MISSISSIPPI STATE DEPARTMENT OF HEALTH DIVISION OF HEALTH PLANNING AND RESOURCE DEVELOPMENT NOVEMBER 2007

CON REVIEW: LTACH-NIS-0907-019 NATCHEZ REGIONAL MEDICAL CENTER ESTABLISHMENT OF A 35-BED LONG-TERM ACUTE CARE HOSPITAL CAPITAL EXPENDITURE: \$800,000 LOCATION: NATCHEZ, ADAMS COUNTY, MISSISSIPPI

Staff Analysis

I. PROJECT SUMMARY

A. <u>Applicant Information</u>

Natchez Regional Medical Center ("the applicant" or "Natchez Regional") is a public, short-term, general acute care, 179-bed medical/surgical hospital located in Natchez, Adams County, Mississippi. Natchez Regional, a not-for-profit hospital, is owned by Adams County and is managed by Quorum Health Resources of Nashville, Tennessee. Natchez Regional receives governance from the Natchez Regional Medical Center Board of Trustees, a seven-member board appointed by the Adams County Board of Supervisors.

Natchez Regional Medical Center is licensed as a 179-bed hospital that includes 149 acute-care beds, 10 geri-psych beds, and 20 certified medical rehabilitation beds. Of the 179 licensed beds, 128 are staffed. The occupancy rate, average length of stay (ALOS), and Medicaid utilization are as follows:

Natchez Regional Medical Center Establishment of a 35-Bed LTACH Utilization Statistics				
Fiscal YearOccupancy Rate (%)ALOS (Days)Medicare Utilization F (%)				
2004	27.08	4.36	14.46	
2005	28.07	3.84	22.90	
2006	35.48	4.37	19.46	

Source: The Division of Health Facility Licensure and Certification, Mississippi State Department of Health

Natchez Regional Medical Center's service area (primary and secondary) includes the Mississippi counties of Adams, Amite, Claiborne, Franklin, Jefferson, and Wilkinson and the Louisiana parishes of Concordia and Catahoula. Collectively, this service area is referred to as "Miss-Lou" by the applicant.

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B. <u>Project Description</u>

The Natchez Regional Medical Center Board of Trustees authorized Natchez Regional Medical Center to seek Certificate of Need (CON) authority to establish a freestanding 35-bed long-term acute care hospital (LTACH) on the fifth floor of the current hospital. The proposed project entails the conversion of 35 acute care beds from its current acute care licensed bed capacity to long-term acute care status. Upon CON approval, a separate hospital license, Medicare certification, provider number, and operational staff will be established. According to the applicant, the LTACH will be operated as a "hospital within a hospital" concept. The new free-standing entity will be known as the Natchez Long-Term Acute Care Hospital (Natchez LTACH). Natchez LTACH will lease the 35-bed fifth floor for a minimum of ten years at a rate of \$10,000 per bed per year, for a total lease cost of \$350,000 annually. The lease will be waived for the first seven months during the Medicare certification demonstration period.

The applicant expects to obligate the capital expenditure in January 2008, with completion of the project in March of 2008.

Natchez Regional estimates that this project will require approximately 8,976 square feet of renovation to the existing fifth floor, at an estimated total project cost of \$800,000. Of the \$800,000, 34.38 percent (\$275,000) is allocated toward renovation cost; 37.50 percent (\$300,000) toward fixed and non-fixed equipment cost; and the remaining 28.12 percent (\$225,000) toward fees, contingency reserve, and other start-up cost.

The Mississippi State Department of Health, Division of Health Facility Licensure and Certification, has approved the site as being appropriate for the development of a 35-bed LTACH.

The project calls for the employment of 48.3 full-time equivalent personnel with a first year estimated annual personnel cost (salary and benefits) of \$1,938,490.

II. TYPE OF REVIEW REQUIRED

The Mississippi State Department of Health reviews applications for a Certificate of Need (CON) for the establishment of a long-term acute care hospital under the applicable statutory requirements of Section 41-7-173, 41-7-191, subparagraph (1)(a), (b), (c), and (d)(xiv) of the Mississippi Code of 1972, Annotated, as amended, and duly adopted rules, procedures, plans, criteria, and standards of the Mississippi State Department of Health, and 41-7-193, Mississippi Code of 1972, as amended.

