

July 31, 2017

Ms. Nora Mann, Esq.
Director, Determination of Need Program
Department of Public Health
250 Washington Street, 6th Floor
Boston, Massachusetts 02108

Re: Webster Park Operator, LLC
d/b/a Webster Park Rehabilitation & Healthcare Center
Project # 5-1302
Request for Final Cost & Minor Change

Dear Ms. Mann:

We write on behalf of Webster Park Operator, LLC, (the "Applicant"), the holder of approved and in process Determination of Need ("DoN") Project #5-1302 ("Project"). The facility has begun the implementation of this DoN and as a result of the more detailed planning related to the implementation; it determined that the original and amended approvals require certain modifications prior to full implementation. As a result, the Applicant hereby respectfully requests a minor change to its DoN authorization pursuant to 105 C.M.R. §100.635(A)(2). We offer the following comments in support of the Applicant's request for this minor amendment and final cost submission to its DoN approval.

I. Background

On September 26, 1995, the Department approved with conditions DoN Project Number 5-1302 to construct a 3-story addition and renovations to the existing 110 Level II bed nursing facility located at 54 Webster Street in Rockland. The approved project scope encompassed 12,590 gross square feet ("GSF") which included 5,222 GSF of renovations, 3,288 GSF of new construction associated with the replacement of 12 beds, and 4,080 GSF associated with a one-time increase of 10 DoN-exempt beds. The approved MCE for this project was \$1,000,788 (May 1994 dollars) and did not include the costs related to the construction and financing of the one time bed expansion. The requested amount including the exempt beds was \$1,539,974 (May 1994 dollars).

On November 22, 1996, the Department approved a request to transfer the approved but not yet implemented DoN to Coyne Management, LLC. The requested scope changes include the following:

- Increase project gross square footage from 12,590 total GSF (7,368 new, 5,222 renovation) to 31,163 total GSF (11,445 new, 19,718 renovation);
- Increase project MCE by \$1,180,026 or 38.75% above inflation-adjusted DoN-approved MCE;
- New construction will accommodate 15 beds (3 replacement and 12 DoN exempt beds);
- Increase additional DoN-exempt beds from 10 to 12 and an increase in bed complement from 120 to 122 Level II beds. A substantial portion of the increase in project scope results from the requirement that construction encompassing 30% or more of the value of a facility becomes subject to the

accessibility regulations of the Massachusetts Architectural Access Board (521 CMR). According, renovations to building systems such as plumbing, fire alarm, and elevator are now required to meet the regulatory changes adopted in July 2006 regarding accessibility for persons with disabilities.

On November 6, 2013, the Department approved with conditions an increase in gross square footage in excess of 15% of the approved space, an inflation adjustment and a corresponding increase in the maximum capital expenditure ("MCE").

- The amended MCE of the project, including costs associated with 12 DoN-exempt beds shall be increased to \$4,224,868 (August 2013 dollars).
- The total approved GSF of construction for this project shall be 31,163 GSF (11,445 new construction, 19,718 renovation) which includes the space for 12 DoN exempt beds.
- All other conditions attached to the original project shall remain in effect.

On December 30, 2013, the Department approved a request to transfer the approved but not yet implemented DoN to Webster Park Operator, LLC. No additional scope changes were requested with this transfer of ownership request. All conditions attached to the project remain in effect.

On May 12, 2017, the Department approved with conditions new construction and renovations of a long-term facility located at 54 Webster Street, Rockland.

See **Attachment I** for all Department approvals

II. Unforeseen Circumstances

The previously anticipated completion date for the New Addition and sequentially staged renovations in the Existing Building was May 20, 2017. While substantial completion was achieved by this date, final Certificate of Occupancy was officially received by the Town of Rockland on June 29, 2017.

Per the attached and our request here in, the following is a summary of the unforeseen circumstances beyond previously listed, scope and monetary impacts that forced an additional budget increase and further prolongation of the anticipated completion of the work.

For clarification, the following statements refer to the Phases depicted on Drawing T-2. As of June 29, 2017:

- Phase I is completed and has received final approval from the Town of Rockland
- Phase II is completed and has received final approval from the Town of Rockland
- Phase III, with the exception of the addition of a new corridor wall, removal of the existing toilet room, addition of the double doors to the exterior and addition of 2 storage rooms all within the space adjacent to the existing Mechanical Room did not need local approval as this work was cosmetic in scope only. Work will commence on exceptions listed once final approval from DPH is granted.

- Phase IV, with the exception of the 6 patient rooms scheduled to receive new ADA toilet rooms, is completed and has received final approval from the Town of Rockland. Work will commence on exception listed once approval from DPH is granted.

All work completed in the phasing listed above has been performed with minimal inconvenience and maximum safety to patients. In addition, the work has been performed in accordance to all local building and life safety requirements as well as those required by the Massachusetts Department of Public Health with minor exceptions. As of this writing, those exceptions are being addressed by the Plan of Correction and are anticipated to be complete by August 7, 2017 or sooner.

Unforeseen circumstances beyond previously listed, scope and monetary impacts that forced an additional budget increase and further prolongation of the anticipated completion of the work is attributed as follows:

The existing sewer main that services the building comes in from Webster Street under the existing parking lot into the building through the Activity Room (shown on T-2, plan South West corner) turns and runs down the center of the existing corridor into the Phase II area of work and continues. This main line burst in the existing building and soiled the newly renovated and completed patient rooms in the Phase II portion of the work. The failed section of the sewer line had to be removed and replaced with new connections to the existing building. The previously completed patient rooms had to be remediated and then completely renovated again. In addition to the remediation and re-renovation of the patient rooms, additional remediation was required of the existing corridor, the newly renovated Dining Room, Administration Office and Activity Room. This failure of an existing sewer line in the existing building caused additional time to rectify the situation and additional funding in re-renovating rooms previously completed.

The replacement of the existing sewer line required a portion of the existing parking lot to be removed. Because of this and the poor condition of the remaining existing parking lot, it was deemed necessary and in the building, patient and visitor's best interest to repair and repave the entire existing parking lot. While this work was performed independently from the original contracted work and had no impact on timing, it required additional funding.

As previously listed - Land Acquisition – the original DoN had no allowance for land acquisition. The Applicant became aware of property across the street from the facility became available for purchase. The facility is in need of additional parking for visitors and employees and felt this was the best option presented to them. Purchase price of the property was approximately \$146,000. After purchase, the building had to be leveled due to the poor structural condition it was in. While this work was performed independently from the original contracted work and had no impact on timing, it required additional funding.

As existing ceilings were exposed for reconstruction, numerous leaks were evident from the existing roof. Major repairs and full replacement of sections to the existing roof were made causing delays in the reconstruction as well as requiring additional funding.

The majority of the project included new services, however, a portion of the work required newly renovated sections to pull services from the existing building. These services included electrical, mechanical, plumbing and life safety.

While these existing services were reviewed and capacity verified by engineers prior to designing, once the draw required to supply the newly renovated spaces was placed on these systems, it was found that these systems were not functioning properly. Additional time and costs were incurred to rectify these issues.

See **Attachment II** for a copy of the plan T-2, referenced above.

III. Inflation Adjustment

The Holder is requesting inflation to the date of this request.

A detailed listing of the inflation adjusted costs of the Project is provided. See **Attachment III** for the inflation adjustment which results in an increase of the MCE of \$7,371,839 to \$7,407,962 based on a 1.0049 inflation multiplier.

IV. Changes to the Approved MCE

The holder is requesting a final cost and minor change amendment from the inflation adjusted amount of \$7,407,962 to \$7,929,592, the requested changes in the MCE are attributable to unforeseen circumstances due to the existing sewer main that services the building burst in the existing building and soiled the newly renovated and completed patient rooms in the Phase II portion of the work. Also, an existing ceiling was exposed for reconstruction, numerous leaks were evident from the existing roof. Major repairs and full replacement of sections to the existing roof were made causing delays in the reconstruction as well as requiring additional funding. The outcomes of the upgrades are improvement to the resident's quality of life and personal safety, a more efficient and economical building and many operational efficiencies.

The primary unforeseen increase in costs is related to three line items in the MCE; land acquisition, construction and renovation costs, and architectural costs.

1. Land Cost – after purchasing the land across the street for parking additional work needed to be done which included demolition of the structure on the existing property.
2. Construction costs for new construction increased from the inflated cost of \$2,477,079 to \$2,566,528 and the renovation cost increased from \$3,994,643 to \$4,421,024. The increase in cost was due to many different variables; scope of work changed from original construction quote, many change orders relating to unforeseen problems such as contaminated soil, corroded pipes and asbestos to cite a few issues, and the need to replace the roof. These changes were not part of the original scope of work and therefore were not included in the original or amended MCE. Moreover, the new amount requested is based on actual costs as opposed to estimates of future costs that were made when the DoN was prepared.
3. The architectural costs are in excess of the amount projected in the DoN. The costs have increased from the inflated projected level of \$389,073 to what is now an actual cost of \$417,238. This is an increase of \$28,165; however, these costs remain less than the 6.0% of construction costs.

Much of the overage in architectural costs was related to the numerous design changes required because of the problems with the underground storage tank issues and regulatory required changes mandated by the Fire Department around the installation of Medical Gas System, smoke detector issues and issues surrounding the fire annunciator panel.

See **Attachment IV** for a detailed listing of the adjusted costs of the project reflecting inflation.

