



**Fw: DVR09-0011 Proposed Sante Chandler Facility**

**Mayor and Council** to: CityClerkDivision

Sent by: **Susan Moore**

Cc: David Bigos, Melanie Sala-Friedrichs

07/30/2009 04:38 PM

---- Forwarded by Susan Moore/COC on 07/30/2009 04:38 PM ----

From: "Allen Dunlap" <adunlap@eschelon.com>  
To: <boyd.dunn@chandleraz.gov>  
Date: 07/30/2009 03:40 PM  
Subject: FW: DVR09-0011 Proposed Sante Chandler Facility

-----Original Message-----

**From:** Brian Hazelbaker [mailto:rbh2002@rbhlaw.com]  
**Sent:** Thursday, July 30, 2009 3:32 PM  
**To:** 'Allen Dunlap'  
**Subject:** Re: DVR09-0011 Proposed Sante Chandler Facility

July 30, 2009

To Mayor Dunn and Chandler City Council:

I am the President and Owner's Representative for the Archstone Care Center, a nursing and rehabilitation center located at 1980 West Pecos Road in Chandler, AZ.

It is my understanding that the above-referenced Proposal (DVR09-0011) involves the proposed construction and operation of an approximate 80 bed Medicare only facility in Chandler.

First, an additional nursing care facility in this area is totally unnecessary at this time. The four (4) existing facilities in this area are all struggling to operate successfully in the current extremely difficult economic environment and an additional facility would cause substantial negative economic repercussions to all four, including cutbacks in employment, wages paid into the local community, and supplies and materials purchases made in the local community (and resultant tax revenues generated there from).

In this regard, it should be noted that in the nursing care business milieu, Medicare patients are currently the sole significant source of positive revenue. This revenue serves to subsidize the many more numerous poor and low income Medicaid patients that make up the bulk of nursing facility residents. Medicaid rates are so low that Medicaid residents are either a loss or at best a break even proposition for senior care facilities. Therefore a continuing stream of Medicare residents is absolutely critical for the continued economic viability of a given facility, and enable the facility to subsidize and carry the poor and low income Medicaid residents.

Thus, suddenly allowing one new company to effectively "cherry pick" and get the lion's share of Medicare residents on an exclusive basis, to the deprivation of other facilities, yet not be required to service its fair share of poor and low income Medicaid residents, creates an extremely unfair and punitive competitive disadvantage that will be disastrous for all four existing facilities and, more importantly, the poor and low income Medicaid residents that are currently served and subsidized by those facilities.

It should also be noted that the Archstone Care Center was and is funded by Economic Development bonds issued by the City of Chandler (“\$4,500,000 The Industrial Development Authority of the City of Chandler, AZ Industrial Development Bonds (The Pecos Health Care Limited Partnership Project) Series 1984”) , which was originally authorized to provide needed senior care services in Chandler for lower income residents, which Archstone Care Center has conscientiously undertaken for nearly twenty five (25) years. These bonds are held by over eight hundred (800) local, individual residents and voters in the Chandler area, many of them now senior citizens living on fixed incomes. All profits from operations are used to pay the interest and bond servicing to these bondholders, many of whom count on it as a part of their limited incomes. As such, Archstone Care Center is a significant community asset and resource. Any new project that jeopardizes the Archstone Care Center will also jeopardize this Development Bond financing undertaken by the City, and will in turn jeopardize the investment in those Bonds and income interest therefrom that has been made in good faith by these local residents. Not to mention almost certain resultant litigation that would likely embroil the City and make the City a potential target for liability should the Facility become insolvent or otherwise suffer serious economic setbacks and the Bonds go into default.

Continuing Medicare funded patients is critical to the viability of the Archstone center and this Bond financing for the Facility, and will seriously undermine the ability of Archstone Care Center to continue to offer subsidized services to the less fortunate. Moreover, it will allow an unfair competitive advantage that will directly jeopardize an existing facility funded by the City’s own Bond issue, with resultant potentially dire consequences for the City itself as well as local individual holders of those Bonds.

Thus we emphatically urge the City Council to vote No on this proposal, or at least approve only a facility that is required to compete on a level playing field with the existing senior care facilities in Chandler. If you desire additional information or financial data in support of the above-mentioned points, please contact me or our facility administrator, Mr. Allen Dunlap at (480) 821-1268.

Thank you for your time and attention to this letter.

Sincerely,

R. Brian Hazelbaker, President  
Southwest Care Facilities Services Corp.  
Pecos Health Care Limited Partnership d/b/a Archstone Care Center

JUL 30 2009



**Chandler • Arizona**  
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**MEMORANDUM                      Planning and Development – CC Memo No. 09-079-A**

**DATE:**            JULY 30, 2009

**TO:**                MAYOR AND CITY COUNCIL

**THRU:**            W. MARK PENTZ, CITY MANAGER *WMP*  
                          PATRICK MCDERMOTT, ASSISTANT CITY MANAGER  
                          JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIRECTOR *JK*

**FROM:**            KEVIN MAYO, ACTING PLANNING MANAGER *KM*

**SUBJECT:**        DVR09-0011 SANTE CHANDLER  
                          Introduction and Tentative Adoption of Ordinance No. 4174

**Request:**            Rezoning from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses. In addition, request Preliminary Development Plan (PDP) approval on approximately 5-acres of the 9.7-acre site for the construction of a transitional rehabilitation center

**Location:**            Southeast corner of 94<sup>th</sup> and Fairview Streets (1/4-mile north and west of the northwest corner of Dobson and Pecos Roads)

**Project Info:**        Approximately 9.7-acre site, 5-acre Phase I, 50,681 square-foot building, 70 patient-rooms

**Applicant:**            Mike Perry  
                          Whitneybell Perry Inc.

Staff is in receipt of a letter of opposition from D.R. Horton Homes, the owner and developer of the residential community Via De Cielo adjacent to the subject site's west side. The property owned by D.R. Horton Homes comprises approximately 83% of the property within 150-feet on the west side and therefore does constitute a Legal Protest.

- Attachment**
1. Letter of Opposition



July 28, 2009

Mayor Boyd Dunn  
Office of the Mayor  
Mail Stop 603  
P.O. Box 4008  
Chandler, AZ 85244-4008

RE: Rezoning case number DVR09-0011 - Santé Chandler – Notice of opposition under A.R.S. § 9-462.04(H)

Dear Mayor Dunn and City Council,

My name is Tom Davis and I am the Division President of D.R. Horton Homes, the owner of Via De Cielo. Our residential community sits adjacent to the entire western boundary of the site currently seeking rezoning for the development of a short-term rehabilitation facility. I am writing this letter to serve as my formal request for the Chandler City Council to deny this zoning request.

Via De Cielo is a high density, urban condominium neighborhood. As such, our residents and future homebuyers are attracted to a lifestyle that includes pedestrian access to commercial and employment amenities. Our property is well positioned in that the Chandler Fashion Center is a very short drive to the west, offering retail and restaurant amenities. In addition, according to the General Plan and the San Tan Freeway Corridor Area plan, the surrounding properties are planned to be developed with a higher density and a mix of uses. These design ideas, when developed, will enhance the urban lifestyle our buyers are seeking.

The proposed use under this rezoning does not seem to fit into the fabric of this area. To date, several high density apartments and condominiums have been developed and are thriving. These residents would benefit from mixed-use facilities that include office space, retail shops, and restaurants, as opposed to a single story, single use rehabilitation facility. Our current homeowners and future buyers are expecting the area to develop in a manner consistent with Chandler's long-term plans, as specifically described in the Growth Area Elements of the General Plan and the Special Use Commercial land use section in the San Tan Freeway Corridor Area Plan. Both of these texts promote higher density and mixed use development.

We believe it would be an injustice for the Council to approve a type of development that is clearly in conflict with the City's long-term plans. This area has limited vacant land and it is important to utilize this scarce resource for its highest and best use. In this area,

16430 N. Scottsdale Rd., • Suite 200 • Scottsdale, AZ 85254  
(480) 483-0006 • [www.drhorton.com](http://www.drhorton.com)

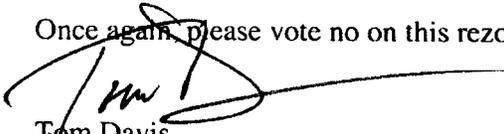
Mayor Boyd Dunn  
July 28, 2009  
Page Two

the greatest economic benefit will not be derived from this type of facility but from quality developments that will generate tax revenue for the City and provide amenities to the existing and future residents.

Because this property comprises more than 20% of the subject property's western boundary and is within a distance of 150 feet, we intend our opposition to require a super-majority approval of Council under A.R.S. § 9-462.04(H).

I will be unable to attend the City Council hearing on July 30<sup>th</sup> but I trust this letter will be included in the official file and that my objections will be on record and taken into consideration by the Council.

Once again, please vote no on this rezoning application,

A handwritten signature in black ink, appearing to read 'Tom Davis', is written over the text 'Once again, please vote no on this rezoning application,'.

Tom Davis  
Division President  
DR Horton - America's Builder

JUL 30 2009

Ordinance # 4174

Attachment "A"

Sante' Chandler Rehabilitation Center

Legal Description

THAT PART OF THE SOUTHEAST QUARTER OF SECTION 31, TOWNSHIP 1 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE SOUTHEAST CORNER OF SAID SECTION 31, BEING MARKED BY A BRASS CAP IN HAND HOLE;

THENCE NORTH 89 DEGREES 35 MINUTES 15 SECONDS WEST (BASIS OF BEARINGS) ALONG THE SOUTHERLY LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 31, A DISTANCE OF 942.26 FEET TO A POINT FROM WHICH THE SOUTH QUARTER CORNER OF SAID SECTION 31, BEING MARKED BY A 2" ALUMINUM CAP, LS 21782, BEARS NORTH 89 DEGREES 35 MINUTES 15 SECONDS WEST, 1769.07 FEET DISTANT THEREFROM;

THENCE NORTH 00 DEGREES 24 MINUTES 45 SECONDS EAST, A DISTANCE OF 300.00 FEET TO THE BEGINNING OF A CURVE TO THE LEFT, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 400.00 FEET;

THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 42 DEGREES 41 MINUTES 42 SECONDS, A DISTANCE OF 298.07 FEET;

THENCE NORTH 42 DEGREES 16 MINUTES 57 SECONDS WEST, A DISTANCE OF 43.05 FEET TO THE TRUE POINT OF BEGINNING;

THENCE CONTINUING NORTH 42 DEGREES 16 MINUTES 57 SECONDS WEST, A DISTANCE OF 264.72 FEET TO THE BEGINNING OF A CURVE TO THE RIGHT, CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 400.00 FEET;

THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 42 DEGREES 18 MINUTES 07 SECONDS, A DISTANCE OF 295.32 FEET TO A POINT ON THE WESTERLY LINE OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 31 AND FROM WHICH POINT, THE SOUTHWEST CORNER OF THE SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, BEARS SOUTH 00 DEGREES 01 MINUTES 10 SECONDS WEST, 1065.94 FEET DISTANT THEREFROM;

THENCE NORTH 00 DEGREES 01 MINUTES 10 SECONDS EAST, A DISTANCE OF 260.00 FEET TO THE NORTHWEST CORNER OF THE SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31;

THENCE SOUTH 89 DEGREES 43 MINUTES 22 SECONDS EAST, ALONG THE NORTHERLY LINE OF THE SAID SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, A DISTANCE OF 677.66 FEET TO THE NORTHEAST CORNER OF THE WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 31;

THENCE SOUTH 00 DEGREES 00 MINUTES 43 SECONDS WEST, ALONG THE EASTERLY LINE OF THE SAID WEST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 31, A DISTANCE OF 608.51 FEET;

THENCE SOUTH 65 DEGREES 24 MINUTES 45 SECONDS WEST, A DISTANCE OF 57.84 FEET;

THENCE SOUTH 75 DEGREES 24 MINUTES 45 SECONDS WEST, A DISTANCE OF 354.27 FEET TO THE TRUE POINT OF BEGINNING.



