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April 2, 2019

VIA EMAIL AND OVERNIGHT DELIVERY

RECEIVED
APR 3 2019
HEALTH FACILITIES & SERVICES REVIEW BOARD

Courtney R. Avery
Administrator
Illinois Health Facilities and Services
Review Board
525 West Jefferson Street
2nd Floor
Springfield, IL 62761

Re: SwedishAmerican Hospital, Project 17-019
Permit Alteration Request

Dear Ms. Avery:

SwedishAmerican Hospital is requesting an alteration to Project #17-019, which was approved on February 27, 2018 with total project costs of $126,035,461 and total square footage of 342,236 gsf. This alteration seeks a decrease in the total square footage to 328,656 gsf, which is less than 4% of the initial square footage proposed. There will be no change in the total project cost, categories of service or bed capacity. Due to a trend in declining Emergency Department visits since the approval of the project, the alteration seeks a reduction of ED stations from the approved 50 stations to 41 stations, which is the hospital's current number of ED stations. A check in the amount of $1,000 for the alteration fee is included with the hard copy of this letter.

As noted in the applicant's technical assistance meeting with the Review Board's Staff on February 28, 2019, a combination of unique economic and market conditions, including the implementation of steel tariffs and a 10-year peak in construction cost index for Northern Illinois, have caused an increase in construction costs beyond those initially budgeted for the project. (See attached Ringland-Johnson report on Producer Price Index by Commodity, June 2016 – June 2018.) To accommodate these unexpected cost increases, the applicant proposes to alter the project in a manner consistent with the Review Board's regulations relating to alterations and preserving the essential components of the project, including the new women and children's patient tower and new building for the existing cardiac catheterization service, which were the areas of new construction for the project. The alteration relates mainly to modernization of existing space, with the extent of the modernization being reduced.

Included with this letter are the following tables reflecting the proposed alterations:

- Project Cost and Source of Funds (Page 5)
- Itemization of Project Cost and Source of Funds (Attachment 7)
- Project Costs and Space Requirements Chart (Attachment 9)
- Size of Project (Attachment 14)
- Cost and Square Feet by Department/Service (Attachment 37)

Please note that the proposed Project Cost and Source of Funds includes line items for Site Preparation and Off-Site Work which primarily relate to unanticipated conditions that arose after permit approval consisting of the following:

Site Preparation:

a) Unplanned City of Rockford required relocation of existing city water and sanitary sewer lines

b) Unforeseen fees for temporary site entrance and site paving changes due to item (a) above.

c) Unforeseen fees for site lighting changes due to item (a) above.

d) Unforeseen pour soil conditions that required extensive underpinning, geo-piers and shoring installation on both Cath Lab and Women & Children's tower projects.

Off-Site work:

a) Fees to AT&T for relocation of existing public underground phone and fiber line to campus perimeter

b) Fees to relocate private phone and fiber lines

The approved project included modernizing existing space in the Medical/Surgical, Acute Mental Illness, Emergency Department, Surgery/Recovery units and the Pediatric care unit. In proceeding with due diligence in responding to the extraordinary constructions costs, the permit holder recognized a decline in Emergency Department visits. Based on the declining trend in ED visits since the time of the permit application, this alteration is also requesting that the number of approved Emergency Room stations remain at our current level of 41 and not be increased to 50 as allowed by Permit #17-019.

Also, in proceeding with due diligence on the next level of drawings for this project, there is a proposed design change from penthouse level mechanicals to a stacked mechanical design for the new women and children's patient tower. The stacked mechanical design was driven by the short floor to floor dimensions that will match in the existing bed tower. The new tower design demonstrates a connection to the existing hospital building at levels 1, 2, and 3. As the project design developed it became apparent that there was not enough head height to allow the required duct sizes to travel vertically from the roof to floors 1, 2 and 3 and then branch out horizontally to distribute air flow in the most efficient manner. There is no additional cost with this design change.

Please contact me if the Review Board's Staff desires any additional information relating to this request for alteration.

