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10-089

January 21, 2011

RECEIVED

Courtney R. Avery, Administrator Illinois Health Facilities and Services Review Board 100 W. Randolph St. Chicago, IL 60601

HEALTH FACILITIES & SERVICES REVIEW BOARD

Dear Ms. Avery,

As you are aware, Mercy Health System submitted a CON application to build a new hospital in Crystal Lake, III. That application was deemed complete on January 12.

In the process of reviewing our application we noted some minor calculation errors. After a phone discussion with Mike Constantino of your office, he advised us to submit corrected pages of these minor technical errors to your office for inclusion in our application. Please see enclosed.

We thank you for your cooperation and look forward to working with you and your staff during this application process.

Sincerely

Dan Colby, Vice President

cc: Mike Constantino

enc.

ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD APPLICATION FOR PERMIT

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification
Facility Name: Mercy Crystal Lake Hospital and Medical Center, Inc.
Street Address: SE Corner of State Rte 31 & Three Oaks Road
City and Zip Code: Crystal Lake, IL 60014
County: McHenry Health Service Area: 8 Health Planning Area: A-10
Applicant /Co-Applicant Identification
[Provide for each co-applicant [refer to Part 1130.220].
I toriación dans de applicant para
Exact Legal Name: Mercy Crystal Lake Hospital and Medical Center, Inc.
Address: 2000 Lake Avenue, Woodstock, IL 60098
Name of Registered Agent: Herbert Franks
Name of Chief Executive Officer: Javon R. Bea
CEO Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6112
Type of Ownership of Applicant/Co-Applicant
Dadaesebin
Non-profit Corporation □ Partnership □ Governmental □ Governmental
Limited Liability Company
 Corporations and limited liability companies must provide an Illinois certificate of good standing.
learning to the manufacture the name of the state in which organized and the name and address 0
each partner specifying whether each is a general or limited partner.
each parties specifying whother each is a game at a same a p
APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE
APPEND DOCUMENTATION AS ATTACHMENT IN NUMERIC SEGGENTIAL ORDER AT THE TOTAL APPLICATION FORM.
A FLOW HOLF CAME
Primary Contact
[Person to receive all correspondence or inquiries during the review period]
Name: Dan Colby
Title: Vice President
Company Name: Mercy Health System Corporation, Inc.
Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6123
E-mail Address: dcolby@mhsjvl.org
Fax Number: 608-756-6236
Additional Contact
[Person who is also authorized to discuss the application for permit]
Name: Richard H. Gruber
Title: Vice President
Company Name: Mercy Health System Corporation, Inc.
Address: 1000 Mineral Point Avenue, Janesville, WI 53548
Telephone Number: 608-756-6112
E-mail Address: rgruber@mhsjvl.org
Fax Number: 608-756-6236

Narrative Description

Provide in the space below, a brief narrative description of the project. Explain WHAT is to be done in State Board defined terms, NOT WHY it is being done. If the project site does NOT have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The applicants, Mercy Alliance, Inc. and Mercy Crystal Lake Hospital and Medical Center, Inc., an Illinois corporation, is requesting the Illinois Health Facilities and Services Review Board approve the establishment of a 128-bed hospital with adjoining facilities for a multi-specialty physician clinic in Crystal Lake, Illinois. The clinic space will include physician offices, treatment rooms, and support space.

The breakdown of beds is as follows:

Medical/Surgical	100
Obstetric	20
ICU	8

Total beds: \$121,073,128 The estimated value of the construction contract is:

\$199,344,433 Total project cost is estimated to be:

128

264,934 Hospital square footage: 88,826 Clinic square footage:

353.760 Total square footage of the entire project:

There is no physical address for the project site as of this date. The site is a 16-acre plot located on the east side of Illinois State Route 31 between Three Oaks Road and Raymond Road. The subject property is legally described as follows:

The North 1464.54 feet of the West 580.14 feet of the Southeast Quarter of Section 10 (exception therefrom that part taken for State Route 31 and Three Oaks Road), all in Township 43 North, Range 8 East of the Third Principal Meridian in McHenry County, Illinois.

The Parcel contains approximately 16.71 acres.

The project is substantial because it proposes the establishment of a new facility.

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	\$45,000		\$45,000
Site Preparation	\$4,300,000		\$4,300,000
Off Site Work	\$300,000		\$300,000
New Construction Contracts	\$121,832,908		\$121,832,908
Modernization Contracts			
Contingencies	\$10,298,998		\$10,298,998
Architectural/Engineering Fees	\$9,137,468		\$9,137,468
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	\$36,549,872		\$36,549,872
Bond Issuance Expense (project related)	\$11,000,000		\$11,000,000
Net Interest Expense During Construction (project related)	\$970,000		\$970,000
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	\$4,910,187		\$4,910,645
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$199,344,433		\$199,344,433
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities			\$29,344,433
Pledges .			
Gifts and Bequests			
Bond Issues (project related)			\$170,000,000
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS			\$199,344,433

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

Cost Space Requirements

Provide in the following format, the department/area DGSF or the building/area BGSF and cost. The type of gross square footage, either DGSF or BGSF, must be identified. 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.

