

3/3/23

IN THE MATTER OF
ADVENTIST HEALTH CARE
SHADY GROVE MEDICAL CENTER

BEFORE THE
MARYLAND HEALTH
CARE COMMISSION
Docket No. 20-16-2443

RESPONSE TO QUESTIONS REGARDING REQUEST FOR PROJECT CHANGE AFTER CON APPROVAL

CUP Upgrades

The originally approved budget for the CUP was approximately \$11.8 million. SGMC stated in the request that upgrades to the CUP are necessary to bring it up to current code and best practice standards. These proposed upgrades include:

- 1. Upgrades to meet current code requirements and best practice standards:
 - a. Installing a Life Safety Automatic Transfer Switch for the generators and emergency lighting,*
 - b. Installing a Critical Branch Automatic Transfer Switch,*
 - c. Replacing egress lights w/ LEDs fixtures,*
 - d. Installing an equipment branch dedicated to the heating equipment, and*
 - e. Replacing generator power wiring.**
- 2. Installing 1300-ton chillers to ensure the CUP can serve the new tower and have additional capacity to support future needs.*
- 3. Replacing outdated boilers to serve the new tower as well as the rest of the hospital.*

For the CUP upgrades, can you provide an explanation of why these "necessary upgrades" were not accounted for in the original CON request and why the upgrades are necessary now. We also ask that you provide a detailed project budget for this specific part of the project. This detailed project budget should include specific costs for each proposed upgrade and which costs have been obligated to date

Applicant Response:

The SGMC CUP is over 40 years old. The approved CON includes CUP upgrades to support the new patient tower. After the approval of the original CON application the CUP was subject to a facility condition assessment as part of a masterplan update. The facility assessment emphasized a need for additional cooling capacity and highlighted the critical need to replace the over 35-year-old boiler. Recently, major and costly tube repairs necessitated the boiler replacement project be pushed to the top of the priority list as an immediate need. If the facility assessment had been completed prior to the original CON submission, this work would have been included within the project scope. Therefore, we are requesting this work be included within the scope of the project which is also ideal for procurement and execution efficiency. A detailed budget is included in Exhibit 1.

Substantial Project Cost Increases

The project cost has increased from the approved \$180,011,359 to \$247,657,497. This represents an increase of \$67,646,138 or about 37.6%. SGMC states that the substantial cost increases in overall project budget are a result of inflationary pressures and volatile market conditions resulting from the COVID-19 pandemic and its impact on the labor market and international conflicts further disrupting global supply chains. SGMC stated that it received guaranteed maximum price (GMP) proposals from its construction contractor for the construction of Phase 1 of the Project – construction of the new patient tower and CUP upgrades. Based on the information submitted, the applicant does not have a GMP bid on the second contract part of Phase 1 (fit out of interior of Tower) or a GMP bid on Phase 2 (renovation of existing space).

Provide an updated Table E (Project Budget with Uses and Sources of Funds) with the newly proposed budget. A blank Table E is attached. In the newly proposed budget, specify the cost increases due to building costs, materials, and labor costs for each line item. Also, provide a detailed explanation of why each of these specific cost increases are necessary.

Applicant Response:

Table E is attached in Exhibit 2. Cost increases are a result of dramatic changes in the economy: rising inflation, supply chain disruptions, and increased labor costs, all of which have been discussed previously with the Commission. The significant project cost increase resulted from these volatile conditions.

It is impossible to provide detailed explanations for individual line-item cost increases. As mentioned in the initial project modification filing, per the Associated General Contractors of America April 2022 report, the construction industry is experiencing exceptionally steep and fast-rising costs for a variety of materials, compounded by major supply-chain disruptions and worker shortages. For example, steel, gypsum, lumber, electrical and plumbing supplies, and diesel fuel costs increased dramatically between 29% - 300%. Increased shipping costs also contributed to the budget increase. Labor costs also increased significantly across nearly all building trades including concrete contractors, steel erectors, electrical workers, and plumbing and HVAC servicers all seeing 5 - 9% increases since 2020.

The initial budget was based on cost estimates from contractors which were in turn based on market conditions at the time the application was submitted. The increased budget reflects the current cost of the same work. Such volatility in the market is rare and nearly impossible to predict and, in this case, is the result of historic global occurrences.

Regarding the “guaranteed maximum price proposals” for Phase 1, is the cost of this phase fixed? Please fill out the attached Excel workbook that includes a worksheet for each phase, including all three contracts to reflect the total project cost. Each sheet in the workbook should be consistent with the format provided in the original CON Table E with columns for Hospital Building, CUP Upgrade, and Total. We need to be able to review the project plan for each phase by contract, by construction component, and in total.

Applicant Response:

The worksheet is attached as Exhibit 1. The tower core and shell and cup upgrade GMP is fixed. The scope of work relating to the CUP will be completed along with the construction of the core and shell of the patient tower. The GMP does not apply to the tower fitout. This is part of our strategy to contain costs. There is reason to believe that by pushing out the contract for fit out, SGMC will be able to obtain more favorable prices than what is available on the market currently. The cost of lumber and gas (general market indicators) have decreased significantly in recent months, and there have been smaller incremental decreases to other construction materials as well. SGMC will continue to monitor market conditions and can request proposals for the interior fit out in 12 to 18 months while we progress with the tower shell.

Please submit an updated Table L (Workforce Information).

Applicant Response:

Table L is attached as Exhibit 3. There is no change to Table L from the original application, as the scope of the project is not changing. The original CON application took support positions into consideration at the time of filing. These positions include Environmental Services, Facilities, Security, Transporters, Dietary etc. The clinical units staffing is based on standardized staff to patient ratios, so as volumes fluctuate, that staff will adjust as necessary to maintain these ratios. The increase in labor costs referred to above pertains to construction labor not labor associated with hospital operations.

Provide and describe the budget contingencies on the potential costs for all contract(s) and phases yet to be settled and identify any obligated budget amounts.

Applicant Response:

Since we have a GMP for the tower core and shell and CUP upgrade portions of the project, we included a 3% contingency amount for that work. For the tower fitout and renovation of current hospital space, which are currently not under contract, we included a 10% contingency amount to the construction estimates plus an inflation amount through the midpoint of construction.

