



July 27, 2021

*VIA EMAIL AND FIRST CLASS MAIL*

Ms. Moira Lawson  
Program Manager  
Certificate of Need Division  
Maryland Health Care Commission  
4160 Patterson Avenue  
Baltimore, MD 21215

Re.: Transfer of Behavioral Health Beds from Grace Medical Center ("Grace")

Dear Ms. Lawson:

This letter is in response to your letter dated July 15, 2021 in which you requested additional information regarding the proposed change to the original plan to relocate 12 behavioral health beds from Grace to Northwest Hospital Center. More specifically, we have requested a change in the location of the new unit from the fourth floor, Wing D, to the fourth floor, Wing A as further described in our letter dated July 7, 2021.

Per your request, attached please find the original budget chart showing the costs associated with the renovation to Wing D as well as a revised budget chart showing the proposed costs for the renovations to Wing A. As you will see we are anticipating it will cost approximately \$200,000 more to complete the renovations to Wing A. Much of the increase, approximately \$200,000, is due to inflation in the cost of construction materials. Additional increased costs include architecture and engineering fees (\$40,000) associated with the new construction drawings as well as a small increase in equipment expenses (\$50,000). Furthermore, as we had more time to firm up our plans, we were able to reduce our contingency allowance by \$90,000. Lastly, we can confirm that both Wing A and Wing D are the same size at approximately 6,500 square feet.

Thank you for your continued support throughout this project. We trust these answers are responsive to your questions and will allow us to proceed with this important project. Of course, please do not hesitate to contact me or anyone on my team with any additional questions or concerns.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Neil M. Meltzer".

Neil M. Meltzer  
President and Chief Operating Officer

**CARE BRAVELY**

Enclosures

cc: Gregory Branch, M.D., Health Officer, Baltimore County Health Department  
Letitia Dzirasa, M.D., Commissioner of Health, Baltimore City  
Wynee Hawk, Chief, Certificate of Need Division  
Paul Parker, Director of Health Care Facilities Planning & Development  
Ruby Potter, Maryland Health Care Commission  
Renee Webster, Office of Health Care Quality  
Suellen Wideman, Esquire

**TABLE E. PROJECT BUDGET**

**INSTRUCTION:** Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application.

**NOTE:** Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

NORTHWEST HOSPITAL 4D PROJECT		Hospital Building	Other Structure	Total
<b>A. USE OF FUNDS</b>				
<b>1. CAPITAL COSTS</b>				
<b>a. New Construction</b>				
(1) Building				\$0
(2) Fixed Equipment				\$0
(3) Site and Infrastructure				\$0
(4) Architect/Engineering Fees				\$0
(5) Permits (Building, Utilities, Etc.)				\$0
<b>SUBTOTAL</b>		\$0	\$0	\$0
<b>b. Renovations</b>				
(1) Building		\$1,300,000		\$1,300,000
(2) Fixed Equipment (not included in construction)				\$0
(3) Architect/Engineering Fees		\$140,000		\$140,000
(4) Permits (Building, Utilities, Etc.)		\$20,000		\$20,000
<b>SUBTOTAL</b>		\$1,460,000	\$0	\$1,460,000
<b>c. Other Capital Costs</b>				
(1) Movable Equipment		\$350,000		\$350,000
(2) Contingency Allowance		\$190,000		\$190,000
(3) Gross interest during construction period				\$0
(4) Other (Specify/add rows if needed)				\$0
<b>SUBTOTAL</b>		\$540,000	\$0	\$540,000
<b>TOTAL CURRENT CAPITAL COSTS</b>		\$2,000,000	\$0	\$2,000,000
<b>d. Land Purchase</b>				
<b>e. Inflation Allowance</b>				
<b>TOTAL CAPITAL COSTS</b>		\$2,000,000	\$0	\$2,000,000
<b>2. Financing Cost and Other Cash Requirements</b>				
a. Loan Placement Fees				\$0
b. Bond Discount				\$0
c. CON Application Assistance				\$0
c1. Legal Fees				\$0
c2. Other (Specify/add rows if needed)				\$0
d. Non-CON Consulting Fees				\$0
d1. Legal Fees				\$0
d2. Other (Specify/add rows if needed)				\$0
e. Debt Service Reserve Fund				\$0
f. Other (Specify/add rows if needed)				\$0
<b>SUBTOTAL</b>		\$0	\$0	\$0
<b>3. Working Capital Startup Costs</b>				
<b>TOTAL USES OF FUNDS</b>		\$2,000,000	\$0	\$2,000,000
<b>B. Sources of Funds</b>				
1. Cash				\$0
2. Philanthropy (to date and expected)				\$0
3. Authorized Bonds				\$0
4. Interest Income from bond proceeds listed in #3				\$0
5. Mortgage				\$0
6. Working Capital Loans				\$0
7. Grants or Appropriations				\$0
a. Federal				\$0
b. State				\$0
c. Local				\$0
8. Other (Specify/add rows if needed)				\$0
<b>TOTAL SOURCES OF FUNDS</b>				\$0
		Hospital Building	Other Structure	Total
<b>Annual Lease Costs (if applicable)</b>				
1. Land				\$0
2. Building				\$0
3. Major Movable Equipment				\$0
4. Minor Movable Equipment				\$0
5. Other (Specify/add rows if needed)				\$0

\* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.