Sincerely,
Barnes & Thornburg LLP

Daniel J. Lawler

Enclosures

cc: Mike Constantino, Lead Project Reviewer
Ms. Jedediah Cantrell, VP of Operations, SwedishAmerican Health System

SwedishAmerican Hospital Project #17-019: Alteration 04/02/2019

Project Costs and Sources of Funds

	Approved Permit Amount #17-019			Alteration 04-02-2019		
Uses of Funds	Clinical/Reviewable	Non-Clinical/Non-Reviewable	Total	Clinical/Reviewable	Non-Clinical/Non-Reviewable	Total
Preplanning Costs	$ 75,000	$ 15,000	$ 90,000	$ 287,210	$ 228,077	$ 515,287
Site Survey	$ -	$ -	$ -	$ -	$ -	$ -
Site Preparation	$ -	$ -	$ -	$ -	$ 5,440,000	$ 5,440,000
Off-Site Work	$ -	$ -	$ -	$ -	$ 1,058,000	$ 1,058,000
New Construction Contracts	$ 27,323,724	$ 22,712,379	$ 50,036,103	$ 34,336,211	$ 28,093,264	$ 62,429,475
Modernization Contracts	$ 24,171,499	$ -	$ 24,171,499	$ 10,526,201	$ 848,974	$ 11,375,175
Contingencies	$ 7,682,727	$ 2,688,221	$ 10,370,948	$ 1,805,177	$ 464,156	$ 2,269,333
Architectural/Engineering Fees	$ 4,837,013	$ 1,097,191	$ 5,934,203	$ 4,837,013	$ 1,097,191	$ 5,934,203
Consulting and Other fees	$ 250,000	$ -	$ 250,000	$ 427,100	$ 339,169	$ 766,269
Movable and Other Equipment	$ 20,965,367	$ 5,047,077	$ 26,012,444	$ 20,770,857	$ 6,559,218	$ 27,330,075
Bond Issue Expense	$ 853,053	$ 315,599	$ 1,168,652	$ 513,000	$ 403,032	$ 916,032
Net Interest Expense During Construction	$ 6,378,949	$ 1,622,663	$ 8,001,612	$ 4,800,967	$ 3,200,645	$ 8,001,612
Fair Mkt Value of Leased Space or Equip	$ -	$ -	$ -	$ -	$ -	$ -
Other Costs to be Capitalized-Parking	$ -	$ -	$ -	$ -	$ -	$ -
Acquisition of Building or Other property	$ -	$ -	$ -	$ -	$ -	$ -
Total Costs	$ 92,537,332	$ 33,498,129	$ 126,035,461	$ 78,303,736	$ 47,731,726	$ 126,035,461
Sources of Funds:						
Cash and Securities	$ 5,378,949	$ 1,622,663	$ 7,001,612	$ 8,315,964	$ 2,674,927	$ 10,990,890
Pledges						$ -
Gifts and Bequests	$ 1,000,000	$ -	$ 1,000,000	$ 1,000,000	$ -	$ 1,000,000
Bond Issues	$ 86,158,383	$ 31,875,466	$ 118,033,849	$ 68,987,772	$ 45,056,799	$ 114,044,571
Mortgages						
Leases (fair market value)						
Government Appropriations						
Grants						
Other Fund Sources						
Total Funds	$ 92,537,332	$ 33,498,129	$ 126,035,461	$ 78,303,736	$ 47,731,726	$ 126,035,461