In the review of this request, we have not been able to calculate an updated MVS for the proposed new budget based on the information provided. Please resubmit the MVS calculations and provide all updated financial information relied on and the steps taken. Also consider the impact of Condition #2 in the original CON approval which states "Any future change to the financing of this project involving adjustments in rates set by the Health Services Cost Review Commission must exclude \$21,226,090, which includes the estimated new construction costs that exceed the Marshall Valuation Service guideline cost and portions of the contingency allowance and inflation allowance that are based on the excess construction cost." Also, resubmit an updated Table D (Onsite and Offsite Costs Included and Excluded in Marshall Valuation Costs). A blank Table D is attached.

Applicant Response:

Exhibit 4 provides the detailed MVS analysis we have prepared.

The first two pages entitled "Table D Information and MVS Calculations" contain all the information required by Table D, in greater detail than what appears on the Table D form itself.

The third page entitled "MVS Benchmark as Calculated by MHCC Staff Adjusted for Most Recent MVS Information" shows how the MHCC Staff did their MVS calculation for the original CON application. To have an "apples to apples" update of that analysis, SGMC utilized the same approach, and applied the most recent multipliers, adjustments, and other cost refinements as published in the current MVS manual, as will be further explained below. Specific calculations were done for the separate Hospital, Mechanical Penthouse and CUP addition elements, and integrated to result in the final "Total Hospital Building" column reflecting an overall adjusted MVS cost per square foot of \$563.25.

Page 4 contains Worksheet 1 showing the detail regarding the relevant MVS perimeter, wall height and basement categories, adjustment factors and calculations for each of the project elements that is reflected in the aforementioned MVS Benchmark table in which the MVS benchmark calculation methodology was shown.

Page 5 contains Worksheet 2 showing detailed categories, adjustment factors and calculations for each of the Hospital, Mechanical Penthouse and CUP addition project elements regarding differential departmental cost factors that are also reflected in the aforementioned table in which the MVS benchmark calculation methodology was shown.

The MVS Benchmark table and Worksheets 1 and 2 taken in the aggregate provide the detail of the MVS methodology we have used resulting in an adjusted MVS cost per square foot of \$563.25. The cost calculations in the "MVS Benchmark" table segregate the project's costs into three categories: Hospital, Mechanical Penthouse, and CUP Addition. The Hospital category reflects the base costs of the five stories of clinical space within the new facility. The segregation of the Mechanical Penthouse costs into a separate category mirrors the methodology that was employed by the MHCC staff in its April 15, 2021 Staff Report and Recommendation related to Adventist HealthCare's original October 2020 CON submission for the project. The CUP Addition costs category memorializes that portion of the new central utility plant needed to provide the steam and chilled water required to meet the utility needs of the new tower.

Further calculations appear at the conclusion of what is presented on the first two pages containing Table D Information and MVS Calculations that show how the projected project costs compare to the MVS benchmark of \$563.25 per square foot. Those calculations show that project costs are projected to be \$908.24/sf after allowable MVS exclusions are accounted for. Subtracting from that figure the MVS benchmark of \$563.25/sf, and further subtracting the \$56.32/sf for an Abnormal Shortage Multiplier results in a project cost that is \$286.67/sf over the MVS standard. Multiplying that excess cost/sf by 153,002 sf of construction results in \$43,861,083.30 that might be eligible to be disallowed for rate setting purposes.

Also, what actions or considerations have been taken to minimize the scope of the cost overrun?

Applicant Response:

We have proposed a phased execution plan to help contain costs. We will pursue the tower under two contracts. The first contract for the core and shell is already executed. This will allow the project to continue within the required timeframe. The second contract will be for the fitout of the tower and the renovation of the existing hospital space. This will give time for the market to stabilize and for costs to come down from their current high levels. As mentioned earlier, there are reasons to believe this strategy will be successful given the downward trend of market indicators such as lumber and gas. Other cost saving strategies include:

- After initially seeking bids that combined the patient tower Addition, CUP upgrade, and renovation, the project team sought an alternate bid for the CUP Upgrade work. After evaluation, we awarded tower core & shell and CUP upgrade in two separate contracts.
- We utilized Turners GPO, Source Blue for major capital equipment costs.
- We identified energy rebates and received an MEA grant for the Boilers installation.
- We evaluated and executed alternate electrical manufacturing for improved pricing and schedule delivery dates.
- We used value engineering and stacking options to come up with the most cost-effective construction and phasing plan.
- We pre-purchased some major CUP components for savings and just in time delivery as owner furnish-contractor installed.

Originally SGMC's sources of funds for the approved project were approximately \$10 million in cash from its operating budget, \$16 million in philanthropic donations, and approximately \$154 million were to be raised through authorized bonds. The applicant stated that still plans to raise \$16 million in philanthropic donations. It has raised just under \$8 million in charitable contributions to date. The bonds issued for the Project were completed in October 2021. The applicant stated that the remainder of the costs (approximately \$67.65 million) will be funded by cash from operations.

Please specifically identify the entity whose operations will fund the balance, (AHC or SGMC) and provide specifics on the mechanics of how the entity or entities will finance these project costs through operational funds? Please resubmit the Revenue and Expense statement that accounts for this change.

Applicant Response:

As noted in the original CON application, all financial analyses presented as it relates to funding the project is that of AHC consolidated. There is no distinction between SGMC and AHC as SGMC is a division of AHC. The additional funds needed will be generated from the operations of AHC and funded by carving out a portion of AHC's annual capital budget. The tower project will be prioritized to ensure that the total amount of system capital spend is at an appropriate level. A Budget Income Statement for SGMC is attached as Exhibit 5.

Due to the increase in the project budget, SGMC stated that it plans to file a partial rate adjustment application request with the Health Services Cost Review Commission (HSCRC) to help offset the cost of these increases. The applicant stated that HSCRC has been notified that this request is pending.

Is there a contingency financing plan in the event that HSCRC denies or only grants part of the requested partial rate adjustment application?

Applicant Response:

SGMC submitted an updated partial capital rate application to the HSCRC on 11/28/22 based on the current methodology. This resulted in a request of \$10,077,575. There is not a contingency financing plan as the application is consistent with the HSCRC’s stated methodology; therefore, SGMC is eligible to receive this funding. Initial conversations with the HSCRC regarding the rate application support this approach.

Given the request to change the approved performance requirements, please update the project timeline given the potential for a multiphase construction plan.