**TABLE E. PROJECT BUDGET**

**INSTRUCTION:** Estimates for Capital Costs (1.a-e), Financing Costs and Other Cash Requirements (2.a-g), and Working Capital Startup Costs (3) must reflect current costs as of the date of application and include all costs for construction and renovation. Explain the basis for construction cost estimates, renovation cost estimates, contingencies, interest during construction period, and inflation in an attachment to the application.

**NOTE:** Inflation should only be included in the Inflation allowance line A.1.e. The value of donated land for the project should be included on Line A.1.d as a use of funds and on line B.8 as a source of funds

<b>NORTHWEST HOSPITAL 4A PROJECT</b>		<b>Hospital Building</b>	<b>Other Structure</b>	<b>Total</b>
<b>A. USE OF FUNDS</b>				
<b>1. CAPITAL COSTS</b>				
<b>a. New Construction</b>				
(1) Building				\$0
(2) Fixed Equipment				\$0
(3) Site and Infrastructure				\$0
(4) Architect/Engineering Fees				\$0
(5) Permits (Building, Utilities, Etc.)				\$0
<b>SUBTOTAL</b>		<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>b. Renovations</b>				
(1) Building	\$1,500,000			\$1,500,000
(2) Fixed Equipment (not included in construction)				\$0
(3) Architect/Engineering Fees	\$180,000			\$180,000
(4) Permits (Building, Utilities, Etc.)	\$20,000			\$20,000
<b>SUBTOTAL</b>	<b>\$1,700,000</b>	<b>\$0</b>		<b>\$1,700,000</b>
<b>c. Other Capital Costs</b>				
(1) Movable Equipment	\$400,000			\$400,000
(2) Contingency Allowance	\$100,000			\$100,000
(3) Gross interest during construction period				\$0
(4) Other (Specify/add rows if needed)				\$0
<b>SUBTOTAL</b>	<b>\$500,000</b>	<b>\$0</b>		<b>\$500,000</b>
<b>TOTAL CURRENT CAPITAL COSTS</b>	<b>\$2,200,000</b>	<b>\$0</b>		<b>\$2,200,000</b>
<b>d. Land Purchase</b>				
<b>e. Inflation Allowance</b>				
<b>TOTAL CAPITAL COSTS</b>	<b>\$2,200,000</b>	<b>\$0</b>		<b>\$2,200,000</b>
<b>2. Financing Cost and Other Cash Requirements</b>				
a. Loan Placement Fees				\$0
b. Bond Discount				\$0
<b>c. CON Application Assistance</b>				
<i>c1. Legal Fees</i>				
<i>c2. Other (Specify/add rows if needed)</i>				
d. Non-CON Consulting Fees				\$0
<i>d1. Legal Fees</i>				
<i>d2. Other (Specify/add rows if needed)</i>				
e. Debt Service Reserve Fund				\$0
f. Other (Specify/add rows if needed)				\$0
<b>SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>		<b>\$0</b>
<b>3. Working Capital Startup Costs</b>				
<b>TOTAL USES OF FUNDS</b>	<b>\$2,200,000</b>	<b>\$0</b>		<b>\$2,200,000</b>
<b>B. Sources of Funds</b>				
1. Cash				\$0
2. Philanthropy (to date and expected)				\$0
3. Authorized Bonds				\$0
4. Interest Income from bond proceeds listed in #3				\$0
5. Mortgage				\$0
6. Working Capital Loans				\$0
<b>7. Grants or Appropriations</b>				
<b>a. Federal</b>				
<b>b. State</b>				
<b>c. Local</b>				
8. Other (Specify/add rows if needed)				\$0
<b>TOTAL SOURCES OF FUNDS</b>				<b>\$0</b>
	<b>Hospital Building</b>	<b>Other Structure</b>		<b>Total</b>
<b>Annual Lease Costs (if applicable)</b>				
1. Land				\$0
2. Building				\$0
3. Major Movable Equipment				\$0
4. Minor Movable Equipment				\$0
5. Other (Specify/add rows if needed)				\$0

\* Describe the terms of the lease(s) below, including information on the fair market value of the item(s), and the number of years, annual cost, and the interest rate for the lease.