



PART OF THE MEMORIAL NETWORK

by FedEX

October 10, 2019

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**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

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

**RE: CON Permit # 17-069
Memorial Hospital-East
Medical Clinics Building
Shiloh, Illinois
Request for Permit Alteration and
Request for Permit Renewal**

Dear Ms. Avery:

The above-referenced project was approved by the HFSRB on February 27, 2018, and addresses the construction of s second phase of a medical clinics building (“MCB”) on the campus of Memorial Hospital-East. The primary occupant of the space was proposed and continues to be the Alvin J. Siteman Cancer Center, including a radiation oncology center. The approved project completion date was December 15, 2019 and the approved project cost was \$38,290,267.

The project is progressing consistent with the approved schedule and budget.

Through this filing, the Permit holders request approval to 1) increase the project cost by 5.34%, 2) add a second linear accelerator to the project, and 3) change the project completion date to December 31, 2020.

Proposed Alteration

The proposed alteration is limited to the addition of a second linear accelerator in 800dgsf originally designated as physician office space. The overall size of the project will not change.

The project, as approved, included one linear accelerator. Documentation, sufficient to support two linear accelerators was included in ATTACHMENT 31 to the application. The second linear accelerator will be relocated from The Cancer Center in Swansea, Illinois, which will cease providing radiation therapy services upon the completion of this project. The fair market value of that unit is approximately \$1,000,000. Construction costs are projected to increase by \$404,980. The anticipated non-construction costs associated with the relocation/installation of a second linear accelerator are:

relocation	\$375,000
equipment upgrades	\$275,000
HumediQ system	\$225,000
power conditioner	\$52,000
chiller	\$45,000
misc.	<u>\$70,000</u>
	\$1,042,000

In total, the requested project cost exceeds that previously approved by \$2,446,980.

Enclosed are revised copies of the Project Cost and Sources of Funds table, ATTACHMENT 7, ATTACHMENT 9, and ATTACHMENT 37C.

Renewal

The completion date needs to be extended to allow the transition of patients and the linear accelerator from The Cancer Center to the MCB.

Enclosed please find a check in the amount of \$1,500, consistent with the fee schedule provided in Section 1130.

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

Sincerely,



Mark J. Turner, President
Memorial Hospital-East

Enclosures

cc J. Axel

PROJECT COST AND SOURCES OF FUNDS

	Approved	Proposed	Increase
Project Cost:			
Preplanning Costs	\$ 440,000.00	\$ 440,000	
Site Survey and Soil Investigation	\$ 10,000	\$ 10,000	
Site Preparation	\$ 830,000	\$ 830,000	
Off Site Work			
New Construction Contracts	\$ 15,792,350	\$ 16,197,330	\$ 404,980
Modernization Contracts			
Contingencies	\$ 1,413,000	\$ 1,413,000	
Architectural/Engineering Fees	\$ 1,280,000	\$ 1,280,000	
Consulting and Other Fees	\$ 1,984,600	\$ 1,984,600	
Movable and Other Equipment (not in construction contracts)	\$ 8,440,317	\$ 9,482,317	\$ 1,042,000
Net Interest Expense During Construction Period			
Fair Market Value of Leased Space or Equipment	\$ 6,300,000	\$ 7,300,000	\$ 1,000,000
Other Costs to be Capitalized	\$ 1,800,000	\$ 1,800,000	
Acquisition of Building or Other Property			
TOTAL USES OF FUNDS	\$ 38,290,267	\$ 40,737,247	\$ 2,446,980
Sources of Funds:			
Cash and Securities	\$ 31,990,267	\$ 33,437,247	\$ 1,446,980
Pledges			
Gifts and Bequests			
Bond Issues (project related)			
Mortgages			
Leases (fair market value)	\$ 6,300,000	\$ 6,300,000	
Fair Mkt Value of Relocated Equipment		\$ 1,000,000	\$ 1,000,000
Grants			
Other Funds and Sources			
TOTAL SOURCES OF FUNDS	\$ 38,290,267	\$ 40,737,247	\$ 2,446,980