Applicant Response:

The requested project change will not affect the project timeline as indicated below:

Phase	Scope	Const. Start Date	Estimated Construction Completion Date / Occupancy Permit	Activation	Construction Duration
1A	Tower Core & Shell	Nov 2022	Dec 2024	N/A	36 Months
	CUP Upgrade	Jul 2022	Apr 2024	May 2024	20 Months
1B	Tower Fitout	Jun 2024	Oct 2025	Dec 2025	18 Months
2	Renovations	Jan 2026	Jul 2027	Sep 2027	18 Months

PROJECT BUDGET - Project Completion

	Total	
	Total - as originally approved	Total - Project Completion after Phase 2
USE OF FUNDS		
New Construction		
Building	\$80,210,892	\$137,515,066
Fixed Equipment	\$3,827,297	\$20,154,930
Site and Infrastructure	\$10,558,146	\$21,369,761
Architect/Engineering Fees	\$6,357,828	\$10,222,558
Permits (Building, Utilities, Etc.)	\$2,343,851	\$2,351,351
SUBTOTAL	\$103,298,014	\$191,613,667
Renovations		
Building	\$8,840,236	\$8,840,236
Architect/Engineering Fees	\$656,620	\$665,551
Permits (Building, Utilities, Etc.)	\$242,067	\$242,067
SUBTOTAL	\$9,738,923	\$9,747,854
Other Capital Costs		
Movable Equipment	\$3,829,400	\$3,657,963
Contingency Allowance	\$12,847,170	\$7,347,943
Gross interest during construction period	\$14,611,596	\$15,206,426
a. Furniture	\$2,392,000	\$2,367,000
b. Interior & Exterior Signage	\$738,400	\$738,400
c. IS/Comm	\$6,665,000	\$6,908,784
d. Security system	\$1,265,000	\$1,072,921
e. Relocation expense	\$330,600	\$450,866
f. Certifications, inspections, etc.	\$214,360	\$775,958
SUBTOTAL	\$42,893,526	\$38,526,262
TOTAL CURRENT CAPITAL COSTS	\$155,930,463	\$239,887,783
Inflation Allowance	\$14,682,334	\$6,523,187
TOTAL CAPITAL COSTS	\$170,612,797	\$246,410,970
Financing Cost and Other Cash Requirements		
Loan Placement Fees	\$1,925,187	\$1,171,726
Debt Service Reserve Fund	\$7,473,375	\$0
Legal Fees	\$0	\$74,801
SUBTOTAL	\$9,398,562	\$1,246,527
TOTAL USES OF FUNDS	\$180,011,359	\$247,657,497
Sources of Funds		
Cash	\$9,996,359	\$77,642,497
Philanthropy	\$16,000,000	\$16,000,000
Authorized Bonds	\$154,015,000	\$154,015,000
TOTAL SOURCES OF FUNDS	\$180,011,359	\$247,657,497

Exhibit 1 - SGMC Project Change - Detailed Budget Breakdown

PROJECT BUDGET - Phase 1 build core shell

	Hospital Building		CUP Upgrade		Total	
	Hospital Building - as originally approved	Phase 1 Tower core shell	CUP Upgrade - as originally approved	Total CUP Upgrade to be completed with core shell	Total - as originally approved	Total - Completion Phase 1 Tower core shell +CUP Upgrade
USE OF FUNDS						
New Construction						
Building	\$73,458,451	\$72,395,388	\$6,752,441	\$19,599,250	\$80,210,892	\$91,994,638
Fixed Equipment	\$3,525,375	\$13,877,203	\$301,922	\$6,277,727	\$3,827,297	\$20,154,930
Site and Infrastructure	\$10,150,141	\$20,392,282	\$408,005	\$477,479	\$10,558,146	\$20,869,761
Architect/Engineering Fees	\$5,856,282	\$7,973,899	\$501,546	\$1,207,365	\$6,357,828	\$9,181,264
Permits (Building, Utilities, Etc.)	\$2,158,953	\$680,900	\$184,898	\$191,498	\$2,343,851	\$872,398
SUBTOTAL	\$95,149,202	\$115,319,672	\$8,148,812	\$27,753,319	\$103,298,014	\$143,072,992
Renovations						
Building	\$8,840,236		\$0		\$8,840,236	
Architect/Engineering Fees	\$656,620		\$0		\$656,620	
Permits (Building, Utilities, Etc.)	\$242,067		\$0		\$242,067	
SUBTOTAL	\$9,738,923		\$0	\$0	\$9,738,923	\$0
Other Capital Costs						
Movable Equipment	\$3,629,400	\$20,106	\$200,000		\$3,829,400	\$20,106
Contingency Allowance	\$11,997,789	\$3,155,491	\$849,381	\$790,634	\$12,847,170	\$3,946,124
Gross interest during construction period	\$13,653,795	\$14,202,802	\$957,801	\$1,003,624	\$14,611,596	\$15,206,428
a. Furniture	\$2,367,000		\$25,000		\$2,392,000	\$0
b. Interior & Exterior Signage	\$723,400	\$142,865	\$15,000	\$15,000	\$738,400	\$157,865
c. IS/Comm	\$6,615,000	\$26,724	\$50,000	\$228,000	\$6,665,000	\$254,724
d. Security system	\$1,250,000	\$8,401	\$15,000	\$52,529	\$1,265,000	\$60,930
e. Relocation expense	\$315,600	\$108,115	\$15,000	\$15,000	\$330,600	\$123,115
f. Certifications, inspections, etc.	\$189,360	\$445,230	\$25,000	\$123,243	\$214,360	\$568,473
SUBTOTAL	\$40,741,344	\$18,109,734	\$2,152,182	\$2,228,030	\$42,893,526	\$20,337,764
TOTAL CURRENT CAPITAL COSTS	\$145,629,469	\$133,429,406	\$10,300,994	\$29,981,349	\$155,930,463	\$163,410,755
Inflation Allowance	\$13,799,530	\$1,036,639	\$882,804	\$100,365	\$15,718,973	\$1,137,004
TOTAL CAPITAL COSTS	\$159,428,999	\$134,466,045	\$11,183,798	\$30,081,715	\$170,612,797	\$164,547,760
Financing Cost and Other Cash Requirements						
Loan Placement Fees	\$1,798,990	\$1,092,871	\$126,197	\$78,855	\$1,925,187	\$1,171,726
Debt Service Reserve Fund	\$6,986,996	\$0	\$486,379		\$7,473,375	\$0
Legal Fees	\$0	\$64,505	\$0	\$10,296		\$74,801
SUBTOTAL	\$8,785,986	\$1,157,376	\$612,576	\$89,151	\$9,398,562	\$1,246,527
TOTAL USES OF FUNDS	\$168,214,985	\$135,623,421	\$11,796,374	\$30,170,866	\$180,011,359	\$165,794,287
Sources of Funds						
Cash	\$9,337,090		\$659,269		\$9,996,359	
Philanthropy	\$14,958,694		\$1,041,306		\$16,000,000	
Authorized Bonds	\$143,919,200		\$10,095,800		\$154,015,000	
TOTAL SOURCES OF FUNDS	\$168,214,984		\$11,796,375		\$180,011,359	

