

Robert E. Moffit
CHAIR

STATE OF MARYLAND

Ben Steffen
EXECUTIVE DIRECTOR



MARYLAND HEALTH CARE COMMISSION

4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

MEMORANDUM

To: Commissioners

From: Kevin R. McDonald, Chief
Certificate of Need

Date: September 19, 2017

Re: Staff Report and Recommendation:
Request to Modify a Certificate of Need
Washington Adventist Hospital
Docket No. 13-15-2349

A handwritten signature in black ink, appearing to read "Kevin R. McDonald", is written over the "From:" field of the memorandum.

Attached is a Staff Report and Recommendation in the review of the request for a modification of a Certificate of Need (“CON”) issued in December 2015 to Adventist HealthCare, Inc., d/b/a Washington Adventist Hospital to relocate and replace most of its existing general hospital facilities to a new site in Silver Spring.

The approved plan did not include construction by WAH of a central utility plant (“CUP”) to provide heating and cooling for the hospital facilities on the relocated hospital campus. The approved project plan assumed that the CUP would be developed and operated by a third party from whom WAH would purchase the utility services needed.

WAH now proposes to build and operate a CUP. Additionally, it proposes to add a parking garage to the replacement hospital campus. These changes would increase the capital cost of the project by approximately \$64 million, \$39,300,900 for the CUP and \$24,845,058 for the parking garage. The sources of funding for these new project expenditures would be approximately \$39.3 million in debt obtained from the sale of bonds and approximately \$24.8 million in cash. Under regulation (COMAR 10.24.01.17B) WAH is required to obtain approval for this change in the approved CON because it is a significant change in the design of the project and requires an increase in the cost of the project that exceeds and the project cost inflation allowance for the initially approved cost.

Staff recommends that the Commission **APPROVE** the proposed modification of the Certificate of Need issued to PGPA with the same conditions issued with the 2015 CON, which are:

1. Adventist HealthCare, Inc. must open an urgent care center on its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open every day of the year, and be open 24 hours a day. Adventist HealthCare, Inc. may not eliminate this urgent care center or reduce its hours of operation without the approval of the Maryland Health Care Commission.
2. In the fourth year of operation of a replacement Washington Adventist Hospital, Adventist HealthCare, Inc. shall provide a report to the Maryland Health Care Commission on the operation of the specialty hospital for psychiatric services in Takoma Park. This report must review patient intake and transport issues, coordination of care for psychiatric patients between the White Oak and Takoma Park campuses, and the specific financial performance of the special hospital, exclusive of the operation of Adventist Behavioral Health and Wellness overall.
3. Adventist HealthCare, Inc. will not finish the shell space in the relocated Washington Adventist Hospital without giving notice to the Commission and obtaining all required Commission approvals.
4. Adventist HealthCare, Inc. will not request an adjustment in rates by the Health Services Cost Review Commission ("HSCRC") that includes depreciation or interest costs associated with construction of the proposed shell space at the relocated Washington Adventist Hospital until and unless Adventist HealthCare, Inc. has filed a Certificate of Need ("CON") application involving the finishing of the shell space, has obtained CON approval for finishing the shell space, or has obtained a determination of coverage from the Maryland Health Care Commission that CON approval for finishing the shell space is not required.
5. The HSCRC, in calculating any future budget or rates for Adventist HealthCare, Inc. d/b/a Washington Adventist Hospital and its peer group, shall exclude the interest and depreciation associated with the \$3,410,579 estimated cost of constructing the shell space, which includes portions of the contingency, capitalized interest, and inflation allowance for the project, until such time as the space is finished and put to use in a rate-regulated activity. In calculating any budget or rate that includes an accounting for capital costs associated with the shell space, HSCRC shall exclude any depreciation of the shell space that has occurred between the construction of the shell space and the time of the rate calculation (i.e., the rate should only account for depreciation going forward through the remaining useful life of the space). Allowable interest expense shall also be based on the interest expenses going forward through the remaining useful life of the space.

