



Capital Budget and Control

July 5, 2016

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Mike Constantino
Illinois Health Facilities and Services Review Board
525 West Jefferson Street 2nd Floor
Springfield, Illinois 62761

In Re: Post-Permit Alteration Request for Project #14-013
Bed Relocation to CCD 3 and 4

Dear Mr. Constantino:

Enclosed please find materials supporting a post-permit alteration request for Project #14-013 which will result in a reduction of seven Observation beds, the introduction of Acute Dialysis into the project, a cost increase of \$5,830,621 to the permit amount of \$126,282,678 (2.25%) and a change in financing with the proposed borrowing of \$3,875,528. Also enclosed is a check for the fee in the amount of \$1,000.00.

We hope this can be heard at the August 2, 2016 Board meeting. Please let us know if you need anything further.

Sincerely,

John R. Beberman
Executive Director, Capital Budget & Control



July 5, 2016

Ms. Kathy J. Olson, Chair
Illinois Health Facilities and Services Review Board
525 West Jefferson, 2nd Floor

Re: The University of Chicago Medical Center ("UCMC", the "Medical Center")
Request for Post-Permit Alteration of Project #14-013 CCD 3,4 Patient Units

We request approval of post-permit alteration of Project 14-013 Center for Care and Discovery ("CCD") Floors 3 and 4 Patient Units. The project is the construction of patient units on shell floors 3 and 4 of the CCD and relocation of 122 medical-surgical ("MS"), 32 intensive care ("ICU"), and adding 12 ICU beds to this location, plus 46 Observation beds. This project was approved by the IHFSRB on August 27, 2014. The original permit amount was \$123,504,716.

On February 16, 2016 you approved an alteration to establish a Heart & Vascular patient unit on the 4th Floor. Also approved was a cost increase of \$2,777,962.

We are requesting a further permit alteration that can be categorized in three parts:

- Addition of a Clinical Service – Acute Dialysis;
- Increased costs totaling \$5,830,621; and,
- Change in Financing – Borrowing through New Market Tax Credits program.

Addition of Acute Dialysis Service

Currently, the Acute Dialysis service operates on the 4th Floor of the Rubloff Tower, adjacent to Mitchell Hospital ("Mitchell"). This project involved the relocation of all remaining adult ICU beds from Mitchell and the majority of the adult medical surgical beds to the CCD. The intent of the project was to maximize the number of both licensed and Observation beds in CCD 3 and 4 to alleviate challenging and worsening capacity constraints. In the two years since the project was approved the bed utilization has continued to grow. In response to this and the great need for trauma care in South Chicago, we sought and were granted approval on May 16, 2016 to add 188 beds and build a new trauma center. This bed increase allows us to sacrifice 7 Observation beds on CCD 3rd Floor so that the present Acute Dialysis unit can be relocated. Owing to limited space, the unit will be downsized from 9 to 6 stations. This plan brings this vital service much closer to the majority of our adult inpatients and greatly shortens the transport distance.

Increased Project Costs

We request an increase in the permit amount of \$5,830,621, which would bring the permit total to \$132,113,301. This is just below the cost increase limit of 7% and our revised cost estimate includes a \$1.5 million contingency should other unexpected costs arise in the next few months as the project is completed. While this project seems straightforward in concept – the relocation of beds – it involves working in a clinically active hospital (CCD) and involves a very large area of 221,826 gross square feet. We spare no effort in assuring that construction dust and noise is carefully contained so as not to infiltrate the other floors, though this has come at a cost. Additionally, something as simple as adding some corner guards, wallguards, and handrails when applied to the very large area results in a significant cost. Below in order of size are top 7 highest cost additions totaling \$4.2 million. A detailed table is provided in the request that includes all cost items.