In accordance with Section 41-7-197 (2) of the Mississippi Code of 1972 Annotated, as amended, any person may request a public hearing on this project within 20 days of publication of the staff analysis. The opportunity to request a hearing expires on December 5, 2007.

III. CONFOMANCE WITH THE STATE HEALTH PLAN AND OTHER ADOPTED CRITEIA AND STANDARDS

A. <u>State Health Plan (SHP)</u>

The Acute Care Chapter of the *FY 2007 State Health Plan* contains criteria and standards which an applicant is required to meet before receiving CON authority for the establishment of an LTACH. The applicant is in substantial compliance with these criteria.

Policy Statements Regarding Certificate of Need Applications for Long-Term Care Hospital Beds

SHP Policy Statement 1 – Restorative Care Admissions

The applicant affirms that all admissions to the proposed LTACH will be in accordance with the *State Health Plan.* Specifically, patients admitted to Natchez LTACH will have one or more of the following conditions or disabilities: neurological disorders, central nervous system disorder, cardio-pulmonary disorders, and/or pulmonary diseases.

SHP Policy Statement 2 – Bed Licensure

The applicant affirms that the proposed LTACH will be licensed as a general acute care facility containing 35 long-term acute care beds.

SHP Policy Statement 3 – Average Length of Stay

The applicant affirms that patients served by the proposed LTACH will have an average length of stay of 25 days or more.

SHP Policy Statement 4 – Size of Facility

The LTACH proposed by this application includes 35 long-term acute care beds, larger than the 20-beds minimum stipulated in the *FY 2007 SHP*.

SHP Policy Statement 5 – Long-Term Medical Care

The applicant affirms that the LTACH will provide chronic or long-term medical care to patients who do not require more than three hours of rehabilitation or comprehensive rehabilitation per day.

SHP Policy Statement 6 – Transfer Agreement

Natchez Regional Medical Center will provide both acute and comprehensive medical rehabilitative backup care to the proposed LTACH, according to the applicant. Natchez Regional also has trauma care transfer agreements with Southwest Mississippi Regional Medical Center-McComb, Field Memorial Community Hospital-Centerville, Franklin County Memorial-Meadville, King's Daughters Medical Center-Brookhaven, Lawrence County Hospital-Monticello, and Natchez Community Hospital-Natchez.

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SHP Policy Statement 7 – Need for Converted Beds

The applicant requests CON authority to convert 35 short-term acute care beds presently licensed to Natchez Regional Medical Center into a free-standing 35bed long-term acute care hospital, to be known as Natchez Long-Term Acute Care Hospital. The need for this project has been adequately demonstrated.

Certificate of Need Criteria for the Establishment of Long-Term Care Hospitals

SHP Criterion 1 – Need

The *FY 2007 State Health Plan* requires a minimum of 450 clinically appropriate restorative care admissions with an average length of stay of 25 days and a financial feasibility of the project by the third year of operation.

The applicant shall document a need for the proposed project. Documentation shall consist of the following:

a. minimum of 450 clinically appropriate restorative care admissions with an average length of stay of 25 days

The applicant conducted a sample survey of the major LTACHs operating the state to determine the patient diagnoses (by DRG codes) that were most often admitted to an LTACH. The applicant then matched these DRG codes to the live patient discharges of Natchez Regional Medical Center during FY 2006. A total of 1,185 potential restorative care admissions were identified by the applicant using this method.

In addition, the applicant conducted a comparative analysis of General Hospital Service Area 4 (GHSA 4) and GHSA 5 to estimate the number of clinically appropriate restorative care admissions with an average length of stay of 25 days. Both GHSAs has similar characteristics but GHSA 4 has two LTACHs. The applicant compared the acute care discharges per 1,000 population in GHSA 4 to similar acute care hospital discharges rates in GHSA 5. These figures being almost identical (165.86 and 165.88 per 1,000 population), the applicant estimates that the percentage of short-term acute discharges being admitted to a proposed LTACH in GHSA 5 should also be similar to the admission rate experienced in GHSA 4 (3.44 percent for FY 2006). These comparisons are outlined in the following tables:

Acute Care Discharges General Hospital Service Area 5 FY 2006				
PopulationPopulation2010AcuteAcuteAcute DischargesCountiesProjectionDischarges1000 Population				
Adams	33,367	8,598	257.68	
Amite	14,639	0	-	
Franklin	8,736	1,056	120.88	
Jefferson	9,757	877	89.88	
Pike	41,480	9,491	228.81	
Walthall	15,466	1,318	85.22	
Wilkinson	10,136	816	80.51	
Total	133,581	22,156	165.86	