IN THE MATTER OF

*
*
*
*
*
*
*
*
*

BEFORE THE

**ADVENTIST HEALTHCARE, INC.
d/b/a WASHINGTON ADVENTIST
HOSPITAL**

**MARYLAND HEALTH
CARE COMMISSION**

Docket No.: 13-15-2349

REQUEST TO MODIFY CERTIFICATE OF NEED

I. INTRODUCTION

Brief Summary of the Requested Project Change

Adventist HealthCare, Inc. (“Adventist”) d/b/a Washington Adventist Hospital (“Adventist” or “WAH”), a general hospital, is requesting a change to its Certificate of Need (“CON”) to relocate and replace most of its existing general hospital facilities to a new site in Silver Spring. (The approved CON did not involve relocation and replacement of acute psychiatric hospital facilities. Those facilities were authorized to remain on the existing Takoma Park campus of WAH and to be renovated for continued operation as a special hospital-psychiatric.) This CON was issued in December of 2015 and the replacement hospital is under construction.

The approved plan did not include construction by WAH of a central utility plant (“CUP”) to provide heating and cooling for the hospital facilities on the relocated hospital campus. The approved project plan assumed that the CUP would be developed and operated by a third party from whom WAH would purchase the utility services needed.

WAH now proposes to build and operate a CUP. Additionally, it proposes to add a parking garage to the replacement hospital campus. These changes would increase the capital cost of the project by approximately \$64 million, \$39,300,900 for the CUP and \$24,845,058 for the parking garage. The sources of funding for these new project expenditures would be approximately \$39.3 million in debt obtained from the sale of bonds and approximately \$24.8 million in cash. Under regulation (COMAR 10.24.01.17B) WAH is required to obtain approval for this change in the approved CON because it is a significant change in the design of the project and requires an increase in the cost of the project that exceeds and the project cost inflation allowance for the initially approved cost.

Background

In December 2015 the Maryland Health Care Commission (“Commission” or “MHCC”) granted a Certificate of Need (“CON”) to Adventist HealthCare, Inc. (“Adventist”) d/b/a Washington Adventist Hospital to relocate Washington Adventist Hospital (“Adventist” or “WAH”) to a 49-acre site in the White Oak area of Silver Spring in Montgomery County. The replacement general hospital will provide inpatient medical, surgical, and obstetric services and

operate 170 private patient rooms, a 20-bed observation unit, eight operating rooms and an emergency department with 32 treatment spaces.

After relocation of the general hospital, forty (40) acute psychiatric beds currently operated as a unit of WAH will remain in operation in expanded and renovated space on the Takoma Park campus and will be relicensed as special hospital-psychiatric beds operated by the AHC Behavioral Health & Wellness division of Adventist HealthCare, Inc. Similarly, the separately-licensed special hospital for medical rehabilitation, with 24 beds, will continue to operate in Takoma Park in its current space.

Adventist HealthCare, Inc. will also operate an urgent care center in the space currently occupied by WAH's Emergency Department, which will be put into operation when the existing hospital closes its Emergency Department and the replacement hospital opens. It will operate 24 hours per day on every day of the year.

The approved project cost was \$336,053,030; \$330,829,524 for the relocation and replacement of the general hospital and \$5,223,506 for the renovation and expansion of the existing inpatient psychiatric unit. The CON had several conditions (see Appendix 1).

An earlier version of this plan to relocate and replace WAH was reviewed by MHCC and, in September 2012, the Commissioner Reviewer assigned to review the project recommended denial of the project on the basis that it was not financially feasible. WAH withdrew the project without MHCC action. That iteration of the plan had an estimated cost of \$397.7 million for the replacement hospital itself. Alteration of the Takoma Park campus was estimated to require an additional expenditure of \$20 million.

In June 2017 MHCC staff determined that several design changes – described by WAH as revisions made to allow for more cost-effective construction, compensate for soil conditions that were encountered as site work progressed, and to relocate and enclose rooftop heating and cooling equipment -- would not require Commission action (as described at COMAR 10.24.01.17, *Project Changes After Certificate of Need Approval*) because the changes were not projected to add cost, nor were they significant changes in the physical plant design. Although the proposed change added 28,765 square feet (“SF”) of new construction¹ to the approved project, WAH stated that these changes can be achieved within the approved capital cost.