Project Budget - Phase 1 fitout

	Hospital Building		CUP U
	Phase 1 Tower core shell	Phase 1 - fitout	Total CUP Upgrade to be completed with core shell
USE OF FUNDS			
New Construction			
Building	\$69,284,541	\$45,520,428	\$19,599,250
Fixed Equipment	\$13,877,203		\$6,277,727
Site and Infrastructure	\$20,392,282	\$500,000	\$477,479
Architect/Engineering Fees	\$7,973,899	\$1,041,294	\$1,207,365
Permits (Building, Utilities, Etc.)	\$680,900	\$1,478,953	\$191,498
SUBTOTAL	\$112,208,825	\$48,540,675	\$27,753,319
Renovations			
Building			
Architect/Engineering Fees			
Permits (Building, Utilities, Etc.)			
SUBTOTAL			\$0
Other Capital Costs			
Movable Equipment	\$20,106	\$3,637,857	
Contingency Allowance	\$3,106,621	\$2,427,034	\$790,634
Gross interest during construction period	\$14,202,802		\$1,003,624
a. Furniture		\$2,367,000	
b. Interior & Exterior Signage	\$142,865	\$580,535	\$15,000
c. IS/Comm	\$26,724	\$6,654,060	\$228,000
d. Security system	\$8,401	\$1,011,991	\$52,529
e. Relocation expense	\$108,115	\$327,751	\$15,000
f. Certifications, inspections, etc.	\$445,230	\$207,485	\$123,243
SUBTOTAL	\$18,060,864	\$17,213,713	\$2,228,030
TOTAL CURRENT CAPITAL COSTS	\$130,269,689	\$65,754,388	\$29,981,349
Inflation Allowance	\$2,179,325	\$4,101,826	\$100,365
TOTAL CAPITAL COSTS	\$132,449,014	\$69,856,214	\$30,081,715
Financing Cost and Other Cash Requirements			
Loan Placement Fees	\$1,092,871		\$78,855
Debt Service Reserve Fund	\$0		
Legal Fees	\$64,502		\$10,296
SUBTOTAL	\$1,157,373	\$0	\$89,151
TOTAL USES OF FUNDS	\$133,606,387	\$69,856,214	\$30,170,866
Sources of Funds			
Cash			
Philanthropy			
Authorized Bonds			
TOTAL SOURCES OF FUNDS			

Upgrade	
<i>Phase 1 fitout</i>	Total - Phase 1 fitout
	\$45,520,428
	\$0
	\$500,000
	\$1,041,294
	\$1,478,953
	\$48,540,675
	\$3,637,857
	\$2,427,034
	\$0
	\$2,367,000
	\$580,535
	\$6,654,060
	\$1,011,991
	\$327,751
	\$207,485
	\$17,213,713
	\$65,754,388
	\$4,101,826
	\$69,856,214
	0
	\$69,856,214

Project Budget - Phase 2 (Phase 2 is the renovation of existing hospital space and doe

	Hospital Building		CUP-U
	Hospital Building- Phase 1 fitout	Phase 2	CUP Upgrade- Phase 1 fitout
USE OF FUNDS			
New Construction			
Building			
Fixed Equipment			
Site and Infrastructure			
Architect/Engineering Fees			
Permits (Building, Utilities, Etc.)			
SUBTOTAL			\$0
Renovations			
Building		\$8,840,236	
Architect/Engineering Fees		\$665,551	
Permits (Building, Utilities, Etc.)		\$242,067	
SUBTOTAL		\$9,747,854	
Other Capital Costs			
Movable Equipment			
Contingency Allowance		\$974,785	
Gross interest during construction period			
a. Furniture			
b. Interior & Exterior Signage			
c. IS/Comm			
d. Security system			
e. Relocation expense			
f. Certifications, inspections, etc.			
SUBTOTAL		\$974,785	
TOTAL CURRENT CAPITAL COSTS		\$10,722,639	
Inflation Allowance		\$1,284,357	
TOTAL CAPITAL COSTS		\$12,006,996	
Financing Cost and Other Cash Requirements			
Loan Placement Fees			
Debt Service Reserve Fund			
SUBTOTAL		\$0	
TOTAL USES OF FUNDS		\$12,006,996	
Sources of Funds			
Cash			
Philanthropy			
Authorized Bonds			
TOTAL SOURCES OF FUNDS			\$0

PROJECT BUDGET - Project Completion

	Total	
	Total - as originally approved	Total - Project Completion after Phase 2
USE OF FUNDS		
New Construction		
Building	\$80,210,892	\$137,515,066
Fixed Equipment	\$3,827,297	\$20,154,930
Site and Infrastructure	\$10,558,146	\$21,369,761
Architect/Engineering Fees	\$6,357,828	\$10,222,558
Permits (Building, Utilities, Etc.)	\$2,343,851	\$2,351,351
SUBTOTAL	\$103,298,014	\$191,613,667
Renovations		
Building	\$8,840,236	\$8,840,236
Architect/Engineering Fees	\$656,620	\$665,551
Permits (Building, Utilities, Etc.)	\$242,067	\$242,067
SUBTOTAL	\$9,738,923	\$9,747,854
Other Capital Costs		
Movable Equipment	\$3,829,400	\$3,657,963
Contingency Allowance	\$12,847,170	\$7,347,943
Gross interest during construction period	\$14,611,596	\$15,206,426
a. Furniture	\$2,392,000	\$2,367,000
b. Interior & Exterior Signage	\$738,400	\$738,400
c. IS/Comm	\$6,665,000	\$6,908,784
d. Security system	\$1,265,000	\$1,072,921
e. Relocation expense	\$330,600	\$450,866
f. Certifications, inspections, etc.	\$214,360	\$775,958
SUBTOTAL	\$42,893,526	\$38,526,262
TOTAL CURRENT CAPITAL COSTS	\$155,930,463	\$239,887,783
Inflation Allowance	\$14,682,334	\$6,523,187
TOTAL CAPITAL COSTS	\$170,612,797	\$246,410,970
Financing Cost and Other Cash Requirements		
Loan Placement Fees	\$1,925,187	\$1,171,726
Debt Service Reserve Fund	\$7,473,375	\$0
Legal Fees	\$0	\$74,801
SUBTOTAL	\$9,398,562	\$1,246,527
TOTAL USES OF FUNDS	\$180,011,359	\$247,657,497
Sources of Funds		
Cash	\$9,996,359	\$77,642,497
Philanthropy	\$16,000,000	\$16,000,000
Authorized Bonds	\$154,015,000	\$154,015,000
TOTAL SOURCES OF FUNDS	\$180,011,359	\$247,657,497

