



**FRESENIUS  
MEDICAL CARE**

June 17, 2015

**RECEIVED**

JUN 18 2015

HEALTH FACILITIES &  
SERVICES REVIEW BOARD

Ms. Courtney Avery  
Administrator  
Illinois Health Facilities & Services Review Board  
525 West Jefferson, 2<sup>nd</sup> Floor  
Springfield, IL 62761

**Re: Alteration, Permit #14-047, Fresenius Medical Care Humboldt Park**

Dear Ms. Avery:

At the July 14, 2014 Illinois Health Facilities and Services Review Board meeting Fresenius Medical Care was granted permit to establish the above referenced 34-station ESRD facility. I am writing to request an alteration to this permit.

Original plans as put forth in the application were for a 20,000 GSF building. After reviewing plans it was decided that a more suitable size for the in-center facility would be 15,641 GSF. There are no other changes to the size or scope of the project.

The following pages are replacement pages for the original application that are related to this alteration. These include:

- Page 6 Project Costs and Sources of Funds
- Page 8 Cost/Space Requirements
- Page 16 Availability of Funds
- Page 18 Economic Feasibility
- Page 35 Itemized Costs
- Page 37 Cost/Space Requirements
- Page 66 Size
- Page 109 Economic Feasibility – Reasonableness of Project & Related Costs

Enclosed is an alteration fee in the amount of \$1,000. Thank you for your time and attention to this matter.

Sincerely,

Lori Wright  
Senior CON Specialist

cc: Clare Ranalli

**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		N/A	N/A	N/A
Site Survey and Soil Investigation		N/A	N/A	N/A
Site Preparation		N/A	N/A	N/A
Off Site Work		N/A	N/A	N/A
New Construction Contracts		N/A	N/A	N/A
Modernization Contracts		2,518,201	N/A	2,518,201
Contingencies		250,256	N/A	250,256
Architectural/Engineering Fees		271,000	N/A	271,000
Consulting and Other Fees		N/A	N/A	N/A
Movable or Other Equipment (not in construction contracts)		646,000	N/A	646,000
Bond Issuance Expense (project related)		N/A	N/A	N/A
Net Interest Expense During Construction (project related)		N/A	N/A	N/A
Fair Market Value of Leased Space or Equipment	4,434,223 566,550	5,000,773	N/A	5,000,773
Other Costs To Be Capitalized		N/A	N/A	N/A
Acquisition of Building or Other Property (excluding land)		N/A	N/A	N/A
<b>TOTAL USES OF FUNDS</b>		<b>8,686,230</b>	<b>N/A</b>	<b>8,686,230</b>
<b>SOURCE OF FUNDS</b>		<b>CLINICAL</b>	<b>NONCLINICAL</b>	<b>TOTAL</b>
Cash and Securities		3,685,457	N/A	3,685,457
Pledges		N/A	N/A	N/A
Gifts and Bequests		N/A	N/A	N/A
Bond Issues (project related)		N/A	N/A	N/A
Mortgages		N/A	N/A	N/A
Leases (fair market value)		5,000,773	N/A	5,000,773
Governmental Appropriations		N/A	N/A	N/A
Grants		N/A	N/A	N/A
Other Funds and Sources		N/A	N/A	N/A
<b>TOTAL SOURCES OF FUNDS</b>		<b>8,686,230</b>	<b>N/A</b>	<b>8,686,230</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>				

**Cost Space Requirements**

Provide in the following format, the department/area **DGSF** or the building/area **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
<b>REVIEWABLE</b>							
In-Center Hemodialysis	\$8,686,230	15,641			15,641		
Total Clinical	\$8,686,230	15,641			15,641		
<b>NON REVIEWABLE</b>							
Administrative							
Parking							
Gift Shop							
Total Non-clinical							
<b>TOTAL</b>	<b>\$8,686,230</b>	<b>15,641</b>			<b>15,641</b>		
APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

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:**

<u>3,685,457</u>	<p>a) Cash and Securities – statements (e.g., audited financial statements, letters from financial institutions, board resolutions) as to:</p> <ol style="list-style-type: none"> <li>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</li> <li>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;</li> </ol>
<u>N/A</u>	<p>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.</p>
<u>N/A</u>	<p>c) Gifts and Bequests – verification of the dollar amount, identification of any conditions of use, and the estimated time table of receipts;</p>
<u>5,000,773</u>	<p>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:</p> <ol style="list-style-type: none"> <li>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;</li> <li>2) For revenue bonds, proof of the feasibility of securing the specified amount and interest rate;</li> <li>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.;</li> <li>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;</li> <li>5) For any option to lease, a copy of the option, including all terms and conditions.</li> </ol>
<u>N/A</u>	<p>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;</p>
<u>N/A</u>	<p>f) Grants – a letter from the granting agency as to the availability of funds in terms of the amount and time of receipt;</p>
<u>N/A</u>	<p>g) All Other Funds and Sources – verification of the amount and type of any other funds that will be used for the project.</p>
<b><u>\$8,686,230</u></b>	<b>TOTAL FUNDS AVAILABLE</b>