		Gross Square Feet		Amount o	f Proposed Tota That Is	l Gross Sqւ ։	are Feet
Dept. / Area	Cost	Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE		_					
Medical Surgical	\$19,775,680		61,799	61,799			
Intensive Care	\$1,689,996		3,894	3,894		-	
Diagnostic Radiology	\$3,881,296		9,752	9,752			
MRI	\$1,610,565		3,405	3,405			
All Other Clinical	\$36,683,526		101,203	101,203			
Total Clinical	\$65,641,063		180,083	180,083			
NON-REVIEWABLE							
Administrative	\$1,613,375		6,079	6,079			
Parking	\$1,897,500						
Gift Shop	\$93,875		750	750			
All Other Non-Clinical	\$16,243,660		78,052	78,052			
Total Non-clinical	\$19,848,410		84,881	84,881			
OTHER							
Physician Clinic	\$20,207,936		88,826	88,826			
Sitework/Landscaping	\$4,300,000						
Design/Estimating Contingency and Other Construction	\$89,347,024			<u> </u>			
TOTAL	\$199,344,433		353,760	353,760			

APPEND DOCUMENTATION AS ATTACHMENT-9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Square Footage Summary

Mercy Crystal Lake Medical Center

					Space Sumi All Departn	
PACE REQUIREMENTS						
Room Name	Total DGSF	\$/SF	\$	Comments		
OHP Reviewable Areas						
1 Med/Surg Unit	61,799	\$320	\$19,775,680			
2 ICU	3,894	\$434	\$1,689,996			
3 Obsetrics	15,685	\$320	\$5,019,200			
4 Newborn Nursery	3,635	315	1,145,025			
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330			
6 Emergency	9,368	\$330	\$3,091,440			
7 Laboratory	4,878	\$398	\$1,941,444			
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296			
9 MRI	3,405	\$473	\$1,610,565			
10 Cath Labs	6,729	\$423	\$2,846,367			
11 Central Processing	4,250	\$406	\$1,725,500			
12 Surgical Suite	19,550	\$498	\$9,735,900			
13 Recovery	5,224	\$320	\$1,671,680			
14 Outpatient Surgery	13,663	\$320	\$4,372,160			
15 Dietary	8,724	\$473	\$4,126,452			
16 Pharmacy	1,698	\$291	\$494,118			
17 Respiratory Therapy	1,290	\$315	\$406,350			
18 Cardiac Rehabilitation	1,203	\$320	\$384,960			
19 Physical Therapy	2,355	\$320	\$753,600			
20 Occupational Therapy	450	\$320	\$144,000			
HP Non Reviewable Areas	_		00.007.000			
21 Building Systems	11,748	\$250	\$2,937,000			
22 Administration	6,829	\$250	\$1,707,250			
23 Public Circulation	23,755	\$225	\$5,344,875			
24 Materials Management	2,840	\$220	\$624,800			
25 Building Support	6,251	\$215	\$1,343,965			
26 Employee Facilities	5,110	\$216	\$1,103,760			
27 Medical Library	1,150	\$224	\$257,600			
28 Housekeeping	3,531	\$220	\$776,820			
29 Laundry Holding	1,661	\$200	\$332,200			
30 Morgue	288	\$224	\$64,512		•	
31 Medical Records	5,500	\$224	\$1,232,000			
32 Dining	5,460	\$310	\$1,692,600			
33 Yard Storage	500	\$185	\$92,500			
34 Human Resources	836	\$220	\$183,920			
35 Marketing	2,310	\$220	\$508,200			
36 Meeting Rooms	2,525	\$220	\$555,500			
37 Sleep Studies	1,313	\$280	\$367,640			
38 Ambulance Garage	1,024	\$157	\$160,768			
39 Canopies	2,250	\$250	\$562,500			
- Company	264,934	\$298	\$85,489,473			
ubtotal Hospital DGSF	. 201,400	V		•		•
hysician Clinic Summary	Total DGSF					
Department Name	5,726	\$220	\$1,259,720			
1 Building Systems	12,264	\$224	\$2,747,136			
2 Medical Records		\$230	\$5,383,840			
3 Waiting	23,408		\$957,600			
4 Public Circulation	4,560	\$210				
5 Physician Offices	42,868	\$230	\$9,859,640	<u> </u>		
otal Clinic DGSF	88,826	\$223	\$20,207,936			_
otal Hospital and Clinic DGSF	353,760	\$290	\$105,697,409			
Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000			
Landscaping (Allowance)	1	\$300,000	\$300,000			
Subtotal			\$4,300,000			