TABLE E. PROJECT BUDGET (as proposed in modification)

<i>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.</i>			
<i>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.</i>			
	Hospital Building (includes everything other than CUP: core/shell, fit out, and renovation)	CUP	Total
A. USE OF FUNDS			
1. CAPITAL COSTS			
a. New Construction			
(1) Building	\$117,915,816	\$19,599,250	\$137,515,066
(2) Fixed Equipment	\$13,877,203	\$6,277,727	\$20,154,930
(3) Site and Infrastructure	\$20,892,282	\$477,479	\$21,369,761
(4) Architect/Engineering Fees	\$9,015,193	\$1,207,365	\$10,222,558
(5) Permits (Building, Utilities, Etc.)	\$2,159,853	\$191,498	\$2,351,351
SUBTOTAL	\$163,860,347	\$27,753,319	\$191,613,667
b. Renovations			
(1) Building	\$8,840,236		\$8,840,236
(2) Fixed Equipment (not included in construction)	\$0		\$0
(3) Architect/Engineering Fees	\$665,551		\$665,551
(4) Permits (Building, Utilities, Etc.)	\$242,067		\$242,067
SUBTOTAL	\$9,747,854	\$0	\$9,747,854
c. Other Capital Costs			
(1) Movable Equipment	\$3,657,963	\$0	\$3,657,963
(2) Contingency Allowance	\$6,557,309	\$790,634	\$7,347,943
(3) Gross interest during construction period	\$14,202,802	\$1,003,624	\$15,206,426
a. Furniture	\$2,367,000	\$0	\$2,367,000
b. Interior & Exterior Signage	\$723,400	\$15,000	\$738,400
c. IS/Comm	\$6,680,784	\$228,000	\$6,908,784
d. Security system	\$1,020,392	\$52,529	\$1,072,921
e. Relocation expense	\$435,866	\$15,000	\$450,866
(4) f. Certifications, inspections, etc.	\$652,715	\$123,243	\$775,958
SUBTOTAL	\$36,298,232	\$2,228,030	\$38,526,262
TOTAL CURRENT CAPITAL COSTS	\$209,906,433	\$29,981,349	\$239,887,783
d. Land Purchase	\$0	\$0	\$0
e. Inflation Allowance	\$6,422,822	\$100,365	\$6,523,187
TOTAL CAPITAL COSTS	\$216,329,255	\$30,081,715	\$246,410,970
2. Financing Cost and Other Cash Requirements			
a. Loan Placement Fees	\$1,092,871	\$78,855	\$1,171,726
b. Bond Discount			\$0
c. CON Application Assistance			
c1. Legal Fees			\$0
c2. Other (Specify/add rows if needed)			
d. Non-CON Consulting Fees			
d1. Legal Fees	\$64,505	\$10,296	\$74,801
d2. Other (Specify/add rows if needed)			\$0
e. Debt Service Reserve Fund			\$0
f. Other (Specify/add rows if needed)			\$0
SUBTOTAL	\$1,157,376	\$89,151	\$1,246,527
3. Working Capital Startup Costs			
TOTAL USES OF FUNDS	\$217,486,631	\$30,170,866	\$247,657,497
B. Sources of Funds			
1. Cash	\$77,642,497		\$77,642,497
2. Philanthropy (to date raised \$8,000,000)	\$16,000,000		\$16,000,000
3. Authorized Bonds	\$154,015,000		\$154,015,000
4. Interest Income from bond proceeds listed in #3			\$0
5. Mortgage			\$0
6. Working Capital Loans			\$0
7. Grants or Appropriations			
a. Federal			\$0
b. State			\$0
c. Local			\$0
8. Other (Specify/add rows if needed)			\$0
TOTAL SOURCES OF FUNDS	\$247,657,497		\$247,657,497



Table with multiple columns and rows, containing faint text and numerical data. The content is largely illegible due to low contrast and blurring. The table appears to be organized into several columns, possibly representing different categories or metrics, with rows of data points. Some faint numbers and text are visible, but they cannot be transcribed accurately.

TABLE L. WORKFORCE INFORMATION

INSTRUCTION: List the facility's existing staffing and changes required by this project. Include all major job categories under each heading provided in the table. The number of Full Time Equivalents (FTEs) should be calculated on the basis of 2,080 paid hours per year equals one FTE. In an attachment to the application, explain any factor used in converting paid hours to worked hours. Please ensure that the projections in this table are consistent with expenses provided in uninflated projections in Tables F and G.

Indicate CY	CURRENT ENTIRE FACILITY			PROJECTED CHANGES AS A RESULT OF THE PROPOSED PROJECT THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			OTHER EXPECTED CHANGES IN OPERATIONS THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)			PROJECTED ENTIRE FACILITY THROUGH THE LAST YEAR OF PROJECTION (CURRENT DOLLARS)	
	Current Year FTEs	Average Salary per FTE	Current Year Total Cost	FTEs	Average Salary per FTE	Total Cost (should be consistent with projections in Table G, if submitted)	FTEs	Average Salary per FTE	Total Cost	FTEs	Total Cost
1. Regular Employees											
<i>Administration (List general categories, add rows if needed)</i>											
Hospital Leadership	38.6	\$ 127,798	\$ 4,937,277			\$0			\$0	38.6	\$4,937,277
Other Administrative Leadership	45.9	105,296	4,833,126	2.0	133,120	\$266,240	4.9	105,296	515,950	52.8	5,615,316
Senior Leadership	7.8	275,388	2,134,501			\$0			\$0	7.8	2,134,501
Total Administration	92.3	\$ 129,002	\$ 11,904,903	2.0	\$ 133,120	\$ 266,240	4.9	\$ 105,296	\$ 515,950	99.2	\$ 12,687,093
<i>Direct Care Staff (List general categories, add rows if needed)</i>											
Ancillary	46.2	\$ 89,694	\$ 4,146,305							46.2	\$4,146,305
Behavioral Health	254.4	61,641	15,680,863			\$0	5.3	61,641	329,164	259.7	16,010,027
Imaging Services	55.7	87,070	4,850,446			\$0				55.7	4,850,446
Nursing	851.7	84,176	71,694,307	9.4	110,240	\$1,036,256	34.5	84,176	2,906,583	895.7	75,637,146
Physician and Physician Extender	37.4	173,247	6,481,896			\$0				37.4	6,481,896
Surgical and Cardiovascular Services	89.9	88,666	7,969,575			\$0				89.9	7,969,575
Total Direct Care	1,335.3	\$ 82,992	\$ 110,823,392	9.4	\$ 110,240	\$ 1,036,256	39.9	\$ 81,157	\$ 3,235,747	1,384.6	\$ 115,095,395

