



# STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET ITEM</b> A-01	<b>BOARD MEETING:</b> March 12, 2024	<b>PROJECT NUMBER:</b> 18-005
<b>PERMIT HOLDERS(S):</b> County of DeKalb		
<b>FACILITY NAME and LOCATION:</b> DeKalb County Rehabilitation & Nursing Center, DeKalb		

## **STATE BOARD STAFF REPORT** **PERMIT RENEWAL REQUEST**

### **I. Background**

On June 5, 2018, the State Board approved Project #18-005. The permit authorized a modernization/expansion project at DeKalb County Rehabilitation & Nursing Center, in DeKalb. The State Agency notes the project is obligated, and the most recent project completion date was October 31, 2022. Project cost: \$16,834,948.

State Board Staff notes the permit holders submitted the permit renewal request on December 14, 2023. This submittal was not in accordance with 77 IAC 1130.740(d), which states that the State Board must receive renewal requests at least 45 days prior to the permit expiration date. A \$500.00 permit renewal fee, and a \$500.00 late fee, accompanied the renewal request.

### **II. Findings**

State Board Staff notes this is the **third** renewal request for this project and the permit holders have submitted all necessary information required in Section 1130.740 for a permit renewal.

The **first** renewal request was approved on January 29, 2020, and granted the permit holders an additional eighteen (18) months (March 31, 2020, to October 31, 2021), to complete the project.

The **second** renewal request was approved on October 26, 2021, by the State Board, and granted the permit holders and additional twelve (12) months (October 31, 2021, to October 31, 2022) to complete the project.

### **III. The Permit Renewal Request**

- A. Requested Completion Date: The permit holders request a project completion date of May 31, 2024. This would extend the project's completion date nineteen (19) months, from October 31, 2022, to May 31, 2024.
- B. Status of the Project and Components Yet to be Finished: The permit holders state the project is approximately 99% complete and has experienced multiple issues, to include the attempted sale of the facility to a private entity. The purchasing party has since withdrawn its bid to purchase, and the facility remains County-owned. The project remains unfinished with finish construction, furniture installation, and IDPH licensure/nursing surveys remaining.
- C. Reason(s) Why the Project Has Not Been Completed: The permit holders' state the failed bid to purchase the facility accounts for the project's incompleteness, and the County's decision to maintain ownership accounts for the untimely request for a third permit renewal. The request for a third renewal should have been submitted no later than September 16, 2022, but the attempted sale of the facility overshadowed the permit holder's attempt to file a third renewal in a timely manner. Board Legal Counsel is engaged and working with the permit holders to resolve any compliance issues.
- D. Evidence of Financial Commitment to Fund the Project: The permit holders indicate that \$14,423,371 (85.7% of the overall project cost), has been expended to date, and that sufficient financial resources remain to ensure project completion.
- E. Anticipated Final Cost of the Project: The permit holders estimate the project will not deviate from the original permit amount of \$16,834,948.

### **IV. Project Description & Other Background Information**

The permit authorized a modernization/expansion project on the campus of DeKalb County Rehabilitation and Nursing Center, in Dekalb. Project cost: \$16,834,948.

Permit Issuance Date:	June 5, 2018
Project Obligation Date:	January 21, 2020
Original Project Completion Date:	March 31, 2020
Proposed Project Completion Date: (1 <sup>st</sup> request 10-month renewal)	October 31, 2021

Proposed Project Completion Date: October 31, 2022  
(2<sup>nd</sup> request 12-month renewal)

Proposed Project Completion Date: May 31, 2024  
(3<sup>rd</sup> request 19-month renewal)

**V. Applicable Rules for Permit Renewal Requests**

77 IAC 1130.740 specifies that a permit holder may request a change in the approved project completion date by applying for a permit renewal.

77 IAC 1130.230(h)(5) states that failure to complete a project or to renew a permit within the prescribed timeframes will subject the permit holders to the sanctions and penalties provided in the Act and this Subpart.

77 IAC 1130.740(b) states that a permit renewal will commence on the expiration date of the original or renewed completion period.

77 IAC 1130.740(c) states that the State Board must be in receipt of a permit renewal request at least 45 days prior to the expiration date of the completion period, and include the following: 1) the requested completion date; 2) a status report on the project detailing what percent has been completed and a summary of project components yet to be finished and the amount of funds expended on the project to date; 3) a statement as to the reasons why the project has not been completed; and 4) confirmatory evidence by the permit holders' authorized representative that the project's costs and scope are in compliance with what the State Board approved and that sufficient financial resources are available to complete the project.

77 IAC 1130.740(d) states the State Board staff will review the request and prepare a report of its findings. If the findings are that the request is in conformance with all HFSRB criteria, and if this is the first request for this project, then the request, staff's findings, and all related documentation shall be sent to the Chairman. The Chairman, acting on behalf of HFSRB, will approve, deny, or refer the request to the HFSRB for action. If staff finds that all criteria are not positive or, if this is not the first request for this project, or if the Chairman refers this to HFSRB for action, then HFSRB will evaluate the information submitted to determine if the project has proceeded with due diligence (as defined in 77 IAC 1130.140). Denial of a permit renewal request constitutes HFSRB's Notice of Intent to revoke a permit and the permit holders will be afforded an opportunity for an administrative hearing.

**VI. Other Information**

Appended to this report are the following: the permit holders' documents for a permit renewal, and a copy of the original State Board Staff Report.