Attachment 7: Project Costs and Sources of Funds

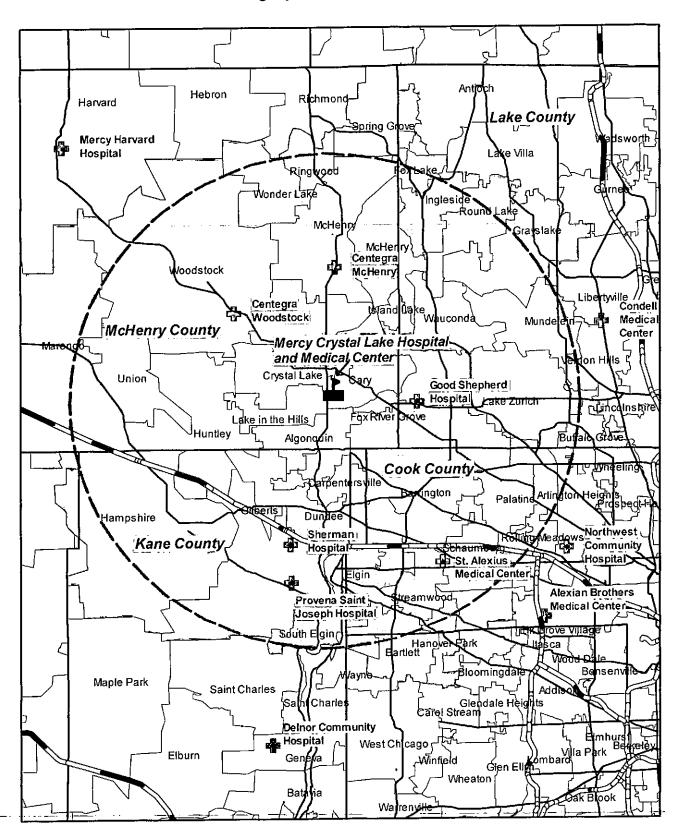
			Space Summary All Departments
SPACE REQUIREMENTS			·
Design and Estimating Contingency	10%	\$11,075,719	
Total Estimated Construction Cost		\$121,073,128	
A/E Design Services FFE Telecommunications Project Soft Cost	7% 40% 5% 5%	\$8,048,891 \$48,429,251 \$6,053,656 \$6,053,656	
Subtotal		\$189,658,583	
Escalation	8%	\$9,685,850	
Total Estimated Project Cost		\$199,344,433	e de la companya de l
Alternate Construction Cost Calculation	Unit Cost/U	nit Cost	
(# of Beds) x (\$1 M / Bed) Clinic Building Site/Infrastructure Cost Soft Cost (30% of Construction Cost) Financing (80% of Costs @ 8%)	Unit Cost/U 128 \$1,000,00 1 \$26,000,00 1 \$4,000,00 1 \$47,400,00 1 \$13,145,60	\$128,000,000 \$28,000,000 \$4,000,000 \$47,400,000	
Total Estimated Project Cost		\$218,545,600	The second secon

Space Summary

epartmental Summary					
Room Name	Total DGSF	\$/SF	\$	Comments	
HP Reviewable Areas			* ====		
1 Med/Surg Unit	61,799	\$320	\$19,775,680		
2 ICU	3,894	\$434	\$1,689,996		
3 Obsetrics	15,685	\$320	\$5,019,200		
4 Newborn Nursery	3,635	315	1,145,025	•	
5 Labor-Delivery-Recovery Rooms	2,501	\$330	\$825,330		
6 Emergency	9,368	\$330	\$3,091,440		
7 Laboratory	4,878	\$398	\$1,941,444		
8 Imaging (Diagnostic Radiology)	9,752	\$398	\$3,881,296		
9 MRI	3,405	\$473	\$1,610,565		
10 Cath Labs	6,729	\$423	\$2,846,367		
11 Central Processing	. 4,250	\$406	\$1,725,500		
12 Surgical Suite	19,550	\$498	\$9,735,900		
13 Recovery	5,224	\$320	\$1,671,680		
14 Outpatient Surgery	13,663	\$320	\$4,372,160		
15 Dietary	8,724	\$473	\$4,126,452		
16 Pharmacy	1,698	\$291	\$494,118		
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18 Cardiac Rehabilitation	1,203	\$320	\$384,960		
19 Physical Therapy	2,355	\$320	\$753,600		
20 Occupational Therapy	450	\$320	\$144,000		
20 Occupational Metapy	,,,,	*	•		
IP Non Reviewable Areas					
	11,748	\$250	\$2,937,000		
21 Building Systems	6,829	\$250	\$1,707,250		
22 Administration	23,755	\$225	\$5,344,875		
23 Public Circulation	2,840	\$220	\$624,800		
24 Materials Management	•	\$215	\$1,343,965		
25 Building Support	6,251	\$216	\$1,103,760		
26 Employee Facilities	5,110	\$216 \$224	\$257,600		
27 Medical Library	1,150	-			
28 Housekeeping	3,531	\$220	\$776,820		
29 Laundry Holding	1,661	\$200	\$332,200		
30 Morgue	288	\$224	\$64,512		
31 Medical Records	5,500	\$224	\$1,232,000		
32 Dining	5,460	\$310	\$1,692,600		
33 Yard Storage	500	\$185	\$92,500		
34 Human Resources	836	\$220	\$183,920		
35 Marketing	2,310	\$220	\$508,200		
36 Meeting Rooms	2,525	\$220	\$555,500		
37 Sleep Studies	1,313	\$280	\$367,640		
38 Ambulance Garage	1,024	\$157	\$160,768		
39 Canopies	2,250	\$250	\$562,500		
	204.024	\$298	\$85,489,473		
ototal Hospital DGSF	264,934	4290	\$00,409,413		
ysician Clinic Summary					
Department Name	Total DGSF				
1 Building Systems	5,726	\$220	\$1,259,720		-
2 Medical Records	12,264	\$224	\$2,747,136		
	23,408	\$230	\$5,383,840		
3 Waiting		\$210	\$957,600		
4 Public Circulation	4,560		\$957,600 \$9,859,640		
5 Physician Offices	42,868	\$230	\$9,008,040		
al Cilnic DGSF	88,826	\$223	\$20,207,936	•	
at Hospital and Clinic DGSF	353,760	\$290	\$105,697,409	•	
Sitework (Included in bldg \$/SF)	1	\$4,000,000	\$4,000,000		
Landscaping (Allowance)	1	\$300,000	\$300,000		
Subtotal			\$4,300,000		

