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HAND DELIVERED

May 19, 2014

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Ms. Courtney Avery, Administrator
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, 2nd Floor
Springfield, Illinois 62761

**HEALTH FACILITIES &
SERVICES REVIEW BOARD**

**Re: HFSRB Project # 11-104, McAllister
Nursing and Rehab.**

Dear Ms. Avery:

On behalf of the Applicant for the above referenced project, please accept this correspondence for the first alteration request of the above referenced project in accordance with the 77 Illinois Administrative Code, Chapter II, Subchapter b, Part 1130.750 Alteration of a Post-Permit Project. Specifically, the Applicant is proposing to alter the project by including additional square feet in each resident room. As this is a four story structure, the additional space is carried throughout the entire building. These changes will require the Applicant to alter the project size from 102,937 gross square feet to 107,399 gross square feet (approximately 4,462gsf or 4.3 % increase). The overall cost of the project has not changed as originally approved even with the change in project size.

Rational for the Permit Alteration:

This request is the Applicant's response to Illinois Department of Public Health's plan review findings. Essentially, each resident room required an additional square foot per bed. As this is a multi-story structure (4 stories), this small change exponentially compounds in the floor plan footprint and has to be carried through each floor ultimately effecting the size of the entire building.

Effect on Review Criteria:

Once it was determined this change was necessary, the Applicant rebid the project and was able to hold constant the project cost in spite of the change in project size. Therefore, since it does not appear that the construction costs will change, the only criteria or items applicable to revision are Narrative Description, Cost Space Requirements, Criterion 1125.620 - Project Size, and Criterion 1120.140c) - Economic Feasibility-Reasonableness of Project. The aforementioned are addresses in the following sections.



"Narrative Description"

Appended as **EXHIBIT I** is a revised narrative description. Two changes were made to this item, the basement is only a partial basement under the core of the building and the total square footage as increased.

"Cost Space Requirements"

Appended as **EXHIBIT II** is a revised cost space chart. There are only two line items that have changed as a result of this alteration, the nursing area and the physical and occupational therapy area. As a result in the total square footage increase, the costs per department area have been changed accordingly, with a net zero change in total project cost.

"Section 1125.620 Project Size – Review Criterion

The applicant shall document that the amount of physical space proposed for the project is necessary and not excessive. The proposed gross square footage (GSF) cannot exceed the GSF standards of Appendix A, unless the additional GSF can be justified by documenting one of the following:

- a) Additional space is needed due to the scope of services provided, justified by clinical or operational needs, as supported by published data or studies;
- b) The existing facility's physical configuration has constraints or impediments and requires an architectural design that results in a size exceeding the standards of Appendix A;
- c) The project involves the conversion of existing bed space that results in excess square footage."

The proposed total gross square footage of 107,399 over 200 nursing beds renders the gross square feet per bed to 537 gross square feet. As the allowable range for GSF per bed is 435-713 gsf, the resultant gross square feet per bed is in accordance with the standard set forth in Appendix A. Moreover, allowable alteration per section 1130.750 b)3) ("any increase in the square footage of the project up to 5% of the approved gross square footage") deems the proposed increase of 4.3% as allowable.

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"Section 1120.140c) Economic Feasibility - Reasonableness of Project"

Appended as **EXHIBIT III** is the revised construction plus contingency cost per square foot chart. As the total project costs did not change, the net result was in a lower cost per gross square foot.

Together, the aforementioned addresses all applicable review criteria related to the alteration. Appended as **EXHIBIT IV** is a check made payable to the Illinois Department of Public Health for the application processing fee of \$1,000 as subject to the requirements of Section 1130.230.

Should you have any questions or concerns, please do not hesitate to contact me.

Sincerely,



John P. Kniery
Health Care Consultant

ENCLOSURES

JPK

c: Michael Mills
Michael Constantino
George Roate
Elisha Atkins
Art Salk, AIA

2. Narrative Description**REVISED MAY 13, 2014**

Provide in the space below, a brief narrative description of the project. Explain **WHAT** is to be done in **State Board defined terms**, **NOT WHY** it is being done. If the project site does **NOT** have a street address, include a legal description of the site. Include the rationale regarding the project's classification as substantive or non-substantive.

The Applicant, McAllister Property, LLC and McAllister Nursing & Rehab, LLC currently own and operate McAllister Nursing & Rehab, a 111 bed general long-term nursing care facility located at 18300 South LaVergne Avenue, Tinley Park, Illinois. The Applicant proposes to construct a total replacement facility on the same site with a total of 200 nursing care beds for a net increase of 89 beds. The proposed four-story structure with a partial basement will have a total of 107,399 gross square feet and a total cost of \$24,910,942 to include demolition costs. This project will also include a home dialysis unit.

