



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

DOCKET ITEM: A-02	BOARD MEETING: January 15, 2019	PROJECT NUMBER: 17-021
PERMIT HOLDERS(S): Adventist Health System/Sunbelt, Inc. Adventist Health System Sunbelt Healthcare Corporation Adventist Midwest Health Alexian Brothers-AHS Midwest Region Health Corporation		
FACILITY NAME and LOCATION: AMITA Health Woodridge Medical Clinics Building, Woodridge		

STATE BOARD STAFF REPORT
PERMIT RENEWAL REQUEST

I. Background

On July 28, 2017, the State Board approved Project #17-021. The permit authorized the establishment of a Medical Clinics Building consisting of 65,613 GSF of space, in Woodridge. The State Agency notes the project is obligated, and the current project completion date is January 31, 2019. Project cost: \$28,773,901.

State Board Staff notes the permit holders submitted the permit renewal request on December 7, 2018. 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. Board Staff also acknowledges the submittal of a request to alter the existing permit, increasing the project cost by 2.6%, from \$28,773,901 to \$29,532,651. A \$1,000 permit alteration fee accompanied the alteration request.

III. The Permit Renewal Request

- A. Requested Completion Date: The permit holders request a project completion date of September 30, 2020. This would extend the project’s completion date by twenty months, from January 31, 2019 to September 30, 2020.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the construction phase is essentially complete, with the exception of the following components:
 - Ordering, delivery, installation of EOS unit

- Build-out of additional Imaging space
 - Equipment installation
 - Receipt/Payment of invoices
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the project has experienced delays from feasibility assessments associated with the decision to purchase the EOS unit, build out of the additional imaging space for the EOS unit, and installation of the device. Additional delays resulted from the need to file the permit alteration request that accompanies this permit renewal request.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate approximately \$10,941,000 (37% of the total altered project cost), has been expended to date and 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 altered permit amount of \$29,532,651.

IV. Project Description & Other Background Information

The permit authorized the establishment of a 65,310 GSF Medical Clinics Building, in Woodridge, Illinois. Project cost: \$29,532,651.

Permit Issuance Date:	July 28, 2017
Project Obligation Date:	February 27, 2018
Original Project Completion Date:	January 31, 2019
Proposed Project Completion Date: (20-month renewal request)	September 30, 2020

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.

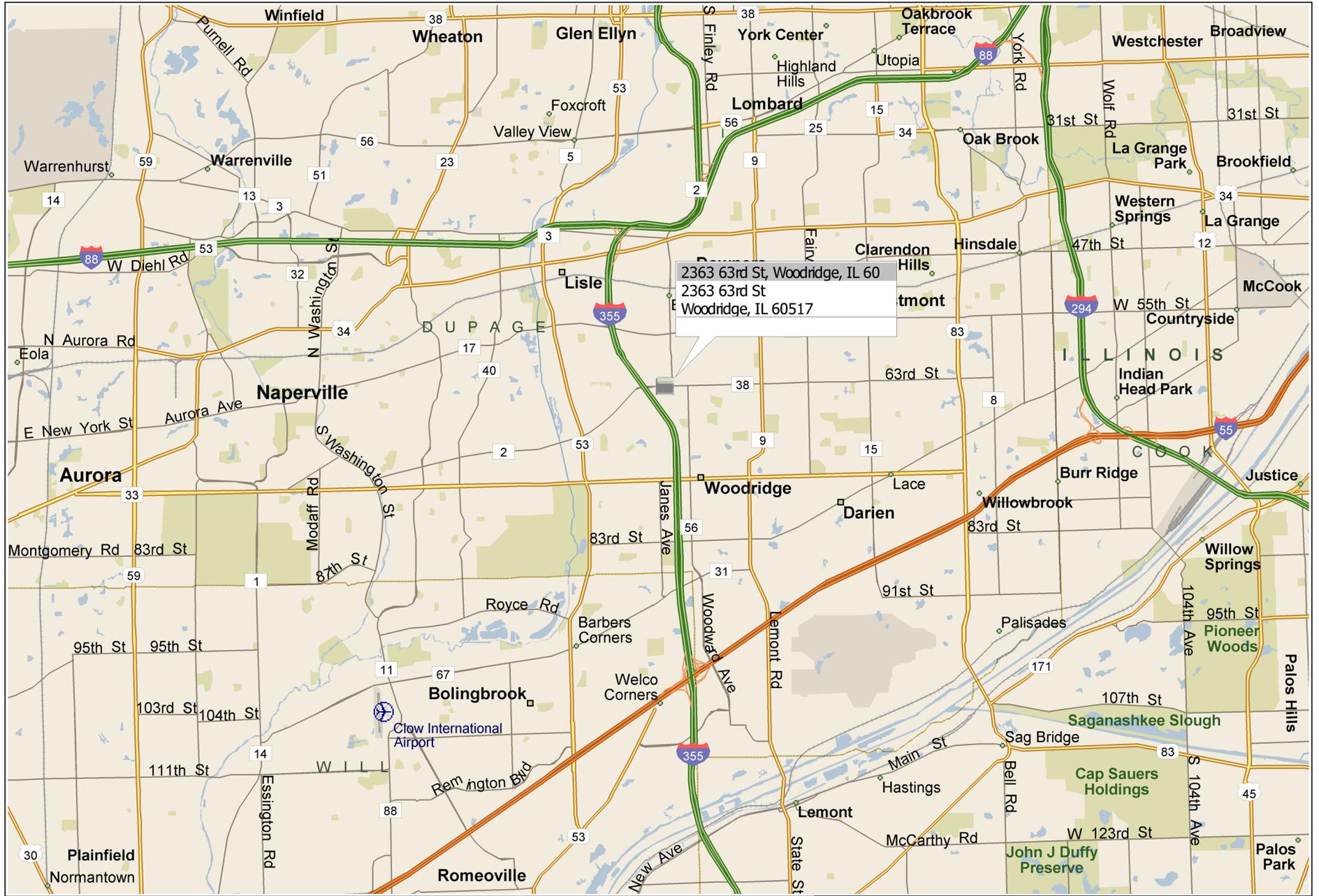
77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed 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.