- Debt issuance costs - \$1,183,894
Borrowing through the New Market Tax Credits program involves initial fees of this amount that represent the capital costs of this borrowing. This financing is done under a federal program that encourages economic development in depressed areas. Tax credits are granted to banks that provide loans for qualified projects. This results in very low cost borrowing.
- Elevator construction costs - \$635,775
These are costs beyond those reported in the previous alteration for creating barrier walls between the elevators being constructed and active elevators. The barrier walls are to prevent infiltration of dust and debris that could be spread to clinical areas during the construction. There were considerable additional costs as 28 wall penetrations were made to access the 3rd and 4th Floors by 14 existing elevators serving the CCD. Barriers were created for each penetration, involving pressurized air and constant monitoring so as to insure there are no leaks.
- Nurse Call staff terminals - \$600,000
This enhanced feature was added to the Nurse Call system. Essentially, it is a wall-mounted touch pad the caregivers can use in each patient room to communicate with other services and staff quickly and easily.
- Network cabling and hardware - \$550,000
The original estimate was \$400,000 but is expected to reach \$950,000 as the number of devices and coverage are much greater than expected. The large size of the floors (105,000 gsf each) substantially impacts the cabling costs.
- Increased quantity of accessories - \$442,989
Additional handrails, wallguards, and corner guards have been specified to increase safety of patients and visitors and prevent damage to walls from carts. Again, the very large size of the project area drives these costs. The life cycle payback supports this upfront cost.


- Construction Manager Fees and Insurance for Change Orders - \$435,732
The CM fee and project insurance costs increase as the cost of construction increases. Change orders are expected to reach \$8 million and underlie these costs.
- Premium time acceleration - \$393,760
To expedite the completion of this project so as to alleviate the severe bed shortage, we have begun three shifts for the contractors, seven days a week since mid-April. This does not involve all trades at all times, but is coordinated with respect to available manpower and schedule dictates. This comes at a premium cost for overtime and off-hours shifts.
- Other - \$1,588,473
Other costs include Acute Dialysis construction of \$374,700, added costs for move planning, warehousing, and moving of \$328,000, shower wall moisture control system on rooms with outboard bathrooms \$300,000, security personnel manning all pressurized barriers and elevators used by tradesmen to ensure proper entry and egress for \$235,000, and several smaller items included in the table within the body of the request.

Change in Financing

The source of financing in the current permit is from cash and securities. We propose a borrowing of \$3,875,528 through a federal program administered by the U.S. Treasury known as New Market Tax Credits. The program encourages investments through qualified projects in economically depressed areas. The lending bank receives tax credits at the end of the 7 year term provided all conditions are met, and then forgives the loan. The net benefit to UCMC after all costs is expected to be \$1,078,533.

Thank you for your consideration of this alteration. We expect that the completed facility will bring many years of excellent service to our patients.

Very truly yours,



Sharon O'Keefe
President

**ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD Project 14-013 Alter. #2
APPLICATION FOR PERMIT**

SECTION I. IDENTIFICATION, GENERAL INFORMATION, AND CERTIFICATION

This Section must be completed for all projects.

Facility/Project Identification

Facility Name:	The University of Chicago Medical Center		
Street Address:	5841 South Maryland Avenue		
City and Zip Code:	Chicago, 60637-1470		
County:	Cook	Health Service Area	HSA 6 Health Planning Area: A-3

Applicant /Co-Applicant Identification

[Provide for each co-applicant [refer to Part 1130.220].

Exact Legal Name:	The University of Chicago Medical Center
Address:	5841 South Maryland Avenue
Name of Registered Agent:	John Satalic
Name of Chief Executive Officer:	Sharon O'Keefe
CEO Address:	5841 South Maryland Avenue
Telephone Number:	(773) 702-6240

Type of Ownership of Applicant/Co-Applicant

<input checked="" type="checkbox"/> Non-profit Corporation	<input type="checkbox"/> Partnership
<input type="checkbox"/> For-profit Corporation	<input type="checkbox"/> Governmental
<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Sole Proprietorship <input type="checkbox"/> Other

o Corporations and limited liability companies must provide an **Illinois certificate of good standing.**

o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner.