Acute Care Discharges General Hospital Service Area 4 FY 2006				
2010AcuteAcute DischargesCountiesProjectionDischarges1000 Population				
Clarke	19,691	623	31.64	
Kemper	10,665	-	-	
Lauderdale	79,567	22,618	284.26	
Neshoba	32,630	2,039	62.49	
Newton	24,071	2,360	98.04	
Total	166,624	27,640	165.88	

Long-Term Acte Care Hospitals General Hospital Service Area 4 FY 2006			
		Acute	
Long-Term Acute Care Hospitals	Discharges	Discharges	
Regency Hospital of Meridian	430		
Specialty Hospital of Meridian	<u>522</u>		
Total	952	27,640	
Percent of LTACH/Acute Care Discharges 3.44			

The applicant demonstrated that 3.44 percent of the acute care hospital discharges in GHSA 4 were admitted to an LTACH. Since an LTACH is yet to be established in GHSA 5, the applicant conservatively estimates that 2.5 percent of patients discharged in GHSA 5 are also clinically appropriate candidates for LTACH admission. During FY 2006, 22,156 patients were discharged form GHSA-5 hospitals. On this basis, the applicant estimated that 554 patients of the 22,156 acute care discharges from GHSA 5 will be potential candidates for services of an LTACH (22,157 X 0.025 = 554). The applicant further expects an average length of stay of 26 days. The applicant based this ALOS projection on the FY 2007 State Health Plan, which demonstrates the ALOS of the ten existing LTACHs within the state at 26.19 days, and since the Natchez LTACH will serve the same type patients, it will have similar ALOS.

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The applicant has demonstrated that a minimum of 450 clinically appropriate restorative care admissions with a average length of stay of 25 days or more as required by this sub-criterion.

b. projection of financial feasibility by the end of the third year of operation

The applicant projects a financial loss during the first year of operation of (\$478,027), and a net income of \$2,217,755, and \$3,078,816 in the second and third years of operation, respectively. The applicant adequately projection of financial feasibility by the end of the third year of operation as required by this criterion.

In May 2007, the Centers for Medicare and Medicaid Services (CMS) issued policy and payment changes in the Prospective Payment System (PPS) for LTACHs. These changes may possibly impact the reimbursement ratio for Medicare patients that are admitted from a referring hospital to an LTACH.

Prospective Payment System reimbursement levels for referred patients may decrease dependent upon the referring hospital, the type and location of the referring facility, and patient care characteristics. The impact of the implementation of this rule change is dependent on reimbursement of those patients admitted and its impact is unknown at this time.

Even though the recent policy and payment changes in the Prospective Payment System for LTACHs promulgated by the Centers for Medicare and Medicaid Services (CMS) may impact reimbursement levels, in its projected operating statement, the applicant demonstrated a financial feasibility by the end of the third year of operation. CMS requirements generally limit admissions from the host hospital to 50 percent.

The applicant projects a referral base for the LTACH to	be as follows:
Natchez Regional Medical Center	45 Percent
Natchez Community Hospital	25 Percent
Jackson Area Hospitals (outmigration)	10 Percent
Miss-Lou Primary/Secondary Hospitals/ Health Providers	10 Percent
Other GHSA-5 Hospitals / Health Providers	10 Percent

No more than 45 percent of patients will originate from the host hospital or more than 25 percent from any other single source; therefore, the applicant expects no adverse financial impact from the recent CMS ruling.

SHP Criterion 2 – Acute Care Licensure

The applicant affirms that the proposed 35 beds are licensed as **short-term** acute care hospital beds and upon completion of this project, will be relicensed as **long-term** acute care hospital beds. This project will not increase or decrease the acute care bed capacity within General Hospital Service Area 5.

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SHP Criterion 3 – Bed Licensure Requirements

The applicant affirms that the LTACH beds will meet all regulatory and licensure requirements for re-licensure of 35 long-term acute care hospital beds.