SwedishAmerican Hospital Project #17-019: Alteration 04/02/2019 **Attachment 7**

Itemization of Project Costs

Items		Cost		Line Item Total
Pre-Planning				
Space Programming	$	30,000		
Pre-Schematic Planning	$	485,287	$	515,287
Site				
Survey	$	-		
Site Improvements	$	5,440,000	$	5,440,000
Off-Site Work	$	1,058,000	$	1,058,000
New Construction Contracts				
Women's & Childrens Paviliton	$	54,547,063		
Cath/EP IR Addition	$	7,882,412	$	62,429,475
Moderization Contracts				
Surgery Renovation	$	3,928,072		
Emergency Depatment Renovation	$	50,000		
Nursing Unit Renovations	$	7,397,103	$	11,375,175
Contingencies	$	2,269,333	$	2,269,333
Architect/Engineering Basic Services	$	5,934,203		
Sepciality Consultant Services	$	-		
			$	5,934,203
Consulting and Other Fees				
CON Consulting, Application and Legal Fees	$	766,269	$	766,269
Movable/Other Equipment				
Clincs 1st Floor	$	2,507,299		
Labor & Delivery/C-Section 2nd Floor	$	4,255,135		
NICU 3rd Floor	$	1,199,212		
Post Partum 4th Floor	$	3,259,546		
Cath/EP/IR Addition	$	5,786,001		
Non-Reviewable Areas	$	6,559,217		
Moderization Areas	$	3,763,665	$	27,330,075
			$	117,117,817
Bond Issuance Expense	$	916,032	$	916,032
Net Interest Expense	$	8,001,612	$	8,001,612
Other Costs To Be Capitalized		$126,035,461	$	126,035,461

SwedishAmerican Hospital Project #17-019: Alteration 04/02/2019 **Attachment 9**

Project Cost Space Requirements							
	Project Cost w/ Interest & Bond Expense	Gross Square Feet		Amout of Proposed Total GSF that Is:			
Department		Existing	Proposed	New Construction	Remodeled	As Is	Vacated Space
Reviewable/Clinical							
Pediatric Clinics	$ 9,393,922	-	13,849	13,849		-	0
LDR	$ 12,094,281	16,750	17,063	17,063		-	0
C-section	$ 3,032,192	2,380	4,065	4,065		-	0
Post Partum	$ 10,153,673	18,130	13,150	13,150		-	0
NICU/SCN	$ 9,049,981	2,775	16,753	16,753		-	0
Pediatric Inpatient	$ 3,590,553	10,250	10,250		9,135	1,115	0
Invasive Cath/Angiography	$ 15,913,043	17,257	17,257	12,000		5,257	0
PACU	$ 439,903	4,400	6,144		1,744	4,400	0
Surgery	$ 5,616,440	26,647	36,959		12,859	24,100	0
Prep/Recovery	$ -	9,242	9,242			9,242	0
Central Sterile Processing	$ 1,478,312	9,091	10,066		10,066	-	0
Emergency	$ 229,229	24,220	24,220		17,175	7,045	0
Acute Mental Illness	$ 5,164,237	25,748	26,328		17,627	8,701	0
Inpatient Medical/Surgical	$ 2,147,969	54,390	70,735		16,345	54,390	0
Total Reviewable/Clinical	$ 78,303,735	221,280	276,080	76,879	84,951	114,250	
Other Non-Reviewable*	$ 47,731,726		52,576	52,576			
Total	$ 126,035,461	221,280	328,656	129,455	84,951	114,250	

*Other Non Renewable includes building entrance, lobby, public circulation, conference center and mechanical & electrical space.

SwedishAmerican Hospital, Project #17-019: Alteration 04/02/2019 **Attachment 14**

Size of Project

Department/Service	Number of Key Rooms	Proposed DGSF	Prposed DGSF /Room	State Guideline/Allowable		Key Difference/Room	Met Standard?
Pediatric Clinics	24	13,849	577	800		(223)	Yes
LDR	14	17,063	1,219	1120	1600	(381)	Yes
C-Section	2	4,045	2,023	2075		(53)	Yes
Post-Partum	20	13,150	658	500	660	(3)	Yes
Pediatric Inpatient	10	9,135	914	500	660	254	No
Cath/Angiography	5	12,000	2,400	1800		600	No
Phase 1 Surgical PACU	7	1,744	249	180/station		69	No
Surgery	5	12,859	2,572	2750		(178)	Yes
Emergency	20	17,175	859	900/Treatment Station		(41)	Yes
Medical/Surgical	23	16,345	711	500	660	51	No
Acute Mental Illness	42	17,627	420	560		(140)	Yes
Newborn Nusery Level 2	14	9,739	696	434	568	128	No
NICU Level 3	10	7,055	706	434	568	138	No