See **Attachment V** for the revised Form 4.

V. Patient Panel

Webster Park continues to strive to be a leader and at the forefront of Healthcare Reform; lowering the cost alternatives of care, reduced length of stay in hospitals, changes to the LTACH criteria, and the management of total medical costs all demonstrate that the post-acute setting is the venue where recovery now occurs. This new addition and renovation, and the investment of clinical and rehabilitation equipment will compliment and support their goals for the future.

In addition, Webster Park continues to be a preferred provider for Southshore Hospital's Model 2 Bundled Payment Program. They are also participating in their own Model 3 Bundled Payment program with CMS.

Webster Park was recently added to the Partner's Preferred Provider list. This continues to demonstrate the position they strive to achieve and maintain in the post-acute environment for their community.

The Holder believes that the proposed change will not have a negative cost implication to the facility, or its patient panel. The Holder does not expect that the needs, the care delivery or the payer mix of its current patient panel will change over time except for those seeking care in the new pulmonary unit.

VI. Request for a Minor Change & Final Cost

In accordance with the provisions of 105 C.M.R. § 100.635(A)(2), the Applicant respectfully requests that the Department approve a minor change to its DoN authorization. This approval will permit the Holder to address and complete the critical need for renovation of this facility's aged physical plant. Moreover, upon completion of the Project, the construction and renovation will increase the Holder's operating efficiency and resident safety and improve nursing unit size and efficiency. The implementation of the proposed full renovation of this Facility will assure the Applicant's long term ability to serve Rockland, Massachusetts and the surrounding communities.

Specifically, the Applicant requests minor change amendment approval for an increase over the inflated amount to an MCE of \$7,929,593 (July 2017 dollars), an inflation increase of .49% from the previously amended MCE of \$7,371,8839 (December 2016 dollars) to inflated MCE of \$7,407,962 (July 2017 dollars). In compliance with the regulations applicable to significant changes, 105 C.M.R. §100.635(A)(2), the Applicant states the following:

1. The original request is being submitted to the DoN Program Director electronically. A copy of the request is also being filed with the Southeast Regional Health Office, the Executive Office of Elder Affairs, Department of Public Health Plan Review, Department of Public Health Licensure, and the Center for Health Information and Analysis. In accordance with 105 C.M.R. § 100.635(A)(2), this request contains a narrative comparison of the approved project and the proposed changes and the rationale for the proposed changes.

The Department's approval of this request will be consistent with the DoN Program's mandate to ensure satisfactory access to quality health care at reasonable costs. The Webster Park facility needs repairs and renovations to continue to meet the needs of the current and future residents it serves. To that end, we respectfully request that you approve this request, which has been submitted in conformance with 105 C.M.R. §§ 100.635(A)(2) of the Department's DoN Regulations.

We thank you for your consideration of this request. Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



Mark Cummings, CPA
Principal
617-984-8188
mark.cummings@claconnect.com

Enclosures: Attachments I, II, III, IV, V

Cc:

Marquis Health Services, Norman Rokeach, nrokeach@mhspl.com
EOEA, Alice Bonner, alice.bonner@state.ma.us
HCFLC, Stephen Davis, stephen.davis@state.ma.us
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MassHealth, Thomas Lane, thomas.lane@state.ma.us
AGO, HCD-DON-Filings@state.ma.us
HPC, Kate Mills, kate.mills@state.ma.us
Southeast Regional Health Office

ATTACHMENTS



The Commonwealth of Massachusetts

Executive Office of Health and Human Services Department of Public Health Determination of Need Program

150 Tremont Street

Boston, Mass. 02111

(617) 727-8825

David H. Mulligan
Commissioner

*Expires 1/1/2007.
Client plans on implementing
& continues to review.*

September 26, 1995

CERTIFIED MAIL

RETURN RECEIPT REQUESTED

NOTICE OF DETERMINATION OF NEED PROJECT NUMBER 5-1302

Del Manor Nursing Home
(Renovations to the Existing 110-Bed Level II
Facility and New Construction to Replace 12
Level II Beds and Add 10 DoN Exempt Beds).

Mr. Edmond Del Prete
Del Manor Nursing Home, Inc.
54 Webster Street
Rockland, MA 02370

Dear Mr. Del Prete:

This is to notify you that pursuant to M.G. L. c.111, s.25C and the Regulations adopted thereunder, including the provisions of 105 CMR 100.504, I hereby approve in part with conditions the application filed by Del Manor Nursing Home, Inc. for a Determination of Need. The application, as approved, provides for renovations to the existing 110 Level II bed facility located at 54 Webster St., Rockland, MA, and new construction of a three-story addition to the existing facility to add an activity room and sitting room on the first floor and 12 replacement beds on the second floor. In addition, Staff notes that the applicant will be making use of a one-time expansion of 10 Level II beds available under 105 CMR 100.020, definitions of Expansion and Substantial Change in Services of the DoN Regulations, for a total of 120 Level II beds. This Notice of Determination of Need incorporates by reference the attached Staff Summary.

The total approved gross square footage (GSF) associated with the project is 12,590 which includes 5,222 GSF for renovations to the existing 110 bed facility (which, after renovations, will contain 98 beds) and 3,288 GSF in new construction to replace 12 Level II beds. The applicant may construct at its own risk the requested additional 4,080 GSF for the 10 bed expansion.

The maximum capital expenditure approved for the project is \$1,000,788 (May 1994 dollars), itemized as follows:

<u>Construction Costs</u>	
Land Development	\$ 100,000
Construction Contract	
Architectural and Engineering Costs	\
Site & Soil Investigation	> 700,274
Equipment not in Contract	./
Major Movable Equipment	39,000
Pre-filing Planning and Develop Costs	53,000
Total Construction Costs	892,274
<u>Financing Costs</u>	
Net Interest Expense during Construction	49,075
Costs of Securing Financing	59,439
Total Financing Costs	108,514
Total Maximum Capital Expenditure	\$1,000,788

The project will be financed through Federal Housing Administration Mortgage at an estimated interest rate of 8% for a 40-year term. The applicant has not proposed an equity contribution toward the project since, consistent with the Determination of Need Guidelines, it is assumed that the applicant already has equity in the existing facility.

The estimated first year incremental costs are \$60,725 (May 1994 dollars), itemized as follows:

Salaries, Wages and Fringe Benefits	\$(50,467)
Purchase of Services	(28,999)
Supplies and Other Expenses	24,323
Depreciation	26,206
Interest	89,662
Total Operating Expenses	\$ 60,725

All operating costs are subject to review and approval by the Rate Setting Commission and third party payors according to their policies and procedures.

The reasons for this approval with conditions are as follows:

1. Del Manor Nursing Home, Inc. proposes to renovate the existing 110 level II bed facility and construct a three-story addition to replace 12 Level II beds and add 10 Level II beds available under 105 CMR 100.020 definitions of Expansion and Substantial Changes in Services of the DoN Regulations, for a total of 120 Level II beds.
2. The Department found the health planning process to be satisfactory.
3. The Department found that consistent with the Determination of Need Guidelines for Nursing Facility Replacement and Renovation (Guidelines), the applicant has demonstrated need for renovation and expansion of the existing facility as discussed under the health care requirements section of the Staff Summary.
- ~~4. The Department found that the project, with adherence to certain conditions, met the operational objectives of the Guidelines.~~
5. The Department found that the project met the standards compliance factor of the Guidelines.
6. The Department found the recommended maximum capital expenditure of \$1,000,788 (May 1994 dollars) reasonable.
7. The Department found the recommended incremental operating costs of \$60,725 (May 1994 dollars) reasonable based on similar, previously approved projects. All operating costs are subject to review by the Rate Setting Commission and third party payors according to their policies and procedures.
8. The Department found the project financially feasible and within the financial capability of the applicant.
9. The Department found that the project met the relative merit requirements of the Guidelines.
10. The Executive Office of Elder Affairs did not comment on the application.
11. The Rate Setting Commission submitted comments related to reimbursement aspects of the project (Attachment 1).
12. The project is exempt from the community initiatives requirement.

This Determination is effective upon receipt of this Notice. The Determination is subject to the conditions set forth in Determination of Need Regulation 105 CMR 100.551, including sections 100.551 (C) and (D) which read in part:

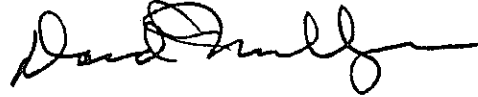
- (C) . . . such determination shall be valid authorization only for the project for which made and only for the total capital expenditure approved.
- (D) The determination . . . shall be valid authorization for three (3) years. If substantial and continuing progress toward completion is not made during the three (3) year authorization period, the authorization shall expire if not extended by the Department for good cause shown (see 105 CMR 100.756) . . . Within the period of authorization, the holder shall make a substantial and continuing progress toward completion; however, no construction may begin until the holder has received final plan approval in writing from the Division of Health Care Quality.