Modification Request

WAH has submitted a Request for Project Change after Certificate of Need Approval to allow for two substantive changes to the project, and for the cost increase associated with those changes. The changes are:

- Construction of a Central Utility Plant. The CUP is a 16,000 SF structure adjacent

¹ 22,100 SF of that additional space is attributable to the foundation basement and the enclosed mechanical penthouse. The remaining 6,765 SF is described as a “byproduct of the redesign...rather than being allocated because of any change in needs for space...for any...function or service.”

to the main hospital that will supply the hospital normal and critical utilities 24-hours-a-day, 7-days-a-week. The CON-approved plan was for a third party to develop and operate the plant. Under this plan, WAH would purchase utilities from the third-party developer of the CUP, with utility costs treated as operating expenses.

- Construction of a parking garage to substitute for most, but not all, of the 750 surface parking spaces included in the approved plan.

At this time WAH does not anticipate a need for any additional approved spending for the facilities included in the currently approved CON. . It notes, “There are about 21 months left on the Washington Adventist Hospital White Oak project until the hospital treats its first patient in White Oak. At the present time we are developing the new hospital facility within budget (subject to the project change filed for the CUP and the parking garage). We expect to complete the new hospital facility within that budget. Changes in future market and other conditions can, of course, occur and would need to be addressed. We are in regular contact with the Maryland Health Care Commission staff and will continue to provide regular updates.”

Central Utility Plant

In the project as approved, the CUP was to be owned and operated by an independent third party. After a competitive bidding process, a third party developer and operator was tentatively selected. However, the cost of this approach turned out to be significantly higher than WAH had originally estimated in its 2014 CON application. WAH had projected that its annual operating costs for the utilities produced by the CUP would be \$3.14 million in the first year of operation. Its attempt to implement this plan indicated that actual first year cost would be more than twice that amount – \$6.37 million. A significant element in that cost escalation is the higher-than-initially-projected capital cost associated with the CUP (now projected to cost \$36.5 million to construct, contrasted with an estimate of \$12-\$16 million in the CON application).

In doing its final due diligence WAH compared the third party supplier proposal with a scenario in which the hospital would develop and operate the CUP. This analysis showed that Adventist would save about \$37 million in operating costs over a 25-year period if it built and operated its own CUP. The total capital cost for the CUP project is \$39,300,900 and the source of funds is proposed to be debt.

Parking Garage

The parking plan for the approved CON included a surface lot as an interim parking solution for the hospital with the recognition that more parking would be needed as additional elements of the master campus plan were implemented. WAH is now seeking a project change to include a parking garage. It is anticipated that the surface lot will be insufficient to handle the campus parking volume since a medical office building on the campus is now planned to open around the same time as the hospital. (Some surface parking will remain).

The parking garage would be a 6-level concrete structure with 1,008 parking spaces (it will

also include features to support bicycles and electric vehicles). The garage structure will promote clear wayfinding with a covered walkway to the hospital. Construction is scheduled to begin in the Fall of 2017 with completion by December 2018. The garage project cost estimate is \$24,845,058.. There is no interest cost since Adventist HealthCare will fund the construction using cash on hand. The annual expense impact includes depreciation of \$994,000 in depreciation and other expenses (including elevator service contract and power for the garage that are budgeted at \$60,000 in the first year). WAH is currently planning to offer free parking, thus avoiding expenses for parking attendants and equipment maintenance.

II. APPLICABLE REGULATIONS

Under the Commission's regulations, at COMAR 10.24.01.17B, the following changes to an approved CON require the Commission's approval:

- (1) A significant change in physical plant design;
- (2) Capital cost increases that exceed the approved capital cost inflated by an amount determined by applying the Building Cost Index published in *Healthcare Cost Review* from the application submission date to the date of the filing of a request for approval of a project change;
- (3) When total projected operating expenses or revenue increases exceed the projected expenses or revenues in the approved Certificate of Need Application, inflated by 10 percent per year;
- (4) Changing the financing mechanisms of the project; or
- (5) Changing the location or address of the project.

