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October 24, 2018

RECEIVED

OCT 25 2018

VIA OVERNIGHT DELIVERY

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

Mr. Michael Constantino
Illinois Health Facilities & Services Review Board
525 West Jefferson Street
Second Floor
Springfield, IL 62761

Re: HSHS St. Elizabeth's Radiation Oncology Clinic, Project #18-021
Additional Information

Dear Mr. Constantino:

This letter is a follow up to our telephone call this morning and your request for additional information regarding the error the applicants noted in their allocation of project costs as between clinical and non-clinical line items in the project costs and sources of funds table.

Upon reviewing the staff report finding regarding clinical project costs at \$330.06 per GSF compared to the state standard of \$246.35 per GSF the applicants realized that they had erroneously allocated 85% of project costs to clinical and only 15% to non-clinical, while the actual allocation should have been allocated 34% to clinical and 66% to non-clinical based on the percentage of clinical gsf (4,034) and non-clinical gsf (7,716) to total project gsf (11,750). The proper allocation of costs results in clinical new construction plus contingency of $(\$490,666 + \$40,049) / 4,034 \text{ gsf} = \131.56 per GSF .

The error occurred when the applicant used the Cost Space Requirements table to allocate costs between clinical and non-clinical space, but that table included equipment costs (Linac, Simulator and vault) in the clinical space which highly skewed the department/area costs. These equipment and vault costs are accounted for in the Equipment line item of the Project Costs table and should not have been factored into determining the allocation of New Construction costs as between clinical and non-clinical space. Errors in allocation resulted in 85% of the total New Construction costs being allocated to clinical space, but only 34% should have been allocated based on the percentage of clinical gsf to total project gsf.

Mr. Michael Constantino

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Corrected schedules for Project Costs and Sources of Funds, Itemization of Project Costs, and Cost Space Requirements are attached. The total line item costs and total project costs remain the same.

Very truly yours,

BARNES & THORNBURG LLP

A handwritten signature in black ink, appearing to read "Daniel J. Lawler", written in a cursive style.

Daniel J. Lawler

DJL:dp

Attachments

cc: Amy Bulpitt, VP and General Counsel, HSHS
Amy Balance, VP Business Development, Strategy and Marketing, HSHS

Project Costs and Sources of Funds			
USE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Preplanning Costs	\$ -	\$ -	\$ -
Site Survey and Soil Investigation	\$ -	\$ -	\$ -
Site Preparation	\$ -	\$ -	\$ -
Off Site Work	\$ -	\$ -	\$ -
New Construction Contracts	\$ 490,666	\$ 952,469	\$ 1,443,135
Modernization Contracts	\$ -	\$ -	\$ -
Contingencies	\$ 40,049	\$ 77,743	\$ 117,792
Architectural/Engineering Fees	\$ 31,319	\$ 60,796	\$ 92,115
Consulting and Other Fees	\$ 34,680	\$ 67,320	\$ 102,000
Movable or Other Equipment (not in construction contracts)	\$ 4,588,265	\$ 790,747	\$ 5,379,012
Bond Issuance Expense (project related)	\$ -	\$ -	\$ -
Net Interest Expense During Construction (project related)	\$ -	\$ -	\$ -
Fair Market Value of Leased Space or Equipment	\$ 5,120,795	\$ 4,917,378	\$ 10,038,173
Other Costs To Be Capitalized	\$ -	\$ -	\$ -
Acquisition of Building or Other Property (excluding land)	\$ -	\$ -	\$ -
TOTAL USES OF FUNDS	\$ 10,305,774	\$ 6,866,453	\$ 17,172,227
SOURCE OF FUNDS	CLINICAL	NONCLINICAL	TOTAL
Cash and Securities	\$ 5,184,979	\$ 1,949,075	\$ 7,134,054
Pledges			\$ -
Gifts and Bequests			\$ -
Bond Issues (project related)			\$ -
Mortgages			\$ -
Leases (fair market value)	\$ 5,120,795	\$ 4,917,378	\$ 10,038,173
Government Appropriations			\$ -
Grants			\$ -
Other Funds and Sources			\$ -
TOTAL SOURCES OF FUNDS	\$ 10,305,774	\$ 6,866,453	\$ 17,172,227
NOTE: ITEMIZATION OF EACH LINE ITEM MUST BE PROVIDED AT ATTACHEMENT-7, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.			

CCSI Cancer Center - Attachment #7	
6/21/2018	
	Amount
Preplanning	\$ -
Site Survey and Soil Investigation	\$ -
Construction	
Description:	
General Requirements	\$ 202,039
Concrete	\$ 86,588
Masonry	\$ 43,294
Metals	\$ 86,588
Wood and Plastics	\$ 129,882
Thermal and Moisture	\$ 86,588
Openings	\$ 28,863
Finishes	\$ 187,608
Equipment	\$ 43,294
Fire Suppression	\$ 14,431
Plumbing	\$ 144,314
HVAC	\$ 202,039
Electrical	\$ 187,608
Total Construction Costs	\$ 1,443,135
Contingencies	\$ 117,792
Architectural/ Engineering Fees	\$ 92,115
Consulting and Other Fees	\$ 102,000
CON Consultant	\$ 10,000
CON Fees	\$ 50,000
Legal Fees	\$ 10,000
Project Management Fees	\$ 32,000
Movable or Other Equipment	\$ 5,379,012
Medical Equipment	\$ 3,800,000
Vault	\$ 1,000,000
Furniture/Furnishings	\$ 235,000
Telecom/Computer	\$ 307,262
Artwork	\$ 11,750
Signage/Graphics	\$ 25,000
Bond Issuance Expense (project related)	\$ -
Net Interest Expense During Construction (project related)	\$ -
Other Costs to be Capitalized	\$ -
Fair Market Value of Leased Space and Equipment	\$ 10,038,173
Grand Total	\$ 17,172,227

Dept. / Area	Cost	Gross Square Feet		Amount of proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Accelerator	\$ 4,495,043		1,737	1,737	-	0	0
Simulator	\$ 840,300		958	958	-		
Exam Rooms	\$ 205,397		1,034	1,034			
Nurse Stations	\$ 60,586		305	305			
Total Clinical	\$ 5,601,325	-	4,034	4,034		0	0
NON REVIEWABLE							
Storage and Support Areas	\$ 450,919		2,270	2,270	-	0	0
Public Space and Amenities	\$ 722,266		3,636	3,636	-	0	0
Building Components	\$ 359,544		1,810	1,810	-	0	0
Total Non-clinical	\$ 1,532,729	-	7,716	7,716	-	0	0
TOTAL	\$ 7,134,054	-	11,750	11,750	-	0	0
APPEND DOCUMENTATION AS ATTACHMENT-9 IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.							