TABLE L. WORKFORCE INFORMATION

Support Staff (List general categories, add rows if needed)	18.8	\$	62,818	\$	1,181,096				3.0	\$	62,818	\$	188,453	21.8	\$1,369,549
Administrative Support	74.5		71,998		5,366,792				2.6		71,998		187,196	77.1	5,553,987
Care Navigation	182.8		70,243		12,839,157	12.4	45,324	562,016	2.1		45,929		94,615	195.2	13,401,173
Clinical Support	93.5		45,929		4,293,785	11.0	40,276	443,040	2.3		49,945		116,871	106.5	4,831,439
Environmental Services	114.9		49,945		5,738,976	9.0	63,093	567,840	2.1		45,512		93,300	126.2	6,423,687
Facility Support	75.3		45,512		3,425,019	5.0	41,600	208,000			54,186		143,592	82.3	3,726,319
Nutrition Services	42.9		56,985		2,444,016				2.7		54,186		143,592	42.9	2,444,016
Other	74.0		54,186		4,010,380									45.6	2,485,495
Revenue Cycle	45.6		54,543		2,485,495									0.0	-
Support Staff															
Rate Change for FTEs due to 1/2 year of inflation in FY2021													\$2,214,868		
Total Support	722.2		\$ 57,854		\$ 41,784,716	37.4	\$ 47,618	\$ 1,780,896	14.7		\$ 206,728		\$ 3,038,894	174.3	\$ 546,604,506
REGULAR EMPLOYEES TOTAL	2,149.9		\$ 76,522		\$ 164,513,017	48.8	\$ 63,184	\$ 3,083,392	59.47		\$ 114,185		\$ 6,790,597	2,258.7	\$ 174,386,994
2. Contractual Employees															
Administration (List general categories, add rows if needed)															
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
Total Administration					\$0			\$0					\$0	0.0	\$0
Direct Care Staff (List general categories, add rows if needed)															
Clinical Staff	114.0		\$153,582		\$17,508,312			\$0	-60.3		157,478		(9,491,182)	53.7	\$8,017,130
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
Total Direct Care Staff	114.0		\$ 153,582		\$ 17,508,312			\$0	-60.3		\$ 157,478		\$ (9,491,182)	53.7	\$ 8,017,130
Support Staff (List general categories, add rows if needed)															
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
					\$0			\$0					\$0	0.0	\$0
Total Support Staff					\$0			\$0					\$0	0.0	\$0
CONTRACTUAL EMPLOYEES TOTAL	114.0		\$ 153,582		\$ 17,508,312	0.0	\$ -	\$ -	-60.3		\$ 157,478		\$ (9,491,182)	53.7	\$ 8,017,130
Benefits (State method of calculating benefits below):					\$34,059,352										\$36,103,576
% of Total Salaries	2,263.9				\$ 216,080,675	48.8		\$ 3,083,392	-0.8				\$ (2,700,597)		\$ 218,507,700
TOTAL COST															

TABLE D: INFORMATION AND MVS CALCULATIONS

Project Name: **Shady Grove Patient Tower and Related Renovations, Docket No. 20-15-2443**

Date Started: 4/5/2021

Final Date:

Update: 3/2/2023

MARSHALL AND SWIFT ANALYSIS

	Applicant Rev.
	New Construction
Building	\$ 180,297,895
Fixed Equipment	Included Above
Normal Site Prep.	Included Above
Arch./Eng. Fees	\$ 8,327,983
Permits	\$ 2,343,951
Subtotal	\$ 190,969,829
Adjustments-Exclude from MVS	
On-Site Costs	
Normal Site Preparation (incl. below)	\$ -
Utilities from Structure to Lot Line	\$ 8,999,048
Site Demolition	\$ 694,860
Storm Drains (Incl. in Utilities & Ambul. Drive)	\$ -
Rough Grading (Majority in Ambul. Drive)	\$ 31,041
Piling & Hillside Foundations (Incl. in Utilities & Ambul. Drive)	\$ -
Paving	\$ 593,820
Exterior Signs	\$ 13,636
Landscaping	\$ 1,799,588
Site Walls, Stairs & Structures	\$ 23,345
Yard Lighting	\$ 204,165
Other: Ambulance Drive Relocation, CUP Increase in Chiller Capacity to Support Future Load Requirements, CUP Boiler Replacement Component, Owner's Contingency	\$ 35,044,574
Sheeting & Shoring for Excavation Adjacent to Existing Building	\$ 286,739
Relocate Existing Utilities to New Tunnel	\$ 120,699
Sediment and Erosion Control	\$ 516,468
Montgomery County Land Use Costs	\$ 1,650,000
New Helipad	\$ 627,551
Pneumatic Tube System	\$ 365,754
Exterior Canopies	\$ 804,987
Vegetated Roofs	\$ 107,109
Additional Service Elevator	\$ 641,918
Enhanced Commissioning	\$ 113,770
Underground Oxygen Piping	\$ 178,976
Temporary Construction for Access	\$ 719,706

TABLE D: INFORMATION AND MVS CALCULATIONS

Project Name: **Shady Grove Patient Tower and Related Renovations, Docket No. 20-15-2443**

Date Started: 4/5/2021

Final Date:

Update: 3/2/2023

MARSHALL AND SWIFT ANALYSIS

	Applicant Rev.
	New Construction
Extended General Conditions for Phased Construction	\$ 1,575,497
A/E Fees Associated with Extraordinary Costs	\$ 2,211,332
On-Site Costs (Subtotal)	\$ 57,324,583
Off-Site Costs	
Jurisdictional Hook-Up	\$ 970,846
Off-Site Costs (Subtotal)	\$ 970,846
Total On-site & Off-site Costs excluded from MVS (subtract)	\$ 58,295,429
Proportional A & E adjustment (subtract)	\$ 2,658,117
Net Project Costs	\$ 130,016,284
Allocated Financing Exp. (add)	\$ 8,945,739
Project Cost for MVS Comp	\$ 138,962,023
Square Footage	153,002
Cost Per Square Ft.	\$908.24
Adj. MVS Cost/Square Foot	\$563.25
Less Abnormal Shortage Multiplier @ 10%	\$56.32
Over(Under)	\$288.67
Over(Under) Costs	\$44,166,341

Allocation of Financial Costs to MVS Comparison	
Gross Interest during Construction	\$ 15,206,426
Financing Fees	\$ 1,220,865
Total Financing Costs	\$ 16,427,291
Allocation to Components	
	Hospital
MVS Project Costs	\$ 130,016,284
Total Current Project Costs	\$ 238,752,252
MVS Costs as % of Total	54.5%
Financing Costs Applicable to MVS	\$ 8,945,738.98

Marshall and Swift Analysis
MVS Benchmark as Calculated by MHCC Staff Adjusted for Most Recent MVS Information
Shady Grove Patient Tower and Related Renovations, Docket No. 20-15-2443

Date: 9/15/2020

Revision: 3/2/2023

	Original Application 9/15/20		Revised by Applicant 3/2/23			
	New Construction		New Construction			
Class	A		A			
Quality	Good		Good			
Type Structure	Hospital		Hospital	Mechanical Penthouse	CUP Addition	Total Hospital Building
Floors	6	6	5	1	1	6
Square Footage	150,352	150,352	132,213	18,139	2,650	153,002
Average Perimeter	726	726	699	685	207	
Weighted Average Wall Height	16	16	16	16	18	
Stories	6	6	5	1	1	
Average Area Per Floor	25,059	25,059	26,443	18,139	2,650	
As Outlined in Section 1, Page 11						
1 Base Cost (15.24; 19) Nov-2021		\$398.00	\$485.00	\$105.00	\$105.00	\$105.00
2 Elevator Add-on or Deduction (15.36)		0	0			0
3 Heating, Cooling, Ventilation adjustment		0	0			0
Adjusted Base Cost	\$	398.00	\$ 485.00	\$ 105.00	\$ 105.00	\$ 105.00
4 Adjustment for Differential Cost By Department		1,004.55	1.04	0.67	0.70	
Gross Base Cost		\$399.81	\$ 503.31	\$ 69.95	\$ 73.50	
5 Perimeter Multiplier (15.38) ¹		0.921	0.914	0.943	1.049	
6 Story Height Multiplier (15.38)		1.089	1.092	1.092	1.138	
7 Multi-story Multiplier (15.19) ²		1.002	1.010	1.010	1.000	
8 Multipliers		1.005	1.009	1.040	1.194	
Refined Square Foot Cost		\$401.85	\$ 507.63	\$ 72.77	\$ 87.72	
9 Sprinkler Add-on (15.37-11/2021)		\$2.97	\$ 3.82	\$ 3.82	\$ 3.82	
Adjusted Refined Square Foot cost		\$404.82	\$ 511.45	\$ 76.59	\$ 91.54	
10 Current Cost Modifier (99.3) Dec. 2022		1.02	1.22	1.22	1.22	
11 Local Multiplier (99.8) Bethesda-Oct. 2022		1.09	1.02	1.02	1.02	
12 CC & Local Multipliers		1.112	1.244	1.244	1.244	
13 MVS Building Cost Per Square Foot		\$450.11	\$ 636.45	\$ 95.31	\$ 113.92	
14 Building Square Footage		150,352	132,213	18,139	2,650	153,002
15 MVS Building Costs		\$67,674,935	\$ 84,147,246	\$ 1,728,763	\$ 301,884	\$ 86,177,893
16 Final MVS Cost Per Square Foot		\$450.11	\$ 636.45	\$ 95.31	\$ 113.92	\$ 563.25

1) Perimeter Multipliers from perimeter interpolation sheet, MVS section 15 page 38 (November 2021)
2) New Tower 4 Floors above ground +PH - Multistory adjustment .005 for each floor over 3 above ground (.005x2=1.010)

WORKSHEET 1

Shady Grove Medical Center New Patient Tower Project (20-15-2443)

Five Hospital Floors

	Average Floor Area	Perimeter 1	Actual Perimeter	Perimeter 2	
1	25,000		600	699	700
Actual	26,443		0.908	0.918	
2	30,000		0.905	0.915	
			0.897	0.914	0.906

Factor 1-Factor 2					
1 (Perimeter 1)	0.011				
2 Actual Area-Area 1	1442.6				
3 Area 2-Area 1	5000				
4 Line 2/Line 3	0.26852				
5 Line 1 x Line 4	0.00317372				
6 Factor 1(P1)-Line 5	0.905				
Factor 1-Factor 2					
7 (Perimeter 2)	0.012				
8 Line 7 x Line 4	0.00346224				
9 Factor 1 (P2)-Line 8	0.915				
Perimeter 2 -					
10 Perimeter 1	100				
Actual Perimeter -					
11 Perimeter 1	99.4				
12 Line 11/Line 10	0.994				
13 Line 9-Line 6	0.010				
14 Line 13 x Line 12	0.00965321				
15 Line 6 +Line 14	0.914				

Average Perimeter and Wall Height Calculations

New Hospital Construction					
Floor	floor area	Perimeter	Wall Height	Weighted Wall Height	
First	22677	321	16	362832	
Second	39355	752	16	629680	
Third	24429	775	16	390884	
Fourth	23635	865	16	379120	
Fifth	22057	744	16	352912	
Total	132,213	3,497	80	2,115,408	
Average	26,443	699	16	16.0	

Story Height Multiplier for Hospital Floors above Ground

Height	16	1.092
	18	1.138

Story Height Multiplier for Basement Hospital Building

Avg Wal height	Multiplier
16	1.092
17	1.115
18	1.138

Penthouse Perimeter Multiplier

Average Floor Area	Perimeter 1	Actual Perimeter (linear ft)	Perimeter 2
18000	600	685	700
18139	0.932	0.943	0.946
20000	0.931	0.943	0.945
	0.923		0.936