As described above, this request involves a significant change in physical plant design, a cost increase far in excess of the inflation allowance, and a change in financing, thus requiring Commission approval.

The actions available to the Commission are found in COMAR 10.24.01.17D(3):

- (a) The proposed change is approved and is incorporated into a modified Certificate of Need for the project;
- (b) The proposed change is approved in part or approved with conditions;
- (c) The proposed change is not approved, with explanation; or
- (d) The proposed change is of sufficient scope to warrant complete review in accordance with the Certificate of Need review process described in Regulations .08 —.10 of this chapter, and may only be considered upon completion of this review.

The Commission's regulations identify certain circumstances where a modification is not permissible and the applicant requires a new Certificate of Need. COMAR 10.24.01.17C provides:

- (1) Changes in the fundamental nature of a facility or the services to be provided in the facility from those that were approved by the Commission;
- (2) Increases in the total licensed bed capacity of medical service categories from

- those approved;
- (3) Any change that requires an extension of time to meet the applicable performance requirements specified under Regulation .12 of this chapter, except as permitted under Regulation .12E of this chapter.

This modification will not change the fundamental nature of the project or its services. The total number of beds will not change. The applicant has not requested an extension of time to meet the applicable performance requirements beyond that allowed in regulation. Therefore, the modification requested by Adventist is permissible.

III. COST INCREASES AND FINANCIAL IMPACT OF THE PROPOSED MODIFICATION

Projected Cost Increase Exceeds the Inflation Allowance

As shown immediately below, the change being proposed in the scope of the project would result in a 19% increase in total capital cost. Appendix 2 provides detail.

Original Approved CON Budget	Additional Cost	Revised Total Cost	% Increase
\$336,053,030	\$64,145,958	\$400,198,988	19%

CON regulations provide for an inflation allowance. That allowance is calculated using the building cost indices published on a quarterly basis by IHS Global Insight in *Healthcare Cost Review*.² Cost increases that exceed the allowance require Commission approval under COMAR 10.24.01.17B (2).

In this case the cost increase is not attributable to inflation, but is instead the result of a change in project scope, with Adventist constructing its own CUP and adding a parking garage. The cost increase is well above what would be an allowable inflationary increase.

Projected Financial Impact of Proposed Modification

CUP

WAH projections show that this change would add \$3,233,000 to the operating costs projected in the CON application in 2019, the first year of operation (a 1.8% increase). In current dollars, that incremental cost declines over time (e.g., \$3,091,000 in 2023). Despite this cost increase, WAH projects that by building and operating the CUP, it will save \$37 million (current dollars) in operating costs over 25 years.

Comparison of 3rd Party Contractor vs. WAH CUP Development

² Calculated from the CON application's submission date to the date of the filing of a request for CON modification.

	3rd Party Owned and Operated	AHC Owned and Operated	Savings
1st Year Operating Expenses - 2020	\$ 6,369,512	\$ 5,717,465	\$ 652,047
5th Year Operating Expenses - 2024	\$ 6,894,564	\$ 5,989,726	\$ 904,839
10th Year Operating Expenses - 2029	\$ 7,612,156	\$ 6,361,825	\$ 1,250,331
25 Year Total Operating Expenses	\$ 203,629,648	\$ 166,061,484	\$ 37,568,164

Parking Garage

Adventist projects the financial impact on operations of constructing this structure to be approximately \$1.05 million annually.

