



**MORRIS  
HOSPITAL**  
& HEALTHCARE CENTERS

December 29, 2020

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

**RE: PERMIT ALTERATION REQUEST  
CON Permit #18-033**

Dear Ms. Avery:

Morris Hospital & Healthcare Centers is requesting an Alteration for permit #18-033. The Board approved this permit on December 4, 2018. This permit is for the modernization of the Hospital's Emergency Department, infrastructure projects and other areas, both clinical and non-clinical. The permit approved a project scope of 56,157 GSF and a project cost of \$36,009,124. The current Project Completion Date is December 31, 2022.

**This requested alteration is for a reduction in the scope (i.e., Square Footage) of the project per the Board's rules, Section 1130.750 Alteration of Post-Permit Projects.**

**Explanation for Reduction in Scope**

As a modernization project within an existing hospital facility, this project was planned to be executed in 5 distinct phases such as not to interfere with ongoing operations. Upon receiving Board approval on December 4, 2018, the Hospital has been proceeding with dispatch. To date, we have completed or are about to complete the highest priority components of the project. These components of the project focus on patient care (clinical space), patient experience, and our community health system's financial strength in an extremely competitive market. These include:

- Relocation, expansion, and modernization of the Emergency Department
- Development of a new Women's Health Center
- Relocation and expansion of a new Infusion Therapy Center
- Modernization and expansion of the Lobby
- Infrastructure improvements
- Renovation and expansion of Diagnostic Imaging
- Relocation and expansion of Cardio Diagnostics
- Modernization of Cath Lab support areas

With the onset of the Covid-19 pandemic in February of this year, Morris Hospital, like many community hospitals, has experienced a significant negative financial impact. This has been primarily due to the restrictions placed upon all Illinois hospitals banning and/or limiting elective admissions and procedures per the Governor's Executive orders. While some of these restrictions have been relaxed, limitations on admissions and procedures remain in-place (IDPH Covid-19 Elective Surgeries and Procedures, March 24, 2020).

Since February 2020, we have experienced an 11% reduction in Net Patient Revenue compared to 2019. Inpatient Admissions, Surgeries, and Outpatient visits were 23% to 25% below budget projections for February through November of 2020. Additionally, with the current surge of Covid-19 cases in Illinois, the Hospital wants to exercise fiscal conservatism to protect the long-term health of the system.

In light of the pandemic Morris Hospital has reexamined its financial and strategic facilities plans. We are proposing to conclude the project upon the completion of the current phase. It is intended that additional work may be redefined and started at a future currently undefined date. The primary deferred components of the project are to include:

- OR Support Areas – limited renovation
- Nuclear Medicine
- Administrative Areas
- Education and Conference Areas

Attached are two Exhibits, detailing the impact of this alteration on Project Costs and Scope (Square Footage). In summary, the specific impact of the permit alteration requested include:

| Approved Permit<br>GSF | Proposed GSF | Difference GSF | Percent |
|------------------------|--------------|----------------|---------|
| <b>Total Project</b>   |              |                |         |
| 56,157                 | 39,901       | -16,256        | -29%    |
| Clinical               |              |                |         |
| 39,839                 | 33,733       | -6,106         | -15%    |
| Non-Clinical           |              |                |         |
| 16,318                 | 6,168        | -10,150        | -62%    |

**This request is to reduce the project's square footage by a total of 16,256 SF which is to consist of an 15 percent reduction in Clinical areas and a 62 percent reduction in Non-Clinical areas.**

With the reduction in scope, the following changes in the project's parameters are also anticipated:

- **Estimated Project Cost**
  - Approved: \$36,009,124
  - Anticipated: \$29,956,283
  - Reduction of 16.8% percent
  
- **Project Completion Date**
  - Approved: December 31, 2022
  - Anticipated: December 31, 2020
  - Reduction of 104 weeks

Enclosed is a check for \$1,000.00, the processing fee as required by the Board's rules, Section 1130.230.

Morris Hospital & Healthcare Centers wishes to thank the Board for considering this application for Alteration, and respectfully requests that it be approved.

Sincerely,



Thomas J. Dohm, FACHE  
Vice President, Professional Services  
Morris Hospital and Healthcare Centers  
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Morris, IL 60450

