



Joseph T. Van Leer

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October 1, 2012

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HEALTH FACILITIES &  
SERVICES REVIEW BOARD

VIA ELECTRONIC MAIL

Michael Constantino  
Supervisor, Project Review Section  
Illinois Department of Public Health  
Health Facilities and Services Review Board  
525 West Jefferson Street, Second Floor  
Springfield, Illinois 62761

**Re: Evanston Renal Center Relocation (Proj. No. 12-010)**

Dear Mike:

As you know, on July 24, 2012, the Illinois Health Facilities and Services Review Board ("Board") approved DaVita's Certificate of Need permit application to relocate Evanston Renal Center. DaVita had not completed a floor plan at the time DaVita submitted its application. After completing the plan and working out the space requirements with the landlord, DaVita has determined that the facility will only consist of 9,023 gross square feet as opposed to 10,000 gross square feet, as set forth in the Certificate of Need permit application.

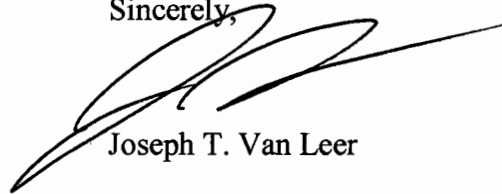
The Board's rules allows for certain alterations to a project for which a permit has been issued. As set forth in 77 Ill. Admin. Code § 1130.750, a decrease in the square footage of a proposed facility is an allowable alteration that requires Board approval. As shown on Attachment -1, the Applicants have also reduced their project costs consistent with the square footage for the proposed facility, resulting in a new total project cost of \$3,093,189. The reduced square footage complies with the Board's size standards.

By this letter, the Applicants are requesting that the Board approve this alternation. Enclosed is a \$1,000 check for the fee associated with the alteration. Given the heavy docket that the Board is managing and other considerations, we would appreciate if the Chair could review and approve without full Board consideration.

October 1, 2012  
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Thank you for your continued assistance and please do not hesitate to contact me if you have additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joseph T. Van Leer', with a long horizontal flourish extending to the right.

Joseph T. Van Leer

Encs.

**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 equal.

<b>Project Costs and Sources of Funds</b>			
<b>USE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts			
Modernization Contracts	\$1,299,492		\$1,299,492
Contingencies	\$155,809		\$155,809
Architectural/Engineering Fees	\$83,700		\$83,700
Consulting and Other Fees	\$40,500		\$40,500
Movable or Other Equipment (not in construction contracts)	\$644,838		\$644,838
Bond Issuance Expense (project related)			
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment	\$868,849		\$868,849
Other Costs To Be Capitalized			
Acquisition of Building or Other Property (excluding land)			
<b>TOTAL USES OF FUNDS</b>	<b>\$3,093,189</b>		<b>\$3,093,189</b>
<b>SOURCE OF FUNDS</b>	<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities	\$2,224,340		\$2,224,340
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$868,849		\$868,849
Governmental Appropriations			
Grants			
Other Funds and Sources			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$3,093,189</b>		<b>\$3,093,189</b>
<b>NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</b>			

The following Sections **DO NOT** need to be addressed by the applicants or co-applicants responsible for funding or guaranteeing the funding of the project if the applicant has a bond rating of A- or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application):

- Section 1120.120 Availability of Funds – Review Criteria
- Section 1120.130 Financial Viability – Review Criteria
- Section 1120.140 Economic Feasibility – Review Criteria, subsection (a)

**VIII. - 1120.120 - Availability of Funds**

The applicant shall document that financial resources shall be available and be equal to or exceed the estimated total project cost plus any related project costs by providing evidence of sufficient financial resources from the following sources, as applicable: **Indicate the dollar amount to be provided from the following sources:**

\$2,224,340	a)	Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:
	1)	the amount of cash and securities available for the project, including the identification of any security, its value and availability of such funds; and
	2)	interest to be earned on depreciation account funds or to be earned on any asset from the date of applicant's submission through project completion;
_____	b)	Pledges – for anticipated pledges, a summary of the anticipated pledges showing anticipated receipts and discounted value, estimated time table of gross receipts and related fundraising expenses, and a discussion of past fundraising experience.
_____	c)	Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;
\$868,849 (FMV of Lease)	d)	Debt – a statement of the estimated terms and conditions (including the debt time period, variable or permanent interest rates over the debt time period, and the anticipated repayment schedule) for any interim and for the permanent financing proposed to fund the project, including:
	1)	For general obligation bonds, proof of passage of the required referendum or evidence that the governmental unit has the authority to issue the bonds and evidence of the dollar amount of the issue, including any discounting anticipated;
	2)	For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;
	3)	For mortgages, a letter from the prospective lender attesting to the expectation of making the loan in the amount and time indicated, including the anticipated interest rate and any conditions associated with the mortgage, such as, but not limited to, adjustable interest rates, balloon payments, etc.;
	4)	For any lease, a copy of the lease, including all the terms and conditions, including any purchase options, any capital improvements to the property and provision of capital equipment;
	5)	For any option to lease, a copy of the option, including all terms and conditions.
_____	e)	Governmental Appropriations – a copy of the appropriation Act or ordinance accompanied by a statement of funding availability from an official of the governmental unit. If funds are to be made available from subsequent fiscal years, a copy of a resolution or other action of the governmental unit attesting to this intent;
_____	f)	Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;
_____	g)	All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.
<b>\$3,093,189</b>	<b>TOTAL FUNDS AVAILABLE</b>	