APPEND DOCUMENTATION AS ATTACHMENT-1 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

Primary Contact

[Person to receive ALL correspondence or inquiries]

Name:	John R. Beberman
Title:	Executive Director, Capital Budget and Control
Company Name:	The University of Chicago Medical Center
Address:	14216 South Meadowview Court, Orland Park, IL 60462-2350
Telephone Number:	(773) 702-1246
E-mail Address:	john.bebberman@uchospitals.edu
Fax Number:	

Additional Contact

[Person who is also authorized to discuss the application for permit]

Name:	Joe Ourth
Title:	Attorney
Company Name:	Arnstein & Lehr LLP
Address:	120 S. Riverside Plaza, Suite 1200, Chicago, IL 60606
Telephone Number:	(312) 876-7100
E-mail Address:	jourth@arnstein.com
Fax Number:	(312) 876-0288

Post Permit Contact

[Person to receive all correspondence subsequent to permit issuance-THIS PERSON MUST BE EMPLOYED BY THE LICENSED HEALTH CARE FACILITY AS DEFINED AT 20 ILCS 3960

Name:	John R. Beberman
Title:	Director, Capital Budget and Control
Company Name:	The University of Chicago Medical Center
Address:	14216 South Meadowview Court, Orland Park, IL 60462-2350
Telephone Number:	(773) 702-1246
E-mail Address:	John.beberman@uchospitals.edu
Fax Number:	(773) 702-8148

Site Ownership

[Provide this information for each applicable site]

Exact Legal Name of Site Owner:	The University of Chicago Medical Center
Address of Site Owner:	5841 S. Maryland Avenue, Chicago, IL 60637
Street Address or Legal Description of Site:	Proof of ownership or control of the site is to be provided as Attachment 2. Examples of proof of ownership are property tax statement, tax assessor's documentation, deed, notarized statement of the corporation attesting to ownership, an option to lease, a letter of intent to lease or a lease.
APPEND DOCUMENTATION AS ATTACHMENT-2, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.	

Operating Identity/Licensee

[Provide this information for each applicable facility, and insert after this page.]

Exact Legal Name:	The University of Chicago Medical Center		
Address:	5841 S. Maryland Avenue, Chicago, IL 60637		
<input checked="" type="checkbox"/>	Non-profit Corporation	<input type="checkbox"/>	Partnership
<input type="checkbox"/>	For-profit Corporation	<input type="checkbox"/>	Governmental
<input type="checkbox"/>	Limited Liability Company	<input type="checkbox"/>	Sole Proprietorship
		<input type="checkbox"/>	Other
<ul style="list-style-type: none"> o Corporations and limited liability companies must provide an Illinois Certificate of Good Standing. o Partnerships must provide the name of the state in which organized and the name and address of each partner specifying whether each is a general or limited partner. o Persons with 5 percent or greater interest in the licensee must be identified with the % of ownership. 			
APPEND DOCUMENTATION AS ATTACHMENT-3, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Organizational Relationships

Provide (for each co-applicant) an organizational chart containing the name and relationship of any person or entity who is related (as defined in Part 1130.140). If the related person or entity is participating in the development or funding of the project, describe the interest and the amount and type of any financial contribution.

APPEND DOCUMENTATION AS ATTACHMENT-4, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.
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**Project Costs and Sources of Funds
Service, Financing Change Project #14-013**

Permit Alteration #2 Cost, New

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.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	\$1,831,678	\$1,542,355	\$3,374,033
Modernization Contracts			
Contingencies			
Architectural/Engineering Fees	84,916	24,780	109,696
Consulting and Other Fees			
Movable or Other Equipment (not in construction contracts)	600,000		600,000
Bond Issuance Expense (project related)	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	414,875	148,125	563,000
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$3,803,880	\$2,026,743	\$5,830,623
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$788,828	\$1,166,267	\$1,955,095
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	3,015,053	860,475	3,875,528
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$3,803,880	\$2,026,743	\$5,830,623
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

**Project Costs and Sources of Funds
Service, Financing Change Project #14-013**

Permit Alteration #2 Cost, New

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.

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs			
Site Survey and Soil Investigation			
Site Preparation			
Off Site Work			
New Construction Contracts	\$67,057,720	\$31,741,658	\$98,799,378
Modernization Contracts			
Contingencies	1,018,089	481,911	1,500,000
Architectural/Engineering Fees	2,744,874	1,155,126	3,900,000
Consulting and Other Fees	1,833,289	782,767	2,616,056
Movable or Other Equipment (not in construction contracts)	18,356,972	743,028	19,100,000
Bond Issuance Expense (project related)	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)			
Fair Market Value of Leased Space or Equipment			
Other Costs To Be Capitalized	3,928,584	1,085,389	5,013,973
Acquisition of Building or Other Property (excluding land)			
TOTAL USES OF FUNDS	\$95,811,939	\$36,301,362	\$132,113,301
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$92,796,886	\$35,440,886	\$128,237,773
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages	3,015,053	860,475	3,875,528
Leases (fair market value)			
Governmental Appropriations			
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$95,811,939	\$36,301,362	\$132,113,301
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

