



STATE OF ILLINOIS
HEALTH FACILITIES AND SERVICES REVIEW BOARD

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ITEM NUMBER: D-03	BOARD MEETING: September 17, 2019	PROJECT NUMBER: 18-027
PERMIT HOLDERS(S): Aghapy Surgical Center, S.C. Dr. George Atia M.D., S.C.		
FACILITY NAME and LOCATION: Aghapy Surgical Center, Barrington		

DESCRIPTION: The permit holders are requesting an Alteration to Permit #17-013. This is the first alteration request for this permit.

**STATE BOARD STAFF REPORT
ALTERATION TO PERMIT
PERMIT #18-027**

I. Project Description and Background

On December 4, 2018, the State Board approved Project #18-027, allowing the permit holders to establish a single-specialty Ambulatory Surgery Treatment Center (ASTC) in approximately 4,850 GSF of space in Barrington, Illinois. The initial project cost was \$3,855,000, and the completion date is December 31, 2019.

Attached to the end of this report are the permit-holders alteration request.

II. Alteration Request:

On August 29, 2019 the permit holders submitted a permit alteration request for Permit #18-027. The permit holders are requesting to increase the cost of the project from \$3,855,000 to \$4,038,785, (\$183,785 or 4.8%), and increase the total gross square footage from 4,850 GSF to 4,995 GSF (145 GSF or 3%). The applicants supplied a revised project costs and sources of funds page, a reasonableness of project costs and sources of funds page, and a revised with the alteration request.

TABLE ONE Alterations to Project Cost #18-027 Aghapy Surgical Center, Barrington	
Cost	Extent of Alteration
Approved	\$3,855,000
Altered	\$4,038,785
Difference	\$183,785 (4.8%)

TABLE TWO Alterations to Project Size #18-027 Aghapy Surgical Center, Barrington	
Space	Extent of Alteration
Approved	4,850 GSF
Altered	4,995 GSF
Difference	145 GSF (3%)

III. Reasons for the Proposed Alteration

The permit holders stated the reasons for the alteration are based on changes in the ASTC standards over the last ten years, when the original building was constructed. IDPH inspections warranted modifications to existing spatial elements involving plumbing, electrical, HVAC, and cabinetry. The applicant supplied a detailed listing of the required modifications, with additional costs under the line item for modernization, and a request for permit renewal to allow the permit holders sufficient time to complete the required modernizations.

The alteration does NOT propose the discontinuation or addition of any categories of service, or a change in the methods of financing of the project from what was approved in the permit.

IV. Applicable Rules

20 ILCS 3960/5 states “*Projects may deviate from the costs, fees, and expenses provided in their project cost information for the project's cost components, provided that the final total project cost does not exceed the approved permit amount. Project alterations shall not increase the total approved permit amount by more than the limit set forth under the Board's rules.*”

77 IAC 1130.750 – Alteration of Post Permit Projects specifies that a permit is valid only for the project as defined in the application and any change to the project subsequent to permit issuance constitutes an Alteration to the Project. **All alterations** are required to be reported to the State Board before any alteration is executed.

77 IAC 1130.750(b) states the cumulative effect of alterations to a project shall not exceed the following:

- 1) a change in the approved number of beds or stations, provided that the change would not independently require a permit or exemption from HFSRB;
- 2) abandonment of an approved category of service established under the permit;
- 3) any increase in the square footage of the project up to 5% of the approved gross square footage;
- 4) any decrease in square footage greater than 5% of the project;
- 5) any increase in the cost of the project not to exceed 7% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 7% of the total project cost;
- 6) any increase in the amount of funds to be borrowed for those permit holders that have not documented a bond rating of "A-" or better from Fitch's or Standard and Poor's rating agencies, or A3 or better from Moody's (the rating shall be affirmed within the latest 18 month period prior to the submittal of the application).

The State Board Staff notes that only those criteria that are relevant to this alteration request are discussed below. All other criteria remain unchanged from the Original State Board Staff Report.

V. Summary of Findings

- A. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1110.
- B. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1120.

TABLE THREE			
Project Costs and Sources of Funds			
	Original	Altered	% of Total Alteration
Modernization	\$0	\$183,785	4.8%%

Consulting and Other Fees	\$75,000	\$75,000	0%
Movable or Other Equipment	\$3,780,000	\$3,780,000	0%
Total	\$3,855,000	\$4,038,485	4.8%
Cash	\$75,000	\$258,485	4.8%
FMV of Leased Space	\$3,780,000	\$3,780,000	0%
Total	\$3,855,000	\$4,038,485	4.8%

The increased modernization cost (\$183,785), has met the State Board standard for 2019 (\$281.00 per GSF), and is \$54.86 per GSF, and a positive finding results (See Table Four).

TABLE FOUR			
Reasonableness of Project Costs (Altered)			
		State Standard	
	Project Costs	%/GSF/Station	State Standard
Modernization Contracts	\$183,785	\$54.86 per GSF	\$281 per GSF
1. Modernization standard and contingency standard is \$200.71/GSF for 2019 (mid-point of construction)			