This Determination is subject to the following conditions, in addition to the terms and conditions set forth in 105 CMR 100.551. Failure of the applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

1. The applicant shall accept the maximum capital expenditure of \$1,000,788 (May 1994 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 752.
2. The applicant shall, prior to construction, sign a formal affiliation agreement with at least one local acute care hospital and one local home care corporation that include provisions for respite care services.
3. The applicant shall not commence construction as proposed without first obtaining waivers from the Division of Health Care Quality for two proposed units of 60 Level II beds, which is above the 41-bed limit allowed by the Guidelines.
4. The applicant shall establish a plan to protect the privacy, health and safety of the residents during the renovation and construction process, and to ensure that they experience as little disruption as possible to their daily routines.
5. The applicant shall obtain Medicare certification for the Level II beds.
6. The approved gross square feet (GSF) for this project shall be 12,590 which includes 5,222 GSF for renovations to the existing 110 bed facility (which, after renovation, will contain 98 beds), 3,288 GSF in new construction to replace 12 Level II beds, and 4,080 GSF in new construction which the applicant may construct at its own risk for a one-time expansion of 10 beds.

7. Upon implementation of the project, any assets such as land improvements, or equipment which are either destroyed or no longer used for patient care, shall not be claimed for reimbursement for public aided patients.

Sincerely,



David H. Mulligan
Commissioner

DHM/PT/pt

cc: Fred Beebe, Rate Setting Commission
Jean Pontikas, Division of Health Care Quality
Elizabeth Green, Division of Medical Assistance
Mary McKenna, Executive Office of Elder Affairs
Decision Letter File
Public File, 5-1302
MIS
Peter Tedesco, Consultant Analyst

**STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE COMMISSIONER OF PUBLIC HEALTH
(DELEGATED REVIEW PROCESS)
AUGUST, 1995**

APPLICANT: Del Manor Nursing Home, Inc. PROGRAM ANALYST: Peter Tedesco
54 Webster Street
Rockland, MA

LOCATION: 54 Webster Street REGION: V
Rockland, MA

DATE OF APPLICATION: May 1, 1994 PROJECT NUMBER: 5-1302

PROJECT DESCRIPTION: Renovate Del Manor Nursing Home of Rockland, a 110-bed Level II facility located at 54 Webster Street, Rockland, MA and construct a three-story addition to the existing facility to replace 12 Level II beds and add 10 Level II DoN exempt beds, a new sitting room and new activity room.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE:

Requested: \$1,539,974 (May 1994 dollars)

Recommended: \$1,000,788 (May 1994 dollars)

ESTIMATED FIRST YEAR INCREMENTAL OPERATING COST:

Requested: \$117,001 (May 1994 dollars)

Recommended: \$60,725 (May 1994 dollars)

LEGAL STATUS: A regular application for substantial capital expenditure pursuant to M.G.L. c.111, s.25C and the Regulations adopted thereunder.

ENVIRONMENTAL STATUS: No environmental notification form or environmental impact report is required to be submitted for this project since it is exempt under 301 Code of Massachusetts Regulations 10.32 (3), promulgated by the Executive Office of Environmental Affairs pursuant to Massachusetts General Laws, Chapter 30, Sections 61-62H. This exemption has the effect of a determination that the project will cause no significant damage to the environment.

COMPARABLE APPLICANTS: None

COMMENTS BY RATE SETTING COMMISSION: The Rate Setting Commission submitted comments related to reimbursement aspects of the project (Attachment 1).

COMMENTS BY EXECUTIVE OFFICE OF ELDER AFFAIRS: None submitted

COMMENTS BY THE DIVISION OF MEDICAL ASSISTANCE: None submitted

TEN TAXPAYER GROUPS: None formed

RECOMMENDATION: Approval in part with conditions

I. BACKGROUND AND PROJECT DESCRIPTION

Del Manor Nursing Home, Inc. filed a DoN application for renovations to the Del Manor Nursing Home, a 110 Level II bed facility located at 54 Webster Street, Rockland, MA, and the construction of a three-story addition to replace 12 Level II beds, add a new activity room and sitting room on the first floor, and a one-time expansion of 10 Level II beds available under 105 CMR 100.020, definitions of Expansion and Substantial Change in Services of the DoN regulations, for a total of 120 Level II beds. Edmund, Dominic, Anthony and Frank Del Prete are equal stockholders in the corporation and, according to the application, Edmund Del Prete has a financial interest in the North River Nursing Home in Pembroke, MA.

II. STAFF ANALYSIS AND FINDINGS

A. Health Planning Process

The applicant consulted with:

Appropriate state agencies

☒ Yes ☐ No

Area providers

☒ Yes ☐ No

Staff finds that the applicant has engaged in a satisfactory health planning process.

B. Health Care Requirements

1. Substantial Renovation

The proposed project meets the Health Care Requirements review factors of the Guidelines as follows:

Repairs, replacements and improvements include one or more of the following major building components: roof structure; ceiling; wall or floor structures; foundations; plumbing systems; heating, ventilation and air conditioning (HVAC) systems; and electrical systems.

☒ Yes ☐ No

The repairs, replacements, improvements and major movable equipment must include work necessary to meet current State and local standards as well as pertain to elements that are peculiar to residential health care facilities (e.g., nursing stations including call systems, utility and staff work areas, and other related components).

☒ Yes ☐ No

The additions are being built as part of the existing facility which requires substantial rehabilitation as defined above.

☒ Yes ☐ No

2. Bed Replacement

The proposed project meets the Health Care Requirements review factors of the Guidelines as follows:

One-time 12-bed expansion exemption. ☒ Yes ☐ No

One-for-one replacement of existing beds to be located in the same service area within 25 miles of the original site. ☒ Yes ☐ No

The existing facility is at least 25 years old (facility is 26 years old and of masonry construction) ☒ Yes ☐ No

Operating inefficiencies in the existing facility are documented. ☒ Yes ☐ No

Existing facility deficiencies that negatively impact resident/staff health or safety and impose restrictions on resident quality of life and care are documented. ☒ Yes ☐ No

In support of its application, the applicant states that the deficiencies of the existing facility, including non-compliance with Americans with Disabilities Act (ADA) regulations, lack of adequate HVAC system, substandard fire alarm and electrical systems, and substandard elevators has led to high maintenance and repair costs as well as many existing code violations and/or deficiencies.

Staff finds need for renovation of the existing 110 Level II bed facility, and new construction to replace 12 of the 110 Level II beds, consistent with the Determination of Need Guidelines for Nursing Facility Replacement and Renovation (Guidelines).

C. Operational Objectives

The proposed project meets the requirements of the Guidelines with regard to:

One-time 12-bed expansion exemption (The applicant is proposing to add 10 DoN exempt beds). ☒ Yes ☐ No

Affiliation agreements with local acute care hospitals and homecare corporations. ☒ Yes ☐ No

Proposed size of units will be above the 41-bed limit. ☒ Yes ☐ No

Medicare access will be assured through Medicare Certification. ☒ Yes ☐ No

Affiliation agreements will provide for respite services. ☐ Yes ☒ No

Staff finds that, with adherence to certain conditions, the project meets the operational objectives requirements of the Guidelines. These conditions include obtaining formal affiliation agreements with at least one local acute care hospital and one local homecare corporation that address provision of respite services; obtaining waivers from the Division of Health Care Quality (DHCQ) for two units above the 41-bed limit, actually two 60-bed units; and obtaining Medicare certification for the proposed Level II beds.

D. Standards Compliance

The proposed project meets the requirements of the Guidelines with regard to the following:

The applicant is suitable for licensure. ☒ Yes ☐ No

Gross Square Footage (GSF) meets minimum licensure standards. ☒ Yes ☐ No

Project will comply with Americans with Disabilities Act (ADA). ☒ Yes ☐ No

The total GSF proposed is 12,590, which includes 5,222 GSF for renovations to the existing 110-bed facility (which, after renovation, will contain 98 beds) and 7,368 GSF in new construction to replace 12 Level II beds and add 10 Level II DoN exempt beds. Of the 7,368 GSF of new construction, Staff recommends approval of 3,288 GSF for the replacement of the 12 beds and the applicant, at its own risk, may construct 4,080 GSF for the 10 DoN exempt beds.

Staff finds the project meets the standard compliance requirements of the Guidelines.

E. Financial Analysis

1. Reasonableness of Capital Expenditure

The requested capital expenditure (MCE) for the proposed project is \$1,539,974 (May 1994 dollars). The recommended MCE is \$1,000,788 (May 1994 dollars). The difference is attributable to the deletion of renovation costs in excess of the allowable renovation costs per Marshall & Swift and costs related to construction and financing of the one-time 10 bed expansion. The requested and recommended MCE are itemized as follows:

<u>Construction Costs</u>	<u>Requested</u>	<u>Recommended</u>
Land Development	\$ 100,000	\$ 100,000
Construction Contract		
Architectural and Engineering Costs \		
Site and Soil Investigation >	1,199,715	700,274
Fixed Equipment not in Contract /		
Major Movable Equipment	39,000	39,000
Pre- & Post- Planning & Development	<u>54,000</u>	<u>53,000</u>
Total Construction Costs	1,392,715	892,274
<u>Financing Costs</u>		
Net Interest Expense during Construction	66,936	49,075
Costs of Securing Financing	<u>80,323</u>	<u>59,439</u>
Total Financing Costs	147,259	108,514
Total Maximum Capital Expenditure	\$ 1,539,974	\$ 1,000,788

Staff finds the recommended MCE reasonable when compared to similar, previously approved projects.

