

Capital Budget and Control

July 11, 2016

Mr. Mike Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street 2nd Floor
Springfield, Illinois 62761

In Re: Revisions to Post-Permit Alteration Request for Project #14-013
Bed Relocation to CCD 3 and 4

Dear Mr. Constantino:

Enclosed please find revised materials pursuant to your request for more detailed information about increases in the cost category Other Costs to be Capitalized. Our detailed look at costs we track in our system indicated some equipment and construction costs included in the Consulting and Other Fees and Other Costs to be Capitalized categories due to miscoding the subaccount numbers. These were re-allocated to the correct categories and result in the changes to the cost information originally sent.

In a review of the draft review document you sent, we found some discrepancies about what you are indicating for various permit amounts through the life of this project. The discrepancy was small but it is best to clear this up now and we have submitted what we believe to be the correct amounts. Pertinent to this point, we have included the cost summary tables we submitted with the Alteration #1 request which Madame Chairwoman approved herself

Please let us know if we can be of further help. Thank you for your work to ensure that this request can be heard at the August 2nd meeting.

Sincerely,



John R. Beberman
Executive Director, Capital Budget & Control

SUMMARY OF PERMIT AMOUNTS AND ALTERATION REQUESTS FOR PROJECT #14-013

The University of Chicago Medical Center

Project #14-013 CCD 3,4 Floors Bed Relocation

Original Permit Amount	\$123,504,716
Alteration #1	\$2,777,962
Revised Permit Amount	\$126,282,678
Alteration #2 Request	\$5,830,621
If Alt. #2 Request is Approved	\$132,113,299

Permit Alteration Cost Addition *# /*

Project #14-013

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			
Site Preparation			
Off Site Work			
New Construction Contracts	\$370,500	\$1,809,000	\$2,179,500
Modernization Contracts			
Contingencies	153,814	40,000	193,814
Architectural/Engineering Fees	153,814	40,000	193,814
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	210,834		210,834
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$888,962	\$1,889,000	\$2,777,962
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$888,962	\$1,889,000	\$2,777,962
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$888,962	\$1,889,000	\$2,777,962
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs and Sources of Funds

New Permit Amount If Approved

Project #14-013

Att. #1

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			
Site Preparation			
Off Site Work			
New Construction Contracts	\$62,295,870	\$28,249,662	\$90,545,532
Modernization Contracts			
Contingencies	4,488,862	1,890,982	6,379,814
Architectural/Engineering Fees	4,179,115	1,758,699	5,937,814
Consulting and Other Fees	1,026,713	438,380	1,465,093
Movable or Other Equipment (not in construction contracts)	19,879,337	379,750	20,259,087
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	1,187,828	507,172	1,695,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$93,058,064	\$33,224,614	\$126,282,678
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$93,058,064	\$33,224,614	\$126,282,678
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$93,058,064	\$33,224,614	\$126,282,678
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

**ORIGINAL PERMIT AMOUNT FOR OTHER COSTS TO BE CAPITALIZED
VERSUS ALTERATION REQUEST #2**

Other Costs to be Capitalized

	<u>Original Permit Amount</u>	<u>Alteration #2 Amount</u>
Environmental Services	\$440,000	\$374,375
Movers	440,000	529,866
Art Work	15,000	30,000
Capitalized Staff Salaries	800,000	522,208
Locks, Keys	0	19,660
Plant Work Orders	0	67,010
IT Installation, Other Services	0	2,560,517
Day in the Life Costs	0	230,105
Security, Fire Watch	0	123,160
Builders Risk Insurance	0	108,000
Temporary Furniture	0	17,015
Tube System Service Call	0	1,186
	<u>\$1,695,000</u>	<u>\$4,583,102</u>