SHP Criterion 4 – Indigent/Charity Care

The applicant affirms that the proposed LTACH will provide a reasonable amount of indigent/charity care as described in Chapter I of the *Mississippi State Health Plan.*

SHP Criterion 5—Reasonable Construction and Equipment Cost

Natchez Regional has projected a renovation cost per square foot of \$66.84 based upon the formula contained in the *FY 2007 State Health Plan.* The applicant maintains that this projected cost for new construction is reasonable in comparison to similar projects approved by the Mississippi State Department of Health within the most recent 12-month period.

Similarly, the applicant affirms that the proposed equipment cost of \$300,000 (fixed and non-fixed) is reasonable and necessary for the establishment of a new 35-bed LTACH.

SHP Criterion 6-- Floor Area and Space Requirements

The applicant affirms that:

- a. The gross square footage of the proposed project is comparable to state and national norms for LTACHs;
- b. The existing facility will not place restraints on the proposed LTACH; and
- c. No local conditions requiring special considerations exist.

SHP Criterion 7-- Transfer Agreements

The application contains a proposed transfer agreement with Natchez Regional Medical Center as both an acute medical center and a comprehensive medical rehabilitation facility.

B. <u>General Review (GR) Criteria</u>

Chapter 8 of the *Mississippi Certificate of Need Review Manual*, revised September 8, 2007, addresses general criteria by which all CON applications are reviewed. The applicable criteria are as follows:

GR Criterion 1 – State Health Plan

The proposed project complies with the Certificate of Need Criteria and Standards for Long-Term Acute Care Hospital Beds contained in the *FY 2007 State Health Plan*.

GR Criterion 2 – Long Range Plan

According to the applicant, this project is in conformance with its long-range plan to enhance the delivery of long-term acute care services to the patients in its Mississippi and Louisiana service area.

GR Criterion 3 – Availability of Alternatives

According to the applicant, Natchez Regional considered two alternatives to afford the residents of GHSA 5 medical trade area access to LTAC services: (1) maintain the status quo and do nothing; or (2) create a hospital within a hospital LTAC system. Natchez Regional rejected alternative 1 for the reasons outlined below.

Under the first alternative, the residents of GHSA 5 are still denied access to a local LTACH. No LTACHs are located in GHSA 5 and practically no Region 5 residents are receiving appropriate and accessible care in the ten Mississippi LTACHs. The four quarterly patient origin studies of the state's ten LTACs showed only two patients from GHSA-5 receiving care in an LTACH during 2006, according to the applicant. The nearest LTACHs are located in Vicksburg, Jackson, or Hattiesburg. Travel distances to these facilities are 70, 102, and 139 miles from Natchez, respectively.

Under the second alternative, Natchez Regional proposes to meet the need of these patients through the establishment of a 35-bed LTACH within the existing hospital. Natchez Regional Medical Center (149 acute care beds) is presently operating at a 35.48 percent occupancy rate. The conversion of 35 unused beds to an alternative use is a wise use of resources, according to the applicant. Travel within GHSA 5 to receive LTACH services will also be greatly reduced, thereby increasing patient access to LTACH care.

GR Criterion 4 -- Economic Viability

The applicant projects a loss of \$478,027 during the first year of operations and net income of \$2,217,755 and \$3,078,816 during the second and third years of operation, respectively.

- a. <u>Proposed Charges</u>: The applicant projects a cost of \$1,101 per day and a proposed charge of \$2,400 during the first year of operation. This charge is established by CMS and is comparable to other LTACH charges within the state.
- b. <u>Projected Level of Utilization</u>: The applicant projects inpatient days of 3,480; 10,218; and 11,960 for the first, second, and third years of operation, respectively, or a percentage occupancy rate of 27, 80, and 94 during the same period. The applicant affirms that the projected level is comparable to similar facilities operating within the state.

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c. <u>Financial Feasibility Study</u>: The application contains a letter from the chief financial officer (CFO) of Natchez Regional Medical Center attesting that he considers the proposed project to be financially viable.

GR Criteria 5 – Need for the Project

The proposed project requires the establishment of a long-term acute care hospital in Natchez, Mississippi. The need for the facility has been adequately demonstrated.