**Mayor and Council** to: CityClerkDivision  
Sent by: **Susan Moore**  
Cc: David Bigos, Melanie Sala-Friedrichs

07/29/2009 03:44 PM

----- Forwarded by Susan Moore/COC on 07/29/2009 03:43 PM -----

From: Kathy Conley Factor <conleyk13@hotmail.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manger@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/28/2009 10:19 PM  
Subject: Please deny case DVR09-0011

Dear Mayor Dunn and Chandler City Council Members,

As a resident of Chandler and a practicing physical therapist I urge you to consider the implications of the zoning of case DVR09-0011 (Sante Chandler). The current Skilled Nursing Facilities in Chandler treat clients from the Chandler area regardless of payer source. The resultant case mix is comprised of the Medicare and Medicaid population. This combination allows for facilities to accept the Medicaid recipients in our community who reimburse for treatment of a lower scale because of the higher reimbursement by the Medicare system. Sante Chandler plans to follow the model that only accepts patients that are insured by Medicare, the highest reimbursed payer.

If Sante Chandler were to come into Chandler and monopolize the Medicare patient population the existing facilities would not be able to serve the diverse case mix that they currently address. As a result, the facility choices for Medicaid recipients will be reduced and the quality of their care will be jeopardized. The current challenges that Skilled Nursing Facilities are faced with to provide the best quality care would become magnified for this underprivileged population.

I encourage you to deny the request for zoning by Sante Chandler and support the existing facilities that care for all patients regardless of payer.

Thank you for your time and service to our city,

Katherine Conley Factor  
[conleyk13@hotmail.com](mailto:conleyk13@hotmail.com)

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----- Forwarded by Susan Moore/COC on 07/29/2009 03:43 PM -----

From: Tom Davis <tdavis@drhorton.com>  
To: "boyd.dunn@chandleraz.gov" <boyd.dunn@chandleraz.gov>, "bob.caccamo@chandleraz.gov" <bob.caccamo@chandleraz.gov>, "city.manager@chandleraz.gov" <city.manager@chandleraz.gov>, "Pat.mcdermott@chandleraz.gov" <Pat.mcdermott@chandleraz.gov>, "trinity.donovan@chandleraz.gov" <trinity.donovan@chandleraz.gov>, "rick.heumann@chandleraz.gov" <rick.heumann@chandleraz.gov>, "matt.orlando@chandleraz.gov" <matt.orlando@chandleraz.gov>, "jack.sellers@chandleraz.gov" <jack.sellers@chandleraz.gov>, "jeff.weninger@chandleraz.gov" <jeff.weninger@chandleraz.gov>  
Cc: Tom Davis <tdavis@drhorton.com>

Date: 07/29/2009 08:15 AM  
Subject: Zoning Case in Chandler  
Sent by: "Susan M. Berquist" <SBerquist@drhorton.com>

---

Please see attached letter regarding Rezoning Case #DVR09-0011.

Susan Berquist for  
Tom Davis  
*D. R. Horton, Inc. - Phoenix*  
480.368.2373 direct  
480.368.1084 fax  
817.928.6927 e-fax



Chandler Zoning.pdf

----- Forwarded by Susan Moore/COC on 07/29/2009 03:43 PM -----

From: "Mike Perry" <mike@whitneybellperry.com>  
To: <boyd.dunn@chandleraz.gov>  
Cc: <Jeff.Kurtz@chandleraz.gov>, <kevin.mayo@chandleraz.gov>  
Date: 07/29/2009 01:47 PM  
Subject: DVR09-0011 Sante Chandler

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Mayor Dunn

In brief response to the Rose Law letter that was submitted late Monday. We respectively disagree with the results of the market study presented by Rose Law Group. We have three separate market studies prepared by three companies who are national acclaimed experts in the Senior Healthcare industry. These studies confirm that there is "Demand" above the current market. As to "Need" this Transitional Rehabilitation Center provides a choice for short term rehabilitation for all residents that currently does not exist in Chandler. To have access to a new state of the art facility for short term rehabilitation is painfully "needed" in Chandler. Santé of Chandler will accept dual eligible Medicare and Medicaid beneficiaries as well as managed care and private pay patients. Santé Chandler TRC will not discriminate against any patient from any payor source. Please call if you have any specific questions regarding the market studies or the funding mechanisms for Sante TRC Chandler.

Thanks,

Mike Perry AIA, LEED AP  
Principal

**WHITNEYBELL PERRY INC**  
ARCHITECTURE & PLANNING

575 W. Chandler Blvd Suite 123 • **Chandler**, AZ 85225

1102 E. Missouri Ave • Phoenix, AZ 85014  
phone 602-265-1891 [www.whitneybellperry.com](http://www.whitneybellperry.com)  
fax 602-230-8458 Phoenix • fax 480-821-0148 **Chandler**



**Sante Chandler**  
**Mayor and Council** to: CityClerkDivision  
Sent by: **Susan Moore**

07/28/2009 04:37 PM

----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: Casey Chitwood <sb4lf18@hotmail.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 05:20 PM  
Subject: Please deny case DVR09-0011

Dear Mayor Dunn and Chandler City Council Members,

I am writing to you to discuss the zoning case DVR09-0011. I am a native of Chandler and am currently employed by a Skilled Nursing facility in this city. It has been brought to my attention that a new facility (Sante Chandler) has requested zoning in this area. This facility will have 80 rehab beds, but will only accept patients with Medicare benefits. My concern with this, is that Chandler is composed of a diverse population of residents, not all who are privy to the benefits of Medicare. This Sante Chandler would be discriminatory to the needs of our community and those with Medicaid or other health insurances. Also, this new facility would be taking away patients and jobs from established rehab centers, who have been an integral part of servicing the healthcare demands of Chandler for many years.

I am requesting your consideration in denying the zoning of case DVR09-0011

Thank you for your time and your continued service to our community.

Casey Chitwood, PT  
Chandler Healthcare Center

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----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: "Sandwich, Catherine" <CSANDWIC@avalonhci.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 05:54 PM  
Subject: Vote against DVR09-0011

Dear Members of the Chandler City Council,

I understand that zoning case DVR09-0011 will be discussed on Thursday, July 30th. I have concerns

regarding the type of facility that is being considered. I have worked in a transitional rehab facility for several years in this area and I feel that placement needs are being met. Along with the other facilities, we are providing a service in this community. We not only provide this service to Medicare patients, but also less fortunate patients who are on Medicaid and patients that may have an HMO, but do not qualify for Medicare. We try to get a mix of patients to offset the expenses of the poorer patients we take care of that. My understanding is that Sante Chandler will only be taking patients that have Medicare and/or medicare replacement HMO's. I don't know how our facility and the other facilities in the community will survive this. Please don't let Sante Chandler discriminate against the less fortunate and to provide an equal service to all patients regardless of insurance or medicare benefits or deny their request.

Thank you for your service and your time,

**Cathy Sandwich**

Medicare Case Manager  
Chandler Healthcare Center  
480-899-6717

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and a Heart for Healing"***

----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: Sandy McFarland <smcfarland72@gmail.com>  
To: boyd.dunn@chandleraz.gov, bob.caccamo@chandleraz.gov, city.manager@chandleraz.gov, Pat.mcdermott@chandleraz.gov, trinity.donovan@chandleraz.gov, rick.heumann@chandleraz.gov, matt.orlando@chandleraz.gov, jack.sellers@chandleraz.gov, jeff.weninger@chandleraz.gov  
Date: 07/27/2009 07:52 PM  
Subject: DVR09-0011

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Dear Members of the Chandler City Council:

DVR09-0011 is bad for Chandler, it is bad for our less fortunate citizens, and it is bad for the existing employees of transitional rehabilitation centers that do not discriminate in who they care for. The company proposing DVR09-0011 is only going to treat the big money Medicare patients and is going to put every worker at the facilities that treat more than Medicare patients at jeopardy. I am an employee at a skilled nursing facility in Chandler. This proposal causes me great concern and it is just bad policy to let this company discriminate and cause all these problems. If you double the number of Medicare beds in the City, that is going to kill the skilled nursing facilities that actually do treat less fortunate patients. This is just a bad deal and I hope you do the right thing and tell Sante that if they are going to do business in Chandler they just cannot discriminate.

Thank you for listening,

Sandra McFarland

----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: "Mike & Doris Chambers" <mikedorisc@cox.net>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <Pat.mcdermott@chandleraz.gov>, <trinity.donavan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 08:33 PM  
Subject: Please deny case DVR09-0011

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Dear Mayor Dunn & City Council Members,

I just heard about case DVR09-0011 (aka Sante Chandler) and I am asking for you to deny this case. New development can be exciting especially in the current economy; however, this project is full of discrimination against the poorest in the community. It proposes a Transitional Rehabilitation Center (TRC) with an average stay of 20-25 days. This proposed business is targeting only Medicare funds not Medicaid funds. Medicare pays for the first 20 days of a qualified Skilled Nursing Facility (SNF) at 100%; after those 20 days a Medicare patient can continue to receive skilled nursing & rehabilitation services with a share of cost of \$133.50 for each day for days 21-100. This can be paid for by private funds or a secondary insurance policy. Many of the people in our community who have Medicare also have Medicaid as their secondary insurance. The planned TRC is discriminating against many poor people in the community by planning to only care for those patients in need of care during the 100% Medicare funding only, and would exclude the patient that has Medicaid. The patient would need to transfer to another facility should he or she still need skilled services after day 20. This is saying to the community that the patient is only wanted as long as it is easy money for the vendor.

