



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-04	BOARD MEETING: October 30, 2018	PROJECT NUMBER: 16-029
PERMIT HOLDERS(S): Fresenius Medical Care Holdings, Inc. Ross Dialysis Englewood, LLC		
FACILITY NAME and LOCATION: Fresenius Medical Care Ross Dialysis-Englewood, Chicago		

STATE BOARD STAFF REPORT **PERMIT RENEWAL REQUEST**

I. Background

On January 24, 2017, the State Board approved Project #16-029. The permit authorized the discontinuation of a 16-station ESRD facility in Chicago, and the establishment of a 24-station replacement End Stage Renal Dialysis (ESRD) facility in Chicago, Illinois. State Board Staff notes the project is obligated and the current project completion date is September 30, 2018. Project cost: \$7,949,665.

State Board Staff notes the permit holders submitted the permit renewal request on August 13, 2018. This submittal was in accordance with 77 IAC 1130.740(d), which states that renewal requests must be received by the State Board 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.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of March 31, 2020. This would extend the project's completion date by eighteen months, from September 30, 2018 to March 31, 2020.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is 25% complete and the facility is expected to be operational before March 31, 2020.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the following events occurred, which delayed completion of the project:
 - The landlord/developer for the site spend a year and a half negotiating the purchase of the building site from the City of Chicago. Its purchase was

finalized in June 2018, and the permit holder expect construction of the building shell to be complete in the next 3-4 months. After that, the permit holder will build-out the interior and then seek CMS certification which can take 6-9 months.

- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate \$5,324,464 (67% 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 approved permit amount of \$7,949,665.

IV. **Project Description & Other Background Information**

The permit authorized the discontinuation of an existing 16-station ESRD facility, and the establishment of a 24-station replacement facility in Chicago. Project cost: \$7,949,665.

Permit Issuance Date: January 24, 2017

Project Obligation Date: November 14, 2017

Original Project Completion Date: September 30, 2018

Proposed Project Completion Date: March 31, 2020
(18-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, a summary of project components yet to be finished and a summary of 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

Permit Renewal Request**Project #16-029****Page 3 of 3**

what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states 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). If a request for permit renewal is denied, HFSRB may issue a Notice of Intent to Revoke a permit if the project is not completed by the HFSRB-approved completion date. If such a Notice is issued, 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.



FRESENIUS KIDNEY CARE

Fresenius Kidney Care

3500 Lacey Road, Downers Grove, IL 60515
T 630-960-6807 F 630-960-6812
Email: lori.wright@fmc-na.com

August 13, 2018

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

RECEIVED

AUG 14 2018

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Request for Permit Renewal Section 1130.740
Project: #16-029, Fresenius Medical Care Ross Dialysis - Englewood
Permit Holder: Ross Dialysis – Englewood, LLC, and Fresenius Medical Care Holdings, Inc.

Dear Ms. Avery:

Ross Dialysis - Englewood, LLC is seeking a permit renewal for Fresenius Medical Care Ross Dialysis - Englewood. Enclosed is a \$500.00 permit renewal fee. There has been no change to the size and scope of this project. This report summarizes the status of the project.

Sincerely,

Lori Wright
Fresenius Medical Care
Senior CON Specialist

cc: Clare Connor



August 7, 2018

Request For Permit Renewal Section 1130.740

Project: #16-029, Fresenius Medical Care Ross Dialysis - Englewood

Permit Holder: Ross Dialysis – Englewood, LLC, and Fresenius Medical Care Holdings, Inc.

1. **The requested completion date:** *The requested completion date is March 31, 2020.*
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 date**

This project is for the relocation of the 16-station Ross Dialysis Englewood facility from 6333 S. Green Street, Chicago to 6226-6236 S. Sangamon Street, Chicago and the addition of 8 stations in 10,991 GSF with a permit amount of \$7,949,665. The project was obligated on November 14, 2017 with the execution of the lease for the site.

The project is approximately 25% complete and is expected to be complete prior to March 31, 2020.

3. **a statement as to the reasons why the project has not been completed**

The landlord/developer for this site spent a year and a half negotiating the purchase of the site from the City of Chicago. That was finally accomplished in June 2018 and the landlord is ready to begin construction of the shell building, which should take approximately 3 to 4 months. Fresenius Medical Care will then build-out the interior prior to seeking CMS certification which can take 6-9 months.



4. evidence of financial commitment to fund the project

Sources and Uses of Funds

All Project financing to date has been funded from available cash and its equivalents as reported on the company's financial statements. The right to occupy the premises has been secured through a leasing arrangement. This leasing arrangement was utilized to obligate the project. None of the project costs have exceeded the approved permit amounts.

Total committed for Project

PROJECT COST AND SOURCES OF FUNDS		
	Committed	Spent
Preplanning Costs	N/A	N/A
Site Survey and Soil Investigation	N/A	N/A
Site Preparation	N/A	N/A
Off Site Work	N/A	N/A
New Construction Contracts	N/A	N/A
Modernization Contracts	1,664,783	0
Contingencies	160,018	0
Architectural/Engineering Fees	180,400	0
Consulting and Other Fees	N/A	N/A
Movable or Other Equipment (not in construction contracts)	360,000	0
Bond Issuance Expense (project related)	N/A	N/A
Net Interest Expense During Construction (project related)	N/A	N/A
Fair Market Value of Leased Space or Equipment	5,324,464	5,324,464
Other Costs To Be Capitalized	N/A	N/A
Acquisition of Building or Other Property (excluding land)	N/A	N/A
Total Committed For Project		\$7,949,665
Spent		\$5,324,464

5. **Anticipated final cost of the project:** Final cost will be within the permit amount of \$7,949,665.

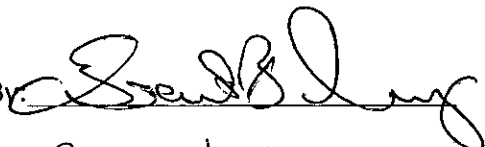


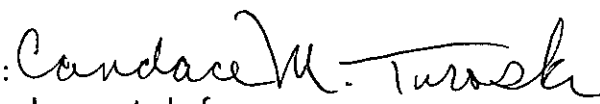
**FRESENIUS
KIDNEY CARE**

Fresenius Medical Care Chicagoland, LLC

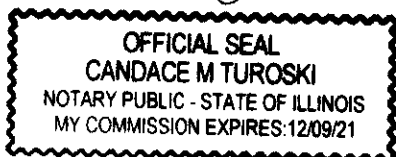
In accordance with Section 1130.740 part c, of the Illinois Health Facilities & Services Review Board rules for renewal of a permit;

I do hereby certify that the project was initiated on 11/14/2017 with the lease execution and; that the financial resources to fund the project are available or otherwise committed; and that the project's cost, scope, design, square footage, number of stations are compliant with that which the State Board has approved.

By: 
ITS: General Manager

Notarization: 
Subscribed and sworn to before me
This 13th day of Aug, 2018

Seal





FRESENIUS KIDNEY CARE

Fresenius Medical Care Holdings, Inc.

In accordance with Section 1130.740 part c, of the Illinois Health Facilities & Services Review Board rules for renewal of a permit;

I do hereby certify that the project was initiated on 11/14/2017 with the lease execution and; that the financial resources to fund the project are available or otherwise committed; and that the project's cost, scope, design, square footage, number of stations are compliant with that which the State Board has approved.

By: _____

ITS: _____

Bryan Mello
Assistant Treasurer

Notarization:

Subscribed and sworn to before me

This 7th day of August, 2018

Seal

