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SENT VIA HAND DELIVERY

June 20, 2018

RECEIVED

JUN 20 2018

HEALTH FACILITIES &
SERVICES REVIEW BOARD

Mrs. Kathryn Olsen, Chairwoman
Health Facilities and Services Review Board
Illinois Department of Public Health
525 West Jefferson Street, Second Floor
Springfield, Illinois 62761

Re: Permit Alteration Request of HFSRB
Project #: **17-035**, Manor Court of Rochelle

Dear Chairwoman Olsen:

Pursuant to 77 Ill. Admin. Code 1130.570(B)(3), the Applicant, Residential Alternatives of Illinois, Inc. (hereinafter "RAI"), an Illinois Not-for-Profit requests to alter this permit. Since Board approval, the Applicant has entered into a Letter-of-Intent to acquire the adjacent Independent/Assisted Living facility (San Gabriel) that the subject property surrounds. In this light, the Applicant has repositioned the approved project to create a more cohesive campus environment. In doing so, the square footage and cost of the Project needs to be altered.

In creating a more campus-like setting, more mutual outdoor space and a physical connection were added. The non-clinical space of the project saw the most significant change; however, the entire building was affected by the repositioning to accommodate the more campus-like setting. There are three application items that are affected by this request. Appended as **EXHIBIT I** is the revised Cost/Space Requirements (Appendix D to the CON application) chart illustrating the proposed request. Appended as **EXHIBIT II** is the revised Project Costs and Sources of Funds page and second level project cost breakdown. Appended as **EXHIBIT III** is the revised Cost and Gross Square Footage by Service chart.

The first item that must be revised to reflect the proposed alteration is the Cost/Space Requirements chart known as Appendix D of the CON application. The table below summarizes the requested increase in gross square footage. The alteration results in a 4.99% increase in total project size, or 3,177 gross square feet, which is within the 5% allowable alterations that the Board can approve. Refer to **EXHIBIT I** for the revised Cost/Space Requirements page.

Department/Area	Gross Square Feet		% Change
	Clinical	Total	Total
Approved	45,205	63,593	
Altered	44,903	66,770	
Difference	(302)	3,177	4.99%



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The second item to be altered is the Project Cost and Sources of Funds chart (also known as Appendix A). The table below summarizes the requested increase in total project costs. The alteration results in a 6.94% increase in total costs, or \$1,225,105, which is within the allowable 7% allowable alterations that the Board can approve. Refer to **EXHIBIT II** for the revised Project Costs and Sources of Funds page.

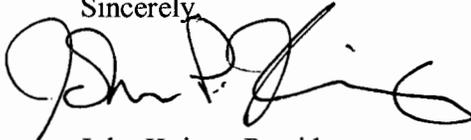
Department/Area	Project Cost		% Change
	Clinical	Total	Total
Approved	\$12,544,182	\$17,646,768	
Altered	\$12,691,384	\$18,871,873	
Difference	\$147,202	\$1,225,105	6.94%

The third item affected through this request is the Cost and Gross Square Feet by Service chart under Section V – Financial and Economic Feasibility Review, Criterion 1125.800 - Economic Feasibility, C. Reasonableness of Project and Related Costs. With the adjustment of the approved clinical and non-clinical square footage, the clinical cost per gross square foot for new construction and contingency is decreasing from \$223.00 to \$219.99, while the total cost per gross square foot for new construction and contingency is increasing from \$10,080,689 to \$10,539,575. This is due to the change in percentage of clinical and non-clinical gross square footage. The State Board Staff Report found that the norm for this item was \$235.90/GFS. The resultant new cost per gross square feet is in conformance with this review item. Refer to **EXHIBIT III** for the chart reflecting the alteration of this required item.

Please note that the project was and will remain totally funded from internal sources (cash and securities) and the ability to fund the project remains unchanged and in conformance as found in the State Board Staff Report.

In accordance with the 77 Ill. Admin. Code 1130.230(h)(6) appended hereto is a check made payable to the Illinois Department of Public Health in the amount of \$1,000 to process this Permit Alteration request.

If there are any questions or concerns related to this request, please do not hesitate to contact me.

Sincerely,

John Kniery, President

ENCLOSURES

C: Michael Constantino, Chief Project Review
Mike Bibo, Director of Public Policy

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Cost Space Requirements

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
CLINICAL							
Nursing	\$6,482,348	0	22,935.0	22,935.0	0	0	0
Living/Dining/Activity	\$1,855,249	0	6,564.0	6,564.0	0	0	0
Kitchen/Food Service	\$2,162,196	0	7,650.0	7,650.0	0	0	0
P.T./O.T.	\$1,341,127	0	4,745.0	4,745.0	0	0	0
Laundry	\$460,703	0	1,630.0	1,630.0	0	0	0
Janitor Closets	\$83,379	0	295.0	295.0	0	0	0
Clean/Soiled Utility	\$105,707	0	374.0	374.0	0	0	0
Beauty/Barber	\$200,674	0	710.0	710.0	0	0	0
Total Clinical	\$12,691,384	0	44,903.0	44,903.0	0	0	0
NON-CLINICAL							
Office/Administration	\$1,105,405	0	3,911.0	3,911.0	0	0	0
Employee Lounge/ Locker/Training	\$306,947	0	1,086.0	1,086.0	0	0	0
Mechanical/Electrical	\$527,124	0	1,865.0	1,865.0	0	0	0
Lobby	\$697,273	0	2,467.0	2,467.0	0	0	0
Storage/Maintenance	\$800,436	0	2,832.0	2,832.0	0	0	0
Corridor/Public Toilets	\$2,670,948	0	9,450.0	9,450.0	0	0	0
Stair/Elevators	\$0	0	0.0	0.0	0	0	0
Total Non-clinical	\$6,180,489	0	21,867.0	21,867.0	0	0	0
TOTAL	\$18,871,873	0	66,770.0	66,770.0	0	0	0