Project Costs and Sources of Funds

Project Costs and Sources of Funds									
USE OF FUNDS	CURRENT PERMIT AMOUNT			PERMIT ALTERATION REQUEST			NEW TOTAL IF APPROVED		
	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs									
Site Survey and Soil Investigation									
Site Preparation									
Off Site Work									
New Construction Contracts	\$65,226,044	\$30,199,303	\$95,425,347	\$1,831,678	\$1,542,355	\$3,374,033	\$67,057,721	\$31,741,658	\$98,799,380
Modernization Contracts									
Contingencies	1,018,089	481,911	1,500,000	0	0	0	1,018,089	481,911	1,500,000
Architectural/Engineering Fees	2,659,958	1,130,346	3,790,304	84,916	24,780	109,696	2,744,874	1,155,126	3,900,000
Consulting and Other Fees	1,833,289	782,767	2,616,056	0	0	0	1,833,289	782,767	2,616,056
Movable or Other Equipment (not in construction contracts)	17,756,972	743,028	18,500,000	600,000	0	600,000	18,356,972	743,028	19,100,000
Bond Issuance Expense (project related)	0	0	0	872,411	311,483	1,183,894	872,411	311,483	1,183,894
Net Interest Expense During Construction (project related)									
Fair Market Value of Leased Space or Equipment									
Other Costs To Be Capitalized	3,513,709	937,264	4,450,973	414,875	148,125	563,000	3,928,584	1,085,389	5,013,973
Acquisition of Building or Other Property (excluding land)									
TOTAL USES OF FUNDS	\$92,008,061	\$34,274,619	\$126,282,680	\$3,803,880	\$2,026,743	\$5,830,623	\$95,811,941	\$36,301,362	\$132,113,303
SOURCES OF FUNDS	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$92,008,061	\$34,274,619	\$126,282,680	\$788,827	\$1,166,268	\$1,955,095	\$92,796,888	\$35,440,887	\$128,237,775
Pledges									
Gifts and Bequests									
Bond Issues (project related)									
Mortgages				3,015,053	860,475	3,875,528	3,015,053	860,475	3,875,528
Leases (fair market value)									
Governmental Appropriations									
Grants									
Other Funds and Sources									
TOTAL SOURCES OF FUNDS	\$92,008,061	\$34,274,619	\$126,282,680	\$3,803,880	\$2,026,743	\$5,830,623	\$95,811,941	\$36,301,362	\$132,113,303

RELOCATION OF BEDS TO CENTER FOR CARE AND DISCOVERY
Expected Cost Increases to Permit

Project #14-013
Permit Alteration #2

1. Premium time acceleration	\$393,760	Since early April extra shifts, weekends to shorten schedule by 2 months.
2. Infection control provisions	150,000	Small areas of construction in already cleaned and loaded areas require extra measures to contain dust/debris.
3. General exhaust changes	100,000	Testing reveals inadequate exhaust system due to more leakage than expected. Remedy is more and more powerful fans.
4. Security personnel for access/infection control	235,000	Strict process for entering and leaving construction area, involving multiple contained ante rooms. Security controls doors to ensure this is done properly to control spread of dust/debris into active clinical areas.
5. CM fees for change orders	435,732	Includes insurance for additional work performed for change orders
6. Motorized window shades	100,773	Once new parking garage was open patient-controlled shades were advised for privacy from people entering CCD from garage via bridge.
7. Increased accessories	442,989	Wallguards, corner guards, hand rails added for safety, damage control from carts. Patient and visitor safety and life cycle payback warrants this.
8. Elevator construction costs	635,775	Costs beyond initial estimate and barrier walls. Fourteen elevators, needed to create 28 openings on 3 and 4, also openings from basement to 10 for two new elevators. Extensive infection control due to nature of elevators.
9. Acute Dialysis	374,700	Cost of alterations to create unit in Observation unit area.
10. Network cabling, hardware	550,000	Above initial \$400K estimate
11. Moving, warehousing, activation planning	328,000	Above initial \$440K estimate
12. Shower wall moisture control	300,000	Eighty five outboard toilet/shower rooms required special system for moisture control to prevent mold from trapped condensation.
13. Nurse Call staff terminals	600,000	Enhanced features for Nurse Call with wall-mounted touchpad in patient room to facilitate communication with other services/staff.
14. Debt issuance costs	1,183,894	Borrowing \$3.9m through New Market Tax Credits program
Total	\$5,830,623	
Current CON Permit Amount	\$126,282,678	
Resultant New Permit Amount	\$132,113,301	Original permit was \$123,504,716. 7% cost increase limit is \$132,150,046