Medicare patients receive care funded by the Federal Government. However, many Medicare recipients also receive care from Medicaid funds for the share of cost of high medical expenses on a fixed income and for long term care when the patient is unable to return to the community or an assisted living facility due to the amount of care and assistance that is needed from debilitating diseases. Those patients that are less fortunate have Medicaid to pay for their care; however, the State funds are decreasing and paying less money to a SNF for a person's long term care. A Skilled Nursing Facility relies on a balanced case mix of a variety of patients with a variety of insurances. The local SNF cares for Medicare patients and Medicaid patients for a balanced budget. The proposed Transitional Rehabilitation Center would take Medicare patients away from the other local Skilled Nursing Facilities that rely on a percentage of Medicare patients to help them subsidize their care for the less fortunate. This would not help the economy or the less fortunate. The proposed center would take away funds which would take away jobs of caregivers from decreased funds. This would compound the discrimination of the less fortunate citizens requiring these services living in Chandler and surrounding cities. I again ask that you deny case DVR09-0011 for reasons of discrimination within the community. Do not let Sante Chandler serve only a select group of people. They should serve all or this application should be denied!

Sincerely,

Doris Chambers  
Concerned Citizen of Chandler  
480-963-4439

----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: Lacy Finneman <lacylee23@hotmail.com>

To: <bob.caccamo@chandleraz.gov>, <boyd.dunn@chandleraz.gov>, <city.manager@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/28/2009 06:32 AM  
Subject: Please deny case DVR09-0011

---

Dear Mayor Dunn and Chandler City Council Members

I am writing to you to voice my opposition to the zoning of case DVR09-0011. As an employee at a Skilled Nursing facility in Chandler that does not discriminate patients based on payor source, I oppose the zoning of Sante Chandler that plans to only provide services to Medicare patients. This will have a huge negative impact on the success of current Skilled nursing facilities in the area, and on the residents of Chandler without Medicare benefits. I ask you to deny the zoning to allow equal quality care to all patients, and to prevent the adverse impact this building would have on the existing care centers in Chandler.

Thank you for your time and service ,  
Lacy Petersen, MS,OTR/L  
Occupational Therapist  
Chandler Healthcare Center  
480-899-6717

---

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----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: "rhondagardner@juno.com" <rhondagardner@juno.com>  
To: boyd.dunn@chandleraz.gov, bob.caccamo@chandleraz.gov, city.manager@chandleraz.gov, Pat.mcdermott@chandleraz.gov, trinity.donovan@chandleraz.gov, rick.heumann@chandleraz.gov, matt.orlando@chandleraz.gov, jack.sellers@chandleraz.gov, jeff.weninger@chandleraz.gov  
Date: 07/28/2009 06:52 AM  
Subject: Please Deny Rezoning for Sante Chandler! They discriminate against the poor!

---

I am a Chandler resident and I am urging you to vote against the proposed Sante Chandler project. This Thursday you will be considering an application for a rehabilitation center called Sante Chandler. This out of state company proposes a facility that is a Medicare funded and will pay absolutely no attention to the poorest Chandler residents in the Medicaid or other programs. This is just not fair! Not only will creating this Medicare only facility block out all the poorer Chandler residents it will hurt the three other Chandler rehabilitation centers that rely on Medicare funding to help them pay for the services they do provide to those with Medicaid and other programs. This is bad policy and the City should not support businesses that discriminate against the poor. Please vote against this project unless the owners agree to serve Chandler's poorer residents as well.

Thanks so much for your time and all your hard work on behalf of the City.

Rhonda Gardner

----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: kayla hancock <kayla\_hancock@hotmail.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccarma@chandleraz.gov>, <city.manager@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heuman@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/28/2009 12:20 PM  
Subject: Please deny case DVR09-0011

---

Dear Mayor Dunn and Chandler City Council Members,  
I am writing in regards to the zoning case DVR09-0011. I am a resident in Chandler and am employed in Chandler at a Skilled Nursing Facility. I am very concerned about the building of the new Sante Chandler. They only provide services to those with Medicare benefits. What will happen to others who are less fortunate? This would be unfair and discrimination to many members of the community. Please support us by denying Sante Chandlers request for zoning.

Sincerely,

Kayla Kruse

---

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----- Forwarded by Susan Moore/COC on 07/28/2009 04:35 PM -----

From: Chandler Health Care Center <chandler@mlrehab.com>  
To: ""boyd.dunn@chandleraz.gov"" <boyd.dunn@chandleraz.gov>, ""bob.caccamo@chandleraz.gov"" <bob.caccamo@chandleraz.gov>, ""city.manager@chandleraz.gov"" <city.manager@chandleraz.gov>, ""pat.mcdermott@chandleraz.gov"" <pat.mcdermott@chandleraz.gov>, ""trinity.donovan@chandleraz.gov"" <trinity.donovan@chandleraz.gov>, ""rick.heumann@chandleraz.gov"" <rick.heumann@chandleraz.gov>, ""matt.orlando@chandleraz.gov"" <matt.orlando@chandleraz.gov>, ""jack.sellers@chandleraz.gov"" <jack.sellers@chandleraz.gov>, ""jeff.weninger@chandleraz.gov"" <jeff.weninger@chandleraz.gov>  
Date: 07/28/2009 12:51 PM  
Subject: Please deny case DVR09-0011

---

Dear Mayor Dunn and Chandler City Council Members,

I am writing in regards to the zoning case DVR09-0011. I am a resident in Chandler and am employed in Chandler at a Skilled Nursing Facility. I am very concerned about the building of the new Sante Chandler. They only provide services to those with Medicare benefits. What will happen to others who are less fortunate? This would be unfair and discrimination to many members of the community. Please support us by denying Sante Chandlers request for zoning.

Sincerely,  
Maria Molina



**Fw: DVR09-0011: Sante Chandler comment/opposition letter and market study**

**Mayor and Council** to: CityClerkDivision

07/28/2009 04:27 PM

Sent by: **Susan Moore**

---- Forwarded by Susan Moore/COC on 07/28/2009 04:26 PM ----

From: "Court Rich" <CRich@roselawgroup.com>  
To: "boyd.dunn@chandleraz.gov" <'boyd.dunn@chandleraz.gov'>, "bob.caccamo@chandleraz.gov" <'bob.caccamo@chandleraz.gov'>, "city.manager@chandleraz.gov" <'city.manager@chandleraz.gov'>, "Pat.mcdermott@chandleraz.gov" <'Pat.mcdermott@chandleraz.gov'>, "trinity.donovan@chandleraz.gov" <'trinity.donovan@chandleraz.gov'>, "rick.heumann@chandleraz.gov" <'rick.heumann@chandleraz.gov'>, "matt.orlando@chandleraz.gov" <'matt.orlando@chandleraz.gov'>, "jack.sellers@chandleraz.gov" <'jack.sellers@chandleraz.gov'>, "jeff.weninger@chandleraz.gov" <'jeff.weninger@chandleraz.gov'>  
Cc: "Hopi Slaughter" <HSlaughter@roselawgroup.com>  
Date: 07/27/2009 01:57 PM  
Subject: DVR09-0011: Sante Chandler comment/opposition letter and market study

Mayor Dunn, Vice Mayor and members of the Council,  
Please find a comment letter in opposition to the Sante Chandler project attached. Please feel free to contact me directly with any questions.  
-Court Rich

## Court S. Rich



6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250  
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7-27-09 Ltr to Mayor Dunn.pdf



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July 27, 2009

**SENT VIA ELECTRONIC MAIL**

Mayor Boyd Dunn  
Vice-Mayor Bob Caccamo  
Honorable Members of the Chandler City Council  
215 East Buffalo Street, Suite 104  
Chandler, Arizona 85225

**Re: Sante Chandler Transitional Rehabilitation Center (DVR09-0011)**

Dear Mayor Dunn, Vice-Mayor Caccamo and Honorable Members of Council:

The purpose of this letter is to explain why the City must deny the application of Sante Chandler (the "applicant") to develop a transitional rehabilitation center ("TRC") that is on the Council agenda on the July 30th. The applicant proposes to build an 80 bed skilled nursing facility near the Chandler Regional Medical Center to provide care only to Medicare patients while refusing to serve less fortunate patients. There are numerous problems with this discriminatory proposal. The reasons for this objection that are discussed in this letter are: (1) The Santan Freeway Corridor Area Plan actually requires a specific demonstration that there is a need for the facility and as the attached study demonstrates there is no such need. As a result, the City must deny the application as a matter of law; (2) the proposed project directly discriminates against poor Chandler residents and forbids service to those with Medicaid; (3) the proposed single-use project is incompatible with the Santan Freeway Corridor Area Plan and the Hospital Gateway Area Plan; (4) the City should not settle for just anything in this key location and can do much better; and (5) the largest neighboring landowner is opposed to the project.

- I. The Santan Freeway Area Corridor Plan requires there to be a need for this use if it is to be approved and there is no such need.

The proposed facility is located on the southeast corner of Fairview Street and 94<sup>th</sup> Street near the Chandler hospital. The Santan Freeway Corridor Area Plan designates this area as "Special Use Commercial" and acknowledges that "adult assisted-care living" is only allowed if there is a "demand/need" for the facility. See, The Santan Freeway Corridor Area Plan at Page 2-13 (October 29, 1999). This unique provision actually requires there to be a need in order for the Council to approve this use in this location. Thus, to comply with this Area Plan, Council must explicitly conclude that there is a "demand/need" for the proposed assisted living facility. This project must be denied because, as the attached economic study proves, there is no need for the assisted care use in the market. Not only is there no need but this discriminatory practice of

taking only Medicare patients is likely to have a negative impact the existing Chandler businesses that will result in lost jobs to Chandler residents. It is important to note that the Council lacks the authority to approve a rezoning application that does not conform to its General Plan. *See* A.R.S. § 9-462.01(F) and because there is no need for this project you must deny this request.

Although the applicant has not provided the City with any data whatsoever to allow it to accurately access actual demand and need, we have attached an economic demand analysis (the "Study") from Elliot D. Pollack & Company, a leading economic forecasting and consulting firm in Arizona for your review and convenience.

In determining demand and need, the Study focuses on Medicare patients as the applicant has indicated that it will cater only to these patients. The Study also recognizes that the City of Chandler is currently served by four existing facilities, with 426 existing beds.

When considering the applicant's addition of only Medicare bed days to serve the Chandler and the Southeast Valley regional market the Study ultimately concludes that the proposed facility will result in a dramatic *oversupply*, severely effecting occupancy rates of the four existing facilities in the City of Chandler and the greater Southeast Valley.

The additional 80 Medicare only beds proposed will more than *double* the amount of available Medicare bed days from 23,800 to 53,800 annually. The resulting Medicare occupancy rates over the next three years will decline, in the four existing skilled nursing facilities in Chandler from 93.1% occupancy to between 42.6% and 44.1% occupancy, and in the Southeast Valley regional market from 79.1% occupancy to between 62.9% and 63.2% occupancy.