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Project Costs and Sources of Funds

Use of Funds	Clinical	Non-Clinical	Amount
Preplanning Costs	\$ 45,140	\$ 21,983	\$67,123
Site Survey and Soil Investigation	\$ 30,959	\$ 15,076	\$46,035
Site Preparation	\$ 445,603	\$ 217,001	\$662,604
Off Site Work	\$ 29,415	\$ 14,324	\$43,739
New Construction Contracts	\$ 9,596,612	\$ 4,673,388	\$14,270,000
Modernization Contracts			
Contingencies	\$ 942,963	\$ 459,207	\$1,402,170
Architectural/Engineering Fees	\$ 678,484	\$ 330,410	\$1,008,895
Consulting and Other Fees	\$ 199,906	\$ 97,351	\$297,256
Movable or Other Equipment	\$ 718,805	\$ 350,046	\$1,068,851
Bond Issuance Expense	\$ -	\$ -	\$0
Net Interest Expense During Construction	\$ 3,497	\$ 1,703	\$5,200
Fair Market Value of Leased Space or Equipment	\$ -	\$ -	\$0
Other Costs to be Capitalized	\$ -	\$ -	
Acquisition of Building or Other Property	\$ -	\$ -	
Total IDPH Regulated Uses of Funds	\$ 12,691,384	\$ 6,180,489	\$18,871,873
Source of Funds			Total
Cash and Securities	\$ 12,691,384	\$ 6,180,489	\$18,871,872.80
Pledges	\$ -	\$ -	
Gifts and Bequests	\$ -	\$ -	
Bond Issues	\$ -	\$ -	
Mortgages	\$ -	\$ -	
Leases	\$ -	\$ -	
Governmental Appropriations	\$ -	\$ -	
Grants	\$ -	\$ -	
Other Funds and Sources		\$ -	
Total Sources of Funds	\$ 12,691,384	\$ 6,180,489	\$18,871,873

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Use of Funds	Project Cost Breakdown	Cost
Preplanning cost	TOTAL	\$67,123
	Reimbursable Professional Expenses	\$15,573
	Pre-Opening Mgmt/Mkt'g	\$51,550
Site survey and soil investigation	TOTAL	\$46,035
	ALTA Land Survey	\$5,500
	Soil Testing	\$12,835
	Illinois EPA Permit Fees	\$2,400
	Phase 11 Environmental	\$25,300
Site preparation	TOTAL	\$662,604
	Fill Grading, Curbs, paving, water, sewer, storm drain	\$609,373
		\$53,231
Off-site work	TOTAL	\$43,739
	City Tap-On & Impact Fees	\$34,576
	Extending water and sewer lines To the site	\$9,163
New construction contracts	TOTAL	\$14,270,000
	Construction & Building Cost	\$13,943,285
	Insurance & Builders Risk	\$122,500
	Construction Management	\$204,215
Contingencies	TOTAL	\$1,402,170
	Contingencies	\$1,402,170
Architectural/Engineering Fees	TOTAL	\$1,008,895
	Architectural & Engineering	\$1,008,895
Consulting & Other Fees	TOTAL	\$297,256
	Building Permit Fees	\$85,466
	Construction Inspection Fees	\$69,997
	Legal Fees	\$30,047
	Title & Recording	\$8,397
	Illinois health facility CON fees	\$84,650
	Illinois Department of Public health Fee	\$12,000
	Approvals	\$6,700
Movable or Other Equipment	TOTAL	\$1,068,851
	Furniture, Fixtures & Equipment	\$1,068,851
Bond Issuance Expense	TOTAL	\$0.00
	Letters of Credit, Fee/Bond Premiums	
	Points	
Internet Expense During Construction	TOTAL	\$5,200.00
	Construction Interests & Escrow	\$5,200.00
Total IDPH Regarding Uses of Funds		\$18,871,873

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COST AND GROSS SQUARE FEET BY SERVICE									
Area (list below)	A	B	C	D	E	F	G	H	Total Cost (G + H)
	Cost/Square Foot New Mod.		Gross Sq. Ft. New Circ.*		Gross Sq. Ft. Mod. Circ.*		Const. \$ (A x C)	Mod. \$ (B x E)	
Nursing	\$ 198.99		44903		0	0	\$ 9,596,612	\$ -	\$ 9,596,612
Contingency	\$ 21.00		44903		0	0	\$ 942,963	\$ -	\$ 942,963
TOTALS	\$ 219.99	0	44903	0	0	0	\$ 10,539,575	\$ -	\$ 10,539,575

* Include the percentage (%) of space for circulation