It should be known that this project is not in compliance with the timeframes approved in the 2<sup>nd</sup> permit renewal and is therefore subject to sanctions and penalties as described in the 77 IAC 1130.230(h)(5). Therefore, in a separate item for Board consideration will be the project's referral to legal.

# **DEKALB COUNTY REHAB & NURSING CENTER**

2600 N. ANNIE GLIDDEN ROAD, DEKALB, IL 60115  
PHONE 815-758-2477 FAX 815-217-0451

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**By Certified Mail**  
**Delivery Receipt Requested**

December 14, 2023

Mr. John Kniery, Administrator  
Illinois Health Facilities and  
Services Review Board  
525 West Jefferson  
Springfield, IL 62761

RE: Permit18-005  
DeKalb County Rehab and Nursing Center  
Request for Permit Renewal

Dear Mr. Kniery:

The above-referenced project was approved by the State Board on June 5, 2018; and involves the modernization and construction of approximately 106,000 square feet to a County-owned long term care facility. The last renewal approved by Board was effective to October 31, 2022. This facility had been under a contract for sale; however, the purchaser has now backed out of the sale. DeKalb County Rehab & Nursing Center will remain County-owned. DeKalb County Rehab & Nursing Center respectfully requests a permit extension. DeKalb County Rehab & Nursing Center's goal is to complete the project prior to May 31, 2024.

The Permit holder will bring subcontractors into the building to complete the final components of the project; those being the application of certain finishes as well as furniture installation. As the remaining project components are completed, IDPH's licensure division will be invited to conduct a site survey, prior to the licensure of the beds. As of the writing of this letter, the project is approximately 99% complete.

Enclosed is a check in the amount of \$1,000.00 as a processing fee. Should any additional information be required, please do not hesitate to contact me. Thank you for your time.

Sincerely,



Bart J. Becker, Administrator  
DeKalb County Rehab & Nursing Center  
2600 N. Annie Glidden Road  
DeKalb, Illinois 60115  
(815)758-2477  
[bbecker@dekalbcounty.org](mailto:bbecker@dekalbcounty.org)



## STATE OF ILLINOIS

### HEALTH FACILITIES AND SERVICES REVIEW BOARD

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

<b>DOCKET NO:</b> <b>H-05</b>	<b>BOARD MEETING:</b> June 5, 2018	<b>PROJECT NO:</b> 18-005	<b>PROJECT COST:</b>  Original: \$16,834,948
<b>FACILITY NAME:</b> DeKalb County Rehab and Nursing Center		<b>CITY:</b> DeKalb	
<b>TYPE OF PROJECT:</b> Non-Substantive			<b>HSA:</b> I

**PROJECT DESCRIPTION:** The Applicant (County of DeKalb) proposes the expansion and modernization of a 190-bed skilled care facility at a cost of \$16,834,948. The anticipated completion date is March 31, 2020.

## **EXECUTIVE SUMMARY**

### **PROJECT DESCRIPTION:**

- The Applicant (County of DeKalb) proposes the expansion and modernization of a 190-bed skilled care facility at a cost of \$16,834,948. The anticipated completion date is March 31, 2020. The Applicant proposes to add 18-beds to the existing 190-bed facility for a total of 208 LTC beds.

### **WHY THE PROJECT IS BEFORE THE STATE BOARD:**

- The Applicant is before the State Board because the cost of the project exceeds the capital expenditure minimum of \$7,444,502 for a nursing care facility as defined by the Illinois Health Facilities Planning Act. (20 ILCS 3960/3)
- One of the objectives of the Health Facilities Planning Act is *“to assess the financial burden to patients caused by unnecessary health care construction and modification. Evidence-based assessments, projections and decisions will be applied regarding capacity, quality, value and equity in the delivery of health care services in Illinois. Cost containment and support for safety net services must continue to be central tenets of the Certificate of Need process.”* [20 ILCS 3960/2]

### **PURPOSE OF PROJECT**

- **The Applicant stated the following:**  
*“The primary purposes of the proposed project are to address the need for additional beds at the applicant facility, as well as to provide routine renovation to selected areas of the facility. As such, the health care and well-being of the service area will be improved through the project.”*

### **PUBLIC HEARING/COMMENT:**

- A public hearing was offered in regard to the proposed project, but none was requested. Five letters of support were received by State Board Staff. The letters were from
  - Home Instead Senior Living
  - Lincolnshire Place
  - Fellowship Baptist Church
  - Barb City Manor
  - Ridge Ambulance
- No letters of opposition were received by the State Board Staff.

### **SUMMARY:**

- For the expansion of an existing long term care facility the State Board’s calculated need or excess of long term care beds is not considered in the evaluation. For the expansion and modernization of an existing long term care facility the State Board considers the historical utilization of the facility and whether the facility is providing services to the residents of the Planning Area.
- Over the past five years the DeKalb County Rehab and Nursing Center has averaged 91% utilization (See Table Two below). The State Board’s Target Occupancy is 90%. As a result of this utilization the facility notes that *“between July 1, 2017 and November 30, 2017 (5 months), a total of 172 prospective referrals from hospitals that were denied admission due to the lack of available beds.”*
- The County of DeKalb (Applicant) has an Aa1 Bond Rating from Moody’s Investor Service and based upon this bond rating the Applicant appears to be financial viable and the project economically feasible.
- The Applicant addressed a total of 18 criteria and have successfully addressed them all.