2. Reasonableness of Incremental Operating Costs

The applicant has requested \$117,001 in incremental operating costs for the project's first year of operation. The recommended incremental operating costs of \$60,725 include recalculated depreciation and interest expenses related to the decrease in MCE, discussed above. In addition, Staff also disallowed the operating expenses of the 10 DoN exempt beds. The requested and recommended incremental operating costs for the project's first full year of operation, FY 1995, are itemized as follows:

	<u>Requested</u>	<u>Recommended</u>
Salaries, Wages, Fringe	\$(50,467)	\$(50,467)
Purchased Services	(28,999)	(28,999)
Supplies and Other Expenses	24,343	24,323
Depreciation	39,416	26,206
Interest	<u>132,708</u>	<u>89,662</u>
Total Operating Expenses	\$117,001	\$60,725

It is recommended that the applicant contact the Rate Setting Commission to determine the estimated operating costs that will be used in the rate determination process. All operating costs are subject to review by the Rate Setting Commission and third party payors according to their policies and procedures.

Staff finds the recommended incremental operating costs reasonable when compared with similar, previously approved projects.

F. Financial Feasibility and Capability

Financing of the \$1,000,788 recommended MCE is through a Federal Housing Administration (FHA) insured mortgage at 8.00% for a 40-year term.

Projected Debt Service Coverage is at least 1.4. ☒ Yes ☐ No

Current Ratio is at least 1.5. ☐ Yes ☒ No

Staff notes that the 1993 current ratio of 1.13 is below the DoN standard of 1.5. Staff's analysis of the applicant's FY 1993 financial statements indicated that the applicant has over \$500,000 in cash to meet any short-term obligations and has no long term debt, giving the applicant ability to borrow to meet any short-term obligations. Further, the applicant states that DoN approval of the proposed project will further improve the facilities balance sheet position since it will become more competitive with a renovated facility, which in turn will increase operating profit.

Consistent with the Determination of Need for Nursing Facility Replacement and Renovation (May 1993) Guidelines, no equity contribution will be required since it is assumed the applicant already has equity in the existing facility.

Staff finds that the project is financially feasible and within the financial capability of the applicant.

G. Relative Merit

The applicant considered three alternatives for the proposed project: 1) moderate renovation and expansion; 2) facility replacement; and 3) conversion to assisted living/congregate housing. The applicant chose the first alternative, renovation and expansion. In view of the problems and costs of abandoning the site and building a replacement facility, this option was rejected. Further, because of the lack of management expertise and market risk associated with a congregate care/assisted living facility, this option was also rejected.

Staff finds the proposed project meets the relative merit requirements of the Guidelines.

H. Community Health Initiatives

At present, nursing facility applications are exempt from this DoN review factor.

III. COMMENTS BY RATE SETTING COMMISSION

The Rate Setting Commission submitted comments related to reimbursement aspects of the project (Attachment 1). In particular, the Commission will make a new computation of the rate to replace the existing capital components of the rate with the new allowable capital costs. Other portions of the rate will remain in effect.

IV. STAFF RECOMMENDATION

Based upon the above analysis and findings, Staff recommends approval in part with conditions of Project #5-1302 submitted by Del Manor Nursing Home, Inc. for addition and renovation of Del Manor Nursing Home, a 110 Level II bed facility located at 54 Webster Street in Rockland, MA; and new construction of a three-story structure adjacent to the existing facility to add an activity room and sitting room on the first floor and 12 replacement beds on the second floor. In addition, Staff notes that the applicant will be making use of a one-time expansion of 10 Level II beds on the third floor, available under 105 CMR 100.020, definitions of Expansion and Substantial Change in Services of the DoN Regulations, for a total of 120 Level II beds. The recommended maximum capital expenditure associated with this project is \$1,000,788 (May 1994 dollars). This approval is subject to the conditions listed below. Failure of the applicant to comply with these conditions may result in Departmental sanctions including possible fines and/or revocation of the DoN.

1. The applicant shall accept the maximum capital expenditure of \$1,000,788 (May 1994 dollars) as the final cost figure except for those increases allowed pursuant to 105 CMR 100.751 and 752.
2. The applicant shall, prior to construction, sign a formal affiliation agreement with at least one local acute care hospital and one local home care corporation that include provisions for respite care services.
3. The applicant shall not commence construction as proposed without first obtaining waivers from the Division of Health Care Quality for two proposed units of 60 Level II beds, which is above the 41-bed limit allowed by the Guidelines.
4. The applicant shall establish a plan to protect the privacy, health and safety of the residents during the renovation and construction process, and to ensure that they experience as little disruption as possible to their daily routines.
5. The applicant shall obtain Medicare certification for the Level II beds.
6. The approved gross square feet (GSF) for this project shall be 12,590: 5,222 GSF for renovations to the existing 110-bed facility and 3,288 GSF for new construction to replace 12 Level II beds. In addition, the applicant may construct at its own risk 4,080 GSF for the one-time 10-bed expansion.

7. Upon implementation of the project, any assets such as land improvements, or equipment which are either destroyed or no longer used for patient care, shall not be claimed for reimbursement for public aided patients.

The applicant has agreed to these conditions.



The Commonwealth of Massachusetts
Rate Setting Commission
Two Boylston Street, Boston, Mass. 02116-4704

BARBARA ERBAN WEINSTEIN

Chairman

LOUIS I. FREEDMAN

Commissioner

MARGARET LONG RANDLE

Commissioner

Area Code (617)

451-5330

Fax: (617) 451-1878

June 28, 1995

Joyce James, Program Director
Determination of Need Program
Department of Public Health
150 Tremont Street
Boston, Massachusetts 02111

Re: Replacement DON
Del Manor

Dear Ms. James:

This is to provide comment on the replacement and renovation application of Del Manor Nursing Home in Rockland.

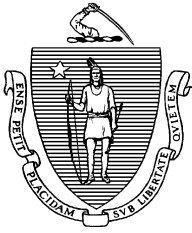
We understand that this project anticipates a combination of replacement and renovation and will increase the existing licensed bed capacity from 110 to 120. Twelve of these beds will be housed in new construction and the remainder will be located in the existing building which will be modernized. The maximum capital expenditure is expected to be about \$1,539,975.

As a result of our analysis, nothing in this application or related Commission files indicated a problem with the projections as submitted.

Upon completion of the Determination of Need replacement and renovation project, the Commission will make a new computation of the rate to replace the existing capital components of the rate with new allowable capital costs. Other portions of the rate will remain in effect.

Sincerely,

James E. Sullivan
James E. Sullivan
Supervisor of Audits



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Bureau of Health Care Safety and Quality
Determination of Need Program
99 Chauncy Street, Boston, MA 02111

DEVAL L. PATRICK
GOVERNOR

JOHN W. POLANOWICZ
SECRETARY

CHERYL BARTLETT, RN
COMMISSIONER

Tel: 617-753-7340
Fax: 617-753-7349
www.mass.gov/dph/don

November 6, 2013

J. William D. Gady
Clifton Larson Allen, LLP
300 Crown Colony Drive, Suite 310
Quincy, MA 02169
bill.gady@claconnect.com

Re: Coyne Management, LLC (f/k/a Del
Manor Nursing Home, Inc.
DoN Project No. 5-1302
(Significant change to increase scope
and MCE)

Dear Mr. Gady:

This letter is in response to your letter dated September 23, 2013 and submitted on behalf of Coyne Management, LLC ("Coyne" or "Holder") requesting, pursuant to 105 CMR 100.753 and 100.756, a significant change amendment to approved and unimplemented Determination of Need ("DoN") Project Number 5-1302. As proposed, the Holder seeks approval of an increase in gross square footage in excess of 15% of the approved space, an inflation adjustment, and a corresponding increase in the maximum capital expenditure ("MCE") of the project from \$1,000,788 (May 1994 dollars) to \$4,224,826 (August 2013 dollars).

On September 26, 1995, the Department approved with conditions DoN Project Number 5-1302 to construct a 3-story addition and renovations to the existing 110 Level II bed nursing facility located at 54 Webster Street in Rockland. The approved project scope encompassed 12,590 gross square feet ("GSF") which included 5,222 GSF of renovations, 3,288 GSF of new construction associated with the replacement of 12 beds, and 4,080 GSF associated with a one-time increase of 10 DoN-exempt beds. The total expenditure, including the approved MCE and the cost of the exempt beds was \$1,539,974.

On November 22, 1996, the Department approved a request to transfer the approved but not yet implemented DoN to Coyne Management, LLC.

The requested scope changes include the following:

- Increase project gross square footage from 12,590 total GSF (7,368 new, 5,222 renovation) to 31,163 total GSF (11,445 new, 19,718 renovation);

- Increase project MCE by \$1,180,026 or 38.75% above inflation-adjusted DoN-approved MCE;
- New construction will accommodate 15 beds (3 replacement and 12 DoN exempt beds);
- Increase additional DoN-exempt beds from 10 to 12 and an increase in bed complement from 120 to 122 Level II beds.

According to your letter, a substantial portion of the increase in project scope results from the requirement that construction encompassing 30% or more of the value of a facility becomes subject to the accessibility regulations of the Massachusetts Architectural Access Board (521 CMR). Accordingly, renovations to building systems such as plumbing, fire alarm, and elevator are now required to meet the regulatory changes adopted in July 2006 regarding accessibility for persons with disabilities.

Pursuant to 105 CMR 100.756(f), approval is hereby granted to your request for a significant change to Project #5-1302 based upon the following:

1. The request has been filed pursuant to 105 CMR 100.756 of the Determination of Need regulation.
2. The scope and cost of the requested changes are reasonable and could not reasonably have been foreseen at the time of filing the original DoN application.
3. No comments were submitted objecting to this significant change request.

