

# Testimony

In support of HF2082

March 9, 2022

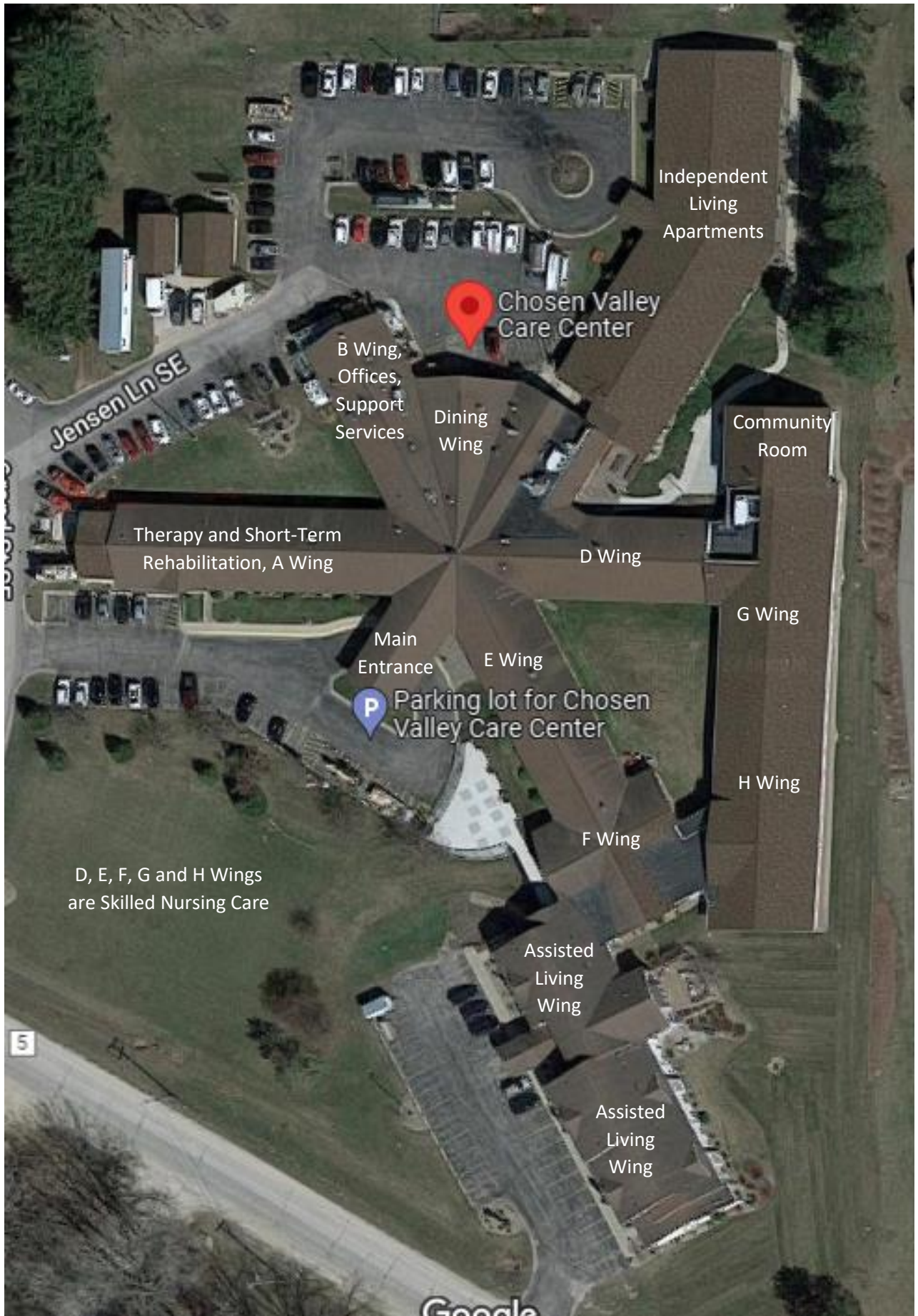


**CHOSEN VALLEY CARE CENTER, INC.**  
A Senior Living Community

## A place to call home ...

where residents continue to live,  
grow and enjoy life among friends.