SwedishAmercian Hospital Project #17-019: Alteration 04/02/2019 **Attachment 37**

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

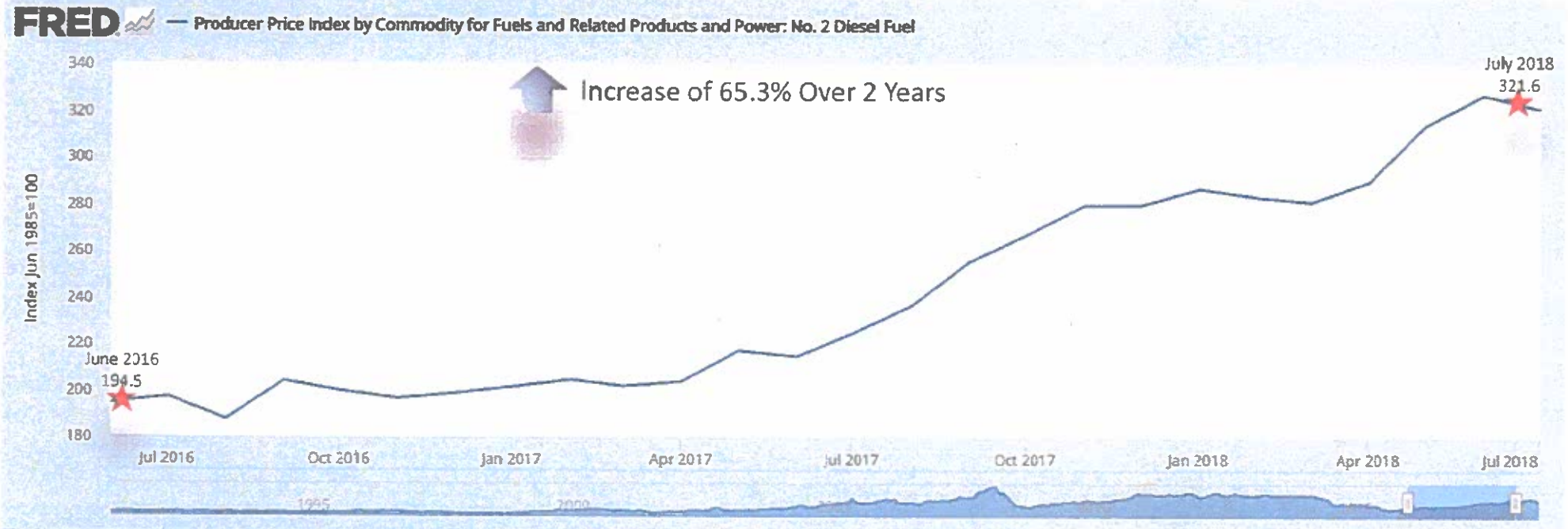
Department	A Cost/Square Foot New	B Cost/Square Foot Mod.	C Gross Square Feet New	D Gross Square Feet Circ.	E Gross Square Feet Mod.	F Gross Square Feet Circ.	G Const. $ (AxC)	H Mod. $ (BxE)	Total Cost (G+H)
Pediatrics Clinic	407.74		13,849	40%			$ 5,646,689	$ -	$ 5,646,689
LDR	407.74		17,063	50%			$ 6,957,064	$ -	$ 6,957,064
C/Section	407.74		4,065	50%			$ 1,657,463	$ -	$ 1,657,463
NICU/SCN	407.74		16,753	50%			$ 6,830,766	$ -	$ 6,830,766
Post Partum	407.74		13,150	50%			$ 5,361,781	$ -	$ 5,361,781
Cath/EP/IR	656.87		12,000	50%			$ 7,882,440	$ -	$ 7,882,440
PACU		143.35			1,744	50%	$ -	$ 250,000	$ 250,000
OR		219.65			12,859	50%	$ -	$ 2,824,437	$ 2,824,437
Prep/Recovery					-	50%	$ -	$ -	$ -
Central Sterile Processing		84.80			10,066	30%	$ -	$ 853,635	$ 853,635
Emergency		2.91			17,175	50%	$ -	$ 50,000	$ 50,000
Acute Mental Illness		199.86			17,627	50%	$ -	$ 3,522,933	$ 3,522,933
Pediatric Inpatient		261.45			9,135	50%	$ -	$ 2,388,358	$ 2,388,358
Med/Surg Inpatient		38.96			16,345	50%	$ -	$ 636,838	$ 636,838
Other Non Reviewable	534.33		52,576				$ 28,092,934	$ 848,974	$ 28,092,934
Subtotal							$ 34,336,203	$ 10,526,201	$ 72,955,339
Contigency							$ 1,805,177	$ 464,156	$ 2,269,333
Totals							$ 64,234,315	$ 11,839,331	$ 76,073,646

