



## STATE OF ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

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<b>ITEM NUMBER:</b> D-02	<b>BOARD MEETING:</b> August 2, 2016	<b>PROJECT NUMBER:</b> 14-022
<b>PERMIT HOLDERS(S):</b> Asbury Court Nursing and Rehabilitation, LLC		
<b>FACILITY NAME and LOCATION:</b> Asbury Nursing and Rehabilitation, Des Plaines		

**DESCRIPTION:** The permit holder Asbury Court Nursing and Rehabilitation, LLC is requesting the First Alteration to Permit #14-022.

**77 IAC 1130.750 – Alteration of Post Permit Projects** 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. **All alterations** are required to be reported to the State Board before any alteration is executed. Project alterations shall not increase the total approved permit amount by more than the limit (7%) set forth under the Board's rules.

**STATE BOARD STAFF REPORT  
ALTERATION TO PERMIT  
PERMIT #14-022**

**I. Permit #14-013 - Project Description:**

In August 2014 the permit holder was approved to establish a seventy-one bed long term care facility in Des Plaines, Illinois at a cost of \$7,212,934. The anticipated completion date is July 31, 2017.

**II. Alteration Request:**

On July 7, 2016 the permit holder submitted a permit alteration request for Permit #14-022. The permit holder is requesting to increase the cost of the project from \$7,212,934 to \$7,717,839 or \$504,905 a 7% increase. The scope of the project and the gross square footage is not changing as a result of this alteration. The increase in the costs will be funded from cash.

The permit holder states the reason for the increase in the permit amount is the increase in the new construction cost for the long term care facility.

**III. Project Costs and Sources of Funds**

The source of funds is a combination of cash and securities (\$1,947,492), and a mortgage (\$5,770,347). The project cost listed below contains both reviewable and non reviewable considerations, and are explained further in Table One.

**TABLE ONE**

**Project Costs and Sources of Funds**

<b>USE OF FUNDS</b>	<b>Approved Permit Amount</b>			<b>First Alteration</b>			<b>Difference</b>		
	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>
Pre planning Costs	\$27,482	\$12,118	\$39,600	\$27,482	\$12,118	\$39,600			
Site Survey and Soil Investigation	\$10,688	\$4,712	\$15,400	\$10,688	\$4,712	\$15,400			
Site Preparation	\$21,375	\$9,425	\$30,800	\$21,375	\$9,425	\$30,800			
Off Site Work	\$68,706	\$30,294	\$99,000	\$68,706	\$30,294	\$99,000			
New Construction Contracts	\$3,589,791	\$1,582,818	\$5,172,609	\$3,942,761	\$1,734,753	\$5,677,514	\$352,970	\$151,935	\$504,905
Modernization Contracts	\$171,381	\$75,566	\$246,947	\$171,381	\$75,566	\$246,947			
Contingencies	\$188,059	\$82,919	\$270,978	\$188,059	\$82,919	\$270,978			
Architectural/ Engineering Fees	\$359,631	\$158,569	\$518,200	\$359,631	\$158,569	\$518,200			
Consulting and Other Fees	\$179,399	\$79,101	\$258,500	\$179,399	\$79,101	\$258,500			
Movable or Other Equipment	\$389,265	\$171,635	\$560,900	\$389,265	\$171,635	\$560,900			
<b>TOTAL USES OF FUNDS</b>	<b>\$5,005,777</b>	<b>\$2,207,157</b>	<b>\$7,212,934</b>	<b>\$5,358,747</b>	<b>\$2,359,092</b>	<b>\$7,717,839</b>	<b>\$352,970</b>	<b>\$151,935</b>	<b>\$504,905</b>
<b>SOURCE OF FUNDS</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>	<b>Reviewable</b>	<b>Non Reviewable</b>	<b>Total</b>
Cash and Securities	\$1,001,156	\$441,431	\$1,442,587	\$1,354,126	\$593,366	\$1,947,492	\$352,970	\$151,935	\$504,905
Mortgages	\$4,004,621	\$1,765,726	\$5,770,347	\$4,004,621	\$1,765,726	\$5,770,347			
<b>TOTAL SOURCES OF FUNDS</b>	<b>\$5,005,776</b>	<b>\$2,207,158</b>	<b>\$7,212,934</b>	<b>\$5,358,747</b>	<b>\$2,359,092</b>	<b>\$7,717,839</b>	<b>\$352,970</b>	<b>\$151,935</b>	<b>\$504,905</b>

#### **IV. Summary of Findings**

A. The State Board Staff finds the proposed alteration appears to be in conformance with the provisions of Part 1110.

B. The State Board Staff finds the proposed alteration **DOES NOT** appear to be in conformance with the provisions of Part 1120.

#### **V. Original State Board Staff Findings Affected By the Proposed Second Alteration Request**

- 77 IAC 1120.140 (c) – Reasonableness of Project Costs

#### **VI. ECONOMIC FEASIBILITY**

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

**The permit holder must document that the altered project costs are reasonable and do not exceed the approved permit amount.**

As can be seen from the Table below the proposed altered new construction and contingency costs exceeds the approved State Board Standard. The approved State Board Standard for this permit is \$228.68 per GSF for new construction and contingencies by approximately \$20.00 per GSF. The remaining costs in which the State Board has standards are within the approved State Board standards.

The approved State Board Standards for Contingencies are 5.20% of new construction or \$214,803, A & E Fees are 9.50% of new construction and contingencies or \$392,428, and movable equipment is \$5,260 per bed.

The State Board does not have standards for consulting fees, and offsite work. Modernization costs were listed as a reviewable cost in the original permit amount; however no reviewable gross square footage was identified by the permit holder to be modernized at the time of permit approval.

TABLE TWO				
Approved Permit Amount and Altered Permit Amount				
Uses of Funds	Approved Permit		First Alteration	
	Reviewable	Approved State Board Standard	Reviewable	
Pre-planning Costs	\$27,482	1.00%	\$27,482	1.00%
Site Survey Soil Investigation and Site Preparation	\$32,063	1.00%	\$32,063	1.00%
New Construction Contracts	\$3,589,791	} \$228.68 5.20%	\$3,942,761	} \$248.45 4.76%
Contingencies	\$188,059		\$188,059	
A&E Fees	\$359,631	9.50%	\$359,631	8.70%
Movable Equipment	\$389,265	\$5,260/Bed	\$389,265	\$5,260/Bed
Consulting Fees	\$179,399	NA	\$179,399	NA
Off Site Work	\$68,706	NA	\$68,706	NA
Modernization Contracts	\$171,381	NA	\$171,381	NA
Total	\$5,005,777		\$5,358,747	
1. Preplanning costs are 1.8% of new construction, contingencies and movable equipment. 2. Site Survey Soil Investigation and Site Preparation 5% of new construction and contingencies				

**THE STATE BOARD STAFF FINDS THE PROPOSED ALTERATION IS NOT IN CONFORMANCE WITH THE REASONABLENESS OF PROJECT COSTS CRITERION (77 IAC 1120.140 (c)).**