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July 2, 2025



Alison Dorge
Certificate of Neet Program Coordinator
Missouri Health Facilities Review Committee
PO Box 570
Jefferson City, MO 65102

RE: *CON Project 6132 NT*
Fountainbleau Lodge Renovation and Modernization
Cost Overrun Request

Mrs. Dorge:

The applicants for the Fountainbleau Lodge project (“Applicant”) request the Committee to amend the project for the Renovation and Modernization project, increasing the budget from One Million One Hundred Ninety-Five Thousand Four Hundred Twenty-Seven Dollars (\$1,195,427.00) to Two Million Two Thousand Seven Hundred Eighty Dollars. (\$2,002,780.00). The total cost increase being Eight Hundred Seven Thousand Three Hundred Fifty–Three Dollars (\$807,353.00). The Applicant has paid the increased CON Project Fee via the Committee’s electronic payment portal.

The primary reasons for the Applicant’s budgetary increase are as follows:

- (1) The raw cost of materials has increased since this project was originally approved in 2024 due to outside factors such as inflation, supply chain disruptions, geopolitical tensions, and fluctuation in the market because of changes to international trade policies.
- (2) The cost of labor has increased since this project was originally approved in 2024 due to outside factors such as inflation, labor shortages, and increased market demand.
- (3) Due to the increase in costs, the Applicant’s loan interest costs are higher than as compared to the initial budget.
- (4) The Application has been able to keep certain costs consistent such as Architectural and Engineering Fees, Consultants’ Fees, and Legal Fees.
- (5) Lastly, during the project, the Applicant determined it was required to purchase a new generator for the facility.

Unfortunately, there were no alternatives to incurring the additional costs set forth in this cost overrun request. Most are due to economic factors that are wholly outside the Applicant’s control as well as necessary maintenance replacements. Please see the Applicant’s revised project budget and backup material attached hereto.

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Please place this request on the Committee's next agenda. Thank you for your time and attention to this matter.

Very truly yours,

Richard W. Hill

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RWH/

Enclosures



Certificate of Need Program

PROPOSED PROJECT BUDGET

Description

Dollars

COSTS:*

(Fill in every line, even if the amount is "\$0".)

| | |
|--|-----------------------|
| 1. New Construction Costs *** | \$1,734,240 |
| 2. Renovation Costs *** | \$70,000 |
| 3. Subtotal Construction Costs (#1 plus #2) | \$1,804,240 |
| 4. Architectural/Engineering Fees | \$70,000 |
| 5. Other Equipment (not in construction contract) | \$62,180 |
| 6. Major Medical Equipment | \$0 |
| 7. Land Acquisition Costs *** | \$0 |
| 8. Consultants' Fees/Legal Fees *** | \$10,000 |
| 9. Interest During Construction (net of interest earned) *** | \$56,360 |
| 10. Other Costs *** | \$0 |
| 11. Subtotal Non-Construction Costs (sum of #4 through #10) | \$198,540 |
| 12. Total Project Development Costs (#3 plus #11) | \$2,002,780 ** |

FINANCING:

| | |
|---|-----------------------|
| 13. Unrestricted Funds | \$0 |
| 14. Bonds | \$0 |
| 15. Loans | \$1,821,920 |
| 16. Other Methods (specify) | \$0 |
| 17. Total Project Financing (sum of #13 through #16) | \$1,821,920 ** |

| | |
|--|-------|
| 18. New Construction Total Square Footage | 5,165 |
| 19. New Construction Costs Per Square Foot ***** | \$336 |
| 20. Renovated Space Total Square Footage | 800 |
| 21. Renovated Space Costs Per Square Foot ***** | \$88 |

* Attach additional page(s) detailing how each line item was determined, including all methods and assumptions used. Provide documentation of all major costs.

** These amounts should be the same.

*** Capitalizable items to be recognized as capital expenditures after project completion.

**** Include as Other Costs the following: other costs of financing; the value of existing lands, buildings and equipment not previously used for health care services, such as a renovated house converted to residential care, determined by original cost, fair market value, or appraised value; or the fair market value of any leased equipment or building, or the cost of beds to be purchased.

***** Divide new construction costs by total new construction square footage.

***** Divide renovation costs by total renovation square footage.

Fountainbleau Lodge
Renovation and Modernization
Cost Variance Comparison

| | A | B | C | D |
|-----------|---------------------------------------|------------------------|-----------------------|---------------------|
| | Line Item | Original Budget | Revised Budget | Change |
| 1 | New Construction Costs | \$990,000.00 | \$1,734,240.00 | \$744,240.00 |
| 2 | Renovation Costs | \$46,588.00 | \$70,000.00 | \$23,412.00 |
| 3 | Subtotal Construction Costs | \$1,036,588.00 | \$1,804,240.00 | \$767,652.00 |
| 4 | Architectural/Engineering Fees | \$70,000.00 | \$70,000.00 | \$0.00 |
| 5 | Other Equipment | \$44,500.00 | \$62,180.00 | \$17,680.00 |
| 6 | Major Medical Equipment | \$0.00 | \$0.00 | \$0.00 |
| 7 | Land Acquisition Costs | \$0.00 | \$0.00 | \$0.00 |
| 8 | Consultants' Fees/Legal Fees | \$10,000.00 | \$10,000.00 | \$0.00 |
| 9 | Interest During Construction | \$34,339.00 | \$56,360.00 | \$22,021.00 |
| 10 | Other Costs | \$0.00 | \$0.00 | \$0.00 |
| 11 | Subtotal Non-Construction Cost | \$158,839.00 | \$198,540.00 | \$39,701.00 |
| 12 | Total | \$1,195,427.00 | \$2,002,780.00 | \$807,353.00 |

All amounts are estimates provided by Larry D. Nelson, Architect.