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### HEALTH FACILITIES AND SERVICES REVIEW BOARD

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#### STATE BOARD STAFF REPORT DeKalb County Rehab and Nursing Center PROJECT #18-005

APPLICATION SUMMARY/CHRONOLOGY	
Applicants	County of DeKalb
Facility Name	DeKalb County Rehab and Nursing Center
Location	2600 North Annie Glidden Road, DeKalb, Illinois
Application Received	January 24, 2018
Application Deemed Complete	January 31, 2018
Review Period Ends	April 2, 2018
Permit Holder	County of DeKalb
Operating Entity/Licensee	DeKalb County Rehab & Nursing Center
Owner of the Site	DeKalb County Public Building Commission
Project Financial Commitment Date	March 31, 2020
Gross Square Footage	108,743 GSF
Project Completion Date	March 31, 2020
Expedited Review	No
Can Applicants Request a Deferral?	Yes
Has the Application been extended by the State Board?	No

#### **I. The Proposed Project**

The Applicant (County of DeKalb) proposes the expansion and modernization of a 190-bed skilled care facility at a cost of \$16,834,948. The anticipated completion date is March 31, 2020. The Applicant proposes to add 18-beds to the existing 190-bed facility.

#### **II. Summary of Findings**

- A. State Board Staff finds the proposed project in conformance with the provisions of 77 ILAC 1110 (Part 1110).
- B. State Board Staff finds the proposed project is in conformance with the provisions of 77 ILAC 1120 (Part 1120).

#### **III. General Information**

The Applicant is the County of DeKalb. DeKalb County is located in central northern Illinois and the county seat of Sycamore is approximately 55 miles west of downtown Chicago. The county has a population of 104,528 and a moderate population density of 167 people per square mile. The county's median family income is \$70,256 and the August 2017 unemployment rate was 4.4%. The largest industry sectors that drive the local economy are agriculture, retail trade, health services, and manufacturing. [Source Moody's Investors Service page 58 of the Application for Permit]

The DeKalb County Rehab and Nursing Center, is located at 2600 North Annie Glidden Road, DeKalb, Illinois. County of DeKalb d/b/a DeKalb County Rehab and Nursing Center is the licensee/operating entity, and the owner of the site is DeKalb County Public Building



Commission. The facility is located in Health Service Area I that includes Boone, Carroll, DeKalb, Jo Daviess, Lee, Ogle, Stephenson, Whiteside and Winnebago Counties. This is a non substantive project subject to a Part 1110 and Part 1120 review. Financial Commitment will occur after permit issuance.

Non Substantive Projects include all projects that are not considered substantive. Substantive Projects are projects that are defined in the Act and classified as substantive. *Substantive projects shall include no more than the following:*

- *Projects to construct a new or replacement facility located on a new site; or a replacement facility located on the same site as the original facility and the costs of the replacement facility exceed the capital expenditure minimum.*
- *Projects proposing a new service or a discontinuation of a service; shall be reviewed by the Board within 60 days.*
- *Projects proposing a change in the bed capacity of a health care facility by an increase in the total number of beds or by a redistribution of beds among various categories of service or by a relocation of beds from one facility to another by more than 20 beds or more than 10% of total bed capacity, as defined by the State Board in the Inventory, whichever is less, over a 2-year period. [20 ILCS 3960/12]*

#### **IV. Project Details**

The Applicant proposes the construction of an 18-bed addition to DeKalb County Rehab and Nursing Center, as well as the renovation of selected areas within the existing facility. Should the project be approved the Nursing Home will have a total of 208-beds. This project includes:

- the construction of a new 18-bed all private room general long-term care unit, including support space such as a prep kitchen, a dining room, and a family room;
- the remodeling/renovation of existing patient care units, including the updating and enlarging of family areas;
- prep kitchens will be added to existing patient care units;
- the addition of a central activity room/area, which will include a coffee shop and video viewing area;
- existing nurses stations will be re-design, consistent with contemporary needs.

## V. Project Costs and Sources of Funds

The Applicant is funding this project with cash in the amount of \$1 million and bond funds of \$15,834,948.

**TABLE ONE**  
**Project Cost and Sources of Funds**

	<b>Reviewable</b>	<b>Non reviewable</b>	<b>Total</b>	<b>% of Total</b>
Preplanning Costs	\$100,000	\$35,000	\$135,000	0.80%
Site Survey and Soil Investigation	\$12,000	\$8,000	\$20,000	0.12%
Site Preparation	\$130,000	\$80,000	\$210,000	1.25%
New Construction Contracts	\$3,139,270	\$4,797,950	\$7,937,220	47.15%
Modernization Contracts	\$2,529,390	\$527,470	\$3,056,860	18.16%
Contingencies	\$792,600	\$269,790	\$1,062,390	6.31%
Architectural and Engineering Fees	\$550,000	\$185,000	\$735,000	4.37%
Consulting and Other Fees	\$150,000	\$100,000	\$250,000	1.49%
Movable or Other Equipment	\$775,000	\$337,000	\$1,112,000	6.61%
Net Interest Expense During Construction	\$815,029	\$301,449	\$1,116,478	6.63%
Other Costs to be Capitalized	\$900,000	\$300,000	\$1,200,000	7.13%
<b>Total Uses of Funds</b>	<b>\$9,893,289</b>	<b>\$6,941,659</b>	<b>\$16,834,948</b>	<b>100.00%</b>
<b>Total Sources of Funds</b>	<b>Reviewable</b>	<b>Non reviewable</b>	<b>Total</b>	<b>% of Total</b>
Cash	\$800,000	\$200,000	\$1,000,000	5.94%
Bond Issue	\$9,093,289	\$6,741,659	\$15,834,948	94.06%
<b>Total Sources of Funds</b>	<b>\$9,893,289</b>	<b>\$6,941,659</b>	<b>\$16,834,948</b>	<b>100.00%</b>