Factor 1-Factor 2			
(Perimeter 1)	0.009		
Actual Area-Area 1	139		
Area 2-Area 1	2000		
Line 2/Line 3	0.0695		
Line 1 x Line 4	0.0006255		
Factor 1(P1)-Line 5	0.931		
Factor 1-Factor 2			
(Perimeter 2)	0.010		
Line 7 x Line 4	0.000695		
Factor 1 (P2)-Line 8	0.945		
Perimeter 2 -			
Perimeter 1	100		
Actual Perimeter -			
Perimeter 1	85		
Line 11/Line 10	0.85		
Line 9-Line 6	0.014		
Line 13 x Line 12	0.011840925		
Line 6 +Line 14	0.943		

CUP Addition Perimeter Multiplier

Average Floor Area	Perimeter 1	Actual Perimeter (linear ft)	Perimeter 2
2500	200	207	250
2650	1.052	1.042	1.105
3000	1.042	1.049	1.092
	1.018		1.061

Factor 1-Factor 2			
(Perimeter 1)	0.034		
Actual Area-Area	150		
Area 2-Area 1	500		
Line 2/Line 3	0.3		
Line 1 x Line 4	0.0102		
Factor 1(P1)-Line	1.042		
Factor 1-Factor 2			
(Perimeter 2)	0.044		
Line 7 x Line 4	0.0132		
Factor 1 (P2)-Line	1.092		
Perimeter 2 -			
Perimeter 1	50		
Actual Perimeter -			
Perimeter 1	7		
Line 11/Line 10	0.14		
Line 9-Line 6	0.050		
Line 13 x Line 12	0.007		
Line 6 +Line 14	1.049		

WORKSHEET 2

Shady Grove Medical Center New Patient Tower Project (20-15-2443) New Construction

Floor	Department Name	Department Area	MVS Department Name	MVS Differential Cost Factor	Cost Factor Times SF
Basement	CVIR	11,786	Operating Suite	1.59	18,740
	Mechanical/Electrical/Telecom	6,796	Mechanical Equipment & Shops	0.7	4,757
	EVS	0	Administration/Offices	0.96	0
	Corridors	1,962	Internal Circulation	0.6	1,177
	Stairs/Elevator Shafts	560	Internal Circulation	0.6	336
First Floor	Emergency Services	25,196	Emergency Suite	1.18	29,731
	Radiology	3,232	Radiology	1.22	3,943
	CDU	606			
	Mechanical/Electrical/Telecom	531	Mechanical Equipment & Shops	0.7	372
	EVS	164	Administration/Offices	0.96	157
	Corridors	4,419	Internal Circulation	0.6	2,651
	Lobby/Public Space	2,765	Lobbies/Public Space	0.8	2,212
Stairs/Elevator Shafts	1,188	Internal Circulation	0.6	713	
Second Floor	ICU	19,182	Inpatient Unit	1.06	20,333
	Lobby/Public Space	308	Lobbies/Public Space	0.8	246
	Mechanical/Electrical/Telecom	424	Mechanical Equipment & Shops	0.7	297
	EVS	0	Administration/Offices	0.96	0
	Corridors	1,918	Internal Circulation	0.6	1,151
	Stairs/Elevator Shafts	1,272	Internal Circulation	0.6	763
Third Floor	PCU	17,687	Inpatient Unit	1.06	18,748
	Lobby/Public Space	308	Lobbies/Public Space	0.8	246
	Mechanical/Electrical/Telecom	422	Mechanical Equipment & Shops	0.7	295
	EVS	71	Administration/Offices	0.96	68
	Corridors	2,267	Internal Circulation	0.6	1,360
	Stair/Elevaor Shafts	1,250	Internal Circulation	0.6	750
Fourth Floor	Medical Surgical Unit	17,700	Inpatient Units	1.06	18,762
	Lobby/Public Space	308	Lobbies/Public Space	0.8	246
	Mechanical/Electrical/Telecom	417	Mechanical Equipment & Shops	0.7	292
	EVS	258	Administration/Offices	0.96	248
	Corridors	931	Internal Circulation	0.6	559
	Stairs/Elevator Shafts	1,255	Internal Circulation	0.6	753
	total	125,183			129,908
			Departmental Differential Cost Factor		1.038
Penthouse	Mechanical Penthouse	15,128	Mechanical Equipment & Shops	0.7	10,590
	Corridors	672	Internal Circulation		0
	Stairs/Elevator Shafts	964	Internal Circulation	0.6	578
	total	16,764			11,168
			Departmental Differential Cost Factor		0.666
CUP Addition	Mechanical	2,650	Mechanical Equipment & Shops	0.7	1,855
	total	2,650			1,855.00
			Departmental Differential Cost Factor		0.700

Exhibit 5

Shady Grove Medical Center

Consolidated SGMC Entities
2023 Budget Income Statement

	2023 Budget
Patient Revenue	
Inpatient	340,959,024
Outpatient	264,526,623
Total Patient Revenue	605,485,648
<i>Partial Rate Application Capital</i>	<i>10,077,575</i>
Deductions from Revenue	
Contractual Adjustments	94,654,730
Charity Adjustments	14,746,977
Deductions From Revenue	109,401,707
Net Patient Revenue Before Bad Debts	506,161,516
Bad Debt Adjustments	21,723,255
Net Patient Revenue Less Bad Debts	484,438,261
Other Operating Revenue	29,102,780
Total Operating Revenue	513,541,041
Operating Expenses	
Salaries and Wages	198,940,569
Employee Benefits	38,879,160
Contract Labor	15,743,460
Professional Fees	15,102,302
Medical Supplies	59,266,068
General & Administrative	10,278,312
Purchased Services	32,493,329
Building & Maintenance	27,514,394
Insurance	4,040,573
Interest	5,196,824
<i>Interest on Project Debt</i>	<i>6,947,100</i>
Depreciation & Amortization	16,476,906
<i>Project Depreciation</i>	<i>8,160,216</i>
IT Depreciation	5,629,746
Allocation: IT Services	21,457,720
Allocation: Shared Services	23,603,132
AHC Management Fees	10,279,252
Total Operating Expenses	500,009,064
Operating Income (Loss)	13,531,977
Operating Margin %	2.6%
Non-Operating Income (Loss)	3,158,826
Net Income (Loss)	16,690,803
Net Income Margin %	3.3%