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JUN 06 2013

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

June 5, 2013

Via Overnight Courier

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 W. Jefferson, Second Floor
Springfield, Illinois 62761

Re: Holy Family Villa ("HFV")
Project No. 12-003 (the "Project")
Alteration Request

Dear Ms. Avery:

This letter requests an alteration for the Holy Family Villa referenced above to increase Project cost. Holy Family Villa has not previously requested a permit alteration.

Status of Project

Holy Family Villa is a long term care facility in Palos Park administered by the Catholic Charities of the Archdiocese of Chicago. The Health Facilities and Services Review Board (the "Review Board") approved the Project on April 17, 2012 to add 30 skilled care beds to its existing 99 - bed complement. The Project has progressed steadily and remains in compliance with Permit approvals for scope and cost. The Project was timely obligated in December 7, 2012 and the Annual Progress Report was timely filed on May 14, 2013.

Holy Family Villa requests to increase Project costs by 7%. The increased construction costs are related various reasons, including ComEd's request to relocate utilities, requests by local government entities as part of the permitting cost, and certain other construction related costs. There is no change in the scope or size of the clinical.

Application Review Criteria

1. § 1120.120 Availability of Funds

This Project will continue to be financed solely from cash on hand, including the increased Projects costs. Audited financial statements submitted with the original application show the availability of funds both for the Project and for increased Projects costs. We note with gratitude

CATHOLIC CHARITIES *of the* ARCHDIOCESE *of* CHICAGO

Saint Vincent Center

721 North LaSalle Street Chicago, Illinois 60654

Telephone 312.655.7000 TDD 312.236.2800 Facsimile 312.654.0849

www.catholiccharities.net



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that much of this Project was made possible by Mrs. Marie Quinlan on her bequest to further a lasting ministry to seniors.

2. § 1120.130 Financial Viability

All projects costs will be paid from cash on hand and consequently this criterion does not apply.

3. § 1120.140(c) Reasonableness of Project Cost

The sole change requested in this permit alteration is to increase the project cost in various line items. Although the Contingency line item project will accommodate some of the additional costs, we will need to increase the permit amount to complete the Project. We are requesting a 7% increase, which will allow us to maintain \$188,008 in the Contingency line at this time to ensure compliance in completion of the Project. The cost increases for this Project are largely attributable to the following items:

A. Fire Protection and Related Expenses (\$283,385)

Although the facility is located in the Village of Palos Park, it is located in the Lemont Fire Protection District. The fire protection district required a number of additional items after the Project had received permits from the Village. These additions included adding sprinklers not required by IDPH, a temporary access road during construction for fire department access, additional water main and hydrant and other items. The temporary access road and additional water mains and hydrants are included in the off-site line item and the added sprinkler coverage is included in the construction cost. Architectural and engineering services for the redesign to implement these changes are included in A & E line items.

B. ComEd Relocation (\$91,979)

As part of the construction process we worked with ComEd regarding the location of ComEd's transformer and other equipment. ComEd originally approved drawings for its equipment. As part of a subsequent on-site visit ComEd required that the equipment be relocated. This relocation cost increased off-site work expense by \$91,979.



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C. MBE/WBE Compliance (\$52,961)

Catholic Charities was fortunate to obtain a grant from the State in connection with social services it provides to those in need. This grant became available after bids had been received. The ability of Catholic Charities to use any of these grant proceeds for this Project would be conditioned upon compliance with Minority Business Enterprise/Women Business Enterprise (MBE/WBE) requirements. To ensure full compliance with MBE/WBE requirements HFV sought new bids from subcontractors for some of the work to be performed. Construction of this Project will now comply with MBE/WBE requirements should Catholic Charities choose to use any of the grant funding in place of cash on hand. Rebidding this work resulted in bids coming in \$52,961 higher than the original bids.

D. Omitted Items (\$283,917)

In going to bid on the Project it was discovered that several items had been omitted in cost estimates for the permit application. In particular, it was discovered that window treatment for common areas and voice data communications were not included in architectural drawings. These items fell between the gaps as to what was prepared by the architects and what was included as costs to be paid outside the construction contract by HFV. Inclusion of these necessary items will increase costs at the following estimated costs:

Voice/data Communications	\$ 60,494
Window Treatments	154,880
Humidification	57,203
Fire Alarm System	<u>11,340</u>
Total	\$ 283,917

E. Bids Higher Than Expected (\$604,654)

Due to unexpected inflation costs for the project HFV had to incur an additional \$604,654 increase. This is mainly as a result of weather conditions, building energy efficiency, labor costs and rising construction costs due to subcontractor requests for additional information (RFI's) which caused revisions to the construction documents.



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4. § 1120.140 (e) Total Effect of the Project on Capital Costs

A revised pro forma showing Project cost per patient day as a result of this permit alteration is attached, although there is no review standard.

5. Changes to Non-Clinical Chapel Space

The original application including some renovation to the existing chapel at Holy Family Villa. The chapel is used not only by HFV residents, but many parishioners as their regular congregation. HFV has recently decided to expand the chapel space by 850 square feet to better accommodate accessibility and sight lines. Generous contributions from the local congregation may allow additional improvements such as stained glass windows. The non-clinical chapel space work has not yet been undertaken, but we wanted to notify you of this likely future change.

Conclusion

Included with this letter is check number 124235 in the amount of \$1,000.00 for the permit alteration fee. Please contact me or our CON Counsel Joe Ourth at 312/876-7815 with any questions in regard to this alteration request. Thank you for your assistance.

Sincerely,

Antwaun Smith
Project Manager

Enclosures

cc: Monsignor Michael Boland
John Ryan
Roberta Magurany
Trent Wilfinger
Joe Ourth

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			
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USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	131,561	1,000	132,561
Site Survey and Soil Investigation	70,000	1,000	71,000
Site Preparation	239,743	15,000	254,743
Off Site Work	667,815	N/A	667,815
New Construction Contracts	7,774,667	283,122	8,057,789
Modernization Contracts	290,402	N/A	290,402
Contingencies	188,008	28,312	216,319
Architectural/Engineering Fees	719,214	N/A	719,214
Consulting and Other Fees	257,460	N/A	257,460
Movable or Other Equipment (not in construction contracts)	581,627	N/A	581,627
Bond Issuance Expense (project related)	N/A	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	N/A	N/A	N/A
Other Costs To Be Capitalized	360,850	N/A	360,850
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	11,281,347	328,434	11,609,781
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	11,281,347	328,434	11,609,781
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	11,281,347	328,434	11,609,781

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 BREAKDOWNS - CON**B Site Survey and Soil Survey**

Wetland Delineation, report		\$ 9,406.00
Geotechnical Services (soil Borings)		\$ 9,632.00
Site Clean up		\$ 42,000.00
Brush clearing, tree removal and tree survey	The Care of Trees	\$ 9,962.00
		\$ 71,000.00

I Architectural and Engineering Fees

engineering	JNKA	\$ 543,920.00
Construction Drawing Revision	JNKA	\$ 21,729.12
ComEd Engineering Fee	JNKA	\$ 23,000.00
Extended Archetectural Fee	JNKA	\$ 45,000.00
Engineering Shop Drawings	Paul Borg Construction Co	\$ 85,564.88
		\$ 719,214.00

J Consulting and Other Fees

Interior Design		\$ 6,000.00
Landscape Architecture	Ciccarelli Landscaping	\$ 7,500.00
CON Preparation		\$ 65,000.00
CON filing fee		\$ 22,000.00
Civil Engineering Fees	Eriksson Engineering - George Dreger	\$ 15,000.00
Zoning & Permitting	Palos Park	\$ 127,910.00
Site/Civil Review Permitting Fees		\$ 4,850.00
Fire Review Fees	Lemont Fire Protection District	\$ 3,700.00
IDPH Plan Review	IDPH	\$ 5,500.00
		\$ 257,460.00

N Other Costs to be Capitalized

computers	Frank Burr - CC IT Department	\$ 32,850.00
Voice - Data Communication		\$ 60,494.00
Low Voltage work - Nurse call, egress securiy doors, installation	Datech Electric	\$ 267,506.00
		\$ 360,850.00

Holy Family Villa
Proposed 30 Bed Expansion
Operating Pro Forma

1st year operations w/gradual fill-up

	30 Bed Addition 1st Year	99 Bed Existing Facility	Total
Revenue			
Room & Board			
Public Pay	\$ 3,105,281	\$ 3,702,720	\$ 6,808,001
Private Pay	654,683	4,122,259	4,776,942
Other Income	-	98,400	98,400
Fundraising	-	195,000	195,000
Total Revenue	3,759,964	8,118,379	11,878,343
Payroll & Benefits			
Salaries	1,044,584	3,595,937	4,640,521
Taxes	90,357	347,091	437,448
Benefits	355,159	682,012	1,037,171
Total Compensation	1,490,099	4,625,041	6,115,140
Medical Services	1,544,063	823,600	2,367,663
Administration	-	303,170	303,170
Activities	8,866	35,405	44,271
Dietary	80,917	367,000	447,917
Laundry	3,547	26,500	30,047
Housekeeping	9,333	19,400	28,733
Environmental	27,000	64,000	91,000
Building & Grounds	10,800	310,100	320,900
Utilities	66,000	189,000	255,000
Interest	-	11,500	11,500
Depreciation	275,000	255,496	530,496
Liability Insurance (1%)	32,406	67,632	100,038
Admin & Support (7.9%)	280,294	560,730	841,024
Total Expenses	3,828,325	7,658,574	11,486,899
Net Surplus (Deficit)	(68,362)	459,805	391,444

full year operations at capacity

	30 Bed Addition Recurring Year	99 Bed Existing Facility	Total
Revenue			
Room & Board			
Public Pay	\$ 3,294,000	\$ 3,702,720	\$ 6,996,720
Private Pay	775,920	4,122,259	4,898,179
Other Income	-	98,400	98,400
Fundraising	-	195,000	195,000
Total Revenue	4,069,920	8,118,379	12,188,299
Payroll & Benefits			
Salaries	1,044,584	3,595,937	4,640,521
Taxes	90,357	347,091	437,448
Benefits	355,159	682,012	1,037,171
Total Compensation	1,490,099	4,625,041	6,115,140
Medical Services	1,647,000	823,600	2,470,600
Administration	-	303,170	303,170
Activities	9,736	35,405	45,141
Dietary	88,850	367,000	455,850
Laundry	3,894	26,500	30,394
Housekeeping	10,248	19,400	29,648
Environmental	27,000	64,000	91,000
Building & Grounds	10,800	310,100	320,900
Utilities	66,000	189,000	255,000
Interest	-	11,500	11,500
Depreciation	275,000	255,496	530,496
Liability Insurance (1%)	33,536	67,632	101,168
Admin & Support (7.9%)	289,311	560,730	850,041
Total Expenses	3,951,474	7,658,574	11,610,048
Net Surplus (Deficit)	118,446	459,805	578,251

Percentage of Revenue	-1.82%	5.66%	3.30%
Oper. Cost Per Patient Day	\$ 410.19	\$ 216.31	\$ 256.76
Capital Cost Per Patient Day	\$ 1,243.95	\$ 284.66	\$ 484.78

	2.91%	5.66%	4.74%
	\$ 385.58	\$ 216.31	\$ 254.31
	\$ 1,132.88	\$ 284.66	\$ 475.07

Catholic Charities of the Archdiocese of Chicago

Check Date: 4/4/2013
Check Number: 124235

To: ILLINOIS DEPARTMENT OF PUBLIC HEALTH Vendor ID: 1685827
525 W JEFFERSON

Invoice Number	Date	Description	Amount	Discount	Net Amount
3.26.13	3/25/2013	project application processing fee	\$1,000.00	\$0.00	\$1,000.00
		Totals:	\$1,000.00	\$0.00	\$1,000.00

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**CATHOLIC CHARITIES OF THE
ARCHDIOCESE OF CHICAGO**
721 NORTH LA SALLE DRIVE
CHICAGO, IL 60654
(312) 948-3201

Cole Taylor Bank
225 W. Washington
Chicago, IL 60606
234/710

CHECK DATE	CHECK NO.
4/4/2013	124235
CHECK AMOUNT	

PAY **One thousand and 00/100 Dollars**

\$** 1,000.00

TO
THE
ORDER
OF

ILLINOIS DEPARTMENT OF PUBLIC HEALTH
525 W JEFFERSON

Bank ID 5001

Void after six months

Mr. Michael H. Boland

AUTHORIZED SIGNATURE

12-003 Holy Family Villa

11 124235 1071000343 0692069033