

June 7, 2023

Debra Savage, Chair  
Illinois Health Facilities and Services Review Board  
525 West Jefferson, 2<sup>nd</sup> Floor  
Springfield, IL 62761

Re: The University of Chicago Medical Center  
New Cancer Center

Dear Chairperson Savage,

The University of Chicago Medicine appointed Cumming Management Group Ltd. as 3<sup>rd</sup> Party Estimators on the above-mentioned project. As part of the appointment, we have undertaken numerous estimates to verify as an independent 3<sup>rd</sup> Party, the value of the design at Concept Design, Schematic Design and Design Development stages from August 2022 to June 2023.

Being appointed as a 3<sup>rd</sup> Party Estimator is widely used in the industry to undertake estimates on certain design stages independently of the Construction Manager and then facilitate a reconciliation with them to compare findings.

Here are some advantages to appointing 3<sup>rd</sup> Party Estimators:

- Gain an independent Cost Consultant with no skin in the game. 3<sup>rd</sup> Party Estimators does not benefit from the outcome of an estimate as it provides a snapshot of the project cost at a particular point in time.
- They are cost and construction consultants who can advise on the wider project and completeness of the design documentation including schedule and contractual review.
- 3<sup>rd</sup> Party Estimators challenge, review and comment on the Construction Manager's estimate, rates, and project approach, which benefits the project.
- They provide a review on a broader scale and from a national perspective, with benchmarking and project information from completed projects spread over the U. S. but related to the local market, where Construction Manager's rely on local trade partners for market feedback.
- Provide an objective view on the state of the design information and identify areas where design can be refined before buy-out which reduces change orders later.

Since August 2022, we have been involved with the Cancer Center by:

- Independent concept design estimate with Construction Manager reconciliation.
  - Independent schematic design estimate with Construction Manager reconciliation.
  - Independent peer review of the Construction Manager's Enabling Works package with reconciliation.
  - Independent peer review of the Construction Manager's 50% design development estimate with reconciliation.
  - Independent 100% design development estimate with Construction Manager reconciliation (ongoing).
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Based on the above, we can confirm our comfort from a local and national perspective, on the Construction Manager's estimates and GMP packages. During the reconciliation meetings, rates were challenged, approaches scrutinized, and quantities questioned & double-checked to provide a level of comfort with the Construction Manager's pricing of the project. We expect this to continue as we finalize the 100% design development estimate and reconciliation later in June 2023.

The overall project rate/ft<sup>2</sup> is on the higher side of the range for projects of this scale and nature, however there are several items to consider:

- To provide maximum flexibility in treatment options since the exact nature of the cancer treatments is not yet know, the project foregoes certain optimizations in terms of height, volume and structural design that adds to project cost.
- Benchmarking the cancer center on a cost per bed basis, will skew the results in comparison as a third of the project is ambulatory in nature, and due to the shelled space included in the current design, will further impact a cost per bed comparison.
- Escalation played a factor over the last couple of years, and we have included below the historic escalation values as well as the projected future values to indicate the volatility the market has experienced.
- Certain cost elements still carry the burden of supply chain constraints (like generators and MEP equipment) which will hopefully normalize in the next couple of years.
- IT and IT infrastructure is rapidly evolving and changing the dynamic of what is included in new buildings, future proofing a building against a rapidly changing technological environment is a challenge to any budget.

Escalation values 2017 to 2028:

Year	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Annual %	4.53%	4.31%	3.62%	2.50%	13.44%	9.30%	6.75%	4.99%	4.39%	4.38%	4.38%	4.38%

The above indicates that escalation is projected to normalize provided no new events (like war in Europe) gives rise to further uncertainty. Even though escalation is normalizing, the supply chain continues to bring challenges on certain products. Supply chain management is critical for project risk.

We trust the above information is of value. Should you have any queries or questions, please feel free to contact me anytime.

Very truly yours



Etienne Nel  
Managing Director Cumming