Thus, the only discernible and rationale conclusion that can be drawn from the Study is that the applicant has failed to meet the "demand/need" requirement in the Santan Freeway Area Corridor Plan. If the facility is approved, the severely declining occupancy could cause at least one and potentially two of the four existing facilities to go out of business as they cannot continue to operate, fully staffed, at occupancy levels *below* 50% for their Medicare business. The proposed facility will also have a significant impact on the greater regional market which does not operate at as high occupancy as the four Chandler facilities.

The applicant cannot reasonably claim that doubling the available Medicare bed days in Chandler is warranted at this time. It is clear that the four existing facilities can and *will* handle the existing demand and this gross oversupply will result in more harm than benefit to Chandler and greater regional market.

Accordingly, as the applicant has failed to produce any credible evidence indicating a need for the proposed facility the Study clearly demonstrates otherwise, Council should and must deny the proposed rezoning application for failing to conform to its General Plan. *See* A.R.S. § 9-462.01(F).

II. The proposed facility openly discriminates against the economically less fortunate

The proposed Sante Chandler facility not only fails to meet the requirements of the Area Plan but the developers propose to openly discriminate against the less fortunate members of the community by refusing to provide services to those with Medicaid coverage. Class discrimination is written right into the business plan of this proposal and therefore, this proposal should be denied.

It is necessary to have a little background in this industry to fully understand the implications of this proposed discrimination. First, it is important to note that the other facilities in Chandler that provide transitional rehabilitation services all serve both Medicare *and* Medicaid patients. The Federal government pays substantially more per day for Medicare Patients than the State pays per day for the Medicaid patients. As a result the typical business uses its service of a limited number of Medicare patients to subsidize the care it provides to the poorer and less fortunate Medicaid patients. In fact, the amount that Medicaid pays per day is not even sufficient to cover the actual costs incurred which makes striking the appropriate balance between Medicare and Medicaid patients essential to being able to provide care to both.

Sante Chandler proposes to totally do away with this balance and to instead simply deny service to those less fortunate who would seek care with their Medicaid coverage. This has far reaching implications. Because Sante Chandler will be cherry picking only the cream of the crop patients, they are going to not only hurt the poorer patients by directly refusing to serve them but they are also going to be hurting the poorer patients because the other facilities (those that currently serve poorer patients) will see the supply of the cost paying Medicare patients cut in half. The other Chandler facilities that rely on Medicare patients to allow them to serve the poorer patients will lose their Medicare patients and will be forced to cut or eliminate services to the poor as well to make ends meet.

The attached Study shows how the occupancy in the all important Medicare beds at the existing Chandler facilities will be cut in half if Sante is allowed to flood the market with rehabilitation beds that discriminate against the poor. In a business where one makes just pennies on the dollar such a drastic cut in the most profitable market is likely to wreak havoc on the existing Chandler businesses. It is expected that services will be cut and jobs will likely be lost because Sante Chandler is only going to serve the rich at the expense of the poor. As a result, services to those on Medicaid could drastically or even completely disappear from the area taking hundreds of jobs at the same time.

III. This single-use project violates the Santan Freeway Area Corridor Plan.

The Santan Freeway Corridor Area Plan's "special use commercial" designation encourages development of mixed-use projects in this designation:

Mixed-use developments are preferred over single use projects as a means of maximizing the economic use of land and promoting a vibrant, pedestrian-oriented urban environment.

Santan Freeway Corridor Area Plan at Page 2-13 (October 28, 1999).

The proposed TRC is a single-use project. Because the Area Plan clearly evidences a preference for multi-use well-integrated projects, it would be improper to approve of this single-use project.

In addition, the existing development in the surrounding area will neither be served nor benefit from the proposed assisted living use. A pattern of high density uses has already begun in this area, consistent with the Area Plan, and a single use does not fit into this fabric. Furthermore, when the surrounding parcels develop to their full potential – high intensity mixed use retail and office – this facility will seem blatantly out of place. A single story, single use building is not the highest and best use for this location in a land-locked City where undeveloped land is a top asset. Council cannot afford to approve projects that do not maximize the development potential of the site (i.e. mixed-use, high density development).

IV. The City should not settle for just anything in this location and can do much better.

While we realize that these are difficult economic times, and a proposal such as this seems appealing due to the jobs it would create, the City should not settle for a single-use project that is not consistent with the Area Plan and its vision for this area. The Area Plan is clear that higher density uses are preferred and the City should consider the long-term consequence of approval and that higher density mixed-uses are far better suited for this area. This prime 10 acre parcel (of which the applicant proposes to use only half) would be better developed with mixed-uses, perhaps including a vertical element, to maximize its potential. To the extent that Council finds that the proposed use does *not* maximize development potential, we urge the City to reject this proposal and require the applicant to come back with a proposal that incorporates the City's vision for this area as this project does not.

V. The largest neighboring property owner is opposed to this project.

Attached to this letter is a letter from the owner of the parcels of undeveloped land that immediately abut this property on the east and south. As you can see, this owner is concerned about the long term impact of approving a single use low intensity project. The owner indicates he is opposed to the project because it does not conform to the mandates of the Area Plan that it be high-intensity mixed use.

In sum, we strongly- object to the approval of this skilled nursing facility because it is not needed as the Santan Freeway Corridor Area Plan requires and because its discriminatory practices will result in loss of jobs and services to Chandler residents.

City of Chandler  
Mayor and Members of the City Council  
July 27, 2009  
Page 5 of 5

We appreciate your anticipated thoughtful consideration of this letter and the economic demand analysis attached. Please let us know if you have any questions or would like to meet with us to further discuss.

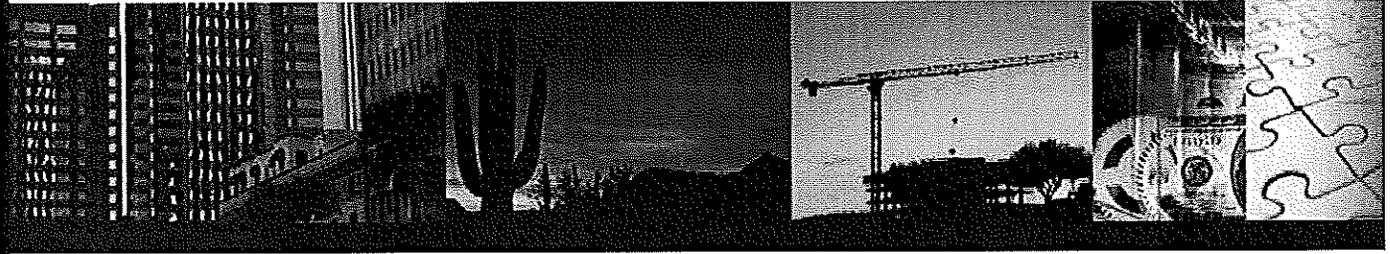
Sincerely,

A handwritten signature in black ink, appearing to read 'C. Rich', with a large, sweeping initial 'C' that loops around the first part of the name.

Court S. Rich

Attachments

# Analysis of Demand for Transitional Rehabilitation Centers Chandler, Arizona



Prepared by:



Elliott D. Pollack & Company  
7505 East 6<sup>th</sup> Avenue, Suite 100  
Scottsdale, Arizona 85251

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## **Executive Summary**

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### **Purpose**

Elliott D. Pollack and Company has been retained to evaluate the demand for a skilled nursing facility in Chandler, Arizona. The analysis is in reference to the rezoning request to the City of Chandler for approval of an 80 bed facility known as Sante' Chandler Transitional Rehabilitation Center (TRC).

The proposed Sante' Chandler TRC would be categorized in the healthcare industry as a skilled nursing facility (SNF). An SNF is essentially a nursing home certified to participate in and be reimbursed by Medicare. It provides inpatient skilled nursing care and related services to patients who require medical, nursing or rehabilitative services but do not require the level of care provided in a hospital.

According to the zoning application for Sante' Chandler TRC, the facility will offer physical, occupational and speech therapy and will be specifically designed for Medicare and managed care patients who need intensive rehab following a hospital stay. The facility will be primarily oriented toward those patients having orthopedic surgery. The average stay in the TRC is estimated at 20 to 25 days, generally the maximum authorized by Medicare.

### **Analysis**

The demand for additional skilled nursing facilities is a function of comparing the current supply of SNFs to the demand created by patients discharged from local hospitals. Since Sante' Chandler TRC will target Medicare patients, discharge data from hospitals will help identify the depth of the market for SNF facilities.

Discharge data for Arizona and central region hospitals illustrates limited growth in the demand for skilled nursing facilities. While Arizona and Greater Phoenix often lead the nation in population growth, over the last five years, demand for SNFs based on discharge data has stagnated at current levels and over the last four years has actually declined.



<b>Hospital Discharges By Payer To Another Institution (Nursing Home, Rehab) Arizona</b>					
<b>Payer</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Medicare	41,290	51,568	55,346	52,058	49,644
Medicaid	5,155	7,386	9,074	8,655	7,500
Private insurance	9,555	9,432	9,092	9,280	8,575
Uninsured	526	940	717	688	673
Other	4,388	4,567	4,431	6,196	5,296
Missing	93	-	-	-	-
<b>Total</b>	<b>61,007</b>	<b>73,893</b>	<b>78,660</b>	<b>76,877</b>	<b>71,688</b>
<b>Payer</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Medicare	67.7%	69.8%	70.4%	67.7%	69.3%
Medicaid	8.4%	10.0%	11.5%	11.3%	10.5%
Private insurance	15.7%	12.8%	11.6%	12.1%	12.0%
Uninsured	0.9%	1.3%	0.9%	0.9%	0.9%
Other	7.2%	6.2%	5.6%	8.1%	7.4%
Missing	0.2%	0.0%	0.0%	0.0%	0.0%

Source: HCUPnet, Agency for Healthcare Research and Quality, U.S. Department of Health & Human Services

Medicare patients are sought after by SNF operators because they pay higher fees than other providers. However, there are also restrictions on the number of days a Medicare patient can be in a facility, typically 20 to 25 days. Medicare does not pay for typical long-term nursing home care. Medicare makes up, on average across the State, only 13% to 15% of total patient days in SNFs. Medicaid patient days comprise the majority of occupancy followed by patients with other payment plans. Maricopa County is consistent with this trend. In 2007, Medicare patients comprised 14.2% of all SNF patient days in the County.

**Demand for SNFs in City of Chandler**

While the Chandler SNF market is operating at high occupancy levels, it is a small market comprised of just four properties and 426 beds. The proposed Sante' Chandler TRC represents a 19% increase in the SNF bed total. Moreover, if the Sante' Chandler TRC targets Medicare patients, its 29,200 bed days more than double the number of Medicare patient days currently served by the existing SNFs in the city.

