance, which benefits from financial support from the state, with minimal reliance on agency nurses over the last couple of years, generating solid MADS coverage and*
- *Additional bond security from the University of Illinois College of Medicine's tuition and faculty practice plan revenue.*

Partially offsetting the above strengths, in S&P’s view, are:

- *Continued light days cash on hand for the rating, with potentially higher continued capital spending over the next few years:*
- *The payer mix is skewed toward governmental payers, including a high reliance on Medicaid and some reliance on disproportionate share funds. Dependency on these funds remains a risk, especially during budgetary pressures.*
- *Reliance on the state of Illinois to continue to support payment of pension and other post-employment benefit (OPEB) expenses and appropriations, and*
- *Competitive service area with several large and clinically strong academic medical centers and health systems.*

TABLE SEVEN		
University of Illinois Health Facilities Services System		
Years ended June 2024 and 2023		
Audited Information		
	2024	2023
Cash	\$442,336,298	\$410,746,635
Current Assets	\$669,920,270	\$605,974,794
Total Assets	\$1,184,509,844	\$1,114,679,518
Current Liabilities	\$228,264,197	\$198,043,881
LTD	\$259,089,807	\$276,322,347
Total Liabilities	\$487,658,263	\$371,260,522
Net Patient Revenue	\$1,226,803,692	\$1,141,969,712
Total Revenues	\$1,309,745,117	\$1,221,631,584
Income from Operations	-\$100,902,543	-\$52,924,112
Net Income	\$56,883,964	\$74,993,578
Source: University of Illinois Health Facilities Services System 2024 and 2023 Audits		

X Economic Feasibility

A) Criterion 1120.140(a) – Reasonableness of Financial Arrangements

B) Criterion 1120.140(b) – Terms of Debt Financing

To demonstrate compliance with this criterion, the Applicant must document the terms of the debt financing and attest that the funding will be at the lowest cost available to the Applicant.

There is no debt associated with this project. These criteria do not apply to this project.

C) Criterion 1120.140(c) – Reasonableness of Project Costs

To demonstrate compliance with this criterion, the Applicant must document that the project costs are reasonable by meeting the State Board Standards in Part 1120 Appendix A.

Only clinical costs are reviewed using this criterion.

Pre-Planning Costs – These costs total \$101,500, or less than 1% of modernization, contingencies, and equipment costs (\$13,316,830). This appears to conform to the State Board standard of 1.8%.

Site Preparation – These costs total \$297,500, or 4.90% of modernization and contingency costs (\$6,067,520). This appears to comply with the State Board standard of 5.0%.

Modernization and Contingencies—These costs total \$6,067,520, or \$318.69 per GSF (\$6,067,520/19,039=\$318.69). This appears high compared to the State Board Standard of \$218.10/GSF.

Contingencies—These costs total \$380,780, or 6.70% of modernization costs (\$5,686,740). This appears reasonable compared to the State Board Standard of 10%-15%.

Architectural and Engineering Fees/Modernization—These costs total \$455,064, or 7.5% of modernization and contingencies (\$6,067,520). These costs appear reasonable compared to the State Board Standard of 6.54%—9.82%.

The State Board does have standards for these costs.

Consulting and Other Fees	\$427,000
Movable or Other Equipment	\$7,249,310
Other Costs to be Capitalized	\$5,802,720
Acquisition of Building/Other Property	\$4,820,888

The Applicant is compliant with the requirements of this criterion. Thus, a positive finding results.

D) Criterion 1120.140(d) – Projected Operating Costs

The Applicant projects \$39.67 in operating expenses per unit during its second year of service (2026). The Board does not have a standard for this criterion.

E) Criterion 1120.140(e) – Effect of the Project on Capital Costs

The Applicant is projecting no capital costs per patient encounter. The Board does not have a standard for this criterion.

TABLE EIGHT

Project Costs

Project Costs			
Preplanning Costs		Movable Equipment	
building evaluation	\$115,000	telehealth	\$1,140,000
Environmental eval.	\$10,000	EMR	\$600,000
Other misc.	\$20,000	imaging	\$3,260,400
	\$145,000		\$5,000,400
Site Preparations		Specialty Clinics	
parking resurfacing	\$349,000	dental clinics	\$316,100
exterior lighting	\$18,000	echocardiology	\$323,300
exterior signage	\$18,000	PT/OTs	\$150,000
Other misc.	\$40,000	IT	\$600,000
	\$425,000	communications system	\$300,000
Architectural & Engineering		furniture	\$350,000
Phase 2 design	\$454,461	Misc./other	\$200,000
Phase 1 design	\$127,249		\$2,239,400
Other misc.	\$67,520	Other Costs to be Capitalized	
	\$649,230	HVAC replacement	\$3,294,000
Consulting and Other Fees		sprinkler system	\$840,000
project management	\$375,000	plumbing system	\$517,200
equipment planning	\$60,000	Roof top repairs/replacement	\$3,638,400
legal	\$60,000		\$8,289,600
Bldg. commissioning	\$25,000	Acquisition of Building	
printing	\$15,000	\$6,386,983	
Other misc.	\$75,000	Acquisition of a Parking Lot	
	\$610,000	\$500,000	

TABLE NINE		
Cost Space Chart		
Reviewable	Costs	DGSF
Mammography	\$1,336,740	885
General Radiology	\$1,488,069	870
CT	\$2,396,043	1,300
Ultrasound	\$353,101	183
Urgent Care	\$2,396,043	1,690
Dental	\$1,790,727	1,449
Behavioral Health	\$252,215	187
Care Coordination	\$428,766	360
Lab	\$731,424	530
Echocardiology	\$428,766	295
Specialty Clinics	\$10,794,903	7,810
PT/OT	\$2,824,808	3,480
Total	\$25,221,605	19,039
Non-Reviewable	Costs	DGSF
General Storage	\$950,747	1,123
Community Education	\$959,717	1,058
Staff Areas	\$941,778	1,038
Patient Registration	\$484,343	517
Mechanical Areas	\$1,139,103	1,512
Administrative	\$502,282	430
Lobbies	\$2,089,851	2,466
Public Areas	\$1,659,323	2,200
Housekeeping	\$206,294	275
Security	\$35,877	42
Total Non-Reviewable	\$8,969,315	10,661
Total	\$34,190,818	29,700

The map displays the location of TARGET Medical Center at 5525 S Pulaski Rd, Chicago, IL 60629. The map shows a grid of streets with major thoroughfares highlighted in yellow. Key landmarks include Midway Airport to the west, Forest View to the northwest, and various parks such as Archer Park, Strohecker Park, City Park, Marquette Park, and Lindblom Park. Major highways like I-55, I-54, and I-55 are shown in the top left corner. The map also includes a scale bar at the bottom right indicating distances from 0 to 2 miles.