O. Criterion 1110.3030 - Clinical Service Areas Other than Categories of Service

1. Applicants proposing to establish, expand and/or modernize Clinical Service Areas Other than Categories of Service must submit the following information:
2. Indicate changes by Service: Indicate # of key room changes by action(s):

Service	# Existing Key Rooms	# Proposed Key Rooms
<input type="checkbox"/> Acute Dialysis	9	6
<input type="checkbox"/>		
<input type="checkbox"/>		

3. READ the applicable review criteria outlined below and **submit the required documentation for the criteria:**

PROJECT TYPE	REQUIRED REVIEW CRITERIA	
New Services or Facility or Equipment	(b) -	Need Determination - Establishment
Service Modernization	(c)(1) -	Deteriorated Facilities
		and/or
	(c)(2) -	Necessary Expansion
		PLUS
	(c)(3)(A) -	Utilization - Major Medical Equipment
		Or
	(c)(3)(B) -	Utilization - Service or Facility
<p>APPEND DOCUMENTATION AS ATTACHMENT-34, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.</p>		

Section I, Cost Space Requirements

<u>Department/Area</u>	<u>Cost</u>	<u>Gross Square Feet</u>		<u>Amount of Proposed Total GSF That Is:</u>			
		<u>Existing</u>	<u>Proposed</u>	<u>New Constr.</u>	<u>Modern.</u>	<u>As Is</u>	<u>Vacated Space</u>
Reviewable:							
Med/Surg Patient Units	\$58,661,357	192,913	235,201	94,460		140,741	52,172
ICU Patient Units	16,135,745	81,948	77,446	20,964		56,482	25,466
Observation Patient Units	19,072,265	9,761	25,710	25,710		0	9,761
Heart & Vascular Ancillaries	2,605,328	1,711	3,863	2,152		1,711	0
Acute Dialysis	387,249	5,281	2,498	2,498		0	5,281
Total Reviewable	\$96,861,945	291,614	344,718	145,784	0	198,934	92,680
Nonreviewable:							
Mechanical, Other Support	\$35,251,357	1,483,352	1,559,393	76,041		1,483,352	
Total Nonreviewable	\$35,251,357	1,483,352	1,559,393	76,041	0	1,483,352	
Grand Total	\$132,113,301	1,774,966	1,904,112	221,826	0	1,881,220	92,680

Requesting the addition of 431 bgsf to the original permit amount of 221,395 bgsf in Alteration #1.
 No net space change in project in Alteration #2.

Area By Department	<u>BGSF</u>	<u>Changes</u>	<u>New Total BGSF</u>
Med/Surg Patient Units	94,460		94,460
ICU Patient Units	20,964		20,964
Observation Patient Units	27,424	-1,714	25,710
Heart & Vascular Ancillaries	2,152		2,152
Acute Dialysis	0	2,498	2,498
Total Clinical	<u>145,000</u>		<u>145,785</u>
Non Clinical	76,826	-785	76,041
Grand Total	<u>221,826</u>	<u>0</u>	<u>221,826</u>

Acute Dialysis	<u>DGSF</u>	<u>BGSF</u>
Clinical:		
Treatment rooms	6	1,217
Store Room Floor 3		268
Equip. Room, Storage, Work - Floor 2		680
Clinical Total	<u>2,165</u>	2,498
Non-Clinical		
Floor 2 Passageway, office		416
Floor 3 office		136
Non-Clinical Total	<u>552</u>	

