



STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 FAX: (217) 785-4111

DOCKET ITEM: A-03	BOARD MEETING: December 10, 2019	PROJECT NUMBER: 14-057
PERMIT HOLDERS(S): Advocate Health Care Network Advocate Health and Hospitals Corporation d/b/a Advocate Christ Medical Center		
FACILITY NAME and LOCATION: Advocate Christ Medical Center, Oak Lawn		

STATE BOARD STAFF REPORT **PERMIT RENEWAL REQUEST**

I. Background

On January 27, 2015, the State Board approved Project #14-057. The permit authorized the modernization and expansion of the existing Trauma and Emergency (ED) Departments on the campus of Advocate Christ Medical Center, Oak Lawn. The State Agency notes the project is obligated, and the current project completion date is December 31, 2020. Project cost: \$85,519,082.

State Board Staff notes the permit holders submitted the permit renewal request on October 29, 2019. This submittal was in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee accompanied the renewal request.

II. Findings

State Board Staff notes this is the first renewal request for this project and the permit holders have submitted all of the information required in Section 1130.740 for a permit renewal.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of August 31, 2023. This would extend the project's completion date thirty-two months, from December 31, 2020 to August 31, 2023.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is approximately 42% complete, which includes relocation of existing departments/services affected by the modernization/expansion. Pediatric ED space, ED Administrative space, and all electrical infrastructure associated with this project are complete. Phase Two remains, which involves modernization/expansion of the Adult ED, Cardiac Catheterization Prep/Recovery relocation, and Inpatient Endoscopy.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state unanticipated deficiencies with the existing building/ramp infrastructure that was to be used as part of the modernization/expansion project ultimately required replacement, resulting in the development of new construction documents and significant delays in the project timeline.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that at the time of renewal request, \$31,955,225 (37.4% of the overall project cost), has been expended to date, and the permit holders can attest to the existence of sufficient financial resources to complete the project.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the original permit amount of \$85,519,082.

IV. Project Description & Other Background Information

The permit authorized a modernization/expansion project of existing Trauma and Emergency (ED) services on the campus of Advocate Christ Medical Center, Oak Lawn. Project cost: \$85,519,082.

Permit Issuance Date:	January 27, 2015
Project Obligation Date:	July 27, 2016
Original Project Completion Date:	December 31, 2020
Proposed Project Completion Date: (32-month renewal request)	August 31, 2023

V. Applicable Rules for Permit Renewal Requests

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

VI. Other Information

Appended to this report are the following: the permit holders' documents for a permit renewal.



Advocate Christ Medical Center

4440 West 95th Street || Oak Lawn, IL 60453 || T 708.684.8000 || advocatehealth.com

October 28, 2019

Ms. Courtney Avery
Administrator
Illinois Health Facilities and Services Review Board
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Request for Permit Renewal Section 1130-750

Permit #14-057 Advocate Health and Hospitals Corporation d/b/a
Advocate Christ Medical Center and Advocate Health
Network

Permit Amount \$85,519,082

Dear Ms. Avery:

Advocate Health and Hospitals and Advocate Health Care Network are seeking to renew Permit 14-057 granted to Advocate Christ Medical Center in Oak Lawn. The current permit is approved to expire on December 31, 2020; the applicants request that the permit be renewed through August 31, 2023.

This report summarizes the current status of the project.

Enclosed is a \$500 permit renewal filing fee.

Sincerely,

Richard J. Heim
President
Advocate Christ Medical Center

cc: Mike Constantino, Supervisor of Project Review
Mike Farrell, President, Advocate Children's Hospital
Janet Scheuerman, PRISM Healthcare Consulting



REQUEST FOR PERMIT RENEWAL FOR PERMIT 14-057

Permit: Trauma I Center/Emergency Department Expansion and Renovation
Permit #14-057

Permit Holder: Advocate Health and Hospitals Corporation d/b/a/
Advocate Christ Medical Center

Permit Amount: \$85,519,082

Section 1130.740 of Administrative Code Title 77 Chapter II b Permit Renewal:

A permit holder may request a completion date that is later than an approved project completion date by submitting to HFSRB a request for permit renewal.

a) Permit renewal by HFSRB must be requested prior to the required completion date.

This permit renewal is being submitted prior to October 31, 2019. The required completion date for Permit #14-057 is December 31, 2020; hence, the renewal request is being made prior to the required completion date.

The proposed completion date requested in this Permit Renewal is August 31, 2023. This completion date includes all close-out activities.

b) A permit renewal shall commence on the expiration date of the original permit.

The original expiration date for Permit #14-057 is December 31, 2020. The proposed renewal of this Permit will commence on the expiration date of the Permit, or December 31, 2020.

Permit #14-057 is for the modernization of Advocate Christ Medical Center's Trauma I Center and the Adult and Pediatric Emergency Department in existing space as well as space vacated by departments moved to the new Outpatient Center. The requested extension time is in part attributable to both 1) experiencing unforeseen delays in vacating the existing space and 2) the complexities of maintaining the operation of the Trauma Center/Emergency Department while the modernization was underway.

However, 3) the majority of the delay is attributable to complications related to the ramp.¹

- c) **The request for permit renewal shall be in writing and shall be received at least 45 days prior to the expiration date of the permit and shall include the following information:**

This request for permit renewal is expected to be filed on or before October 31, 2019.

