



STATE OF ILLINOIS  
HEALTH FACILITIES AND SERVICES REVIEW BOARD

525 WEST JEFFERSON ST. • SPRINGFIELD, ILLINOIS 62761 • (217) 782-3516 • FAX: (217)785-4111

**MEMORANDUM**

TO: Mike Constantino, Supervisor – Program Review Section  
Division of Health Systems Development

FROM: Dale Galassie, Chairman  
Illinois Health Facilities and Services Review Board

RE: Alteration Request for Project # 12-014

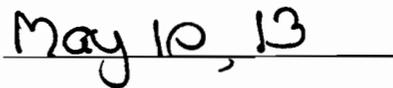
Facility: Manor Court of Freeport, Freeport

This is to advise you that I have reviewed the above-captioned permit alteration request within the requirements in 77 IAC 1130.730 and have determined the following:

- The request is in compliance with the requirements in 77 IAC 1130.730 and the alteration request is approved.
- This request is to be reviewed by the Health Facilities Planning Board.
- This request is DENIED effective \_\_\_\_\_ because it does **NOT** comply with the requirements specified in 77 IAC 1130.730.
- Other actions as follows:



Dale Galassie, Chairman  
Illinois Health Facilities and  
Services Review Board



Date



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<b>DOCKET ITEM NUMBER:</b> NA	<b>BOARD MEETING:</b> NA	<b>PROJECT NUMBER:</b> #12-014
<b>PERMIT HOLDERS(S):</b> Francis House, Inc. Residential Alternatives of Illinois, Inc.		
<b>FACILITY NAME and LOCATION:</b> Manor Court of Freeport, Freeport		

**Project Description:**

The permit holders are requesting an alteration to Permit #12-014, Manor Court of Freeport, Freeport, in accordance with 77 IAC 1130.750 - Alteration of the Project. **This is the first alteration request for this project.**



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**STATE AGENCY REPORT**  
**PERMIT ALTERATION REQUEST**

**Project #12-014**

**I. Project Description and Background Information**

On June 5, 2012 the State Board approved Permit #12-014. The project proposed the modernization/expansion of Manor Court of Freeport, a 90-bed Long Term Care (LTC) facility in Freeport. The applicants propose to add 27 LTC beds by constructing 21 new single patient rooms, and converting 6 sheltered care beds/rooms for skilled care service. The approved cost of the project is \$1,799,109, and the anticipated project completion date is December 31, 2013.

The project is being funded through a combination of cash and securities (\$1,665,000), and Fair Market Value of Leased Space (\$134,109).

**I. The Proposed Alteration**

**A. The following proposed alterations require State Board approval:**

1. The permit holders are proposing to increase the amount of space allotted for the project by 2,706 GSF. The proposed alteration will increase the project's clinical footprint from 43,175 GSF to 44,941 GSF (1,766 GSF/4%), and increase its non-clinical footprint amount from 11,425 GSF, to 12,365 GSF (940 GSF/8%). The overall spatial footprint will increase from 54,600 GSF to 57,306 GSF (2,706 GSF/4.9%).
2. The permit holders are proposing to increase the overall cost of the project, from \$1,799,109 to \$1,889,059 (\$89,950/4.9%). This will be accomplished by increasing the clinical costs from \$1,430,487 to \$1,511,247 (\$80,760/5.6%), and increasing the non-clinical costs from \$357,622 to \$377,812 (\$20,190/5.6%)
3. The applicants also report an increase in both clinical and non-clinical aspects of New Construction Contracts. The financing of the project remains unchanged from the combination of Cash & Securities (\$1,754,950), and Fair Market Value of Leased Space/Equipment (\$377,812).
4. The permit holders will also submit a permit renewal request in the near future, requesting a 6-month extension the project completion date, from December 31, 2013, to June 30, 2014.



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**B. Reason(s) for the Proposed Alteration:**

The permit holders state the purpose for the alteration stems from the lack of ancillary support space in the original design drawings, and the need to add these spaces to better serve the residents of the new nursing unit.

**III. Applicable Rules**

77 IAC 1130.750 specifies that a permit is valid only for the project as defined in the application and any change to the project subsequent to permit issuance constitutes an Alteration to the project.

