



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

September 29, 2017

RECEIVED

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

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

Re: Alteration, Permit #16-042, Fresenius Kidney Care Paris Community

Dear Ms. Avery:

At the March 14, 2017 Illinois Health Facilities and Services Review Board meeting Fresenius Medical Care was granted permit to establish the above referenced 8-station ESRD facility. I am writing to request an alteration to this permit.

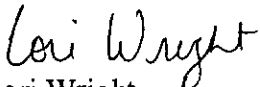
Original plans as put forth in the application were for a 5,000 GSF building. After reviewing plans it was decided that a more suitable size for the in-center facility would be 5,245 GSF to make the treatment floor more efficient. There are no other changes to the size or scope of the project.

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 8 Cost/Space Requirements
- Page 16 Availability of Funds
- Page 18 Economic Feasibility
- Page 36 Itemized Costs
- Page 38 Cost/Space Requirements
- Page 63 Size
- Page 102 Economic Feasibility – Reasonableness of Project & Related Costs

Enclosed is an alteration fee in the amount of \$1,000. Thank you for your time and attention to this matter.

Sincerely,


Lori Wright
Senior CON Specialist

cc: Clare Connor

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	NON-CLINICAL	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		571,120	352,000	923,120
Contingencies		58,410	36,000	94,410
Architectural/Engineering Fees		60,200	38,800	99,000
Consulting and Other Fees		N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)		200,000	65,000	265,000
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	1,169,635 156,250	879,885	446,000	1,325,885
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		\$1,769,615	\$937,800	\$2,707,415
SOURCE OF FUNDS		CLINICAL	NON-CLINICAL	TOTAL
Cash and Securities		889,730	491,800	1,381,530
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)		879,885	446,000	1,325,885
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		\$1,769,615	\$937,800	\$2,707,415
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 Space Requirements

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. 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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	\$1,769,615		3,245		3,245		
Total Clinical	\$1,769,615		3,245		3,245		
NON REVIEWABLE							
Non-Clinical (Administrative, Mechanical, Staff, Waiting Room, Home Therapies)	\$937,800		2,000		2,000		
Total Non-clinical	\$937,800		2,000		2,000		
TOTAL	\$2,707,415		5,245		5,245		

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:**

<u>1,381,530</u>	a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to: <ol style="list-style-type: none"> 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;
<u>N/A</u>	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.
<u>N/A</u>	c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
<u>1,325,885</u>	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: <ol style="list-style-type: none"> 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.
<u>N/A</u>	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;
<u>N/A</u>	f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
<u>N/A</u>	g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<u>\$2,707,415</u>	TOTAL FUNDS AVAILABLE

APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility**This section is applicable to all projects subject to Part 1120.****A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

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		176.00			3,245				571,120	571,120	
Contingency		18.00			3,245				58,410	58,410	
Total Clinical		\$194.00			3,245				\$629,530	\$629,530	
Non Clinical		176.00			2,000				352,000	352,000	
Contingency		18.00			2,000				36,000	36,000	
Total Non		\$194.00			2,000				388,000	388,000	
TOTALS		\$194.00			5,245				\$1,017,530	\$1,017,530	

* Include the percentage (%) of space for circulation

SUMMARY OF PROJECT COSTS

Modernization	
General Conditions	45,170
Temp Facilities, Controls, Cleaning, Waste Management	2,300
Concrete	13,000
Masonry	14,000
Metal Fabrications	8,000
Carpentry	82,000
Thermal, Moisture & Fire Protection	16,400
Doors, Frames, Hardware, Glass & Glazing	63,200
Walls, Ceilings, Floors, Painting	149,000
Specialities	11,000
Casework, Fl Mats & Window Treatments	5,150
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	295,400
Wiring, Fire Alarm System, Lighting	177,000
Miscellaneous Construction Costs	41,500
Total	\$923,120
Contingencies	
	\$94,410
Architecture/Engineering Fees	
	\$99,000
Moveable or Other Equipment	
Dialysis Chairs	20,000
Clinical Furniture & Equipment	25,000
Office Equipment & Other Furniture	25,000
Water Treatment	120,000
TVs & Accessories	20,000
Telephones	15,000
Generator	10,000
Facility Automation	20,000
Other miscellaneous	10,000
	\$265,000
Fair Market Value of Leased Space and Equipment	
FMV Leased Space (5,245 GSF)	1,169,635
FMV Leased Dialysis Machines	143,250
FMV Leased Office Equipment	13,000
	\$1,325,885
Grand Total	\$2,707,415

Itemized Costs
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.**

Dept. / Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
In-Center Hemodialysis	\$1,769,615		3,245		3,245		
Total Clinical	\$1,769,615		3,245		3,245		
NON REVIEWABLE							
Non-Clinical (Administrative, Mechanical, Staff, Waiting Room, Home Therapies)	\$937,800		2,000		2,000		
Total Non-clinical	\$937,800		2,000		2,000		
TOTAL	\$2,707,415		5,245		5,245		

Criterion 1110.234, Size of Project

SIZE OF PROJECT				
DEPARTMENT/SERVICE	PROPOSED BGSF/DGSF	STATE STANDARD 450-650 BGSF Per Station	DIFFERENCE	MET STANDARD?
ESRD IN-CENTER HEMODIALYSIS	3,245 (8 Stations)	3,600 – 5,200 BGSF	None	Yes
Non-clinical	2,000	N/A	N/A	N/A

As seen in the chart above, the State Standard for ESRD is between 450 - 650 BGSF per station or 5,400 – 7,800 BGSF. The proposed 3,245 BGSF for the in-center hemodialysis space meets 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		176.00			3,245			571,120	571,120
Contingency		18.00			3,245			58,410	58,410
Total Clinical		\$194.00			3,245			\$629,530	\$629,530
Non Clinical		176.00			2,000			352,000	352,000
Contingency		18.00			2,000			36,000	36,000
Total Non		\$194.00			2,000			388,000	388,000
TOTALS		\$194.00			5,245			\$1,017,530	\$1,017,530

* Include the percentage (%) of space for circulation

Criterion 1120.310 (d) – Projected Operating Costs

Year 2019

Estimated Personnel Expense:	\$514,253
Estimated Medical Supplies:	\$106,777
Estimated Other Supplies (Exc. Dep/Amort):	<u>\$541,901</u>
	\$1,162,930

Estimated Annual Treatments: 5,990

Cost Per Treatment: \$194.15

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

Year 2019

Depreciation/Amortization:	\$117,265
Interest	<u>\$0</u>
Capital Costs:	\$117,265

Treatments: 5,990

Capital Cost per Treatment \$19.58