**APPEND DOCUMENTATION AS ATTACHMENT-36, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.**

**X. 1120.140 - Economic Feasibility**

**This section is applicable to all projects subject to Part 1120.**

**A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
  - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
  - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

**B. Conditions of Debt Financing**

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

**C. Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

- 1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
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		161.00			15,641			2,518,201	2,518,201
Contingency		16.00			15,641			250,256	250,256
<b>TOTALS</b>		<b>\$177.00</b>			<b>15,641</b>			<b>2,768,457</b>	<b>2,768,457</b>

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

**SUMMARY OF PROJECT COSTS**

<b>Modernization</b>	
General Conditions	125,900
Temp Facilities, Controls, Cleaning, Waste Management	6,300
Concrete	32,200
Masonry	38,300
Metal Fabrications	18,900
Carpentry	221,300
Thermal, Moisture & Fire Protection	44,800
Doors, Frames, Hardware, Glass & Glazing	172,500
Walls, Ceilings, Floors, Painting	406,700
Specialities	31,500
Casework, Fl Mats & Window Treatments	15,100
Piping, Sanitary Waste, HVAC, Ductwork, Roof Penetrations	805,800
Wiring, Fire Alarm System, Lighting	485,500
Miscellaneous Construction Costs	113,401
<b>Total</b>	<b>\$2,518,201</b>
<b>Contingencies</b>	
	<b>\$250,256</b>
<b>Architecture/Engineering Fees</b>	
	<b>\$271,000</b>
<b>Moveable or Other Equipment</b>	
Dialysis Chairs	73,000
Clinical Furniture & Equipment	30,000
Office Equipment & Other Furniture	56,000
Water Treatment	210,000
TVs & Accessories	85,000
Telephones	27,000
Generator	110,000
Facility Automation	30,000
Other miscellaneous	25,000
<b>Total</b>	<b>\$646,000</b>
<b>Fair Market Value of Leased Space and Equipment</b>	
FMV Leased Space (15,641 GSF)	4,434,223
FMV Leased Dialysis Machines	544,350
FMV Leased Office Equipment	22,200
<b>Total</b>	<b>\$5,000,773</b>
<b>Grand Total</b>	<b>\$8,686,230</b>

**Cost Space Requirements**

Provide in the following format, the department/area GSF and cost. 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:			
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<b>REVIEWABLE</b>							
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<b>NON REVIEWABLE</b>							
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Parking							
Gift Shop							
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<b>TOTAL</b>	<b>\$8,686,230</b>	<b>15,641</b>			<b>15,641</b>		
APPEND DOCUMENTATION AS <u>ATTACHMENT-9</u> , IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							

**Criterion 1110.234, Size of Project**

<b>SIZE OF PROJECT</b>				
<b>DEPARTMENT/SERVICE</b>	<b>PROPOSED BGSF/DGSF</b>	<b>STATE STANDARD 450-650 BGSF Per Station</b>	<b>DIFFERENCE</b>	<b>MET STANDARD?</b>
ESRD IN-CENTER HEMODIALYSIS	15,641 (34 Stations)	15,300 – 22,100 BGSF	None	Yes

As seen in the chart above, the State Standard for ESRD is between 450 - 650 BGSF per station or 15,300 – 22,100 BGSF. The proposed 15,641 DGSF falls within this range therefore meeting the State standard.

**Criterion 1120.310 (c) Reasonableness of Project and Related Costs**

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
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		161.00			15,641			2,518,201	2,518,201
Contingency		16.00			15,641			250,256	250,256
<b>TOTALS</b>		<b>\$177.00</b>			<b>15,641</b>			<b>2,768,457</b>	<b>2,768,457</b>

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

**Criterion 1120.310 (d) – Projected Operating Costs**

**Year 2017**

Estimated Personnel Expense:	\$2,477,856
Estimated Medical Supplies:	\$728,820
Estimated Other Supplies (Exc. Dep/Amort):	\$2,945,454
	<u>\$6,152,130</u>
 Estimated Annual Treatments:	 28,944
Cost Per Treatment:	\$212.55

**Criterion 1120.310 (e) – Total Effect of the Project on Capital Costs**

**Year 2017**

Depreciation/Amortization:	\$358,486
Interest	<u>\$0</u>
Capital Costs:	\$358,486
 Treatments:	 28,944
Capital Cost per Treatment	\$12.39