Washington Adventist Hospital Incremental Change in WAH Relocation Project Pro Forma Expense Projections Parking Garage

Calendar Year	2019	2020	2021	2022	2023
Interest on Project Debt	\$ -	\$ -	\$ -	\$ -	\$ -
Project Depreciation	\$ 994,000	\$ 994,000	\$ 994,000	\$ 994,000	\$ 994,000
Other Expenses	\$ 60,000	\$ 61,000	\$ 62,000	\$ 63,000	\$ 64,000
Total Expense Impact	\$1,054,000	\$1,055,000	\$1,056,000	\$1,057,000	\$1,058,000

Total Impact on Operations

The cost increases associated with these changes add about \$4 million in annual operating costs and make a significant dent in WAH's net income. For example, WAH's projected 2019 margin would fall from a projected \$5.36 million and 2.19% (net income/expenses) to \$1.07 million and 0.43%; by 2023 profitability is projected to be \$2.59 million and 0.93%, down from \$6.74 million and 2.46% in the original CON pro forma.

Impact of Modification on WAH Bottom Line

	2019	2020	2021	2022	2023
Net Income projected in CON	\$5,361,000	\$5,460,000	\$6,084,000	\$6,447,000	\$6,738,000
Incremental Operating Cost, CUP	\$3,233,000	\$3,193,000	\$3,161,000	\$3,126,000	\$3,091,000
Incremental Operating Cost, Garage	\$1,054,000	\$1,055,000	\$1,056,000	\$1,057,000	\$1,058,000
Net Income with CUP and Garage	\$1,074,000	\$1,212,000	\$1,867,000	\$2,264,000	\$2,589,000

Adventist, WAH Financial Performance Since CON Application

From 2014 - 2016 both the Obligated Group³ and WAH exceeded expectations for operating income. Both entities also had much stronger cash positions than was projected at the time of the CON application. WAH's cumulative operating income was \$26,426,000 over that period compared to the \$6,382,000 that was projected. The Obligated Group also exceeded projected operating income by 31.4% over that period. In an email to MHCC staff, Adventist stated that "the strong financial performance of Washington Adventist Hospital and Adventist HealthCare allows the organization to afford the additional capital related to the CUP and the parking garage." It is important to note that WAH is not seeking any additional extraordinary adjustment to future Global Budgeted Revenue as a result of the additional project cost.

Obligated Group (in \$000's)

	2014		2015		2016	
	Projected	Actual	Projected	Actual	Projected	Actual
Operating Income	\$22,988	\$24,124	\$27,917	\$39,705	\$29,478	\$41,786
Total Income	\$26,939	\$26,323	\$37,579	\$40,118	\$38,587	\$44,188
Cash	\$211,208	\$245,098	\$193,287	\$266,900	\$202,020	\$325,926

Washington Adventist Hospital (in \$000's)

	2014		2015		2016	
	Projected	Actual	Projected	Actual	Projected	Actual
Operating Income	(\$1,434)	\$4,127	\$2,415	\$9,649	\$5,401	\$12,650
Total Income	(\$2,706)	\$2,626	\$2,415	\$8,433	\$5,401	\$12,283
Cash	(\$17,996)	(\$5,781)	(\$30,361)	(\$3,152)	(\$31,884)	(\$4,375)

IV. ANALYSIS AND RECOMMENDATION

Over the course of seven years, MHCC has considered two proposed plans for modernizing the outdated physical facilities of WAH, both involving relocation of the hospital to the White Oak/Silver Spring site. The first plan, withdrawn in 2012, was a more expensive one and came at a time when WAH and AHC were weaker, financially. The second plan, approved in 2015, had a more modest cost and a substantive factor in that cost reduction was the plan to forego construction of a CUP at White Oak and purchase utilities from a third-party developer and operator. A parking garage was another change made in the original plan. Now, a stronger WAH and AHC have returned to the Commission, claiming an ability to add back these two plan components without the necessity for additional project-related revenue increases and also explaining that, with the work undertaken to implement the third-party CUP plan, it will be less costly, over the life of the CUP, to build it and operate it in a conventional manner. If authorized, this means that the cost of the White Oak campus, without adjustment for inflation, will be just under the cost estimate of the project that failed to get a positive recommendation in 2012. (With adjustment for inflation, the White Oak component will still be appreciably less than the original plan even with the addition

³ The current members of AHC's Obligated Group include: Adventist Healthcare, Inc. (including Washington Adventist Hospital, Shady Grove Adventist Hospital, and Adventist Behavioral Health, all owned and operated by AHC); and Adventist Rehabilitation Hospital of Maryland, Inc.

of the CUP and parking garage, because of the other changes made to reduce the scope of the replacement hospital project.)