The conditions accompanying this approval are as follows:

1. The amended MCE of the project, including costs associated with 12 DoN-exempt beds shall be increased to \$4,224,868 (August 2013 dollars), itemized as follows:

	New Construction	Renovation	Total
Site Survey and Soil Investigation	\$16,594	0	\$16,594
Depreciable Land Development Cost	0	64,194	64,194
Construction Contract	2,290,887	1,058,546	3,349,433
Architectural Cost	160,362	74,098	234,460
Pre- & Post-Filing Planning & Development Costs	38,500	66,400	104,900
Other: Telephone/Data	0	29,879	29,879
Net Interest Expense During Construction	58,768	34,200	92,968
Major Movable Equipment	<u>94,440</u>	<u>238,000</u>	<u>332,440</u>
Total MCE	\$2,659,551	\$1,565,317	\$4,224,868

2. The total approved GSF of construction for this project shall be 31,163 GSF (11,445 new construction, 19,718 renovation) which includes the space for 12 DoN exempt beds.
3. All other conditions attached to the original project shall remain in effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard Plovnick", written in a cursive style.

Bernard Plovnick
Director, Determination of Need Program

/bp

cc: Sherman Lohnes, HCQ
Patty McCusker, CHIA
Daniel Gent, HCQ
Ron Pawelski, EOE
Paul DiNatale, HCQ



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Determination of Need Program
99 Chauncy Street, Boston, MA 02111

DEVAL L. PATRICK
GOVERNOR

JOHN W. POLANOWICZ
SECRETARY

CHERYL BARTLETT
ACTING COMMISSIONER

Tel: 617-753-7340
Fax: 617-753-7349
www.mass.gov/dph/don

December 30, 2013

J. William D. Gady
CliftonLarsonAllen LLP
300 Crown Colony Drive
Suite 310
Quincy, MA 02169
bill.gady@cliftonlarsonallen.com

Re: Approved DoN Project No. 2-1456
Coyne Health Care Operator LLC
f/k/a Del Manor Nursing Home, Inc.
(Transfer of ownership of
unimplemented DoN)

Dear Mr. Gady:

This letter will respond to your letter, received on November 27, 2013, on behalf of Coyne Health Care Operator LLC ("Coyne") or ("Holder") requesting a transfer of ownership of the approved but not yet implemented Determination of Need ("DoN") project referenced above.

Your letter noted that the filing of this request is related to a change of ownership effective November 30, 2013 in which Webster Park Operator, LLC became the licensee of the Coyne nursing facility.

Originally approved on September 26, 1995 and issued to Del Manor Nursing Home, Inc., the former owner, the DoN was subsequently amended twice. As amended on November 6, 2013, the project encompassed 31,163 total GSF (11,445 new GSF and 19,718 GSF of renovations) and included the replacement of 15 beds (3 replacement and 12 DoN exempt beds) and other support functions. The approved maximum capital expenditure ("MCE") was \$4,224,868 (August 2013 dollars).

Pursuant to 105 CMR 100.710(E), approval is hereby granted to your request for the transfer of ownership of Project #2-1456 to Webster Park Operator, LLC based upon the following:

1. The request has been filed pursuant to 105 CMR 100.710 of the Determination of Need regulation.
2. The Division of Health Care Quality has approved the transfer of ownership of the facility from Coyne to Webster Park Operator, LLC.

3. No comments were submitted objecting to this transfer request.

The condition accompanying this approval is as follows:

All conditions attached to the project as amended shall remain in effect.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard A. Plovnick".

Bernard A. Plovnick
Director
Determination of Need Program

/bp

cc: Patty McCusker
Sherman Lohnes
Daniel Gent



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
Determination of Need Program
250 Washington Street Boston, MA 02108

CHARLES D. BAKER
Governor

KARYN E. POLITO
Lieutenant Governor

MARYLOU SUDDERS
Secretary

MONICA BHAREL, MD, MPH
Commissioner

May 12, 2017

Mark Cummings, CPA
Principal
CliftonLarsonAllen LLP
300 Crown Colony Drive, Suite 310
Quincy, MA 02169

Re: Webster Park Operator, LLC
d/b/a Webster Park Rehabilitation & Healthcare Center
Project # 5-1302.3
Request for Significant Change

Dear Mr. Cummings:

This letter is in response to your request received on March 17, 2017 submitted on behalf of Webster Park Operator, LLC d/b/a Webster Park Rehabilitation & Healthcare Center ("Applicant"), holder of approved Determination of Need ("DoN") Project #5-1302 ("Project"). The DoN approval authorizes new construction and renovations of a long-term care facility located at 54 Webster St, Rockland, MA. Your request is for a significant amendment to the project pursuant to 105 C.M.R. §§ 100.635(A)(3).

Background

A DoN for this project was originally approved in September 1995 for new construction of a 3-story addition and renovations to an existing 110 Level II bed nursing facility. At that time, the entity was known as Del Manor Nursing Home. The original scope of the project was a total of 12,590 gross square feet ("GSF"). The Applicant, in the original DoN, intended to add 10 (of the 12) DoN-exempt beds. The approved maximum capital expenditure ("MCE") was \$1,000,788 (May 1994 dollars). This figure did not include construction and financing costs related the DoN-exempt beds. In 1996, the GSF and MCE were each increased significantly through an Amendment. Much of the increase in space and cost was the result of the requirement to bring the entire facility up to the accessibility regulations of the Massachusetts Architectural Access Board (521CMR).

After additional amendments and transfers of ownership this project is before the Department at this time seeking an increase in costs as a result of unforeseen issues that arose since the last amendment. As the Applicant started to implement the DoN and to finalize costs, developing the detailed architectural and engineering plans and obtaining current updated construction bids, it determined that as a result of unforeseen circumstances and regulatory requirements, costs were higher than expected, and cost modifications to the DoN would be required. The unforeseen circumstances that arose during

the new construction included discovery of two underground storage tanks which required removal and necessitated the remediation of the surrounding contaminated soil. This delayed construction into the spring because of severe winter weather and increasing costs. Additional unforeseen circumstances arose during the renovation of the existing facility largely resulting from the discovery of major water damage and asbestos around the existing heating unit. Among the problems uncovered that led to expensive remediation were the following:

- water infiltration around floor drains, resulting in damage to structural metal decking;
- leaks and corroded water piping;
- leaks exposed in sanitary drain pipes which required removal and replacement of old plumbing in order to comply with code;
- asbestos remediation needed around the existing heating unit; and
- broken pipes under cement slabs which necessitated expensive change orders.

This amendment contemplates purchase of a lot across from the facility to provide parking to accommodate the added visitors and staff occasioned by the additional 12 beds. This is a not-unreasonable addition and within the scope of the original application inasmuch as the facility does not have access to convenient public transportation. For reimbursement purposes, all costs are subject to review by the Center for Health Information and Analysis ("CHIA") and third party payers.

Increase in MCE

The adjustments to the requested MCE for the project are below.

<u>Cost</u>	<u>DoN</u> <u>Approved</u> <u>Total</u> <u>11-13</u>	<u>Inflation-</u> <u>Adjusted</u> <u>Total</u> <u>Dec-16</u>	<u>Requested</u> <u>& Approved</u> <u>Total</u> <u>\$ Dec 16</u>
Land Acquisition	\$ -	\$ -	\$ 145,953
Site Survey and Soil Investigation	16,594	17,915	-
Depreciable Land Development cost	64,194	69,305	2,640
Construction Contract	3,349,433	3,616,132	6,440,165
Fixed Equipment Not in Contract	-	-	-
Pre-Filing Planning & Development	104,900	113,253	92,794
Post-Filing Planning & Development	-	-	-
Architect and Engineering	234,460	253,129	387,176
Other:	29,879	32,258	-
Net Interest During Construction	92,968	100,371	92,968
Major Movable Equipment	332,440	358,911	208,963
Total Financing Costs	-	-	1,180
Total MCE	\$4,224,868	\$4,561,274	\$7,371,839

Upon applying the inflation adjustments, Staff found these costs to be 61.6% above the 2013 approved amount. While the project is 28.7% above the applicable Marshall and Swift guideline, the cost per GSF of \$219.08 is within the range of recently approved DoN long-term care projects.

The Applicant provided a thorough explanation of the increases over the inflation adjusted amount. Given the extent of damage and remediation required, these unforeseen costs associated the repairs are reasonable and within the scope of the original application.

Finding

In accordance with the 2017 Regulation, 100 CMR 100.635, the Department has reviewed: the Holder's description of the proposed change; a narrative comparing the approved project to the proposed Significant Change; the rationale for such change; and associated cost implications, both to the Holder, and to the Holder's existing Patient Panel.

Based upon the information reviewed, the Department finds: 1) that the proposed change falls within the scope of the Notice of Determination of Need as previously approved by the Department; and 2) that the proposed change is reasonable.

Pursuant to 105 CMR 100.635(A)(3), the Department grants approval of a Significant Change Amendment to Webster Park Operator, LLC d/b/a Webster Park Rehabilitation & Healthcare Center Project # 5-1302.3. The approved MCE shall be \$7,371,839. The approved GSF shall be unchanged from the November 6th, 2013 amendment approval, at 31,163 GSF (11,445 GSF of new construction and 19,718 GSF of renovations).

