Fresenius Medical Care

October 11, 2013

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

Re: Alteration, Permit #13-008, Fresenius Medical Care – Chicago Dialysis Center

Dear Ms. Avery:

I am writing to request an alteration of the above mentioned project which is for the relocation of the 21-station Chicago Dialysis Center to 11,000 GSF of leased space. The alteration relates to size and a reduction in project costs.

After receiving permit the applicant reviewed the proposed plans and decided that a space of 10,170 GSF will be suitable. This will account for a reduction of 830 GSF and a cost reduction of $475,092. Total revised cost of project will be $5,708,653. There are no other changes to the scope of the project.

The following pages are replacement pages for the original application that are related to this alteration. These include:

- Page 6 Project Costs and Sources of Funds
- Page 16 Availability of Funds
- Page 35-36 Attachment 7 - Cost Itemization
- Page 38 Attachment 9 - Cost Space Requirements
- Page 69 Attachment 14 – Size
- Page 114 Attachment 42 – Economic Feasibility

Enclosed is a check for $1000 to cover the alteration fee. Thank you for your consideration and please let me know if you require any additional information.

Sincerely,

Lori Wright

Lori Wright
Senior CON Specialist
Phone 708-498-9121

cc: Clare Ranalli

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	N/A	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A	N/A
Site Preparation	N/A	N/A	N/A
Off Site Work	N/A	N/A	N/A
New Construction Contracts	N/A	N/A	N/A
Modernization Contracts	1,606,860	N/A	1,606,860
Contingencies	152,550	N/A	152,550
Architectural/Engineering Fees	163,625	N/A	163,625
Consulting and Other Fees	N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)	398,600	N/A	398,600
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 3,095,443 or Equipment 343,775	3,439,218	N/A	3,439,218
Other Costs To Be Capitalized	N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A	N/A
TOTAL USES OF FUNDS	**5,760,853**	N/A	**5,760,853**
SOURCE OF FUNDS	**CLINICAL**	**NONCLINICAL**	**CLINICAL**
Cash and Securities	2,321,635	N/A	2,321,635
Pledges	N/A	N/A	N/A
Gifts and Bequests	N/A	N/A	N/A
Bond Issues (project related)	N/A	N/A	N/A
Mortgages	N/A	N/A	N/A
Leases (fair market value)	3,439,218	N/A	3,439,218
Governmental Appropriations	N/A	N/A	N/A
Grants	N/A	N/A	N/A
Other Funds and Sources	N/A	N/A	N/A
TOTAL SOURCES OF FUNDS	**5,760,853**	N/A	**5,760,853**

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

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:**

2,321,635	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: 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;
N/A	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.
N/A	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
3,439,218	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: 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.
N/A	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;
N/A	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
N/A	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
5,760,853	**TOTAL FUNDS AVAILABLE**	

SUMMARY OF PROJECT COSTS

Modernization Contracts

	78,779
Temp Facilities, Controls, Cleaning, Waste Management	3,260
Concrete	20,362
Masonry	24,250
Metal Fabrications	11,592
Carpentry	141,315
Thermal, Moisture & Fire Protection	28,150
Doors, Frames, Hardware, Glass & Glazing	110,110
Walls, Ceilings, Floors, Painting	259,236
Specialities	19,715
Casework, Fl Mats & Window Treatments	9,458
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	512,956
Wiring, Fire Alarm System, Lighting	309,237
Miscelleanous Construction Costs	78,440
Total	**1,606,860**

Contingencies

Contingencies **$152,550**

Architectural/Engineering

Architecture/Engineering Fees **$163,625**

Cost Itemization
ATTACHMENT - 7

Movable or Other Equipment

Dialysis Chairs	$32,000
Misc. Clinical Equipment	20,000
Clinical Furniture & Equipment	30,000
Office Equipment & Other Furniture	40,000
Water Treatment	140,000
TVs & Accessories	65,000
Telephones	18,000
Generator	30,000
Facility Automation	18,000
Other miscellaneous	5,600
Total	**$398,600**

Fair Market Value Leased Space & Equipment

FMV Leased Space	$3,095,443
FMV Leased Dialysis Machines	331,775
FMV Leased Computers, Fax, Copier	12,000
Total	**$3,439,218**

Cost Itemization
ATTACHMENT - 7

Cost Space Requirements

Provide in the following format, the department/area GSF and cost. 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 of Proposed Total Gross Square Feet That Is:			
Dept. / Area	**Cost**	**Existing**	**Proposed**	**New Const.**	**Modernized**	**As Is**	**Vacated Space**
REVIEWABLE							
In-Center Hemodialysis	5,760,853		10,170		10,170		
Total Clinical	5,760,853		10,170		10,170		
NON REVIEWABLE							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
TOTAL	5,760,853		10,170		10,170		

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

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	**PROPOSED BGSF/DGSF**	**STATE STANDARD**	**DIFFERENCE**	**MET STANDARD?**
ESRD IN-CENTER HEMODIALYSIS	(21 Stations) 10,170	360-520 DGSF	None	No

As seen in the chart above, the State Standard for ESRD is between 360-520 DGSF per station. This project is being accomplished in leased space with the interior to be built out by the applicant therefore the standard being applied is expressed in departmental gross square feet. The proposed 10,170 DGSF amounts to 484 DGSF per station per station and is within the State Standard.

Criterion 1120.310 (c) Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. $ (A x C)	Mod. $ (B x E)	
ESRD		158.00			10,170			$1,606,860	$1,606,860
Contingency		15.00			10,170			$152,550	$152,550
TOTALS		173.00			10,170			$1,759,410	$1,759,410
* Include the percentage (%) of space for circulation									

Criterion 1120.310 (d) – Projected Operating Costs

Year 2016

Salaries	$1,204,025
Benefits	301,006
Supplies	255,528
Total	$1,760,559

Annual Treatments 15,725

Cost Per Treatment $111.96

Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs

Year 2016

Depreciation/Amortization	$230,051
Interest	0
CAPITAL COSTS	$230,051

Treatments: 15,725

Capital Cost per treatment $14.63