Although the increase in project cost and the impact on annual operating income is significant, staff believes that the proposed modification would not have a material effect on the findings made by the Commission with respect to the need for the project. The key factors in this conclusion involve considerations of project financial feasibility, long-term viability of WAH, and the cost and effectiveness of alternatives.

Viability and Financial Feasibility:

The project is still financially feasible, despite the cost increase, especially in light of the significantly improved operating results and cash positions of both the Obligated Group and WAH. Indeed, that stronger-than-projected performance enables WAH to take on the additional capital expense of the CUP and to advance the implementation of the parking garage that had been planned to be added later. WAH's projected margins decline significantly, but are still positive. As noted above, WAH is not seeking any additional extraordinary adjustment to future Global Budgeted Revenue as a result of the additional project cost.

Cost and Effectiveness of Alternatives:

WAH now projects that it will save more than \$37 million over the life of the CUP by building and operating the CUP itself. Its assumptions with respect to the original plan of third party CUP development and operation have been proven to be overly optimistic. In 2013 and 2014, when the original plan was put forward, WAH needed to find ways to reduce the up-front cost of modernizing its hospital. The CUP plan was a justifiable and, at the time, a necessary effort to reduce costs for a project found to not be financially feasible in an earlier, more costly iteration. With the improved financial health of WAH and AHC and the failure of its earlier cost assumptions to hold up, this change in plan is reasonable.

Need and Impact:

Because no material changes are occurring in the location, capacity, or nature of the project, the requested modification does not change the findings made by the Commission less than two years ago with respect to the need for the project or its likely impact on existing providers and on costs and charges. There is no projected impact on rate-payers, as WAH does not propose an increase in regulated revenue related to this project beyond that already approved by the Health Services Cost Review Commission.

Staff recommends that the Commission **APPROVE** the proposed changes in Certificate of Need Docket No. 13-15-2349 to authorize WAH to construct a central utility plant and parking garage on the replacement hospital campus in White Oak at an approved cost of \$64,145,958. This change will bring the total approved cost of the project to \$400,198,988. The CON will have the same conditions approved in 2015.

**Appendix 1: Conditions Attached to WAH CON Approval
December 17, 2015**

1. Adventist HealthCare, Inc. must open an urgent care center on its Takoma Park campus coinciding with its closure of general hospital operations on that campus. The urgent care center must be open every day of the year, and be open 24 hours a day. Adventist HealthCare, Inc. may not eliminate this urgent care center or reduce its hours of operation without the approval of the Maryland Health Care Commission.
2. In the fourth year of operation of a replacement Washington Adventist Hospital, Adventist HealthCare, Inc. shall provide a report to the Maryland Health Care Commission on the operation of the specialty hospital for psychiatric services in Takoma Park. This report must review patient intake and transport issues, coordination of care for psychiatric patients between the White Oak and Takoma Park campuses, and the specific financial performance of the special hospital, exclusive of the operation of Adventist Behavioral Health and Wellness overall.
3. Adventist HealthCare, Inc. will not finish the shell space in the relocated Washington Adventist Hospital without giving notice to the Commission and obtaining all required Commission approvals.
4. Adventist HealthCare, Inc. will not request an adjustment in rates by the Health Services Cost Review Commission (“HSCRC”) that includes depreciation or interest costs associated with construction of the proposed shell space at the relocated Washington Adventist Hospital until and unless Adventist HealthCare, Inc. has filed a Certificate of Need (“CON”) application involving the finishing of the shell space, has obtained CON approval for finishing the shell space, or has obtained a determination of coverage from the Maryland Health Care Commission that CON approval for finishing the shell space is not required.
5. The HSCRC, in calculating any future budget or rates for Adventist HealthCare, Inc. d/b/a Washington Adventist Hospital and its peer group, shall exclude the interest and depreciation associated with the \$3,410,579 estimated cost of constructing the shell space, which includes portions of the contingency, capitalized interest, and inflation allowance for the project, until such time as the space is finished and put to use in a rate-regulated activity. In calculating any budget or rate that includes an accounting for capital costs associated with the shell space, HSCRC shall exclude any depreciation of the shell space that has occurred between the construction of the shell space and the time of the rate calculation (i.e., the rate should only account for depreciation going forward through the remaining useful life of the space). Allowable interest expense shall also be based on the interest expenses going forward through the remaining useful life of the space.