Producer Price Index by Commodity
June 2016 – July 2018

Diesel Fuel
Lumber & Wood
Cold Rolled Steel
Hot Rolled Steel
Copper Wire & Cable
Alumina & Aluminum

Ringland-Johnson

Producer Price Index by Commodity for Fuels and Related Products and Power: No. 2 Diesel Fuel



U.S. Bureau of Labor Statistics, Producer Price Index by Commodity for Fuels and Related Products and Power: No. 2 Diesel Fuel [WPU05730302], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WPU05730302, January 15, 2019.

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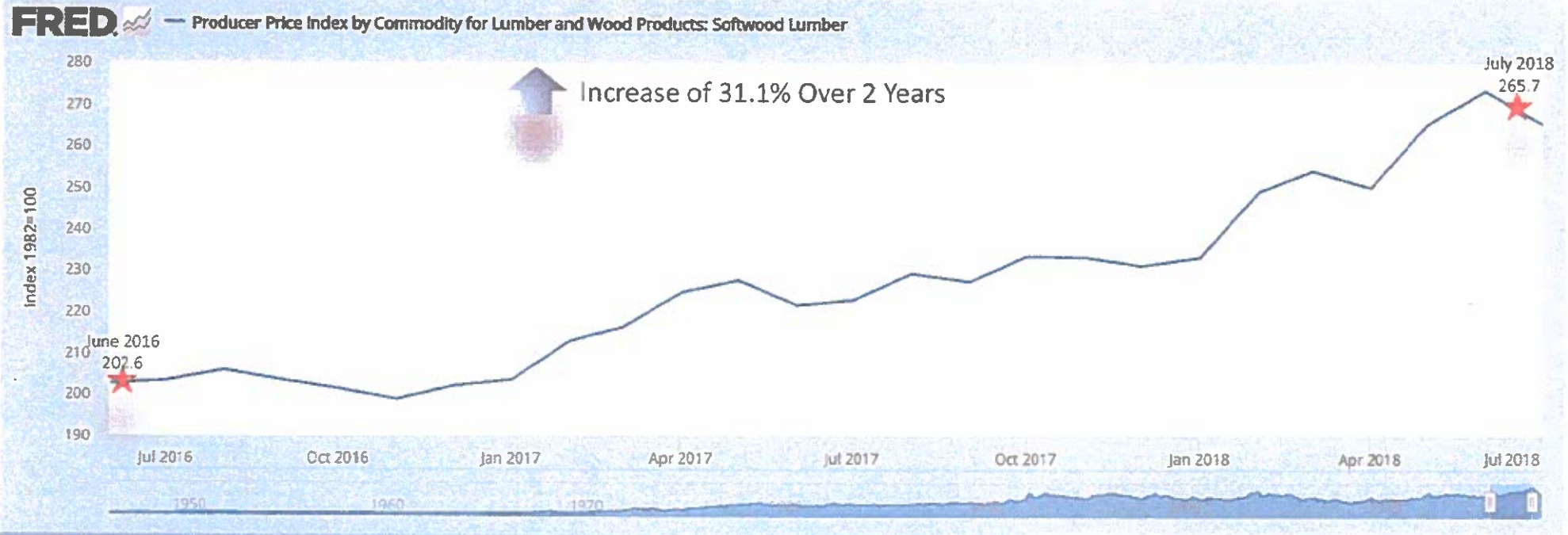
Producer Price Index by Commodity for Lumber and Wood Products: Softwood Lumber