Four SNFs in Chandler have been identified in Medicare Cost Reports. Overall, Medicare patients account for 23.5% of demand, Medicaid patients for 46.4% and other patients for 30.2%. Overall, the Chandler SNF market has operated at an average occupancy rate since 2001 of 93.1%, well above the typical occupancy rate for Arizona and Maricopa County of approximately 80%.

Sante' Chandler TRC will target Medicare patients. Most skilled nursing facilities depend on Medicare patients as a solid source of revenue, even though these patients comprise a minority of patients and patient bed days occupied. From the data collected



from hospital discharge reports, growth in the number of Medicare patients referred to skilled nursing facilities is very limited and in the last few years has been static. The 80 Sante' Chandler TRC beds represent a 19% increase in the SNF bed count in Chandler. Moreover, if those beds are targeted towards Medicare patients, they would significantly increase the available Medicare bed days in Chandler. This increase is estimated at 162%, more than doubling available Medicare beds from 23,800 to nearly 53,800. Sante' Chandler TRC would have a significant impact on occupancy rates at existing facilities in Chandler.

<b>Forecasted Medicare Patient Days Skilled Nursing Facilities - Chandler</b>					
	2008	2009	2010	2011	2012
Forecasted Total Patient Days at 3.4% Annual Growth Rate	91,239	94,342	97,550	100,867	104,298
<b>Forecasted Medicare Patient Days (23.5% of Total Patient Days)</b>	<b>21,417</b>	<b>22,145</b>	<b>22,898</b>	<b>23,677</b>	<b>24,482</b>
Forecasted Available Medicare Bed Days at 93.1% Occupancy	22,996	23,778	24,587	25,423	26,287
Sante' Chandler TRC Bed Days	-	-	29,200	29,200	29,200
Forecasted Total Available Medicare Bed Days	22,996	23,778	53,787	54,623	55,487
<b>Forecasted Medicare Occupancy Rate</b>	<b>93.1%</b>	<b>93.1%</b>	<b>42.6%</b>	<b>43.3%</b>	<b>44.1%</b>

Sources: Medicare Cost Reports (CMS-2540-69), Centers for Medicare and Medicaid Services, Elliott D. Pollack & Co.



## **1.0 Introduction**

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Elliott D. Pollack and Company has been retained to evaluate the demand for a skilled nursing facility in Chandler, Arizona. The analysis is in reference to the rezoning request to the City of Chandler for approval of an 80 bed facility known as Sante' Chandler Transitional Rehabilitation Center (TRC). The proposed site of the facility is 5.03 acres in size located on 94<sup>th</sup> Street just south of Fairview Street. The proposed building will consist of 50,681 square feet of space with 70 patient rooms with the ability to accommodate 10 additional patients.

The proposed Sante' Chandler TRC would be categorized in the healthcare industry as a skilled nursing facility (SNF). A SNF is essentially a nursing home certified to participate in and be reimbursed by Medicare. It provides inpatient skilled nursing care and related services to patients who require medical, nursing or rehabilitative services but do not require the level of care provided in a hospital. Many nursing homes that offer Medicare SNF services also offer long-term care services for people who pay out-of-pocket, through Medicaid, or through a long-term care insurance policy. Medicare SNF patients usually make up just a small portion of the total resident population of a nursing home.

Medicare covers nursing home services for 20 to 100 days following a hospitalization of at least three consecutive days. To be eligible for Medicare-covered skilled nursing facility (SNF) care, a physician must certify that the beneficiary needs daily skilled nursing care or other skilled rehabilitation services that are related to the hospitalization, and that these services can be provided only on an inpatient basis.

In addition to skilled nursing facilities, there is also state certification for a "Nursing Facility" or NF. An NF is a nursing home which can be certified to participate in and be reimbursed by Medicaid, the program of health care for those who qualify. Medicaid eligible persons may include the elderly, disabled or children. Nursing homes that participate in Medicare and Medicaid are subject to federal requirements regarding staffing and quality of care. SNF and NF services are typically offered in free-standing (such as proposed by the Sante' Chandler TRC) or in hospital-based facilities.

According to the zoning application for Sante' Chandler TRC, the facility will offer physical, occupational and speech therapy and will be specifically designed for Medicare and managed care patients who need intensive rehab following a hospital stay. The facility will be primarily oriented toward those patients having orthopedic surgery. The average stay in the TRC is estimated at 20 to 25 days, generally the maximum authorized by Medicare.

Sante' Chandler TRC is expected to have restaurant-style dining, private dining, a bistro and internet café, living room, library, activity room, beauty salon and barber shop and an outdoor healing garden. It will have private and companion suites and many amenities found in a typical home including high-speed wireless internet and a kitchenette.



## **2.0 Analysis**

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This portion of the report will evaluate the demand for an additional Skilled Nursing Facility in Chandler. Specifically, it is known that the proposed Sante' Chandler TRC will consist of up to 80 beds and will target Medicare or managed care patients in need of rehabilitative services after a hospital discharge. Facilities such as the Sante' Chandler TRC are not required to demonstrate need or demand for their facility to the Arizona Department of Health Services in order to operate in the State.

The demand for additional skilled nursing facilities is a function of comparing the current supply of SNFs to the demand created by patients discharged from local hospitals. Federal and state governments collect a variety of data on the providers of medical services including reasons for admittance to medical facilities, diagnoses and procedures performed, discharge status, payments and charges, length of stays and much more. This data will provide some indication of demand for SNFs.

Data was collected from federal and state sources in order to make a determination of demand for a SNF. Primary sources include the following:

- Medicare Cost Reports for Arizona from the Centers for Medicare and Medicaid Services (CMS).
- Arizona and Central Region Inpatient Discharge Summary Reports from the Arizona Department of Health Services.
- HCUPnet data from the Agency for Healthcare Research and Quality of the U.S. Department of Health and Human Services.

The following data is organized to provide an overview of the supply of and demand for skilled nursing facilities in Chandler and Maricopa County. The first set of data will show hospital discharge trends in the state of Arizona. Patient data is coded with a discharge status showing whether the patient is released to home care, to another facility or to a certain type of care. The important data field for this study is those patients who are in the need of nursing home or rehabilitation services after discharge. Discharge data is also available for the central region of Arizona which encompasses Maricopa, Gila and Pinal counties. Of the 53 licensed hospitals in the central region, 50 are in Maricopa County. It should be noted that there are differences in data among the various sources. However, overall trends are similar.

Lastly, data on Maricopa County SNFs will be presented, comparing the bed supply to the number of patients served. In particular, the demand created by Medicare patients will be evaluated.

### **2.1 Arizona Hospital Discharge Trends**

Data from the U.S. Department of Health & Human Services shows a trend of slow growth in patient referrals to nursing homes and rehab facilities in Arizona from 2003 to 2007. This discharge data is rather broad and does not specifically focus on SNFs.



While there may be some inconsistencies in reporting by providers, overall there appears to be little growth in nursing home demand in Arizona. The number of persons over 65 years of age discharged to nursing homes actually declined between 2005 and 2007.

<b>Hospital Discharges To Another Institution (Nursing Home, Rehab) Arizona</b>					
<b>Patient Age</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<1	295	1,032	1,388	1,347	719
1-17	549	720	807	655	560
18-44	6,975	8,071	8,111	7,973	6,498
45-64	10,746	13,674	14,839	15,021	14,137
65-84	29,612	35,642	37,303	36,180	34,223
85+	12,824	14,753	16,211	15,700	15,550
<b>Total</b>	<b>61,001</b>	<b>73,892</b>	<b>78,659</b>	<b>76,876</b>	<b>71,687</b>
65+	42,436	50,395	53,514	51,880	49,773
<b>Percent of Total</b>					
<b>Patient Age</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<1	0.5%	1.4%	1.8%	1.8%	1.0%
1-17	0.9%	1.0%	1.0%	0.9%	0.8%
18-44	11.4%	10.9%	10.3%	10.4%	9.1%
45-64	17.6%	18.5%	18.9%	19.5%	19.7%
65-84	48.5%	48.2%	47.4%	47.1%	47.7%
85+	21.0%	20.0%	20.6%	20.4%	21.7%
65+	69.6%	68.2%	68.0%	67.5%	69.4%

Source: HCUPnet, Agency for Healthcare Research and Quality, U.S. Department of Health & Human Services

Hospital discharges by type of payer show a similar trend. Approximately 70% of all discharges to a nursing home or rehab facility are paid for by Medicare, followed by private insurance at 12% to 15% of all discharges. However, the number of Medicare patients has declined since 2005. (Note: The total discharges on the table below do not exactly match the totals on the prior table due to the withholding of data for confidentiality purposes.)



<b>Hospital Discharges By Payer To Another Institution (Nursing Home, Rehab) Arizona</b>					
<b>Payer</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Medicare	41,290	51,568	55,346	52,058	49,644
Medicaid	5,155	7,386	9,074	8,655	7,500
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Other	4,388	4,567	4,431	6,196	5,296
Missing	93	-	-	-	-
<b>Total</b>	<b>61,007</b>	<b>73,893</b>	<b>78,660</b>	<b>76,877</b>	<b>71,688</b>
<b>Payer</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Medicare	67.7%	69.8%	70.4%	67.7%	69.3%
Medicaid	8.4%	10.0%	11.5%	11.3%	10.5%
Private insurance	15.7%	12.8%	11.6%	12.1%	12.0%
Uninsured	0.9%	1.3%	0.9%	0.9%	0.9%
Other	7.2%	6.2%	5.6%	8.1%	7.4%
Missing	0.2%	0.0%	0.0%	0.0%	0.0%

Source: HCUPnet, Agency for Healthcare Research and Quality, U.S. Department of Health & Human Services

More detailed data from the Arizona Department of Health Services is available for Arizona and several regions of the State through 2008. Overall, total discharges from hospitals have grown in Arizona at an annual rate of 2.3% from 2004 to 2008. Discharges from central region hospitals have grown at a slightly faster rate of 2.7% annually. However, hospital discharges to SNFs in Arizona and the central region of the State show virtually no growth between 2004 and 2008. In fact, between 2005 and 2008 discharges to SNFs actually declined in Arizona by 2.4% and in the central region by 2.9%. The central region accounted for 69% of State discharges to SNFs.