This is more than 45 days before the expiration date of the permit.

1) The requested completion date:

The requested completion date is August 31, 2023.

2) A status report on the project detailing what percent has been completed and a summary of the project components yet to be finished and the amount of funds expended on the project to date.

a) Current status of the project

- Percent of the Project Finished – The project is 42 percent completed.
- Components Completed – Enabling renovations are completed; these included moves required to relocate existing departments from the new Emergency Department footprint including the Emergency Department temporary entry, the Cardiac Catheterization support area, the Cardiac Catheterization intake area, the Simulation Laboratory as well as EEG space. Pediatric Emergency Department space on the first floor is complete. Renovations also included completing the new Emergency Department Administrative Suite. The new Emergency Department Walk on the ground floor and all electrical infrastructure work for new switchgear and generators is complete.

¹ The ramp is a separate structure attached to the hospital building. It is used by ambulances to access and egress the Trauma Center/Emergency Department from street level to the first level of the hospital (the location of the Trauma Center/Emergency Department) or approximately an 8-foot grade difference. This ramp was constructed in the 1980's so that an expansion to the Trauma/Emergency Department could be on the same level as the existing department because of the slope of the site

In her letter dated August 6, 2014, Ms. Avery, Administrator of the HFSRB ruled that “the modernization of the emergency department ramp...does not require an application for a certificate of need.” In another letter dated the same day, she also ruled that bringing new electrical structure upgrades from ComEd to the site would not require an application for a CON.

The cost of the ground level functions (all part of the hospital structure and not the ramp) and the new entry to the Trauma Center/ Emergency Department were included in the application. Only the electrical costs related to the electrical boxes and to the emergency functions were also included in the CON. These costs have similarly been included in the renewal filing.

Components Not Completed: (sequenced due to phasing);

Construction has started on existing work required for Phase 2, for example, Phase 2 Adult Emergency Department modernization/expansion, the Cardiac Catheterization Prep/Recovery relocation and inpatient Endoscopy relocation, are underway.

1. Costs incurred to date

The Project Costs Incurred to Date as of October 15, 2019 and the Permit Approved Project Budget are included as Attachment 1. It shows an increase of \$2.8 million over the most recent 2018 Annual Progress Report (\$29,109,913). Since the filing of the 2018 Annual Progress Report, the following work on Permit 14-057 includes completing 90 percent of the enabling work required for Phase 2, completing 10 percent of the Cath/Recovery Relocation, and 10 percent of the Inpatient Endoscopy Relocation. The Phase 2 Adult ED Modernization/Expansion has not yet been started.

2. A statement as to the reasons why the project has not been completed.

The construction team originally planned to reuse the existing ramp. It was only when the space under the hospital was excavated to develop the ground floor intake function, an elevator, sub-waiting and stairs (because more space was needed for the Trauma Center/ Emergency Department than could be accommodated in the existing and vacated spaces on the same level as the treatment areas) did the severe deficiencies of the ramp become evident and the decision made to replace the ramp.

The Trauma Center/Emergency Room Department Expansion and Renovation project construction was essentially stopped until new construction documents could be developed. For example:

- The existing ramp had to be dismantled in phases because one-half of the ramp needed to remain operational throughout the construction process to accommodate both incoming and outgoing ambulance traffic. The ramp footings had to be engineered.
- As the ramp was being dismantled, other substantial issues were identified. For example, several code deficiencies had to be resolved and the water mains in the area were found to be corroded and needed to be replaced. Buried telephone cables were uncovered and relocated.
- A special canopy had to be constructed at the lower level of the ramp in order to use the ground floor intake, elevator, stairs and sub-waiting.
- Construction was slowed because many construction phases originally planned to be completed in parallel had to be completed sequentially until the ramp was at a certain level of approval.
- Construction, once underway, was frequently stopped because new damage to the ramp that was not evident in the original assessment was uncovered.

Overall, the ramp phasing and enabling work required 18 months, Phase 2 construction phasing another 7 months due to the ramp delay, and Phase 2 construction phasing required another 7 months for vacation of exiting departments – or a total of 32 months.

Advocate Christ Trauma / ED		
Use of Funds	Costs Incurred to Date 10/15/19	Permit Amount
Preplanning Costs	\$ 929,865	\$ 931,035
Site Survey	\$ 67,958	\$ 90,000
Site Preparation	\$ 1,106,349	\$ 1,851,908
New Construction Contracts	\$ 2,443,548	\$ 3,214,145
Modernization Contracts	\$ 17,382,682	\$ 31,234,659
Contingencies	\$ -	\$ 4,989,389
Architectural/Engineering Fees	\$ 3,031,875	\$ 3,088,010
Consulting and Other Fees Incl. CON Filing	\$ 1,851,790	\$ 5,027,000
Movable or Other Equipment (not in construction contracts)	\$ 3,772,521	\$ 12,286,000
Bond Issuance Expense (project related)	\$ 120,896	\$ 700,650
Net Interest Expense During Construction (project related)	\$ 980,323	\$ 9,826,286
Other Costs To Be Capitalized	\$ 307,418	\$ 12,280,000
Acquisition of Building or Other Property (excluding land)		
TOTAL USES OF FUNDS	\$ 31,955,225	\$ 85,519,082

Attachment 1