U.S. Bureau of Labor Statistics, Producer Price Index by Commodity for Lumber and Wood Products: Softwood Lumber [WPU0811], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WPU0811, January 15, 2019.

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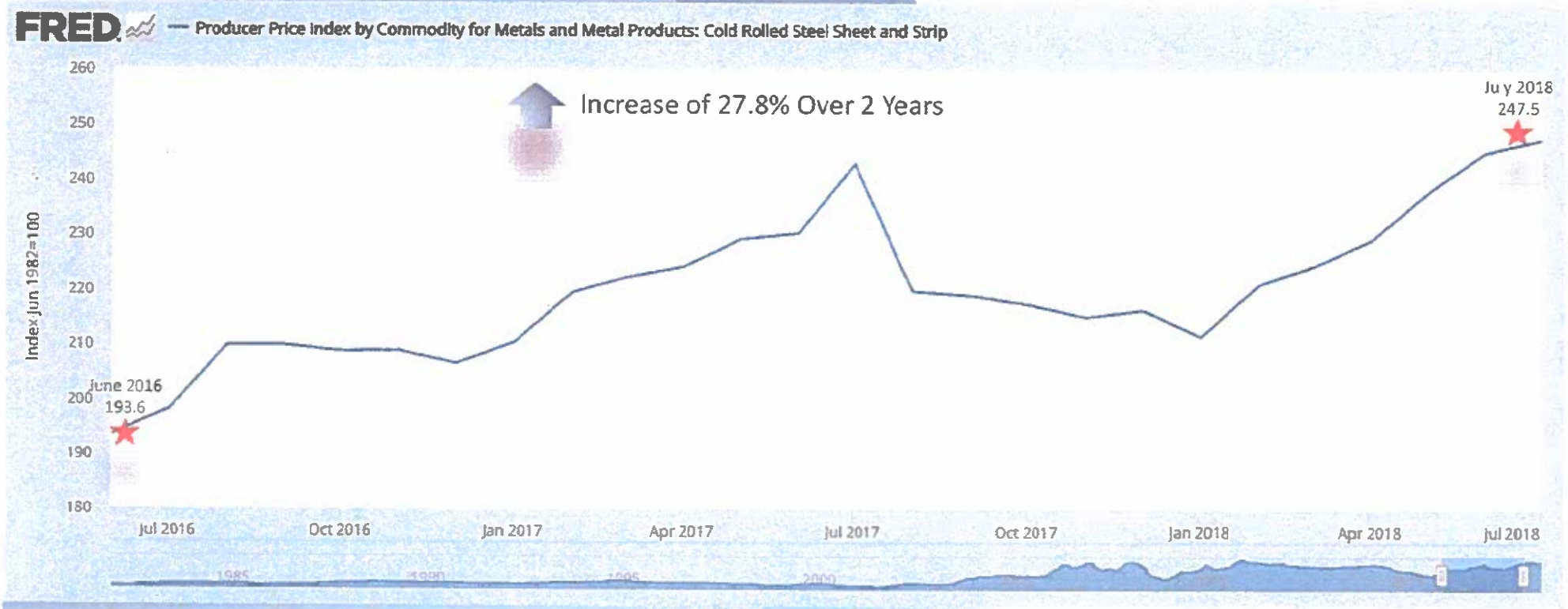
Producer Price Index by Commodity for Metals and Metal Products: Cold Rolled Steel Sheet and Strip



U.S. Bureau of Labor Statistics, Producer Price Index by Commodity for Metals and Metal Products: Cold Rolled Steel Sheet and Strip [WPU101707], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WPU101707, January 15, 2019.