<b>Hospital Discharges to Skilled Nursing Facilities</b>					
<b>State of Arizona &amp; Central Region</b>					
	2004	2005	2006	2007	2008
<b>State of Arizona</b>					
Total Hospital Inpatient Discharges	717,029	745,589	768,547	775,613	786,839
% Change		4.0%	3.1%	0.9%	1.4%
Discharges to SNF	44,673	47,978	46,894	45,706	46,840
% Change		7.4%	-2.3%	-2.5%	2.5%
<b>Central Region</b>					
Total Hospital Inpatient Discharges	481,633	505,123	518,147	525,077	535,571
% Change		4.9%	2.6%	1.3%	2.0%
Discharges to SNF	30,879	33,284	32,402	31,587	32,334
% Change		7.8%	-2.6%	-2.5%	2.4%
<b>Central Region % of State</b>					
% of Total Discharges	67.2%	67.7%	67.4%	67.7%	68.1%
% of Discharges to SNF	69.1%	69.4%	69.1%	69.1%	69.0%
Note: Central Region includes Maricopa, Gila and Pinal counties.					
Source: AZ Dept of Health Services, Division of Public Health Services					

Initially, the broad data on Arizona and the central region of the State illustrates limited growth in the demand for skilled nursing facilities. While Arizona and Greater Phoenix often lead the nation in population growth, over the last five years, demand for SNFs has stagnated at current levels and over the last four years has actually declined. The following section will focus on skilled nursing facilities operating in the State and in Maricopa County.

## 2.2 Skilled Nursing Facilities

Medicare Cost Reports (CMS-2540-96) were collected from the Centers for Medicare and Medicaid Services for the State of Arizona. Reports from SNFs must be submitted to Medicare and Medicaid for determination of costs payable under the programs. The reports show a wide variety of information including number of beds and patients, length of stay and services provided. Data was available through 2007. Reports for 2008 were due from SNFs in April 2009 but were not available for this study.

Records indicate that there are currently over 13,000 SNF beds in Arizona with 56.7% or 7,559 beds located in Maricopa County. Variations in the bed count from year to year result from facilities entering and leaving the Medicare and Medicaid programs as well as report coding errors or omissions made by the individual facilities.



Number of Beds Skilled Nursing Facilities - Arizona							
County	2001	2002	2003	2004	2005	2006	2007
Cochise	182	282	282	372	372	272	376
Coconino	138	138	138	138	138	138	138
Gila	167	304	346	346	418	461	482
Graham	126	126	128	128	128	110	128
Maricopa	2,989	4,876	5,923	8,902	7,355	7,065	7,559
Mohave	201	271	594	594	594	556	768
Navajo	98	110	112	112	112	64	220
Pima	937	1,693	1,896	2,014	2,225	1,763	2,388
Yavapai	430	550	729	760	759	590	757
Yuma	143	264	395	395	395	516	516
<b>Total</b>	<b>5,411</b>	<b>8,614</b>	<b>10,543</b>	<b>13,761</b>	<b>12,496</b>	<b>11,535</b>	<b>13,332</b>
Maricopa County as % of State	55.2%	56.6%	56.2%	64.7%	58.9%	61.2%	56.7%

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services

Occupancy in SNFs averaged approximately 80% across the State from 2001 to 2007. Maricopa County's occupancy was consistent with this level of occupancy, but declined in 2007 below 77%. The number of bed days available in Maricopa County stands at its highest at the current time at 2.67 million. Occupancy has been approximately 2 million bed days per year since 2004.



Occupancy Skilled Nursing Facilities - Arizona							
County	Occupied Bed Days						
	2001	2002	2003	2004	2005	2006	2007
Cochise	55,205	76,349	95,885	108,065	124,701	85,670	117,052
Coconino	43,258	22,384	45,658	48,049	46,414	40,669	45,681
Gila	48,119	60,232	98,597	97,010	102,449	132,563	139,525
Graham	36,675	5,353	33,758	34,925	29,448	24,959	28,477
Maricopa	784,625	1,174,600	1,751,649	2,018,864	2,144,495	1,904,597	2,045,227
Mohave	55,494	82,096	164,896	171,043	172,580	160,806	171,366
Navajo	26,176	4,981	29,971	16,461	20,188	18,920	59,407
Pima	227,342	465,158	535,074	614,053	663,607	506,544	704,479
Yavapai	87,488	116,735	200,249	220,799	221,005	176,745	207,077
Yuma	44,491	59,572	122,071	113,316	120,454	159,654	157,172
<b>Total</b>	<b>1,408,873</b>	<b>2,067,460</b>	<b>3,077,808</b>	<b>3,442,585</b>	<b>3,645,341</b>	<b>3,211,127</b>	<b>3,675,463</b>
Bed Days Available							
County	2001	2002	2003	2004	2005	2006	2007
Cochise	65,604	83,346	102,930	119,772	135,780	99,280	137,340
Coconino	50,370	25,890	50,370	50,508	50,370	50,370	50,370
Gila	60,335	68,641	126,290	126,636	137,071	168,265	169,281
Graham	45,990	7,434	46,720	46,848	46,720	40,150	46,720
Maricopa	986,418	1,484,167	2,161,092	2,464,899	2,659,173	2,469,809	2,667,345
Mohave	65,362	99,246	200,090	217,404	217,026	202,940	273,240
Navajo	35,770	10,162	40,880	40,980	40,880	23,360	80,300
Pima	308,061	606,355	648,320	744,209	812,125	643,495	841,727
Yavapai	127,794	140,162	257,985	278,042	277,041	215,350	276,913
Yuma	46,750	71,700	144,175	144,570	144,175	188,340	188,340
<b>Total</b>	<b>1,792,454</b>	<b>2,597,103</b>	<b>3,778,852</b>	<b>4,233,868</b>	<b>4,520,361</b>	<b>4,101,359</b>	<b>4,731,576</b>
Occupancy Rate							
County	2001	2002	2003	2004	2005	2006	2007
Cochise	84.1%	91.6%	93.2%	90.2%	91.8%	86.3%	85.2%
Coconino	85.9%	86.5%	90.6%	95.1%	92.1%	80.7%	90.7%
Gila	79.8%	87.7%	78.1%	76.6%	74.7%	78.8%	82.4%
Graham	79.7%	72.0%	72.3%	74.5%	63.0%	62.2%	61.0%
Maricopa	79.5%	79.1%	81.1%	81.9%	80.6%	77.1%	76.7%
Mohave	84.9%	82.7%	82.4%	78.7%	79.5%	79.2%	62.7%
Navajo	73.2%	49.0%	73.3%	40.2%	49.4%	81.0%	74.0%
Pima	73.8%	76.7%	82.5%	82.5%	81.7%	78.7%	83.7%
Yavapai	68.5%	83.3%	77.6%	79.4%	79.8%	82.1%	74.8%
Yuma	95.2%	83.1%	84.7%	78.4%	83.5%	84.8%	83.5%
<b>Total</b>	<b>78.6%</b>	<b>79.6%</b>	<b>81.4%</b>	<b>81.3%</b>	<b>80.6%</b>	<b>78.3%</b>	<b>77.7%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services

Medicare patients are sought after by SNF operators because they pay higher fees than other providers. However, there are also restrictions on the number of days a Medicare patient can be in a facility, typically 20 to 25 days. Medicare does not pay for typical long-term nursing home care. Medicare makes up, on average across the State, only 13% to 15% of total patient days in SNFs. Medicaid patient days comprise the majority of occupancy followed by patients with other payment plans. Maricopa County is



consistent with this trend. In 2007, Medicare patients comprised 14.2% of all SNF patient days.

Occupancy By Type of Payer Skilled Nursing Facilities - Arizona							
County	Medicare Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Cochise	8,324	14,866	16,623	18,888	21,268	12,616	20,276
Coconino	5,850	5,569	10,186	9,653	10,236	9,807	11,703
Gila	12,548	13,888	16,872	15,851	18,484	17,662	19,191
Graham	2,126	282	2,315	2,305	1,830	1,555	2,786
Maricopa	129,387	174,351	214,105	265,563	310,482	240,381	291,236
Mohave	16,492	25,417	28,377	30,309	29,938	21,216	28,571
Navajo	682	1,253	4,413	4,613	4,769	2,602	7,927
Pima	29,457	66,553	69,810	81,322	89,507	60,869	72,059
Yavapai	21,830	24,920	32,081	37,811	41,219	26,955	33,121
Yuma	18,041	24,240	24,668	25,314	29,689	26,531	27,531
<b>Total</b>	<b>244,737</b>	<b>351,339</b>	<b>419,450</b>	<b>491,629</b>	<b>557,422</b>	<b>420,194</b>	<b>514,401</b>
<b>% of Total Days Demanded</b>	<b>17.4%</b>	<b>17.0%</b>	<b>13.6%</b>	<b>14.3%</b>	<b>15.3%</b>	<b>13.1%</b>	<b>14.0%</b>
County	Medicaid Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Cochise	22,281	22,131	41,102	46,985	69,625	66,507	58,665
Coconino	10,532	9,088	31,537	32,813	30,599	18,009	28,543
Gila	29,022	35,252	60,646	65,417	56,475	73,611	74,987
Graham	-	-	29,101	29,704	24,146	20,128	22,545
Maricopa	287,507	432,345	834,483	1,050,633	1,116,931	1,041,888	1,120,655
Mohave	3,808	4,480	50,803	42,582	40,199	62,798	107,939
Navajo	-	-	24,547	11,209	14,481	9,063	49,289
Pima	88,599	124,561	177,956	295,358	326,141	300,569	293,913
Yavapai	24,460	41,962	111,037	125,719	123,281	116,490	113,224
Yuma	19,278	25,574	78,159	72,547	73,314	106,656	98,536
<b>Total</b>	<b>485,487</b>	<b>695,393</b>	<b>1,439,371</b>	<b>1,772,967</b>	<b>1,865,192</b>	<b>1,805,719</b>	<b>1,968,296</b>
<b>% of Total Days Demanded</b>	<b>34.5%</b>	<b>33.6%</b>	<b>46.8%</b>	<b>51.5%</b>	<b>51.2%</b>	<b>56.2%</b>	<b>53.6%</b>
County	Other Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Cochise	24,600	39,352	38,160	42,192	43,808	16,547	38,111
Coconino	26,876	7,727	3,935	5,583	5,579	12,853	5,435
Gila	6,549	11,092	21,079	15,742	27,490	41,290	45,347
Graham	34,549	5,071	2,342	2,916	3,472	3,276	3,146
Maricopa	367,731	567,904	703,061	702,668	717,082	622,328	633,336
Mohave	35,194	52,199	85,716	98,152	102,443	76,792	34,856
Navajo	25,494	3,728	1,011	639	938	7,255	2,191
Pima	109,286	274,044	287,308	237,373	247,959	145,106	338,507
Yavapai	41,198	49,853	57,131	57,269	56,505	33,300	60,732
Yuma	7,172	9,758	19,244	15,455	17,451	26,467	31,105
<b>Total</b>	<b>678,649</b>	<b>1,020,728</b>	<b>1,218,987</b>	<b>1,177,989</b>	<b>1,222,727</b>	<b>985,214</b>	<b>1,192,766</b>
<b>% of Total Days Demanded</b>	<b>48.2%</b>	<b>49.4%</b>	<b>39.6%</b>	<b>34.2%</b>	<b>33.5%</b>	<b>30.7%</b>	<b>32.5%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services

While Medicare patients comprise only a small portion of total patient days in a SNF, they are a larger share of total patients admitted to the facilities. This is due to the relatively short stays in the SNFs which average only 28 days across the state. By comparison, the average length of stay for Medicaid patients is approximately 200 days.