Observation Beds		
Lose 7 beds		-1,714
Non-Clinical		
Lose space to Acute Dial. Equipment, storage, office		-785
Net Space Changes		<u>0</u>

**University of Chicago Medical Center
Dialysis CCD2 & CCD3**

Room #	Room Description	Dialysis Clinical	Non-Clinical Staff Support	Non-Clinical Building Support
Level 2 - Non-Clinical Building Support				
02801	PASSAGEWAY			336
Level 2 - Non-Clinical Staff Support for Dialysis				
02802	EQUIPMENT WORKROOM	290		
02803	CLEAN HOLDING	320		
02804	OFFICE		80	
02805	WORK ROOM	70		
Subtotal		680	80	
Level 3 Dialysis Clinical				
03085	DIALYSIS TREATMENT ROOM	170		
03085A	PATIENT TOILET	66		
03086	DIALYSIS TREATMENT ROOM	168		
03086A	PATIENT TOILET	66		
03088	DIALYSIS TREATMENT ROOM	176		
03088A	PATIENT TOILET	66		
03474	ACCESSIBLE DIALYSIS TREATMENT ROOM	188		
03474A	ACCESSIBLE PATIENT TOILET	64		
03475	DIALYSIS TREATMENT ROOM	176		
03475A	PATIENT TOILET	66		
03476	DIALYSIS TREATMENT ROOM	181		
03476A	PATIENT TOILET ROOM	66		
Subtotal		1,217	-	
Level 3 Non-Clinical Staff Support				
03075B	CHARTING ALCOVE	15		
03089	DIALYSIS CLEAN SUPPLY ROOM	176		
03089A	DIALYSIS EQUIPMENT STORAGE ROOM	66		
03087	OFFICE		136	
03473	CRASH CART ALCOVE	11		
Subtotal		268	136	
Subtotal		2,165	216	336
TOTAL (DGSF)		2,165	216	336
GRAND TOTAL (DGSF)				2,717
GRAND TOTAL (BGSF)	factor = 1.154			3,135

Attachment 37

1110.3030

d) Service Modernization

2) Necessary Expansion

With 150 medical surgical and 32 ICU beds being relocated from Mitchell Hospital (Mitchell) to the Center for Care and Discovery (CCD), there will remain just 28 medical surgical beds and no ICU beds in Mitchell until newly approved beds can be opened. With the great majority of adult inpatients being cared for in the CCD, it was decided to relocate the acute dialysis service from Mitchell to the CCD. In Mitchell, this service is located in D4 of the Rubloff Tower and has 9 stations. Due to capacity constraints on the CCD 3rd Floor, this service will be reduced to 6 station. There will be a supply and equipment room proximate to the 6 stations. On the 2nd Floor within a large mechanical area there will be created a equipment cleaning, storage and supply room with an office for the acute dialysis manager.

This development will take the place of 7 Observation beds planned for the 3rd floor. This brings the total Observation beds to 30 on Floors 3 and 4, compared to the original total of 46. The Heart and Vascular service approved for the 4th Floor replaced 7 Observation beds in the previous post permit alteration. Another 2 Observation beds, 1 per floor, were replaced to make room for other needs a year earlier. The reduction in Observation beds will be offset by the additional 188 beds approved recently for Project #16-008. This significant increase in bed number will provide capacity for Observation patients on units that are not at 100% capacity.

There are clinical and operating advantages for providing hemodialysis in a dedicated unit. The staff coverage is 3 patients per nurse or technician. Hemodialysis provided in the patient's room requires 1:1 staffing. In a dedicated unit, because there are numerous staff there are more "eyes on the patient" and if help is needed it can be quickly summoned. Additionally, there are nephrologists making rounds on the unit who will be there for longer periods of time than in individual patient rooms. Performing bedside hemodialysis takes more staff time simply in travel to the patient's room. Equipment is used less efficiently due to transport time. However, many patients are too sick to be safely transported so dialysis is performed in their room. If a patient is connected to other equipment that would make a transport difficult and risky, such as an LVAD (left ventricular assist device), dialysis would be done in the patient's room. UCMC cares for a sufficient number of patients requiring dialysis during their stay, with 4,540 hemodialysis treatments performed in a recent 12 month period, to justify a dedicated unit.

