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January 27, 2020

VIA FEDERAL EXPRESS

Courtney Avery
Board Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

RECEIVED

JAN 30 2020

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Re: Encompass Rehabilitation Hospital of Libertyville, Project #19-036, Updated Application Pages

Dear Ms. Avery:

We represent the applicants, Encompass Health Rehabilitation Hospital of Libertyville, LLC, Encompass Health Illinois Real Estate, LLC, and Encompass Health Corporation in relation to Project #19-036, Encompass Rehabilitation Hospital of Libertyville. The purpose of this letter is to provide updated application pages for the project. These updates are being submitted after re-evaluation of the original allocation of reviewable/ non-reviewable space by Lawrence Whatley, Vice-President of Design and Construction for Encompass. These reallocations resulted from a more detailed and appropriate allocation of space. The original submission did not delineate between patient bed units, therapy space, and pharmacy. These updated pages identify those departments.

To be clear, our overall projects costs and the size of the project remains the same. The enclosed updated application pages reflect an appropriate re-allocation of costs and space consistent with the Board's administrative rules. Please allow us to summarize these minor changes for you:

- An increase in Site Preparation and corresponding removal of site survey and soil investigation costs (Pages 7 and 85 of the application).
- A decrease in the clinical allocation line for new construction contracts, contingency, architectural/engineering fees, moveable equipment, net interest expense costs, and other costs to be capitalized. The updated pages reflect a corresponding increase for the previously mentioned line items to the non-clinical allocation line. (Pages 7 and 85 of the application).
- A slight adjustment in the space allocation of clinical and non-clinical space in the proposed facility (Pages 9, 86, and 134).

Courtney Avery
January 27, 2020
Page 2

If you have any questions or need any additional information regarding the project, please feel free to contact me via phone at 312-212-4967 or via email at JMorado@beneschlaw.com. You can also contact my colleague Mark J. Silberman, via phone at 312-212-4952 or via email at MSilberman@beneschlaw.com with any questions.

Very truly yours,

BENESCH, FRIEDLANDER,
COPLAN & ARONOFF LLP

A handwritten signature in black ink, appearing to read "Juan Morado, Jr.", with a stylized flourish at the end.

Juan Morado, Jr.

JM:mls
Enclosures

cc: Mike Constantino, Senior Project Reviewer
George Roate, Project Reviewer



**Encompass Health Rehabilitation Hospital
of Libertyville, LLC**

**CON Application to
Establish a New 60-Bed Comprehensive Physical Rehabilitation
Hospital in Libertyville, Illinois (Lake County, HSA 8)**

CORRECTED PAGES: 7, 9, 85, 86, 134
re: reviewable/non-reviewable sq. ft. and cost allocation

Applicant: Encompass Health Rehabilitation Hospital of Libertyville, LLC
9001 Liberty Parkway
Birmingham, AL 35242

Authorized Representative: Walter Smith
Director, State Regulatory Affairs
Encompass Health
9001 Liberty Parkway
Birmingham, AL 35242
(205) 970-7926

Primary Contacts: Mark Silberman and Juan Morado Jr.
Benesch Law
71 S. Wacker, Suite 1600
Chicago, IL 60606
(312) 212-4952 and (312) 212-4967