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Exhibit 1

**Project Costs**

| Project Costs and Sources of Funds                         |                     |                     |                         |
|--|---------------------|---------------------|-------------------------|
| USE OF FUNDS   | PERMIT APPROVED     | EXPENDED TO DATE    | TOTAL DUE TO ALTERATION |
| Preplanning Costs  | \$357,293           | 332,500             | \$350,000               |
| Site Survey and Soil Investigation                         | 80,000              | 77,900              | 82,000                  |
| Site Preparation   | 800,000             | 1,182,970           | 1,245,232               |
| Off Site Work  | 0                   | 0                   | 0                       |
| New Construction Contracts                                 | 1,684,800           | 2,025,914           | 2,132,541               |
| Modernization Contracts                                    | 18,164,838          | 16,863,794          | 17,751,362              |
| Contingencies  | 2,893,206           | 396,645             | 417,521                 |
| Architectural/Engineering Fees                             | 1,667,370           | 1,861,416           | 1,959,385               |
| Consulting and Other Fees                                  | 942,567             | 850,667             | 895,439                 |
| Movable or Other Equipment (not in construction contracts) | 6,208,703           | 2,443,917           | 2,572,544               |
| Bond Issuance Expense (project related)                    | 950,000             | 812,250             | 855,000                 |
| Net Interest Expense During Construction (project related) | 2,260,346           | 1,610,497           | 1,695,260               |
| Fair Market Value of Leased Space or Equipment             | 0                   | 0                   | 0                       |
| Other Costs To Be Capitalized                              | 0                   | 0                   | 0                       |
| Acquisition of Building or Other Property                  | 0                   | 0                   | 0                       |
| <b>TOTAL USES OF FUNDS</b>                                 | <b>\$36,009,124</b> | <b>\$28,458,468</b> | <b>\$29,956,283</b>     |
| SOURCE OF FUNDS  | PERMIT APPROVED     | EXPENDED TO DATE    | TOTAL DUE TO ALTERATION |
| Cash and Securities  | 5,454,092           | 0                   | 0                       |
| Pledges  |                     |                     |                         |
| Gifts and Bequests   |                     |                     |                         |
| Bond Issues (project related)                              | 30,555,032          | \$28,458,468        | \$29,956,283            |
| Mortgages  |                     |                     |                         |
| Leases (fair market value)                                 |                     |                     |                         |
| Governmental Appropriations                                |                     |                     |                         |
| Grants   |                     |                     |                         |
| Other Funds and Sources                                    |                     |                     |                         |
| <b>TOTAL SOURCES OF FUNDS</b>                              | <b>\$36,009,124</b> | <b>\$28,458,468</b> | <b>\$29,956,283</b>     |

Exhibit 2

Project Scope

| Clinical Service Areas                                     | Gross Square Feet Approved in Permit |               |               | Alteration Scope             |                      | Difference in Percent |
|--|--------------------------------------|---------------|---------------|------------------------------|----------------------|-----------------------|
|  | New                                  | Modernized    | Total SF      | Completed or to be Completed | Alteration Reduction |                       |
| <b>REVIEWABLE</b>  |                                      |               |               |                              |                      |                       |
| Emergency Department                                       | 1,250                                | 10,421        | 11,671        | 11,671                       | 0                    | 0%                    |
| General Radiology (General/Fluoroscopy/ Bone Densitometry) | 198                                  | 4,997         | 5,195         | 5,195                        | 0                    | 0%                    |
| CT   | 1,061                                | 2,536         | 3,597         | 3,597                        | 0                    | 0%                    |
| Mammography (incl. Stereotactic)                           | 1,436                                | 360           | 1,796         | 1,796                        | 0                    | 0%                    |
| Ultrasound   | 455                                  | 3,142         | 3,597         | 3,597                        | 0                    | 0%                    |
| Nuclear Medicine   |                                      | 3,375         | 3,375         | 0                            | -3,375               | -100%                 |
| OR   |                                      | 2,731         | 2,731         | 0                            | -2,731               | -100%                 |
| Procedure  |                                      | 527           | 527           | 527                          | 0                    | 0%                    |
| Non-Invasive Diagnostics                                   |                                      | 4,298         | 4,298         | 4,298                        | 0                    | 0%                    |
| Infusion Therapy   |                                      | 1,678         | 1,678         | 1,678                        | 0                    | 0%                    |
| Phlebotomy   |                                      | 959           | 959           | 959                          | 0                    | 0%                    |
| PAT  |                                      | 415           | 415           | 415                          | 0                    | 0%                    |
| <b>Total Clinical Service Areas</b>                        | <b>4,400</b>                         | <b>35,439</b> | <b>39,839</b> | <b>33,733</b>                | <b>-6,106</b>        | <b>-15.3%</b>         |
| <b>NON-REVIEWABLE</b>                                      |                                      |               |               |                              |                      |                       |
| Administration   | 0                                    | 6,217         | 6,217         | 0                            | -6,217               | -100%                 |
| Education  | 0                                    | 3,108         | 3,108         | 0                            | -3,108               | -100%                 |
| Public Areas (lobby, etc.)                                 | 9                                    | 6,159         | 6,168         | 6,168                        | 0                    | 0%                    |
| Conference   | 0                                    | 825           | 825           | 0                            | -825                 | -100%                 |
| Infrastructure Upgrades                                    | NA                                   | NA            | NA            | NA                           | NA                   | 0%                    |
| <b>Total Non-Clinical Service Areas</b>                    | <b>9</b>                             | <b>16,309</b> | <b>16,318</b> | <b>6,168</b>                 | <b>-10,150</b>       | <b>-62.2%</b>         |
| <b>Total Project</b>                                       | <b>4,409</b>                         | <b>51,748</b> | <b>56,157</b> | <b>39,901</b>                | <b>-16,256</b>       | <b>-28.9%</b>         |