Appendix 2: Uses and Sources of Funds, WAH Proposed Project Modification

**Washington Adventist Hospital
Central Utility Plant and Parking Garage Project Budget**

Project Budget/Expenditures	CUP	Parking Garage	Combined CUP + Garage
1. Capital Costs			
Land Purchase			
New Construction			
Building (*estimate incl inflation)	\$26,750,000	\$16,600,000	\$43,350,000
Fixed equipment	Included Above	Included Above	Included Above
Site preparation	\$1,380,000	\$4,138,000	\$5,518,000
Architect/engineering fees	\$1,675,000	\$771,000	\$2,446,000
Permits (building, utilities, etc)	\$110,000	\$414,000	\$524,000
Subtotal-Land Purchase and New Construction	\$29,915,000	\$21,923,000	\$51,838,000
Renovation			
Building	\$0	\$0	\$0
Fixed equipment	\$0	\$0	\$0
Architect/engineering fees	\$0	\$0	\$0
Permits (building, utilities, etc)	\$0	\$0	\$0
Subtotal- Renovations	\$0	\$0	\$0
Other Capital Costs			
Major movable equipment	\$0	\$0	\$0
Minor movable equipment	\$0	\$0	\$0
Contingencies	\$1,501,460	\$1,159,900	\$2,661,360
Other	\$1,515,000	\$1,275,000	\$2,790,000
Capitalized construction interest	\$2,903,900		\$2,903,900
Subtotal Other Capital Cost	\$5,920,360	\$2,434,900	\$8,355,260
TOTAL CURRENT CAPITAL COST	\$35,835,360	\$24,357,900	\$60,193,260
Other Non-Current capital Costs			
Inflation allowance	\$658,629	\$487,158	\$1,145,787
Subtotal Other Non-Current Capital Costs	\$658,629	\$487,158	\$1,145,787
TOTAL CAPITAL COSTS	\$36,493,989	\$24,845,058	\$61,339,047
2. Financing Costs and Other Cash Requirements			
Loan placement fees	\$791,911		\$791,911
Bond discount			\$0
Legal fees (CON Related)			\$0
CON application assistance			\$0
Legal fees - Other	\$2,015,000		\$2,015,000
Liquidation of existing debt			\$0
Debt service reserve fund			\$0

Principal amortization			\$0
Reserve fund			\$0
Other financing cost (TPark)			\$0
Total Financing Costs	\$2,806,911	\$0	\$2,806,911
3. Working Capital Startup Costs			
Total Uses of Funds (1+2+3)	\$39,300,900	\$24,845,058	\$64,145,958
Washington Adventist Hospital Central Utility Plant and Parking Garage Project Budget (continued)			
Central Utility Plant and Parking Garage Project Budget			
1. Cash		\$24,845,058	\$24,845,058
2. Pledges			
In-hand to date			
Pledged to date			
3. Authorized Bonds	\$39,300,900		\$39,300,900
4. Interest Income from bond proceeds listed in #3			
5. Mortgage			
6. Working Capital Loans			
7. Grants or Appropriations			
a. Federal			
b. State			
c. Local			
8. Other (Specify/add rows in needed)			
a. Land Purchase			
b. Gifts, Bequests			
TOTAL SOURCES OF FUNDS	\$39,300,900	\$24,845,058	\$64,145,958