				Space Summary All Departments
SPACE REQUIREMENTS				
Design and Estimating Contingency	10%	\$11,075,719		
Total Estimated Construction Cost		\$121,073,128		
A/E Design Services FFE Telecommunications Project Soft Cost	7% 40% 5% 5%	\$8,048,891 \$48,429,251 \$6,053,656 \$6,053,656		
Subtotal		\$189,658,583		
Escalation	8%	\$9,685,850		
Total Estimated Project Cost	in a part of the first of the contract of the	\$199,344,433	enger of the control	
Alternate Construction Cost Calculation	Unit Cost/Unit 128 \$1,000,000	Cost \$128,000,000		
(# of Beds) x (\$1 M / Bed) Clinic Building	1 \$26,000,000	\$26,000,000		
Site/Infrastructure Cost	1 \$4,000,000	\$4,000,000		
Soft Cost (30% of Construction Cost) Financing (80% of Costs @ 8%)	1 \$47,400,000 1 \$13,145,600	\$47,400,000 \$13,145,600		•
Total Estimated Project Cost		\$218,545,600	en e	

Mercy Crystal Lake Hospital and Medical Center Geographical Service Area



Attachment 12: Purpose of Project

Size of Project:

The total new hospital square footage is proposed to be 264,934. Looking specifically at the departmental itemization in Attachment 14 there are only three (3) department whose proposed square footage do not meet the state standards.

The obstetrics department of 20 beds is planned for a total area of 15,685 square feet which is over the state standard by 124 square feet per bed. This variance is based on private room usage with a semi-separated spouse sleeping area to allow patient requested guest quarters

Post Anesthesia Recovery Phase I is a mere 81 square feet over the state standard per recovery station to allow for additional monitoring equipment.

Overall, department square footage is below state standards for this project.

Corrected Page

	SIZE OF PROJEC	CT	See Attachment 14 for detail		
Department/Service	Proposed BGSF/DGSF	State Standard	Difference	Met Standard?	
ACUTE CARE				Yes	
Medical-Surgical, Pediatric, Obstetric & Long-Term Acute Care Service	100 Med-Surg beds at 61,799 sq. ft. 618 dgsf/bed	500-660 dgsf/bed	In range		
	20 OB beds at 15,685 sq. ft. 784 dgsf/bed	500-660 dgsf/bed	+124 sq. ft.	No	
Newborn Nursery (includes Level I, Level II, and Level II+ with extended neonatal capabilities)	20 OB beds at 3,635 sq. ft. 182 dgsf/OB bed	160/OB + LDRP bed	+22 sq. ft.	No	
Labor Delivery Recovery (LDR)	2 rooms at 2,501 sq. ft. 1,251 dgsf/room	1120-1600 dgsf/room	In range	Yes	
CRITICAL CARE				N	
Intensive Care Service	8 beds at 3,894 sq. ft. 487 dgsf/bed	600-685 dgsf/bed	(113 sq. ft.)	No	
DIAGNOSTIC AND TREATMENT					
Diagnostic/Interventional Radiology (Excludes portables & mobile equipment/Utilization)					
General Radiology	2 units at 1,408 sq. ft. 704 dgsf/unit	1,300 dgsf/unit	(596 sq. ft.)	Yes	
Fluoroscopy/Tomography/ Other X-ray Procedures	4 units at 3,166 sq. ft. 792 dgsf/unit	1,300 dgsf/unit	(509 sq. ft.)	Yes	
Mammography	2 units at 885 sq. ft. 443 dgsf/unit	900 dgsf/unit	(457 sq. ft.)	Yes	
Ultrasound	1 unit at 884 sq. ft. 884 dgsf/unit	900 dgsf/unit	(16 sq. ft.)	Yes	
Angiography (Special Procedures)	1 unit at 1,576 sq. ft. 1,576 dgsf/unit	1,800 dsgf/unit	(224 sq. ft.)	Yes	
CT Scan	1 unit at 1,775 sq. ft. 1,775 dgsf/unit	1,800 dsgf/unit	(25 sq. ft.)	Yes	
• MRI	1 unit at 1,775 sq. ft. 1,775 dgsf/unit	1,800 dgsf/unit	(25 sq. ft.)	Yes	
Nuclear Medicine	1 unit at 1,088 sq. ft. 1,088 dgsf/unit	1,600 dgsf/unit	(512 sq. ft.)	Yes	
Emergency Department	11 stations at 9,368 sq. ft. 852 dgsf/station	900 dgsf/treatment station	(48 sq. ft.)	Yes	
Surgical Operating Suite (Class C)	8 rooms at 2,300 sq. ft. 2,538 dgsf/room	2,750 dgsf/operating room	(213 sq. ft.)	Yes	
Surgical Procedure Suite (Class B)	2 rooms at 1,950 sq. ft. 975 dgsf/room	1,100 dgsf/procedure room	(125 sq. ft.)	Yes	
Post-Anesthesia Recovery Phase I	20 stations at 5,224 sq. ft. 261 dgsf/station	180 dgsf/recovery station	81 sq. ft.	No	
Post-Anesthesia Recovery Phase II	40 stations at 13,663 342 dgsf/station	400 dgsf/recovery station	(58 sq. ft.)	Yes	