PROJECT COSTS and SOURCES OF FUNDS

PROJECT COSTS

Pre-Planning Costs			
Market Analyses	\$100,000		
Transactional	\$160,000		
Site Selection	\$30,000		
Misc./Other	<u>\$150,000</u>		
		\$ 440,000	\$ 440,000
Site Survey & Soil Investigation			
Site Survey	\$0		
Soil Investigation	<u>\$10,000</u>		
		\$10,000	
Site Preparation			
Landscaping	\$70,000		
Water Remediation	\$150,000		
Parking/Road & Walk-ways	\$465,000		
Exterior Lighting/Signage	\$90,000		
Misc./Other	<u>\$55,000</u>		
		\$ 830,000	\$ 830,000
New Construction*			
Per ATTACHMENT 39C		\$16,197,330	
Construction Contingency			
Per ATTACHMENT 39C		\$1,413,000	
Architectural & Engineering Fees			
Preliminary Renderings	\$50,000		
Design	\$850,000		
Engineering	\$220,000		
Reg. Agency Interaction	\$45,000		
Project Monitoring	\$40,000		
Reimbursables	\$25,000		
Misc./Other	<u>\$50,000</u>		
		\$1,280,000	
Consulting and Other Fees			
Legal	\$225,000		
Zoning-Related	\$40,000		
CON-Related	\$90,000		
Reg. Approvals, other	\$80,000		
Project Management	\$450,000		
Relocation-related	\$300,000		
Local Permitting	\$50,000		
Interior Design	\$67,000		
Insurance	\$90,000		
Commissioning	\$78,000		
Materials Testing	\$219,600		
Equipment Planning	\$45,000		
Misc./Other	<u>\$250,000</u>		
		\$ 1,984,600	
Moveable Equipment			
RT/Imaging/Lab	\$8,112,528		
Other Equipment	\$1,084,368		
Shipping & Install. @ 3.5%	<u>\$285,421</u>		
		\$9,482,317	
Fair Market Value of Leased Space			
MMG Leased Space**		\$ 6,300,000	
Fair Market Value of Moved Equipment			
		\$ 1,000,000	
Other Costs to be Capitalized			
Build-Out of MMG Offices	\$1,050,000		
Property-Related Costs***	<u>\$750,000</u>		
		<u>\$1,800,000</u>	
TOTAL COST		\$ 40,737,247	

PROJECT COSTS and SOURCES OF FUNDS

SOURCES OF FUNDS

Cash and Securities	\$ 33,437,247
FMV of Moved equipment	\$ 1,000,000
FMV of MMG Leased Space	<u>\$ 6,300,000</u>

TOTAL SOURCES OF FUNDS \$ 40,737,247

* please see attached note

** lease payments during initial term of lease

***maintenance of protected waterway, etc.

NOTE ON PROJECT COSTS

The construction costs associated with this project exceed those typically experienced with the construction of a medical clinics building ("MCB") due to the cost of constructing the 7,050 dgsf radiation therapy department to be located on the MCB's first floor.

As documented in ATTACHMENT 39C, the construction/contingency costs associated with all other clinical and non-clinical areas of the MCB range between \$200 and \$220/dgsf, a construction/contingency cost typically associated with a MCB. The construction/contingency cost associated with the radiation therapy component of the project is \$360.07/dgsf, and significantly exceeds the cost of the other areas because of: 1) the construction costs associated with vault construction, and 2) because the department will serve hospital inpatients as well as outpatients, the department is required to be built to hospital inpatient construction standards. It is estimated that these two factors add approximately \$160/dgsf to the construction/contingency cost.

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE

	Cost/Sq. Ft.		DGSF		DGSF		New Const. \$ (A x C)	Modernization \$ (B x E)	Total Costs (G + H)
	New	Mod.	New	Circ.	Mod.	Circ.			
Reviewable									
Imaging	\$ 210.00		3,500				\$ 735,000		\$ 735,000
Radiation Oncology	\$ 340.07		7,050				\$ 2,397,500		\$ 2,397,500
Specimen Collection/Lab	\$ 205.00		280				\$ 57,400		\$ 57,400
	\$ 294.54						\$ 3,189,900		\$ 3,189,900
Contingency	\$ 20.00						\$ 216,600		\$ 216,600
	\$ 314.54		10,830				\$ 3,406,500		\$ 3,406,500
Non-Reviewable									
Physicians' Offices	\$ 220.00		48,798				\$ 10,735,560		\$ 10,735,560
Community/Patient Ed.	\$ 200.00		1,600				\$ 320,000		\$ 320,000
Staff Support	\$ 195.00		450				\$ 87,750		\$ 87,750
Public Areas/Common	\$ 210.00		6,972				\$ 1,464,120		\$ 1,464,120
DGSF>>>BGSF	\$ 200.00		2,000				\$ 400,000		\$ 400,000
							\$ 13,007,430		\$ 13,007,430
Contingency	\$ 20.00						\$ 1,196,400		\$ 1,196,400
	\$ 237.44		59,820				\$ 14,203,830		\$ 14,203,830
PROJECT TOTAL	\$ 249.26		70,650				\$ 17,610,330		\$ 17,610,330

Cost Space Requirements

Dept./Area	Cost	Gross Square Feet			Amount of Proposed Total Square Feet			Vacated Space
		Existing	Proposed	New Const.	Modernized	As Is		
Reviewable								
Imaging	\$ 2,379,404		3,500	3,500				
Radiation Oncology	\$ 10,964,787		7,050	6,250				
Specimen Collection/Lab	\$ 113,305		280	280				
	\$ 13,457,496		10,830	10,030				
Non-Reviewable								
Physicians' Offices	\$ 22,426,992		48,798	49,598				
Community/Patient Ed.	\$ 1,078,391		1,600	1,600				
Staff Support	\$ 269,598		450	450				
Public Areas/Common	\$ 2,965,575		6,972	6,972				
DGSF>>>BGSF	\$ 539,195		2,000	2,000				
	\$ 27,279,751		59,820	60,620				
PROJECT TOTAL	\$ 40,737,247		70,650	70,650				