- a. <u>Underserved Populations</u>: Natchez Regional avows not to discriminate against low income persons, racial and ethnic minorities, elderly, women, handicapped persons, or any other underserved groups in the provision of its services.
- b. <u>Relocation of Facility</u>: The proposed project does not involve the relocation of a facility. The proposal seeks to renovate 35 acute care beds and in turn, convert the use of these beds from short-term acute care to long-term acute.
- c. <u>Projected Utilization of Like Facilities in the Area</u>: General Hospital Service Area 5 does not contain an LTACH.
- d. <u>Probable Effect of Proposed Facility on Existing Facilities</u>: General Hospital Service Area 5 does not contain an LTACH. Approval of this proposal does not result in an unnecessary duplication of service.
- e. <u>Letters of Support</u>: The application contains many letters indicating community support of the proposed project. Natchez Community Hospital and a physician within GHSA 5 filed letters of opposition. Several out-of-district entities filed letters of opposition, including: physicians and staff of Promise Hospital of Miss-Lou in Ferriday, Louisiana and physicians and staff Promise Hospital of Vicksburg, an affiliated facility located in GHSA 3.

GR Criteria 6 – Access to Long-Term Acute Care Facility

The applicant submits that all residents of the Natchez Regional Medical Center trade area will be served by the LTACH.

- a. <u>Medically Underserved Populations</u>: Natchez Regional avows not to discriminate against low income persons, racial and ethnic minorities, elderly, women, handicapped persons, or any other underserved groups in the provision of its services.
- b. <u>Federal Regulations Requiring Uncompensated Care:</u> Natchez Regional avows no existing obligations under any federal regulations requiring provision of uncompensated care, community service, or access by minority or handicapped persons. According to the applicant, Natchez Regional fully complies with all applicable federal and state laws, including, but not limited to, laws and regulations governing access by minorities and handicapped persons.

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- c. <u>Unmet Needs of Medicare, Medicaid, and Medically Indigent Patients</u>: Natchez Regional avows to treat all patients requiring LTACH services.
- d. <u>Range of Means to Provide Access</u>: If the proposal is approved, Natchez Long-Term Acute Care Hospital will be established in Natchez Regional Medical Center. Natchez Regional is situated adjacent to Highway 84, a major highway that connects Louisiana and southwest Mississippi. The facility will be fully equipped to provide access to all handicapped patients.

GR Criteria 7 – Information Requirement

The applicant affirms that it will record and maintain the requested information stated in the above criterion and make it available to the Mississippi State Department of Health within 15 working days of request.

GR Criteria 8 – Relationship to Existing Health Care System

The Natchez LTACH will provide an essential service to hospitals, nursing homes, and physicians in GHSA 5 needing a referral source for patients needing long-term acute care. General Hospital Service Area 5 does not contain an LTACH. Approval of this proposal will not create unnecessary duplication of services.

GR Criteria 9 – Availability of Resources

The application contains documentation that demonstrates the applicant's intention to lease the renovated beds to an independent management firm upon the completion of this renovation project. A local financial institution has demonstrated willingness to pledge the financial resources to underwrite the establishment of this project and its initial operating expense.

GR Criteria 10 – Relationship to Ancillary or Support Services

Natchez Regional avows no adverse effect on the existing ancillary or support services.

GR Criteria 11 – Health Professional Training

Natchez Regional avows to continue working with area health care providers to accommodate the clinical needs of the health professional training programs in the area.

GR Criteria 14 – Renovation Projects

The application contains schematic drawings and a cost estimate signed by an architect licensed to do business in Mississippi. Natchez Regional estimates that the project will require 8,976 square feet of renovation at a cost of \$66.84 per square foot. The applicant affirms that the proposed project includes appropriate floor area and space requirements, including favorable gross square footage and

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architectural design in comparison to state and national norms for similar projects.

GR Criteria 16 – Quality of Care

Natchez Regional Medical Center meets all standards and requirements for the operation of an acute care hospital.

IV. FINANCIAL FEASIBILITY

A. Capital Expenditure Summary

The total estimated capital expenditure of \$800,000 is prorated as follows:

Natchez Regional Medical Center Establishment of a 35-Bed Long-Term Acute Care Facility Capital Expenditure Estimate				
SITE	COS		PERCENT	
1. Land cost				
2. Site preparation				
3. Other (specify)				
SUBTOTAL	\$	-	0.00	
BUILDING				
1. New Construction				
2. Renovation		275,000		
3. Capital improvement				
4. Fees (architectural)				
5. Contingency Reserve				
6. Capitalized interest				
7. Other (specify)				
SUBTOTAL	\$	275,000	34.38	
EQUIPMENT				
1. Fixed equipment		100,000		
2. Non-fixed equipment		200,000		
SUBTOTAL	\$	300,000	37.50	
PROJECT DEVELOPMENT				
1. Legal and accounting fees		50,000		
2. Other Contingency/Start up		175,000		
SUBTOTAL	\$	225,000	28.13	
TOTAL PROJECT COST	\$	800,000	100.00	

The project involves 8,976 square feet of renovation at an estimated cost per square foot of \$66.84

B. <u>Method of Financing</u>

The proposed project will be financed through a commercial loan. The application contained a letter from a local bank stating a willingness to finance the total cost of the project.

C. Effects on Operating Cost

Natchez Long-Term Acute Care Hospital's three-year projected operating statement is contained in Attachment I of this Staff Analysis.

D. Cost to Medicaid

The cost of the project to third party payors is as follows:

Natchez Regional Medical Center Establishment of a 35-Bed LTACH First Year Operation (Net Revenue)						
Payor	Utilization Percent	First Year Revenue				
Medicare	83	\$ 6,912,000				
Medicaid	6	504,000				
Commercial	8	648,000				
Self Pay	3	288,000				
Charity Care	0	0				
Other 0 0						
Total						

V. RECOMMENDATION OF OTHER AFFECTED AGENCIES

The Division of Medicaid takes no position on this application.

VI. CONCLUSION AND RECOMMENDATION

This project is in substantial compliance with the criteria and standards for the establishment of a long-term acute care hospital as contained in the FY 2007 Mississippi State Health Plan; Chapter 8 of the Mississippi Certificate of Need Review Manual, Revised November 2006; and all adopted rules, procedures, and plans of the Mississippi State Department of Health.

The Division of Health Planning and Resource Development recommends approval of this application submitted on behalf of Natchez Regional Medical Center for the establishment of a 35-bed long-term acute care hospital in Natchez, Mississippi.

Attachment I

Natc	hez Reg	gional Medical	Cente	r		
Establishment of		-		-		
Three Yea	ar Proje	cted Operation	n State			
Revenue		<u>Year 1</u>		<u>Year 2</u>		<u>Year 3</u>
Gross Patient Revenue	\$	8,352,000	\$	25,545,300	\$	31,096,000
Contractual Allowance		<u>(4,999,500)</u>		<u>(13,937,050)</u>		<u>(16,958,850)</u>
Total Net Revenue	\$	3,352,500	\$	11,608,250	\$	14,137,150
Operating Expense	1					
Personnel Cost	\$	1,938,490	\$	3,696,221	\$	4,495,706
Supplies		1,349,480		4,610,650		5,391,904
Services		0		0		C
Lease		319,833		860,900		948,000
Deprecation		106,250		106,250		106,250
Interest		116,474		116,474		116,474
Other*						
Total Expense		<u>3,830,527</u>		<u>9,390,495</u>	•	<u>11,058,334</u>
Net Income (Loss) from Operation		(\$478,027)		\$2,217,755		\$3,078,816
Assumptions						
Occupancy Rate (percent)		27.24		79.98		93.62
Patient Days		3,480		10,218		11,960
Cost (patient day)		\$1,101		\$919		\$925
Charge (patient day)		\$2,400		\$2,500		\$2,600
Total Available Pt. Days		12,775		12,775		12,775
Average Daily Census		10		28		33
Average Length of Stay		30		26		26
Admissions @ 25 Days Avg.		139		409		478

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Attachment 2

Computation of Construction and Renovation Cost

		<u>Total</u>	New Construction	Renovation
	Cost Component			<u>. </u>
А	New Construction Cost	\$0		
в	Renovation Cost	\$275,0000		\$275,0000
с	Total Fixed Equipment Cost	\$100,000		\$100,000
	Total Non-Fixed Equipment Cost	\$200,000		\$200,000
	Capital Improvement	\$0		\$0
	Land Cost	\$0		\$0
D	Site Preparation Cost	\$0		\$0
E	Fees (Architectural, Consultant, etc.)	\$225,000		\$225,000
F	Contingency Reserve			\$0
G	Capitalized Interest			\$0
	Other			
	Total Proposed Capital Expenditure	\$800,000		\$800,000

Square Footage Allocation Percent	8,976 100%	100%
Costs Less Land, Non-Fixed Eqt.& Cap. Improvement	\$600,000	\$600,000

Cost I	Per S	quare	Foot
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\$66.84	\$66.84