**Allowable alterations that require HFPB action are:**

- 1) a change in the approved number of beds or stations provided that the change would not independently require a permit or exemption from HFPB;
- 2) abandonment of an approved category of service established under the permit;
- 3) any increase in the square footage of the project up to 5% of the approved gross square footage;
- 4) any decrease in square footage greater than 5% of the project;
- 5) any increase in the cost of the project not to exceed 5% of the total project cost. This alteration may exceed the capital expenditure minimum in place when the permit was issued, provided that it does not exceed 5% of the total project cost;
- 6) any increase in the amount of funds to be borrowed for those permit holders that have not documented a bond rating of "A" or better;
- 7) any increase in the project costs components (i.e., line item amounts) if the increase is not in compliance with the 77 Ill. Adm. Code 1120 review criteria; or
- 8) any change that substantially changes the scope or changes the functional operation of the project, as defined in Section 1130.140.



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V. Summary of State Agency Findings

All findings from the Original State Agency Report remain unchanged.

The State Agency finds the proposed Alteration appears to be in conformance with all applicable review criteria for Part 1110. The applicants

The State Agency finds the proposed Alteration appears to be in conformance with all applicable review criteria for Part 1120.

VI. Projects Costs and Sources of Funds

Table One shows the original project costs and the altered project costs.

TABLE ONE							
Project Costs and Sources of Funds							
Project Costs							
	Original			Altered			Difference
	Clinical	Non-Clinical	Total	Clinical	Non-Clinical	Total	
Preplanning	\$12,000	\$3,000	\$15,000	\$12,000	\$3,000	\$15,000	\$0
Site Survey Soil Investigation	\$8,000	\$2,000	\$10,000	\$8,000	\$2,000	\$10,000	\$0
Site Preparation	\$40,000	\$10,000	\$50,000	\$40,000	\$10,000	\$50,000	\$0
New Construction	\$1,040,000	\$260,000	\$1,300,000	\$1,111,960	\$277,990	\$1,389,950	\$89,950
Contingencies	\$60,000	\$15,000	\$75,000	\$60,000	\$15,000	\$75,000	\$0
A & E Fees	\$56,000	\$14,000	\$70,000	\$56,000	\$14,000	\$70,000	\$0
Consulting Fees	\$32,000	\$8,000	\$40,000	\$32,000	\$8,000	\$40,000	\$0
Moveable & Other Equipment	\$84,000	\$21,000	\$105,000	\$84,000	\$21,000	\$105,000	\$0
Fair Market Value of Leased Space	\$107,287	\$26,822	\$134,109	\$107,287	\$26,822	\$134,109	\$0
<b>Total</b>	<b>\$1,430,487</b>	<b>\$357,622</b>	<b>\$1,799,109</b>	<b>\$1,511,247</b>	<b>\$377,812</b>	<b>\$1,889,059</b>	<b>\$89,950</b>
Sources of Funds							
Cash and Securities	\$1,332,000	\$333,000	\$1,665,000	\$1,403,960	\$350,990	\$1,754,950	\$89,950
Fair Market Value of Leased Space	\$107,287	\$26,822	\$134,109	\$107,287	\$26,822	\$134,109	\$0
<b>Total</b>	<b>\$1,430,487</b>	<b>\$357,622</b>	<b>\$1,799,109</b>	<b>\$1,511,247</b>	<b>\$377,812</b>	<b>\$1,889,059</b>	<b>\$89,950</b>

VII. Projects Cost Space Requirement



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The permit holders are proposing to increase the overall size of the project from 54,600 GSF to 57,306 GSF, (2,706 GSF or 4.9%).