**APPEND DOCUMENTATION AS ATTACHMENT-39, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**Section I, Identification, General Information, and Certification  
Project Costs and Sources of Funds**

<b>Table 1120.110</b>			
<b>Project Cost</b>	<b>Clinical</b>	<b>Non-Clinical</b>	<b>Total</b>
Modernization Contracts	\$1,299,492		\$1,299,492
Contingencies	\$155,809		\$155,809
Architectural/Engineering Fees	\$83,700		\$83,700
Consulting and Other Fees	\$40,500		\$40,500
<b>Moveable and Other Equipment</b>			
Communications	\$105,115		\$105,115
Water Treatment	\$123,585		\$123,585
Bio-Medical Equipment	\$11,685		\$11,685
Reuse Equipment/Fixtures	\$20,845		\$20,845
Clinical Equipment	\$282,870		\$282,870
Clinical Furniture/Fixtures	\$22,986		\$22,986
Lounge Furniture/Fixtures	\$4,415		\$4,415
Storage Furniture/Fixtures	\$7,212		\$7,212
Business Office Fixtures	\$13,925		\$13,925
General Furniture/Fixtures	\$39,200		\$39,200
Signage	\$13,000		\$13,000
Total Moveable and Other Equipment	\$644,838		\$644,838
Fair Market Value of Leased Space	\$868,849		\$868,849
<b>Total Project Costs</b>	<b>\$3,093,189</b>		<b>\$3,093,189</b>

**Section I, Identification, General Information, and Certification  
Cost Space Requirements**

<b>Cost Space Table</b>							
<b>Dept. / Area</b>	<b>Cost</b>	<b>Gross Square Feet</b>		<b>Amount of Proposed Total Gross Square Feet That Is:</b>			
		<b>Existing</b>	<b>Proposed</b>	<b>New Const.</b>	<b>Modernized</b>	<b>As Is</b>	<b>Vacated Space</b>
<b>CLINICAL</b>							
ESRD	<b>\$3,093,189</b>		9,023		9,023		
<b>Total Clinical</b>	<b>\$3,093,189</b>		9,023		9,023		
<b>NON CLINICAL</b>							
<b>Total Non-clinical</b>							
<b>TOTAL</b>	<b>\$3,093,189</b>		9,023		9,023		

**Section IV, Project Scope, Utilization, and Unfinished/Shell Space**  
**Criterion 1110.234(a), Size of the Project**

The Applicants propose to relocate an existing dialysis facility. Pursuant to Section 1110, Appendix B of the HFSRB's rules, the State standard allows for a maximum of 9,360 gross square feet for 18 dialysis stations. The total gross square footage of the proposed dialysis facility is 9,023 gross square feet, which is in accordance with the State's standard.

**Section X, Economic Feasibility Review Criteria**  
**Criterion 1120.310(c), Reasonableness of Project and Related Costs**

1. The Cost and Gross Square Feet by Department is provided in the table below.

<b>Table 1120.310(c)</b>									
<b>COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE</b>									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
ESRD		\$159.61			9,023			\$1,299,492	\$1,299,492
Contingency		\$20.75			9,023			\$155,809	\$155,809
<b>TOTALS</b>		<b>\$180.36</b>			<b>9,023</b>			<b>\$1,455,302</b>	<b>\$1,455,302</b>

\* Include the percentage (%) of space for circulation

2. As shown in Table 1120.310(c) below, the project costs are below the State Standard.

<b>Table 1120.310(c)</b>			
	<b>Proposed Project</b>	<b>State Standard</b>	<b>Above/Below State Standard</b>
Modernization Costs	\$1,299,492	\$181.99 per gross square foot x 9,023 gross square feet = \$1,642,096	Below State Standard
Contingencies	\$155,809	10 - 15% of Modernization Costs = 10 - 15% x \$1,440,200 = \$144,020 - \$216,030	Meets State Standard
Architectural/Engineering Fees	\$83,700	6.53 - 9.81% x (Construction Costs + Contingencies) = 6.53 - 9.81% x (\$1,440,200 + \$187,226) = 6.53 - 9.81% x \$1,627,426 = \$106,271 - \$159,650	Below State Standard
Consulting and Other Fees	\$40,500	No State Standard	No State Standard
Moveable Equipment	\$644,838	\$39,945 per station \$39,945 x 18 = \$719,010	Below State Standard



*Davita.*

TOTAL RENAL CARE, INC.  
A SUBSIDIARY OF DAVITA  
P.O. Box 2037  
Tacoma, WA 98401-2037

62-35 BNY MELLON TRUST OF DELAWARE  
311

4577773

CHECK DATE	CHECK NUMBER	PAY THIS AMOUNT
28-Sep-12	4577773	\$1,000.00

PAY One Thousand Dollars And Zero Cents\*\*\*\*\*

TO THE ORDER OF ILLINOIS DEPARTMENT OF PUBLIC HEALTH  
525 W JEFFERSON STREET  
SPRINGFIELD, IL 62761

*12-010 Evanston Renal Center*

*K.A.J.*

DOCUMENT CONTAINS MULTI-COLORED PANTOGRAPH & MICROPRINTING. BACK HAS THERMOCHROMIC INK & A WATERMARK. HOLD AT AN ANGLE TO VIEW. VOID IF NOT PRESENT. 

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