3) Utilization

Total acute dialysis treatments have increased from 4,300 in 2012 to 6,398 in 2016. Projecting forward from 2016, these treatments are expected to grow at the same pace as the combined ICU and Medical Surgical days are expected to grow as presented for Project #16-008 Mitchell Renovation/ED Trauma. Assuming the proportion of in-unit treatments will occur at the average of the rates seen in 2015 and 2016, this will produce room utilization rates of 77% in 2017, 81% in 2018 and 92% in 2019. Operations

Section VII R Clinical Service Area Other Than Categories of Service

are expected to begin in early Fall, 2016. The years shown in the tables below are fiscal years, beginning July 1.

Hemodialysis					
	<u>bedside</u>	<u>in unit</u>	<u>Total</u>	<u>% in unit</u>	
2012	na	na	4,300		
2013	na	na	4,830		
2014	na	na	6,072		
2015	2,272	4,191	6,463	65%	
2016	1,858	4,540	6,398	71%	
					<u>Util.</u>
2017	1,955	4,785	6,740	71%	77%
2018	2,060	5,044	7,105	71%	81%
2019	2,356	5,769	8,125	71%	92%

Room time: 4 hours per treatment, 30 minute clean up/set up.
 Rooms in operation 7 a.m. to 10 p.m. 6 days per week.
 Annual hours in operation = 28,080

Patient Day Growth				
	<u>M/S</u>	<u>ICU</u>	<u>Total</u>	<u>% change</u>
2016	117,977	30,816	148,793	
2017	125,928	30,816	156,744	5.3%
2018	134,416	30,816	165,232	5.4%
2019	152,714	36,252	188,966	14.4%

Days as projected in Project #16-008
 Mitchell/ED.



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June 30, 2016

Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

In Re: Project 140-013 CCD 3,4 Bed Relocation Section 1120.140 A. Reasonableness of Financing Arrangements

The University of Chicago Medical Center (UCMC) will incur debt of \$3,875,528 through the New Market Tax Credits program for the above referenced project. This is a federal program operated by the U.S. Treasury Department to encourage investment in economically depressed areas. The program allows qualified banks to receive tax credits for investment in economically depressed areas based on qualified projects. UCMC has identified projects that directly benefit the community we serve. The net benefit to UCMC will be \$1,078,533 on this borrowing, net of all borrowing costs. This borrowing is the least costly option available to us.

The undersigned is an officer of the University of Chicago Medical Center, the applicant.

Sincerely,


Sharon O'Keefe
President

*Subscribed and sworn to before me
this 30th of June, 2016
Melinda Fritzler*



Attachment 39



June 30, 2016

Illinois Health Facilities and Services Review Board
525 West Jefferson Street
Springfield, Illinois 62761

In Re: Project 140-013 CCD 3,4 Bed Relocation Section 1120.140 B. Conditions of Debt Financing

The University of Chicago Medical Center (UCMC) will incur debt of \$3,875,528 through the New Market Tax Credits program for the above referenced project. This is a federal program operated by the U.S. Treasury Department to encourage investment in economically depressed areas. The program allows qualified banks to receive tax credits for investment in economically depressed areas based on qualified projects. UCMC has identified projects that directly benefit the community we serve. At the conclusion of the 7 year term, the loan will be forgiven. The net benefit to UCMC will be \$1,078,533 on this borrowing, net of all borrowing costs. This borrowing is the least costly option available to us.

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Attachment 39

The University of Chicago Medical Center
 New Market Tax Credits
 Federal Estimated Benefits

Allocation and Awarding of Tax Credits

	Federal Fund A	State Fund B	Fund C	Total
Allocation Amount	6,500,000	5,000,000	5,000,000	16,500,000
(1) Tax Credit Rate	39.0%	39.0%	39.0%	
(2) New Market Tax Credit Generated to U.S Bank	\$ 2,535,000	\$ 1,950,000	\$ 1,950,000	\$ 6,435,000
(3) Price US Bank Pays for New Market Tax Credit	\$ 0.84	\$ 0.52	\$ 0.52	
(4) New Market Tax Credit Equity US Bank to UCMC	\$ 2,129,400	\$ 1,014,000	\$ 1,014,000	\$ 4,157,400
(5) UCMC Equity Leveraged Loan	\$ 4,370,600	\$ 3,986,000	\$ 3,986,000	\$ 12,342,600
Total	\$ 6,500,000	\$ 5,000,000	\$ 5,000,000	\$ 16,500,000