17-021 AMITA Health Woodridge MOB - Woodridge





Via FedEx

December 5, 2018

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

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

RE: Permit 17-021
AMITA Health Woodridge Medical
Clinics Building
Request for Renewal and Alteration Request

Dear Ms. Avery:

The above referenced project addresses the establishment of a 65,613 DGSF medical clinics building, having a project cost of \$28,773,901. The project was approved by the HFSRB on July 28, 2017, with a completion date of January 31, 2019.

Through this document, the Permit Holders respectfully request that the project completion date be changed to September 30, 2020; and that the project be altered in the following fashion:

- the addition of 1,250 DGSF of imaging space to house an EOS x-ray unit (for the provision of upright spinal column imaging) and the elimination of 1,250 DGSF physician office space (no net change to the size of the project)
- the addition of \$650,000 in equipment costs and \$315,000 in renovation/modernization costs to the project, both for the EOS unit
- the increasing of the approved project cost to \$29,532,651; as detailed below:

approved project cost:	\$28,773,901
+ EOS equipment	+\$650,000
+modernization for EOS (1,250 DGSF)	+\$302,500
-physicians' office modernization (1,250 DGSF)	-\$193,750
	\$29,532,651

In total, the project cost is proposed to increase by 2.6%, without any net change to the project size.

The alterations identified above will result in a modernization/contingency cost for the reviewable areas of \$179.60 per DGSF (\$2,844,120 ÷ 15,836). The State Board Standard at the time of the project's approval was \$180.27. Only, and as noted above, the modernization/renovation cost and the equipment cost will change from the levels originally approved; the other project costs, as identified in the CON application's *Project Costs and Sources of Funds* table, will not change.

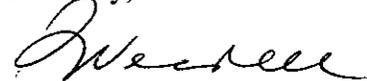
To date, approximately \$10,941,000 (including the FMV of the lease space) has been spent, equating to approximately 58% of the approved project cost. The primary components yet to be completed, as of the filing date of this letter are the ordering, delivery, and installation of the EOS unit, the build-out of the additional imaging space and other space, equipment installation, and the receipt and payment of invoices.

The request for additional time to complete the project is a result of a number of factors, including delays in the permitting process, the feasibility assessments associated with the decision to acquire the EOS unit, and the post-alteration approval time required to build out the required space, as well as to receive and install the EOS unit.

Enclosed please find a check for \$1,500.00, as the required alteration and renewal fees.

Should any additional information be required, please contact Jack Axel.

Sincerely,



Peg Wendell
Executive Vice President and
Chief Legal Officer