



STATE OF ILLINOIS
 HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: 217) 785-4111

DOCKET ITEM: A-02	BOARD MEETING: September 14, 2021	PROJECT NUMBER: 17-062
PERMIT HOLDERS(S): DaVita, Inc. and Sappington Dialysis, LLC.		
FACILITY NAME and LOCATION: Auburn Park Dialysis, Chicago		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On June 5, 2018, the State Board approved Project #17-062. The permit authorized the establishment of a 12-station End Stage Renal Dialysis (ESRD) facility in Chicago, Illinois. The State Board Staff notes the project is obligated, and the current project completion date is August 31, 2021. Project cost: \$4,053,745.

State Board Staff notes the permit holders initially submitted the permit renewal request on July 6, 2021. The 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. This is the **second permit** renewal for this project.

II. Findings

State Board Staff notes the permit holders have submitted all the information required in Section 1130.740 for a permit renewal. Information pertinent to the first renewal request is as follows:

- 1) February 14, 2020: Permit holders approved for an 18-month permit renewal (February 28, 2020 to August 31, 2021).

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of March 1, 2023. This would extend the project's completion date by eighteen months, from August 31, 2021, to March 1, 2023.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project has been financially committed through the execution of the lease. Construction of the building core and shell are complete, and interior build out, finish construction, and IDPH inspection/licensure remain.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders state financing issues initially encountered by the developer delayed construction commencement. This issue reached resolution at the time the first COVID-19 diagnoses surfaced, resulting in the need to redirect resources to combat the pandemic, which ultimately resulted in further delays in the construction timeline.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$1,954,673 (48.2% 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 \$4,053,745.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 12-station ESRD facility in Chicago, Illinois. Project cost: \$4,053,745.

Permit Issuance Date:	June 5, 2018
Project Obligation Date:	November 22, 2019 – Signing of Lease
Original Project Completion Date:	February 29, 2020
Proposed Project Completion Date: (18-month renewal request, 1 st request)	August 31, 2021
Proposed Project Completion Date: (18-month renewal request, 2 nd request)	March 1, 2023

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.



150 N. Riverside Plaza, Suite 3000, Chicago, IL 60606 • (312) 819-1900

July 6, 2021

Via Federal Express
Via Email

Ms. Debra Savage
Chair
Illinois Health Facilities and Services Review
Board
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

Re: DaVita Auburn Park Dialysis (Proj. No. 17-062)

Dear Ms. Savage:

I am writing on behalf of DaVita Inc. and Sappington Dialysis, LLC (collectively, the "Permit Holders") to request an 18-month extension of the completion date for Project No. 17-062 (Auburn Park Dialysis). Auburn Park Dialysis was approved as a 12-station dialysis clinic to be located at 7939 South Western Avenue, Chicago Illinois (the "Project"). The Project has been obligated, and the Permit Holders expect construction will take approximately 10 months to rebid phase 2 of construction, mobilize the general contractor and complete construction. First treatment should occur several weeks after completion of construction. Based upon recent experience, the Permit Holders anticipate Medicare certification may take an additional six months. Accordingly, the Permit Holders respectfully request an 18-month renewal of the Project permit and a new project completion date of March 1, 2023.

1. Requested Project Completion Date

The Permit Holders request the HFSRB grant an 18-month renewal of the Project permit and establish March 1, 2023 as the new project completion date.

2. Status of the Project

The Project was obligated through the execution of the lease for the facility. Construction of the core and shell is complete with buildout of the interior remaining.

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To date, the Permit Holders have expended \$1,954,673 on the Project.

3. Statement Regarding Completion of the Project

As previously communicated, commencement of the Project was delayed due to financial issues encountered by the planned developer. This resulted in the sale of the parcel to a new developer in 2020. DaVita promptly entered into a lease with the new developer. At this same time, the first COVID-19 cases were diagnosed in the United States and DaVita promptly paused most non-essential activities to focus on ongoing treatment for its large ESRD patient population which, due to the lifesaving nature of dialysis, had to continue despite the lockdowns imposed on other activities. DaVita dedicated substantial resources, including implementation of additional protocols in coordination with the Centers for Disease Control and Prevention on infection control and clinical best practices to help safely maintain continuity of care for patients while protecting caregivers. These protocols and initiatives implemented in response to COVID-19 include steps designed to implement dedicated care shifts for patients with confirmed or suspected COVID-19 and other enhanced clinical practices, including procuring additional equipment and clinical supplies, including personal protective equipment.

The COVID-19 pandemic has reduced patient counts due to changes in the rates of mortality among end stage renal dialysis (“ESRD”) patients. ESRD patients tend to be older and generally have comorbidities, several of which are risk factors for COVID-19. As a result, the mortality rate of infected patients likely is and will continue to be higher in the dialysis population than in the general population. Further, COVID-19 is potentially impacting the chronic kidney disease population differently.

Despite the delay, the Permit Holders believes this clinic is warranted and are prepared to move forward with Auburn Park. Upon approval of the permit renewal request, the Permit Holders anticipate completion of construction will take approximately 10 months based on the following schedule:

- Re-bid Phase 2 of construction (3 – 4 weeks)
- Extension of construction permit, if necessary (4 – 6 weeks)
- General contractor mobilization (3 weeks)
- Trenching and underground plumbing (potential delays may occur) (3 weeks)
- Construction (3 – 4 months)
- Millwork and manpower delays (2-weeks)
- Partial inspections (2 – 3 weeks)



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- Furniture, Fixtures and Equipment (4-weeks)

First treatment should occur several weeks after completion of construction. Given Medicare certification can take three to six months, the Permit Holders request an 18-month extension of the completion date to March 1, 2023.

Confirmatory Evidence of Project Compliance

I hereby certify, pursuant to 77 Ill. Admin. Code §1130.740, Permit Holders' compliance with the scope and costs of the project approved by the HFSRB pursuant to Project Permit #17-062.

Based on the above information, which is provided to the HFSRB in compliance with Section 1130.740 of the Illinois Administrative Code, the Permit Holders formally request an 18-month renewal of their permit for Project #17-062 and a new project completion date of March 1, 2023.

If you need any additional information or have any questions regarding the status of the project, please feel free to contact me.

Sincerely,

A handwritten signature in blue ink that reads "Anne M. Cooper".

Anne M. Cooper