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HEALTH FACILITIES &
SERVICES REVIEW BOARD

December 8, 2014

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

**RE: Applications submittals
Northwestern Memorial Hospital**

Dear Ms. Olson:

Enclosed are the following materials relating to Northwestern Memorial Hospital's Outpatient Care Pavilion project (CON #11-107):

- CON #11-107 Alteration Request
- CON #11-107 Alteration Fee – in the amount of \$1,000.00
- CON Permit Application (2 unbound copies, including original)
- CON Permit Application Fee - in the amount \$2,500.00
- CON #11-107 Permit Renewal Request
- CON #11-107 Permit Renewal Fee – in the amount of \$500

If you have any questions/comments, please feel to contact me at (312) 926-8650.

Sincerely,



Bridget S. Orth
Director, Regulatory Planning

enclosures

December 8, 2014

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

**RE: Permit Renewal Request
Project # 11-107
Northwestern Memorial Hospital
Outpatient Care Pavilion**

Dear Ms. Olson:

Northwestern Memorial Hospital (NMH) requests a renewal of the permit for Project #11-107 for the construction of the Outpatient Care Pavilion. The project was approved by the HFSRB on February 28, 2012 in the amount of \$322,826,935. The original project completion date is March 30, 2015. The requested new project completion date is **December 31, 2015**. This is the first renewal request for this project.

Status of the Project

The project has achieved substantial completion.

- **Substantial Completion, Shell & Core and Fit-out spaces: August 14, 2014.** A Certificate of Occupancy Permit was received from local authority and other contractual requirements were met to issue a certificate of substantial completion for the contract. IDPH inspection was not required because this is Business Occupancy per the City of Chicago.
- **Inspection for Licensure as Outpatient Surgery: September 17, 2014.** Occupancy Permits were previously received from the local authority and an inspection by the IDPH Design Standards Unit; Division of Health Care Facilities and Programs inspection was conducted. Corrections were made and IDPH issued a Temporary Occupancy letter on October 9, 2014 for the areas inspected.

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- **First Patient Use (hospital clinical areas):** The first patient use for the Diagnostic Testing Center occurred on October 17, 2014 and occurred on October 20, 2014 for the Outpatient Surgery unit.
- **IDPH Permanent Occupancy:** An inspection with the IDPH Design Standards Unit; Division of Health Care Facilities and Programs occurred on November 12th, 2014. The scope of this inspection included two operating rooms that were unavailable during the temporary occupancy inspection. The letter issuing full occupancy was issued that same day - November 12, 2014.
- **Project Stabilization:** The first stabilization meeting will as held on October 29th, 2014. Project Stabilization includes minor adjustments required to the space, equipment, and/or other items based on the initial weeks of patient use.

Project Budget

Attached is a schedule of project expenditures to date.

Approximately \$240,285,612 has been expended of the \$322,826,935 allocated for the project (all from cash and securities). This represents approximately 74.4% of the budget.

Reasons for Renewal Request

The First Patient Use date was delayed by three months as the project progressed through the City of Chicago zoning process. The property was required to go through a re-zoning process to add the building to the Northwestern University Plan Development 3.

Additionally, the planning for the physicians' office space has been slightly delayed with the withdrawal of the Northwestern Medical Faculty Foundation Dialysis Center and its removal from the building along with the proposed Alteration Request to remove one floor of physicians' office space to accommodate an additional floor of outpatient surgery. The reconsideration of the building's highest and best use has affected the timing of physician tenant planning, design, and fit-out. The refocused process has influenced physician office space location, particularly for specialists, delaying NMH from finalizing leases with physician tenants for the building.

The additional nine months are requested to proceed diligently through the leasing process as well as through project stabilization and completion processes and to allow time for an external audit of the project.

NMH is confident that all of the remaining activities can be completed by December 31, 2015.

Key Actions to Be Completed

- Finalization of leases, design, and fit-out of the remaining physicians' office space.
- Final Completion documentation: focuses on stabilization, financial close and lessons learned. This includes review and finalization of project documents.
- Final Financial & CON Close-out: all documentation is in order, final payment of all invoices, and audit by an external accounting firm as required by HFSRB. Anticipated no later than December 31, 2015

Assurances

The project's costs and scope are in compliance with the approved HFSRB project. Additionally, there are sufficient financial resources available to complete the project.

If you have any questions, please feel free to contact Bridget Orth at (312) 926-8650.

Sincerely,



Richard J. Gannotta
President, Northwestern Memorial Hospital

Attachments

cc: Bridget Orth, Director, Regulatory Planning, NMHC

**Outpatient Care Pavilion (OCP) Project
Project # 11-107**

**ANNUAL COST REPORT
to the
Illinois Health Facilities and Services Review Board**

**Northwestern Memorial Hospital Permit Project Expenditures
Progress Report: October 31, 2014**

<u>Category</u>	CON Approved Budget	Project to Date
<u>USE OF FUNDS</u>		
2 SITE SURVEY AND SOIL INVESTIGATION	\$ 352,786	\$ 253,210
3 SITE PREPARATION	\$ 2,865,020	\$ 1,904,156
4 OFF SITE WORK	\$ 1,764,235	\$ 1,043,370
5 NEW CONSTRUCTION CONTRACTS	\$ 219,117,153	\$ 192,500,812
7 CONTINGENCIES	\$ 21,911,716	\$ -
8 ARCHITECTURAL/ENGINEERING FEES	\$ 8,310,429	\$ 11,159,385
9 CONSULTING & OTHER FEES	\$ 16,321,677	\$ 13,245,064
10 MOVABLE CAPITAL EQUIPMENT (not in construction contracts)	\$ 25,928,100	\$ 14,338,985
11 BOND ISSUANCE EXPENSE (project related)	\$ 3,026,000	\$ -
12 NET INTEREST EXPENSE DURING CONSTRUCTION (project relat	\$ 7,291,000	\$ -
14 OTHER COSTS WHICH ARE TO BE CAPITALIZED	\$ 15,938,819	\$ 5,840,630
GRAND TOTAL	\$ 322,826,935	\$ 240,285,612
<u>SOURCE OF FUNDS</u>		
16 CASH & SECURITIES	\$ 166,564,935	\$ 240,285,612
18 GIFTS & BEQUESTS	\$ -	\$ -
19 BOND ISSUES (project related)	\$ 156,262,000	\$ -
25 TOTAL FUNDS	\$ 322,826,935	\$ 240,285,612
CON PERMIT AMOUNT	\$ 322,826,935	\$ 240,285,612
 % COMPLETE	 74.4%	