Project Costs and Sources of Funds**Permit Alteration #2 Cost, New**

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			
Site Preparation			
Off Site Work			
New Construction Contracts	\$1,831,678	\$1,542,353	\$3,374,031
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees	84,916	24,780	109,696
Consulting and Other Fees			
Movable and Other Equipment (not in construction contracts)	600,000		600,000
Bond Issuance Expense (project related)	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized	414,875	148,125	563,000
Acquisition of Building or Other property (excluding land)			
TOTAL USES OF FUNDS	\$3,803,880	\$2,026,741	\$5,830,621
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$788,828	\$1,166,265	\$1,955,093
Pledges			
Gifts and Bequests			
Bond Issue (project related)			
Mortgages	3,015,053	860,475	3,875,528
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOUCES OF FUNDS	\$3,803,881	\$2,026,740	\$5,830,621
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs and Sources of Funds**Permit Alteration #2 Cost, Total**

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			
Site Preparation			
Off Site Work			
New Construction Contracts	\$67,291,869	\$31,850,065	\$99,141,934
Modernization Contracts			
Contingencies	1,018,089	481,911	1,500,000
Architectural/Engineering Fees	2,744,874	1,155,126	3,900,000
Consulting and Other Fees	1,038,691	443,494	1,482,185
Movable and Other Equipment (not in construction contracts)	19,579,155	743,028	20,322,183
Bond Issuance Expense (project related)	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs to be Capitalized	3,590,985	992,117	4,583,102
Acquisition of Building or Other property (excluding land)			
TOTAL USES OF FUNDS	\$96,136,075	\$35,977,224	\$132,113,299
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$93,110,822	\$35,126,949	\$128,237,771
Pledges			
Gifts and Bequests			
Bond Issue (project related)			
Mortgages	3,025,253	850,275	3,875,528
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOUCES OF FUNDS	\$96,136,075	\$35,977,224	\$132,113,299
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs and Sources of Funds

Project Costs and Sources of Funds									
USE OF FUNDS	CURRENT PERMIT AMOUNT			PERMIT ALTERATION REQUEST			NEW TOTAL IF APPROVED		
	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs									
Site Survey and Soil Investigation									
Site Preparation									
Off Site Work									
New Construction Contracts	\$65,460,193	\$30,307,711	\$95,767,904	\$1,831,676	\$1,542,354	\$3,374,031	\$67,291,869	\$31,850,065	\$99,141,935
Modernization Contracts									
Contingencies	1,018,089	481,911	1,500,000	0	0	0	1,018,089	481,911	1,500,000
Architectural/Engineering Fees	2,659,958	1,130,346	3,790,304	84,916	24,780	109,696	2,744,874	1,155,126	3,900,000
Consulting and Other Fees	1,038,691	443,494	1,482,185	0	0	0	1,038,691	443,494	1,482,185
Movable or Other Equipment (not in construction contracts)	18,979,155	743,028	19,722,183	600,000	0	600,000	19,579,155	743,028	20,322,183
Bond Issuance Expense (project related)	0	0	0	872,411	311,483	1,183,894	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)									
Fair Market Value of Leased Space or Equipment									
Other Costs To Be Capitalized	3,176,110	843,992	4,020,102	414,875	148,125	563,000	3,590,985	992,117	4,583,102
Acquisition of Building or Other Property (excluding land)									
TOTAL USES OF FUNDS	\$92,332,196	\$33,950,482	\$126,282,678	\$3,803,879	\$2,026,742	\$5,830,621	\$96,136,075	\$35,977,224	\$132,113,299
SOURCES OF FUNDS									
Cash and Securities	\$92,332,196	\$33,950,482	\$126,282,678	\$778,626	\$1,176,467	\$1,955,093	\$93,110,822	\$35,126,949	\$128,237,771
Pledges									
Gifts and Bequests									
Bond Issues (project related)									
Mortgages				3,025,253	850,275	3,875,528	3,025,253	850,275	3,875,528
Leases (fair market value)									
Governmental Appropriations									
Grants									
Other Funds and Sources									
TOTAL SOURCES OF FUNDS	\$92,332,196	\$33,950,482	\$126,282,678	\$3,803,879	\$2,026,742	\$5,830,621	\$96,136,075	\$35,977,224	\$132,113,299

RELOCATION OF BEDS TO CENTER FOR CARE AND DISCOVERY
Expected Cost Increases to Permit

Project #14-013
Permit Alteration #2

1. Premium time acceleration	\$393,758	Since early April extra shifts, weekends to shorten schedule by 2 months.
2. Infection control provisions	150,000	Small areas of construction in already cleaned and loaded areas require extra measures to contain dust/debris.
3. General exhaust changes	100,000	Testing reveals inadequate exhaust system due to more leakage than expected. Remedy is more and more powerful fans.
4. Security personnel for access/infection control	235,000	Strict process for entering and leaving construction area, involving multiple contained ante rooms. Security controls doors to ensure this is done properly to control spread of dust/debris into active clinical areas.
5. CM fees for change orders	435,732	Includes insurance for additional work performed for change orders
6. Motorized window shades	100,773	Once new parking garage was open patient-controlled shades were advised for privacy from people entering CCD from garage via bridge.
7. Increased accessories	442,989	Wallguards, corner guards, hand rails added for safety, damage control from carts. Patient and visitor safety and life cycle payback warrants this.
8. Elevator construction costs	635,775	Costs beyond initial estimate and barrier walls. Fourteen elevators, needed to create 28 openings on 3 and 4, also openings from basement to 10 for two new elevators. Extensive infection control due to nature of elevators.
9. Acute Dialysis	374,700	Cost of alterations to create unit in Observation unit area.
10. Network cabling, hardware	550,000	Above initial \$400K estimate
11. Moving, warehousing, activation planning	328,000	Above initial \$440K estimate
12. Shower wall moisture control	300,000	Eighty five outboard toilet/shower rooms required special system for moisture control to prevent mold from trapped condensation.
13. Nurse Call staff terminals	600,000	Enhanced features for Nurse Call with wall-mounted touchpad in patient room to facilitate communication with other services/staff.
14. Debt issuance costs	1,183,894	Borrowing \$3.9m through New Market Tax Credits program
Total	\$5,830,621	
Current CON Permit Amount	\$126,282,678	
Resultant New Permit Amount	\$132,113,299	Original permit was \$123,504,716. 7% cost increase limit is \$132,150,046

Section I, Cost Space Requirements

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total GSF That Is:				
		Existing	Proposed	New Constr.	Modern.	As Is	Vacated Space	
Reviewable:								
Med/Surg Patient Units	\$58,661,356	192,913	235,201	94,460		140,741	52,172	
ICU Patient Units	16,135,745	81,948	77,446	20,964		56,482	25,466	
Observation Patient Units	19,072,264	9,761	25,710	25,710		0	9,761	
Heart & Vascular Ancillaries	2,605,328	1,711	3,863	2,152		1,711	0	
Acute Dialysis	387,249	5,281	2,498	2,498		0	5,281	
Total Reviewable	\$96,861,942	291,614	344,718	145,784	0	198,934	92,680	
Nonreviewable:								
Mechanical, Other Support	\$35,251,356	1,483,352	1,559,393	76,041		1,483,352		
Total Nonreviewable	\$35,251,356	1,483,352	1,559,393	76,041	0	1,483,352		
Grand Total	\$132,113,299	1,774,966	1,904,112	221,826	0	1,881,220	92,680	

Requesting the addition of 431 bgsf to the original permit amount of 221,395 bgsf in Alteration #1.
No net space change in project in Alteration #2.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A B		C D		E F		G	H	Total
	Cost/Sq. Foot		Gross Sq. Ft.		Gross Sq. Ft.		Const. \$	Mod. \$	Costs
	New	Mod.	New	Circ.	Mod	Circ.	(A x C)	(B x E)	(G + H)
Reviewable:									
M/S Patient Units	\$439.14		94,460				\$41,480,766		\$41,480,766
ICU Patient Units	\$485.49		20,964				10,177,745		10,177,745
Observation Patient Units	\$531.82		25,710				13,673,374		13,673,374
Heart & Vascular Ancillaries	\$754.07		2,152				1,622,755		1,622,755
Acute Dialysis	\$134.98		2,498				337,230		337,230
Reviewable Total	\$461.58		145,785	35%			67,291,869		67,291,869
Non-reviewable:									
Non-Clinical	418.85		76,041				31,850,066		31,850,066
Non-reviewable Total	\$418.85		76,041	13%			31,850,066		31,850,066
Contingency	\$6.76						1,500,000		1,500,000
TOTALS	\$453.70		221,826	28%			\$100,641,935		\$100,641,935