UCMC

Loan A UCMC to Affiliate Company	\$ 4,370,600	\$ 3,986,000	\$ 3,986,000	\$ 12,342,600
Loan B	\$ 2,129,400	\$ 1,014,000	\$ 1,014,000	\$ 4,157,400
Less CDE Fee	\$ (325,000)	\$ (150,000)	\$ (150,000)	\$ (625,000)
	\$ 1,804,400	\$ 864,000	\$ 864,000	\$ 3,532,400
(6) Interest Loan A	\$ -	\$ -	\$ -	\$ -
Interest Loan B	\$ (211,680)	\$ (326,872)	\$ (326,872)	\$ (865,424)
Accounting Fees	\$ (35,000)	\$ -	\$ -	\$ (35,000)
Legal Fees	\$ (350,000)	\$ -	\$ -	\$ (350,000)
Consulting Fees	\$ (260,000)	\$ -	\$ -	\$ (260,000)
Exit Fee	\$ -	\$ (432,000)	\$ (432,000)	\$ (864,000)
Put	\$ (1,000)	\$ -	\$ -	\$ (1,000)
	\$ 946,720	\$ 105,128	\$ 105,128	\$ 1,156,976
Forgivable Loan at the End of 7 Years	\$ 1,159,400	\$ 864,000	\$ 864,000	\$ 2,887,400
Capitalized costs:				
CDE Fee	\$ 625,000			
Accounting Fees	\$ 35,000			
Legal Fees	\$ 350,000			
Consulting Fees	\$ 260,000			
Total Fees	\$ 1,270,000			

	Capitalized Costs	Amount Borrowed	Net Benefit UCMC
Share to CCD 3,4 Beds (93.22%) #14-013	\$ 1,183,894	\$ 3,875,528	\$ 1,078,533
Share to Labor & Delivery Relocation (6.78%)	\$ 86,106	\$ 281,872	\$ 78,443
		\$ 4,157,400	\$ 1,156,976

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A B Cost/Sq. Foot		C D Gross Sq. Ft.		E F Gross Sq. Ft.		G	H	Total
	New	Mod.	New	Circ.	Mod	Circ.	Const. \$ (A x C)	Mod. \$ (B x E)	Costs (G + H)
Reviewable:									
M/S Patient Units	\$437.60		94,460				\$41,335,703		\$41,335,703
ICU Patient Units	\$483.79		20,964				10,142,152		10,142,152
Observation Patient Units	\$529.96		25,710				13,625,556		13,625,556
Heart & Vascular Ancillaries	\$751.43		2,152				1,617,080		1,617,080
Acute Dialysis	\$134.98		2,498				337,230		337,230
Reviewable Total	\$459.98		145,785	35%			67,057,721		67,057,721
Non-reviewable:									
Non-Clinical	417.43		76,041				31,741,657		31,741,657
Non-reviewable Total	\$417.43		76,041	13%			31,741,657		31,741,657
Contingency	\$6.76						1,500,000		1,500,000
TOTALS	\$452.15		221,826	28%			\$100,299,378		\$100,299,378

D. Projected Operating Costs

	<u>Med/Surg</u>	<u>ICU</u>	<u>Observation</u>	<u>Acute Dialysis</u>
Compensation	22,823,112	9,981,776	4,875,646	2,228,343
Supplies	2,047,494	1,672,540	56,778	607,260
Services	328,893	153,976	39,914	23,277
Other	7,128	2,076	4,747	140,537
Total Operating Costs	25,206,628	11,810,368	4,977,085	2,999,417
Beds Relocated/Procedures	134	32	46	8,857
Annual Operating Cost Per Bed, per Hemodialysis Procedure	\$188,109	\$369,074	\$108,198	\$339

2014 dollars (2015 for dialysis)

E. Projected Capital Costs

	<u>Year 2018</u>
Annual Depreciation	\$8,232,814
Equivalent Patient Days	541,077
Capital Cost Per Equivalent Day	\$15.22



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