TABLE TWO Altered Cost Space Chart					
Department/Area	Cost per Original Application	Altered Cost	Proposed GSF per Original Application	Altered GSF per Proposal	Difference
<b>Clinical</b>					
Nursing	\$1,051,845	\$1,191,285	30,959	32,738	\$139,440 / 1,779
Living/Dining/ Activity	\$297,016	\$264,309	6,837	6,921	(\$32,707) / 84
Kitchen/Food Service	\$23,556	\$14,646	1,795	1,765	(\$8,910) / 30
P.T. / O.T.	\$0	\$0	440	440	\$0 / 0
Laundry	\$0	\$0	1,471	1,471	\$0 / 0
Janitor Closets	\$21,508	\$13,439	491	464	(\$8,069) / 105
Baths/Toilets	\$40,968	\$27,568	1,012	972	\$13,418 / 200
Beauty/Barber	\$0	\$0	170	170	\$0 / 0
<b>Subtotal Clinical</b>	<b>\$1,434,893</b>	<b>\$1,511,247</b>	<b>43,175</b>	<b>44,941</b>	
<b>Non-Clinical</b>					
Office Administration	\$0	\$35,927	1,480	1,730	\$35,927 / 250
Employee Lounge/locker/Training	\$0	\$0	180	180	\$0 / 0
Mechanical/Electrical	\$24,799	\$31,760	815	921	\$6,961 / 107
Lobby	\$37,521	\$0	494	320	(\$37,521) / 174
Storage/Maintenance	\$51,754	\$34,490	1,525	1,525	(\$17,264) / 240
Corridor / Public Toilets	\$250,142	\$275,635	6,931	6,931	\$25,493 / 1,160
<b>Total Non-Clinical</b>	<b>\$364,216</b>	<b>\$377,812</b>	<b>11,425</b>	<b>12,365</b>	
<b>Total Clinical</b>	<b>\$1,434,893</b>	<b>\$1,511,247</b>	<b>43,175</b>	<b>44,941</b>	
<b>Total</b>	<b>\$1,799,109</b>	<b>\$1,889,059</b>	<b>54,600</b>	<b>57,306</b>	

**VIII. 1120.140 - Economic Feasibility**

**C) Criterion 1120.140 (c) - Reasonableness of Project and Related Costs**

The applicant shall document that the estimated project costs are reasonable and shall document compliance with the following:

- 1) Preplanning costs shall not exceed the standards detailed in Appendix A of this Part.



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- 2) Total costs for site survey, soil investigation fees and site preparation shall not exceed the standards detailed in Appendix A unless the applicant documents site constraints or complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.
- 3) Construction and modernization costs per square foot shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.

**HFSRB NOTE:** Construction and modernization costs (i.e., all costs contained in construction and modernization contracts) plus contingencies shall be evaluated for conformance with the standards detailed in Appendix A.

- 4) Contingencies (stated as a percentage of construction costs for the project's stage of architectural development) shall not exceed the standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.

**HFSRB NOTE:** Contingencies shall be limited in use for construction or modernization (line item) costs only and shall be included in construction and modernization cost per square foot calculations and evaluated for conformance with the standards detailed in Appendix A. If, subsequent to permit issuance, contingencies are proposed to be used for other component (line item) costs, an alteration to the permit (as detailed in 77 Ill. Adm. Code 1130.750) must be approved by HFSRB prior to that use.

- 5) New construction or modernization fees and architectural/engineering fees shall not exceed the fee schedule standards detailed in Appendix A unless the applicant documents construction constraints or other design complexities and provides evidence that the costs are similar to or consistent with other projects that have experienced similar constraints or complexities.



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- 6) The costs of all capitalized equipment not included in construction contracts shall not exceed the standards for equipment as detailed in Appendix A unless the applicant documents the need for additional or specialized equipment due to the scope or complexities of the services to be provided. As documentation, the applicant must provide evidence that the costs are similar to or consistent with other projects of similar scope and complexity, and attest that the equipment will be acquired at the lowest net cost available, or that the choice of higher cost equipment is justified due to such factors as, but not limited to, maintenance agreements, options to purchase, or greater diagnostic or therapeutic capabilities.
- 7) Building acquisition, net interest expense, and other estimated costs shall not exceed the standards detailed in Appendix A. If Appendix A does not specify a standard for the cost component, the applicant shall provide documentation that the costs are consistent with industry norms based upon a comparison with previously approved projects of similar scope and complexity.
- 8) **Cost Complexity Index (to be applied to hospitals only)**  
The mix of service areas for new construction and modernization will be adjusted by the table of cost complexity index detailed in Appendix A.

The State Agency notes only the clinical costs were reviewed against the established standards in Part 1120, and only the affected costs are listed below. The State Agency calculated the State Board New Construction Standard using the third quartile of 2013 RS Means data adjusted for complexity by department/function. This number was then inflated by 3.0% per year until the Midpoint of construction.

**New Construction and Contingencies** - These costs total \$1,464,950, or \$32.59 (\$1,464,950/44,941 = \$32.59 per GSF). This appears reasonable when compared to the approved State Board standard of \$202.36 per GSF.

**THE BOARD STAFF FINDS THE PROPOSED ALTERATION APPEARS TO BE IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140 (c)).**

**Other Information**



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Included with this report are the alteration request and the original state agency report.