



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: December 10, 2019	PROJECT NUMBER: 17-063
PERMIT HOLDERS(S): DaVita, Inc. Joliet Dialysis, LLC.		
FACILITY NAME and LOCATION: Hickory Creek Dialysis, Joliet		

STATE AGENCY REPORT **PERMIT RENEWAL REQUEST**

I. Background

On April 17, 2018, the State Board approved Project #17-063. The permit authorized the establishment of a 12-station End Stage Renal Dialysis (ESRD) facility in Joliet, Illinois. The State Agency notes the project is obligated, and the current project completion date is November 30, 2019. Project cost: \$4,035,260.

State Board Staff notes the permit holders initially submitted the permit renewal request on October 16, 2019, but the request was lost in delivery by the courier service. A second version of the renewal was submitted on October 21, 2019. The initial 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.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of May 31, 2021. This would extend the project's completion date by eighteen months, from November 30, 2019 to May 31, 2021.
- 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, and the plumbing/concrete flooring work is complete. The following project components remain:
- Building Core and Shell (Expected completion Q4 2019)
 - Interior Build-Out/Furnishing (Expected completion Q3 2020)
 - Begin Treating Patients
 - Medicare Certification.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has proceeded with due diligence, but encountered delays in the permitting process with the Illinois Department of Transportation (IDOT). The roadway access permits for the property, expected to be issued in Spring 2018, were not issued to the developer of the site until Spring of 2019, resulting in project delays.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$336,816 (8.3% 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 \$4,035,260.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 12-station ESRD facility in Joliet, Illinois. Project cost: \$4,035,260.

Permit Issuance Date: April 17, 2018

Project Obligation Date: April 17, 2018

Original Project Completion Date: November 30, 2019

Proposed Project Completion Date: May 31, 2021
(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 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.



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HEALTH FACILITIES &
SERVICES REVIEW BOARD

FEDERAL EXPRESS

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

Re: Permit Renewal Request – Hickory Creek Dialysis (Proj. No. 17-063)

Dear Ms. Avery:

I am writing on behalf of DaVita Inc., DuPage Medical Group, Ltd. and Joliet Dialysis, LLC (collectively, the "Permit Holders") to request an 18 month extension of the completion date for Project No. 17-063 (Hickory Creek Dialysis). On April 17, 2018, the Illinois Health Facilities and Services Review Board ("HFSRB") approved the Permit Holders' certificate of need application for the establishment of a 12 station dialysis clinic to be located at 214 Collins Street, Joliet, Illinois 60432 (the "Project"). The Project has been obligated, and the Permit Holders expect construction will be completed by the third quarter of 2020. Based upon recent experience, first treatment should occur several weeks after completion of construction. The Permit Holders anticipate Medicare certification may take an additional six months after first treatment. Accordingly, the Permit Holders respectfully request an eighteen month renewal of the Project permit and a new project completion date of May 31, 2021.

1. Requested Project Completion Date

The Permit Holders request the HFSRB grant an eighteen month renewal of the Project permit and establish May 31, 2021 as the new project completion date.

2. Status of the Project

The project was obligated through the execution of the lease for the facility. DaVita accepted the shell and site from the developer on June 17, 2019. Underground plumbing and the concrete floor are complete. The Permit Holders anticipate the core and shell will be complete and winterized during the fourth quarter of 2019, which will allow the Permit Holders to build out of the tenant improvements during the winter months. Construction is anticipated to be complete during the third quarter of 2020. Based upon recent experience, first treatment will

occur several weeks after completion of construction. The Permit Holders anticipate Medicare certification may take an additional six months after first treatment. Therefore, to allow sufficient time to complete the Project, the Permit Holders request an 18 month renewal of the Project permit.

To date, the Permit Holders have expended \$336,816 on the Project.

3. Statement Regarding Completion of the Project

The developer delivered the shell and site to the Permit Holders. The Permit Holders anticipate the core and shell will be complete and winterized during the fourth quarter of 2019. Construction is anticipated to be complete during the third quarter of 2020. Based upon recent experience, first treatment will occur several weeks after completion of construction. The Permit Holders anticipate Medicare certification may take an additional six months after first treatment. Therefore, to allow sufficient time to complete the Project, the Permit Holders request an eighteen month renewal of the Project permit.

4. 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 #17-063.

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 #17-063 and a new project completion date of May 31, 2021.

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

Sincerely,



Axel Lapica
Group Vice President
DaVita Inc.

Subscribed and sworn to me
This 15th day of October, 2019



Notary Public