## VI. Expansion and Modernization of Long Term Care Facility

### A) Criterion 1125.520 - Background of Applicant

To address this criterion the applicants must provide a list of all facilities currently owned in the State of Illinois and a **certified listing of all adverse actions<sup>1</sup>** taken against the applicants by either Medicare or Medicaid, or any State or Federal regulatory authority during the 3 years prior to the filing of the Application with the Illinois Health Facilities and Services Review Board; and authorization to the State Board and Agency access to information in order to verify any documentation or information submitted in response to the requirements of the application for permit.

1. The Applicant stated *"As the Administrator of DeKalb County Rehab & Nursing Center, I hereby certify that no adverse action has been taken against it, directly or indirectly, within three years prior to the filing of this application, with the exception of a limited number of Type A violations, as are commonplace in the long-term care setting. In each instance, the violation was immediately addressed and the correction accepted by the applicable regulatory agency. For the purpose of this letter, the term no adverse action" has the meaning given to it in the Illinois Administrative Code, Title 77, Section 1130."*<sup>(1)</sup> [Application for Permit page 43]

- a) An IDPH survey was conducted of the facility in December 2017. Type A violations were noted at that time.  
<http://dph.illinois.gov/sites/default/files/publications/NH18-C0026-12-21-17-DeKalbCounty-Rehab&Nursing.pdf>

**Staff Note:** The Applicant has met the requirements of this criterion by notifying the State Board of the Type A violations.

2. The Applicant has provided the licensure for the nursing home owned by the County of DeKalb [Application for Permit page 43]
3. Certificates of Good Standing for county governments are not required.
4. The site is owned by DeKalb County Public Building Commission. An attestation by the Treasurer of the County of DeKalb was provided as documentation of the ownership of the site. [Application for Permit page 26]

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<sup>1</sup> "Adverse Action" means a disciplinary action taken by IDPH, CMMS, or any other State or federal agency against a person or entity that owns or operates or owns and operates a licensed or Medicare or Medicaid certified healthcare facility in the State of Illinois. These actions include, but are not limited to, all Type "A" and Type "AA" violations. As defined in Section 1-129 of the Nursing Home Care Act [210 ILCS 45], **"Type 'A' violation"** means a violation of the Nursing Home Care Act or of the rules promulgated there under which creates a condition or occurrence relating to the operation and maintenance of a facility presenting a substantial probability that risk of death or serious mental or physical harm to a resident will result there from or has resulted in actual physical or mental harm to a resident. As defined in Section 1-128.5 of the Nursing Home Care Act, a **"Type AA violation"** means a violation of the Act or of the rules promulgated there under which creates a condition or occurrence relating to the operation and maintenance of a facility that proximately caused a resident's death. [210 ILCS 45/1-129]

5. The Applicant provided evidence that the facility is in compliance with Executive Order #2006-05 that requires *all State Agencies responsible for regulating or permitting development within Special Flood Hazard Areas shall take all steps within their authority to ensure that such development meets the requirements of this Order. State Agencies engaged in planning programs or programs for the promotion of development shall inform participants in their programs of the existence and location of Special Flood Hazard Areas and of any State or local floodplain requirements in effect in such areas. Such State Agencies shall ensure that proposed development within Special Flood Hazard Areas would meet the requirements of this Order.* [Application for Permit page 29]
6. The proposed location of the facility is in compliance with the Illinois State Agency Historic Resources Preservation Act which requires *all State Agencies in consultation with the Director of Historic Preservation, institute procedures to ensure that State projects consider the preservation and enhancement of both State owned and non-State owned historic resources* (20 ILCS 3420/1). [Application for Permit page 29]

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BACKGROUND OF THE APPLICANT (77 ILAC 1110.520)**

**B) Criterion 1125.320 - Purpose of the Project**

To demonstrate compliance with this criterion the Applicant must document that the project will provide health services that improve the long-term nursing care or well-being of the market area population to be served. The Applicant shall define the planning area or market area, or other, per the applicant's definition.

The purpose of the project is to accommodate all of the patients that could not be admitted because of the lack of an available bed. The market/planning area for this facility is DeKalb County. The Nursing Home is currently a 190-bed facility with all 190-beds dual certified (Medicare and Medicaid certified). Over the past five years these 190-beds have had an averaged utilization of approximately 91%. As stated in the Application for Permit, it is the policy of the Dekalb County Rehab & Nursing Center to admit and treat all residents without regard to race, color, and national origin. [Application for Permit pages 31-39]

TABLE TWO							
DeKalb County Rehab and Nursing Center							
5-Year Utilization							
	2012	2013	2014	2015	2016	Ave	Ave %
Medicare Days	9,311	8,692	7,450	9,568	7,458	8,496	13.5%
Medicaid Days	38,066	32,107	34,521	36,419	33,374	34,897	55.4%
Private Insurance	0	0	0	0	1,810	362	.6%
Private Pay	15,334	22,362	20,562	15,667	22,003	19,186	30.5%
Total Days	62,711	63,161	62,533	61,654	64,645	62,941	100.00%
Occupancy	90.43%	91.08%	90.17%	88.90%	93.22%	90.76%	

**C) Criterion 1125.330 - Alternatives to the Proposed Project**

To demonstrate compliance with this criterion the Applicant must document that the proposed project is the most effective or least costly alternative for meeting the LTC needs of the population to be served by the project.