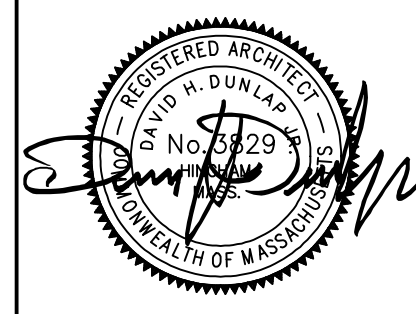
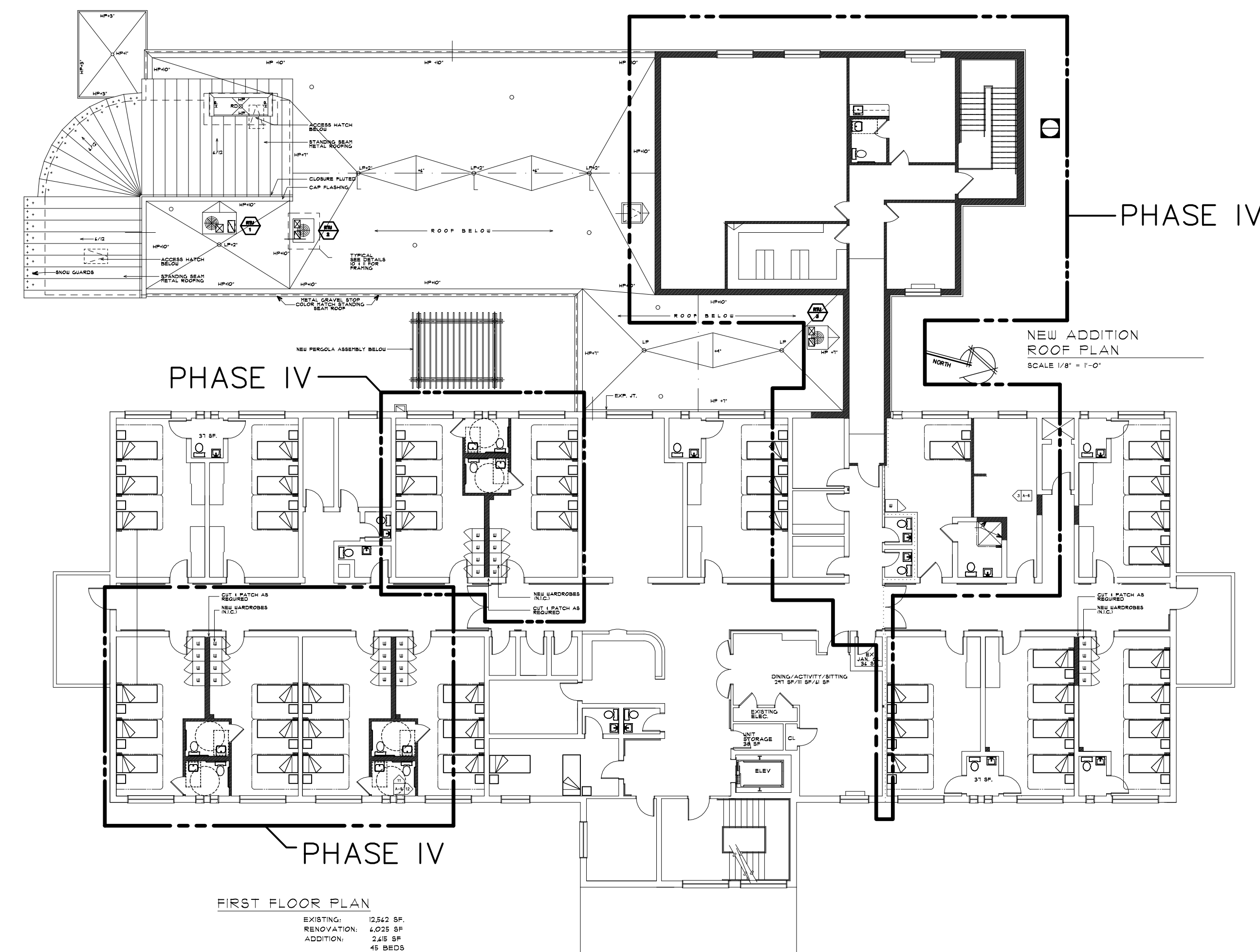
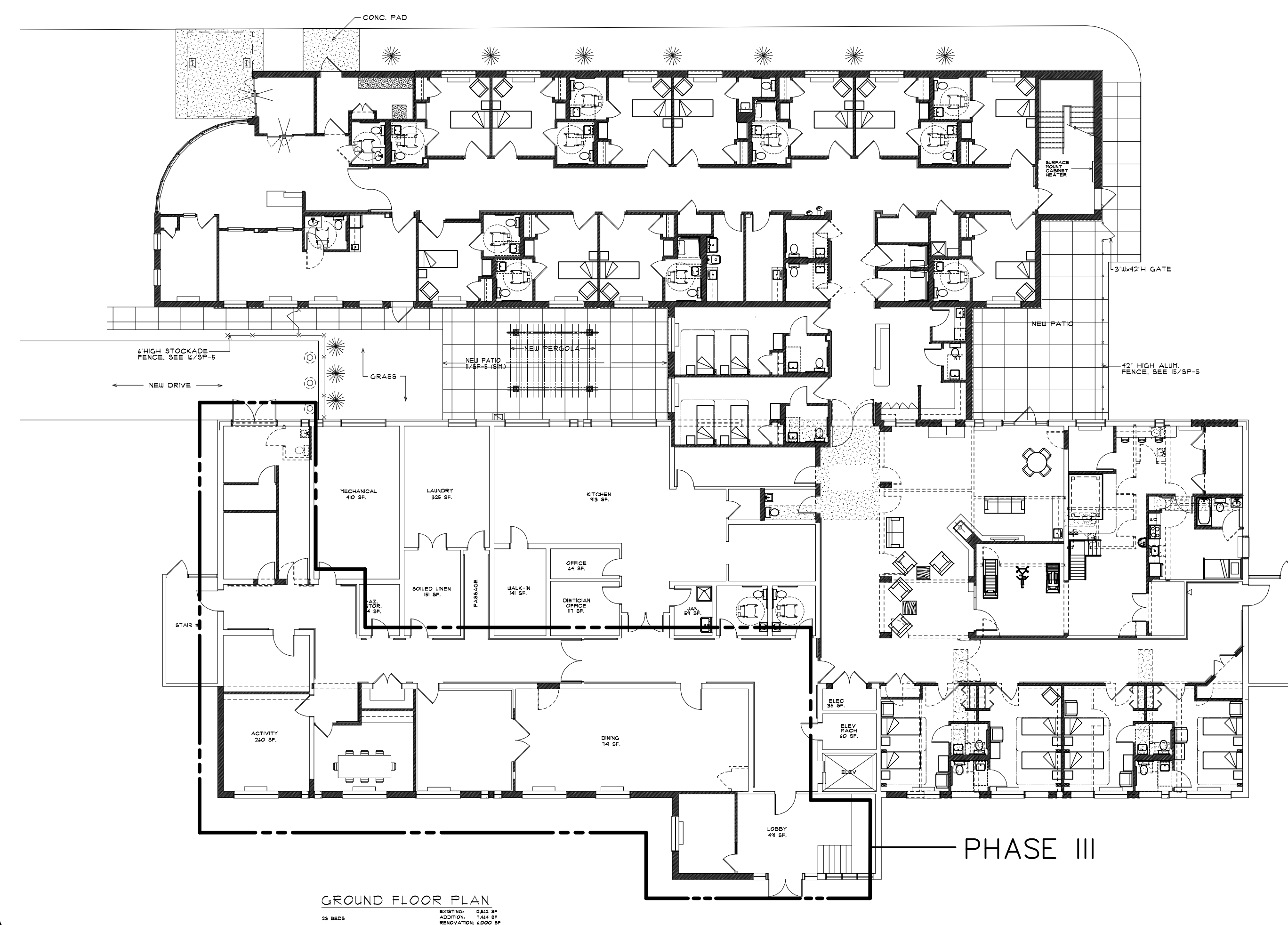
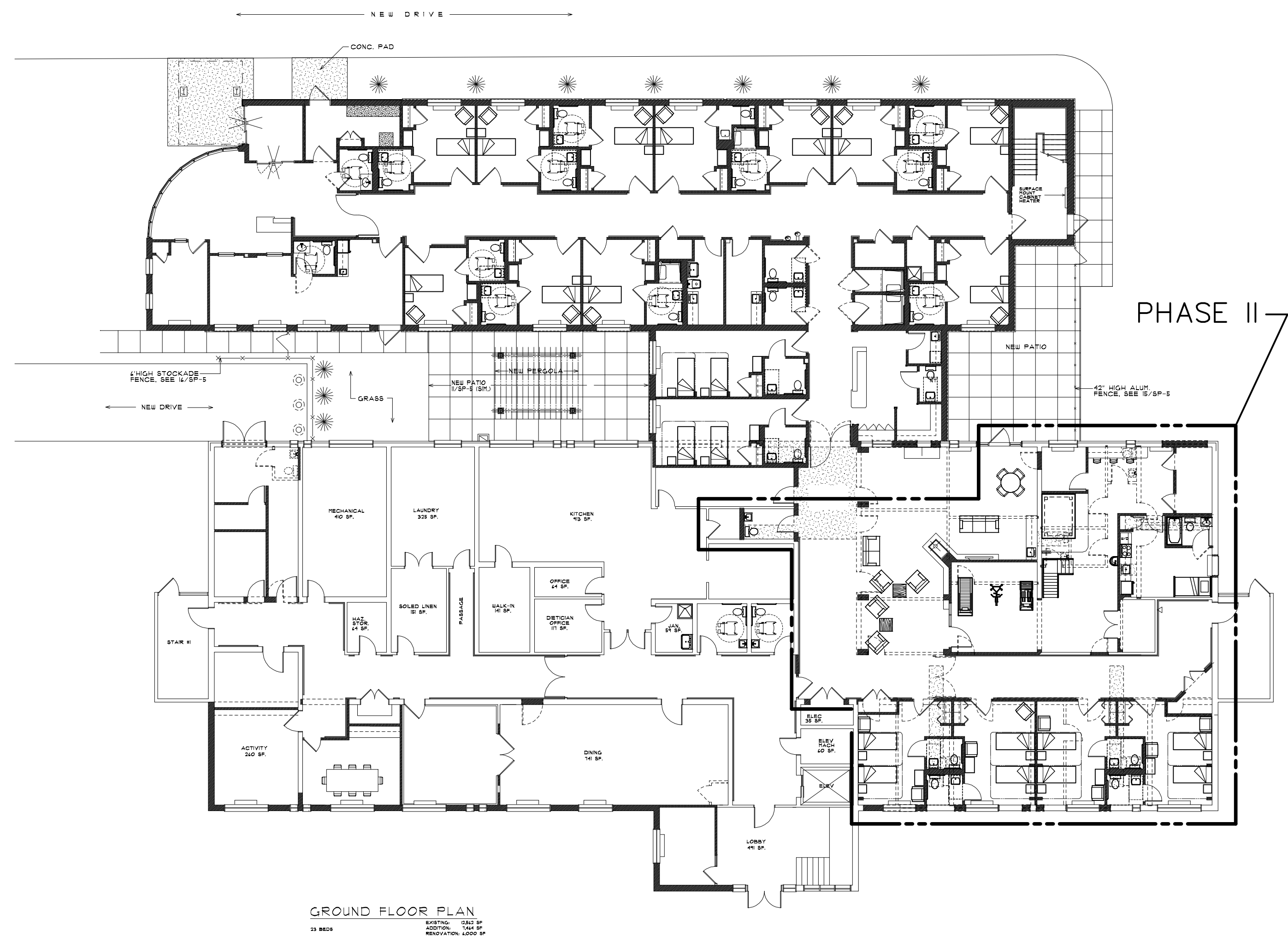
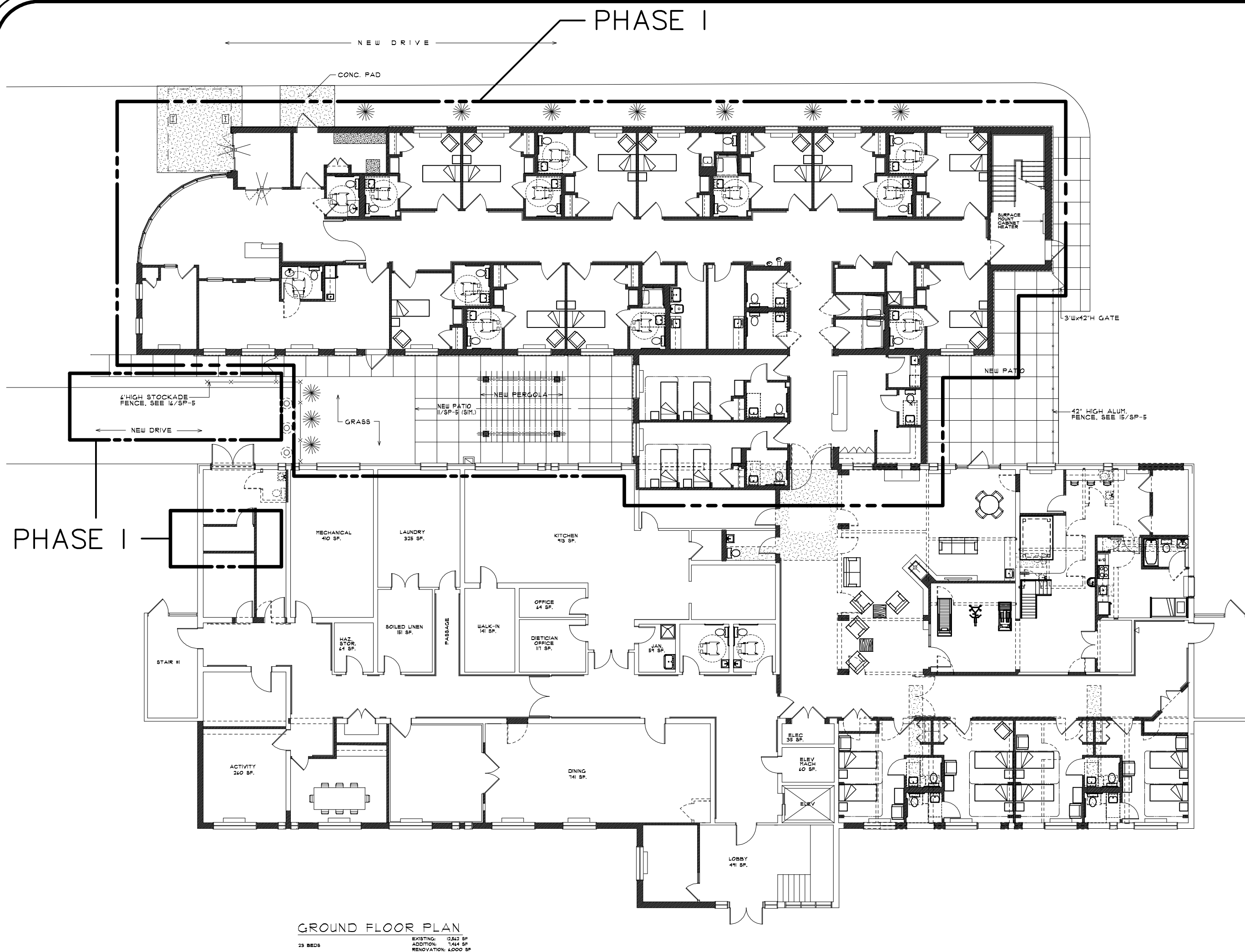
All conditions of the original project approval and subsequent amendments shall remain in effect.