July 25, 2019

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 be equal.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation	\$ 1,127,344	\$ 902,806	\$ 2,030,150
Off Site Work			
New Construction Contracts	\$ 22,718,428	\$ 10,269,572	\$ 32,988,000
Modernization Contracts			
Contingencies	\$ 1,828,466	\$ 826,534	\$ 2,655,000
Architectural/Engineering Fees	\$ 1,340,875	\$ 606,125	\$ 1,947,000
Consulting and Other Fees	\$ 682,489	\$ 308,511	\$ 991,000
Movable or Other Equipment (not in construction contracts)	\$ 3,810,509	\$ 1,722,491	\$ 5,533,000
Bond Issuance Expense (project related)	-	-	
Net Interest Expense During Construction (project related)	\$ 1,194,896	\$ 540,137	\$ 1,735,034
Fair Market Value of Leased Space or Equipment	-	-	
Other Costs To Be Capitalized	\$ 2,964,938	\$ 1,340,262	\$ 4,305,200
Acquisition of Building or Other Property (excluding land)	-	-	
TOTAL USES OF FUNDS	\$ 35,667,945	\$ 16,516,439	\$ 52,184,384
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$ 35,667,945	\$ 16,516,439	\$ 52,184,384
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 35,667,945	\$ 16,516,439	\$ 52,184,384
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 **Departmental Gross Square Feet (DGSF)** or the **Building Gross Square Feet (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							
Comprehensive Rehabilitation	\$35,667,945		41,824 BGSF	41,824 BGSF			
Intensive Care							
Diagnostic Radiology							
MRI							
Total Clinical	\$35,667,945		41,824 BGSF	41,824 BGSF			
NON REVIEWABLE	\$16,516,439						
Administrative							
Parking							
Gift Shop							
Total Non-clinical	\$16,516,439		18,906 BGSF	18,906 BGSF			
TOTAL	\$ 52,184,384		60,730 BGSF	60,730 BGSF			

APPEND DOCUMENTATION AS **ATTACHMENT 9**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Project and Sources of Funds Itemization*Encompass Health Rehabilitation Hospital of Libertyville, LLC***Summary of Project and Related Cost Data Assumptions**

Project Costs and Sources of Funds			
Component	Clinical	Non-Clinical	Total
Site Preparation	\$ 1,127,344	\$ 902,806	\$ 2,030,150
New Construction Contracts	\$ 22,718,428	\$ 10,269,572	\$ 32,988,000
Contingencies	\$ 1,828,466	\$ 826,534	\$ 2,655,000
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Other Costs To Be Capitalized	\$ 2,964,938	\$ 1,340,262	\$ 4,305,200
Total Project Cost	\$ 35,667,945	\$ 16,516,439	\$ 52,184,384

Site Preparation

Project site preparation costs are based upon the proposed site location in Libertyville, IL and Encompass Health experience.

New Construction

The new construction will be a single-story 60,730 gross square foot building. Project building costs are comprised of all costs and expenses covered under the construction contract, including major medical and other fixed equipment and contractor's overhead and profit. Costs are estimated based on national architectural/construction standards adjusted for Lake County building code compliance and Encompass experience. These costs are projected to be \$32,988,000 or \$543.19 per reviewable square foot.

Contingencies

Project contingencies costs are an allowance for unforeseeable events related to construction and are estimated to be \$2,655,000, which is 8% of estimated new construction costs.

Architectural/Engineering fees

Project architectural/engineering fees are projected to be \$1,947,000, or approximately 6% of new construction and contingencies costs. These costs are consistent with Encompass Health experience.

Moveable Equipment Costs not in Building Contract

Project moveable equipment costs are estimated costs commensurate for a 60-bed facility and are based on Encompass Health experience.

Net Interest Expense during Construction

Construction period project costs will be funded by cash transfers from Encompass at annual interest rate of 7.25%.

Other Costs that are to be Capitalized

Other project costs to be capitalized are primarily comprised of CON Development fees, pre-opening expenses, and ACE-IT clinical system installation costs.

Cost Space Requirements

Encompass Health Rehabilitation Hospital of Libertyville, LLC

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Total Non-clinical	\$16,516,439		18,906 BGSF	18,906 BGSF			
TOTAL	\$ 52,184,384		60,730 BGSF	60,730 BGSF			
APPEND DOCUMENTATION AS ATTACHMENT 9, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

Size of the Project*Encompass Health Rehabilitation Hospital of Libertyville, LLC*

Size of the Project Proposed GSF Compared to State Board Standard						
Reviewable Service	Beds/Rooms/ Unit	Proposed GSF		State Board Std		Met Standard
		Per Bed	Total	Per Bed	Total	
Comprehensive Physical Rehab Beds	60	584.47	35,068	525-660 GSF	39,600	Yes
Pharmacy	1	803	803	N/A	N/A	N/A
PT/OT/ST	N/A	N/A	5,953	N/A	N/A	N/A

Reviewable Space Total	41,824
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Non-Reviewable Space	18,906
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Total Proposed GSF	60,730
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