



First Atlantic HealthCare

March 19, 2014

Larry D. Carbonneau, CPA
Health Care Financial Analyst
Certificate of Need Unit - Planning, Operations and Quality
Div. of Licensing & Regulatory Services
DHHS - SHS #11
41 Anthony Avenue
Augusta, ME 04333-0011

Subject: Not Subject to Review or Equivalent Projects
Seaside Healthcare – Portland, Maine

Dear Mr. Carbonneau:

Seaside is planning for two projects to commence during 2014 which due to their scope we ask you to review and approve through a Not Subject to Review process or its equivalent.

The first project involves **renovations to a nursing facility wing** including energy efficient window replacements and HVAC system conversions. Cost for this project is estimated at \$1,083,130 including \$56,859 for windows and \$100,983 for HVAC system. In addition to your approval of the project in general, we'd like DHHS approval to use shorter lives under the energy efficient rules per Principles of Reimbursement for Nursing Facilities.

The second project is a **renovation of the facility's center core** which includes spaces used for by both residential care and nursing facility residents. The renovation project will also include upgrading and expanding the therapy space. Cost for this project is estimated at \$1,090,000 with approximately \$298,000 attributable to the therapy space and the remaining costs benefiting both RCF and NF. Allocating the NF/RCF costs based on number of beds yields a cost to the NF of \$637,000 and \$154,000 to RCF. Again we ask you to approve this project under a Not Subject to Review or similar review. Furthermore if please provide approval should one now be required for the RCF portion as its costs exceed \$35,000.

More details regarding these projects are included in the attachments along with cost estimates. We have solid construction contract estimates and other cost details for the NF wing renovations which we can provide should you need those for your review. We are currently working to refine our estimates for the center core project.

Respectfully submitted,

Wanda Pelkey, CPA
Chief Financial Officer
First Atlantic Healthcare
Encls

Seaside 2014 Projects

Project – Wing 1 Renovations

NSTR

- Resident room renovations – lighting, millwork, painting, doors
- Window replacements
 - Current windows are original equipment and although they are double-pane, most of the seals are broken and over time have become ill-fitting and drafty. Seaside would replace with double-glazed argon energy efficient windows. The new windows will also have fixed panes to further reduce heat/cooling loss from the window perimeters.
- Bathroom renovations
 - Current bathrooms include only toilet and sink and do not provide enough room to enter with someone using a wheelchair or walker. New bathrooms will be larger and ADA compliant and include a shower.
- HVAC System replacement
 - Current hot water boiler system is also original equipment and far beyond its estimated useful life. Due to its age, this wing requires supplemental electric heat in winter to maintain regulatory required temperatures. The new system will be powered by less expensive natural gas and will also allow each room to be individually regulated for heating and cooling to provide more efficient energy usage. System will also incorporate efficient heat pumps and heat recovery units for enhanced energy savings.
- Resident room doors will be replaced by wider ADA compliant doors
- Resident room lighting will be updated and include energy-efficient LED lamps.
- Upgrading the call-bell and phone systems
- Relocating and renovating nursing station
 - Placing centrally on wing
 - Locating med room behind nurses station for security
 - Incorporating spaces for wheelchair and patient lift storage to de-clutter hallway spaces
- Upgrading the sprinkler system for a more problem-free dry system
- General resident area updating – painting, window treatments, flooring, resident room TVs

Project – Center Core Renovations

NSTR and RCF capital approval

- More inviting entrance and outside professional workspaces
 - Including receptionist area to direct traffic
 - Expanded conference room
 - Dedicated physician spaces for resident visits and resident/family consultation
- Improved lighting
 - Brighter and more inviting – will be energy sipping LED fixtures and lamps
- Inclusion of a snack kitchen so residents can help themselves to snacks and drinks anytime
- Commercial kitchen renovations
- Dedicated IT equipment space
 - Moving equipment of current conference room location so it is physically more secure and environmentally controlled
- Renovate and expand therapy space for improved resident comfort and outcomes
- Redesign other department office spaces as needed to accommodate other changes
- Upgrade fit and finishes of resident area common space including flooring, painting, millwork, aquarium

Seaside 2014 Project Cost Descriptions

Wing 1 Renovations - 21 private resident rooms

Request for Not Subject to Review letter or equivalent

Ledgewood Contract	850,517
Architects/engineering	40,021
Resident room furniture \$5,000/bed x 21	105,000
Artwork and common furnishings	50,000
Phones	8,000
Permits	592
Builders risk insurance	4,000
Resident room TVs	25,000
Total	<u><u>1,083,130</u></u>

Project includes following energy efficient items:

Window replacements	56,859
HVAC system	100,983

Center Core Renovations Project

Request for Not Subject to Review letter or equivalent

Request RCF approval for capital if needed - cost estimates above \$35,000 but below \$350,000

Currently costing out project but architect estimates are as follows:

Square foot of space to renovate	10,050
Renovation costs per sq ft	\$ 95.00
GC costs	<u>954,750</u>
Architects/engineers	48,190
Furnishings - dining/living/conference and administrative spaces	80,000
Permits and other	<u>7,060</u>
Total construction costs	<u><u>1,090,000</u></u>

Allocations to Resident Spaces:

Space associated with therapy	2,750 Sq ft
Pct attributable to therapy	27.4%

Project cost	1,090,000
Multiply by therapy percentage	<u>27.4%</u>
Cost attributable to therapy	<u><u>298,259</u></u>

Remainder attributable to NF and RCF common 791,741

Base allocation on beds as rough percentage	Beds	Cost
NF	124	637,506
RCF	30	154,235
Total	<u>154</u>	<u>791,741</u>

Below \$350,000 threshold