<b>Patient Counts By Type of Payer</b>							
<b>Skilled Nursing Facilities - Arizona</b>							
<b>County</b>	<b>Medicare Patients</b>						
	2001	2002	2003	2004	2005	2006	2007
Cochise	348	512	543	611	646	347	624
Coconino	188	288	358	340	377	301	375
Gila	390	491	548	564	573	584	731
Graham	60	10	64	55	61	42	77
Maricopa	5,763	7,362	8,852	10,492	12,690	9,996	12,266
Mohave	631	899	1,131	1,185	1,260	830	924
Navajo	12	67	76	120	128	87	251
Pima	1,367	2,339	2,801	3,152	3,509	2,454	2,778
Yavapai	712	864	1,066	1,381	1,544	1,078	1,308
Yuma	565	812	884	767	806	884	822
<b>Total</b>	<b>10,036</b>	<b>13,645</b>	<b>16,323</b>	<b>18,667</b>	<b>21,594</b>	<b>16,602</b>	<b>20,157</b>
<b>% of total Patients</b>	<b>37.6%</b>	<b>37.8%</b>	<b>34.8%</b>	<b>37.7%</b>	<b>39.3%</b>	<b>37.2%</b>	<b>38.7%</b>
<b>County</b>	<b>Medicaid Patients</b>						
	2001	2002	2003	2004	2005	2006	2007
Cochise	74	78	142	175	153	137	163
Coconino	47	67	148	140	185	129	145
Gila	169	115	215	379	245	308	307
Graham	-	-	75	64	80	35	51
Maricopa	1,899	2,533	4,185	4,666	5,166	5,480	5,613
Mohave	100	47	204	128	142	253	423
Navajo	-	-	104	25	66	27	190
Pima	468	858	976	1,546	1,692	1,466	1,179
Yavapai	87	129	346	272	320	347	381
Yuma	79	132	196	218	227	408	357
<b>Total</b>	<b>2,923</b>	<b>3,959</b>	<b>6,591</b>	<b>7,613</b>	<b>8,276</b>	<b>8,591</b>	<b>8,810</b>
<b>% of total Patients</b>	<b>10.9%</b>	<b>11.0%</b>	<b>14.0%</b>	<b>15.4%</b>	<b>15.1%</b>	<b>19.3%</b>	<b>16.9%</b>
<b>County</b>	<b>Other Patients</b>						
	2001	2002	2003	2004	2005	2006	2007
Cochise	171	222	245	283	297	189	348
Coconino	179	104	67	84	88	137	79
Gila	83	215	338	272	243	301	264
Graham	89	16	19	16	20	32	47
Maricopa	9,927	12,217	15,821	15,868	17,540	13,660	15,165
Mohave	142	305	454	599	502	326	234
Navajo	80	12	76	8	22	72	47
Pima	2,693	4,877	6,255	5,401	5,565	3,732	5,891
Yavapai	280	326	555	521	662	633	698
Yuma	104	164	195	176	181	324	347
<b>Total</b>	<b>13,748</b>	<b>18,458</b>	<b>24,025</b>	<b>23,228</b>	<b>25,121</b>	<b>19,407</b>	<b>23,120</b>
<b>% of total Patients</b>	<b>51.5%</b>	<b>51.2%</b>	<b>51.2%</b>	<b>46.9%</b>	<b>45.7%</b>	<b>43.5%</b>	<b>44.4%</b>
Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services							



### 2.3 Maricopa County Skilled Nursing Facilities

The following tables provide more detailed information on SNFs in Maricopa County cities. The County had 7,559 SNF beds in 2007. Chandler, where Sante' Chandler TRC is proposed, currently has three SNFs reporting a total of 306 beds. A fourth facility with 120 beds is certified as a SNF, but has not reported to Medicare over the past five years.

Number of Beds							
Skilled Nursing Facilities - Maricopa County							
City	2001	2002	2003	2004	2005	2006	2007
Apache Junction	26	190	190	190	190	190	190
Avondale	24	161	161	161	161	161	161
Chandler	212	212	228	228	246	186	306
Fountain Hills	-	64	64	64	64	128	64
Glendale	211	206	330	493	474	415	639
Goodyear	54	54	56	155	155	155	155
Laveen	-	-	19	60	60	60	60
Litchfield Park	-	-	-	-	-	96	96
Mesa	607	888	1,056	1,199	1,299	1,397	1,295
Peoria	347	541	481	545	545	563	625
Phoenix	865	1,541	2,063	2,262	2,406	1,956	2,019
Scottsdale	462	681	810	868	967	952	1,006
Sun City	138	148	262	2,219	320	296	296
Sun City West	24	24	24	132	132	311	311
Surprise	-	9	22	58	58	58	58
Tempe	13	13	13	124	124	13	124
Youngtown	6	144	144	144	154	128	154
<b>Total</b>	<b>2,989</b>	<b>4,876</b>	<b>5,923</b>	<b>8,902</b>	<b>7,355</b>	<b>7,065</b>	<b>7,559</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services



Analysis of Demand for Transitional Rehabilitation Centers, Chandler, AZ

Occupancy							
Skilled Nursing Facilities - Maricopa County							
City	Occupied Bed Days						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	5,461	58,730	59,514	60,663	58,677	50,113	56,957
Avondale	7,918	28,841	54,752	55,202	56,411	55,658	56,388
Chandler	61,571	72,138	71,756	79,815	82,609	64,569	88,238
Fountain Hills	-	6,696	13,301	17,762	18,368	18,364	19,866
Glendale	59,453	43,866	94,617	134,013	141,465	117,892	146,173
Goodyear	17,457	19,471	20,188	33,471	53,416	52,783	53,901
Laveen	-	-	4,109	15,843	19,643	19,749	19,359
Litchfield Park	-	-	-	-	-	9,535	7,572
Mesa	140,462	231,550	308,360	336,671	347,907	363,800	351,990
Peoria	106,275	99,975	148,588	163,536	173,170	151,963	180,618
Phoenix	215,171	324,237	593,865	634,282	674,126	507,889	568,375
Scottsdale	134,163	193,543	214,693	268,222	278,770	267,623	261,794
Sun City	25,309	38,244	78,354	91,948	87,742	80,828	74,690
Sun City West	6,441	6,300	34,055	22,052	40,474	76,422	51,902
Surprise	-	3,266	7,148	17,082	17,988	19,114	20,039
Tempe	3,104	3,299	3,460	41,388	41,806	3,832	40,149
Youngtown	1,840	44,444	44,889	46,914	51,923	44,463	47,216
<b>Total</b>	<b>784,625</b>	<b>1,174,600</b>	<b>1,751,649</b>	<b>2,018,864</b>	<b>2,144,495</b>	<b>1,904,597</b>	<b>2,045,227</b>
City	Bed Days Available						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	9,490	69,350	69,350	69,350	69,350	69,350	69,350
Avondale	8,760	33,968	58,765	58,926	58,765	58,765	58,765
Chandler	66,520	77,380	79,500	87,102	88,170	67,890	95,310
Fountain Hills	-	25,664	23,360	23,424	23,360	23,360	23,360
Glendale	76,828	58,140	120,450	165,581	173,025	151,475	205,035
Goodyear	19,710	19,710	20,440	39,135	56,575	56,575	56,575
Laveen	-	-	7,057	21,960	21,900	21,900	21,900
Litchfield Park	-	-	-	-	-	30,912	35,040
Mesa	175,351	290,677	392,798	438,762	474,135	489,527	454,784
Peoria	132,333	122,580	175,565	186,481	198,925	195,121	225,335
Phoenix	278,624	423,231	743,761	798,240	863,081	672,572	715,221
Scottsdale	157,147	247,116	270,587	321,710	352,955	347,480	362,364
Sun City	45,960	46,880	95,630	106,812	108,112	108,040	108,040
Sun City West	8,760	8,760	38,460	28,116	48,180	104,207	113,515
Surprise	-	3,406	8,066	21,228	21,170	21,170	21,170
Tempe	4,745	4,745	4,745	45,384	45,260	4,745	45,371
Youngtown	2,190	52,560	52,560	52,688	56,210	46,720	56,210
<b>Total</b>	<b>986,418</b>	<b>1,484,167</b>	<b>2,161,092</b>	<b>2,464,899</b>	<b>2,659,173</b>	<b>2,469,809</b>	<b>2,667,345</b>
City	Occupancy Rate						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	57.5%	84.7%	85.8%	87.5%	84.6%	72.3%	82.1%
Avondale	90.4%	84.9%	93.2%	93.7%	96.0%	94.7%	96.0%
Chandler	92.6%	93.2%	90.3%	91.6%	93.7%	95.1%	92.6%
Fountain Hills	-	26.1%	56.9%	75.8%	78.6%	78.6%	85.0%
Glendale	77.4%	75.4%	78.6%	80.9%	81.8%	77.8%	71.3%
Goodyear	88.6%	98.8%	98.8%	85.5%	94.4%	93.3%	95.3%
Laveen	-	-	58.2%	72.1%	89.7%	90.2%	88.4%
Litchfield Park	-	-	-	-	-	30.8%	21.6%
Mesa	80.1%	79.7%	78.5%	76.7%	73.4%	74.3%	77.4%
Peoria	80.3%	81.6%	84.6%	87.7%	87.1%	77.9%	80.2%
Phoenix	77.2%	76.6%	79.8%	79.5%	78.1%	75.5%	79.5%
Scottsdale	85.4%	78.3%	79.3%	83.4%	79.0%	77.0%	72.2%
Sun City	55.1%	81.6%	81.9%	86.1%	81.2%	74.8%	69.1%
Sun City West	73.5%	71.9%	88.5%	78.4%	84.0%	73.3%	45.7%
Surprise	-	95.9%	88.6%	80.5%	85.0%	90.3%	94.7%
Tempe	65.4%	69.5%	72.9%	91.2%	92.4%	80.8%	88.5%
Youngtown	84.0%	84.6%	85.4%	89.0%	92.4%	95.2%	84.0%
<b>Total</b>	<b>79.5%</b>	<b>79.1%</b>	<b>81.1%</b>	<b>81.9%</b>	<b>80.6%</b>	<b>77.1%</b>	<b>76.7%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services