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Producer Price Index by Commodity for Metals and Metal Products: Hot Rolled Steel Sheet and Strip, Including Tin Mill Products

U.S. Bureau of Labor Statistics, Producer Price Index by Commodity for Metals and Metal Products: Hot Rolled Steel Sheet and Strip, Including Tin Mill Products [WPU10170301], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WPU10170301, January 15, 2019.

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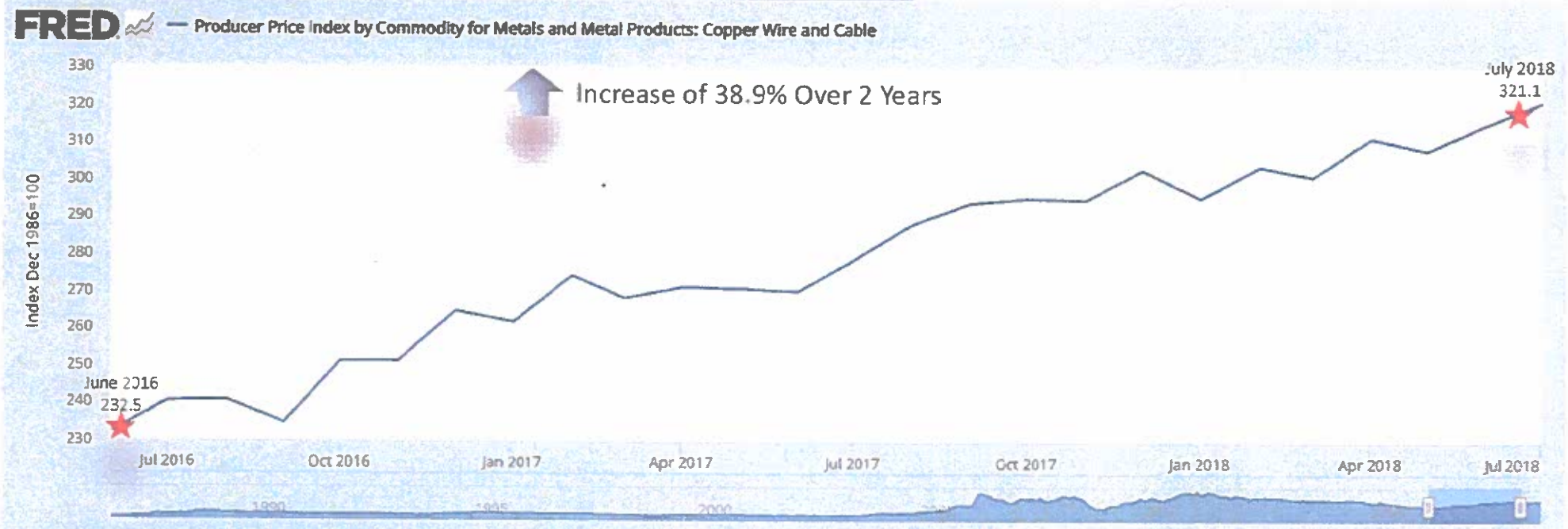
Producer Price Index by Commodity for Metals and Metal Products: Copper Wire and Cable



U.S. Bureau of Labor Statistics, Producer Price Index by Commodity for Metals and Metal Products: Copper Wire and Cable [WPU10260314], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/WPU10260314, January 15, 2019.

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Producer Price Index by Industry: Alumina and Aluminum Production and Processing

U.S. Bureau of Labor Statistics, Producer Price Index by Industry: Alumina and Aluminum Production and Processing [PCU3313133131], retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/PCU3313133131, January 15, 2019.

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