The facility located at 18300 South LaVergne Avenue in Tinley Park, Illinois is situated on approximately five acres. This project will result in a new physical layout and orientation of the campus. Since the project is in excess of the allowed threshold of \$8.8 million, this project is considered as "Substantive".

Cost Space Requirements**REVISED MAY 14, 2014**

Provide in the following format, the department/area **DGSF** or the building/area **BGSF** and cost. The type of gross square footage either **DGSF** or **BGSF** must be identified. The sum of the department costs **MUST** equal the total estimated project costs. Indicate if any space is being reallocated for a different purpose. Include outside wall measurements plus the department's or area's portion of the surrounding circulation space. **Explain the use of any vacated space.**

Department/Area	Cost	Gross Square Feet		Amount of Proposed Total Gross Square Feet That Is:			
		Existing	Proposed	New Const.	Modernized	As Is	Vacated Space
REVIEWABLE							
Nursing	\$11,021,687	15,500	47,518	47,518	0	0	
Living/Dining/Activity	\$2,468,618	6,200	10,643	10,643	0	0	
Kitchen/Food Service	\$586,364	1,900	2,528	2,528	0	0	
P.T./O.T.	\$1,265,042	800	5,454	5,454	0	0	
Laundry	\$208,521	0	899	899	0	0	
Janitor Closets	\$39,663	100	171	171	0	0	
Clean/Soiled Utility	\$288,775	1,000	1,245	1,245	0	0	
Beauty/Barber	\$84,429	400	364	364	0	0	
Total Clinical	\$15,963,099	25,900	68,822	68,822	0	0	
NON-REVIEWABLE							
Office/Administration	\$744,320	2,500	3,209	3,209	0	0	
Employee Lounge	\$115,974	200	500	500	0	0	
Locker/Training	\$156,101	200	673	673	0	0	
Mechanical/Electrical	\$166,306	1,000	717	717	0	0	
Lobby	\$692,596	1,600	2,986	2,986	0	0	
Storage/Maintenance Corridor/Public	\$346,994	500	1,496	1,496	0	0	
Toilets	\$4,548,956	6,700	19,612	19,612	0	0	
Stair/Elevators	\$734,346	400	3,166	3,166	0	0	
Total Non-clinical	\$7,505,593	13,100	32,359	32,359	0	0	
Basement	\$1,442,250	8,800	6,218	6,218	0	0	
TOTAL	\$24,910,942	47,800	107,399	107,399	0	0	

APPEND DOCUMENTATION AS **ATTACHMENT-9**, IN NUMERIC SEQUENTIAL ORDER AFTER THE LAST PAGE OF THE APPLICATION FORM.

X. 1120.140 - Economic Feasibility**REVISED MAY 14, 2014****This section is applicable to all projects subject to Part 1120.****A. Reasonableness of Financing Arrangements**

The applicant shall document the reasonableness of financing arrangements by submitting a notarized statement signed by an authorized representative that attests to one of the following:

- 1) That the total estimated project costs and related costs will be funded in total with cash and equivalents, including investment securities, unrestricted funds, received pledge receipts and funded depreciation; or
- 2) That the total estimated project costs and related costs will be funded in total or in part by borrowing because:
 - A) A portion or all of the cash and equivalents must be retained in the balance sheet asset accounts in order to maintain a current ratio of at least 2.0 times for hospitals and 1.5 times for all other facilities; or
 - B) Borrowing is less costly than the liquidation of existing investments, and the existing investments being retained may be converted to cash or used to retire debt within a 60-day period.

B. Conditions of Debt Financing

This criterion is applicable only to projects that involve debt financing. The applicant shall document that the conditions of debt financing are reasonable by submitting a notarized statement signed by an authorized representative that attests to the following, as applicable:

- 1) That the selected form of debt financing for the project will be at the lowest net cost available;
- 2) That the selected form of debt financing will not be at the lowest net cost available, but is more advantageous due to such terms as prepayment privileges, no required mortgage, access to additional indebtedness, term (years), financing costs and other factors;
- 3) That the project involves (in total or in part) the leasing of equipment or facilities and that the expenses incurred with leasing a facility or equipment are less costly than constructing a new facility or purchasing new equipment.

C. Reasonableness of Project and Related Costs

Read the criterion and provide the following:

1. Identify each department or area impacted by the proposed project and provide a cost and square footage allocation for new construction and/or modernization using the following format (insert after this page).

COST AND GROSS SQUARE FEET BY DEPARTMENT OR SERVICE									
Department (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New	Foot Mod.	Gross Sq. Ft. New	Circ.*	Gross Sq. Ft. Mod.	Circ.*	Const. \$ (A x C)	Mod. \$ (B x E)	
Nursing	194.30		107,399				20,868,326		20,868,326
Contingency	9.72		107,399				1,043,416		1,043,416
TOTALS	204.02		107,399				21,911,742		21,911,742

* Include the percentage (%) of space for circulation