The Applicant considered two alternatives to the proposed project.

1. Increase the number of beds by more than 18 beds

This alternative was rejected because of the additional capital costs associated with a larger addition, and the inability of current site to appropriately accommodate a larger addition. No capital costs were identified for this alternative as required.

2. Not modernize the additional areas of the facility not directly related to modernization of beds.

This alternative was rejected because the County wanted to continue to provide a contemporary long term care facility. The approximate cost savings of this alternative is \$5 million.

**D) Criterion 1125.530(b) - Service to Planning Area Residents**

To demonstrate compliance with this criterion the Applicant must document the following:

1. Applicants proposing to establish or add beds shall document that the primary purpose of the project will be to provide necessary LTC to the residents of the area in which the proposed project will be physically located (i.e., the planning or geographical service area, as applicable), for each category of service included in the project.
  2. Applicants proposing to add beds to an existing general LTC service shall provide resident/patient origin information for all admissions for the last 12-month period, verifying that at least 50% of admissions were residents of the area. For all other projects, applicants shall document that at least 50% of the projected resident volume will be from residents of the area.
  3. Applicants proposing to expand an existing general LTC service shall submit resident/patient origin information by zip code, based upon the resident's/patient's legal residence (other than an LTC facility).
- 
1. The Applicant stated *"with the signatures provided on the Certification pages of this application, the applicants certify that the primary purpose of DeKalb County Rehab & Nursing Center ("DCRNC") is to serve the residents of DeKalb County, that 50%+ of the patients admitted to DCRNC reside in DeKalb County prior to admission, and that it is fully anticipated that 50%+ of the patients admitted in the future will be DeKalb County residents. During the 12-month period ending November 30, 2017, 92.7% of the patients admitted to DCRNC were DeKalb County residents."* [Application for Permit page 44]
  2. In additional information provided by the Applicant 51.8% of the admissions were from zip code 60115 (DeKalb) and 25.0% were from zip code 60178 (Sycamore), both of which are in DeKalb County.

Based upon the information provided by the Applicant it does appear that the proposed modernization and expansion will provide service to the planning area residents (DeKalb County).

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE TO PLANNING AREA RESIDENTS (77 ILAC 1125.530(b))**

**E) Criterion 1125.550(a) & (b) – Service Demand – Expansion of Long Term Care Service**

To document compliance with this criterion the Applicant must document that the number of beds to be added at an existing facility is necessary to reduce the facility's experienced high occupancy and to meet a projected demand for service. The applicant shall document subsection (a) and either subsection (b) or (c).

**a) Historical Service Demand**

- 1) An average annual occupancy rate that has equaled or exceeded occupancy standards for general LTC, as specified in Section 1125.210(c), for each of the latest two years.
- 2) If prospective residents have been referred to other facilities in order to receive the subject services, the applicant shall provide documentation of the referrals, including completed applications that could not be accepted due to lack of the subject service and documentation from referral sources, with identification of those patients by initials and date.

**b) Projected Referrals**

The applicant shall provide documentation as described in Section 1125.540(d).

- a) As identified in Table Two above the Applicant has averaged over 90% utilization for the past five years as reported to the State Board (2012-2016).
- b) The Applicant stated that between July 1 and November 30, 2017 the facility has denied admission to 172 patients because of the lack of beds. (Application for Permit pages 46-50)

Based upon the historical utilization at the facility and the information provided in the Application for Permit, it appears there is sufficient demand for the expansion and modernization of the facility.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SERVICE DEMAND – EXPANSION OF LONG TERM CARE SERVICE (77 ILAC 1125.550(a) & (b))**

**F) Criterion 1125.590 –Staffing**

To demonstrate compliance with this criterion the Applicant must document that relevant clinical and professional staffing needs for the proposed project were considered and that staffing requirements of licensure, certification and applicable accrediting agencies can be met. In addition, the applicant shall document that necessary staffing is available by providing letters of interest from prospective staff members, completed applications for employment, or a narrative explanation of how the proposed staffing will be achieved.

The Applicant stated “*DeKalb County Rehab & Nursing Center maintains and will continue to maintain staffing levels consistent with or exceeding all applicable licensure standards and Medicare and Medicaid requirements. Qualified staff in all clinical disciplines has historically been and will continue to be recruited through normal recruitment avenues, including word of mouth and placement of advertisements in local professional publications. No unusual difficulties in the recruitment of qualified staff are anticipated as a result of the proposed project.*” A listing of the management of the nursing home has been provided at page 52 of the Application for Permit. A listing of job availability is posted online at <http://dekalbcounty.org/jobopportunities.html>

The proposed project is for the expansion and modernization of an existing long term care facility and it appears that the facility will have sufficient staff should the proposed project be approved.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION STAFFING (77 ILAC 1125.590)**

**G) Criterion 1125.600 - Bed Capacity**

To demonstrate compliance with this criterion the maximum bed capacity of a general LTC facility is 250 beds, unless the applicant documents that a larger facility would provide personalization of patient/resident care and documents provision of quality care based on the experience of the applicant and compliance with IDPH's licensure standards (77 Ill. Adm. Code: Chapter I, Subchapter c (Long-Term Care Facilities)) over a two-year period.

The current facility has a 190 LTC beds and should the proposed project be approved the facility will have 208 LTC beds. The Applicant is below the 250-bed maximum and has successfully addressed this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION BED CAPACITY (77 ILAC 1125.600)**

**H) Criterion 1125.610 – Community Related Functions**

To demonstrate compliance with this criterion the Applicant must document cooperation with and the receipt of the endorsement of community groups in the town or municipality where the facility is or is proposed to be located, such as, but not limited to, social, economic or governmental organizations or other concerned parties or groups. Documentation shall consist of copies of all letters of support from those organizations.

As identified in the Executive Summary the Applicant has provided letters of support from community organizations. It is also reasonable to assume the proposed expansion and modernization has the support of the community as the County Board has approved this project. [See Additional Information provided of Minutes of the County Board]

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION COMMUNITY RELATED FUNCTIONS (77 ILAC 1125.610)**

**I) Criterion 1125.620 - Project Size**

To demonstrate compliance with this criterion the Applicant will 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.

“For new construction, the standards are based on the inclusion of all building components and are expressed in building gross square feet (BGSF). For modernization projects, the standards are based upon interior build-out only and are expressed in departmental gross square feet (DGSF). Spaces to be included in the applicant's determination of square footage shall include all functional areas minimally required for the applicable service areas, by the appropriate rules, required for IDPH licensure and/or federal certification and any additional spaces required by the applicant's operational program.” [Source: Part 1125 Appendix A]

The Applicant is proposing a total of 18-beds in 13,649 GSF of new space and 190-beds in 65,611 GSF in modernized space and 963 GSF of space as it for a total of 80,223 GSF. The State Board Standard is 435 BGSF – 713 GSF.

$$80,223 \text{ GSF} \div 208 \text{ beds} = 386 \text{ GSF per bed}$$

Based upon the above the Applicant has successfully addressed this criterion.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION SIZE OF THE PROJECT (77 ILAC 1125.620)**

<b>TABLE THREE</b>						
<b>Cost Space Schedule</b>						
<b>Reviewable</b>	<b>Costs</b>	<b>Existing</b>	<b>Proposed</b>	<b>New Construction</b>	<b>Modernization</b>	<b>As Is</b>
Skilled Care Units	\$9,346,490	61,659	75,308	13,649	60,696	963
Rehabilitation	\$546,799	4,915	4,915	0	4,915	0
Reviewable	\$9,893,289	66,574	80,223	13,649	65,611	963
<b>Non Reviewable</b>	<b>Costs</b>	<b>Existing</b>	<b>Proposed</b>	<b>New Construction</b>	<b>Modernization</b>	<b>As Is</b>
Resident Storage	\$1,251,914		5,200	5,200		
Administrative	\$984,166	5,823	5,823	0	5,823	
Dietary	\$627,666	4,420	4,420	0	4,420	
General Storage/Maintenance	\$372,153	1,395	1,395	0	1,395	
Beauty Salon/Gift Shop	\$46,942	888	888	0	500	388
Laundry	\$163,883	930	930	0	930	
Staff Areas	\$85,272	698	698	0	698	
Dietary Transportation	\$1,049,499		2,400	2,400	0	
Family/Public Areas	\$1,943,665		3,693	3,693	0	
Canopy	\$416,500		1,920	1,920	0	
Receiving	\$0	750	750	0	0	750
Mechanical	\$0	403	403	0	0	403
Non Reviewable	\$6,941,659	15,307	28,520	13,213	13,766	1,541
<b>Total</b>	<b>\$16,834,948</b>	<b>81,881</b>	<b>108,743</b>	<b>26,862</b>	<b>79,377</b>	<b>2,504</b>

**J) Criterion 1125.650 - Modernization**

To demonstrate compliance with this criterion the Applicant must document that the bed areas to be modernized are deteriorated or functionally obsolete and need to be replaced or modernized due to such factors as, but not limited to:

1. High cost of maintenance;
  2. Non-compliance with licensing or life safety codes;
  3. Changes in standards of care (e.g., private versus multiple bed rooms); or
  4. Additional space for diagnostic or therapeutic purposes.
- d) Projects involving the replacement or modernization of a category of service or facility shall meet or exceed the occupancy standards for the categories of service, as specified in Section 1125.210(c).
1. The Applicant stated the “primary purposes of the renovation components are 1) to incorporate more contemporary design features onto the existing skilled care units, therein reducing the disparity between the existing units and the proposed new unit; and 2) to perform relatively routine renovation needed to any facility over time.” The Nursing Home is currently in compliance with IDPH licensure, life safety and accreditation standards.



2. As stated above the facility has averaged approximately 91% over the past five years (2012-2016). Based upon that utilization it appears the modernization is warranted.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION MODERNIZATION (77 ILAC 1125.650)**

**K) Criterion 1125.630 - Zoning**

To demonstrate compliance with this criterion the Applicant shall document one of the following:

- a) The property to be utilized has been zoned for the type of facility to be developed;
- b) Zoning approval has been received; or
- c) A variance in zoning for the project is to be sought.

