

LASATA SENIOR LIVING CAMPUS



PLANNING STEPS

1. ASSESS: Current Financial Situation

- Financial Strength and Capabilities of your Community
- Current building stock assessment

2. ASSESS: Current Market Situation

- Market research
- Determine the primary market area (PMA)
- Determine the age and income qualified market
- Identify all competitors
- Calculate market share and market penetration
- Identify opportunities for growth, underserved components, concerns
- Use market research as a guide for planning

PLANNING STEPS

3. ACT: Conceptual Financial Plan

- Create a conceptual financial plan:
- Conceptual Building Space Allocation Program
- Conceptual Functional Program
- Conceptual Product/Services Mix
- Conceptual Master Plan

4. ACT: Financial + Architectural Plan

- Conceptual Building Space Allocation Program
- Conceptual Functional Program
- Conceptual Product/Services Mix
- Conceptual Master Plan
- Conceptual Financial Model with project costs
- Product/Services Mix revenues & expenses

OVERVIEW OF PLANNING PROCESS

Market Review

Current + Future Programming

Existing Facility Analysis

Current Financial Review

Financial Planning



LASATA SENIOR LIVING CAMPUS
MARKET STUDY

MARKET STUDY PURPOSE

A collage of financial documents and charts. A magnifying glass is positioned over a line graph titled 'EXPORT-ORIENTED INDUSTRIES (% quarterly change)'. The graph shows a fluctuating line with a blue shaded area. To the left, a portion of a calculator is visible, showing buttons for 'ON/C', '+/-', '÷', '×', '-', and '+'. Below the magnifying glass, a pen lies across another chart titled 'OIL SPOT PRICES'. The background is filled with various other charts and data points.

Conducted to provide supporting data and documentation for the master planning process and efforts for the campus.

Evaluate the market need for an assisted living facility in Cedarburg.

Evaluate the need for a small Community Based Residential Facility (CBRF) for frail elderly and elderly with dementia, Alzheimer's, and memory loss on Lasata's Campus.

MARKET STUDY METHODOLOGY

Evaluated secondary market data and information:

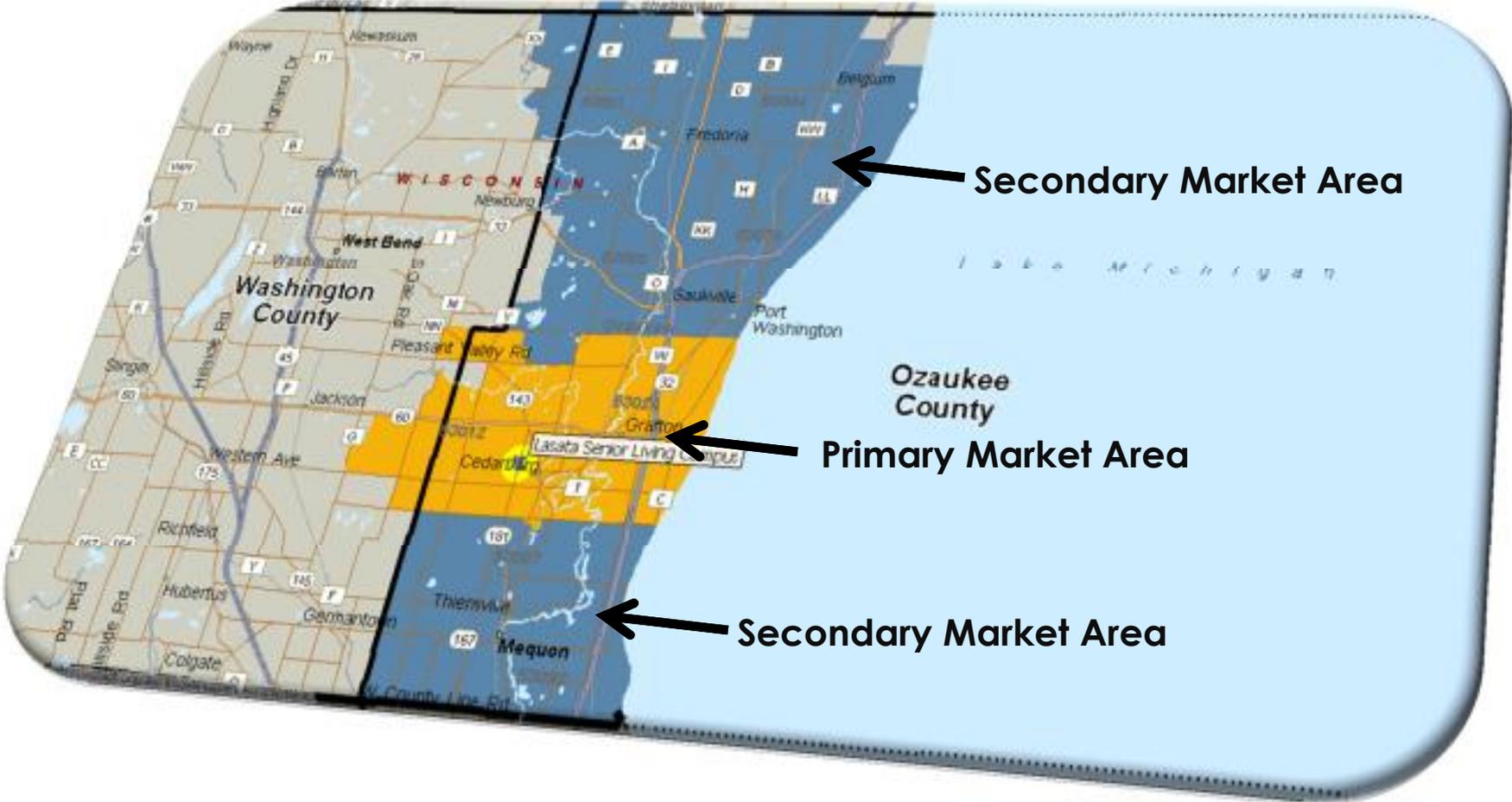
Population and household income projections for the period 2012 to 2017
Competitive market data, including readily available information as well as data collected via phone surveys

Market demand was assessed to determine:

Market saturation currently
Market saturation, if a new CBRF were built
Total capacity the market can support, and
Ultimately, the size of the CBRF Ozaukee County could build, if any



MARKET AREA EVALUATED



COMPETITIVE ASSESSMENT

There were 345 total CBRF beds in the market area identified.

For Lasata Care Center Market Study
Community Based Residential Facility Listing For The Market Area

Facility Name	Capacity		LowRate	HighRate	DateProbationary Issued	TERMINALLY ILL	PUBLIC FUNDING	PHYSICALLY DISABLED	IRREVERSIBLE DEMENTIA/ALZHEIMERS	ADVANCED AGED
ANITAS GARDENS	19	SMA	\$ 3,600	\$ 4,600	13-Mar-07	X	X	X	X	X
BELGIUM GARDENS	22	SMA	\$ 3,500	\$ 5,000	1-Aug-08	X	X	X	X	X
CEDAR GARDENS	65	PMA	\$ 3,420	\$ 4,170	1-Apr-06			X	X	X
CNC FAMILY LIVING LLC DBA DEKORA SPRINGS	7	SMA	\$ 3,450	\$ 3,600	1-Jun-11	X	X	X	X	X
ELLENS HOME PORT WASHINGTON	44	SMA	\$ 4,000	\$ 5,500	9-Sep-08		X		X	X
HARBOR CLUB (THE)	70	SMA	\$ 3,000	\$ 4,500	1-Mar-95		X		X	X
HARRISON HOME	15	PMA	\$ 3,715	\$ 5,700	1-Mar-95		X		X	X
HAMBRUG HOME	12	PMA	\$ 3,262	\$ 5,040	1-Jul-88		X		X	X
LCS WESTMINSTER NEWCASTLE LLC	16	SMA	\$ 4,347	\$ 5,347	1-Nov-12				X	X
LUTHER MANOR AT RIVER OAKS	16	SMA	\$ 3,729	\$ 5,400	11-Oct-00		X	X	X	X
MILAN ESTATES	20	SMA	\$ 4,250	\$ 5,000	10-Aug-10	X		X	X	X
NEW PERSPECTIVE MEQUON LLC	16	SMA	\$ 3,870	\$ 4,410	1-Jun-06		X		X	X
PORT HAVEN	6	SMA	\$ 3,460	\$ 3,770		X	X	X	X	X
SARAH CHUDNOW CAMPUS	9	SMA	\$ 4,715	\$ 4,885			X		X	X
SILVER SPRINGS	8	SMA	\$ 2,000	\$ 6,955	4-Mar-08				X	X
Source: DHS 2012	345		\$ 3,621	\$ 4,925						

COMPETITIVE ASSESSMENT

There were 286 total RCAC units in the market area identified.

Lasata Care Center Market Study
Residential Care Apartment Complex Listing For Market Area

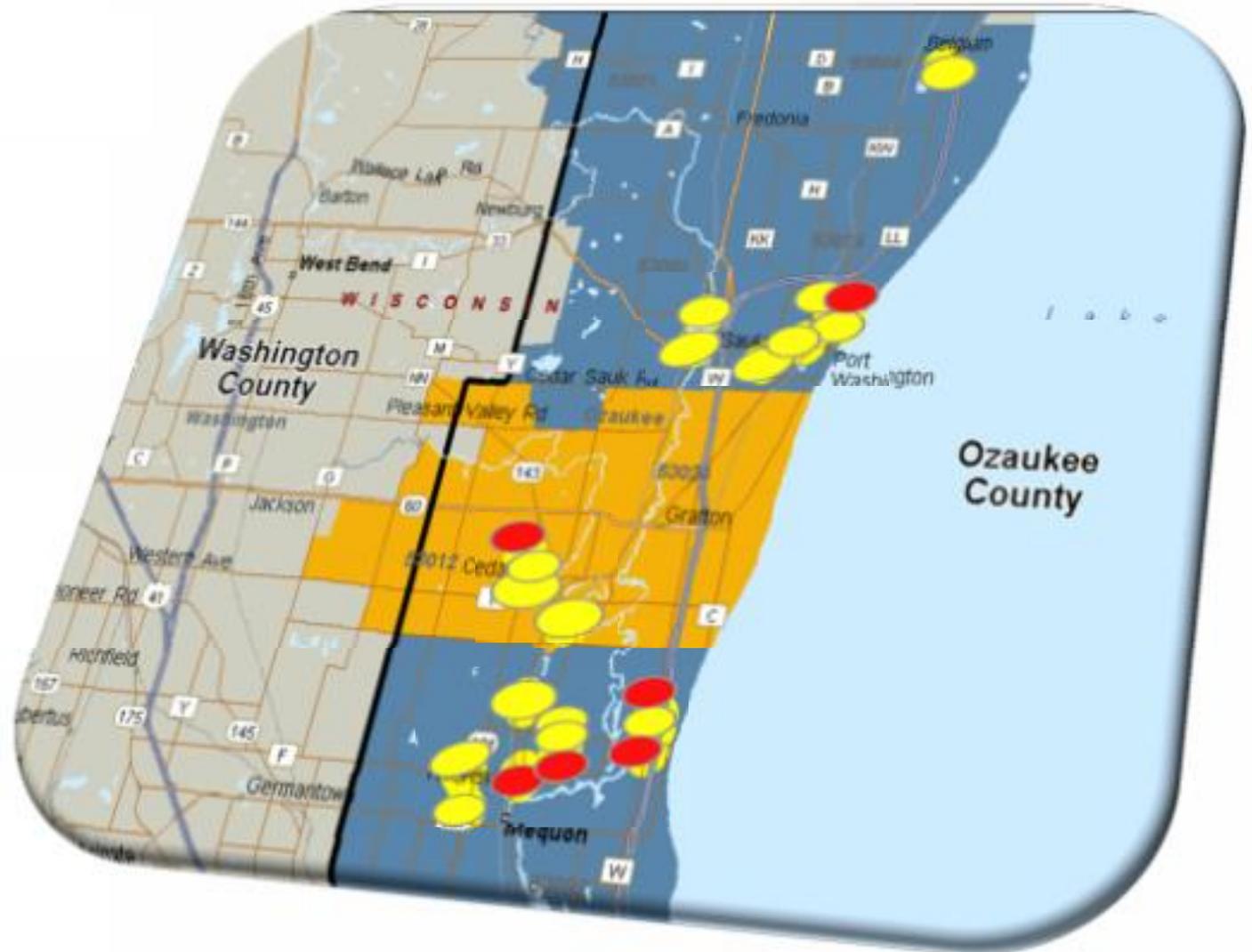
Facility Name	Street	City	Zip		Class	Capacity	LowRate	HighRate
FIVE STARNORTHSHORE LLC D/B/A MEADOWMERE-NOR	10803 N PORT WASHINGTON RD	MEQUON	53092	SMA	CERTIFIED	60	\$ 2,964	\$ 3,900
HARBORCLUB RCAC LLC	333 W WALTERS ST	PORT WASHINGTON	53074	SMA	REGISTERED	20	\$ 717	\$ 1,320
LASATA CROSSINGS ASSISTED LIVING	W79N673 WAUWATOSA RD	CEDARBURG	53012	PMA	CERTIFIED	60	\$ 3,550	\$ 4,650
LCS WESTMINSTER NEWCASTLE LLC	12600 N PORT WASHINGTON RD	MEQUON	53092	SMA	REGISTERED	36	\$ 4,337	\$ 5,104
SARAH CHUDNOW CAMPUS	10995 N MARKET ST	MEQUON	53092	SMA	REGISTERED	45	\$ 3,304	\$ 4,354
WILLOWBROOK PLACE	205 GREEN BAY RD	THIENSVILLE	53092	SMA	CERTIFIED	65	\$ 885	\$ 2,560

Source: DHS 2012

286

COMPETITORS IN THE MARKET AREA

Red = RCACs
Yellow = CBRFs



DEMOGRAPHIC PROJECTIONS

The senior populations are projected to grow significantly in Ozaukee County and the market area as defined. This suggests there will likely be an increasing need for more assisted living units for the next five years, and possibly longer.

For Lasata Senior Living Campus
Population Projections 2000 to 2017
Total Market Area

	2000		2012		2017		2000-2012	2012-2017
	Number	% of Total	Number	% of Total	Number	% of Total	% Change	% Change
55 - 64	8,298	10.0%	12,284	13.9%	14,208	15.7%	32.4%	15.7%
65 - 74	5,700	6.8%	6,897	7.8%	8,722	9.6%	17.4%	26.5%
75 - 84	3,532	4.2%	4,443	5.0%	4,560	5.0%	20.5%	2.6%
85+	1,181	1.4%	1,716	1.9%	2,108	2.3%	31.2%	22.8%
75+	4,713	5.7%	6,159	7.0%	6,668	7.3%	23.5%	8.3%
65+	10,413	12.5%	13,056	14.8%	15,390	17.0%	20.2%	17.9%
Total Population	83,269	100.0%	88,392	100.0%	90,773	100.0%	5.8%	2.7%

Source: Claritas 2012

MARKET STUDY CONCLUSIONS

The market demand model for the market area and Primary Market Area (PMA) suggested that there is a need for additional capacity.

The market demand model for the PMA suggested that there is room in the PMA to add up to *36-market rate* CBRF beds.

Several of these beds would be filled by existing Lasata Senior Living Campus residents.

Management should note, that if the project contracted with Family Care and accepted residents on Medicaid waiver funding, the market demand model suggested that there are not enough units in the PMA to meet the potential demand, and the project could be larger than 36 units.

LASATA SENIOR LIVING CAMPUS
CURRENT + FUTURE PROGRAMMING

EXISTING BUILDING SPACE ALLOCATION

Category of Space	Area (SF)	% of Total
Resident Spaces	38,845.12	29.11%
Social Spaces	21,594.29	16.18%
Support Spaces	40,874.48	30.63%
Circulation	32,127.60	24.08%
Totals	133,441.49	100.00%
Licensed Beds	175 (all SNF)	
Area per resident	762.52	

PROGRAM BUILDING SPACE ALLOCATION

Category of Space	Area (SF)	% of Total
Resident Spaces	53,730	38.79%
Social Spaces	21,048	15.20%
Support Spaces	21,993	15.88%
Circulation	41,740	30.13%
Totals	138,511	100.00%
Licensed Beds	150 (120 SNF/30 ALF)	
Area per resident	923.40	

PROGRAM BUILDING SPACE COMPARISON

Design Scenario	Existing Remodeled Area (SF)	New Construction Area (SF)	Total Building Area (SF)
Scenario A	133,441	0	133,441
Scenario B	111,642	72,614	184,256
Scenario C	43,881	94,630	138,511
Scenario D	0	138,511	138,511

LASATA SENIOR LIVING CAMPUS
CURRENT FACILITY ANALYSIS

FACILITY ASSESSMENT

Building Exterior Systems

Roof - Existing roof coverings appear to be in average condition

Windows - recently replaced

Skin - work required on mortar and caulk joints



FACILITY ASSESSMENT

Interior Building Systems

Smoke/fire separations/shaft walls - are assumed to not be up to current code

ACMs (Asbestos Containing Materials) - Abatement required for all remodeling components

Elevators - renovation required to comply with current codes

FACILITY ASSESSMENT

MEP (Mechanical Electrical Plumbing) Systems

HVAC (Heating Ventilation Air Conditioning) – in greatest need of repair/replacement

Centralize equipment to gain efficiencies for maintenance and energy consumption

Update control system to digital controls to increase occupant comfort and for efficient control

FACILITY ASSESSMENT

MEP Systems

Plumbing – in greatest need of repair/replacement

Re-pipe all mains and branches, new valves, drains, traps, etc.

Fire Protection - in good condition and complies with NFPA 13

FACILITY ASSESSMENT

MEP Systems

Electrical - distribution in good condition

Generator has additional load for building expansion

Electrical service would need to be re-evaluated for new HVAC equipment



LASATA SENIOR LIVING CAMPUS
FINANCIAL + FINANCIAL PLANNING REVIEW

FINANCIAL MODELING ASSUMPTIONS

Phasing of project – SNF first, CBRF last

Financing – 3% interest, 20 year bond financing, 3 separate bond issues

Revenues – Based on current rates, Medicare and Medicaid inflated 1.5% annually, Private Pay inflated 3% annually

Revenues – Project does not qualify for state incentive program, cannot project budget neutrality to the state

FINANCIAL MODELING ASSUMPTIONS

Expenses – Non-salary expenses inflated 3% annually, salaries inflated 1.5% annually

Staffing – Based on current hours per patient day, adjusted for lower census. Efficiencies built into scenarios A and B to reflect the household model design

Census – Payor mix similar to current operations, other than Medicaid decrease in SNF which becomes the beginning census in the CBRF

Census – Upon completion of the project and fill up period, the campus will serve approximately the same number of residents as prior to the project

FINANCIAL MODELING ASSUMPTIONS

CBRF – One year fill up period, payor mix two thirds Medicaid/Family Care, one third Private Pay

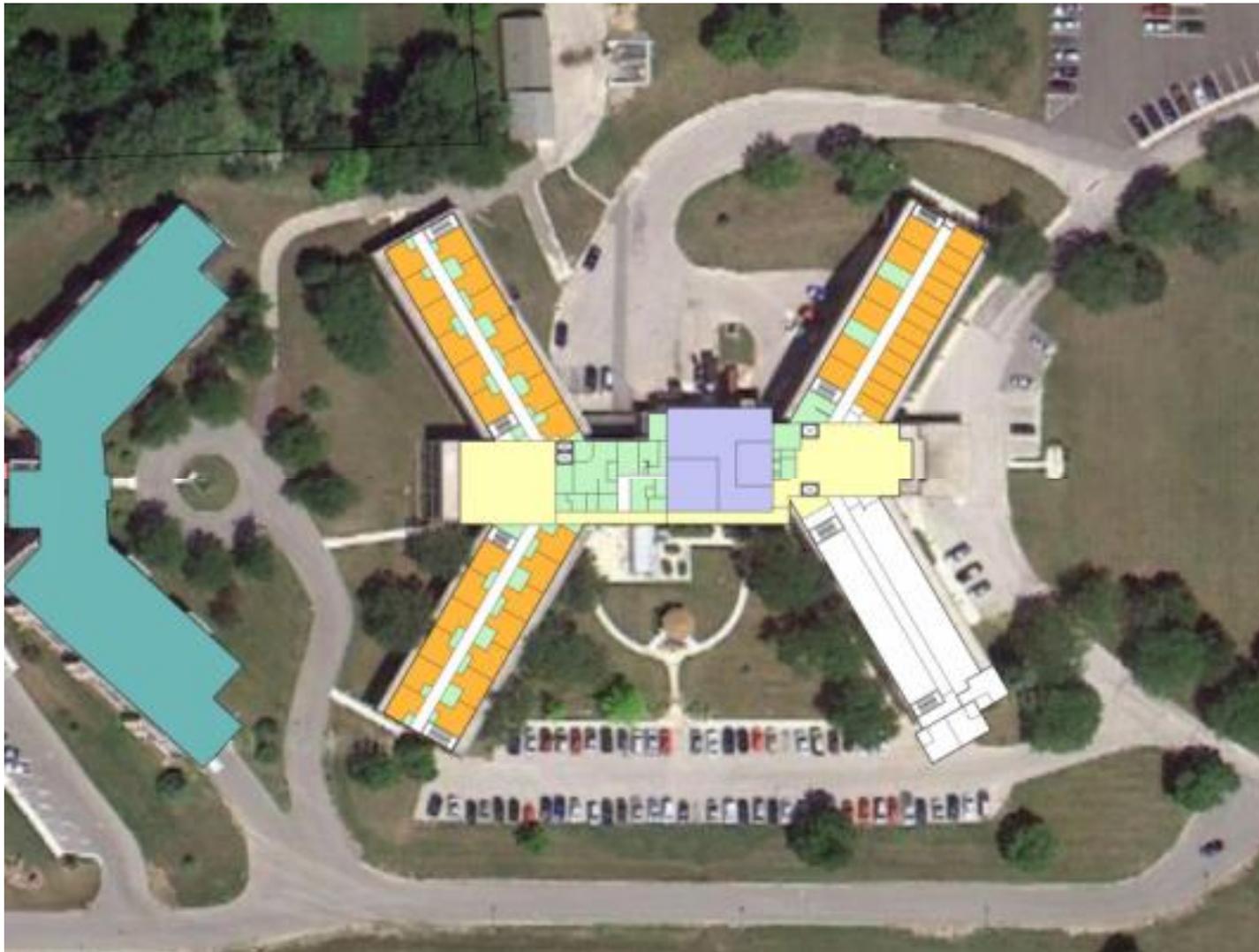
CBRF – Staffing ratio of 1 CBRF aide for each 6 CBRF residents (at stabilized occupancy)



LASATA SENIOR LIVING CAMPUS
OPTION A

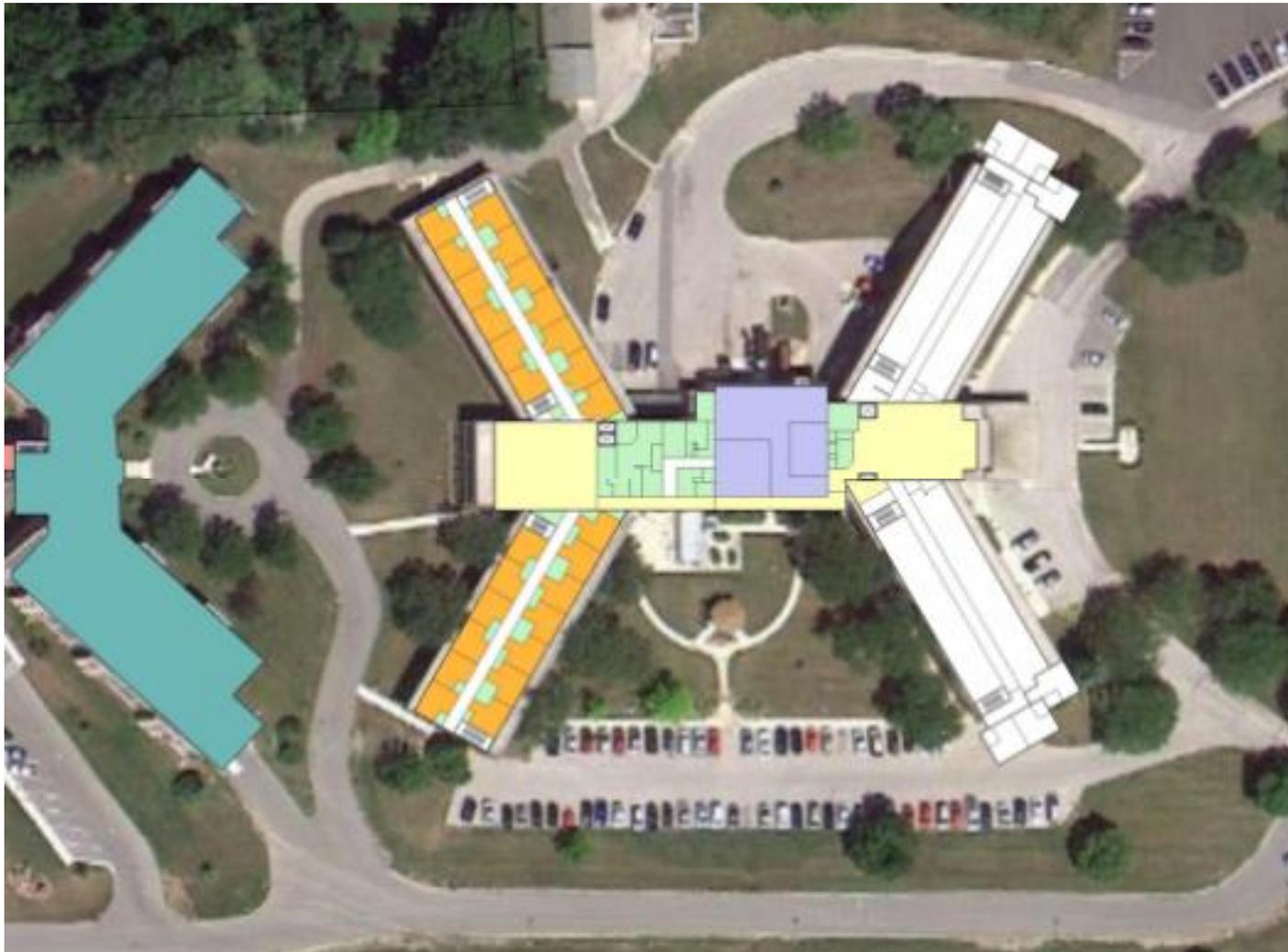
SCENARIO A-PHASE 1 (2015)

REMODEL SE WING INTO 2 HOUSEHOLDS



SCENARIO A-PHASE 2 (2015)

REMODEL NE WING INTO 2 HOUSEHOLDS



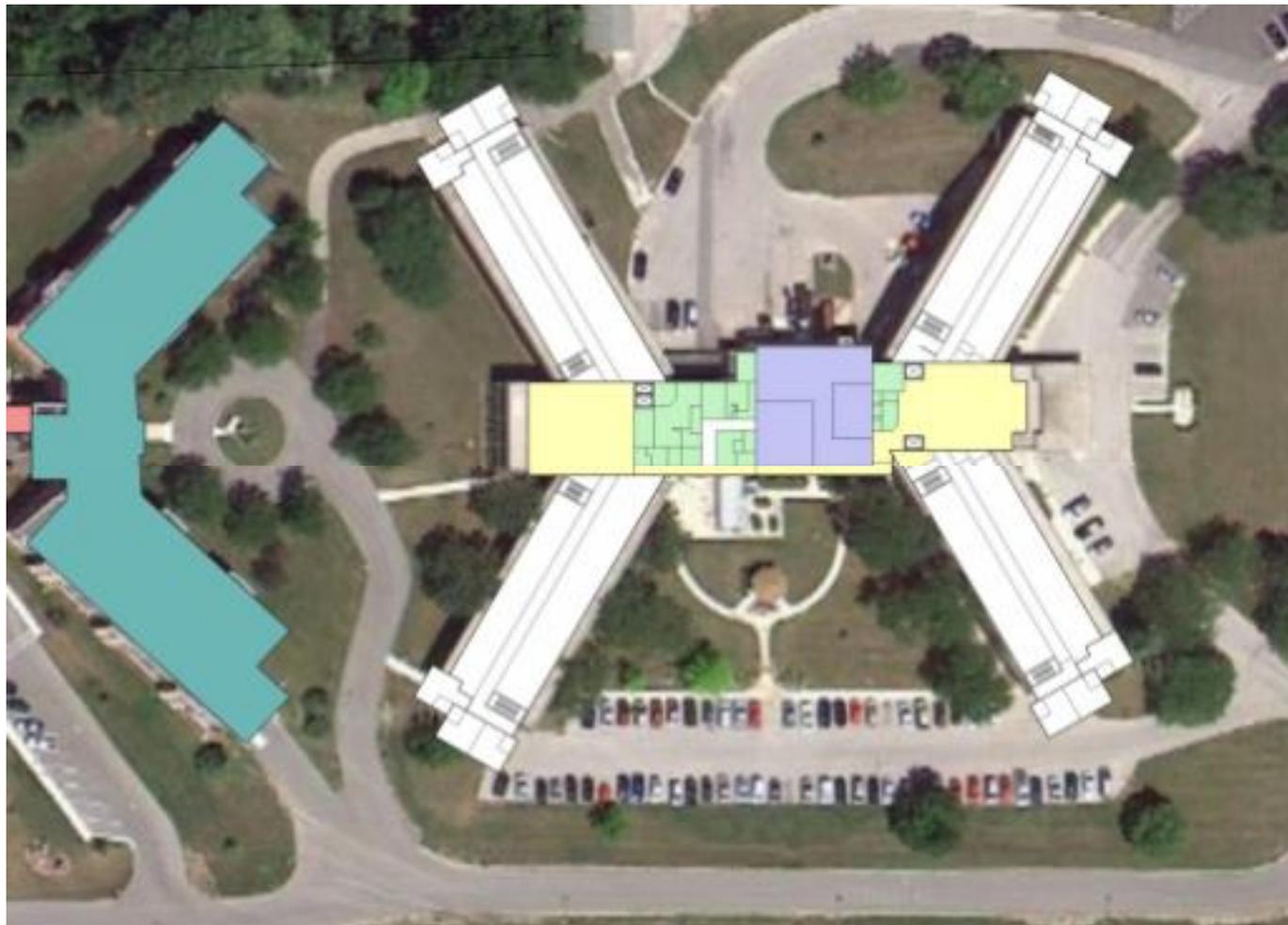
SCENARIO A-PHASE 3 (2015)

REMODEL NW WING INTO 2 HOUSEHOLDS



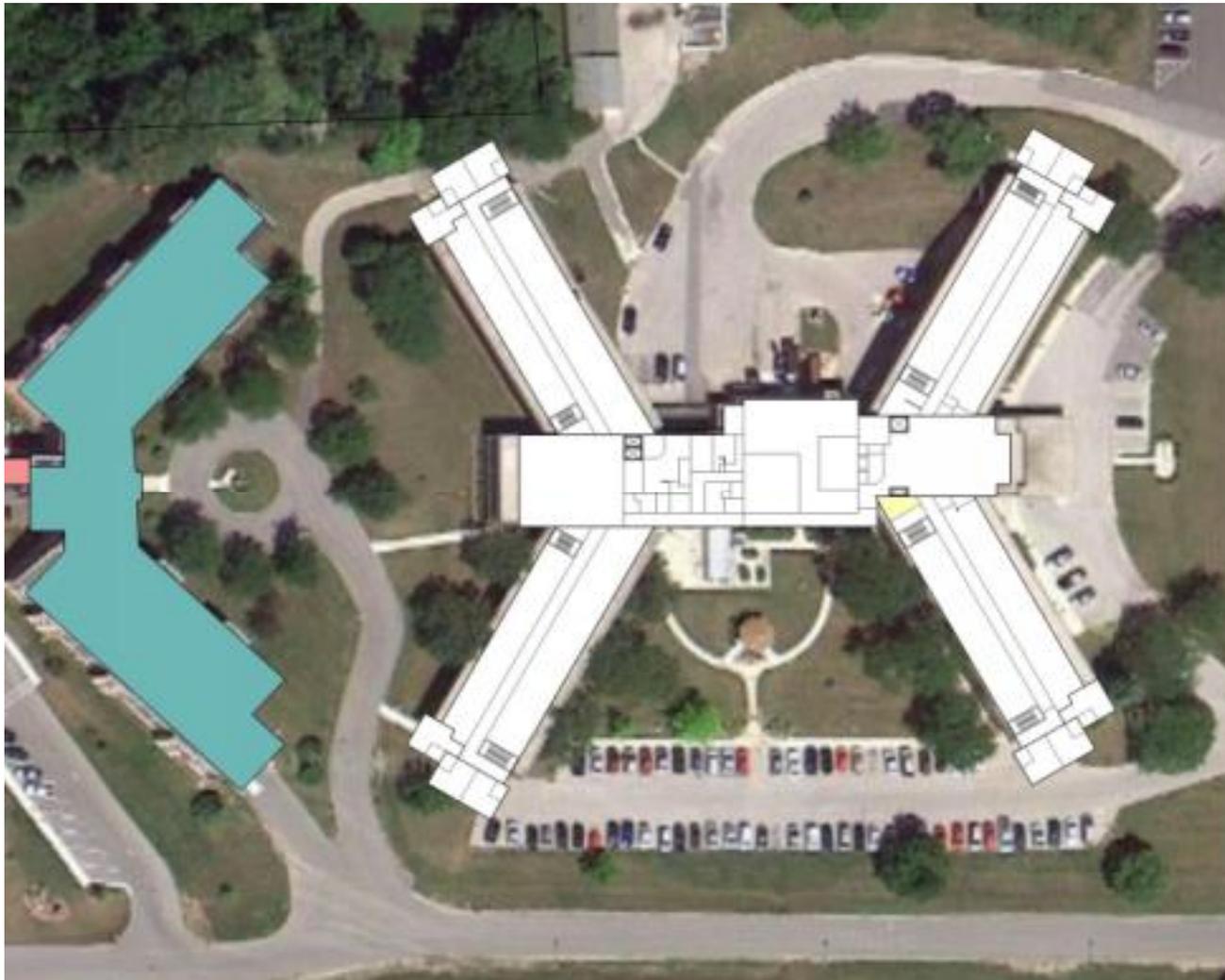
SCENARIO A-PHASE 4 (2015)

REMODEL SW WING INTO 2 HOUSEHOLDS (CBRF)



SCENARIO A-PHASE 5 (2015)

REMODEL EXISTING COMMONS INTO VILLAGE SQUARE



SCENARIO A FINANCIAL RESULTS

No CBRF

No household design model staffing efficiencies

Significant losses during construction period due to the need to reduce census, particularly Medicare, in order to renovate each wing

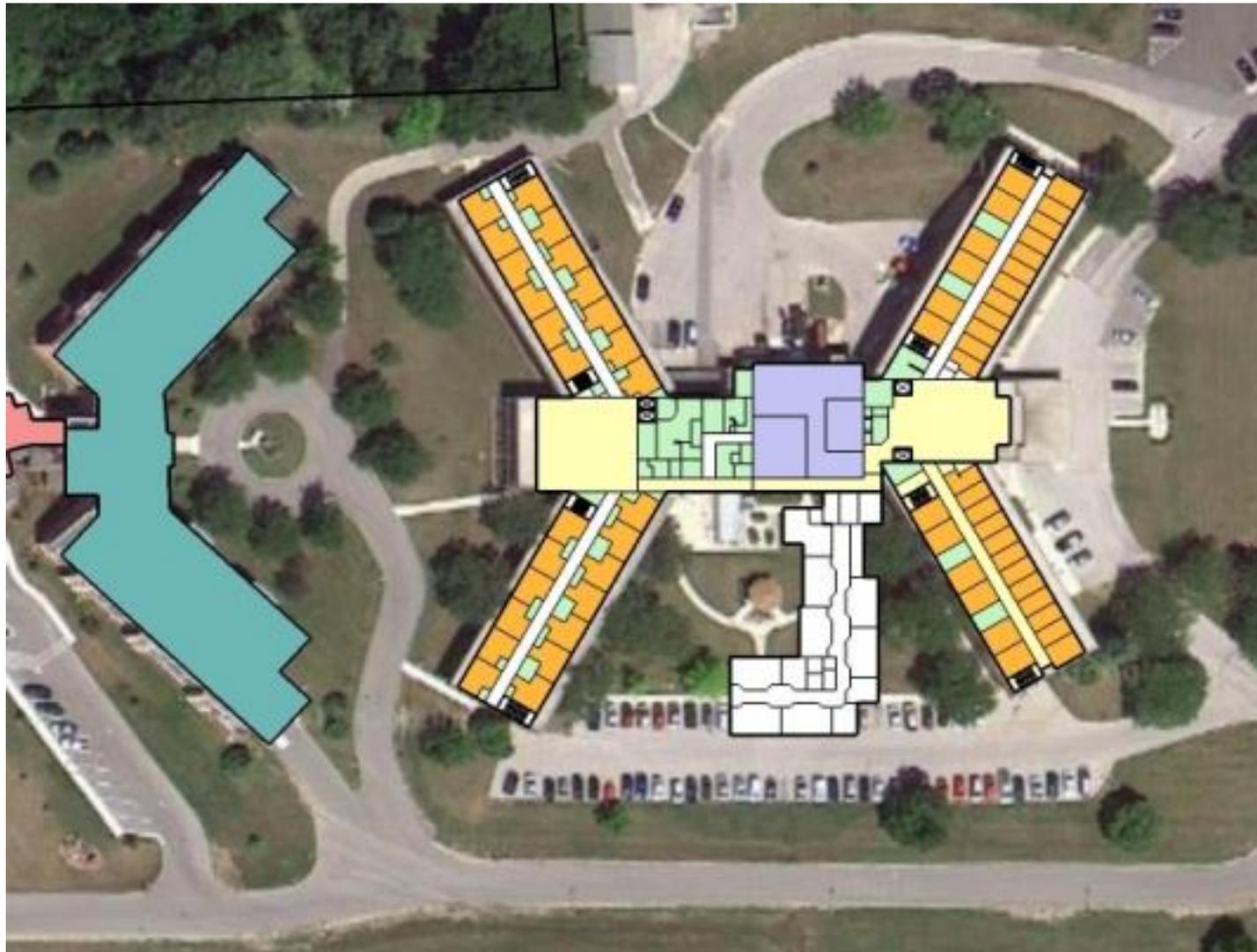
Estimated Project Cost: \$23,192,228

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Scenario A	(\$958,094)	(\$1,326,577)	(\$1,752,433)	(\$1,454,980)	\$105,266	\$21,312	\$39,874

LASATA SENIOR LIVING CAMPUS
OPTION B

SCENARIO B-PHASE 1 (2015)

CONSTRUCT 2 HOUSEHOLDS



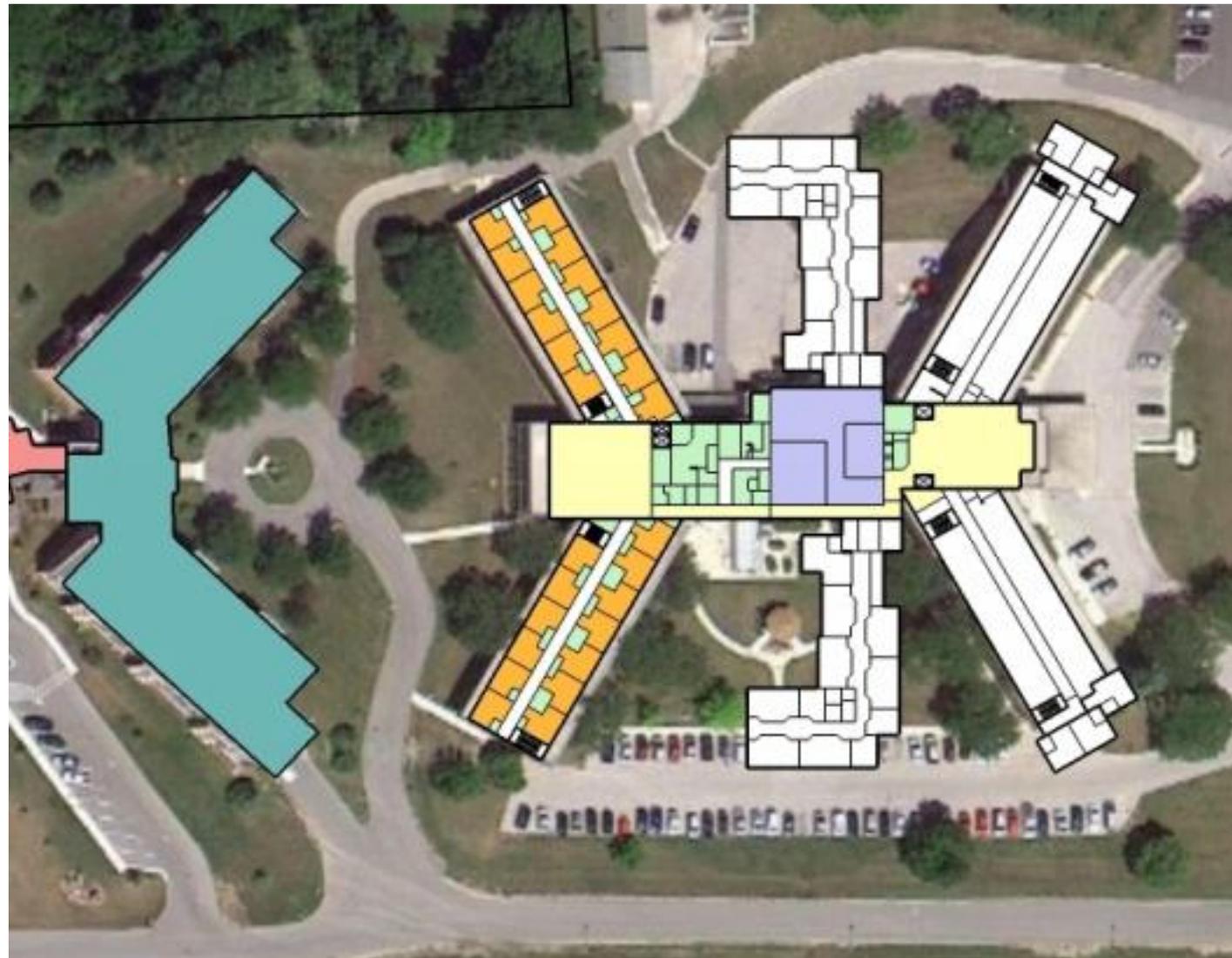
SCENARIO B-PHASE 2 (2016)

CONSTRUCT 2 HOUSEHOLDS / REMODEL SE WING INTO 2 HOUSEHOLDS



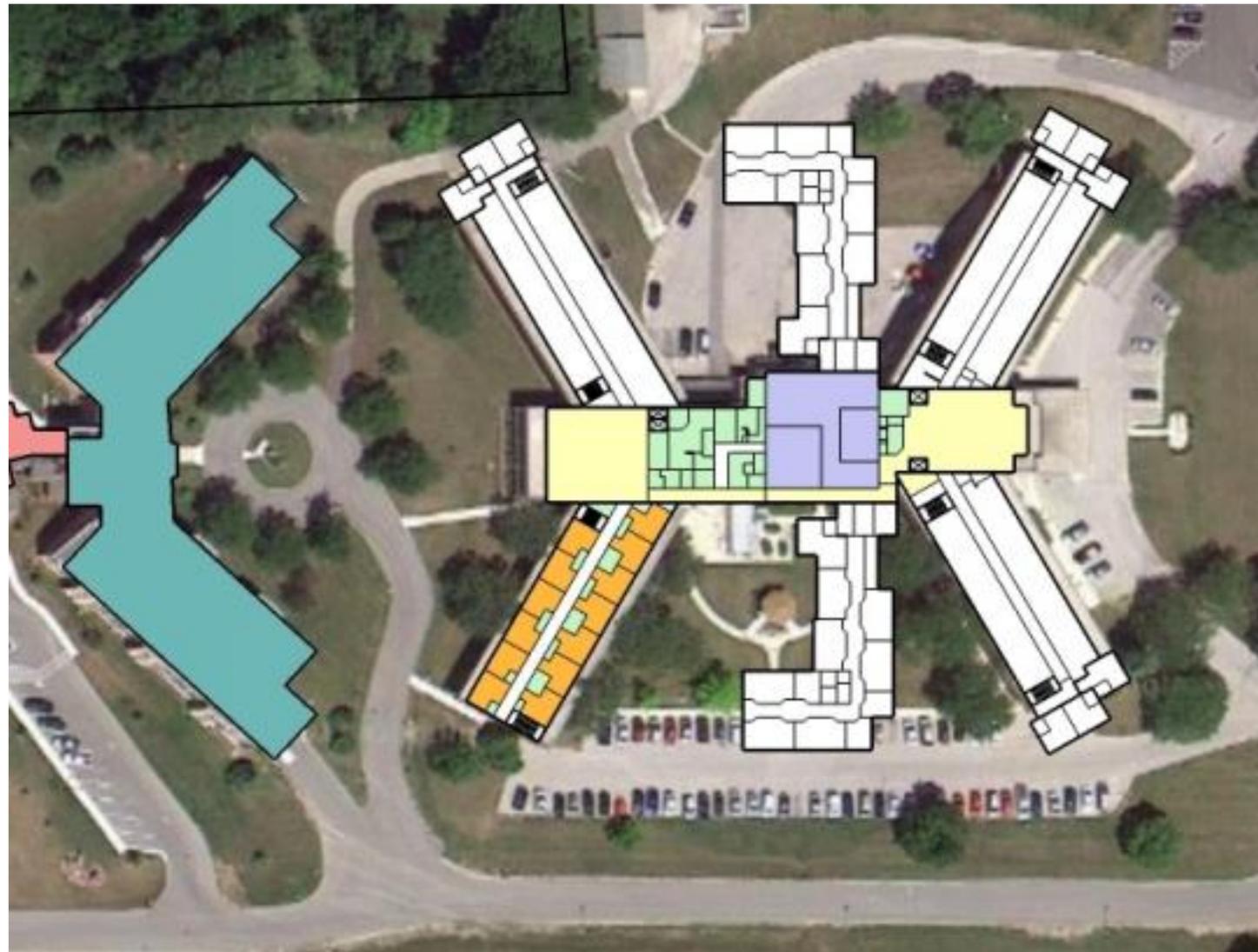
SCENARIO B-PHASE 3 (2017)

REMODEL NE WING INTO 2 HOUSEHOLDS



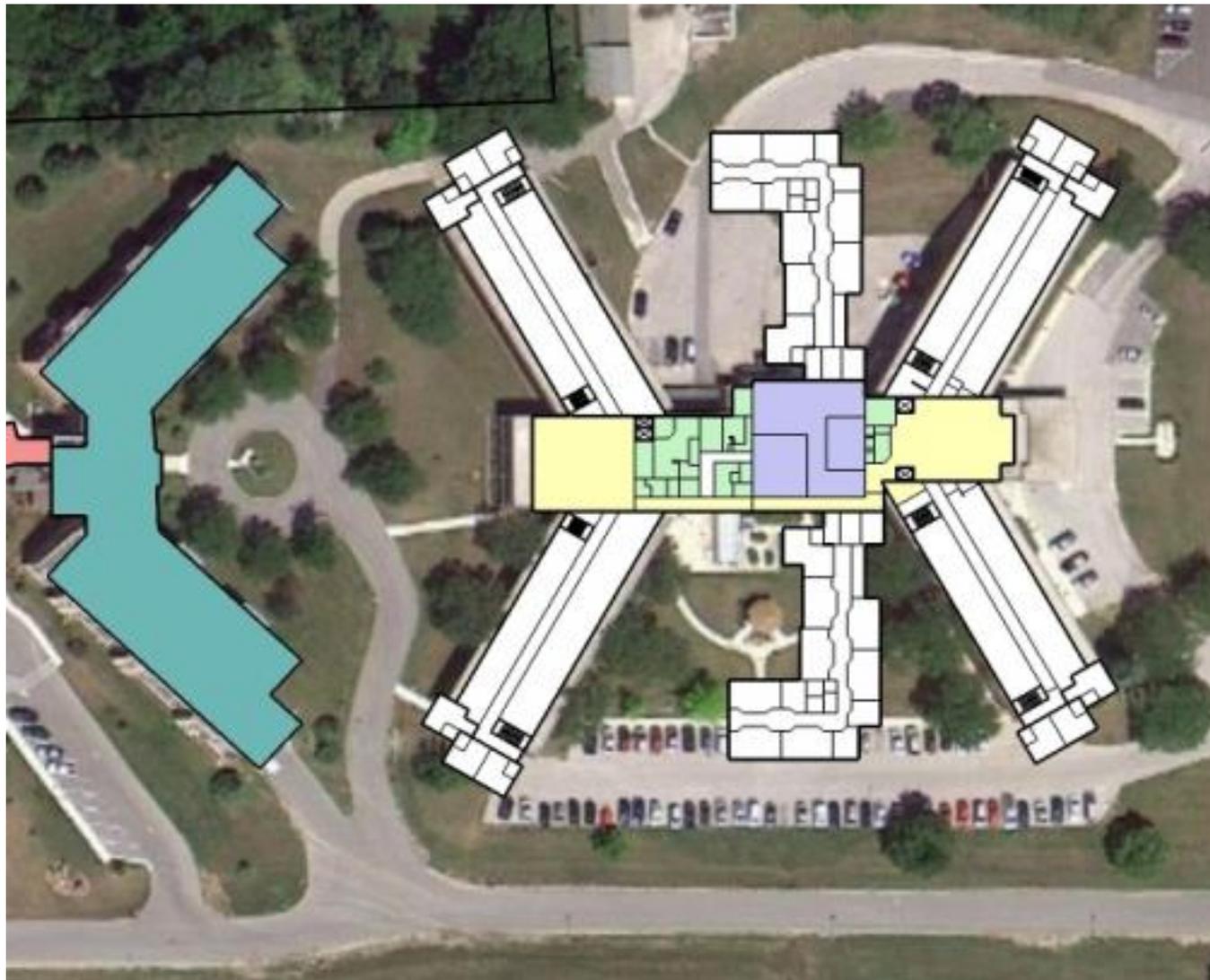
SCENARIO B-PHASE 4 (2017)

REMODEL NW WING INTO 2 HOUSEHOLDS



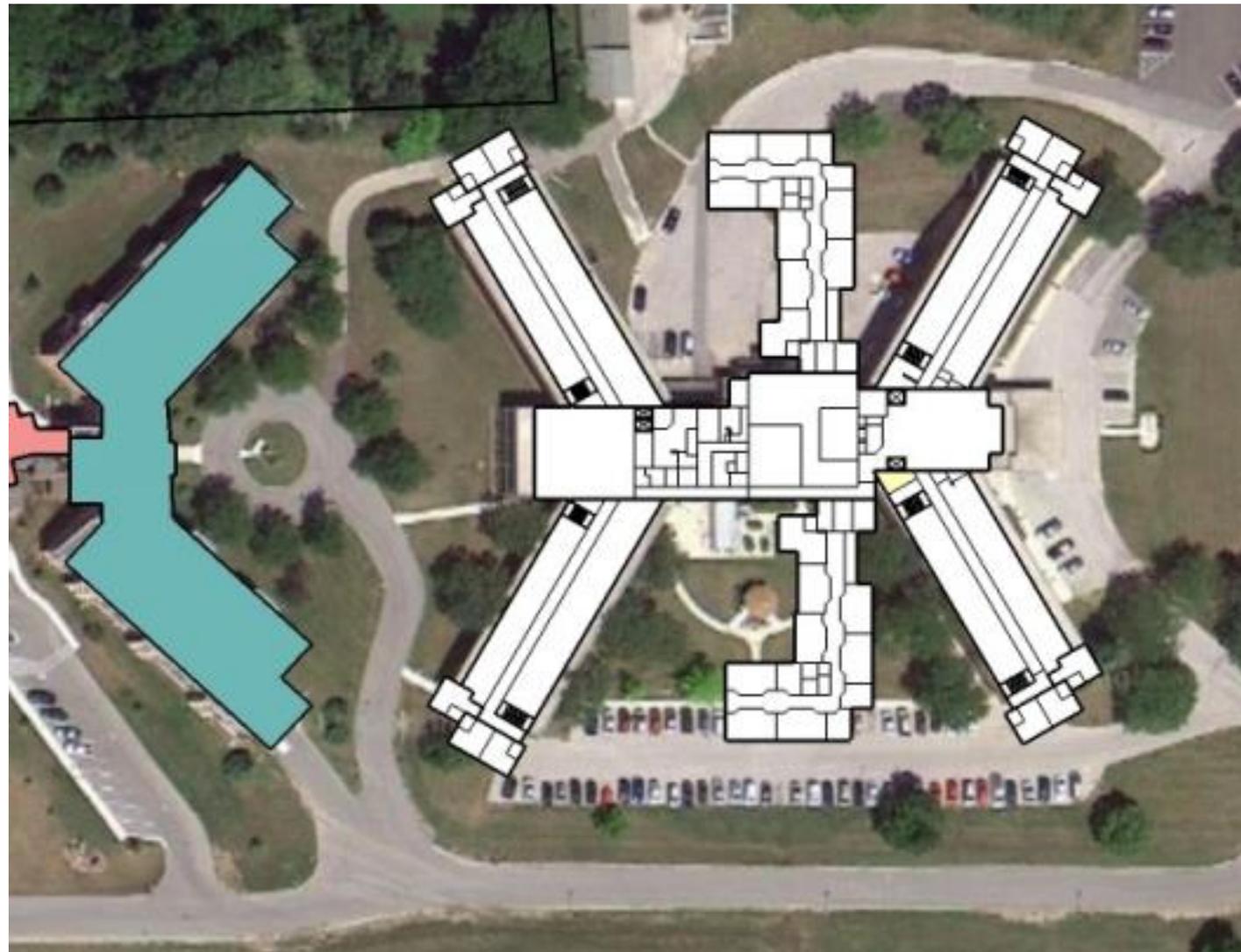
SCENARIO B-PHASE 5 (2018)

REMODEL SW WING INTO 2 HOUSEHOLDS (CBRF)



SCENARIO B-PHASE 6 (2018)

REMODEL EXISTING COMMONS INTO VILLAGE SQUARE



SCENARIO B FINANCIAL RESULTS

Includes a wing of CBRF

No household design model staffing efficiencies

Scenario loses money even after completion due to increase staffing costs resulting from inefficient old building design

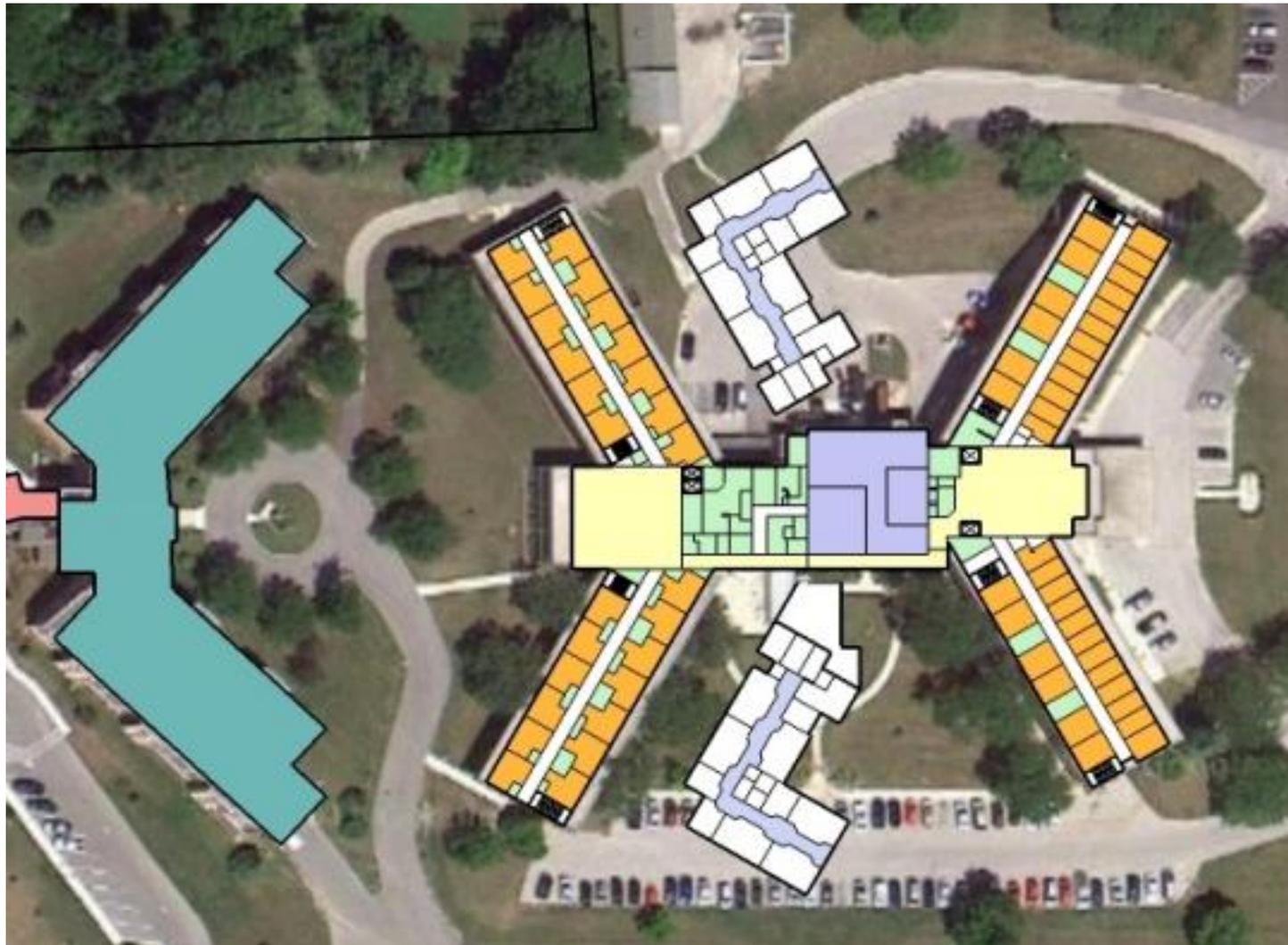
Estimated Project Cost: \$34,521,713

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Scenario B	\$202,367	(\$291,306)	(\$561,062)	(\$750,337)	(\$831,891)	(\$685,830)	(\$629,883)

LASATA SENIOR LIVING CAMPUS
OPTION C

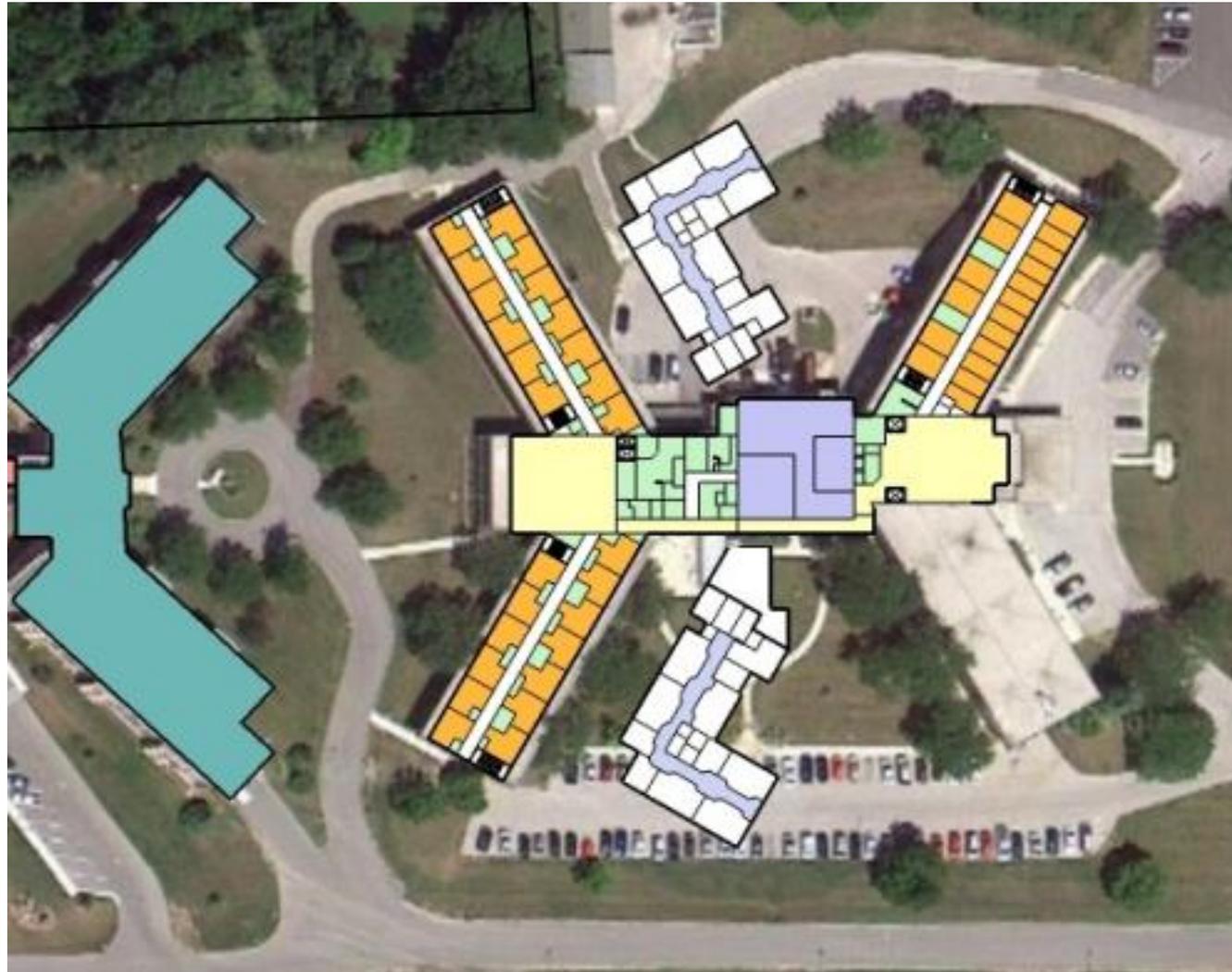
SCENARIO C-PHASE 1 (2015)

CONSTRUCT 4 HOUSEHOLDS



SCENARIO C-PHASE 2 (2015)

DEMOLISH SE WING



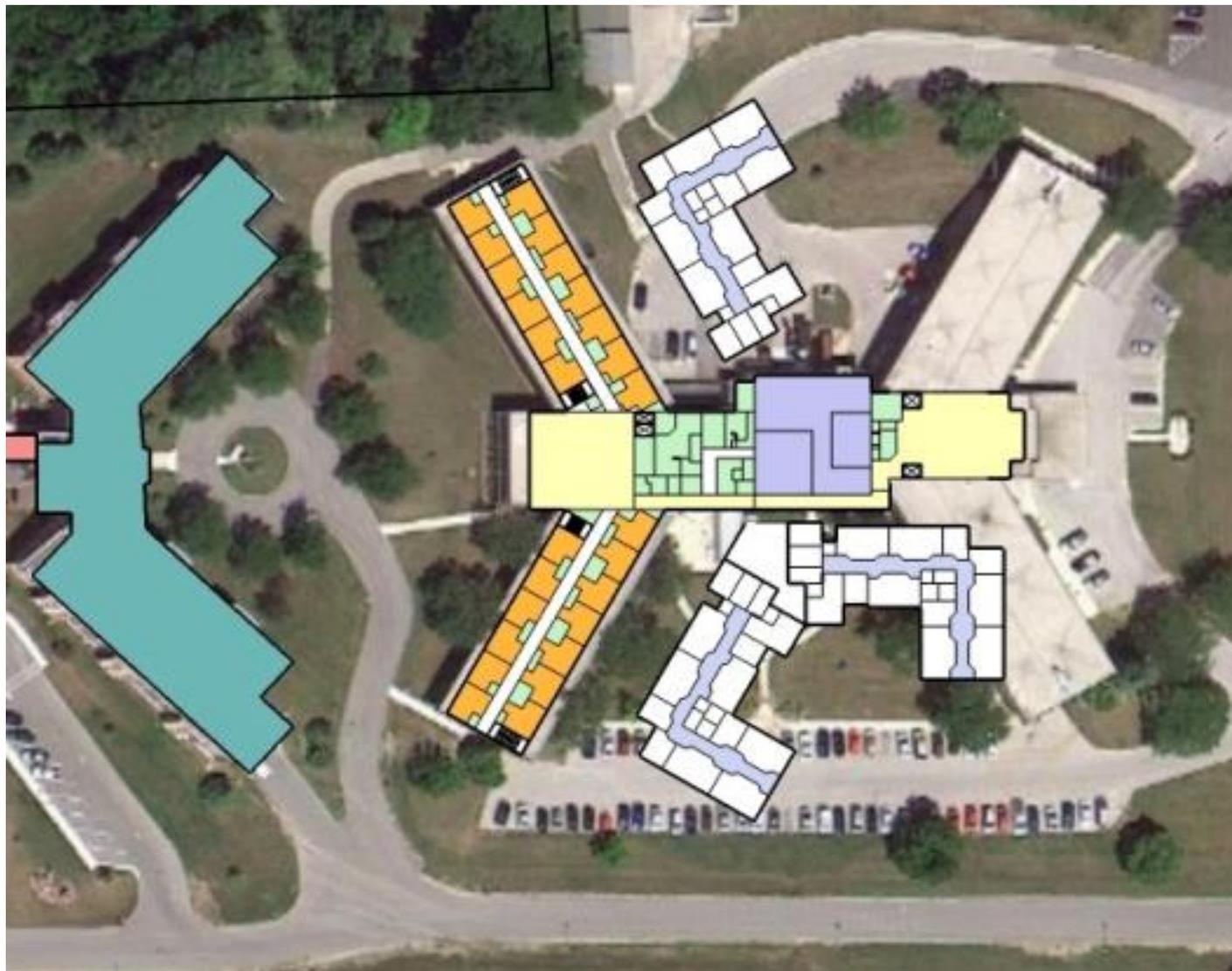
SCENARIO C-PHASE 3 (2016)

CONSTRUCT 3 HOUSEHOLDS



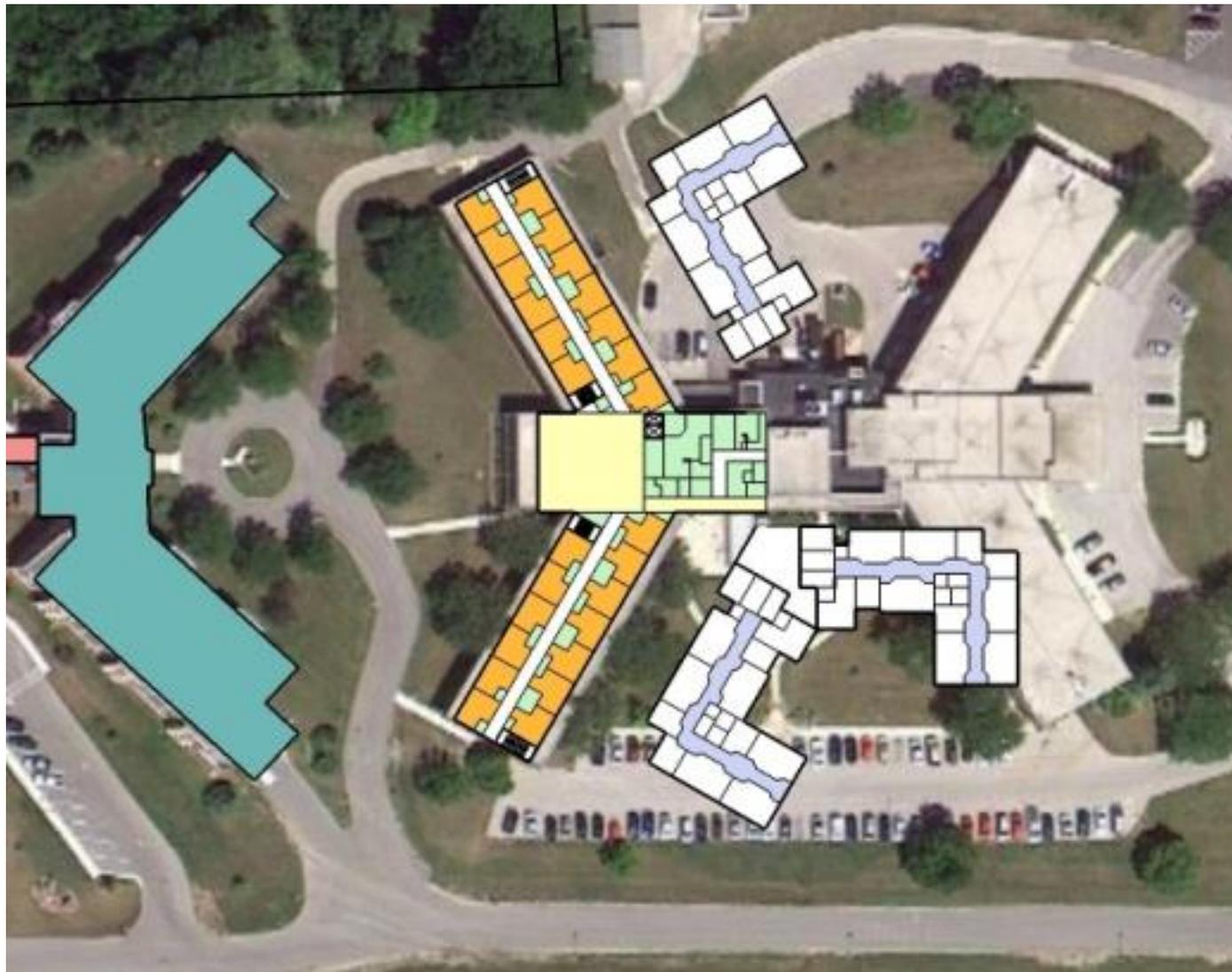
SCENARIO C-PHASE 4 (2016)

DEMOLISH NE WING



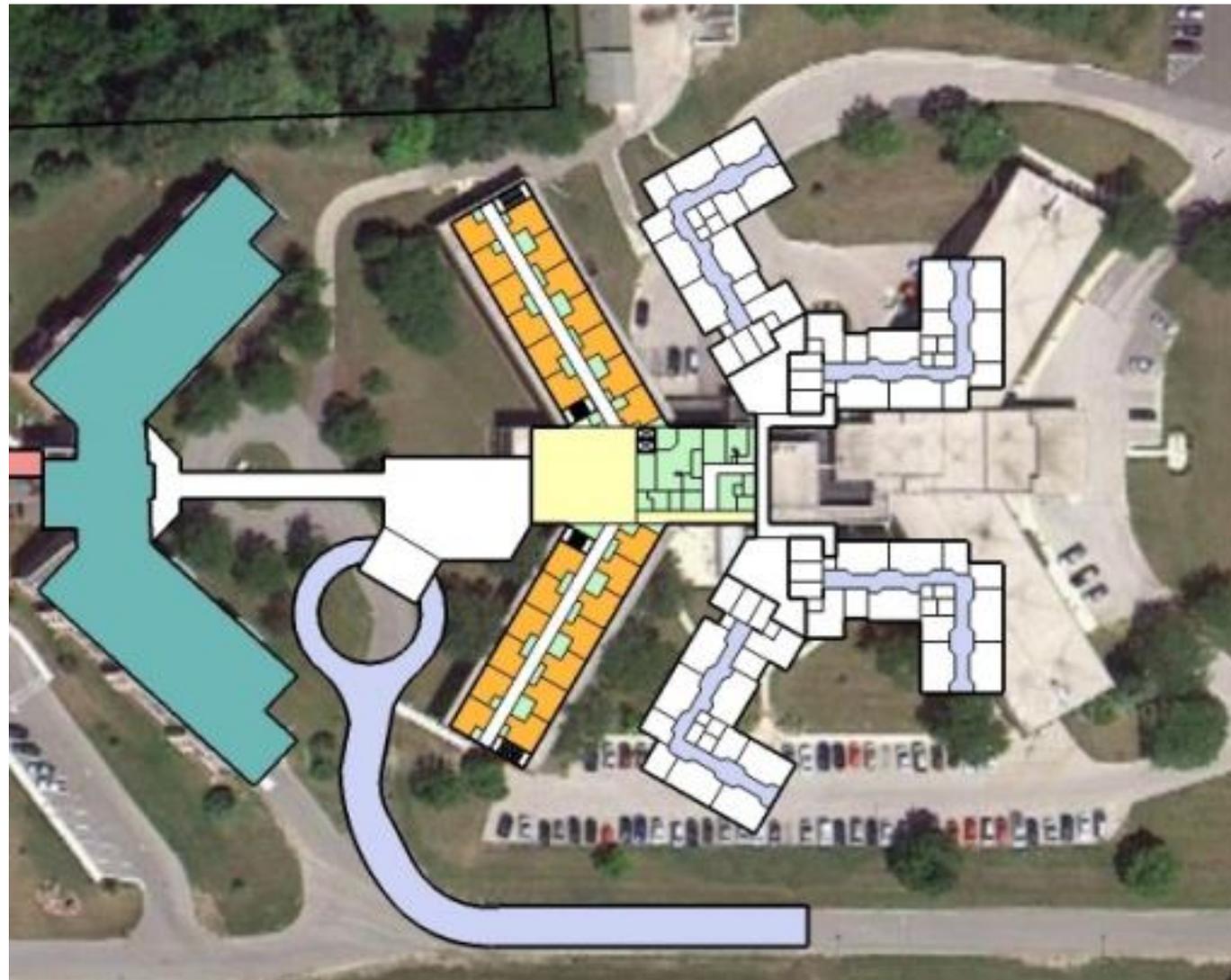
SCENARIO C-PHASE 5 (2017)

DEMOLISH PORTION OF EXISTING COMMONS



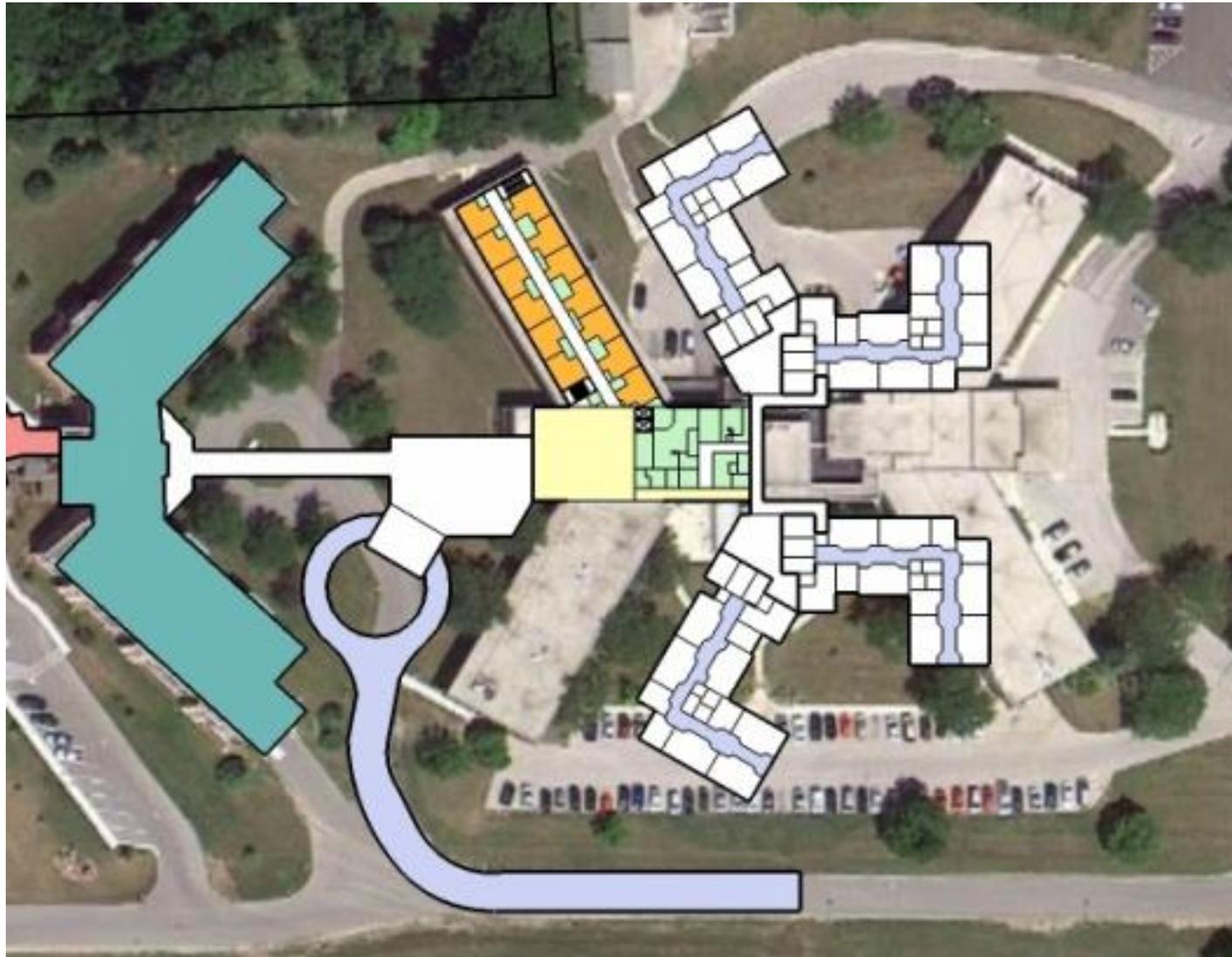
SCENARIO C-PHASE 6 (2017)

CONSTRUCT 3 HOUSEHOLDS, CONNENTION + VILLAGE SQUARE



SCENARIO C-PHASE 7 (2018)

REMODEL 2 FLOORS EXISTING TO CBRF/DMOLISH SW WING



SCENARIO C FINANCIAL RESULTS

Includes a wing of CBRF

Includes the household design model and the staffing efficiencies it would bring

Scenario ultimately makes a small profit as revenue inflation outpaces expense inflation

Estimated Project Cost: \$29,149,569

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Scenario C	\$202,367	(\$273,363)	(\$438,688)	\$30,821	\$63,167	\$192,980	\$232,093

LASATA SENIOR LIVING CAMPUS
OPTION D

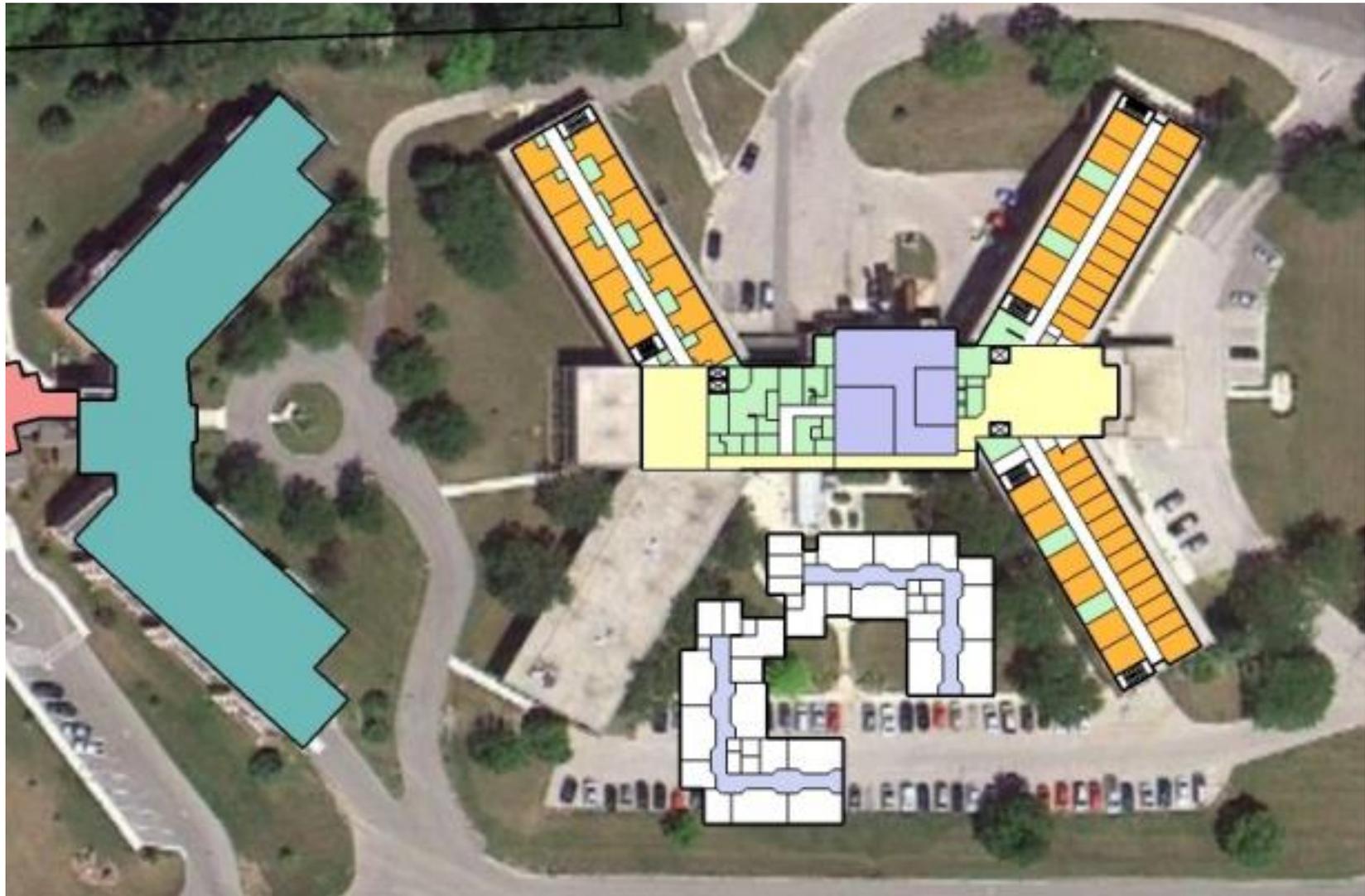
SCENARIO D-PHASE 1 (2015)

CONSTRUCT 4 HOUSEHOLDS



SCENARIO D-PHASE 2 (2015)

DEMOLISH SW WING



SCENARIO D-PHASE 3 (2016)

CONSTRUCT 2 HOUSEHOLDS



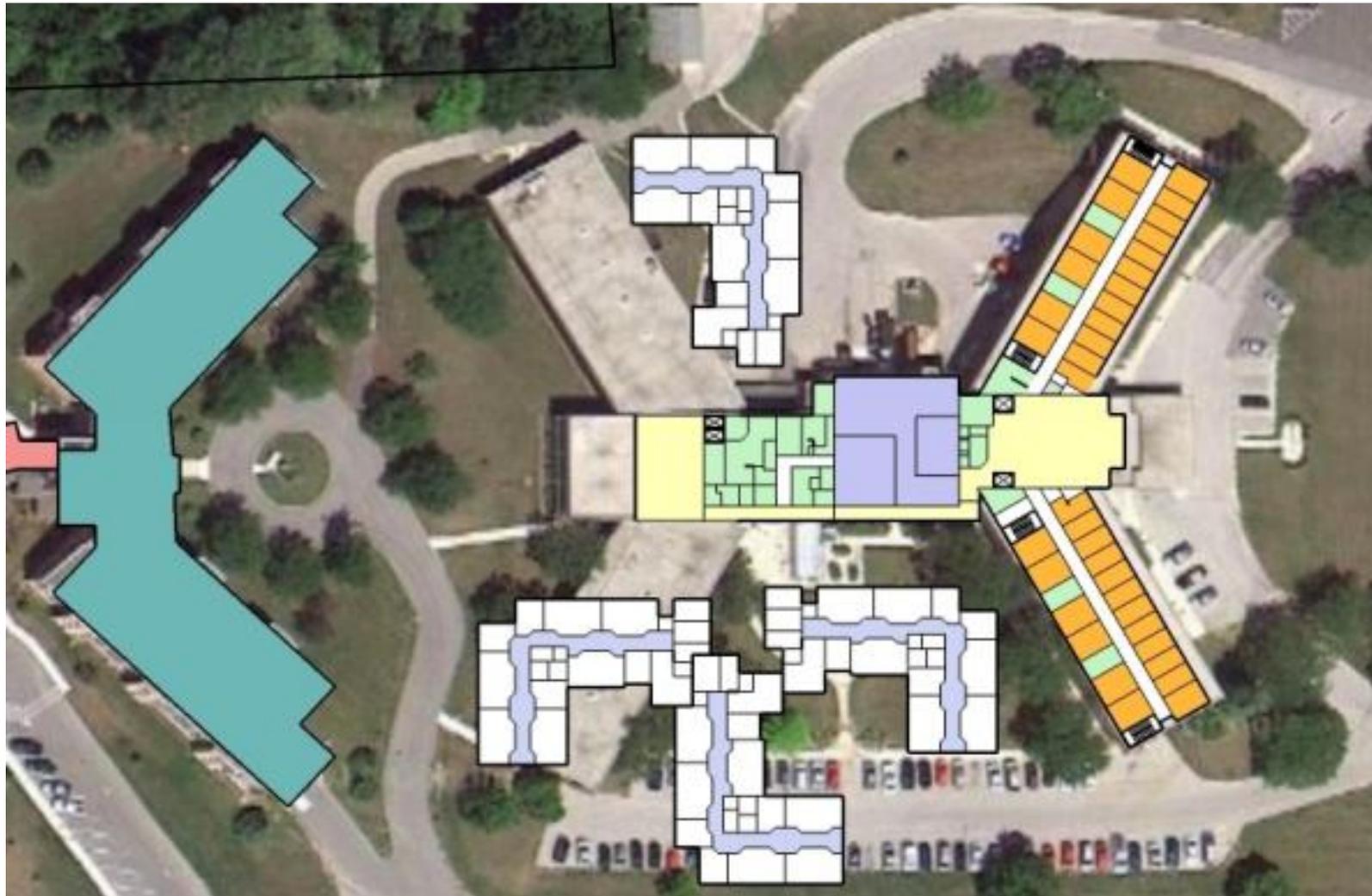
SCENARIO D-PHASE 4 (2016)

DEMOLISH NW WING



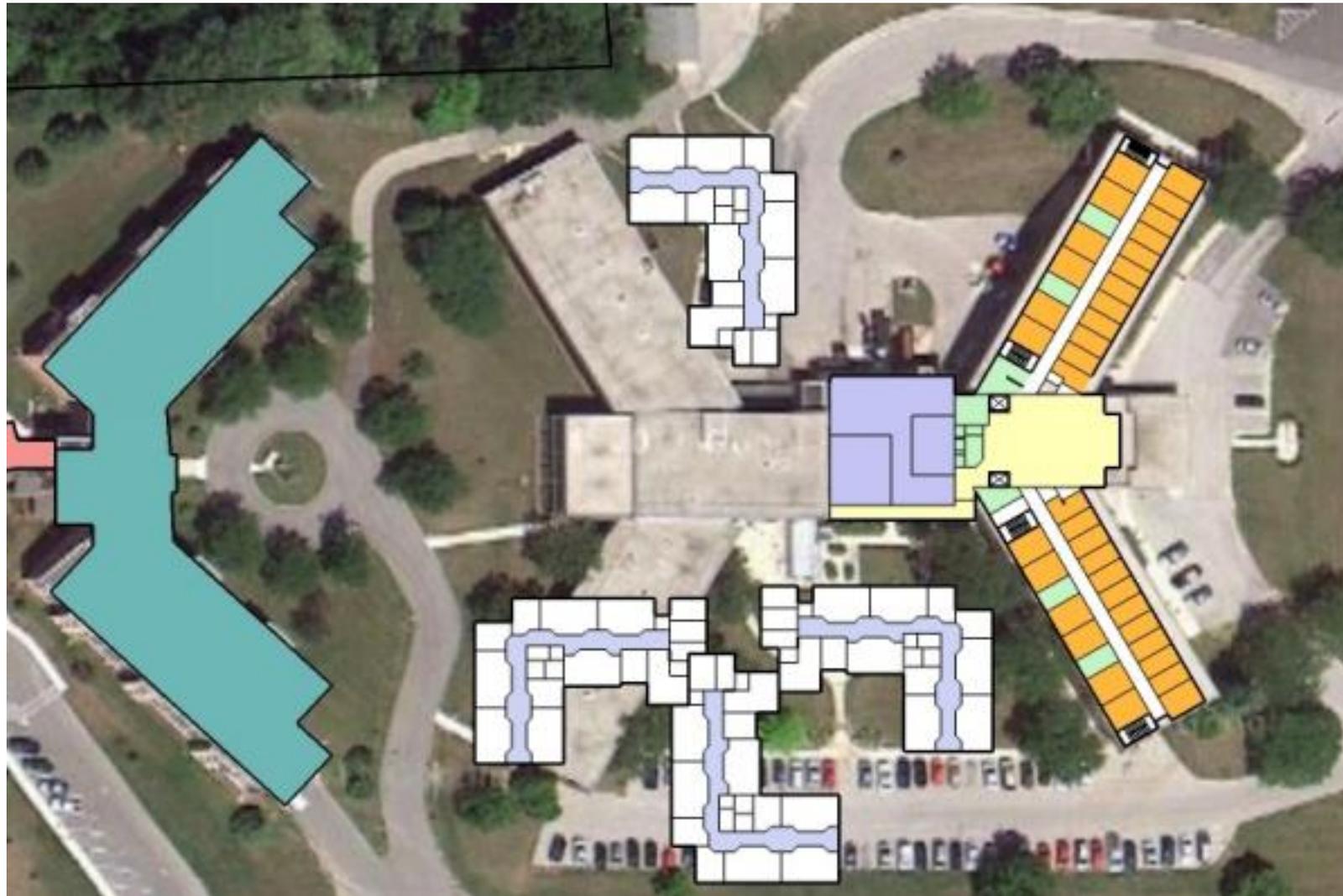
SCENARIO D-PHASE 5 (2016)

CONSTRUCT 2 HOUSEHOLDS



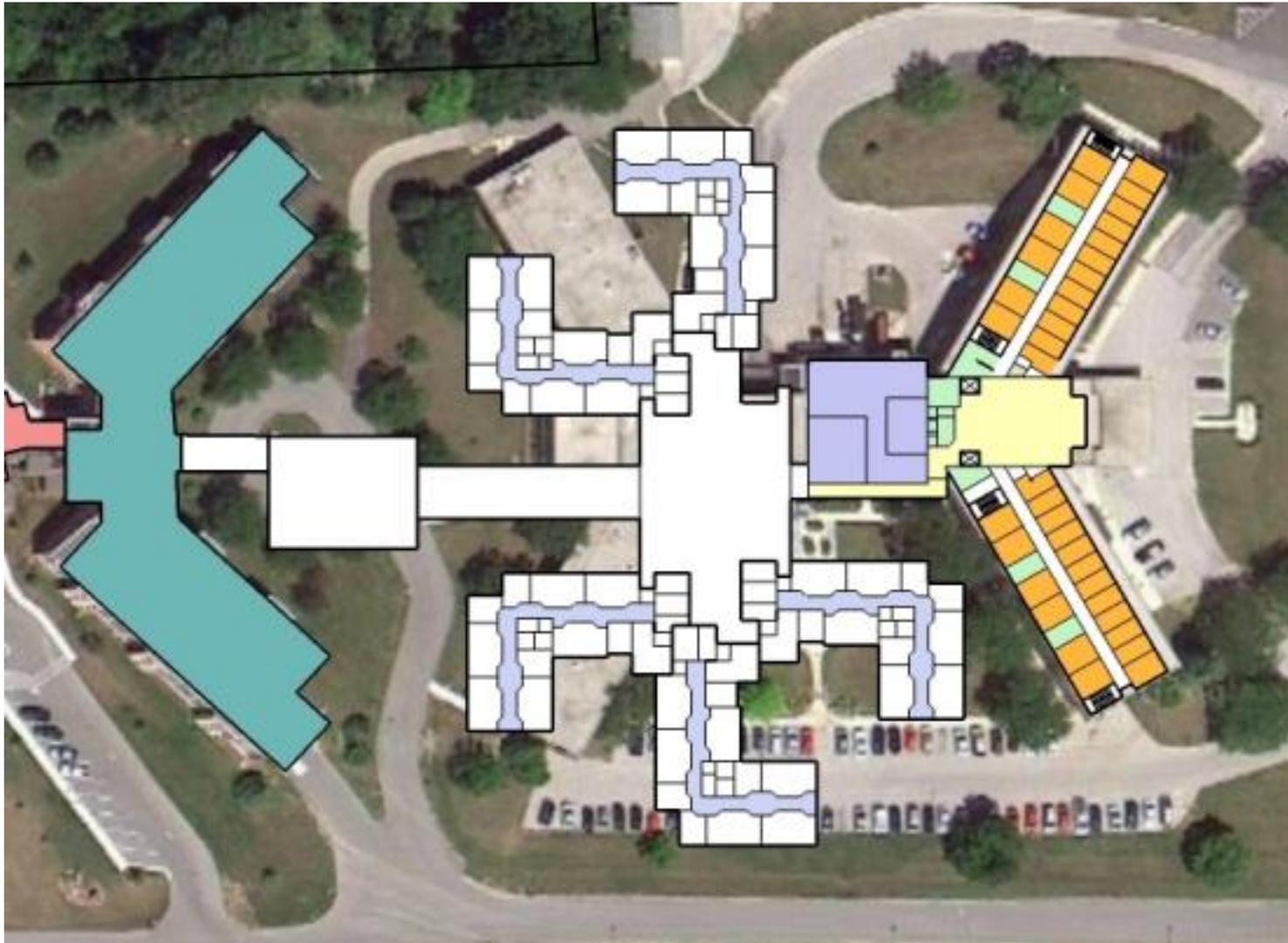
SCENARIO D-PHASE 6 (2016)

DEMOLISH PORTION OF EXISTING COMMONS



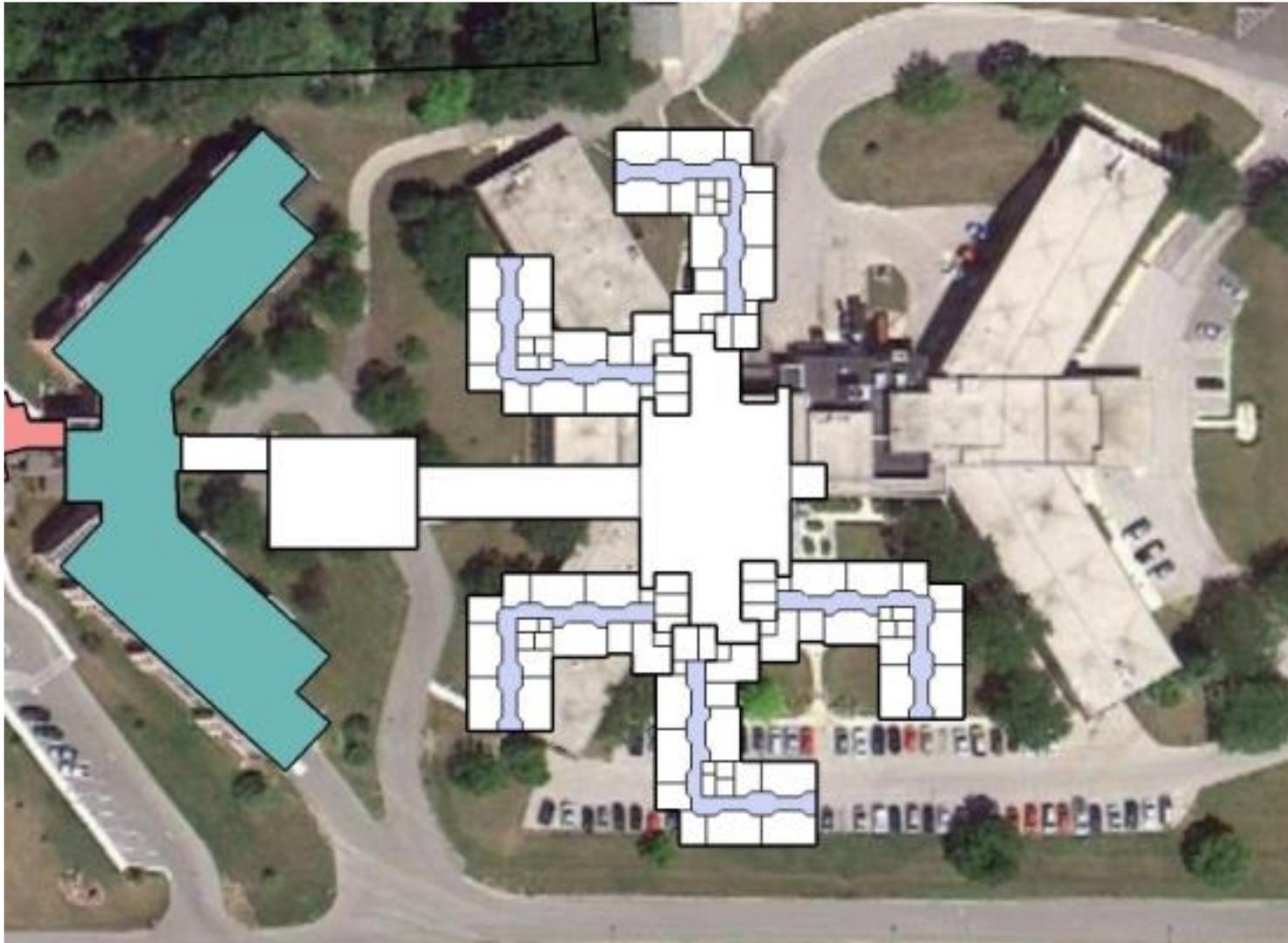
SCENARIO D-PHASE 7 (2017)

CONSTRUCT 2 HOUSEHOLDS AND VILLAGE SQUARE



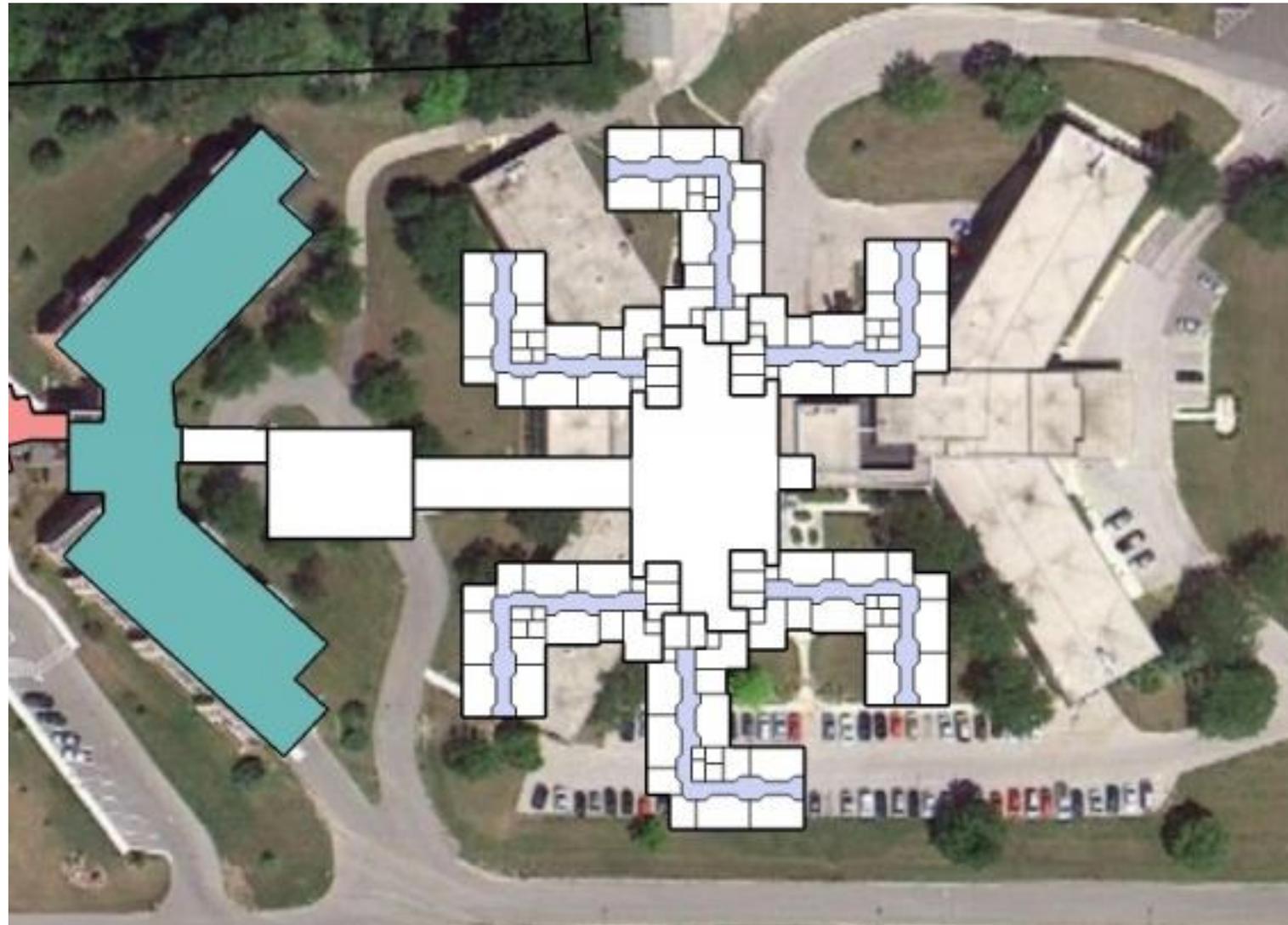
SCENARIO D-PHASE 8 (2018)

DEMOLISH NE, SE WINGS + PORTION OF COMMONS



SCENARIO D-PHASE 9 (2018)

CONSTRUCT 2 HOUSEHOLDS



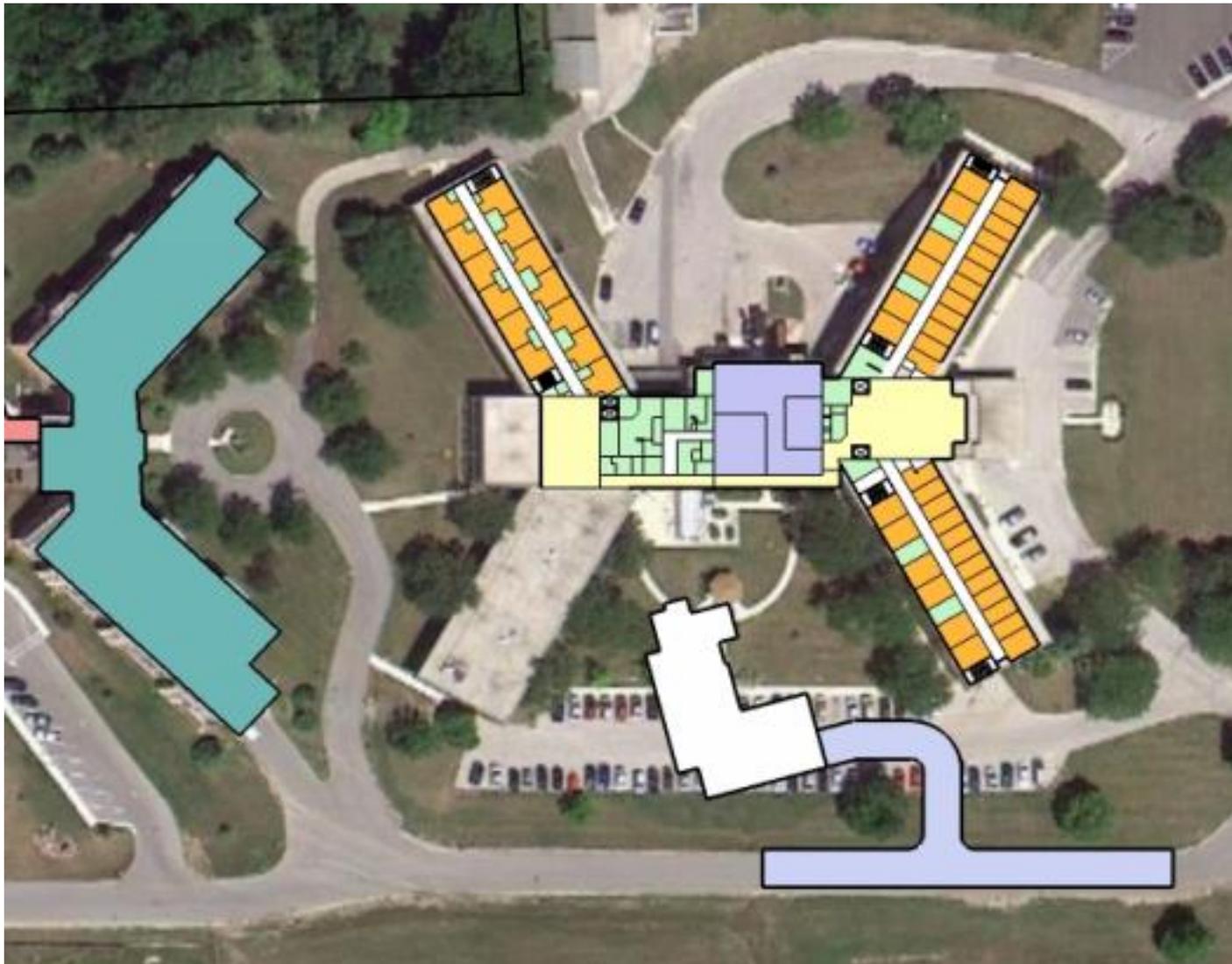
ALTERNATE SCENARIO D-PHASE 1 (2015)

CONSTRUCT 4 HOUSEHOLDS



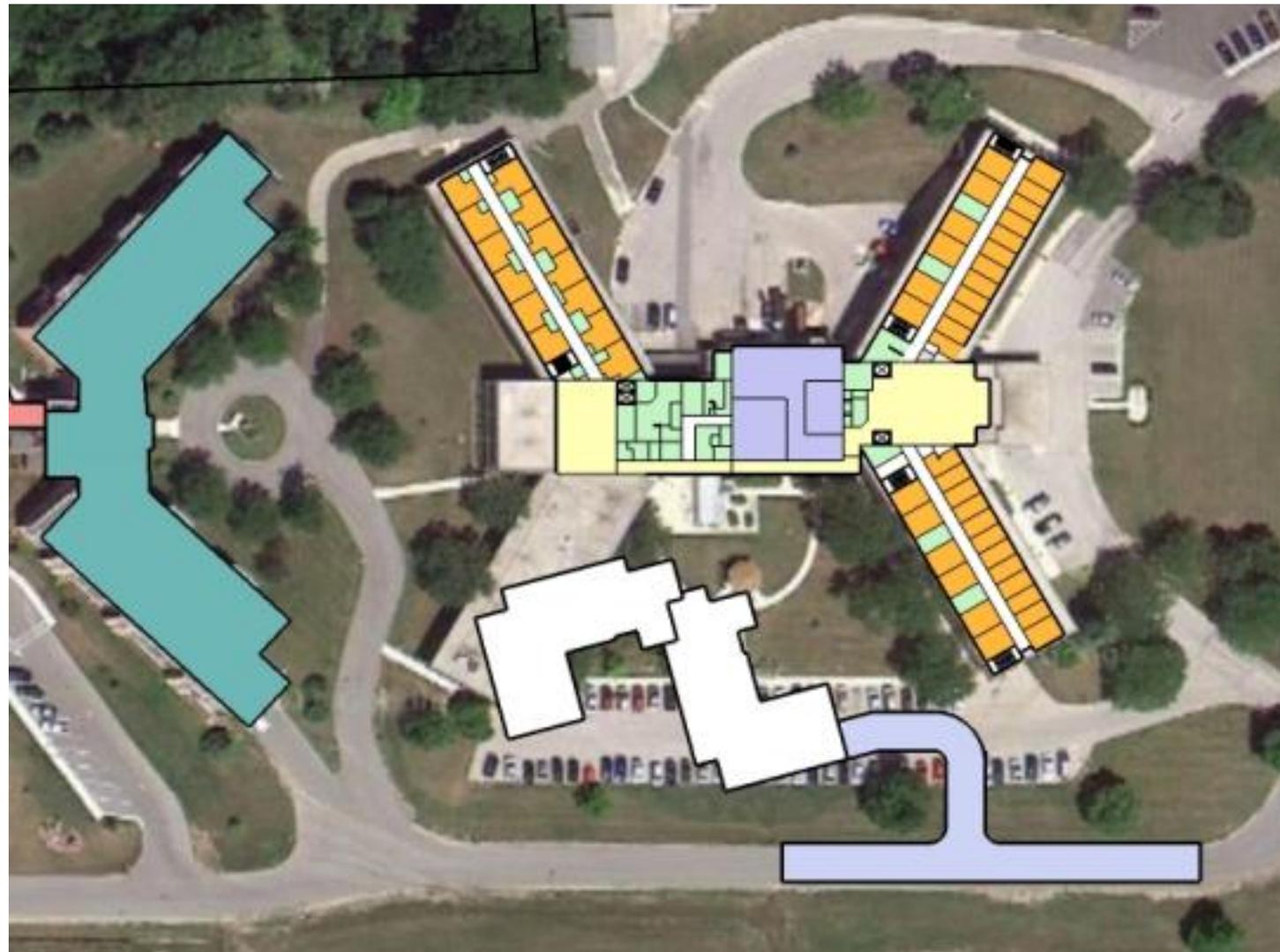
ALTERNATE SCENARIO D-PHASE 2 (2015)

DEMOLISH SW WING



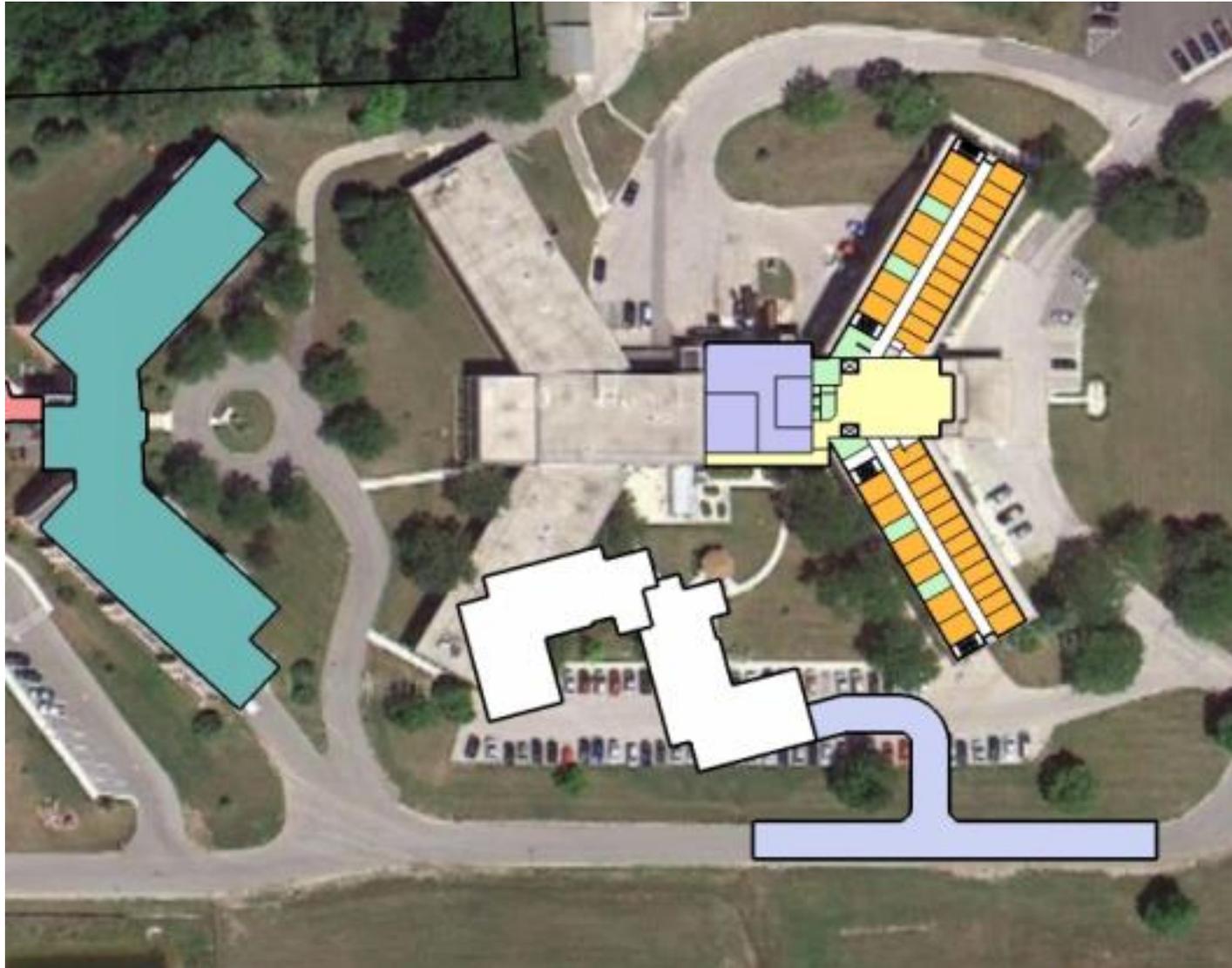
ALTERNATE SCENARIO D-PHASE 3 (2016)

CONSTRUCT 2 HOUSEHOLDS



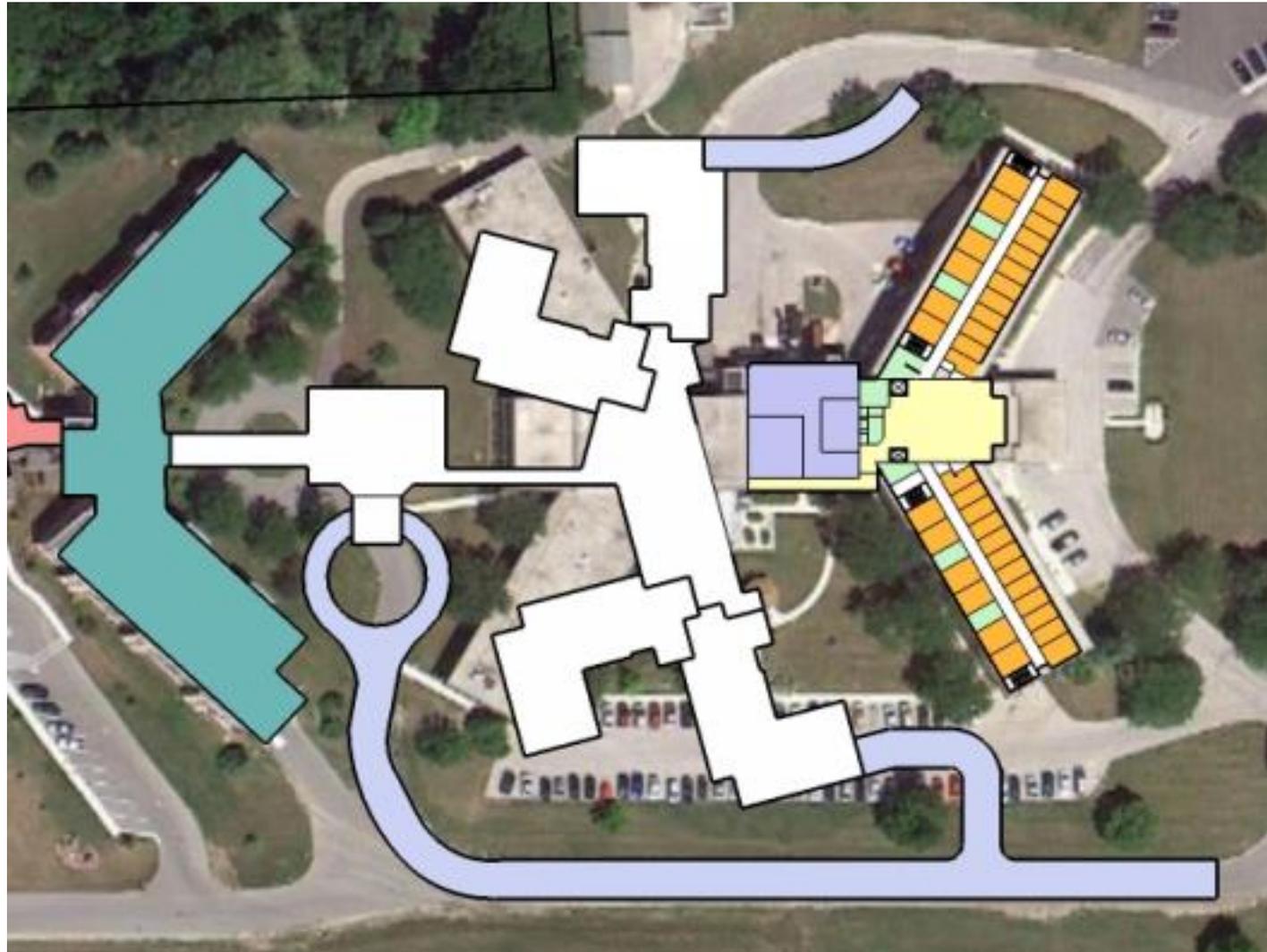
ALTERNATE SCENARIO D-PHASE 4 (2016)

DEMOLISH NW WING



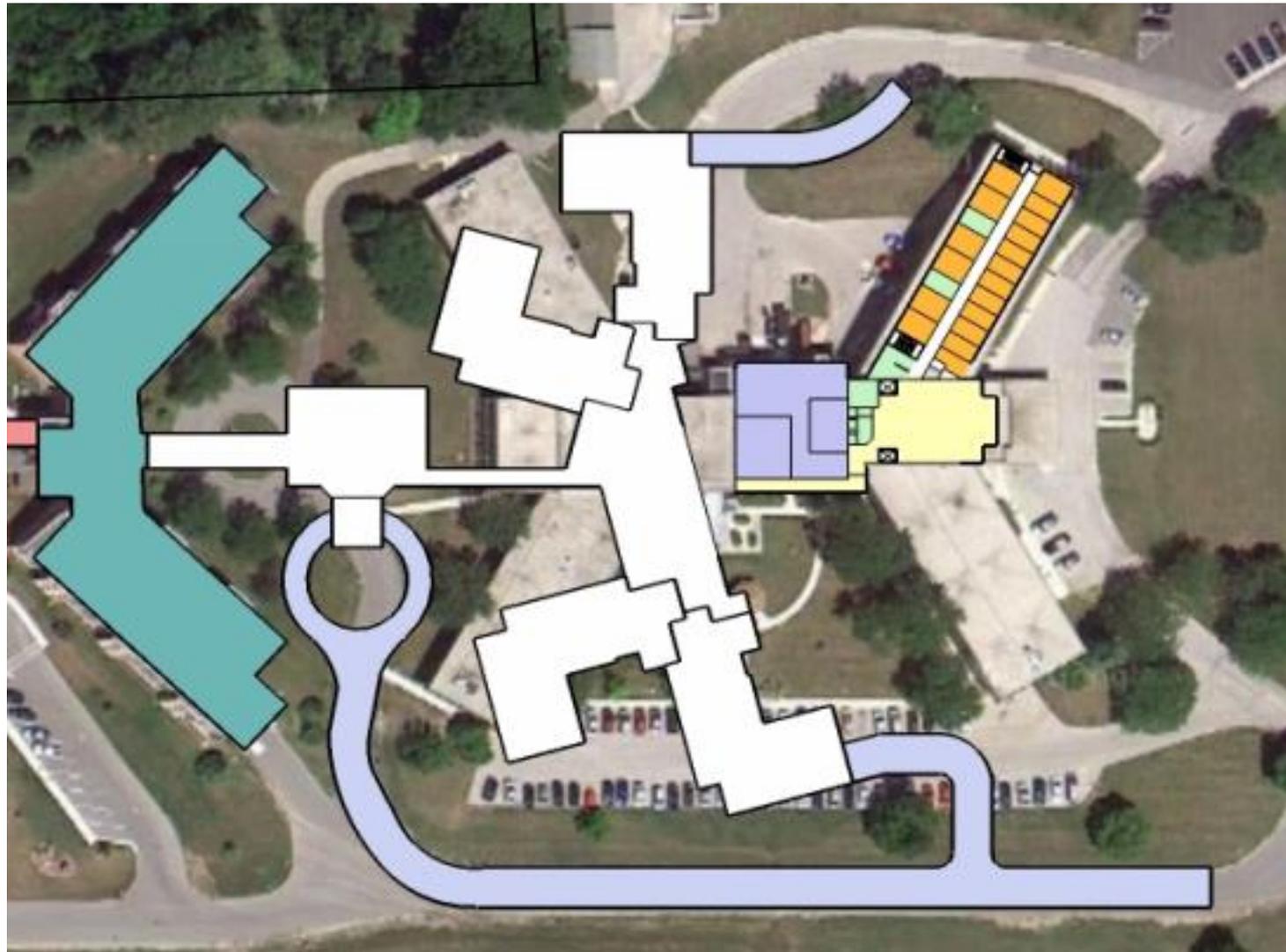
ALTERNATE SCENARIO D-PHASE 5 (2016)

CONSTRUCT 2 HOUSEHOLDS



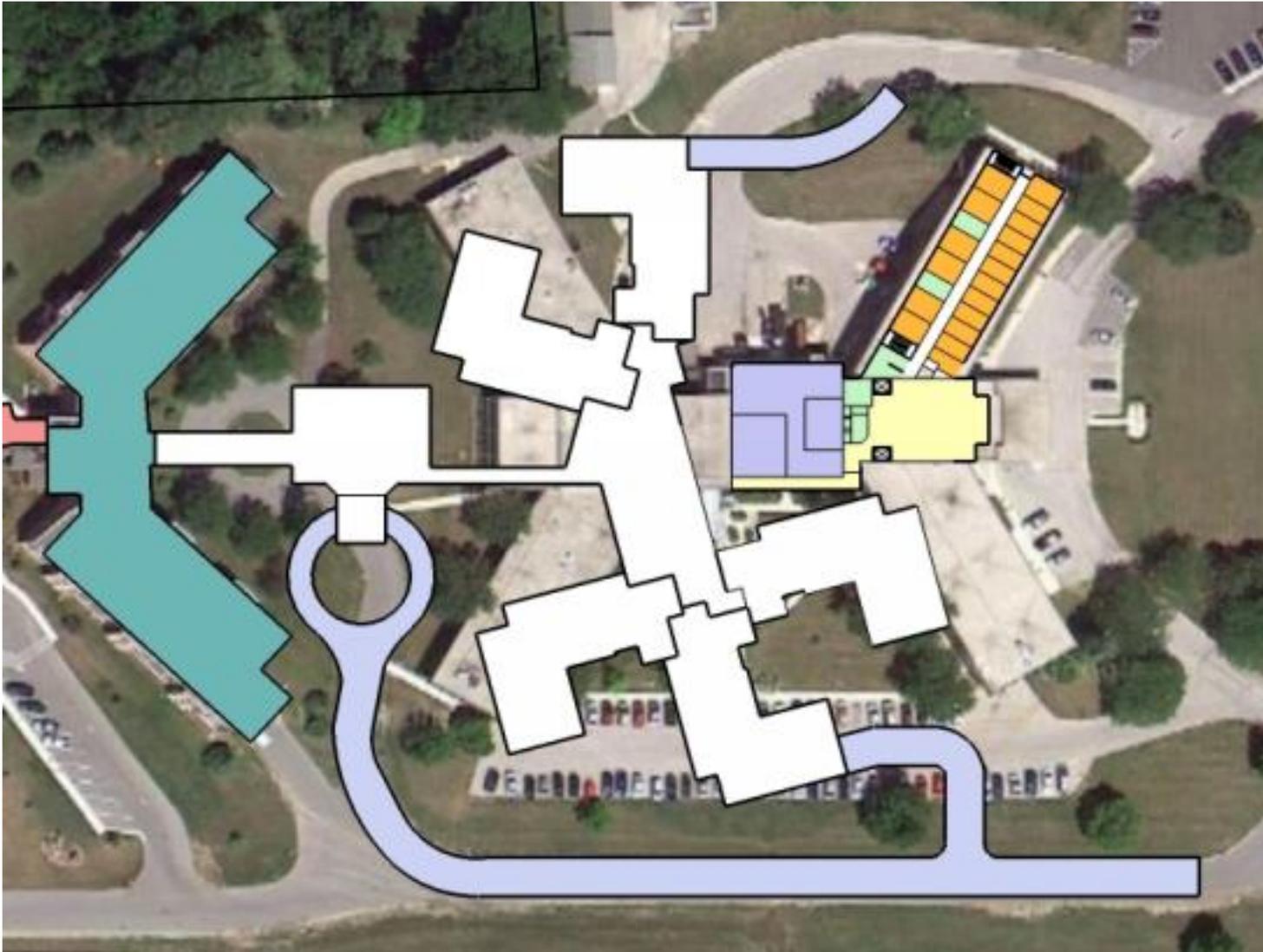
ALTERNATE SCENARIO D-PHASE 6 (2016)

DEMOLISH PORTION OF EXISTING COMMONS



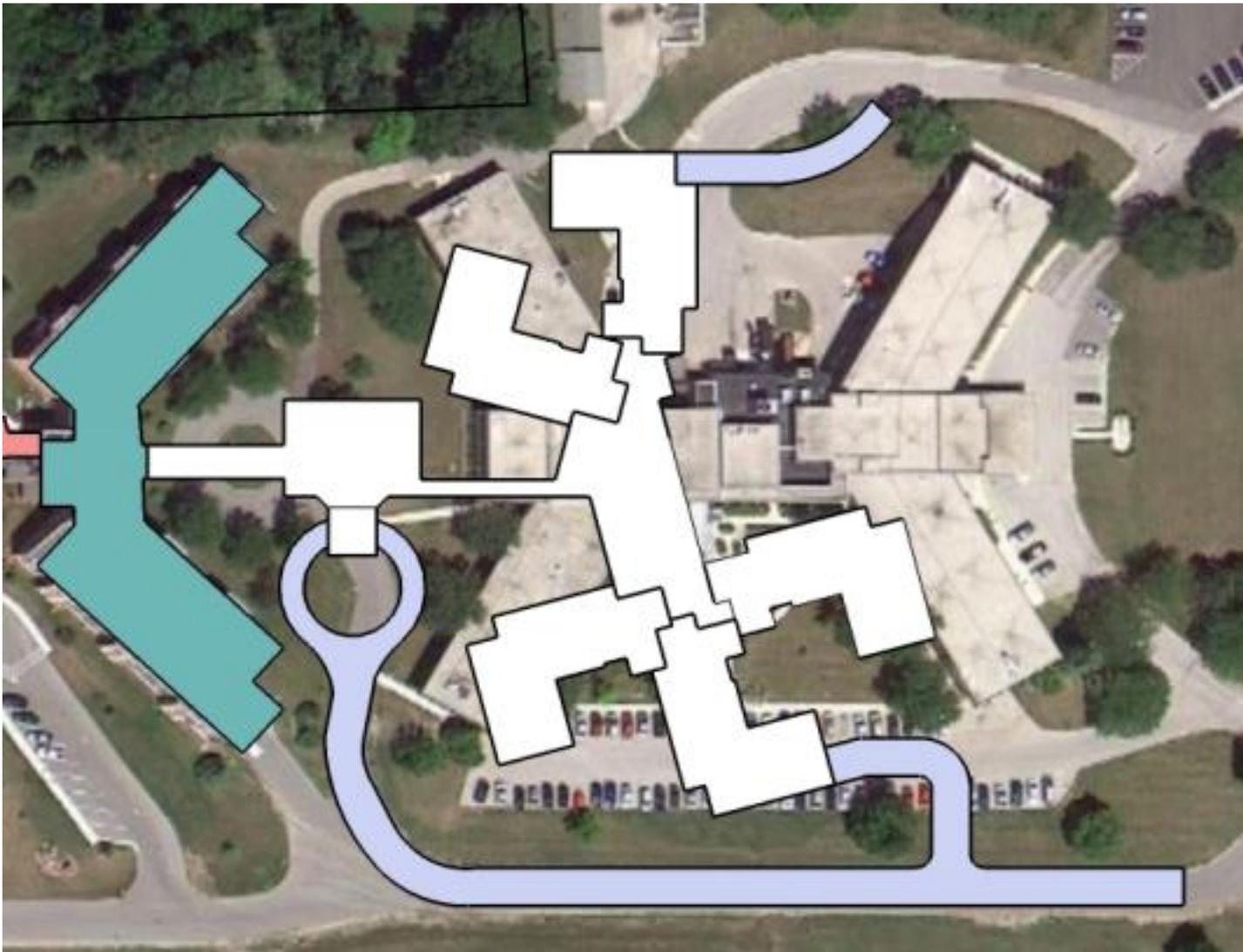
ALTERNATE SCENARIO D-PHASE 7 (2017)

CONSTRUCT 2 HOUSEHOLDS AND VILLAGE SQUARE



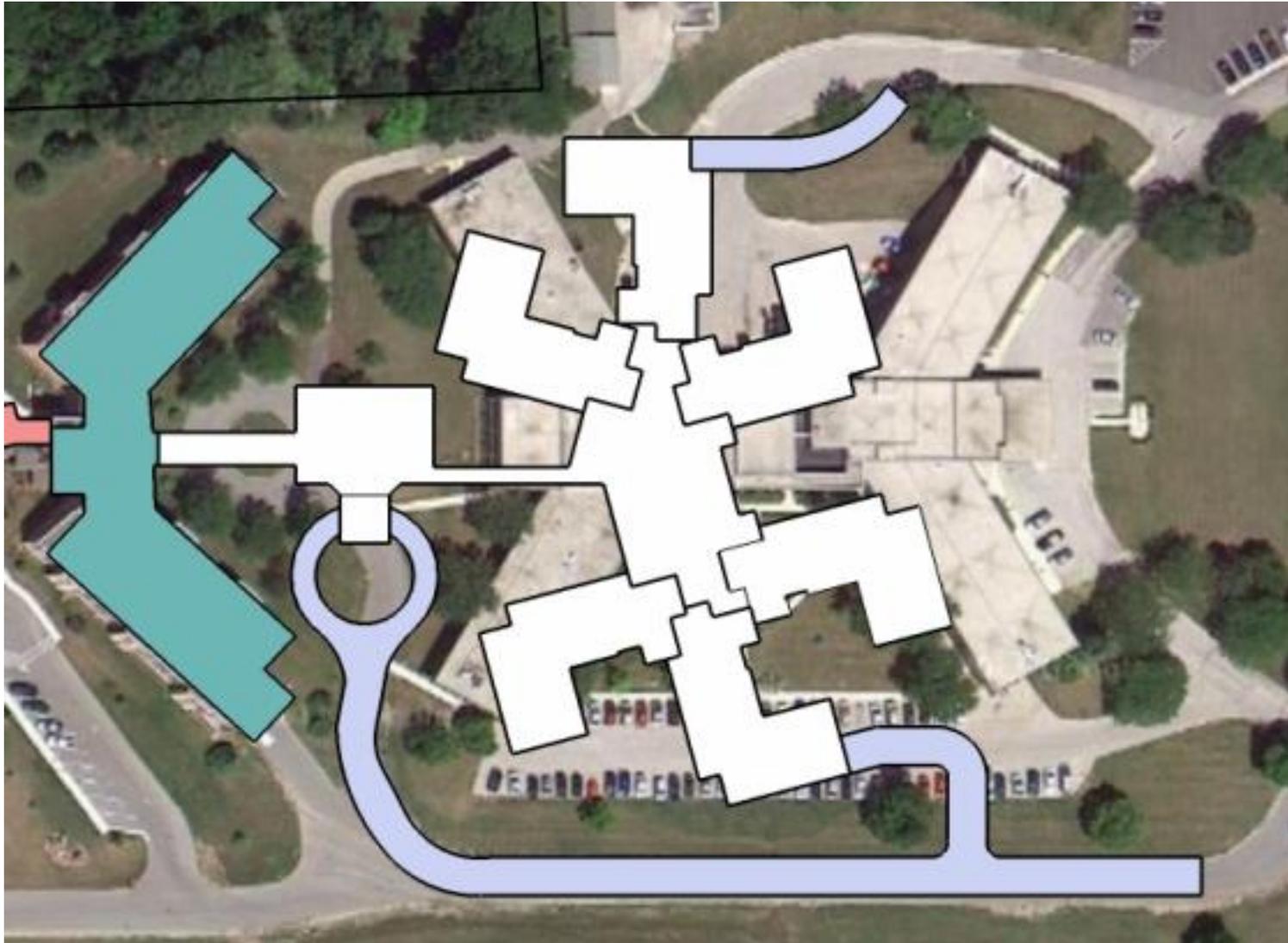
ALTERNATE SCENARIO D-PHASE 8 (2018)

DEMOLISH NE, SE WINGS + PORTION OF COMMONS



ALTERNATE SCENARIO D-PHASE 9 (2018)

CONSTRUCT 2 HOUSEHOLDS



SCENARIO D FINANCIAL RESULTS

Includes a wing of CBRF

Includes the household design model and the staffing efficiencies it would bring

Scenario slightly improves over scenario C due to lower project costs

Estimated Project Cost: \$29,260,778

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Scenario D	\$202,367	(\$261,602)	(\$418,593)	\$35,248	\$80,625	\$224,547	\$278,826

LASATA SENIOR LIVING CAMPUS

SIDE-BY-SIDE COMPARISON

REVIEW OF OPTIONS

OPTION A:

Retain current SNF with no additions & reduced census

OPTION B:

Retain current SNF with CBRF addition

OPTION C:

Retain partial SNF with new village square and CBRF

OPTION D:

Full replacement

FINANCIAL SUMMARY

Scenario A Project Cost: \$23,192,228

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
(\$958,094)	(\$1,326,577)	(\$1,752,433)	(\$1,454,980)	\$105,266	\$21,312	\$39,874

Scenario B Project Cost: \$34,521,713

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$202,367	(\$291,306)	(\$561,062)	(\$750,337)	(\$831,891)	(\$685,830)	(\$629,883)

Scenario C Project Cost: \$29,149,570

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$202,367	(\$273,363)	(\$438,688)	\$30,821	\$63,167	\$192,980	\$232,093

Scenario D Project Cost: \$29,260,778

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$202,367	(\$261,602)	(\$418,593)	\$35,248	\$80,625	\$224,547	\$278,826

FINANCIAL MODEL CONCLUSION

Scenario D appears to be the most feasible option:

Allows Lasata to serve nearly the same number of people as they are today

Having a new building ensures viability into the foreseeable future

Smaller nursing home and addition of the CBRF fits with trends in the industry

Additional expected reimbursement and projected cost savings due to design efficiencies help make the project feasible