Sincerely,



Monica Bharel, MD, MPH
Commissioner

cc: Alice Bonner, EOE
Stephen Davis, HCFLC
Daniel Gent, HCFLC
Sherman Lohnes, HCFLC
Patty McCusker, CHIA
Kate Mills, HPC
Eric Gold, AGO
Thomas Lane, MassHealth
Rebecca Rodman, Deputy General Counsel



David H. Dunlap Associates Inc.
ARCHITECTS * ENGINEERS * PLANNERS
105 WEBSTER STREET UNIT 2
HANOVER, MASSACHUSETTS 02339
PHONE: (781) 878-0066 FAX: (781) 878-7060
email: David@DHDunlap.com

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DON#5-1302
ROCKLAND, MA

PHASING PLAN

WEBSTER PARK REHABILITATION
AND HEALTHCARE CENTER

SCALE: AS NOTED
DATE: 3/24/14
DR. BY: MCN

BUILDING PERMIT
03/31/15

T-2

Webster Park Rehabilitation and Healthcare Center ATTACHMENT III

Inflation from December-16
according to Marshall Valuation's Service Current Building cost indexes for
Natick, MA 01700

Step 1 Eastern A

$$\begin{array}{rcl} \text{To July-17} & 3172.3 & \\ \hline \text{From December-16} & 3130.6 & \\ \hline & & = 1.0133 \end{array}$$

Step 2 Local Multiplier only quarterly (Jan-Apr-Jul-Oct)

$$\begin{array}{rcl} \text{To July-17} & 1.19 & \\ \hline \text{From December-16} & 1.20 & \\ \hline & & = 0.9917 \end{array}$$

Step 3

$$\begin{array}{rclcl} 0.9917 & \times & 1.0133 & = & 1.0049 \\ \text{Inflation factor to Use} & & & & \underline{\underline{0.49\%}} \end{array}$$

for Major Movable Equipment (\$3,180 per bed in January, 1993 dollars)

$$\begin{array}{rcl} \text{To July-17} & 3172.3 & \\ \hline \text{From January-93} & 1507.5 & \\ \hline & & = 2.104 \end{array}$$

$$\begin{array}{rclcl} \$3,180 & \times & 2.104 & = & \underline{\underline{\$6,691}} \text{ per Bed} \end{array}$$