7 Our Campus



## 8 A Rich History

- 9 1. Chosen Valley Care Center, Inc., 1102 Liberty Street, Chatfield, Fillmore County,  
10 Minnesota 55923
  - 11 a. Founded February 4, 1976. A Nonprofit Corporation (Domestic), Active / In  
12 Good Standing
    - 13 i. Organized under Chapter 317A of Minnesota Statutes
    - 14 ii. Members of the corporation are persons of legal age who reside in the  
15 Chatfield, Minnesota, school district (ISD227), and have resided therein  
16 continuously for (1) year preceding their qualification for membership.
    - 17 iii. We maintain a Board of Directors between five (5) and ten (10) persons,  
18 serving a three (3) year term, with one-third of the Directors' terms  
19 expiring each year. Board members are not compensated.
- 20 2. Opened as an 88 bed/resident facility in 1976
- 21 3. Retired 10 beds to allow for more single occupancy rooms during the 1980s
- 22 4. Completed five (5) expansion projects between 1976 and 2019
  - 23 a. Added additional dining and activity spaces
  - 24 b. Added therapy space
  - 25 c. Added meeting room space for care conferences and staff training
  - 26 d. Added six (6) large double occupancy resident rooms allowing other rooms to  
27 be reclassified as single occupancy rooms
  - 28 e. Added an entrance canopy to shelter residents and guests during entry and  
29 exits
  - 30 f. Added Sunroom / Multipurpose room for resident activities
- 31 5. Expanded adding fifteen (15) Independent Living Apartments in 1990
- 32 6. Expanded adding twenty (20) Assisted Living units in 2006
- 33 7. We are a 46-year-old facility operating continuously, since opening, serving the needs  
34 of our community and the surrounding region.
- 35 **8. Expanded and renovated original skilled nursing facility 2019 – 2021**
  - 36 a. **HF2082 relates to this expansion and renovation project.**

37 **Architectural Rendering of Expansion and Renovation.**




**CHOSEN VALLEY CARE CENTER**  
**ADDITION & RENOVATIONS PROJECT**



38 Blue Shaded Areas are new construction, Gray Shaded Areas are renovated heavily, reconstructed completely, or updated  
 39 corridors, Unshaded areas were unaffected by the 2019-2021 project.

## 40 **The 2019 – 2021 Expansion and Renovation Project**

- 41 • Planning began in 2017 with all interested parties
- 42 ○ Residents, Resident Council, Staff, Administration, Board of Directors
- 43 • Architects, Engineers, and Construction companies were retained in 2018
- 44 ○ Wold Architects and Engineers, St. Paul, MN
- 45 ○ Benike Construction, Rochester, MN
- 46 • Groundbreaking was October 3, 2019
- 47 • Project completion was targeted in two phases
- 48 ○ Phase 1, expansion, adding a wing with 31 private rooms and large activity
- 49 room
- 50 ■ Completed November 2020
- 51 ○ Phase 2, renovation of original skilled nursing facility wings (4)
- 52 ■ Completed October 2021
- 53 ○ Certificate of full occupancy regained in December 2021
- 54 • Goals and Achievements
- 55 ○ Respect the history of the CVCC, it's last 45 years of operation, and provide for
- 56 this community owned asset to continue to thrive and support our community.
- 57 ○ Continue to shed our institution look and feel and generate a more welcoming
- 58 family-oriented environment
- 59 ○ Provide as many single and private rooms for residents as possible
- 60 ○ Provide for a minimum of shared bathrooms
- 61 ○ Provide more private or smaller dining spaces
- 62 ○ Create a set of rooms for short term rehabilitation, after hospital stays, and
- 63 therapy support needs.
- 64 ○ Create an environment more conducive to delivering services more efficiently
- 65 and eloquently
- 66 ○ Replace and/or update our 45-year-old aging mechanical infrastructure
- 67 ○ Provide for more individual control of room environments
- 68 ○ Create a gathering space large enough to support activities and programs that
- 69 does not impede dining room space
- 70 ○ Update and improve the look and feel of the exterior of the building
- 71 ○ Create new outside resident space on the front side of the campus
- 72 ○ Disrupt operations as little as possible while accomplishing a massive expansion
- 73 and renovation project
- 74 ○ Improve parking
- 75 • Achievements of Expansion and Renovation
- 76 ○ 34 Private rooms, (private rooms have a private bathroom)
- 77 ■ 4 ready to support bariatric needs
- 78 ○ 10 Private rooms, short term rehabilitation, private bathroom with private
- 79 shower (A Wing)
- 80 ■ 2 which can support bed ridden bariatric residents

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- 24 Single rooms, (single rooms have a shared bathroom)
    - No more than two residents share a bathroom
    - Prior to renovation, there could be as many as 4 residents sharing a bathroom
  - 5 Double Occupancy rooms (E200 area), shared bathroom, 10 residents
    - Some shared rooms are required by law
  - Create additional nurse stations providing visibility for observing residents and allowing residents finding nurse stations easily.
  - Create a large activity room, The Chosen Valley Hall, a Great Room with vaulted ceilings
  - Create several attractive lounge spaces for residents and families
  - Create a family support room available to families who need to be near residents during trying times (end of life and hospice situations)
  - Create dedicated Staff Training Room
  - Create more than double the amount of space available for Therapy Services
    - Added a barrier free access to Therapy Service entrance
  - Support State and Federal efforts to help seniors remain in their own homes longer
  - Complete renovation of original areas with resident rooms (D and E wings)
  - Substantial renovation to original B wing, now a consolidated service wing with no resident rooms
  - Addition of Nurse Servers
    - Eliminates large service carts being used to support housekeeping and nursing services
  - Complete replacement of mechanical infrastructure
    - Electrical services and disconnects
    - Addition of a full campus backup emergency generator
    - HVAC systems to include control of individual room temperature and environment
    - Replace all original fiberboard ductwork with metal ductwork
    - Update to energy efficient LED lighting
  - Replace and upgrade Nurse Call system
    - Individual pagers for nursing and support staff
    - Eliminate overhead and group paging
    - Improve the elopement management system to be more user and resident friendly
  - Create a Pavilion Area in front of the building
    - Replaced gazebo previously located in rear garden courtyard. Part of that area was required for the new wing addition. The garden area remains, though slightly smaller in size.
  - Renovate Dining Room, replace original 1976 pizza parlor lighting with LED lights

- 123                   ▪ New floor and ceiling
- 124                   ▪ Added large walk-in freezer and extra dry goods storage space
- 125               ○ Residing and freshening the outside appearance of the building
- 126               ○ Asbestos free facility
- 127                   ▪ Remaining floors, previous sealed or encapsulated, were removed
- 128                   ▪ All remaining insulating materials containing asbestos were removed
  - 129                   • There were no exposure issues with floors or any other materials
  - 130                    containing asbestos. This project afforded us the opportunity to
  - 131                    eliminate all remaining asbestos containing materials from the
  - 132                    facility.
- 133               ○ Install campus wide wireless network access system
- 134               ○ Update and enlarge office spaces for staff
  - 135                   ▪ Consolidate staff to central areas
- 136               ○ Relocate and update the beauty/barber shop
- 137               ○ Freshen the look and feel of the center core area
  - 138                   ▪ Eliminate interior brick columns and brick design features
- 139               ○ Remodel parking areas in the front of the building to provide more organized
- 140                   parking, safer access and eliminate congestion areas
- 141               ○ Remodel / add parking in the rear lot for more staff parking

142 The Resident / Room Mix, 1976-2021 (current)

	Total Beds	Private Rooms	Short Term Private Rehabilitation Rooms	Single Rooms	Double Occupancy Rooms	Dedicated Family Support Rooms
1976, Original	88	4	0	0	42 (84 residents)	0
1980s-2021	78	5	0	11	31 (62 residents)	0
2021, post renovation	78	34	10	24	5 (10 residents)	1 (no resident use)

143 Total Beds represents the maximum resident census achievable by the skilled nursing facility

144 Private Rooms are single occupancy rooms with private bathrooms and shared spa facilities.

145 Short Term Private Rehabilitation Rooms are single occupancy rooms with private bathrooms and private  
146 showers.

147 Single Rooms are single occupancy rooms which share a bathroom with one other person in an adjoining  
148 single occupancy room and use shared spa facilities

149 Double Occupancy rooms accommodate two persons who also share a bathroom with each other and use  
150 shared spa facilities.

151 Today 87% of our residents have private or single occupancy rooms.

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## The Issue

- Unexpected Buried Hazardous Waste, Forced Winter Building Conditions, Tariffs, and COVID 19
- Hazardous Waste (\$423,000 cost impact)
  - Almost Immediately after starting construction, earth movers discovered a buried debris pit that dates to the original construction in the mid-1970s
    - As was common then, the remains of the site’s original farmstead were demolished, pushed into a pit, burned several times, then buried.
    - Preconstruction geotechnical borings missed the presence of this pit. Its footprint was small yet quite deep
    - There was no evidence on any site drawing or historical notes that indicated the presence of this debris field
  - Upon discovery, there were latent smells of accelerants (diesel fuel) that were used during the 1970s
  - The MPCA was notified, testing was completed and the entire area with a large margin was classified as a Hazardous Waste Site
    - Approximately 9,350 cubic yards of materials were removed and hauled 60 miles to a remediation site in Austin, MN
    - The same volume of material was replaced with engineered fill so construction could continue
  - The costs of remediating this debris field were unexpected, beyond our control, not in the budget and beyond the scope of planned contingencies.
- Forced Winter Building Conditions (included in the \$423,000 cost impact)
  - This remediation process offset our planned construction schedule greatly
    - We were pushed into unexpected winter building conditions
    - We were forced to complete our addition in two halves (F / G Wing) instead of one continuous build as planned
    - Construction processes and designs had to be changed to accommodate building this wing in two parts
  - The costs of these forced changes were unexpected, beyond our control, not in the budget and beyond the scope of planned contingencies.
- Tariffs (\$480,000 cost impact)
  - The impact of tariffs at a national level occurred after our bid letting was completed, however, this was felt locally and during our project
  - The costs of these tariffs were unexpected, beyond our control, not in the budget and beyond the scope of planned contingencies.
- COVID 19 (\$234,000 cost impact)
  - We broke ground on October 3, 2019. COVID 19 surfaced by January-February 2020



- 192 ○ Nearly the entire project was completed under the constraints of COVID  
193 isolation, increased demands on staff, heavy use of personal protection  
194 equipment (PPE), and supply chain shortages and constraints.
- 195 ○ Construction processes had to be modified providing greater isolation and  
196 separation both among the workers, and between the construction workers  
197 and our residents and staff
- 198 ○ A small portion of the costs of these isolation changes and methods were  
199 covered by other grants received by the Chosen Valley Care Center. Most of  
200 these cost increases required for changes in construction methods and  
201 isolation procedures were unexpected, beyond our control, not in the budget  
202 and beyond the scope of planned contingencies.
- 203 ● Reduced Census
  - 204 ○ An accumulated effect of all these issues resulted in unexpected reductions in  
205 Census which manifested into approximately \$750,000 in revenue loss.
  - 206 ○ This loss in revenue is not a factor in this request.

207 Total Project cost was \$11,627,500

208 Total Budgeted money was \$10,200,000

209 Net cost over budget is \$1,427,500

210 The Cost Impact for the issues that were unexpected, beyond our control, not in the budget  
211 and beyond the scope of contingencies are as follows:

212 Remediate Hazardous Waste, Winter Building Conditions: \$423,000

213 Tariffs: \$480,000

214 COVID 19: \$234,000

215 Total of costs beyond our control: \$1,137,000

216 80% of the project's overrun was due to unexpected issues beyond our control.

217 **Planned Contingencies:** The remaining \$290,500 of cost overruns were the result of typical  
218 change order processes associate with planned construction and renovation work. These  
219 costs were budgeted and used planned contingency monies.

220 **Why this request?**

221 The Chosen Valley Care Center, Inc. has existed successfully for its 46-year history operating  
222 in a financially solvent environment, due to careful management and not existing beyond  
223 our means. Expansions and renovations have been carefully planned and managed similarly  
224 to assure that we remain a successfully operating organization.

225 The budget excesses we encountered during our 2019-2021 building and renovation project  
226 were beyond our control. We were not able to include these costs in our bonding formulas,  
227 our moratorium override request, nor any subsequent funding options because the issues  
228 were encountered after bonding and moratorium exception terms were established. These  
229 cost overruns were the result of bad timing coupled with the demand to remediate  
230 preexisting conditions on the property dating back to a time before the corporation  
231 acquired the site. Stopping the project or adjusting the outcomes and timelines we  
232 committed to were not options to consider either. These costs, therefore, had to be  
233 absorbed through exhausting part of our cash reserves impacting our planned reserve cash  
234 balance greatly.

235 Bonding requirements require us to maintain a level of 'Days of Cash on Hand', and to be at  
236 or above a specific 'Debt Service Coverage Ratio'. At this time, we are projecting to  
237 potentially not meet those obligations, due to the impact on cash reserves, without serious  
238 adjustments to programming, staffing and other cost centers within the organization. This  
239 becomes a downward spiral affecting the entire health of the organization.

240 We are requesting this support to restore proper health to our overall financial picture and  
241 allow us to get back on track with managing our facility as planned.

242 This request does not include any monies to support staffing needs, general operations, or  
243 any other programming or operations. We are requesting these funds to offset the impact  
244 of the matters described herein that were encountered during construction and renovation.

245

246 Respectfully Submitted,

247

248 Daniel J. Hollermann, Treasurer

249 Chosen Valley Care Center, Inc.

250 **Additional Information**

251 Board of Directors and Administrator

252 John Kelly, Administrator

253 Gary Bren, President

254 Michael Thieke, Vice President

255 Daniel Hollermann, Treasurer

256 Maureen Ruskell, Secretary

257 Mary Mark Patten, Member, Past President

258 Mary Allen, Member

259 Sheryl Bennett, Member

260 Michael Mullen, Member

261 Board Members 9 and 10 are currently in nomination

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263 Contact information

264 John Kelly, Administrator, Chosen Valley Care Center, 1102 Liberty Street SE, Chatfield, MN  
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