Space Summary All Departments SPACE REQUIREMENTS Departmental Summary Total DGSF \$/SF Comments Room Name IDHP Reviewable Areas 61,799 \$320 \$19,775,680 1 Med/Surg Unit \$1,689,996 \$434 3,894 2 ICU \$5,019,200 \$320 15,685 3 Obsetrics 315 1,145,025 3,635 4 Newborn Nursery \$330 \$825,330 2,501 5 Labor-Delivery-Recovery Rooms \$3,091,440 9,368 \$330 6 Emergency \$398 \$1,941,444 4,878 7 Laboratory \$3,881,296 \$398 9,752 8 Imaging (Diagnostic Radiology) \$473 \$1,610,565 3,405 9 MRI \$2,846,367 6,729 \$423 10 Cath Labs \$406 \$1,725,500 4,250 11 Central Processing \$498 \$9,735,900 19,550 12 Surgical Suite \$1,671,680 5,224 \$320 13 Recovery \$320 \$4,372,160 13,663 14 Outpatient Surgery \$473 \$4,126,452 8,724 15 Dietary \$494,118 \$291 1,698 16 Pharmacy \$408,350 1,290 \$315 17 Respiratory Therapy \$384,960 1,203 \$320 18 Cardiac Rehabilitation \$320 \$753,600 2,355 19 Physical Therapy \$144,000 450 \$320 20 Occupational Therapy IDHP Non Reviewable Areas \$2,937,000 \$250 11,748 21 Building Systems \$1,707,250 6,829 \$250 22 Administration \$5,344,875 23,755 \$225 23 Public Circulation \$624,800 \$220 2,840 24 Materials Management \$1,343,965 6,251 \$215 25 Building Support \$216 \$1,103,760 5,110 26 Employee Facilities \$257,600 \$224 1,150 27 Medical Library \$776,820 3,531 \$220 28 Housekeeping 1,661 \$200 \$332,200 29 Laundry Holding \$64,512 \$224 288 30 Morgue \$1,232,000 5,500 \$224 31 Medical Records \$1,692,600 \$310 5,460 32 Dining \$92,500 500 \$185 33 Yard Storage \$183,920 \$220 836 34 Human Resources \$508,200 2,310 \$220 35 Marketing \$555,500 \$220 2,525 36 Meeting Rooms \$367,640 1,313 \$280 37 Sleep Studies \$157 \$160,768 1,024 38 Ambulance Garage \$562,500 2,250 \$250 39 Canopies \$85,489,473 \$298 264,934 Subtotal Hospital DGSF Physician Clinic Summary Total DGSF Department Name \$1,259,720 \$220 5.726 1 Building Systems \$2,747,136 12,264 \$224 2 Medical Records \$230 \$5,383,840 23,408 3 Waiting \$957,600 4,560 \$210 4 Public Circulation \$230 \$9,859,640 42,868 5 Physician Offices \$223 \$20,207,936 88,826 Total Clinic DGSF \$290 \$105,697,409 353,760 Total Hospital and Clinic DGSF \$4,000,000 \$4,000,000 Sitework (Included in bldg \$/SF) \$300,000 \$300,000 Landscaping (Allowance) \$4,300,000 Subtotal

