

Approved by the Board of Trustees,
July 14, 2005

Board Meeting
July 14, 2005

ROLL CALL

AWARD CONTRACT TO CONSULTANT TO ASSIST IN CERTIFICATE OF NEED APPLICATION PROCESS FOR MEDICAL CENTER, CHICAGO

Action: Approve Contract for Certificate of Need Consulting Services, Chicago

Funding: Institutional Funds

The Chancellor at Chicago and the University Counsel recommend approval of a contract to retain a consultant to assist in the Certificate of Need process related to construction and renovation projects at the Medical Center.

In January 2002, the Medical Center embarked on a strategic planning process guided by a Steering Committee composed of campus and University representatives. The Steering Committee recommended that long-range planning should focus on clinical programmatic growth to support the continued development and implementation of the University's health care and educational missions. A phased implementation over a five-year period is anticipated.

On November 11, 2004, the Board of Trustees approved a Facilities Reconfiguration Study for the Medical Center. Several construction and renovation projects were proposed, including: reconfiguration and renovation of the existing Hospital and Outpatient Care Center buildings; construction of a new building for clinical pathology laboratory and related functions; and construction of a new hospital pavilion

building to expand in-patient and out-patient capacity and to maximize the use of the existing Hospital and Outpatient Care Center buildings.

The Health Facilities Planning Act requires a Certificate of Need (CON) from the Illinois Health Facilities Planning Board (Planning Board) in various situations, including: construction or modification by or on behalf of a health care facility that exceeds a capital expenditure minimum (currently \$6,732,798); a substantial increase in a facility's bed capacity (10 percent or 10 beds, whichever is less, over a two-year period); and a substantial change in the scope or functional operation of a facility.

The Medical Center believes it is prudent to engage a consultant now to assist in assessing CON strategy, preparation, and processing to maximize the likelihood of approval. The consultant will be expected to: (1) review the master facility plan and determine projects requiring a CON; (2) advise, create, prepare, and staff all necessary documentation and submittals required by the Planning Board, including appeals; (3) meet and work with the Planning Board staff on any requests, changes, and public hearings; (4) represent the University before the Planning Board for initial review and initial appeals, if required.

A competitive selection process under the Procurement Code was used to select the consultant. The University issued a Request for Proposal on February 14, 2005. Nine firms, consisting of both law firms and consulting groups, submitted proposals. An evaluation team, comprised of representatives from the Medical Center, Office of the Vice Chancellor for Health Affairs, and Office of University Counsel, reviewed all the proposals and evaluated them on technical merit and cost. Four firms were invited for face-to-face presentations and informational meetings: Gardner,

Carton & Douglas; Prism Consulting Services, Inc.; Ungaretti & Harris; and Bryan Cave together with Axel Consulting. Prism Consulting Services, Inc., and Gardner, Carton & Douglas then partnered in a joint proposal.

All three finalists demonstrated experience before the reconstituted Planning Board. The Committee concluded the most recent relevant experience of Ungaretti & Harris appeared to be in representing opponents to major projects being proposed by local systems. Bryan Cave and Axel Consulting and Prism Consulting Services, Inc., and Gardner, Carton & Douglas both have experience preparing applications for projects comparable in size and nature to the one being sought by the Medical Center. Each has submitted a number of substantive CON projects to the reconstituted Planning Board, all of which have been approved.

Taking into consideration the anticipated scope of the project, Bryan Cave and Axel Consulting proposed a blended hourly rate of \$395, with 1650 hours needed to complete the work and a maximum not to exceed fee of \$559,850. Prism Consulting Services, Inc., and Gardner, Carton & Douglas had the lowest blended hourly rate (\$350), a lower, yet still realistic estimation of hours necessary to complete the project (1087) and not to exceed fee (\$355,629). In the judgment of the Committee, Prism Consulting Services, Inc., and Gardner, Carton & Douglas is better positioned to cost effectively deploy the committed resources desired by the Medical Center in connection with this project.

Prism Consulting Services, Inc., and Gardner, Carton & Douglas was selected based upon their ability to provide the broadest range of service and their experience before the reconfigured Planning Board. It is proposed that a contract be

awarded to Prism Consulting Services, Inc., and Gardner, Carton & Douglas for the period July 1, 2005, through June 30, 2006, with an option to renew for an additional four, one-year periods. Renewals would be based on continuing need, availability of funds, satisfactory prior performance, and with authorization of the comptroller.

Funds for payment are available from the Medical Center. Given the scope and nature of the work to be performed, there is a substantial likelihood that the fees paid to Prism Consulting Services, Inc., and Gardner, Carton & Douglas will exceed the delegated amount (i.e., \$250,000 per fiscal year).

The board action recommended in this item complies in all material respects with applicable State and federal laws, University of Illinois *Statutes*, *The General Rules Concerning University Organization and Procedure*, and Board of Trustees policies and directives.

Accordingly, the Office of University Counsel with the concurrence of the Chancellor at Chicago and other appropriate University officers, recommends approval to enter into a contract for the services described above.

The President of the University concurs.