The Applicant has attested that *“DeKalb County Rehab & Nursing Center is not currently in violation of any applicable zoning ordinance, nor is it anticipated that the proposed project will be in violation of any applicable zoning ordinance.”* [Application for Permit page 55]

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ZONING (77 ILAC 1125.630)**

**L) Criterion 1125.640 - Assurances**

To demonstrate compliance with this criterion the Applicant representative who signs the CON application shall submit a signed and dated statement attesting to the applicant's understanding that, by the second year of operation after the project completion, the applicant will achieve and maintain the occupancy standards specified in Section 1125.210(c) for each category of service involved in the proposal.

Gary Hanson, County Administrator attested that the *“DeKalb County Rehab & Nursing Center will reach the IHSRB adopted utilization target by the second year following the project's completion, and maintain that level.”* [Application for Permit page 56]

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERION ASSURANCES (77 ILAC 1125.640)**

## VII. FINANCIAL VIABILITY

### A) Criterion 1125.800 – Availability of Funds

### B) Criterion 1125.800 – Financial Viability

To demonstrate compliance with this criterion the Applicants must provide documentation that funds are available to fund the proposed project. and that the Applicant is financially viable.

The Applicant is funding this project with cash in the amount of \$1 million and proceeds of \$15,834,948 from a County of DeKalb bond issue. The Applicant provided evidence of an Aa1 Bond Rating from Moody's Investors Service that stated *"DeKalb County has a very strong credit position, and its Aa1 rating slightly exceeds the median rating of Aa2 for US counties. Key credit factors include a robust financial position, an affordable debt burden and a somewhat inflated pension liability. The credit position also reflects an ample tax base, healthy income levels and low wealth levels."*

Nursing Home Fund December 31, 2016	
Net Patient Service Revenues	\$15,035,852
Other Revenue	\$35,629
Total Revenue	\$15,071,481
Administrative	\$2,553,593
Rehabilitation	\$1,184,429
Social Services	\$244,649
Patient Activities	\$191,705
Dietary	\$1,273,791
Nursing	\$7,619,322
Environmental Services	\$788,215
Maintenance	\$665,932
Capital Improvements	\$293,052
Depreciation	\$593,034
Total Operating Expenses	\$15,407,722
Operating Income	-\$336,241
Investment Income	\$20,491
Loss on disposal of Assets	-\$2,173
Other Income	\$6,755
Interest	-\$15,925
Total Non-Operating	\$9,148
Net Income	-\$327,093
Source: <a href="http://dekalbcounty.org/Financial/Audit/cafrfy16/county.pdf">http://dekalbcounty.org/Financial/Audit/cafrfy16/county.pdf</a>	

Based upon the bond rating it would appear that funds will be available and the Applicant is financially viable. The Applicant has successfully addressed these two criteria.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IN CONFORMANCE WITH CRITERIA AVAILABILITY OF FUNDS AND FINANCIAL VIABILITY (77 ILAC 1125.800)**

**VIII. ECONOMIC FEASIBILITY**

**A) Criterion 1125.800 – Reasonableness of Debt Financing**

**B) Criterion 1125.800 – Terms of Debt Financing**

To demonstrate compliance with this criterion the Applicant must document an A or better bond rating and attest that the borrowing will be at lower net cost available to the Applicant.

The Applicant has documented an “A” or better bond rating at pages 58-62 of the Application for Permit. The Applicant also stated that *“A major portion of the cost associated with the DeKalb County Rehab & Nursing Center's expansion program will be addressed through a bond issuance in the name of the County of DeKalb, and to be secured in the future. Based on a recent issuance secured by the county, it is anticipated that a 20-year term will be sought at a rate of approximately 4.25%. The proposed financing will, it is believed, result in the lowest net cost available for the project.”* [Application for Permit page 63]

Based upon the information provided in the Application for Permit, the terms of the debt financing being proposed by the Applicant appear reasonable when compared to previously approved projects with similar bond ratings.

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERIA REASONABLENESS OF THE DEBT FINANCING AND TERMS OF DEBT FINANCING (77 ILAC 1125.800)**

**C) Criterion 1125.800 - Reasonableness of Project Costs**

To demonstrate compliance with this criterion the Applicant must document that the project costs are reasonable and are in compliance with State Board Standards Section 1125.Appendix B.

The Applicant is proposing 13,649 GSF in reviewable new construction space and 65,611 GSF of reviewable modernized space.

The 2018 RS Means New Construction Standard for long term care facilities in DeKalb County is \$254 per GSF and inflated by 3% to the midpoint of construction (2019) is \$261.62 per GSF. The modernization standard is 70% of \$261.62 or \$183.13 per GSF. Movable Equipment is \$6,491 (2008) per bed and inflated by 3% to the midpoint of construction is \$8,985 per bed.

**TABLE FOUR**  
**Reasonableness of Project Costs <sup>(1)</sup>**

	Project Costs		State Standard		Difference	Met Standard
	Total		Total		Project Costs - State Standard	
Preplanning Costs (2)	\$100,000	1.38%	\$130,253	1.80%	-\$30,253	Yes
Site Survey, Soil Investigation & Site Prep (3)	\$142,000	1.96%	\$323,063	5.00%	-\$181,063	Yes
New Construction Contracts and Contingencies	\$3,275,760	\$240.00 per GSF	\$3,570,851	\$261.62 per GSF	-\$295,091	Yes
Modernization Contracts and Contingencies	\$3,185,500	\$53.94 per GSF	\$12,015,342	\$183.13 per GSF	-\$8,829,842	Yes
Contingencies (4)	\$792,600	12.27%	\$2,354,001	15.00%	-\$1,561,401	Yes
Architectural and Engineering Fees	\$550,000	8.51%	\$668,740	10.35%	-\$118,740	Yes
Movable or Other Equipment	\$775,000	\$3,726 per bed	\$1,868,800	\$8,985 per bed	-\$1,095,880	Yes
Consulting and Other Fees	\$150,000					
Net Interest Expense During Construction	\$815,029			No Standard		
Other Costs to be Capitalized	\$900,000					

- Itemization of Project Costs are at the end of this report.
- Preplanning Costs are 1.8% of the new construction, modernization, contingencies, and movable equipment.
- Site Survey, Soil Investigation, and Site Prep is 5% of the new construction, modernization and contingencies
- Contingencies are allocated for new construction and modernization at \$10.00 per GSF

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS IN CONFORMANCE WITH CRITERION REASONABLENESS OF PROJECT COSTS (77 ILAC 1125.800)**

**D) Criterion 1125.800 - Projected Operating Costs**

To demonstrate compliance with this criterion the Applicant must provide projected operating costs (excluding depreciation and stated in current dollars based on the full-time equivalents (FTEs) and other resource requirements) for the first full fiscal year after project completion or the first full fiscal year when the project achieves or exceeds the average occupancy rate in the market area (or target occupancy), whichever is later, including:

- A) Annual operating costs; and
- B) Annual operating costs change (increase or decrease) attributable to the project.

The Applicant is projecting 68,328 days or an average daily census of 188 individuals by the first full fiscal year when the project achieves target occupancy. The Direct Operating Costs per Patient Day is \$150.96. The Applicant has met the requirements of this criterion.

Staffing Costs	\$10,237,949
Medical Supply Costs	<u>\$76,355</u>
<b>Operating Costs per Patient Day</b>	<b><u>\$150.96</u></b>

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS CONFORMANCE WITH CRITERION DIRECT OPERATING COSTS PER PATIENT DAY (77 ILAC 1125.800)**

**E) Criterion 1125.800 - Projected Capital Costs**

To demonstrate compliance with this criterion the Applicant must provide the annual projected capital costs (depreciation, amortization and interest expense) for:

- A) The first full fiscal year after project completion; or
- B) The first full fiscal year when the project achieves or exceeds the average occupancy rate in the market area (or target occupancy), whichever is later.

The Applicant is projecting 68,328 days or an average daily census of 188 individuals by the first full fiscal year when the project achieves target occupancy. The Applicant has met the requirement of this criterion.

Depreciation and Amortization	\$1,179,892
Interest Expense	<u>\$558,239</u>
Capital Costs per Patient Day	<u><b>\$25.44</b></u>

**STATE BOARD STAFF FINDS THE PROPOSED PROJECT IS CONFORMANCE WITH CRITERION CAPITAL COSTS PER PATIENT DAY (77 ILAC 1125.800)**

<b>TABLE FIVE</b>			
<b>Itemization of Project Costs</b>			
<b>PROJECT COSTS</b>			<b>Total</b>
Pre-Planning			
	Market Analyses	\$65,000	
	Cost Estimating	\$45,000	
	Misc./Other	<u>\$25,000</u>	\$135,000
Site Survey & Soil Investigation			
	Soil Investigation	\$15,000	
	Misc./Other	<u>\$5,000</u>	\$20,000
Site Preparation Landscaping			
		\$60,000	
	Parking/Road & Walk-ways	\$40,000	
	Exterior Lighting/Signage	\$90,000	
	Misc./Other	<u>\$20,000</u>	\$210,000
New Construction			\$7,937,220
Modernization			\$3,056,860
Contingencies			
	New Construction-Related	\$268,620	
	Renovation-Related	\$793,770	\$1,062,390
Architectural and Engineering Fees			
	Preliminary Renderings	\$20,000	
	Design	\$560,000	
	Engineering	\$70,000	
	Reg. Agency Interaction	\$10,000	
	Project Monitoring	\$10,000	
	Reimbursable	\$15,000	
	Misc./Other	<u>\$50,000</u>	\$735,000
Consulting and Other Fees			
	Legal	\$10,000	
	CON-Related	\$75,000	
	Reg. Approvals, other	\$10,000	
	Local Permitting	\$5,000	
	Interior Design	\$30,000	
	Insurance	\$30,000	
	Commissioning	\$20,000	
	Equipment Planning	\$20,000	
	Misc	<u>\$50,000</u>	
			\$250,000
Movable Equipment			
	Skilled Nursing Unit New	\$117,000	
	Skilled Nursing Unit Existing	\$458,000	
	Rehabilitation	\$200,000	
	Administration	\$70,000	
	Dietary	\$200,000	
	Other	<u>\$67,000</u>	
			\$1,112,000
Other Costs to be Capitalized			
	Bond Issuance	\$150,000	
	Generator Upgrades	\$625,000	
	Other Upgrades	<u>\$425,000</u>	
			\$1,200,000