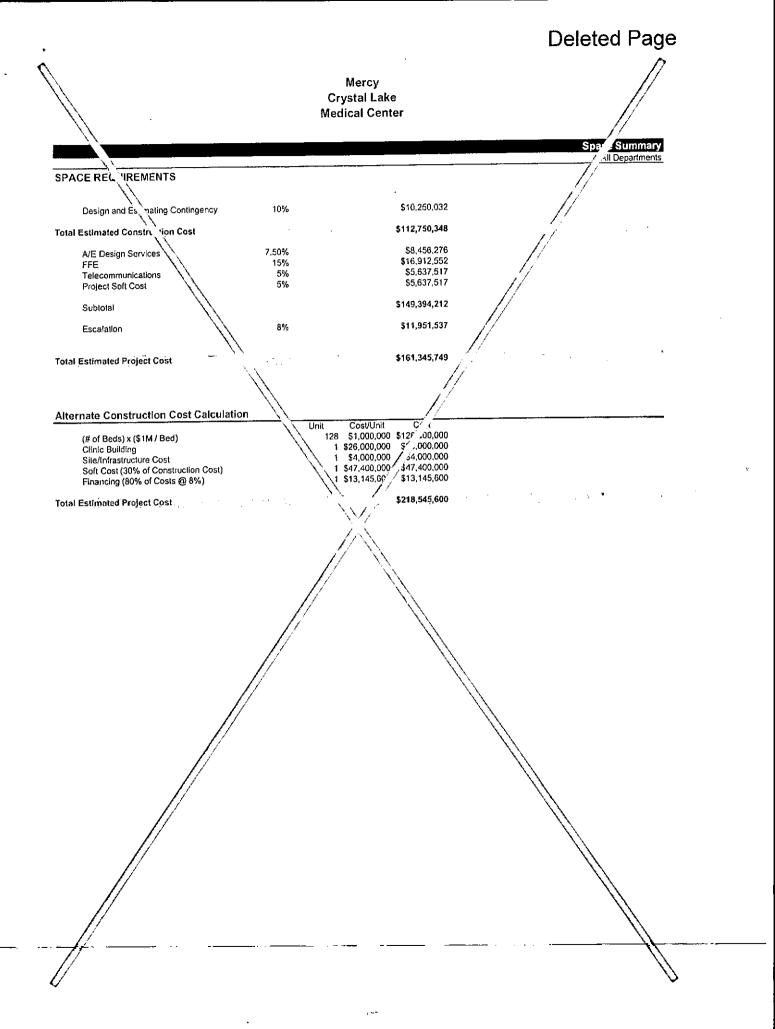
Attachment 14: Size of Project

__\$109,997,409

-Subtotal with-Allowances----

					Space Summary
SPACE REQUIREMENTS					All Departments
Design and Estimating Contingency	10%		\$11,075,719		
Total Estimated Construction Cost			\$121,073,128	. • • •	
A/E Design Services FFE Telecommunications Project Soft Cost	7% 40% 5% 5%		\$8,048,891 \$48,429,251 \$6,053,656 \$6,053,656		
Subtotal			\$189,658,583		
Escalation	8%		\$9,685,850		
Total Estimated Project Cost	gga tropped to		\$199,344,433	n need of decrease of the second of the seco	and the second s
Alternate Construction Cost Calculation	11-5	C-ntfl toit	Cort		
(# of Beds) x (\$1 M / Bed) Clinic Building Site/Infrastructure Cost Soft Cost (30% of Construction Cost) Financing (80% of Costs @ 8%)	1 1 1	Cost/Unit \$1,000,000 \$26,000,000 \$4,000,000 \$47,400,000 \$13,145,600	Cost \$128,000,000 \$26,000,000 \$4,000,000 \$47,400,000 \$13,145,600		
Total Estimated Project Cost			\$218,545,600		

Page							S ace Summar All Department
Room Name	SPACE REGUIREMENTS					/.	7
Simple S	Departmental S. mary						
Letter Surger Letter Surger Letter L		Total DGSF	S/SF	\$	Comments	//	
2 CUJ 3.884	\ \	61 700	taca	¢17 303 748	ı		
3 Observing							
4 Newborn Nursery 5 Labor-Delivery-Recovery Ro. s 5 Labor-Delivery-Recovery Ro. s 6 Emergency 9,368 S330 \$3,091,506 7 Laboratery 1 Agrill Signature 9,368 S330 \$3,091,506 9 MRI S300 \$3,000,000 9 MRI S300,000 9 MRI S300						H	
S. Labor-Delivery-Recovery Ro. 2,501 \$330 \$505			\$280	\$1,693,230)	[[
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14 Outpatient Surgery				\$1,551,3P	7		
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18 Cardiac Rehabilitation 1,203 \$288 \$346,579 \$349 \$240 \$2	16 Pharmacy						
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Medical/Surgical, Obstetric, Pediatric, and Intensive Care

b1. Planning Area Need:

Planning area Need:

A) The applicants, Mercy Crystal Lake Hospital and Medical Center, Inc., and Mercy Alliance, Inc., propose to construct a new hospital with the bed composition listed below. Although this is not a conformance with the projected bed deficit specified in 77 III. Adm. Code 1100 (as reflected in the latest updates to the inventory for Plan Area A-10), the applicants believe the project will address a current maldistribution of services and population increases projected in the geographic service area.

Category of Service	Proposed Beds	Revised Bed Need	Beds in Excess of
	•	12/17/09	Deficit
Medical/Surgical	100	69	+31
Obstetric	20	21	-1
Intensive Care	8	8	0
TOTAL	128	98	+30

B) Currently all Hospital beds are located in the north and central areas of McHenry County. However the greatest population density in the County is in the southeast corner of the County, specifically, Crystal Lake. That is the primary reason the applicant proposes to build in Crystal Lake. By doing so, patients in that area are provided easier and quicker access. EMS services are provided faster route times, patients and families have less travel for services and visiting, and patients and providers finally have a choice of hospital services.

These reasons are especially necessary given the high historical population growth in McHenry County and the projected high population growth for the County and specifically this service area. As stated before, McHenry County is projected to grow 8.7% in the next five years alone with continued high growth thereafter

b2. Service to Planning Area Residents:

With respect to area studies, as set forth previously in this application, McHenry County's population continues to grow at an significant rate. Moreover, current estimates demonstrate that McHenry County has a deficit of 49.9 physicians as of March 2010.¹ This includes an estimate of a 29.4 FTE shortage in the area of primary care physicians and the balance in specialty care. This is consistent with the national experience. Both the Council on Graduate Medical Education and the American Medical Association recognize a current physician shortage in the U.S. that will worsen over the next several years. The operational model utilized by the applicant has been implemented effectively to recruit and retain needed physicians. Accordingly, the population and service use factors indicate that the county can support the Project, particularly because of he applicant's meeting the need for physicians.

With respect to need, the information discussed above demonstrates the need for physicians I McHenry County. If this need is addressed, the need for the facility will exist as the physicians will reduce the out-migration of services from McHenry County.

Attachment 20: Medical/Surgical, Obstetric, Pediatric, and Intensive Care

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¹ Thomson Healthcare (demand) – MarketPlanner Plus ratios (50% productivity model); Market Expert rations 2009 (national, population-based model)

With respect to the individuals who will use the project, a spreadsheet follows this page setting forth the calculated utilization of the facility by the 45 physicians at the Crystal lake site, from other employed physicians of the applicant, and through the emergency department. Calculations are based on the applicant's historical experience at its hospital facility in Janesville, Wisconsin, where the same integrated health delivery model is employed. That data show that, based upon the projected number of patient days generated, the 128 bed facility will operate at an overall occupancy of 90% by the second year of operation. The data also show that the projected occupancy for the med/surg, OB and ICU categories of service will be as follows:

Med/Surg 90.3% OB 75.1% ICU 60.0% Total 90.0%

b3. Service Demand - Projected Referrals:

Physician referral letters detailing each Mercy-employed physician's historical referrals by hospital and patients' zip code of residence, as well as their anticipated referrals to Mercy Crystal Lake Hospital and Medical Center, are included under Appendix 1.

b5. Service Accessibility:

The Applicant shall document that at least one of the following factors exist in the planning area:

With respect to area studies, as set forth previously in this application, McHenry County's population continues to grow at a significant rate. Moreover, current estimates demonstrate that With respect to service restrictions, the information discussed above demonstrates the need for physicians in McHenry County. If this need is addressed, the need for the facility will exist as the physicians will reduce the out-migration of services from McHenry County. According to reputable studies, McHenry County has a deficit of 49.9 physicians as of March 2010.² This includes an estimate of a 29.4 FTE shortage in the area of primary care physicians and the balance in specialty care. This is consistent with the national experience. Both the Council on Graduate Medical Education and the American Medical Association recognize a current physician shortage in the U.S. that will worsen over the next several years. The operational model utilized by the applicant has been implemented effectively to recruit and retain needed physicians.

With respect to Service Accessibility, the information discussed above demonstrates the need for physicians in McHenry County. If this need is addressed, the need for the facility will exist as the for the further reason that the physicians will reduce the out-migration of services from McHenry County.

Attachment 20: Medical/Surgical, Obstetric, Pediatric, and Intensive Care

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² Thomson Healthcare (demand) – MarketPlanner Plus ratios (50% productivity model); Market Expert rations 2009 (national, population-based model)

Projected Utilization

	Projected	State	Met
Department/Service	Utilization	Standard	Standard?
ACUTE CARE			\\\\\\\
Medical-Surgical, Pediatric,	Med-Surg 90.3%	Med/Surg - 90%	Yes
Obstetric & Long-Term	(32,975 patient days)	OB - 75%	Yes
Acute Care Service	OB 75.1%		res
(100 Med-Surg beds;	(5,480 patient days)		
20 OB beds)		400 history DD	Yes
Labor Delivery Recovery	2 rooms	400 births/LDR	res
(LDR) (2 rooms)	1,003 births	room	
ODITION OF DE	502 births/room		
CRITICAL CARE	000/	ICU - 60%	Yes
Intensive Care Service	60%	100 - 60%	165
(8 beds)	(1,752 patient days)		
DIAGNOSTIC AND			
TREATMENT			**
* Diagnostic/Interventional Radiology (Excludes			
portables & mobile			
equipment/Utilization)			
General Radiology (2)	17,518 procedures	8,000 procedures	Yes
Fluoroscopy/Tomography	6,538 procedures	6,500 procedures	Yes
/Other X-ray procedures	0,000 procedures	O,000 processing	
(includes Echo, Vascular,			
and Stress) (6)			
Mammography (2)	8,691 visits	5,000 visits	Yes
Ultra-Sound (1)	3,924 visits	3,100 visits	Yes
Angiography (Special	5,567 visits	1.800 visits	Yes
Procedures) (1)	0,000	'	
• CT Scan (1)	8,207 visits	7,000 visits	Yes
• MRI (1)	3,101 procedures	2,500 procedures	Yes
Nuclear Medicine (1)	2,905 visits	2,000 visits	Yes
Emergency Department	26,511 visits;	2,000 visits/station/	Yes
(12 stations)	2,209/station	year	
Surgical Operating Suite	12,118 hours;	1,500 hours/	Yes
(Class C) (8 ORs)	1,515 hours/OR	operating room	
Surgical Procedure Suite	3,664 hours	1,500 hours/	Yes
(Class B) (2 rooms)	1,832 hours/room	procedure room	

Conditions of Financing:

This Conditions of Financing Statement is submitted with the application of Mercy Crystal Lake Hospital and Medical Center, Inc. and Mercy Alliance, Inc. for a Certificate of Need to build a hospital in Crystal Lake, Illinois. The total cost of the project is anticipated to be \$199,344,433.

Mercy Alliance, Inc. has the ability to fund this project through traditional tax exempt bond financing. Bonds will be issued through the Illinois Financing Authority. Moody's A2 Stable rating assures a ready market for Mercy Alliance Bonds at low interest rates. Mercy Alliance anticipates funding \$170 million through a combination of fixed and variable rate bond issuances to achieve the best balance of low cost and limit interest rate risk. The average term of the bonds is expected to be 25 years. Approximately 50% of the debt will be financed with fixed rate bonds that are currently trading at historically low rates. The other 50% will be financed through variable rate demand bonds that will be supported by a bank letter of credit. Mercy Alliance has established letter of credit arrangements with highly rated banks assuring the bonds will trade at the lowest rates in the variable rate demand bond market. The lower interest rate on the variable rate demand bond issuance and the historically low fixed rate market will result in the lowest overall financing cost and limit interest rate risk. The remaining funds (approximately \$30 million) for the project will come from cash reserves.

I attest that this financing plan will result in the lowest net cost available.

Signed:

John Cook

Vice President and Chief Financial Officer

Mercy Alliance, Inc.

Signed before me in Rock County Wisconsin this 23rd day of December 2010.

Ralph Topinka

Notary Public, State of Wisconsin

My Commission is permanent.

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	Cost/Square Foot	re Foot Mod.	Gross Square Ft.	are Ft. Circ.*	Gross S Mod	Gross Square Ft. Mod. Circ.*	Const. \$	Mod.\$	Total Cost (G + H)
Hospital - All Departments					3			(1)	
IDPH Reviewable Areas									
1 Med/Surg Unit	\$320		61,799				\$19,775,680		\$19,775,680
2 ICU	\$434		3,894				\$1,689,996	_	\$1,689,996
3 Obsetrics	\$320		15,685				\$5,019,200		\$5,019,200
4 Newborn Nursery	\$315		3,635				\$1,145,025		\$1,145,025
5 Labor-Delivery-Recovery	4330		2 504				\$20E 330		GROE 330
6 Emergency	\$330		9,368				\$3.091.440		\$3.091.440
7 Laboratory	\$398		4,878				\$1,941,444		\$1,941,444
8 Imaging (Diagnostic	8398	:	9 752	İ			£3 881 206		43 881 29E
9 MRI	\$473		3,405				\$1,610,565		\$1,610,565
10 Cath Labs	\$423		6,729				\$2,846,367		\$2,846,367
11 Central Processing	\$406	<u> </u>	4,250				\$1,725,500		\$1,725,500
12 Surgical Suite	\$498		19,550				\$9,735,900		\$9,735,900
13 Recovery	\$320		5,224				\$1,671,680		\$1,671,680
14 Outpatient Surgery	\$320		13,663				\$4,372,160		\$4,372,160
15 Dietary	\$473		8,724				\$4,126,452		\$4,126,452
16 Pharmacy	\$291		1,698				\$494,118		\$494,118
17 Respiratory Therapy	\$315		1,290				\$406,350		\$406,350
18 Cardiac Rehabilitation	\$320		1,203				\$384,960		\$384,960
19 Physical Therapy	\$320		2,355				\$753,600		\$753,600
20 Occupational Therapy	\$320		450				\$144,000		\$144,000
IDPH Non Reviewable Areas									
21, Building Systems	\$250		11,748				\$2,937,000		\$2,937,000
22 Administration	\$250	į	6,829				\$1,707,250		\$1,707,250
23 Public Circulation	\$225		23,755				\$5,344,875		\$5,344,875
24 Materials Management	\$220		2,840				\$624,800		\$624,800
25 Building Support	\$215		6,251				\$1,343,965		\$1,343,965
26 Employee Facilities	\$216		5,110				\$1,103,760		\$1,103,760
27 Medical Library	\$224		1,150				\$257,600		\$257,600
28 Housekeeping	\$220	į	3,531				\$776,820		\$776,820

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

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• -	Cost/Squa	Square Foot	Gross Square Ft.	_	Gross Square Ft.	Const. \$	Mod.\$	Total Cost
	New	Mod.	New Circ.*		Circ.*	(A×C)	(B×E)	(G + H)
29 Laundry Holding	\$200		1,661			\$332,200		\$332,200
30 Morque	\$224		288			\$64,512		\$64,512
31 Medical Records	\$224		5,500			\$1,232,000		\$1,232,000
32 Dinina	\$310		5,460			\$1,692,600		\$1,692,600
33 Yard Storage	\$185		200			\$92,500		\$92,500
34 Human Resources	\$220		836			\$183,920		\$183,920
35 Marketing	\$220		2,310			\$508,200		\$508,200
36 Meeting Rooms	\$220	:	2,525			\$555,500		\$555,500
37 Sleep Studies	\$280		1,313			\$367,640		\$367,640
38 Ambulance Garage	\$157		1,024			\$160,768		\$160,768
39 Canopies	\$250		2,250			\$562,500		\$562,500
Subtotal Hospital DGSF	\$298		264,934			\$85,489,473		\$85,489,473
Clinic - All Departments								
1 Building Systems	\$220		5,726			\$1,259,720		\$1,259,720
2 Medical Records	\$224		12,264			\$2,747,136		\$2,747,136
3 Waiting	\$230		23,408			\$5,383,840		\$5,383,840
4 Public Circulation	\$210		4,560			\$957,600		\$957,600
5 Physician Offices	\$230		42,868			\$9,859,640		\$9,859,640
Total Clinic DGSF	\$223		88,826			\$20,207,936		\$20,207,936
Total Hospital and Clinic DGSF	\$290		353,760	 	i	\$105,697,409		\$105,697,409

* Overall circulation is 8%