



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-02	BOARD MEETING: October 30, 2018	PROJECT NUMBER: 16-005
PERMIT HOLDERS(S): Franciscan Alliance, Inc. Franciscan Alliance, Inc. d/b/a Franciscan St. James Health		
FACILITY NAME and LOCATION: Franciscan St. James Health-Olympia Fields, Olympia Fields		

STATE BOARD STAFF REPORT **PERMIT RENEWAL REQUEST**

I. Background

On March 29, 2016, the State Board approved Project #16-005. The permit authorized the modernization/expansion of various clinical and non-clinical areas at Franciscan St. James Health in Olympia Fields, Illinois. The State Agency notes the project is not obligated, and the current project completion date is October 31, 2018. Original project cost: \$114,602,229.

State Board Staff notes the permit holders submitted the permit renewal request on August 2, 2018. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal. Board Staff notes the project was approved for alterations on two different occasions:

- 1) July 8, 2016: Increase GSF from 416,777 to 424,677 (7,900 GSF/1.8%), and increase project cost by \$6,995,677 from \$114,602,229 to \$121,597,906 (6.1%).
- 2) March 14, 2017: Increase GSF from 424,677 to 428,416 (3,739 GSF/.08%), and increase project cost by \$233,956 from \$121,597,906 to \$121,831,862 (.01%).

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of April 30, 2019. This would extend the project's completion date by six months, from October 31, 2018 to April 30, 2019.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase is 93% complete, and the following project component remain:
- Phase II of the Clinical Decision Unit
 - Phase II and III of Imaging Expansion
 - Laboratory Renovation
 - Addition of new infrastructure including interior elevator and shaft
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has proceeded according to schedule. However, delays in project phasing to include the certification inspection process made it necessary to request a permit renewal.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$111,000,000 (91.1% of the total project cost), has been expended to date and can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the altered permit amount of \$121,831,862.

IV. Project Description & Other Background Information

The permit authorized a modernization/expansion project on the campus of Franciscan St. James Health in Olympia Fields, Illinois. Project cost: \$121,831,862.

Permit Issuance Date: March 29, 2016

Project Obligation Date: March 29, 2018

Original Project Completion Date: October 31, 2018

Proposed Project Completion Date: April 30, 2019
(6-month renewal request)

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.

August 2, 2018

Ms. Courtney Avery, Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson
Springfield, IL 62761

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HEALTH FACILITIES &
SERVICES REVIEW BOARD

RE: Request for Permit Renewal: Permit 16-005
Franciscan St. James Health-Olympia Fields

Dear Ms. Avery:

With this letter, the Permit Holder for the above-referenced project, Franciscan Alliance, Inc. d/b/a Franciscan St. James Health-Olympia Fields, respectfully requests a Permit Renewal, extending the date of project completion to April 30, 2019.

As you may recall, the project consolidates the inpatient and a significant portion of the outpatient services of hospitals in Chicago Heights and Olympia Fields onto the Olympia Fields campus. The consolidation involves approximately 69,000 sf of construction and 124,000 sf of renovation, much of which requires phasing to ensure that all services can be maintained during the project.

The current *completion date*, per the CON Permit, is October 31, 2018, and as of the preparation of this renewal request, approximately 93% of the project has been completed.

Among the completed components of the project:

1. Design and site work;
2. Emergency Department and Inpatient Pavilion building addition (including Inpatient Rehab. and Birthing Center);
3. Medical-Surgical inpatient and ICU bed areas expansion;
4. Surgical Suite expansion and renovation;
5. Support Infrastructure (for example, Administration, Pharmacy, Phase1 of new Clinical Decision Unit, Imaging expansion, Patient Registration, and Outpatient Lab services).

The remaining project components include the construction and renovation of the following projects:

1. Phase 2 of Clinical Decision Unit;
2. Phase 2 and 3 of Imaging expansion;
3. Laboratory renovation;
4. Addition of a new infrastructure including interior elevator and shaft.

The remaining projects require pre-occupancy final inspections before project completion. In addition, the project costs will need to be finalized and an independent audit of incurred costs need to be commissioned.

The project cannot be completed by the *completion date* identified in Permit because phasing, including related state inspection periods, was expanded to maintain necessary hospital operations and interim life safety measures beyond that initially anticipated.

As of July 31, 2018, approximately \$111,000,000 (unaudited) of the approved project cost of \$121,831,862 has been spent. With the signature on this letter, the Permit Holder confirms that the project's scope and cost remain consistent with the project approved by the HFSRB, and that sufficient funds remain available to complete the project.

Enclosed please find a check in the amount of \$500.00 as a processing fee for this renewal request.

Should any additional information be required, please do not hesitate to contact me.

Sincerely,



Allan M. Spooner
CEO

CHICAGO HEIGHTS

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OLYMPIA FIELDS

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