**Webster Park Rehabilitation and Healthcare Center
ATTACHMENT IV**

Category of Expenditure	APPROVED MCE			MCE ADJ. FOR INFLATION			REQUESTED MCE			DIFFERENCE (C-B)		
	A - New	A - Renov	A - TOTAL	B - New	B - Renovation	B	C - New	C - Renov.	C - TOTAL	D - New	D - Renovation	D - Total
	Dec-16 APPROVED MCE	Dec-16 APPROVED MCE	Dec-16 APPROVED MCE	Jul-17 MCE ADJ. FOR INFLATION	Jul-17 MCE ADJ. FOR INFLATION	Jul-17 MCE ADJ. FOR INFLATION	Jul-17 REQUESTED MCE	Jul-17 REQUESTED MCE	Jul-17 REQUESTED MCE	DIFFERENCE (C-B)	DIFFERENCE (C-B)	DIFFERENCE (C-B)
Construction Costs:												
Land Costs												
1 Land Acquisition	\$ 145,953	\$ -	\$ 145,953	\$ 146,668	\$ -	\$ 146,668	\$ 162,997	\$ -	\$ 162,997	\$ 16,329	\$ -	\$ 16,329
2 Site Survey and Soil Investigation			\$ -		-	-	\$ 1,756	\$ -	1,756	1,756	-	1,756
3 Other Non-Depreciable Land Development e			\$ -		-	-	\$ 36,487	\$ -	36,487	36,487	-	36,487
4 Total Land Costs (Lines 1 through 3)	\$ 145,953	\$ -	\$ 145,953	\$ 146,668	\$ -	\$ 146,668	\$ 201,240	\$ -	\$ 201,240	\$ 54,572	\$ -	\$ 54,572
Construction Costs:												
5 Depreciable Land Development Cost b		\$ 2,640	\$ 2,640	\$ -	\$ 2,653	\$ 2,653	\$ -	\$ 21,235	\$ 21,235	\$ -	\$ 18,582	\$ 18,582
6 Building Acquisition Cost			\$ -		-	-	\$ -	\$ -	-	-	-	-
7 Construction Contract New Construction (including bonding costs):	\$ 2,465,000		\$ 2,465,000	2,477,079	-	2,477,079	\$ 2,566,528		2,566,528	89,449	-	89,449
Use these costs to Renovation calculate plan review fee		\$ 3,975,165	\$ 3,975,165		3,994,643	3,994,643		\$ 4,421,024	4,421,024	-	426,381	426,381
8 Fixed Equipment not in Contract			\$ -		-	-	\$ -	\$ -	-	-	-	-
9 Architectural Cost (includes fees, printing, supervision, etc.) and Engineering Cost	\$ 244,178	\$ 142,998	\$ 387,176	245,374	143,699	389,073	\$ 153,251	\$ 263,986	417,238	(92,123)	120,287	28,165
10 Pre-filing Planning & Development Costs	\$ 34,055	\$ 58,739	\$ 92,794	34,222	59,027	93,249	\$ 45,955	\$ 79,161	125,116	11,733	20,134	31,867
11 Post-filing Planning & Development Costs			\$ -		-	-	\$ -	\$ -	-	-	-	-
12 Other (specify):	\$ -		\$ -		-	-	\$ -	\$ -	-	-	-	-
13 Other (specify):	\$ -		\$ -		-	-	\$ -	\$ -	-	-	-	-
13a Other (specify):			\$ -		-	-	\$ -	\$ -	-	-	-	-
13b Other (specify):			\$ -		-	-	\$ -	\$ -	-	-	-	-
13c Other (specify):			\$ -		-	-	\$ -	\$ -	-	-	-	-
14 Net Interest Expense During Construction c	\$ 36,908	\$ 56,060	\$ 92,968	37,089	56,335	93,424	\$ -	\$ -	-	(37,089)	(56,335)	(93,424)
15 Major Movable Equipment		\$ 208,963	\$ 208,963		209,987	209,987	\$ -	\$ 176,032	176,032	-	(33,955)	(33,955)
16 Total Construction Costs (lines 5 through 15)	\$ 2,780,141	\$ 4,444,565	\$ 7,224,706	\$ 2,793,764	\$ 4,466,344	\$ 7,260,108	\$ 2,765,734	\$ 4,961,439	\$ 7,727,173	\$ (28,030)	\$ 495,095	\$ 467,065
Financing Costs:												
17 Cost of Securing Financing (Legal, Administrative, Feasibility Studies, Mortgage Insurance, Printing,	\$ 468	\$ 712	\$ 1,180	\$ 470	\$ 715	\$ 1,186	\$ 442	\$ 738	\$ 1,180	\$ (28)	\$ 23	\$ (6)
18 Bond Discount	\$ -	\$ -	\$ -		-	-	\$ -	\$ -	-	-	-	-
19 Other (specify)	\$ -	\$ -	\$ -		-	-	\$ -	\$ -	-	-	-	-
20 Total Financing Costs (Lines 17 through 19)	\$ 468	\$ 712	\$ 1,180	\$ 470	\$ 715	\$ 1,186	\$ 442	\$ 738	\$ 1,180	\$ (28)	\$ 23	\$ (6)
21 Estimated Total Capital Expenditure (Lines 4 + Line 16 + Line 20)	\$ 2,926,562	\$ 4,445,277	\$ 7,371,839	\$ 2,940,902	\$ 4,467,059	\$ 7,407,962	\$ 2,967,416	\$ 4,962,177	\$ 7,929,593	\$ 26,514	\$ 495,118	\$ 521,631
Inflation - see Attachment II						0.49%				0.90%	11.08%	7.04%
Number of Beds			0	0	0	0	12	110	122			
Square Feet Approved			0	0	0	0	0	0	0	0	0	0
Interest rate								0.0%	0.0%			
Construction period (Months)								0	0			

CAPITAL COST ESTIMATE

MASSACHUSETTS DEPARTMENT OF PUBLIC HEALTH - DIVISION OF HEALTH CARE QUALITY
99 CHAUNCY STREET, 2ND FLOOR, BOSTON, MA 02111 (617) 753-7340

FORM 4 6-2000

Facility Name: Webster Park Rehabilitation and Healthcare Center DoN Project No.: 5-1302 Location: 56 Webster Park Operator LLC , Rockland, Zip Code: 02370

Gr. Sq. Ft¹ 0 #/Bed¹ 122 \$/Bed¹ \$64,997 Sq.Ft./Bed¹ 0 (¹ excluding DoN exempt beds and outpatient services)

Category of Expenditure (month & year dollars)	New Construction Approved Costs* (Dec / 2016)	Renovation Approved Costs* (Dec / 2016)	New Construction Present Estimates** (Jul / 2017)	Renovation Present Estimates** (Jul / 2017)
<u>Land Costs:</u>				
1. Land Acquisition	\$ 145,953	\$ -	\$ 162,997	\$ -
2. Site Survey and Soil Investigation	\$ -	\$ -	\$ 1,756	\$ -
3. Other Non-Depreciable Land Development ^a	\$ -	\$ -	\$ 36,487	\$ -
4. Total Land Costs (Lines 1 through 3)	\$ 145,953	\$ -	\$ 201,240	\$ -
<u>Construction Costs:</u>				
5. Depreciable Land Development Cost ^p	\$ -	\$ 2,640	\$ -	\$ 21,235
6. Building Acquisition Cost	\$ -	\$ -	\$ -	\$ -
7. Construction Contract (including bonding costs): Use these costs to calculate plan review fee	\$ 2,465,000	\$ 3,975,165	\$ 2,566,528	\$ 4,421,024
8. Fixed Equipment Not in Contract	\$ -	\$ -	\$ -	\$ -
9. Architectural Cost (includes fees, printing, supervision, etc.) and Engineering Cost	\$ 244,178	\$ 142,998	\$ 153,251	\$ 263,986
10. Pre-filing Planning & Development Costs	\$ 34,055	\$ 58,739	\$ 45,955	\$ 79,161
11. Post-filing Planning & Development Costs	\$ -	\$ -	\$ -	\$ -
12. Other (specify): 0	\$ -	\$ -	\$ -	\$ -
13. Other (specify): 0	\$ -	\$ -	\$ -	\$ -
Other (specify): 0	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -
14. Net Interest Expense During Construction ^c	\$ 36,908	\$ 56,060	\$ -	\$ -
15. Major Movable Equipment	\$ -	\$ 208,963	\$ -	\$ 176,032
16. Total Construction Costs (lines 5 through 15)	\$ 2,780,141	\$ 4,444,565	\$ 2,765,734	\$ 4,961,439
<u>Financing Costs:</u>				
17. Cost of Securing Financing (legal, administrative, feasibility studies, mortgage insurance, p	\$ 468	\$ 712	\$ 442	\$ 738
18. Bond Discount	\$ -	\$ -	\$ -	\$ -
19. Other (specify)	\$ -	\$ -	\$ -	\$ -
20. Total Financing Costs (Lines 17 through 19)	\$ 468	\$ 712	\$ 442	\$ 738
21. Estimates Total Capital Expenditure (Line 4+Line16+Line 20)	\$ 2,926,562	\$ 4,445,277	\$ 2,967,416	\$ 4,962,177

*Amount Approved by the Public Health Council

**Check as appropriate: ☐ Preliminary ☒ Updated ☐ Final ☐ Post-Final

^aExamples Other Non-Depreciable Land Development Costs: commissions to agents for purchase of land, attorney fees related to land, demolition of old buildings, clearing and grading, streets, removal of ledge, off-site sewer and water lines, public utility charges necessary to service the land, zoning requirements, and toxic waste removal.

^bExamples of Depreciable Land Development costs; construction of parking lots, walkways and walls; on-site septic systems; on-site water and sewer lines; and reasonable and necessary landscaping.

^cDescribe assumptions used in calculating interest rates and costs.

Inflation Factor Used: 0.49% If Final-Date DPH Final Plan Approval:

Contact Person:

Date:

Telephone #: