Feasibility Analysis
Assisted Living Services
for
Converse County

POPULATION & DEMOGRAPHICS
NEEDS ANALYSIS
FINANCIAL PROJECTIONS
FINANCING & OWNERSHIP
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APPENDIX - Worksheets
Sheridan, Wyoming Wilson and Company 307-672-7123
• Population

  General Populations
  55 – 64 Age Group
  65 + Age Group
  65 – 74 Age Group
  75 + Age Group
  75 – 84 Age Group
  85 + Age Group

• Needs Analysis – Affordable Scenario

  2004 Fully Qualified Persons
  Summery
  Total
  Rural
  Glenrock
  Douglas
  Wyoming

  2009 Fully Qualified Persons
  Summery
  Total
  Rural
  Glenrock
  Douglas
  Wyoming

• Financial Feasibility

  Affordable – Start-up
  Assumptions
  Census
  Staffing
  Payroll
  Variable Expenses
  Profit & Loss
  P & L Summery
  Soft Cost Analysis

APPENDIX - Worksheets (Cont)
Affordable – Stabilized Year
Assumptions
Census
Staffing
Payroll
Variable Expenses
Profit & Loss
P & L Summery

Note: Capital Budgets are provided in the Narrative – Phase Three

- Power Point Slides
- Architectural Schematics
  - Floor Plan
  - Site Plan
  - Building Concept
This report provides the documentation of the research and analysis conducted on behalf of the Mayor’s Ad Hoc Committee for feasibility of an assisted living facility that may be constructed in the town of Glenrock.

The primary goal of any project resulting from this study is to contribute to a well developed continuum of care for the elderly populations that will allow the elderly populations to ‘age in place’, to grow old while living as independently and as affordably as possible for as long as possible.

In striving to achieve this goal the community has participated in this study and the study has determined:

1. The Primary Market Area (PMA) for a new congregate/assisted living center being considered for Glenrock is identified as all of Converse County. There are two significant communities located in the county, the proposed site in Glenrock and the town of Douglas. Together these communities plus the surrounding rural areas make up the total market area for this study.

2. The determination of this PMA and the potential for participation is based on the concept of an affordable property that will be able to meet the needs for congregate/assisted living services for a wide spectrum of qualified elderly persons living in the county.

3. The location in Glenrock is a good choice since it lies almost halfway between Douglas and the east county and the east side of Natrona/Casper. Traffic from the county to the Casper metro center moves through the Glenrock catchment area and a facility located in Glenrock is ‘on the way’.

4. The target population for congregate and assisted living programs is the 75 plus population group qualified by (a) age, (b) household income, (c) need for personal services and (d) living arrangements. These are persons who are deemed fully qualified for programs provided in congregate and assisted living settings. Within the PMA the total number of fully qualified persons is:
   
   a. In the year 2004
      
      84 assisted + 196 congregate = 280 persons at all income levels

   b. In the year 2009
      
      99 assisted + 219 congregate = 318 persons at all income levels

The distribution of fully qualified persons by household income levels for 2004 is:
• $19,999 per year and below  45 %
• $20,000 to $49,999  39 %
• $50,000 per year and up  16 %

The distribution of fully qualified persons by location in 2004 is:
• Glenrock  14 assisted + 37 congregate = 51 persons = 18 %
• Douglas  49 assisted + 105 congregate = 154 persons = 55 %
• Rural Areas  21 assisted + 54 congregate = 75 persons = 27 %

Market share analysis for a Glenrock facility shows a probable capture rate of 25% of the fully qualified persons for assisted living and 12% of the fully qualified persons for congregate living.

• 25% of the fully qualified persons = 20 assisted living apartment units operating at 91% occupancy = 18 assisted living residents at design occupancy

• 12% of the fully qualified persons = 20 congregate apartment units operating at 94% occupancy = 19 residents at design occupancy

or ..... the facility could be designed to accommodate plans for adult day care services and hospice services in lieu of some of the congregate apartment units.

• Congregate apartments = 14 congregate apartment units
• Adult day care = 2 day care bedroom units
• Hospice services = 2 apartment units
• Other resident services = 2 spaces undefined

Total facility units = 40 apartment/bedroom units/spaces

The final configuration will be dependent on decisions made by the board of the designated owner/manager of the facility before construction.

5. There is no assisted living facility available in the PMA. There is one facility licensed as a Boarding Home with nine units.

6. There are 119 income/age qualified apartment units located in the county. These facilities do not provide services directly and are not considered in this study as congregate or assisted living apartment facilities.

7. There is one licensed nursing facility with 60 beds located in the county.

8. Projected total cost for a facility without the cost of land (minimum of 3 acres) started and operated through the first year is $ 4,000,000.
9. The project is financially feasibility as designed with the occupancy and price points established. The breakeven fees for the operation before adding purchase of land, debt service and reserve set-asides are:

- Assisted Living $1,922 per month
- Congregate Living $960 per month

These rates are considered affordable in comparison with market rate facilities in the state that charge fees at $2,500 to $3,000 per month for assisted living.

Adding land purchase costs, debt service and reserve fund expenses will increase these average monthly fees by approximately $26.00 per resident per month for every $1,000 per month in increased cost to the facility.

10. Construction is projected at 12 months after start and fill to design occupancy of 91% will require 9 to 12 months after opening.

11. The project will be managed by an experienced program director working for the board of directors of the owner entity. This entity should be a private non-profit corporation endorsed by resolution from County and the Town.

12. The facility will employ 15 full time equivalent employees including the program director. Total payroll, overhead and benefits is projected at $413,000 in the second year after opening.

13. The facility program will provide private apartment housing with three meals per day and personal services including transportation as deemed appropriate for the residents. Certified nursing aides, experienced food services personnel, on site activities staff and maintenance people will staff the program. A registered nurse will be contracted to provide oversight of assisted living resident needs.

14. The facility will be designed and constructed in accordance with local, state and federal codes for life safety. The property will be non-institutional in appearance and in program content.

15. Financing for the project will require combined resources of cash and in-kind donations from the community and the county, state grant/loan funding and long term loans from federal funding. Additional sources that can be considered are county bonding and commercial lending with guarantees from federal agencies.

16. Ownership and management oversight should be provided by a private non-profit corporation, endorsed by the Town and County with a non-affiliated board of county wide representation.
The Town of Glenrock is interested in identifying any unmet need and the financial feasibility for assisted living services in Converse County. The Town has retained Wilson & Company to prepare an assessment of the demand for these services and the associated feasibility of meeting these needs through the development of an assisted living facility to be located in Glenrock.

The Town appointed qualified citizens in the community to serve as an ad hoc committee for the purpose of retaining a qualified consultant to conduct the study and work with the selected consultant in developing the study and reviewing the findings resulting from that study.

The findings of this study will assist the Town in making a decision whether to proceed with a design and operational development of a facility or facilities in Glenrock.

The study will focus on the elderly populations living in Glenrock and in Converse County that are or may become ‘at risk’ due to lack of, or inadequate supply of housing and living services that are capable of providing needed personal assistance as the elderly person ages.
The study was conducted in five phases as follows:

Phase One - Develop the strategic planning process
Phase Two - Identify the market size, configuration, present status of un-met need
Phase Three - Provide conceptual design for the product
   (1) facility
   and
   (2) services
Phase Four - Develop financial assumptions and modeling
Phase Five - Identify funding and operational scenarios
Phase One – Strategic Planning Process

Public Meeting – Glenrock Senior Center
6:00 P.M. – 10:00 P.M. – March 30, 2005

Background

This meeting was scheduled as the first phase of the feasibility study being conducted for the Town of Glenrock under the contract with Wilson & Company.

The purpose of the meeting was to start the strategic planning process by:

(1) reviewing with the community the concept of assisted living in comparison with the other related, but different forms of elderly housing services that are considered to be important components for a continuum of care

(2) identifying community goals, objectives and expected outcomes from this feasibility study

(3) beginning discussions with the community about affordability, quality, and marketability of any resulting assisted living project

(4) beginning discussions with the Mayor’s appointed Assisted Living Committee about ownership and day to day management of any resulting project

Attendance

A sign-up sheet was circulated as the meeting began and the following persons signed in.

Iva Keller     Ruth Pellatz     Thelma Synoground
Bvenda Trottier Lana Richardson Trudy Faunce
Gene Daniels*  Charles Lyford* Palmer Aust
Sharon Aust    Fred Steinbach  Helen Smith
Muriel Wilkens Pat Reiter      Patty Fenner *
Linda Care*    Jan Pope        Tim Houghteling*

* Mayor’s Appointee - Assisted Living Committee

Overview of the Feasibility Study Process
Wilson & Company presented an informational piece as follows: (Please APPENDIX foe copies of slides and handouts used in support of this presentation)

**Elderly Persons at Risk**

The study will focus on the elderly populations living in Glenrock and in Converse County that *are or may become ‘at risk’* due to lack of or inadequate living services that are capable of providing needed personal assistance as the elderly person ages.

**Support of this Focus**

The Feasibility Study resulting from an ongoing Strategic Planning Process and the Goals and Objectives that were set by the Glenrock Assisted Living Committee at the direction of the Town of Glenrock.

These were articulated in the Request for Proposal issued by the Town of Glenrock and ultimately contracted for with Wilson & Company.

**The Participants**

The Strategic Planning Process is the result of a combination of two contributors (a) Community and (b) Wilson & Company.

The Community is made up of the town leadership, the appointed committee, the elderly populations, and its involved citizens.

Contributions from the Participants -The Community as a whole must provide

- Vision for the future of the continuum
- Values important to the community
- Culture of the community that guides the way life is lived here
- Experience of the community in developing solutions
- Compassion for its citizens, particularly for those at risk
- Commitment for tasks that are relevant and productive

Wilson & Company will act as

- Facilitators to keep the process flowing
- Researchers to provide the information needed
- Documenters of the findings and options available
- Implementers to see to it that action plans are formulated
- Providers of (a) knowledge, (b) resources (c) experience

**Key Strategies**
Wilson will develop information for the strategic planning process by providing:

- Analysis of the **marketplace** (Converse County) and its populations with specific emphasis on the 65+ populations living within the marketplace identified as Converse County.

- The **product** (physical plant and resident services) that must be developed to meet the identified need for services within the marketplace.

- **Financial** projections for the development of the product identified above.

- **Operational** strategies that are possible to provide the product and sustain it after start-up.

**Understanding the Product**

Healthcare planners, government agencies and informed communities are all aware of the importance of developing a “seamless” program of services and networks that can meet the needs of the aging population of an area. Obviously the visionaries in Glenrock have recognized the importance of planning for and implementing programs that will help meet the need for elderly health and well being. In seeking to improve this seamless system planners need to consider the basic continuum for elderly services, which can be illustrated as follows:

**THE SENIOR SERVICES CONTINUUM**

Senior housing is a significant part of this continuum. This housing can be classified in four levels ..... independent, congregate, assisted and nursing home. Together these living arrangements constitute a portion of the continuum of services that any
community should be prepared to make available to its senior and elderly populations.

- **Independent living** is the most common of these. It can take the form of private single family homes, duplex townhouses, condominium units and apartments. This is the living arrangement preferred by the majority of seniors, particularly active persons who are self reliant and capable of living without assistance.

- **Congregate living** arrangements extend the independent living model for elderly persons who find themselves seeking a living arrangement where they can begin to selectively receive personal services that help them handle home chores, maintenance and daily tasks that can become challenging as the person ages. A primary difference between independent and congregate is the availability of meal services on premises. This important social activity sets the tone for an enriched living arrangement that can begin to address one key element of aging.... increasing isolation.

- **Assisted living** is similar to congregate living in that it provides apartment style living with common living areas dedicated to congregate dining, socializing and services. Assisted living is different in that this model provides a twenty four hour enriched personal services component to the residents allowing them to remain independent longer than they would if they were forced to admit into a nursing home simply because of need for personal support services.

- **Nursing home** living is the service for persons in need of personal services with heavy emphasis on medical services. Nursing care is provided to meet chronic health needs and maintain or improve health status of the residents in the facility. This living arrangement is the only delivery model that qualifies for institutional Medicaid support for persons unable to pay privately.

There are persons who are too frail to remain in their independent living units but do not yet need the medical services found in nursing homes. Communities without congregate and assisted living services may find these “transitional” seniors and elderly being inappropriately admitted into nursing homes.

A comparison of congregate living and assisted living models is useful in understanding the differences in the need for these services.
### SELECTED COMPARATIVE SERVICES

<table>
<thead>
<tr>
<th>Service</th>
<th>Congregate</th>
<th>Assisted</th>
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<tbody>
<tr>
<td>Private apartment, lockable door, bathroom, sleeping area, kitchen</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Access to common areas within the assisted living community</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>24 hour security and emergency response</td>
<td>On Call</td>
<td>On Duty</td>
</tr>
<tr>
<td>Call system or status alert capability</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Meals served in a common dining room <em>optional in congregate</em></td>
<td>All Meals*</td>
<td>All Meals</td>
</tr>
<tr>
<td>Access to special diets if needed</td>
<td>Optional</td>
<td>Included</td>
</tr>
<tr>
<td>Assistance with personal needs</td>
<td>Optional</td>
<td>Included</td>
</tr>
<tr>
<td>Housekeeping and laundry services</td>
<td>Optional</td>
<td>Included</td>
</tr>
<tr>
<td>Transportation on a scheduled and emergency basis</td>
<td>Optional</td>
<td>Included</td>
</tr>
<tr>
<td>Health maintenance, wellness, exercise</td>
<td>Optional</td>
<td>Included</td>
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<tr>
<td>Social, spiritual and recreational activities</td>
<td>Optional</td>
<td>Included</td>
</tr>
<tr>
<td>Medications management and assistance</td>
<td>Optional</td>
<td>Included</td>
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A mutual understanding by the community stakeholders about what assisted living is and how it differs from other senior and elderly housing products is very important. This provides a baseline for the development of the strategic directions that the community will take as the project feasibility is presented.

**The Primary Goal**

A well developed continuum of care for the elderly populations in the marketplace is to allow these populations to ‘age in place’, to grow old while living as independently and as affordably as possible for as long as possible.

**The Focus of the Feasibility Study**

The Town of Glenrock directed that the study be focused on a market analysis of need and a concept for an assisted living center for Glenrock.

Wilson will conduct the feasibility on assisted living but suggested that there should be a somewhat larger view of the community and county need for ‘enhanced elderly housing services’ as a compliment to and integrated part of the assisted living project.

A narrative discussion of the housing and enhanced service settings portions of the elderly continuum of care follows.

**Public Input & Comment**

Following the informational background the meeting was opened for general discussion. The following points were offered by the public as significant elements...
that should be considered in any project that may develop from the needs and feasibility study.

- Affordable
- Flexible
- Adult day care
- Respite care
- Community involvement with residents, with the design and culture
- Accessibility, convenience, available to a wide group of elderly
- Therapeutic pools, water exercise, community use
- Beauty shops
- Telephones with assistance
- Computer ready with assistance
- Hospice services combined with the facility

Discussion from the audience

Patty – can residents remain in same room and get increasing services as they age? – Wilson suggested that they could if the facility was properly designed and no regulated services (skilled nursing facility) was provided in the setting

Palmer – Can staff members provide medical assistance? – no skilled nursing can be provided in the setting beyond that provided by a certified Medicare Home Health Agency or incidental nursing provide by a contracted or staff RN

Jan – State and federal licensing of ALF programs is being considered but if it happens it will create uniformity and reduce flexibility which are the real benefits of assisted living settings (Current state licensing is primarily a life safety issue and not programmatic at this time)

Linda – Thinks affordability is very important – thinks that Barber needs 10 more units ( may have been from Muriel) of independent living space

Discussion – group was interested in ways to make access to the assisted living program more affordable for more of the community elderly – Wilson suggested that the ability to eliminate or hold down capital costs through land donations and construction design and costs would be necessary

Jan – stated that if the project could be affordable it would be unique in the state – Wilson said that it would be unique in the country particularly if it could be accomplished by a community working together

Parking desirable for some vehicles for more active (congregate) residents

Gene says a facility in Greeley CO (Lutheran Bonnie Homes) would be an example of a continuum program
Discussion with Patty and group about co-locating with the Senior Center suggest some advantages: shared kitchen, social center, transportation, exercise facility, public health nurse, computer center

Community uses current Senior Center and could use a co-located center

Discussion regarding government subsidies for building, rent and services. Jan confirmed the availability of Medicaid Waivers for services and Muriel agreed that Section 202 would help with building while Section 8 would help with rent payments.

Gene and Tim said that the Glenrock Special Hospital District has 16 acres of land that they could use for projects such as this, in the city with water and sewer. The Glenrock Clinic is located on this land

Tim – suggested that he thought the District might make this land available to a project if the project was non-profit and was headed by a ‘board’ that was elected by the voters in the District – the final decision would be obviously up to the Board of the District

Jan – suggested that Glenrock elderly are moving to Casper for services

Wilson – suggested that a larger view might be beneficial – look at the assisted living in conjunction with congregate and independent living in a campus style setting as the long term outcome of the assisted living project

Discussion – group seemed receptive to this as a long term vision as a worth while goal for the community

Chuck – need to create a unique niche product in order to compete with the providers to the west – consider redirecting the resources

Trudy said there is a program in St. Maries, ID ….. Valley Vista that is a campus style setting providing a continuum of care for elderly housing – good example of a unique niche

Fred – read in the Douglas newspaper about a possible assisted living development in Douglas. Also wanted to confirm that the study would result in ‘black and white’ finding either confirming feasibility or not.

Chuck – said that he had reported to hospital Board that Glenrock had hired Wilson to do the work and that the community was proceeding with feasibility - it appears that Douglas might consider development of up-scale independent living as a project for the hospital

Discussion – how should admissions be allocated? Glenrock first? County residents first? Outside the county? Chuck – suggests that Glenrock by itself cannot support a
project and will need to serve the entire county in order to be successful. Muriel thought that the project might need to be open to first come/first serve applicants. Others suggested that first priority be given to Glenrock elderly then to county elderly then open to non-county residents.

Muriel – Suggested that it should be first come first served

Discussion – depends on funding and subsidies, depends on funding and donations from Glenrock, depends on affordability factor, low income residents of the community, of the county – group consensus seemed to be that Glenrock residents should have first choice

Sharon – reminded us that the Barber was set up originally as an fully independent living arrangement – discussion indicated that many of the current residents may be receiving some personal service or health nurse assistance

Patty – can CNAs pass meds – Wilson indicated that they could in an assisted living setting under supervision of RN – Patty was surprised

Discussion – directed by Wilson the group started to consider that a longer view of the project might be warranted – Patty confirmed that the Senior Center was looking at re-locating and most agreed that a co-location with an assisted living facility would be attractive

It was further discussed that the continuum of care would be best served by a combination of independent, congregate and assisted living, missing would be a skilled nursing facility

Jan – suggested that the possibility of allowing SNF services co-located with the continuum may be under consideration by the state as they realign nursing home services

Assisted Living Committee – Follow up meeting

The Committee met after the public session for a few minutes at Wilson’s request.

Linda Care was appointed by the majority of the Committee to act as Chairman and serve as the contact person in accordance with the contract agreement with Wilson. Linda agreed to act in this position and advised that personal business would call her out of town for as long as one month with probable return by end of April. In her absence Wilson was asked to coordinate through Donna Geho at Town Hall.

Alignment of the Vision

Wilson asked the Committee to consider whether the public input produced different ‘vision’ for the project than that held by the Committee. All agreed that the mutual
visions were in alignment and would, if implemented, lead to a good outcome for the project.

Wilson next questioned whether there were any perceived ‘road blocks’ in the community that would cause the implementation of the project (assuming it proves feasible) to get derailed? The discussion that followed pointed out possible conflict on ownership of a facility and its programs. Wilson’s consensus is that frank discussions need to be held within the Committee and within the community over the course of this study to work out any issues involving the form and function of a community based non-profit that will take on the role of owner/manager for any project that may result from a positive feasibility finding.

Suggested Community Contacts

Wilson requested that the Committee suggest names of persons living in the community for interviews regarding the need for an assisted living program in Glenrock. In addition Wilson asked about key individuals who might serve as ‘spark plugs’ for the promotion of the project should it prove feasible.

Several names were suggested at the meeting and more were added by the members during the period following the meeting.

Phase Two - Market Size & Need for Services
This phase of the study looks at potential unmet needs for two specialized components of the elder care continuum, first at assisted living and secondarily at congregate housing. In conducting the study the following key indicators were used.

- Market Area Definition
- Age Qualified Persons
- Income Qualified Persons
- Living Arrangements
- Needs for Personal Services

Resources used include census data, population projections and estimates, demographic profiles, location visits, interviews with community sources, and identification of available support services.

Population and demographics information was purchased from Claritas, Inc. This is a respected data base company used by business and service planners nationally. Their specific services dedicated to the senior populations, health status indicators, wealth and household incomes are all incorporated into our demand models. These models help identify trends and provide statistical data that can be used to predict the numbers of persons who might be in need of the services being considered in this study.

**DISCUSSIONS WITH THE COMMUNITY – NEED FOR SERVICE**

Combined with the statistical information obtained from the above resources are anecdotal observations obtained through personal interviews with community providers such as the Glenrock Clinic, the Douglas Senior Center, Glenrock Senior Center, and the County Health Nurse. Additionally we contacted numerous individuals living in the community as well as business leaders and main street businesses. The discussions were conducted during a three day visit to Glenrock and Douglas on April 13 through April 15. Persons Contacted and/or met with

<table>
<thead>
<tr>
<th>Mick Lehner</th>
<th>Steve Cielinski</th>
<th>Carol Hennie</th>
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<tbody>
<tr>
<td>Gilm Kennaugh</td>
<td>Cathy Valence</td>
<td>Bob Morrison</td>
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<tr>
<td>Muriel Wilkins</td>
<td>Kathy Anderson</td>
<td>Izzetta Foster</td>
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<tr>
<td>Patty Smith</td>
<td>Mike Colling</td>
<td>Patty Fenner</td>
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<tr>
<td>Wyoma Oylear</td>
<td>Donna Geho</td>
<td>Pat Reiter</td>
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<tr>
<td>Linda Jensen</td>
<td>Chuck Lyford</td>
<td>Trudy Founce</td>
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<tr>
<td>Jan Pope</td>
<td>Sheldon Henderson</td>
<td>Paula Flynn</td>
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<tr>
<td>Kathy Matson</td>
<td>Debbie Roe</td>
<td>Mary Kay Kindt</td>
</tr>
<tr>
<td>Gene Daniels</td>
<td>Fred Steinbach</td>
<td>Carla Loflen</td>
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<tr>
<td>Joy Sorenson</td>
<td>Tom Nordwick</td>
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These individuals were recommended as good resources for opinions about the need for services and other pertinent view points regarding the development of an assisted living facility in Glenrock. Each was contacted by telephone and, if possible in person
for an open discussion. Some were busy and unable to meet, a few did not call back to confirm a meeting time. We will continue to contact them as well as others we are made aware of as the study progresses.

Federal regulations and laws regarding privacy related to health care information about individuals causes us to be non-specific in our references to any elderly individuals discussed when documenting these visits. We are relating our discussions anecdotally.

Everybody agreed that there is a need for elderly services, housing and care!

Many said that they knew of elderly persons who could “use the help”. Most were thought to be receiving help from their families…… knew of several elderly couples who are going to “stick it out” and refuse to leave their homes for services.

Many elderly and their care givers do not know what assisted living is and how it is different from a nursing home. They say they will not be interested in going into a “home”.

One suggested that it would be a good idea if “we didn’t build it on a hill, too hard to get to for the old folks”.

Several suggested that the community has land for such a development, particularly the land owned by the Hospital District. Others included the Potter land by the school and the Conner Block in their recommendations.

Most elderly seem to worry about the cost and don’t think they could pay the prices for such services – affordability seems a key to broad based acceptance.

Two different persons said that they had family members living in assisted living in the Casper area and one elderly couple related that they had in fact recently lived in a Casper facility.

Support that is currently being provided by the community based home services could be provided easier in an alternative setting like assisted and or congregate and there is a need for locally available skilled nursing beds, possibly co-located with the assisted living facility.

Early stage Alzheimer’s disease is prevalent in the elderly in the community and some need for this care should be incorporated in the assisted living program.

Any program developed must be “resident centered” rather than institutional like a nursing home – new models are emerging like Green House, Welspring, Eden Alternative, etc.

Most residents living in the independent apartments are capable of caring for themselves and would not be appropriate for an assisted living program was one opinion while others said that two thirds of those living in the independent apartments are
candidates for assisted living, they are receiving a lot of care from the community services programs located at the Senior Center.

Project Out is a program being promoted in the state – its goal is to move people from more restrictive nursing homes to more independent living arrangements with appropriate personal services to allow ageing in place. This is a potential strategic partnership for the Glenrock facility.

There are home based services available as well as limited home health care from Casper, Douglas and possibly soon from Glenrock.

The education of the elderly populations and their families is an important issue, just what is assisted living, will it be right for me, can I afford it, is it a nursing home, will I be safe, will I like the people, etc.

Elderly feel secure at home because they are able to access community based home services and think that this will replace more intense care as they keep getting older and more frail.

Elderly persons develop a denial complex that says “they are fine and don’t need any help”. Waiting longer means more acuity and complex social/clinical issues, burn out of caregivers is inevitable.

Family and community based services provide excellent support but both are being overwhelmed by the growing workload.

There is no place where a couple can move to where one can receive personal services and still be with the spouse.

There is a growing segment of the county’s elderly that are “right on the edge” of needing residential services with personal living services and the “bubble is growing.

“The community seems to have an adequate medical and social support system” … that can keep the elderly independent but the aging process eventually causes the old elderly to need services beyond the available community services.

Hospice and day care services were mentioned several times by the provider network.

Many referred to Glenrock as a ‘bedroom’ community for Casper. Shopping, medical services, and commuting for work are indicators.

Several comments were made about the benefit of an assisted living facility to Glenrock, jobs and keeping the money in the community.
Our analysis examines the rural county and the two main towns located in the county to provide an estimate of the total number of persons who may be qualified for a possible congregate/assisted living project to be located in Glenrock, Wyoming.

By definition, the Primary Market Area is Converse County. The site location is Glenrock. Glenrock, the Town of Douglas and the remaining rural areas of Converse County make up the market. The site location will put the facility within an acceptable driving distance from Douglas and the rural areas of the County. It will be ‘on the way’ for persons driving to and from Casper.

Glenrock is located approximately halfway between Douglas and Casper. It is on the travel route for the populations living in the county who use Casper as a commercial hub for their lives. People travel to the west so Glenrock is not ‘out of the way’. However no consideration is given to the potential market from adjacent populations living in Natrona County at this time. A successful program with affordable services will be attractive to adjacent elderly and some future growth may be considered to accommodate them. If the Glenrock project proves to be affordable in its prices there may well be in-migration from the eastern side of Natrona County.

THE TOTAL MARKET AREA – CONGREGATE/ASSISTED LIVING

Interstate Highway 25 ties these communities together with excellent all weather travel routes. The distance to Glenrock is within the acceptable catchment circle for a rural facility. Travel from Douglas and the east rural area is normal as traffic moves towards the commercial and trade center of metro Casper. The catchment for Glenrock is served by State 95 from the north and some good county roads from the south hills.
Services Utilization by the Market

The key center for referral into the Glenrock health system is understandably from the Glenrock and the western portion of the rural market area.

Glenrock is a provider for clinical health services to the west county and the community. The presence of physicians and para-professionals in the community is an important part of the elder care continuum.

However, Glenrock cannot provide an adequate number of fully qualified persons to sustain a congregate/assisted living facility. The community of Douglas and the remaining rural areas must be included to provide the ‘critical mass’ of persons to make this project work.

Marketing and direct sales efforts designed to concentrate on this effort will be of key importance to the success of any new senior living facility in Glenrock.

Discussions with the community clearly indicate that the Casper retail and medical community plays an important role in the consumer role in Glenrock. The Casper influence appears to be true for Douglas as well. Health care for the Douglas community is appropriately met by the Memorial Hospital and its doctors.

It is apparent that people living in Glenrock and its surrounding rural areas commute to and work in Casper and that the county populations use Casper as a commercial center.

Two phenomena are believed to be in play.

The first is the “build it and they will come” concept. While this is not a carte blanch approval for wide open development without regard for needs and feasibility analysis it is true that elderly do return to their home communities when those communities can provide essential services such as medical care and long term care alternatives. This is true for congregate/assisted living facilities as well. Nationally, according to the Assisted Living Federation of America, nearly 20% of all residents in assisted living facilities relocated from outside the market area of the facility.

The second dynamic in place is the desire of the adult children to have their elderly loved ones remain in or relocate to their community when the time comes for long term care decisions. Two needs are met when the community can provide for the needs of the elderly person while bringing them closer to the family caregiver. Remaining or relocation to be near family is a strong motivator for choice of a congregate and assisted living program.

A community that plans for the health care continuum for its population will enjoy retention of its elderly, some return of out-migrated age groups and possible growth through in-migration of elderly persons choosing to be near family. It is possible that
younger relocating family populations will choose a community with a well developed health care continuum over another equal location without this system in place.

Economic development, new jobs and the good feeling that the community is doing something for its families and their elderly are worthwhile in the pursuit of an elderly healthcare continuum.

### MARKET AREA POPULATIONS and DEMOGRAPHICS

Populations and the demographic characteristics of these populations are essential indicators of the magnitude of need for all goods and services in any market area. This is equally true for enhanced senior housing products and services.

The first indicator is the **general population** taken in comparison with the state as a whole.

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenrock</td>
<td>2,231</td>
<td>2,367</td>
<td>2,546</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>6.10%</td>
<td>7.56%</td>
</tr>
<tr>
<td>Douglas</td>
<td>5,288</td>
<td>5,680</td>
<td>6,179</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>7.41%</td>
<td>8.79%</td>
</tr>
<tr>
<td>Rural</td>
<td>4,533</td>
<td>4,744</td>
<td>5,028</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>4.65%</td>
<td>5.99%</td>
</tr>
<tr>
<td>Total Persons</td>
<td>12,052</td>
<td>12,791</td>
<td>13,753</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>6.13%</td>
<td>7.52%</td>
</tr>
<tr>
<td>Median Age</td>
<td>37.5</td>
<td>38.4</td>
<td>39.2</td>
</tr>
<tr>
<td>Median Income</td>
<td>$40,416</td>
<td>$44,316</td>
<td>$49,315</td>
</tr>
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</table>

**STATE OF WYOMING IN COMPARISON**

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Persons</td>
<td>493,782</td>
<td>502,975</td>
<td>516,081</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>1.90%</td>
<td>2.65%</td>
</tr>
<tr>
<td>Median Age</td>
<td>34.7</td>
<td>35.5</td>
<td>36.4</td>
</tr>
<tr>
<td>Median Income</td>
<td>$38,353</td>
<td>$42,702</td>
<td>$48,152</td>
</tr>
</tbody>
</table>

**SOURCE:** Claritas, Inc.  Senior Life Report, Age Report

Converse County was projected to grow at just over three times the rate of the growth for the state between 2000 and 2004. Between 2004 and 2009 the county is projected to experience a slightly faster growth rate while Wyoming is expected to increase its growth but at a much slower rate than Converse County. The county population centers are Glenrock and Douglas.
Approximately 19% of the county’s population lives in Glenrock while 44% live in Douglas. The remaining 37% live in the rural areas of the county.

The county population is older (median age) then that of the state and will continue to be so for the five year period.

An important group for this study is the adult children in the population.

Research from the industry conducted by the National Investment Center (NIC) for Senior Housing and Care and reported in Assisted Living Today, Jan – Feb 1999 clearly shows the influence of the adult children in purchasing assisted senior living services. In addition the adult children are instrumental in helping the elderly family member make decisions about moving to congregate and assisted living.

The adult child group of interest is between 55 and 64 years of age. They are old enough to have parents who are facing difficult decisions about alternative living arrangements. Since nearly 16% of all assisted living residents receive financial help from their families an analysis of this group is important. Size of the population and household income data provides an indication of the numbers, percentage of growth and purchasing power for the age group. Comparison with the same age group in the state as a whole provides some indication of the relative wealth status of the Converse County market area.

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Persons</td>
<td>1,113</td>
<td>1,357</td>
<td>1,610</td>
</tr>
<tr>
<td>As % Total Population</td>
<td>9.3%</td>
<td>10.6%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$40,300</td>
<td>$43,680</td>
<td>$50,020</td>
</tr>
</tbody>
</table>

**STATE OF WYOMING IN COMPARISON**

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Persons</td>
<td>44,590</td>
<td>52,802</td>
<td>59,349</td>
</tr>
<tr>
<td>As % Total Population</td>
<td>9.1%</td>
<td>10.5%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Median Income</td>
<td>$42,370</td>
<td>$47,120</td>
<td>$54,723</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report

This comparison shows that the state has median incomes approximately 8% higher than Converse County for this age group which means that the “purchasing power” of the adult children households is somewhat lower than the state’s 55 to 64 age group. This makes the affordability factor all the more important for the elderly living in the Glenrock market.

The county has about the same percentage of its total population in this age group as the state. And, the percentage is growing in both the county and in the state. The effect on senior housing demands should be positive from the standpoint of numbers.
of adult children that may influence their elderly parents to consider moving into a congregate or assisted living facility but somewhat negative due to the lower purchasing power of the group.

Given that the percentage of the total adult child age group is growing over the period one could expect that slightly more elderly would be expected to relocate into the area to be near their children than would move out of the area. Note that the needs analysis model used in this study makes no allowance for in-migration nor for out-migration even though we feel that the market area may support a positive in-migration of elderly persons seeking to be near their children. According to a 1997 report from NIC a desire to be near family ranked as the most important reason for relocating among the 75+ age group.

Another important consideration is that this age group will age into the older senior populations that are expected to be the primary age group for any assisted living program developed in Glenrock. If this age group were shrinking then the long term market would surely be reduced.

**Target Age Groups**

Congregate/assisted living programs serve a wide age group. However, the “old” elderly make up the most significant portion of the population living in these communities around the country. This primary age for congregate and assisted living programs is the **75 + age group**.

Statically the age groups will mix and overlap somewhat. Some younger seniors (65 to 74 years) will need services however the numbers are expected to be low. Some elderly (75 to 84 years) will be qualified for assisted living and some older elderly (85 plus) will still be satisfactorily served in a congregate or independent setting.

For the purposes of this study we concentrate on the 75 plus age groups. The following table provides summery data for this age group.
### CRITERIA

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in Glenrock</td>
<td>85</td>
<td>98</td>
<td>104</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>15.3%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Persons in Douglas</td>
<td>221</td>
<td>250</td>
<td>268</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>13.1%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Persons in Rural</td>
<td>106</td>
<td>146</td>
<td>165</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>37.7%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Total in the Market</td>
<td>412</td>
<td>494</td>
<td>537</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>19.9%</td>
<td>8.7%</td>
</tr>
</tbody>
</table>

### STATE OF WYOMING IN COMPARISON

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Persons</td>
<td>19,615</td>
<td>20,731</td>
<td>21,547</td>
</tr>
<tr>
<td>Percent Change</td>
<td>5.7%</td>
<td>3.9%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Claritas, Inc. Senior Life Report, Age Report;

Glenrock’s 75 – 84 age group grew by a 15% from 2000 through 2004 and is projected to increase by another 6% by 2009. The largest increase is again expected in the rural areas of the county (38%) with Douglas increasing at a slightly higher rate than Glenrock through 2009. Converse County’s 75 to 84 elderly are increasing in numbers three times faster than the state.

Finally the oldest elderly group will make up most of the potential for residents who might choose assisted living services as their alternative to nursing home care.

The 85+ age group

### THE 85+ POPULATION – THE TOTAL MARKET AREA

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persons in Glenrock</td>
<td>15</td>
<td>24</td>
<td>33</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>60.0%</td>
<td>37.5%</td>
</tr>
<tr>
<td>Persons in Douglas</td>
<td>91</td>
<td>114</td>
<td>133</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>25.3%</td>
<td>16.7%</td>
</tr>
<tr>
<td>Persons in Rural</td>
<td>24</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>25.0%</td>
<td>53.3%</td>
</tr>
<tr>
<td>Total in the Market</td>
<td>130</td>
<td>168</td>
<td>212</td>
</tr>
<tr>
<td>Percent Change</td>
<td></td>
<td>29.2%</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

### STATE OF WYOMING IN COMPARISON

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Persons</td>
<td>6,735</td>
<td>7,822</td>
<td>9,229</td>
</tr>
<tr>
<td>Percent Change</td>
<td>16.1%</td>
<td>18.00%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Claritas, Inc. Senior Life Report, Age Report;
Percentage growth in this age group will be significantly higher than the general population both in the market and in the state as a whole. The increase in the real numbers of elderly in the market area will be about 40 persons between 2000 and 2004 and about 44 persons additional by 2009. Note that the percentages calculated for these growth numbers are high primarily because of the small number of total persons and the impact on percentage by the increase of a few persons.

In this age group Glenrock has increased more than twice as much, as a percent change as Douglas and is projected to continue that increase through 2009. The rural areas of the county will be expected to have the largest percentage growth and the county as a whole is aging about one and one half times as fast as the state.

The population and demographic information above provides an overview of the population living in the market area. The next step in is to apply screening criteria to the population data collected above. These screens will help estimate the total number of persons who are most likely to be appropriate for congregate and assisted living services.

But first we want to discuss the concept of affordability and its relationship to the size and make up of the potential consumers and customers for any assisted living and congregate facility that may result.

**AFFORDABILITY**

A significant factor in the needs analysis is the affordability factor. Fulfillment of the need translates from an elderly person’s and/or their family’s ability to pay for the program. Those with low household incomes cannot afford to pay at the market rates being charged by most programs such as those available in Casper but they are nearly twice as likely to need assistance as the persons with higher household incomes.

The ability to pay will determine the size of the elderly group that will utilize any congregate and assisted living program developed in Glenrock. The town and county contains a large number of persons who are income qualified to pay a low price, another number that can pay a mid level price and a smaller group capable of higher price. To illustrate this:
Affordable programs that are accessible to the largest number of elderly depend on:

- Lowest possible construction costs
- Lowest possible cost of capital
- Lowest possible cost of operations
- Available subsidies for rents and occupancy
- Available Medicaid vouchers for personal services
- Adequate numbers of upper income residents who can pay higher fees based on sliding scale rates for those who can pay higher rates

CUSTOMERS and CONSUMERS

There are two distinct groups who are of significant importance in the analysis of needs for congregate and assisted living. These two groups are closely related yet somewhat different in their decision making perspectives. Affordability is sometimes seen from different perspectives by each classification.

- **Customers** are defined in this report as the family members who provide support to and, on occasion, make critical decisions for the senior and elderly.

These are usually the adult children of the elderly. They may or may not be living in the community. They are usually in the age group 55 to 64 years old and are either
directly or indirectly (in advisory roles) responsible for the well being of the elderly person should that person become unable to be responsible for themselves.

A profile would be an adult daughter, married, living with her spouse and children, working and middle to upper middle income. Her role is as companion, advisor and, if living near the elderly person, part time care giver when the elderly parent is in need of personal assistance.

- **Consumers** are the senior and elderly persons who actually live in the congregate and assisted living settings.

Persons qualified for congregate living are most likely middle to lower income retirees who are in reasonably good health, and socially and functionally independent most of the time. These individuals recognize their physical limitations and are concerned about their ability to maintain an independent household. Everyday household chores and cooking are an increasing burden, and many of these residents choose congregate living to have more opportunities to interact with others. A high percentage of these residents are concerned that emergency assistance be available should it become necessary. More than three-fourths of persons who move into congregate settings are women; most live alone and range in age from 75 to 85 years old.

The typical residents in an assisted living facility will be 83 years old, recently living alone in their own home or in a congregate setting and in need of two or more personal services. Like the congregate setting, just over 78% of all residents in assisted living are female. Assisted living residents may suffer from frail health, early stage Alzheimer’s and other memory disorders, and need assistance with mobility, personal bathing and grooming, eating and medications management. Depending on payment source, they will probably stay in the facility just over two years, leaving to enter a hospital for medical services, possibly transferring into a nursing home after discharge.

**The Decision to Move**

Persons who choose either congregate or assisted living settings as an alternative to living alone or in the a more restricted environment such as a nursing home will do so based on their decision making perspective.

The decision to select congregate housing over conventional retirement or independent apartment living is most often made independently by the senior person. They do so out of concern for personal capacity, for the increased companionship and for the level of security provided. The decision is made as a matter of planning for their future needs. The move is transitional along the continuum from the private home to a possible higher acuity setting.
The decision regarding an assisted living setting is more involved however. It usually involves family (the adult children) advising and urging the senior person. This decision is more often needs driven in that it is made as the result of an incident or significant change in the independent status of the elderly person.

Each decision maker will have their priorities for making a choice. The key motivators are similar for each decision maker. The priorities are different however. These motivators are, in order of importance to each:

From the view point of the consumer .....  

- Affordability of the service as measured by perceived ability to pay
- Maintenance of or improvement in his/her independence
- Security and safety felt while living in the facility
- Amenities and general enjoyment of lifestyle

From the view point of the customer .....  

- Security and safety provided for the elderly person
- Maintenance of, or improvement of elderly person’s independence
- Amenities and general enjoyment of lifestyle
- Affordability of the service as measured by ability to pay

The elderly person values their independence above all else while the family is looking for security before any other benefit from the move. Each will determine affordability from their own perspective.
SCREENING CRITERIA – FULLY QUALIFIED PERSONS

This part of the study will seek to identify persons living in the county by age group, income level, living arrangement and need for personal assistance in their daily living for assisted living and by age group, income level, living arrangement for congregate living. The adjusted total will be designated Fully Qualified Persons for assisted living and congregate programs. These numbers exclude those already living in nursing homes.

Age Qualified – 75 Plus Age Group - Screen No. 1

These persons will be the right age for congregate or assisted living.

<table>
<thead>
<tr>
<th>AGE GROUP</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 to 84</td>
<td>468</td>
<td>509</td>
</tr>
<tr>
<td>85 Plus **</td>
<td>143</td>
<td>180</td>
</tr>
<tr>
<td><strong>TOTAL PERSONS</strong></td>
<td><strong>611</strong></td>
<td><strong>689</strong></td>
</tr>
</tbody>
</table>

** Excludes persons in nursing homes @ 9.0% of age group
Computed from Claritas Inc. Senior Life Report

In 2004 just under 19% of this age qualified population lived in the town of Glenrock while 55% lived in Douglas. The remaining 26% live in the rural areas of the county. By 2009 more of the age qualified persons will be living in the rural areas (28%) with Glenrock and Douglas experiencing about some small decline in total persons of the age group living in their towns.

Income Qualified – Screen No. 2

This screen categorizes the 75 + age qualified persons by their household income. For an affordable facility all of the age qualified persons are also income qualified as

- Very low income identified as households at 50% of area median income
- Low income identified as households at 80% of area median income
- Moderate income identified as household at 80% to 120% of area median income

In Converse County the 2004 median income was $44,316.

- Very low income households = 50% of median = less than $22,158
- Low income households = 80% of median = less than $35,452
- Moderate income households = 80% to 120% = between $35,452 & $53,180
AGE & INCOME QUALIFIED PERSONS – CONVERSE COUNTY

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>274</td>
<td>273</td>
</tr>
<tr>
<td>$20,000 TO $49,999</td>
<td>241</td>
<td>302</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>96</td>
<td>115</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>611</td>
<td>689</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report

In the year 2004 the estimated household income distribution of 75+ age group shows almost 45% below the $20,000 level, 40% between $20,000 and $49,999, and only 16% at or above the $50,000 level. For comparison, Wyoming has 42% of the 75+ populations living below the $20,000 level, 40% between $20,000 and $49,999 and 18% with household incomes above the $50,000 level.

Fully 45% of the 75+ age group living in the county are considered ‘very low income’ households with an additional number qualifying as low income households. This study indicates that nearly 400 persons are low or very low income persons.

Converse County has a 75+ population that have less spendable income per household than the state as a whole. When we combine this reduced spendable income with the lower spendable level of the 55 to 64 age group living in the county we can once again emphasize the importance of affordability in the feasibility analysis of a project.

Living Alone Qualified – Screen No. 3

The likelihood of a persons living alone increases with age. Even though men are beginning to close the gap on women for life expectancy, women still live longer and as such tend to live alone more often than men. The U.S. Census tells us that the percentage of women living alone between the ages of 65 to 74 years is 32% but that this percentage jumps to 57% as women age into the 85 plus age group. As a comparison men living alone in the 85 plus group is about 30%. This phenomenon accounts for the prevalence of females over males in assisted living settings.

The literature provides a fairly broad range of assumptions about how many elderly persons live alone. The U.S. Census has a category for persons living alone, without spouse and with others who are non-family. 46% of all persons 75 plus years can be categorized as ‘living alone’.

A companion result of this living arrangement is that persons living alone results in more need for assistance and a strong possibility that loneliness will become depressing and harmful to the elderly persons well being and health status.

Additional research from various social study resources indicates that the loss of a spouse is a primary driver of need for assisted living services. Even the intervention of others in the living arrangement is not sufficient to overcome the increasing need,
particularly if that intervention is from a non-family source. For this reason we consider age/income qualified persons who are living in a non-spouse setting qualified for assisted living and congregate services.

### AGE/INCOME & ALONE QUALIFIED PERSONS – CONVERSE COUNTY

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>126</td>
<td>126</td>
</tr>
<tr>
<td>$20,000 TO $49,999</td>
<td>111</td>
<td>139</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>44</td>
<td>53</td>
</tr>
<tr>
<td><strong>TOTAL PERSONS</strong></td>
<td>280</td>
<td>318</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report

An increase of just under 13% over the five year period with a shift of the lowest income elderly into the mid income is projected. However the costs for services can be expected to keep pace with the inflationary issues that tend to raise the household income levels of the elderly.

**Need for Services Qualified – Screen 4**

The need for personal services is the primary qualifier for assisted living residency as compared to congregate residency. This screen identifies the age/income and living alone qualified persons that also have a need for personal services.

The total increases by 18% for the five year period with the largest increases in the mid and upper income levels. The increasing need for personal assistance as one ages is a significant determining factor in the decision to seek out, investigate and decide to move into an assisted living setting. In our model we project that many of these persons will already live in some form of congregate housing and will 'age' into the need for assistance. This is one important benefit realized from co-located congregate/assisted living programs.

In a 1991 study the Assisted Living Federation of America (ALFA) working with Coopers and Lybrand developed information in the report, “Aging America: Trends and Projections The report provided estimates of the percentage of persons in specified age groups that would likely need personal assistance with activities of daily living (ADLs) and instrumental (IADLs)

ADLs are defined by needs for assistance with personal services such as:
- Bathing and Grooming
- Dressing
- Toilet activities
- Ambulating
- Transferring
IADLs are defined by needs for assistance with:
- Medications
- Banking
- Correspondence
- Using the telephone
- Transportation
- Scheduling

Our needs demand model applies the percentages from the ALFA report as screening factors for determining the adjusted total of age/living arrangement/income persons who will likely need assistance.

The ALFA study shows:

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Percent Requiring Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>65 to 69</td>
<td>18.1 %</td>
</tr>
<tr>
<td>70 to 74</td>
<td>23.6 %</td>
</tr>
<tr>
<td>75 to 79</td>
<td>29.1 %</td>
</tr>
<tr>
<td>80 to 84</td>
<td>40.1 %</td>
</tr>
<tr>
<td>85 +</td>
<td>55.3 %</td>
</tr>
</tbody>
</table>

Assisted Living Federation of America

This clearly shows the increasing need for services as a person ages. It becomes easier to understand why the majority of assisted living residents are in the 80+ age group. Some younger age groups have lesser needs and most are met by community based in home services or as a part of other community based programs such as senior centers and public health.

ASSISTED LIVING FULLY QUALIFIED PERSONS – CONVERSE COUNTY

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>$20,000 TO $49,999</td>
<td>32</td>
<td>43</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>84</td>
<td>99</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

Congregate Screening
Fully Qualified Persons for assisted living are defined as the total number of persons living in the market area who are:

- Age Qualified
- Income Qualified
- Need for Services Qualified
- Living Arrangement Qualified

In comparison, Fully Qualified Persons for congregate living are defined as the total of persons living in the market who are:

- Age Qualified
- Income Qualified
- Living Arrangement Qualified

The persons who would be likely to use congregate living as their choice would be age/income and living alone status qualified but would not have the same immediate need for assistance with daily or instrumental actives. The prognosis is that they will ‘age’ into a higher state of need for personal services and therefore be ideally positioned for assisted living services without the relocation stress and trauma that is experienced by many elderly if they wait too long or cannot access appropriate services in the community.

The number of persons qualified is the total previously identified through Screen 3 minus those considered fully qualified for assisted living.

CONGREGATE LIVING FULLY QUALIFIED PERSONS – CONVERSE COUNTY

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>87</td>
<td>86</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>78</td>
<td>96</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>31</td>
<td>37</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>196</td>
<td>219</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

DISTRIBUTION IN THE MARKET AREA
As we did for the County, we can estimate the need for each of the population centers and for the rural areas. This data is presented in summary form here. Full details for the development of the estimates are provided in the APPENDIX of this report.

FULLY QUALIFIED PERSONS – ASSISTED LIVING - GLENROCK

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>14</td>
<td>17</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

FULLY QUALIFIED PERSONS – CONGREGATE LIVING - GLENROCK

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>27</td>
<td>25</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>37</td>
<td>41</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

FULLY QUALIFIED PERSONS – ASSISTED LIVING - DOUGLAS

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>23</td>
<td>22</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>20</td>
<td>26</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>49</td>
<td>55</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

FULLY QUALIFIED PERSONS – CONGREGATE LIVING - DOUGLAS

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>46</td>
<td>55</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>14</td>
<td>18</td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td>105</td>
<td>114</td>
</tr>
</tbody>
</table>

SOURCE: Claritas, Inc. Senior Life Report/ALFA Report

FULLY QUALIFIED PERSONS – ASSISTED LIVING - RURAL

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PERSONS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Fully Qualified Persons – Congregate Living - Rural

<table>
<thead>
<tr>
<th>HOUSEHOLD INCOME</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19,999 AND LOWER</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>$20,000 TO $ 49,999</td>
<td>25</td>
<td>33</td>
</tr>
<tr>
<td>$50,000 AND HIGHER</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td><strong>TOTAL PERSONS</strong></td>
<td><strong>55</strong></td>
<td><strong>64</strong></td>
</tr>
</tbody>
</table>

Source: Claritas, Inc. Senior Life Report/ALFA Report

### Capture Rate & Market Penetration

The above totals provide the statistical estimates of need for services. These persons are the persons who, based on the qualifying criteria of age/income/need for assistance and living status would benefit from a congregate and assisted living program should one be built in Glenrock.

This does not mean that all of them will take advantage of the program should it become available. When we visited with persons in the community we learned that there is a fairly active community based in-home support service available as well as a culture of extended family support for the elderly. Coupled with this is a general lack of understanding about the congregate/assisted living product among the elderly and their caregivers. And in this community, as in every community in the country the elderly are simply reluctant to move from their homes and current residences.

The truth of the marketplace is that only a portion of those qualified for the services will actually make the move. The question that must be answered as a part of the feasibility study is …… how many?

The answer is in an estimated capture rate of the Fully Qualified Persons by a new facility.

**Capture Rate**
Capture rate is determined by several different methods, depending on who is doing the analysis.

Some analysts use 7% of the age qualified persons as those who will move into a combination congregate and assisted living facility.

For Converse County this equates to: \( 611 \times 7\% = 43 \text{ units} \) 100% occupancy

Another published study for a rural Montana location projected capture rate as the total age qualified persons that are income qualified time 26% needing assistance times 35% living alone.

Converse County - this equates to: \( 611 \times 26\% \times 35\% = 56 \text{ Units} \) 100% occupancy

A recent study from National Investment Conference determined that approximately 6% of the 65 plus population would be very likely to move into seniors housing and of these 65% would choose assisted housing over active housing programs. The 65 plus population for Converse County in 2004 was 1,475 persons.

Converse County – this equates to: \( 1,475 \times 6\% \times 65\% = 58 \text{ units} \) 100% occupancy

These analysis methods can provide a range of total units required to meet the Fully Qualified need for Converse County. To test these we applied our expected capture rates to Glenrock, Douglas and the county’s rural areas based on the impact of the distance, drive times and location loyalty.

In our experience a reliable capture rate for existing developments in small city or rural locations that are not in heavily competitive markets is between 20% to 30% capture of the Fully Qualified total. This is the method we have used. This study is focused on an affordable program but we have analyzed a market rate program for comparison.

First, the affordable program.

**Affordable Program**

**ASSISTED LIVING – Residents in Facility**

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Capture Rate</th>
<th>Total Persons Captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenrock Town</td>
<td>25% of Fully Qualified</td>
<td>4</td>
</tr>
<tr>
<td>Douglas Town</td>
<td>20% of Fully Qualified</td>
<td>10</td>
</tr>
<tr>
<td>Rural Area</td>
<td>20% of Fully Qualified</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total Assisted Living</strong></td>
<td></td>
<td><strong>18 residents</strong></td>
</tr>
</tbody>
</table>

**CONGREGATE LIVING – Residents in Facility**
### Market Area

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Capture Rate</th>
<th>Total Persons Captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenrock Town</td>
<td>25% of Fully Qualified</td>
<td>9</td>
</tr>
<tr>
<td>Douglas Town</td>
<td>15% of Fully Qualified</td>
<td>16</td>
</tr>
<tr>
<td>Rural Area</td>
<td>15% of Fully Qualified</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total Congregate Living</strong></td>
<td></td>
<td><strong>34 residents</strong></td>
</tr>
</tbody>
</table>

Given an expected occupancy of 91% for assisted living we would have 20 assisted living apartments in order to meet the Fully Qualified need. The congregate setting should expect 92% occupancy so the need would translate to 30 congregate living apartments. The total would be 50 apartments based on this methodology.

**OUR ESTIMATE IS A FACILITY WITH 50 UNITS AT 100% OCCUPANCY BASED ON AN AFFORDABLE PROGRAM ACCESSIBLE BY ALL INCOME LEVELS**

As a comparison we examined the size of a potential program if the low and very low income households were excluded because of affordability. This is the scenario that would apply if the property were developed and operated without the benefit of public assistance, grants, low interest loans, in-kind donations, etc. The market rate program would be typical of one developed and operated by a for-profit corporation.

**Market Rate Program**

A market rate program is one that limits access to its facility by the price it charges. The majority of, if not all, programs currently operating in Wyoming are market rate. The price level typically eliminates persons with household incomes below $20,000 up to $24,000 per year from being able to afford the services. Some of these low income persons can access a market rate program if they receive help from their families and/or sell off most of their assets.

If the program being considered for Glenrock were designed and operated as a market rate program at the $20,000 level and up approximately 274 elderly person age 75 and older would not be able to afford the program.

There is data available that elderly who own their home or other assets do liquidate them as a way of helping to pay for their living arrangements after they age to a point where they need assistance. And the data also shows that the elderly receive financial help from their families as they age into assisted living programs. This effect is in place for most admissions to market rate as well as affordable properties.
### Market Area

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Capture Rate</th>
<th>Total Persons Captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenrock Town</td>
<td>25% of Fully Qualified</td>
<td>1</td>
</tr>
<tr>
<td>Douglas Town</td>
<td>20% of Fully Qualified</td>
<td>5</td>
</tr>
<tr>
<td>Rural Area</td>
<td>20% of Fully Qualified</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Assisted Living</strong></td>
<td></td>
<td><strong>9 residents</strong></td>
</tr>
</tbody>
</table>

### CONGREGATE LIVING – Residents in Facility

<table>
<thead>
<tr>
<th>Market Area</th>
<th>Capture Rate</th>
<th>Total Persons Captured</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glenrock Town</td>
<td>25% of Fully Qualified</td>
<td>3</td>
</tr>
<tr>
<td>Douglas Town</td>
<td>15% of Fully Qualified</td>
<td>9</td>
</tr>
<tr>
<td>Rural Area</td>
<td>15% of Fully Qualified</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total Congregate Living</strong></td>
<td></td>
<td><strong>18 residents</strong></td>
</tr>
</tbody>
</table>

OUR ESTIMATE IS A FACILITY WITH 30 UNITS AT 100% OCCUPANCY BASED ON A MARKET RATE PROGRAM ACCESSIBLE BY INCOME LEVELS OF $20,000 PER YEAR AND HIGHER

Since this analysis is a key element in the financial feasibility that follows it is worth testing our findings with yet another comparison of industry data. This is by a measurement of the penetration of a given market. Market penetration analysis is done by comparing the number of developed units available in any given market with the total age and income qualified persons living in that market.

### Market Penetration

A comparison with Wyoming counties – Age/Income Qualified to Occupied Units

Note that these comparisons were made based on 2004 occupancy and unit count data from the Wyoming Department of Health. All facilities included are considered ‘market rate’ and their income qualifiers exclude lower income persons from the total population of the county being served.

- Natrona County 249 occupied units/4,052 persons 75+ = **0.07 units/person**
- Albany County 74 occupied units/622 persons 75+ = **0.12 units/person**
- Laramie County 231 occupied units/4,524 persons 75+ = **0.05 units/person**
- Sheridan County 71 occupied units/2,104 persons 75+ = **0.03 units/person**

If we assume that a market rate facility is constructed in Converse County with 50 units operating at 91% capacity the penetration rate would be:

- Converse County 30 occupied units/611 persons 75+ = **0.05 units/person**
The unit/person for Converse County puts the project in the middle unit/person ratio. This is an indication that a market rate facility of the size would be appropriate for the area.

- If we look at this comparison for an affordable facility we would find a ratio of just over 8 units/person which may indicate overbuilding.

Clearly this penetration rate of the market area puts the 50 unit projection above all of the four counties examined. Taking into account that an affordable program would support more units/person we are not comfortable with this penetration and believe that the analysis must look further into the indicated facility size before making our recommendation.

The analysis of occupancies, fill rates and resident turnover will help to clarify the recommendation for optimum facility size.

**OCCUPANCY/FILL/TURNOVER RATE**

Industry data shows that stabilized facilities that have been open longer than one year are maintaining a median occupancy of 91.4%. The Wyoming properties used in the penetration rate analysis above ranged from 99% occupied to a low of 83%. The Casper properties averaged 93% in the most current data from Department of Health.

The fill rate or the time it takes to reach the design occupancy for a new start-up property has been nine to twelve months from opening. This is dependent on many factors including size of the facility, location, competition, price level, etc. We would expect that any facility developed in Glenrock would fill faster than the industry average due to the un-met need for services. Our interviews with the community based providers indicates that there is a large ‘bubble’ of qualified persons and that an affordable program that is properly marketed would fill quickly.

An un-met need and a quick fill-up are good for start-up but should not be confused with sustained need. A facility will experience rather quick turn over in its assisted living units as people either age through the capabilities of the program or spend their resources down and find the costs too expensive. They will transfer to higher care and/or to Medicaid supported services.

The turnover will be **45% to 55% of the 18 assisted living residents annually.** This translates into a need to re-fill with **7 to 10 newly qualified residents** each year for the facility in Glenrock. There is one positive operating effect of having an attached congregate facility……qualified persons can be ‘fed’ to the assisted living facility without remarketing to new persons every time a vacancy occurs. Having said that it must be remembered that the congregate facility must re-fill at the same time.
Turnover in the congregate facility will be somewhat lower due to the lower need for personal services in this setting. Industry data indicates an average turnover in congregate at 35% every year. At this rate we could expect that **10 to 11 residents of the congregate program would move out every year**. Some of these would move into the assisted living setting and help to fill that need for additional residents.

On the whole we would project that a 50 unit facility would **need to admit 15 new residents every year in order to maintain design occupancy**.

The question then becomes …… will Converse County provide that many newly fully qualified person to fill these vacancies?

To help determine the answer we need to look at the projected growth for new elderly persons within the county.

Referring again to the population data for the county we find:

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2009</th>
<th>Total Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 + persons</td>
<td>662</td>
<td>749</td>
<td>87 new persons</td>
</tr>
<tr>
<td>In Nursing Homes</td>
<td>51</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Total not in NH</td>
<td>611</td>
<td>691</td>
<td></td>
</tr>
<tr>
<td>Fully Qualified Persons</td>
<td>84</td>
<td>95</td>
<td>11 new persons</td>
</tr>
</tbody>
</table>

**After factoring in the 25% capture rate of the fully qualified persons we will not have enough growth to sustain the design occupancy.**

Clearly there is a current un-met need for services that would support a larger property. The re-fill capacity of the county population growth is not sufficient to maintain occupancy.

Another consideration is the desire by the community (see Phase One Report) to have flexibility in the provision of service within the facility has caused us to assume that the entire facility should be licensed as ‘assisted living’ even though a portion of the facility will be market as congregate wherein limited personal services will be provided. In this way the service team will be able to move the ‘service’ to the resident whenever a congregate resident ages into higher care or requires episodic personal service. This is a hallmark of a flexible program. However, in accommodating this requirement it is quite possible that the regulators will limit some of our admissions of congregate person due to their lack of need for personal services.

**The flexibility factor may well reduce the pool of Fully Qualified persons for the congregate program.**
When we take into account the projected higher penetration rate, the very low growth numbers for the county elderly and the possible restrictions on congregate admissions in order to meet the flexible criteria we believe the project should have a maximum of 40 apartments and or ancillary service spaces. It may become important for the marketing activities to begin to target Casper as the turnover for the facility begins during the second and third years.

A proposed configuration follows.

**Phase Three – Best Configuration**

With the needs analysis completed and adjusted for capture and penetration rate considerations we can now recommend a facility floor and site plan for a building that will provide space and amenities suitable for the project.

We propose a forty unit facility initially broken out as follows:

- 20 assisted living apartments
- 20 congregate living apartments

Note that six of the congregate units could be used for ancillary programs as discussed with the community during Phase One. Possible uses:

- 2 adult day care bedroom units
- 4 hospice services apartments (possibly leased to a Medicare Provider)
- Space for wellness/hydro therapy
- Computer/Internet lounge
- Resident gift shop/crafts retail space

The adult day care and the hospice were requests expressed during fact finding and public meetings with the community. It is also important to note that the architect has provided a design that can be expanded to 50 units if and when the need exceeds this initial configuration.

TSP Architects from Sheridan has provided the space and costing analysis for a facility that will meet the needs for an affordably priced congregate and assisted living facility to be constructed on a non-specified location in Glenrock.

The facility, originally identified as a fifty (50) unit combined congregate and assisted living property, has been downsized to a forty (40) unit project. The downsizing is an adjustment to the needs analysis provided to the committee earlier. This downsizing is discussed above. Using the adjusted needs analysis TSP provided the following space and cost analysis.
In addition revised floor plans, room plans and site plans are attached for reference. A color rendering of the building will be provided after the floor plans are reviewed by the committee.

The apartment units are designed for optimum square footage to allow easy access for both the resident and for the support staff in their delivery of service to the resident. At 450 SQ FT each apartment will easily accommodate one or two elderly persons with the idea that much of the activity of the day (meal time, activity, excursions) are away from the resident’s room. Limited two bedroom units can be included when the detailed design work begins. Simply combining two rooms into one and leaving out the kitchen in one will accommodate a couple very nicely. No difference is made for the apartment size and configuration based on the income status. Universal size is a part of the flexible design wanted by the community.

Dining will be provided in a sit down style with staff delivery of the meal to the resident, waitress style. Table arrangements will enhance the experience without institutionalizing it. Staff will assist the residents with eating reminders, and general nutrition coaching. The staff will clear the tables and keep the dining room clean and appealing.

The common areas are arranged for maximum use by the residents as a part of their every day living experiences within the community of the facility. Comfortable seating, safe and secure flooring for easy transfer, appropriate, non-institutionalized lighting adds home like décor as do the wide but individualized corridors serving the apartments.

Assignment of the apartment locations will be carefully considered at time of admission. The acuity of the resident will help determine placement within the facility. Higher need for services will dictate closer placement to the services centers and common areas.

Two licensing issues must be considered:

Universal licensing of all apartment units as ‘Assisted Living’ will allow maximum flexibility when developing service plans for the individual residents. Admissions will take place under regulatory screening procedures and residents will be provided service levels consistent with their needs. As they age or have episodes of illness they may need additional services. As a feature of the building design and licensure the service will be able to ‘move’ to the resident without moving the resident to the service. Obviously, if the resident continues to need more service then originally admitted this design will allow the resident to be moved into a closer proximity to the service centers.

An examination of the floor plans will show that the ‘E’ style layout of the wings relative to the service center and common areas promotes access and observation of the higher acuity residents. If, in the future, the regulators allow skilled nursing beds
to be incorporated into the congregate/assisted environment this design will help to facilitate that conversion.

The interior will be appealing with nice entry experiences, easy location of the various areas and immediate access to a staff person who knows what is going on. Dining in a group environment with well designed spaces, colors and light treatments will help with the home like atmosphere. A comfortable setting area around a fireplace will set the stage for visiting or waiting for a ride on the senior services bus. The activity center will provide TV and movie viewing, games tables, entertainment space and a music center around a piano.

The exterior will have non-institutional lines, roof gables, offset window treatments and a pleasant entry with loading/unloading area. The landscaping will be appropriate for the area and provide a breakup of the building profile after the trees and plantings mature. Safety and decorative lighting is a part of the exterior finish.

Concrete or paved walking paths in and around the property and courtyards between the wings will provide safe and secure exposure to the outdoors for the residents.

Finally, the overarching strategy is to provide functional design without imposing an institutional flavor to the facility. The impression must be, from the curb to the heart of the apartment units, that this is a place where an elderly person can feel at home. No uniforms on the staff, no strict rules about what a resident can or cannot do, access to visitors and friends, safety and functionality in all aspects are key elements in the design and operation of the facility.

The building, modest for cost reasons, will be very nice and should meet the expectations of those who are considering Glenrock as a place to find enhanced elderly living services.

**Congregate and Assisted Living Service**

The design and configuration presented in this phase is considered a ‘best' configuration in the general sense. Clearly the next round of work, should the committee recommend moving forward, will involve carefully considered design refinements leading to a final configuration that is acceptable to the development committee, to the community of Glenrock and to the operational consultants. This ‘best' configuration meets the requirements for an operational facility that will be capable of providing services to its residents.

Generally the services will be as follows:

**Housing – Assisted & Congregate**

**Apartment rental:** Rental includes private 1 bedroom apartment with full bath and tea kitchen plus all utilities except telephone and cable service, general maintenance, annualized cleaning, grounds and landscape service, scheduled
transportation, mail delivery/pick-up, emergency call system, and scheduled social activities.

There is a trained staff on duty 24 hours every day.

Personal Services Provided

**Assisted Living:** Four levels of personal service available

All levels receive nursing overview and assessment as required by licensure as well as three meals per day, seven days a week.

Level One
- weekly homemaker assistance
- bed and bath linen laundry assistance
- personal items laundry assistance
- wellness monitoring
- reminders for scheduling and arranging medical services
- assistance with personal activities related to instrumental activities
- companionship through social and activity programs
- unscheduled needs

Level Two
- includes all of level one plus
- reminders for self medications
- occasional confusion management
- special menu management

Level Three
- includes all of level two plus
- occasional partial assistance with personal grooming
- occasional partial assistance with ambulating
- occasional partial assistance with dining
- medications assistance

Level Four
- includes all of Level Three
- personal services may become daily
- daily confusion management
- partial assistance with incidental incontinence
- occasional transferring
**Congregate Living:** Three levels of service

Level One
- includes three meals per day

Level Two
- includes three meals and assistance with housekeeping

Level Three
- includes three meals and limited personal service

Space and construction design will allow for comfortable apartment style living and the seamless provision of these personal services. Additional amenities can be considered in final round design with the architect. Cost and its effect on the elderly persons’ ability to pay must always be a consideration.

**Space Allocation**

<table>
<thead>
<tr>
<th>Name of Space</th>
<th>Function</th>
<th>Net SQ FT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resident Service Components</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dining Room</td>
<td>sit down meal service</td>
<td>1,400</td>
</tr>
<tr>
<td>Living Room</td>
<td>common socializing areas</td>
<td>550</td>
</tr>
<tr>
<td>Multi-purpose Room</td>
<td>activities, parties, chapel</td>
<td>550</td>
</tr>
<tr>
<td>Tub Room</td>
<td>bathing and whirlpool</td>
<td>150</td>
</tr>
<tr>
<td>Resident Laundry</td>
<td>washer/dryers</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>2,950</td>
</tr>
</tbody>
</table>

| **Support Components**    |                                               |           |
| Full Service Kitchen      | meal preparation, clean up                    | 775       |
| Reception                 | greeting, information, control               | 125       |
| Offices (2 each)          | business/resident services                   | 250       |
| Staff Workroom            | planning/work spaces                         | 125       |
| Public Restrooms          | 2 each privacy toilets/sinks                  | 150       |
| Housekeeping              | 2 locations/storage                          | 400       |
| Clean/Soiled Utility      | 2 locations separate functions               | 300       |
| General Storage           | storage for building functions               | 250       |
| Building Services         | equipment rooms/electrical/HVAC              | 350       |
| **Non-Assigned**          | circulation and utility                       | 4,075     |
| **Total**                 |                                               | 6,800     |

| **Residential Units**     |                                               |           |
| One Bedroom Units         | 36 each including bath/kitchenette           | 15,800    |
| Two Bedroom Units         | 2 each including bath/kitchenette            | 1,300     |
| **Handicapped Units**     | 2 each HC accessible/bath/kitchenette        | 1,000     |
| **Total**                 |                                               | 18,100    |

Total Facility SQ FT 27,850
Soft Cost Considerations  (See Affordable Start-Up Worksheets)

These are the one time costs associated with the non-construction development and start-up activities estimated for the project.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Expenses</td>
<td>27,700</td>
</tr>
<tr>
<td>Compliance and Legal</td>
<td>15,700</td>
</tr>
<tr>
<td>Inventories</td>
<td>10,400</td>
</tr>
<tr>
<td>Working Capital</td>
<td>55,800 *</td>
</tr>
<tr>
<td>Operational Consultants</td>
<td>122,000</td>
</tr>
<tr>
<td><strong>Total Soft Costs</strong></td>
<td><strong>$231,600</strong></td>
</tr>
</tbody>
</table>

Note * Working capital will need to increase in second year to support the growth to design occupancy. Based on financial projections the day to day operations at the higher occupancy will require an additional $24,000 of working capital to sustain cash flow. This second year marks the achievement of the stabilized operating condition projected by the model and no additional cash infusion is required.

Inflationary growth is expected to be balanced by increased fee levels and increase expenses levels for a net zero change in years three and beyond.

Based on the space allocation and the capital requirements the following construction cost and start-up estimates are provided.

**Preliminary Project Budget**

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Building Construction 27,850 SQ FT @ $100.00/Sq ft</td>
<td>2,785,000</td>
</tr>
<tr>
<td>B. Site Development @ 10% of A</td>
<td>278,500</td>
</tr>
<tr>
<td>C. Construction Contingency @ 5% of A+B</td>
<td>153,175</td>
</tr>
<tr>
<td>D. Total Construction Budget sum A+B+C</td>
<td>3,216,675</td>
</tr>
<tr>
<td>E. Fixtures, Furniture, Equipment @ 3% of D</td>
<td>96,500</td>
</tr>
<tr>
<td>F. Architecture/Engineering Cost @ 9% of D</td>
<td>289,501</td>
</tr>
<tr>
<td>G. Owner/Administrative Cost @ 2% of D</td>
<td>64,334</td>
</tr>
<tr>
<td><strong>Total Construction – Budget</strong> sum D thru G</td>
<td><strong>$3,667,010</strong></td>
</tr>
</tbody>
</table>

Added to this construction based budget are the soft costs needed to bring the facility to opening and start-up.

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Soft costs (see above detail)</td>
<td>231,600</td>
</tr>
<tr>
<td>J. Addition working capital – second year</td>
<td>24,000</td>
</tr>
<tr>
<td><strong>Total Soft Costs - Budget</strong></td>
<td><strong>$ 255,600</strong></td>
</tr>
</tbody>
</table>

**Total Project Costs – Budget** = **$ 3,922,610**
Notes:
• Does not include raw land costs. Minimum land requirement is 3.12 acres. Model assumes land will be made available without cost to the project

• Does not include financing fees, loan costs or interim financing costs. Determination of these costs is dependent upon the source and method used to provide capital

• This budget is based on wood framing on slab construction designed for non-institutional construction at current 2005 construction costs.

• Designs are in accordance with applicable codes and will help qualify the facility as a licensable assisted living program.

• Expansion to fifty units can be accomplished without adding to common areas.

• Use of commercial kitchen to service adjacent senior services center will require additional expenses during initial construction.

• Assumes a relatively flat location with favorable soil conditions and utilities at the site.

• Assumes availability of qualified contractor.

• Design provides amenities associated with a modest plan that provides excellent hospitality at an affordable level. More extensive amenities (pools, private dining spaces, libraries, exercise gyms, dedicated chapels, game parlors, dedicated nursing and exam rooms, covered parking, etc) can be considered. Each dollar added to cost increases price points and reduces accessibility for lower income persons.

• Construction time frame is one year from ground breaking assuming availability of contractors and sub-contractors.

• Residents provide their own furnishings, common areas and window treatments are provided by owners.

Phase Four – Financial Feasibility

The previous analysis provides a clear indication of a need for assisted and congregate living services in Converse County. Phase Four examines the financial aspects of the operation of a facility that will meet the identified need. This financial analysis provides a start-up model and a break even model for the daily operation in two scenarios.
• Scenario One - Start-up Year filling to design occupancy by the eleventh month
• Scenario Two - Stabilized Year operating at design occupancy for twelve months

Worksheets providing detailed analysis of the financial modeling used in this study are provided in the APPENDIX attached.

Note: Pricing used in the study are not to be used as ‘published’ prices for any rental or service and are intended as general values to be used in the financial model only. Market forces and costs in effect at the time of actual operation will dictate. Requirements dictated by funding sources will also set low income rates and charges. These estimates are based on industry data, actual comparative operations and experience with similar properties.

Assumptions

The analysis requires that we make several assumptions based on the findings in the needs study, the architect’s estimates and experience with similar projects in the past.

Note that rounding of numbers will result in slightly different results for the various calculations produced in the study.

Capacity & Occupancy

Maximum Capacity

| Assisted Living Apartment Units | 20 One Bedroom | 22 Residents |
| Congregate Apartment Units      | 20 One Bedroom | 22 Residents |
| Total                          | 40 Units      | 42 Residents |

Some apartments may have two related persons in residency.

First Month Admissions  13 residents
Fill rate per month  2 residents
11th Month  39 residents

Assisted living  18.2 residents = 91.0% occupancy
Congregate  20.2 residents = 92.0% occupancy
11th Month – Design Occupancy  38.4 residents = 91.4% occupancy

Housing – Assisted & Congregate

Three levels of apartment rental are used in the model:

| Lowest rent | $15.00 per day | $456/month |
| Middle rent | $20.00 per day | $608/month |
| Highest rent| $38.00 per day | $1,155/month |
Personal Services Provided

Assisted Living: Four levels of personal service available

The average price for assisted living rental and services - stabilized

$63.22/day $1,922/month

Congregate Living: Three levels of service

The average price for congregate living rental and services - stabilized

$31.53/day $959/month

See the next section for some price ranges dependent on the combinations of rental and service options.

Ability to Purchase

The income qualified elderly living in Converse County have the ability to purchase, at some price level, the assisted and congregate living programs being considered by Glenrock. How much can an elderly person reasonably be expected to be able to spend for their various expenditures for living?

According to the National Investment Center for the Seniors Housing and Care Industries, Income Confirmation Study of assisted Living Residents and the Age 75+ Population, study of 2001 a person 65+ years in age can be expected to spend their pre-tax income as shown in the following table.

<table>
<thead>
<tr>
<th>EXPENDITURE ITEM</th>
<th>PERCENT EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>14.2%</td>
</tr>
<tr>
<td>Housing (shelter, fuel, utilities, etc.)</td>
<td>35.0%</td>
</tr>
<tr>
<td>Transportation (payment, gas, license)</td>
<td>13.7%</td>
</tr>
<tr>
<td>Health Care</td>
<td>13.8%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>4.2%</td>
</tr>
<tr>
<td>Other (insurance, clothing, taxes, etc.)</td>
<td>19.1%</td>
</tr>
<tr>
<td>Total</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Source: NIC, Income Confirmation Study of ALF Residents

When a person decides to move into a congregate program some of these current expenditures will be transferred into paying for rent and selective services. Although no standard is available most planners expect that a resident will pay about 40% to 50% of their aggregate household income for the rent, utilities and meal service. Other services such as housekeeping, laundry and personal services are purchased
selectively and will come from the remaining income of the resident over and above the rental charges.

On the other hand an assisted living residents can expect that a larger percentage of their current expenditures will be included in their rental and service contract with the assisted living provider. Information from the Journal of Affordable Housing and ALFA indicates that persons with higher household incomes would be likely to utilize as much as 75% to 80% of their available pre-tax income for the purchase of assisted living. Persons with lower income levels were found to spend 90% or more for the services.

Based on these expenditure percentages, the following table illustrates amounts that may be considered affordable according to the relative household incomes of the resident.

<table>
<thead>
<tr>
<th>Annual Household Income</th>
<th>Spend on Congregate Living</th>
<th>Annual Amount Available</th>
<th>Monthly Amount Available</th>
<th>Rate Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 50,000</td>
<td>35 %</td>
<td>$ 17,500</td>
<td>$ 1,460</td>
<td>$ 49.00</td>
</tr>
<tr>
<td>$ 35,000</td>
<td>40 %</td>
<td>$ 14,000</td>
<td>$ 1,170</td>
<td>$ 39.00</td>
</tr>
<tr>
<td>$ 25,000</td>
<td>45 %</td>
<td>$ 11,300</td>
<td>$ 930</td>
<td>$ 31.00</td>
</tr>
<tr>
<td>$ 15,000</td>
<td>50 %</td>
<td>$ 7,500</td>
<td>$ 625</td>
<td>$ 21.00</td>
</tr>
</tbody>
</table>

Congregate housing and services are primarily a private pay product at the middle levels. Information from the National Investment Conference suggests that the proportion of individuals living in housing planned for older adults decreases as household incomes increase, likely the result of the additional options available to upper income groups.

Some lower income persons do use congregate living when it is offered with a subsidized rent payment source. Such facilities require income qualifiers for residency and most use a third party (home health or attached assisted living program) for added services. Typical low income programs can be available to persons with incomes at 200% of the regional poverty level and would use some community based services for minimal personal care needs.

Since assisted living is more needs driven than congregate and the range of services and covered services is more inclusive, assisted living programs are usually more expensive. Persons who are selecting assisted living over nursing home admission will spend 75% to more than 90% of their available income for the product. An examination of this phenomenon is as follows:
Three separate affordability levels have been considered in this plan.

- The first is the price point necessary to provide congregate and assisted living services to persons at or near the poverty level for the area. This level is for those elderly households that have household incomes of less than $19,999 per year. The rate range for congregate living would be approximately $20.00 or less per day. For assisted living the rate range would be $40.00 per day or less.

- The second level is the price point deemed affordable for persons qualified by income levels just above the poverty level but below the level required for so called market rate prices. These elderly households have incomes of $20,000 to $49,999 per year. The expected rates would be between $30.00 to $50.00 per day for congregate and $60.00 to $100.00 per day for assisted living.

- The third level is the price point deemed affordable for persons qualified by income levels of $50,000 and above. These daily rates are $50.00 or more per day for congregate and $100.00 or more for assisted living.

The variations would be expected depending on the mix of service options selected. The be effective this ‘sliding scale’ pricing would require income screening (means testing) and carefully crafted services packaging.

The price points used in the ASSUMPTIONS spreadsheet in the APPENDIX are based on three payment scenarios. Some typical pricing resulting from these scenarios:

<table>
<thead>
<tr>
<th>Congregate Living</th>
<th>Rental</th>
<th>Meals</th>
<th>Hskeeping</th>
<th>Personal Svc</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>15.00</td>
<td>10.00</td>
<td></td>
<td></td>
<td>25.00</td>
</tr>
<tr>
<td>Middle</td>
<td>20.00</td>
<td>10.00</td>
<td>4.00</td>
<td></td>
<td>34.00</td>
</tr>
<tr>
<td>Highest (2bdrm)</td>
<td>36.00</td>
<td>10.00</td>
<td>4.00</td>
<td>4.00</td>
<td>54.00</td>
</tr>
</tbody>
</table>
Assisted Living

<table>
<thead>
<tr>
<th>Level</th>
<th>Rental</th>
<th>Level</th>
<th>Level</th>
<th>Level</th>
<th>Per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest</td>
<td>15.00</td>
<td>38.00</td>
<td></td>
<td></td>
<td>53.00</td>
</tr>
<tr>
<td>Middle</td>
<td>20.00</td>
<td>42.00</td>
<td></td>
<td></td>
<td>34.00</td>
</tr>
<tr>
<td>Middle</td>
<td>20.00</td>
<td>44.00</td>
<td></td>
<td></td>
<td>64.00</td>
</tr>
<tr>
<td>Highest (2bdrm)</td>
<td>36.00</td>
<td></td>
<td>48.00</td>
<td></td>
<td>84.00</td>
</tr>
</tbody>
</table>

**Assumed Utilization:** The financial model assumes the following utilization of the housing and services.

<table>
<thead>
<tr>
<th>Apartments</th>
<th>Assisted</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lowest rental</td>
<td>30%</td>
<td>40%</td>
</tr>
<tr>
<td>Middle rental</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>Highest rental</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Service Mix</th>
<th>Assisted</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level One</td>
<td>20%</td>
<td>36%</td>
</tr>
<tr>
<td>Level Two</td>
<td>25%</td>
<td>36%</td>
</tr>
<tr>
<td>Level Three</td>
<td>30%</td>
<td>27%</td>
</tr>
<tr>
<td>Level Four</td>
<td>25%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Resident days, as a measure of utilization

<table>
<thead>
<tr>
<th>Total</th>
<th>Assisted</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up year</td>
<td>9,463</td>
<td>4,506</td>
</tr>
<tr>
<td>Stabilized year</td>
<td>14,031</td>
<td>6,643</td>
</tr>
</tbody>
</table>

Rental unit days, as a measure of utilization

<table>
<thead>
<tr>
<th>Total</th>
<th>Assisted</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start-up year</td>
<td>9,023</td>
<td>4,494</td>
</tr>
<tr>
<td>Stabilized year</td>
<td>13,398</td>
<td>6,682</td>
</tr>
</tbody>
</table>

Financial Projections – Operations

Given the assumptions made and the price structures used for the model the following operating statement would result. (See P & L Summery and Profit & Loss Monthly Budget - APPENDIX).

<table>
<thead>
<tr>
<th>Start-Up Year</th>
<th>Total</th>
<th>Assisted</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue – Residents</td>
<td>$441,192</td>
<td>$284,874</td>
<td>$156,317</td>
</tr>
<tr>
<td>Variable Expenses</td>
<td>$447,757</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>($6,565)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Stabilized Year | Total  | Assisted | Congregate
---|---|---|---
Revenue – Residents | $ 653,313 | $ 420,038 | $ 233,275
Variable Expenses | $ 653,044 |
Net Operating Income | $ 269 |

Note: This is the **breakeven operation** that provides the most affordable operation of the facility. Does not include any debt service for moneys borrowed to construct and open the new facility.

**Expense Details**

The development of the revenue from operations relies on rental rates, service rates, occupancy, service mix and number of units in the facility. The development of associated expenses depends on information obtained from industry studies and actual operations known to the consultant.

Payroll projections were developed from staffing patterns consistent with industry standards, current wage rates in the area, and assumptions for benefit costs. Other variable expenses were developed on a per resident day basis using known ratios from an existing operation and from comparison with the industry report, The State of Senior Housing – 2004 published by National Investment Center for Senior Housing and Care Industries.

Extensive development of these kinds of data into a financial modeling tool by the consultant over the years of doing this work has resulted in a reliable process for estimating expenses for assisted and congregate living programs.

Please see the spreadsheets contained in the APPENDIX of this report for the detailed development of the model.

**Summary information on operating expenses is as follows:**

**Fill Rate**

The start-up year ‘ramps up’ as new residents are admitted. This fill rate can happen quickly in a service area where there is a large un-met need or it can take longer if there are a lot of choices and potential residents can shop around before making their choice for assisted and congregate services. In Glenrock there is a need and the choices are limited to Casper facilities or other out of area providers.

Fill rates are detailed in the spreadsheets for CENSUS PROJECTIONS in the APPENDIX of this report.

**Design Fill Rate** | 11 months from opening
If the property does not meet this fill rate the cost of start-up will increase and additional working capital will be needed.

Staffing & Payroll

The cost of employees is the largest single expense for a facility.

Assisted living services are more staff intensive than the congregate programs. As the in-place residents age the requirement for personal services rises and it becomes more expensive to operate the facility. The same will be true as the congregate residents become more frail. This is the reasoning for the tiered level service system used in our financial model.

A successful program will understand aging in place and will budget for this in their pricing and in their expenses.

Staffing in our model is estimated on a staff/resident ratio basis. The spreadsheets in the APPENDIX contain Staffing Patterns for each month of the start-up year and for one typical month in the stabilized year. The common unit of staffing is stated as Full Time Equivalents (FTEs). An FTE is equivalent to 2080 hours per a 12 month period. Part time and full time staffing hours are added together and divided by 2080 to determine the number of FTEs in the staffing pattern.

The RN nurse required under state licensing rules is provided as a contracted service and is not a part of the staffing or payroll expenses.

Based on the design fill rate the projected staffing for the start-up year is as follows.

<table>
<thead>
<tr>
<th>Period</th>
<th>Residents</th>
<th>FTEs/Resident</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Month 1</td>
<td>13</td>
<td>0.563</td>
<td>7.26</td>
</tr>
<tr>
<td>Month 2</td>
<td>15</td>
<td>0.494</td>
<td>7.44</td>
</tr>
<tr>
<td>Month 3</td>
<td>17</td>
<td>0.468</td>
<td>8.05</td>
</tr>
<tr>
<td>Month 4</td>
<td>19</td>
<td>0.454</td>
<td>8.79</td>
</tr>
<tr>
<td>Month 5</td>
<td>22</td>
<td>0.448</td>
<td>9.63</td>
</tr>
<tr>
<td>Month 6</td>
<td>24</td>
<td>0.432</td>
<td>10.22</td>
</tr>
<tr>
<td>Month 7</td>
<td>26</td>
<td>0.424</td>
<td>10.93</td>
</tr>
<tr>
<td>Month 8</td>
<td>30</td>
<td>0.411</td>
<td>12.36</td>
</tr>
<tr>
<td>Month 9</td>
<td>34</td>
<td>0.401</td>
<td>13.02</td>
</tr>
<tr>
<td>Month 10</td>
<td>39</td>
<td>0.388</td>
<td>15.03</td>
</tr>
<tr>
<td>Month 11</td>
<td>39</td>
<td>0.380</td>
<td>15.03</td>
</tr>
<tr>
<td>Month 12</td>
<td>39</td>
<td>0.380</td>
<td>15.03</td>
</tr>
</tbody>
</table>
For comparison:

NIC State of Senior Housing report for 2004 says that a fully staffed assisted living facility with nursing on staff would have 0.532 FTEs per resident.

Our projections are for the combination assisted living and congregate programs. Congregate services require fewer staff and so the combination will reduce the total staff/resident ratio for the Glenrock program to 0.389 FTEs per resident by the 11th month after opening. Since nursing services is not a staff position and will be contracted they are accounted as outside services in our analysis.

Stabilized operation at design occupancy uses a slightly increased staffing pattern to accommodate the expected increase in resident service requirements as they become aware of their real need for personal services with ADL/IADL assistance.

<table>
<thead>
<tr>
<th>Period</th>
<th>Residents</th>
<th>FTEs/Resident</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Month</td>
<td>39</td>
<td>0.426</td>
<td>16.36</td>
</tr>
</tbody>
</table>

Payroll expenses resulting from the staffing patterns used in the model are in line with industry standards adjusted for the state as reported in the most current Wyoming Wage Survey. The payroll is based on the following projections.

<table>
<thead>
<tr>
<th></th>
<th>Start-up Year</th>
<th>Stabilized Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month One</td>
<td>Month Twelve</td>
</tr>
<tr>
<td>Total Hours</td>
<td>1,259</td>
<td>2,606</td>
</tr>
<tr>
<td></td>
<td>2,835</td>
<td>2,835</td>
</tr>
</tbody>
</table>

These staff hours result in the following wage expenses.

<table>
<thead>
<tr>
<th></th>
<th>Start-up Year</th>
<th>Stabilized Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month One</td>
<td>Month Twelve</td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$12,897</td>
<td>$ 26.240</td>
</tr>
<tr>
<td></td>
<td>$27,587</td>
<td>$28,355</td>
</tr>
</tbody>
</table>

To these wages we add taxes and benefits.

<table>
<thead>
<tr>
<th></th>
<th>Start-up Year</th>
<th>Stabilized Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Month One</td>
<td>Month Twelve</td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$ 3,616</td>
<td>$ 5,544</td>
</tr>
<tr>
<td></td>
<td>$ 6,650</td>
<td>$ 7,774</td>
</tr>
</tbody>
</table>
Added together, the total payroll expenses are shown.

<table>
<thead>
<tr>
<th></th>
<th>Start-up Year</th>
<th>Month One</th>
<th>Month Twelve</th>
<th>For Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Dollars</td>
<td>$ 16,513</td>
<td>$ 31,784</td>
<td>$ 286,318</td>
<td></td>
</tr>
<tr>
<td>Stabilized Year</td>
<td>$ 34,237</td>
<td>$ 36,129</td>
<td>$ 413,367</td>
<td></td>
</tr>
</tbody>
</table>

This payroll will contribute to the economy of the community with an average annual wage and benefit of $26,000 per full time staff position.

**Variable Operating Expenses**

These expenses are those incurred as a matter of everyday operation of the facility. They are typical of operating expenses for most small businesses and reflect the most ‘controllable’ of the expenses. Good business management will be required to keep in budget for this part of the operation.

The model used in this part of the study is based on comparison with existing assisted living programs known to the consultant and with nationally reported expenses from the NIC 2004 report. The assumption made in the modeling is that the variable expenses are very similar for congregate and as such, the cost per resident day is considered the same.

In the spreadsheets VARIABLE EXPENSES located in the APPENDIX the expenses are ‘departmentalized’ as they would likely be in a real operation. Note that the payroll expenses are included since they are variable according to occupancy. We will subtract payroll to obtain operating expenses beyond payroll.

Variable expenses are estimated for:

- Resident Services – direct personal services allocated to residents
- Maintenance – all expenses related to the facility including utilities
- Dietary – all costs related to food and dining
- Housekeeping – all costs for janitorial and cleaning
- Laundry – costs associated with facility and resident’s personal laundry
- Activities – related to providing socializing and entertainment services
- Administration – all costs associated with the business operation including marketing and sales
The total variable less total payroll projected as follows.

<table>
<thead>
<tr>
<th></th>
<th>Start-up Year</th>
<th></th>
<th></th>
<th>Stabilized Year</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Dollars</td>
<td>Month One</td>
<td>Month Twelve</td>
<td>Total Dollars</td>
<td>Month One</td>
<td>Month Twelve</td>
</tr>
<tr>
<td>For Year</td>
<td></td>
<td></td>
<td></td>
<td>For Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$6,788</td>
<td>$20,912</td>
<td>$165,288</td>
<td>$20,432</td>
<td>$19,460</td>
<td>$241,324</td>
</tr>
</tbody>
</table>

Net Income from Operations (NOI)

This is the measure of net revenues available from operations that are available for debt services and reserves.

For the purposes of this study our financial model is designed to determine the ‘break even’ revenue point where all operating costs are covered and no excess money is left. This allows an estimate of the most affordable price points without consideration of uses of excess money for the uses identified above. Cost of the facility is addressed in Phase Three of the report.

The details for the NOI are taken from the P & L SUMMERY in the APPENDIX and are as follows:

Start-Up Year

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Total</th>
<th>Assisted Living</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$441,192</td>
<td>$284,874</td>
<td>$156,317</td>
</tr>
</tbody>
</table>

Expenses

<table>
<thead>
<tr>
<th>Expenses</th>
<th>$105,985</th>
<th>$63,975</th>
<th>$105,172</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Services</td>
<td></td>
<td></td>
<td>$40,626</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
<td>$28,979</td>
</tr>
<tr>
<td>Dietary</td>
<td></td>
<td></td>
<td>$99,234</td>
</tr>
<tr>
<td>Housekeeping</td>
<td></td>
<td></td>
<td>$99,234</td>
</tr>
<tr>
<td>Activities</td>
<td></td>
<td>$40,626</td>
<td>$28,979</td>
</tr>
<tr>
<td>Administration</td>
<td>$99,234</td>
<td></td>
<td>$99,234</td>
</tr>
<tr>
<td>Total</td>
<td>$447,757</td>
<td>$284,874</td>
<td>$156,317</td>
</tr>
</tbody>
</table>

Net Operating Income (-) 6,565
<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Assisted Living</th>
<th>Congregate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$653,313</td>
<td>$420,038</td>
<td>$233,275</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident Services</td>
<td>160,297</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>102,518</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dietary</td>
<td>155,900</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housekeeping</td>
<td>54,739</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>39,519</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>134,459</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>653,044</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Operating Income</td>
<td></td>
<td>269</td>
<td>Breakeven</td>
</tr>
</tbody>
</table>

Neither of these projections account for fixed expenses.

Fixed Costs

The final component of the financial modeling is the effect of fixed costs for the facility. These are the expenses that are related to the financing of the project and the payment of principle and interest for any debts incurred as a result of that financing. Fixed costs also include set aside funds for future replacement and repairs based on a dollar amount per unit per year.

In the case of the project being studied for Glenrock any excess proceeds over and above operating costs would be allocated to:

- debt service
- reserves for longer term facility maintenance
- reduction of fees to benefit more low income persons

Obviously the cost to capitalize the facility must be factored into the model. This cost cannot be calculated to any degree of useable accuracy until a detailed analysis is made of the financing strategy deemed most appropriate is decided upon. This decision is beyond the scope of this study since it will require the collective efforts of financing source(s) and the board or committee charged with the development phase of the project.

For purposes of discussions we provide the following:

- Design occupancy is 38.4 residents (91.4%).
- For every $1,000/month in 'capitalization costs' the direct cost to the resident will be $26.04 per month.
This is significant for the low and very low income elderly person trying to find a way to pay for needed housing and services.

An analysis of the funding scenarios will provide information on the sources for financing the capital requirements for the development and start-up of the facility.

Suffice it to say that any additional costs over and above daily operations will add to the level of fees determined in the breakeven model. These increased fees will pass on to the residents and will increase the rent/service fees and as a result, reduce the total number of persons who will be able to afford the program.

### Phase Five – Funding/Ownership/Management Scenarios

The study has shown that a project to develop and operate a congregate and assisted living program located in Glenrock to be feasible if two criteria are met:

1. The program serves all of Converse County, aggressively marketing to the communities of Glenrock, Douglas and the rural areas in between.

2. The facility is designed and operated to allow affordable access on an income qualified basis to a majority of elderly persons living in these areas.

Assuming that these two criteria will be met our analysis has identified some financing and ownership/management models for consideration.

**NOTE:** The discussion regarding the scenarios for ownership and financing of any congregate and assisted living project that might be built is based on our research of the information available to us. We do not offer these comments as the only scenarios that may exist or may become available to the Town of Glenrock for execution of the findings of the study. The discussions and conclusions have not been reviewed by council or by any certified accounting agency and are offered for consideration only. Before acting on any of these scenarios the Town of Glenrock and/or its appointees are advised to seek legal opinions as to applicable local, state and federal regulations.
Funding Scenarios

The project is estimated to have a total capital requirement of $4,000,000 plus any land purchase that must be made and any financing fees incurred.

We have identified two public agencies and one private funding scenario that can provide the amount and kind of capital financing needed to develop and start a 40 unit congregate and assisted living project in Glenrock.

In addition, public funding will be necessary to provide monthly fees to fill the gap between what low and very low income persons can pay for rent and services and the rates that must be charged by the facility in order to meet its obligations.

The public resources are:

1. Community Development Block Grants (HUD Funding)

The HUD program of interest to the Glenrock project is the Community Development Block Grant (CDBG) program. These monies are administered by the Wyoming Business Council (WBC). WBC makes funds available through the CDBG for qualified purposes. Contact: Steve Elledge, WBC

The CDBG program has goals and objectives that are in keeping with the goals of the project outlined in this study.:

- To expand housing opportunities for low/moderate income households (elderly)
- To improve the condition of low to moderate income groups (jobs)
- To improve the community infrastructure …
- Involve local government in identifying and addressing serious community issues..
- Funds may be used for a variety of activities such as land acquisition, infrastructure, building construction and/or a combination of these activities.
- The Community Development Block Grant funding maximum for any one applicant is $300,000.
- Applicant must be a local government (town, county)
- At least 51% of the persons benefiting from the project must be from low to moderate income households (residents, employees)
- Projects that show cooperative efforts, are combined with other programs to solve specified problems and that use funding from other sources are given priority.
2. State of Wyoming Funds

These funds are made available by the legislature and administered by the Wyoming Business Council. Contact: Steve Elledge, WBC

The primary program of interest is the Business Ready Community Grant and Loan Program. These funds are made available on a competitive selection basis based on specified criteria for participation and award.

- Applicant must be a county or an incorporated city or town issuing a signed resolution on behalf of the project
- These applicant may apply on behalf of private entity as long as the applicant ‘carries out’ the project.
- Funding can be in the form of grants and/or loans with highest priority given for a ‘Business Committed Project’ identified as a project that will happen if the funding is made available
- Maximum amount of funding per project is $1,500,000 per funding cycle
- Funding can be phased with annual amounts up the maximum available per project and be funded for first year with two additional years for similar amounts
- Applicant must show that the funds will be used for a ‘public purpose’ meeting community development goals and improvement of local workforce as a new or expanded business in the community
- Require a match of at least 10% of the total funding in the form of in-kind or cash contribution (land, materials, labor, etc.) for amounts of $250,000 up to the maximum of $1,500,000.
- Project, qualifying for a loan must generate revenues sufficient to payback the loan.
- Loans will be made at low or zero interest depending upon quality of the project
- Project managers and developers must provide detailed business plans
- Funds can be used for infrastructure, land acquisition, and construction of buildings.
- These funds can be mixed with outer funding resources.
- The transaction will be subject to State’s Attorney General written opinion
• Requires environmental review

2. U.S. Department of Agriculture - Rural Development

Community Facilities Loans and Grants Program Contact:: Lorraine Werner

• Rural Development is authorized to make loans (grants are not available at this time) to develop community facilities for public use in rural towns (not more than 20,000 population).

• Recipients can be non-profit corporations who serve a public interest.

• These recipients must demonstrate that they are unable to obtain loans from any other source at reasonable terms (can mix with other funding sources)

• Have legal authority to borrow, services and secure the loans with mortgage on property

• Show ability to construct, operate, manage and maintain the facility

• Show organizational and financial stability

• Show that the project is consistent with community development plans

• Current interest rates are in the 4% range subject to change with a forty (40) year amortization term and 95% loan/equity

• Requires environmental review

3. Private 501(c)(3) Tax Exempt Financing

This process is a private corporation transaction where bonds are sold by a private 501(c)(3) in-order to raise capital for the benefit of the non-profit business.

These funding sources are created by tax-exempt Private Activity Revenue Bonds issued by a municipality or county in support of a properly registered and exempted non-profit organization with 501(c)(3) status. Under the 1986 Tax Act, a project of this type may be classified as an “exempt facility bond” if 95% of the bond proceeds are used to fund construction of “projects for Qualified 501(c)(3) Not for Profit Corporations”.

In order to implement this action the municipality or the county must endorse the project and obtain an allocation from the State of Wyoming volume cap private activity bond allocation through the Governor’s office.
These funds would provide long term debt that would be serviceable as a part of the operation of the facility. Cost of borrowing via these bonds would be approximately 6%. In addition initial servicing fees of approximately 3% of the par amount of the bonds would be charged. These costs become an expense of the development and the borrowing cost become an expense for the operation. These costs would increase the fee structure paid by the residents, thereby reducing the program accessibility for low income elderly.

These funding process are managed by private bond underwriters and qualified investment banking firms. There are qualified companies in Wyoming with experience in joint public/private projects. Contact:: Dan Baxter, Wyoming Financial Securities

4. Loan Guarantees

There are at least two programs from the federal government that will guarantee a loan made by a commercial lender. These guarantees provide part of the ‘collateral’ for the loan and allow qualified banks to participate in somewhat more risky projects.

A project to build assisted living in Glenrock will be considered risky.

**HUD Section 232 FHA Mortgage Insurance**

- Designed to facilitate the construction of nursing homes, intermediate care facilities ….. assisted living facilities
- Long term fixed rate financing at competitive commercial lending rates for up to forty (40) years
- Must accommodate 20 or more persons who require skilled nursing care or a minimum but continuous, non skilled care provided by trained personnel
- Programs may be in a combined facility that must be licensed by the state
- Maximum loan may be 95% of total allowable costs for a non-profit sponsor
- Applicant can be private not-for profit organizations, public agencies are not eligible
Rural Development – Guaranteed Community Facilities Loans

- Will cooperate with local lenders to offer loan guarantees to help build essential community facilities
- Approvable projects include elderly care and health care facilities
- Applicants can be municipalities, counties and non-profit organizations
- Guarantee must be requirement for lender to make loan
- Community must be 20,000 or fewer persons
- May result in lower interest rates
- Guaranteed portion is 90% of total loan which will require additional matching funds from the community

5. Subsidies

As the reader can see, there are several programs that provide capital for development and construction of a facility. Ranging from outright grants to conventional bank financing there are several ways to fund the project. Getting it built, as challenging as it may be, is the ‘easy part’. After it is built and persons with need for the program start to look at the facility as a place to live they must find a way to pay the rent and the fees for personal services.

Those with adequate household incomes and/or hard assets can find ways to pay. Those with limited incomes and assets are hard pressed. If this project is built to accommodate only those who can pay privately there will not be enough fully qualified persons living in the service area to fill the facility nor to maintain occupancy. The project is not feasible. Therefore it is mandatory that a resource be available that can help the low and very low income persons pay the rent and the monthly service fees.

The proposed Glenrock facility would be programmatically designed such that 51% of its residents would be a low moderate to very low income status.

Two programs are designed to do assist these income groups. Each is highly restricted in its accessibility to potential consumers who might seek to use the congregate and assisted living program being considered for Glenrock.
Section 8 Rent Subsidies

This is a HUD program that is administered in Wyoming by the Cheyenne Housing Authority. Contact: Mike Stanfield

Section 8 New Construction rent assistance that is tenant based will help very low income residents pay for the monthly rental (a HUD approved amount in excess of 30% of income) of the apartment units in the facility.

• These funds are made available as Housing Choice Vouchers which are assigned to the tenant and not to the project (Barber Apartments are project based vouchers and these are not available for any new project.)

• The tenant can use the voucher to pay for rent expenses in a HUD qualified facility. The facility must be willing to accept HUD established rental levels and other terms.

• CHA currently has a waiting list of 2,000 voucher qualified persons waiting for an available unit to open. The average waiting period is 18 months for placement.

Stanfield advises that Section 8 type rental assistance is still available and that its use for the type of housing describe in this study will require confirmation between his office and HUD.

Medicaid Waiver Service Subsidies

Medicaid Home and Community Based Waivers are available in Wyoming for use to help pay for individual care of persons in need of services living in alternative settings from skilled nursing homes. These waivers are issued as vouchers to the individual and may be used by that individual to pay for needed personal services. Currently some of these vouchers are used for services delivered by qualified providers in licensed assisted living facilities.

Accessibility to these vouchers is extremely limited and the program offered in Glenrock would be no exception. We believe that the emphasis placed on low to very low persons in the Glenrock program will be of interest to the Medicaid regulators.
Ownership/Management Scenarios

These scenarios are patterned on a wide variety of public benefit organizations currently serving communities throughout Wyoming. All of those examined for this report are non-profit entities owned or sanctioned by the public through their political subdivisions, governed by legally established boards made up of private persons and/or elected officials or their representatives. Management is provided by hired or volunteer professional persons with appropriate expertise and experience in the daily operation of the entity.

These types of arrangements can provide access to public funding that allows communities to build facilities or service systems that are used to meet an identified need for the public good. The operation of the facilities or programs are dependent upon the day to day revenues from operations or from donations and/or tax revenues or a combination of all of these.

The various oversight/ownerships scenarios reviewed are as follows.

Joint Powers

This is a recognized method of community ownership and management of public benefit services (businesses) under Wyoming law Title 16: Chapter 1 - W.S. 16-1-101 through 16-1-110. Specifically for the purposes of this study the law allows a county and a municipality (town) to jointly form a cooperative venture to build and own a facility that provides services to its citizens, i.e.

Converse County and the Town of Glenrock could form a business entity that owns and operates an assisted and congregate living facility that would meet the need for services as identified in this study.

Joint Powers business are directly operated by a Joint Powers Board made up of elected officials of the County and the Town along with appointed representatives from the communities and rural service areas. These boards have full responsibility to oversee the capitalization and operation of the facility. They can hire a qualified executive to assume the day to day management and operational duties. The entities operate on revenues from residents or service users. There may be qualified subsidies from state and federal programs to augment operational incomes.

This process is used in almost every county in Wyoming, most often for water, fire and other public service functions. State statutes do allow for a wide variety of uses including health care, senior services, transportation, etc.

In Sheridan County the joint powers process was used very successfully to develop and is used today to operate a county wide treated water system. In Natrona County this process is used for the financial management of their economic development functions, in Green River it is currently being used to expand their hospital facility and in Goshen County they have a joint powers board for their elder care facility.
Two important benefits from this method of ownership are:

(1) the combined strength and stability of the members of the joint venture which translates into an important ability to raise capital through federal and state grants and loans

and

(2) the cooperative effort on the part of the entire county to meet a need for elder services that is county wide

A possible downside is the ‘purely business’ aspect of this oversight and management style when the real task is to put the dignity and quality of life issues ahead of the fiduciary responsibility of elected officials. The operation of an affordable program for the elderly is sometimes at odds with the most efficient and productive requirements of a business.

**Housing Authority**

Glenrock has an existing housing authority established by the Town of Glenrock in a 1976 action, Resolution No. 1976-7. This town action established the precedent for the ownership, development and operation of public housing to serve persons with low incomes. This act empowers the Housing Authority with …… the power to acquire real property with the prior consent of the Town Council.

Given that the Housing Authority currently owns property that holds the Barber Apartments, a senior income qualified housing unit and the Glenrock Senior Citizen’s Center it is possible that the Housing Authority could expand its holdings to provide ownership and an appointed board for the congregate and assisted living project.

The benefits are:

(1) the strength and convenience of an existing Authority providing recognizable sponsorship for an expansion, access to state and federal funding streams and experience in oversight of elder services.

and

(2) The Authority is appropriately aligned with a primary goal of the findings of this study, that of providing affordable services to the elderly citizen’s of the service area.

A downside may be a possibility that the Authority can not be expanded or there is some limitation on the scope of the area served by the Authority. Can the Authority be called upon to enter into the ownership and oversight of enriched elderly living
programs? Would the elderly from Douglas and rural areas be convinced that this was a program designed to serve all of Converse County or would there be a marketing challenge to sell the program to all of the county populations?

**Hospital Districts**

The Converse Board of County Commissioners created a hospital district in Glenrock for the specific purpose of providing for the health care of the populations living in and around Glenrock. This established political sub-division has certain powers within its charter to provide services for the Glenrock community.

In reviewing the Glenrock web site the Hospital district is described as being “dedicated to providing and maintaining continuous health care for Glenrock and the surrounding area.”

Upon further reading of Wyoming Statutes Title 18 - Chapter 8, covering Hospitals, Hospital Districts and Rural Health Districts we find ample wording that the district can enter into business relationships with other parties for the purpose of meeting its statutory purpose, the delivery of health care services. We confirm that the board of this district is an elected board from within the district. We further find that the district, in joining in any joint venture, cannot use any funds from the collection of taxes authorized for the district for the benefit of the joint venture.

The benefits available are:

(1) The District is established and has the powers to create financing streams for capitalization and for operating purposes.

and

(2) The District operates a medical clinic that delivers health care and therapies to the populations of the area.

and

(3) There are certain management systems in place that may be able to participate in some of the management of the facility i.e.: nursing oversight.
Some possible downsides from this scenario are:

The statutory authority for the district is limited to the “delivery of health care”.

*Congregate and assisted living are not health care products. They are first and foremost living services with the availability of personal services to deal with residents who need assistance with daily living. Any health care components are delivered, under Wyoming licensing rules, by registered nursing personnel not associated with the facility. The facility does maintain a contractual relationship with Registered Nurses for oversight and assessment only.*

We understand that the District is a Glenrock specific entity organized to deliver health care into a specified area of the county. This would make it difficult to become a Converse County program, instead it would likely be viewed, from a marketing standpoint, as a Glenrock provider and not available to Douglas and east rural elderly populations.

*The reader is directed to the needs analysis provided earlier in this study. If the project is to be successful it must be perceived to be and marketed as a county wide project and be considered accessible to all of the county’s elderly populations. To illustrate the importance – 44% of the county’s population live in Douglas while just under 19% live in Glenrock. Glenrock population base is not large enough to sustain the operation of an assisted living facility.*

**Private Non-profit Organizations**

There are abundant examples of non-profit organizations operating in the State, the County and in the Town. These organizations provide everything from library services, museums, senior services, affordable housing, health care and community economic development, to name a few. They all have boards of directors operating independently or in partnership with city/county governments. Their goals are the same, providing services to the citizens of their communities and their counties.

Using 501(c)(3) status the Glenrock Senior Citizen’s Center provides multiple services to the elderly of the community. This method of organization also allows the Barber Apartments to provide affordable housing to independent seniors and elderly as a part of the Housing Authority previously discussed.

The boards of these organizations are made up of volunteers and/or appointees. All have the motivation and the skills to organize and oversee the operations of the business of the board. They are people with common visions and a willingness to provide the leadership necessary to accomplish the goals and objectives of their organization. They are often self appointing, directed by very specific by-laws and governance standards for the conduct of their business.
Typically these boards have the sanction of their sponsors (city) (county) via resolution, sometimes supported by modest annual financial assistance. In exchange these board members serve without reimbursement and are protected by sponsoring liability indemnity.

A 501(c)(3) organization can own property, employ managers, and raise funds through local, state and federal channels as well as conventional debt structures.

The benefits available are:

(1) Very specific goals and objectives supporting their identified mission and vision and

(2) Board membership with experience and skills specific to their business challenges and

(3) Diversity in the representation of their communities and their constituency and

(4) Effective self governing board relationships leading to stable and successful management of the business activities of the organization

Possible downside results might be:

(1) Difficulty in establishing the board and its business entity from start-up. Like most start-up businesses there can be difficulty convincing funding sources that the entity has the experience and financial strength to make their endeavors successful. This will be particularly true if the initial undertaking requires a large scale investment. Most state and federal funding programs will require a proven entity, either in the lead or as a subordinating ‘partner’. Certainly conventional lending sources will be looking for a well qualified entity before they will loan moneys, even if there are guarantees provided by federal programs.

(2) The obvious challenges of identifying and selecting compatible people with well aligned goals and objectives for the business of the board.
Existing 501(c)(3) Corporation

A group of volunteers have, in the pursuit of planning for the development of an assisted living program in Glenrock, registered a non-profit organization with the State of Wyoming. They have written and approved by-laws for this corporation.

The existing 501C (3) is a good start and could be used as a launch platform for an expanded participation organization. This organization lacks the working relationship with a local government entity such as the county or the town necessary to apply for and be awarded some of the grants and loans available for financing an assisted living project. And, since it is, at this time, only a filing and without any funds or history of performance it will be difficult to acquire sufficient funding on its own.

Comparative Examples - Review

As a part of our review of possible scenarios for the ownership and management of a congregate/assisted living program in Glenrock we talked with responsible parties for several organizations involved in public service activities in the area.

In Sheridan there are a variety of boards governing public entities.

Sheridan Area Water Supply Board is a joint powers board owned and operated public water supply system serving the city and surrounding county suburbs with potable water. It is managed by a board made up of city and county elected officials. As a business acting as a utility it is very effective and provides a vital service to its customers. It is managed by a hired professional with a staff and funded by the fees paid by the customers. Its original funding was from the issuance of revenue bonds along with large federal grant dollars to accomplish the capital construction. When we interviewed a member of the County governing board we were advised that this is a ‘utility’ operated like a business and that focus was on delivery of water at a price that would cover the costs and reserves associated with the utility.

One weakness of the system was identified by those interviewed as a problem of tenure of elected officials who are subject to re-election. It can be difficult to maintain continuity on the board if an elected official leaves due to an election result.

Sheridan Senior Center, Inc. is a private non-profit organization operating under 501(c)(3) status. This is very similar to the Glenrock Senior Center organization. However Sheridan’s center is located on land and in a building owned by the City of Sheridan. It is governed entirely independently from the City and or County by a self appointed board of directors who have long tenure as a group dedicated to the preservation and improvement of the center’s services. Originally built using donated funds and optional sales tax revenues from the city it has expanded three times over the years and is now into the development of an endowment fund for future support and growth. The endowment fund has been made possible by a significant donation by a local foundation. Operationally the center gathers funds from a variety of federal...
programs, local tax base monies, state grants, local donations, fund raisers and operational fees charged for its services.

The strength of this organization is the quality of its board and the support provided by the community and county, including its political supporters.

Rocky Mountain Development Council is outside the state but is of interest. Located in Helena, Montana this 501(c)(3) organization is dedicated to the well being of low income and elderly persons living in their area. Operating as an HRDC, the Council directs and distributes funds to programs for aging support, food and nutrition, supported and assisted housing, wellness and human resource coordination for three counties. This very successful enterprise was started by volunteers and is to this day overseen by a volunteer board of directors. Funding goes through the board from the Montana Department of Health and other federal agencies. The board is a cooperative board made up of equal representation from public officials, private business people and low income persons. They hire a CEO who in turn manages the business of providing the services prescribed by their mission governed by their by-laws.

They have built a variety of housing facilities and are in the process of developing an assisted living facility that will operate as an affordable property serving low and moderate income elderly.

This is a model worthy of consideration.

Barber Apartments, located in Glenrock is an example of local development to meet the need for affordable senior housing in your town. Developed in 1976 under the sponsorship of the Town of Glenrock this public service activity used the legal formation of the Glenrock Housing Authority to develop, construct and manage these apartment units for senior citizens who were unable to find and afford suitable housing. This program used public funds to construct and continues to use these funding resource in conjunction with rental fees to operate the facility. The success story here is the cooperative effort exhibited during the development phase and the long term tenure of the independent board of directors.

The Glenrock Senior Center is a successful example of a citizen driven entity that uses the Town government as its initial anchor, securing land for development from the Glenrock Housing Authority – Town of Glenrock. This allowed the volunteers to begin development as a private non-profit organization governed by a volunteer and self perpetuating board to conduct business, secure appropriate grants and funds and to work with the generous people of the area in fund raisers and charitable support.

Both of these senior services entities are great examples of the community cooperating to provide for its seniors and elderly.
An Outstanding Example

Finally we would like to share an example of an outstanding accomplishment of cooperative development by a small rural community far from Wyoming. This community, Penacook, New Hampshire, is similar to Glenrock, in that they are small, rural and have an aging population, many of whom are very low income elderly persons.

This example is taken from a detailed study on developing affordable assisted living projects conducted for Volunteers of America in January of 2003. The study is titled Affordable Assisted Living: Surveying the Possibilities. It is authored by Jenny Schuetz in collaboration with the Center for Housing Studies of Harvard University.

It provides an excellent example of the development of an affordable assisted living facility through cooperative work by a community and local government which allowed them to access low cost public funding resources.

We have provided a short excerpt from this report in order to illustrate a working model for the Glenrock project.

In part the report states:

Located in a tiny rural community in New Hampshire …… John H. Whitaker Place is a new construction project of supportive housing apartments and community health center. The project uses 501(c)(3) tax-exempt bonds as the backbone of a streamlined development financing package, which includes a combination of rental assistance and Medicaid waivers to subsidize services and housing operations.

501(c)(3) tax-exempt bonds are the most readily available below-market financing source and involve fewer regulatory issues than other tax-exempt bonds which are usually combined with the programmatically complex low-income housing tax credit programs.

Background

John H. Whitakcr Place is located in rural area near Concord, New Hampshire. A not-for profit 501 (c)(3) organization was established to develop the project, drawing from community leaders, healthcare providers, neighbors, and residents' family members. In 1998, New Hampshire’s Department of Elderly and Adult Services, in conjunction with a Housing Finance Authority, issued a request for proposals for pilot projects to implement affordable assisted living using tax-exempt bond financing, rental housing assistance and the state Medicaid waiver, Home and Community-Based Care for Elderly Adults. The facility is shared with Riverbend Elder Services, a community health outpatient office.
Development Team Members

- Riverbend Community Health Center served as lead development partner, manages Elder Services and housing initiatives.

- Concord Regional Visiting Nurse Association provides Wellness Services through a full-time Registered Nurse

- An experienced assisted living provider/consultant, was contracted to assist with development and the first year of operation.

Property Overview:

- The property has 50 units, 6 studios, 42 one-bedrooms, and 2 two-bedrooms. All low-income units are one-bedrooms.

- Eleven units are designated for low-income residents, receive Section 8 rental assistance and Medicaid waiver support. The remaining 39 units are designated for moderate income residents, limited to 175 percent of area median income. The current income range of residents is $6,360 to $64,531, with average income of $23,336. Median income in the Concord, New Hampshire, area is $59,090.

- Rent for low-income units set at $505 (residents pay 30 percent of monthly income). Service costs for low-income residents are $1,500 per month or $50 per day, paid by Medicaid waiver.

- Monthly rent for moderate-income studios set at $2,048, one bedrooms at $2,573, two bedroom units at $2,888. These rents are approximately $900 less than market-rate assisted living facilities in Concord

- Currently, the property houses 40 women and 11 men, with an age range between 58 and 96 years, average 81 years.

- Ninety percent of residents receive assistance with ADLs, most need medication management. For the remainder of residents, the spouse needs assistance.

- Services provided include two meals served daily, housekeeping, nursing, recreation, transportation, ADL assistance, and medication management.

- Building facilities include living room, dining room, community room, library, solarium, wellness center, hair salon, and laundry. Building and apartments are designed to be accessible and elder-friendly. Apartments include kitchen facilities for residents’ use.
Other Issues/Problems

- John H. Whitaker Place used 50l (c)(3) tax-exempt bonds, rental assistance and Medicaid waivers to achieve development without tax credits. The development team had initially explored using tax credits, but 50l (c)(3) bonds proved to be a better way to support development costs and avoided some of the regulatory issues and investor concerns. Together with a developer loan, a relatively simple and effective financing package was achieved.

- The project has clearly met local demand; the 11 apartments designated for low-income residents filled prior to opening and have a continuing waiting list. The moderate rate apartments filled to 90 percent occupancy within one year of opening. The Board overseeing the project makes use of strong ties to existing community institutions.

- The dependence on Medicaid requires continuous commitment of state agencies to provide long-term service funding.

- Since opening, staffing costs have escalated, requiring additional funding.

- The initial plan expected to receive 25 Medicaid waivers, half of the state allocation. Eventually, the project was allotted only 11 waivers, necessitating a reduction in the number of low-income units.

This is another model worthy of consideration.

Recommendation - Organization

Considering all of the above scenarios for funding sources and after discussions with responsible parties for existing non-profit entities providing services to their communities we believe the best organizational structure will be the use of a non-affiliated private 501(c)(3) corporation that has the public endorsement of both the Town of Glenrock City Council and the Converse County Board of Commissioners.

The non-profit organization should be governed by volunteer citizens from the County who are dedicated to the mission of providing congregate and assisted living services at prices affordable by low to moderate income elderly. Board members should be selected volunteers from the entire county with emphasis on developing a board with (1) compassion for elderly needs and concerns, (2) experience with delivery of elderly services, (3) general business and operational experience, (4) fundraising experience, (5) regulatory and compliance experience, etc. At least one board member should be representative of low income persons living in the county.
The board should encourage participation by the Town of Glenrock and Converse County. These political bodies should commit to the occupancy of one board seat each, at least during the development and start-up operating periods.

Initial formation of the board should be a joint effort between the Town of Glenrock City Council and the Converse County Board of Commissioners.

The board should complete all of the necessary formational activities including a clear set of by-laws driven by a clear mission and a well developed set of goals and objectives for the planned development. The 501(c)(3) status of the corporation must be filed with and approved by the IRS as well as the State of Wyoming.

The board must be prepared to hire a qualified person for the construction phase of the project. At the correct time they must hire an experienced and proven program director to manage the day to day operation of the facility upon opening. They should consider retaining a qualified consultants with experience in operational development of assisted elderly housing programs, especially during the start-up processes.

The board should be prepared to enter into funding and financing development immediately upon a decision to proceed with the project. These activities should include

1. securing a proper site, preferably with the technical guidance from a qualified architect/engineering firm

2. developing a program for obtaining appropriate land as a donation or below market value purchase to the project

3. designing and costing the facility with a qualified architect/engineering firm

4. developing relationships with the various state and federal funding resources and qualified conventional and investment banking firms

5. seeking community/foundation based donations to provide needed matching monies and initial expenses for the business operations of the board.

6. initiating a public relations campaign to inform and garner support from the citizens.

7. organize an operations office with paid or volunteer staffing to properly conduct the day to day activities of the board.
Recommendation – Funding

As a properly registered non-profit corporation the board has access to a variety of funding sources.

The funding requirement is an estimated total of $4,000,000.

We recommend a process that uses a combination of funding sources including locally secured matching funds.

- Securing a seed money commitment of $50,000, as a part of the matching requirement (estimated at $150,000 total), to fund the early stage organizational work with a commitment to the balance of the required matching funds as the funding is secured. These match funds would be considered a portion of the soft costs that are included in the total. Possible sources are Town of Glenrock, County and private fundraising.

- Identify and secure an option on an appropriate site pending soils testing by a qualified engineering firm and the successful financing for the project. This transaction should be by outright donation or lowest cost purchase.

- Application by the Converse County Board of Commissioners to the Wyoming Business Council for a CDBG of $300,000 to be used for site engineering, infrastructure construction and site improvements.

- The remaining funding could be raised in two different scenarios. Careful analysis of costs, packaging difficulty, public participation requirements and likelihood of success will dictate the more prudent path.

First Scenario

Application by the Converse County Board of Commissioners to the Wyoming Business Council for a zero interest loan of $1,500,000 to be used for building construction, equipment, furniture and fixtures. (We have been advised that the loan would be easier to obtain than a grant)

The 501(c)(3) could apply for a USDA Rural Development Community Facilities Loan of approximately $2,050,000 to complete the funding. These transactions have very favorable amortization terms (40 years) which are cash flow friendly.

Note: It is our understanding that the Town of Glenrock is an applicant for WBC Business Ready funding for another community development project at this time. This may preclude consideration by WBC of another funding transaction to the community during the upcoming cycle.
Second Scenario

The 501(c)(3) could apply for a USDA Rural Development Community Facilities Loans of approximately $3,550,000 in lieu of a mixed application to WBC for Business Ready funds. Once again cash flow management is enhanced by the long term of the loan payback.

**Summery**

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**Other Considerations**

The 501(c)(3) could work with the County to sell private activity tax-exempt bonds for the $3,550,000 required to augment the matching and grant funding. And there are examples of conventional bank financing using the loan guarantees (232 FHA) to obtain favorable rates.

Obviously the funding scenario will be the subject of much discussion, analysis and professional review. The board of the non-profit should be ready for a lengthy process to get this accomplished.
TYPICAL UNIT FLOOR PLAN

ASSISTED LIVING PROJECT
TOWN OF GLENROCK