Analysis of Demand for Transitional Rehabilitation Centers, Chandler, AZ

Occupancy By Type of Payer							
Skilled Nursing Facilities - Maricopa County							
City	Medicare Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	3,158	3,597	4,381	5,052	5,927	6,028	6,324
Avondale	2,902	2,396	1,828	2,471	3,817	3,328	1,766
Chandler	9,290	13,364	13,321	17,828	21,794	12,471	21,903
Fountain Hills	-	3,611	4,902	6,041	5,441	9,962	6,721
Glendale	12,670	15,375	21,842	25,596	31,615	10,525	19,676
Goodyear	2,780	3,499	4,174	2,001	5,492	4,176	2,475
Laveen	-	-	560	1,102	970	1,153	294
Litchfield Park	-	-	-	-	-	2,921	7,272
Mesa	27,817	37,855	46,343	52,256	53,806	56,529	58,978
Peoria	13,205	12,808	17,061	23,263	27,252	18,270	24,692
Phoenix	32,664	42,994	51,458	61,272	72,507	42,216	58,169
Scottsdale	19,911	30,666	37,152	49,974	58,123	51,457	52,892
Sun City	1,747	2,219	4,137	9,980	9,125	9,298	6,567
Sun City West	1,047	1,347	1,228	1,079	5,405	8,528	14,480
Surprise	-	312	379	533	1,207	430	487
Tempe	1,307	2,054	1,992	3,186	3,662	2,042	5,644
Youngtown	889	2,254	3,349	3,929	4,339	1,047	2,896
<b>Total</b>	<b>129,387</b>	<b>174,351</b>	<b>214,105</b>	<b>265,563</b>	<b>310,482</b>	<b>240,381</b>	<b>291,236</b>
<b>% of Total Days Demanded</b>	<b>16.5%</b>	<b>14.8%</b>	<b>12.2%</b>	<b>13.2%</b>	<b>14.5%</b>	<b>12.6%</b>	<b>14.2%</b>
City	Medicaid Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	592	45,724	45,724	48,454	44,492	36,304	41,179
Avondale	-	-	-	-	-	41,756	44,907
Chandler	14,622	14,936	14,983	40,640	38,886	31,945	34,692
Fountain Hills	-	-	-	-	-	-	-
Glendale	23,140	8,377	42,470	74,326	78,307	73,412	86,535
Goodyear	8,835	8,170	7,210	20,990	39,627	38,057	40,247
Laveen	-	-	-	-	-	-	100
Litchfield Park	-	-	-	-	-	-	-
Mesa	65,045	133,531	204,387	225,066	220,214	217,779	204,266
Peoria	27,905	39,524	80,600	88,196	90,233	86,651	105,378
Phoenix	111,049	121,966	312,043	344,364	397,969	332,485	355,695
Scottsdale	26,742	42,643	64,024	126,898	112,789	105,139	110,310
Sun City	4,281	11,798	35,654	36,471	37,647	49,852	42,683
Sun City West	5,296	4,917	26,621	16,479	27,166	28,508	27,838
Surprise	-	-	-	-	-	-	-
Tempe	-	-	-	28,362	29,601	-	26,825
Youngtown	-	759	767	387	-	-	-
<b>Total</b>	<b>287,507</b>	<b>432,345</b>	<b>834,483</b>	<b>1,050,633</b>	<b>1,116,931</b>	<b>1,041,888</b>	<b>1,120,655</b>
<b>% of Total Days Demanded</b>	<b>36.6%</b>	<b>36.8%</b>	<b>47.6%</b>	<b>52.0%</b>	<b>52.1%</b>	<b>54.7%</b>	<b>54.8%</b>
City	Other Patient Days						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	1,711	9,409	9,409	7,157	8,258	7,781	9,454
Avondale	5,016	26,445	52,926	52,731	52,594	10,574	9,715
Chandler	37,659	43,838	43,452	21,347	21,929	20,153	31,643
Fountain Hills	-	3,085	8,399	11,721	12,927	8,402	13,145
Glendale	23,643	20,114	30,305	34,091	31,543	33,955	39,962
Goodyear	5,842	7,802	8,804	10,480	8,297	10,550	11,179
Laveen	-	-	3,549	14,741	18,673	18,596	18,965
Litchfield Park	-	-	-	-	-	6,614	300
Mesa	47,600	60,164	57,630	59,349	73,887	89,492	88,746
Peoria	65,165	47,643	50,927	52,077	55,685	47,042	50,548
Phoenix	71,458	159,277	230,364	228,646	203,650	133,188	154,511
Scottsdale	87,510	120,234	113,517	91,350	107,858	111,027	98,592
Sun City	19,281	24,227	38,563	45,497	40,970	21,678	25,440
Sun City West	98	36	6,206	4,494	7,903	39,386	9,584
Surprise	-	2,954	6,769	16,549	16,781	18,684	19,552
Tempe	1,797	1,245	1,468	9,840	8,543	1,790	7,680
Youngtown	951	41,431	40,773	42,598	47,584	43,416	44,320
<b>Total</b>	<b>367,731</b>	<b>567,904</b>	<b>703,061</b>	<b>702,668</b>	<b>717,082</b>	<b>622,328</b>	<b>633,336</b>
<b>% of Total Days Demanded</b>	<b>46.9%</b>	<b>48.3%</b>	<b>40.1%</b>	<b>34.8%</b>	<b>33.4%</b>	<b>32.7%</b>	<b>31.0%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services



Patient Counts By Type of Payer							
Skilled Nursing Facilities - Arizona							
City	Medicare Patients						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	138	135	135	135	195	177	186
Avondale	84	87	77	82	129	90	54
Chandler	420	525	540	742	934	483	1,026
Fountain Hills	-	120	174	258	266	435	224
Glendale	691	701	1,054	1,066	1,237	471	872
Goodyear	122	129	184	58	306	209	309
Laveen	-	-	22	35	13	44	13
Litchfield Park	-	-	-	-	-	133	291
Mesa	1,225	1,732	1,952	2,088	2,237	2,353	2,772
Peoria	521	457	685	881	1,203	705	949
Phoenix	1,512	1,867	2,153	2,486	2,992	1,731	2,181
Scottsdale	845	1,274	1,485	1,848	2,210	2,123	2,058
Sun City	91	115	221	560	314	347	343
Sun City West	44	42	40	56	262	581	643
Surprise	-	2	10	15	57	20	7
Tempe	62	83	38	98	155	66	249
Youngtown	8	93	82	84	180	28	89
<b>Total</b>	<b>5,783</b>	<b>7,362</b>	<b>8,852</b>	<b>10,492</b>	<b>12,690</b>	<b>9,996</b>	<b>12,266</b>
<b>% of Total Patients</b>	<b>32.8%</b>	<b>33.3%</b>	<b>30.7%</b>	<b>33.8%</b>	<b>35.9%</b>	<b>34.3%</b>	<b>37.1%</b>
City	Medicaid Patients						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	13	106	106	106	119	110	108
Avondale	-	-	-	-	-	117	131
Chandler	36	43	57	173	142	120	93
Fountain Hills	-	-	-	-	-	-	-
Glendale	283	88	362	570	377	356	426
Goodyear	41	9	64	94	318	320	319
Laveen	-	-	-	-	-	-	1
Litchfield Park	-	-	-	-	-	-	-
Mesa	298	787	893	1,016	1,040	1,257	1,414
Peoria	174	182	431	412	234	277	522
Phoenix	747	848	1,526	1,332	1,818	1,678	1,365
Scottsdale	271	391	552	695	817	748	855
Sun City	23	57	119	158	159	381	377
Sun City West	12	10	63	26	71	115	122
Surprise	-	-	-	-	-	-	-
Tempe	-	-	-	72	71	-	79
Youngtown	-	12	12	12	-	-	-
<b>Total</b>	<b>1,899</b>	<b>2,533</b>	<b>4,185</b>	<b>4,666</b>	<b>5,166</b>	<b>5,480</b>	<b>5,613</b>
<b>% of Total Patients</b>	<b>10.8%</b>	<b>11.5%</b>	<b>14.5%</b>	<b>15.0%</b>	<b>14.6%</b>	<b>18.8%</b>	<b>17.0%</b>
City	Other Patients						
	2001	2002	2003	2004	2005	2006	2007
Apache Junction	74	233	233	233	179	204	248
Avondale	208	311	366	270	309	221	181
Chandler	572	579	848	615	922	376	1,011
Fountain Hills	-	55	162	510	313	159	238
Glendale	1,980	1,660	1,858	1,621	1,698	1,213	1,856
Goodyear	109	76	169	138	345	449	351
Laveen	-	-	11	79	91	77	165
Litchfield Park	-	-	-	-	-	66	(148)
Mesa	1,252	2,349	2,737	2,515	2,250	2,358	2,489
Peoria	1,022	1,018	1,149	1,180	1,486	1,017	1,466
Phoenix	2,250	2,606	4,095	3,868	4,223	4,161	4,070
Scottsdale	1,297	1,785	2,060	2,061	2,808	2,093	2,284
Sun City	1,075	1,252	1,889	2,358	2,352	595	665
Sun City West	-	-	34	17	78	298	(165)
Surprise	-	18	18	62	34	55	23
Tempe	75	146	132	300	338	190	248
Youngtown	13	129	40	41	116	128	181
<b>Total</b>	<b>9,927</b>	<b>12,217</b>	<b>15,821</b>	<b>15,868</b>	<b>17,540</b>	<b>13,660</b>	<b>15,165</b>
<b>% of Total Patients</b>	<b>56.4%</b>	<b>55.3%</b>	<b>54.8%</b>	<b>51.1%</b>	<b>49.6%</b>	<b>46.9%</b>	<b>45.9%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services



Analysis of the ratio of SNF beds for each 1,000 persons shows that the Southeast Valley of Greater Phoenix is relatively similar to Maricopa County.

Bed Days Available Per 1,000 Persons Skilled Nursing Facilities - Maricopa County							
Region	2001	2002	2003	2004	2005	2006	2007
<b>Southeast Valley</b>							
Bed Days Available	256,106	442,152	546,391	640,598	676,915	631,512	664,815
Population	892,795	925,765	969,145	1,013,830	1,034,510	1,061,470	1,096,045
Bed Days Per 1,000 Persons	287	478	564	632	654	595	607
<b>Maricopa County</b>							
Bed Days Available	986,418	1,484,167	2,161,092	2,464,899	2,659,173	2,469,809	2,667,345
Population	3,192,125	3,296,250	3,406,170	3,537,630	3,681,300	3,792,675	3,907,492
Bed Days Per 1,000 Persons	309	450	634	697	722	651	683

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services

Overall, the SNF market in Chandler operates at a high level of occupancy, well above the Maricopa County occupancy rate. Chandler's 92.6% occupancy rate in 2007 is well above the County's 76.7% rate.



### **3.0 Demand Analysis**

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In order to estimate demand for skilled nursing facilities, two alternate forecast scenarios were developed:

- Demand for SNFs in the Southeast Valley of Greater Phoenix;
- Demand for SNFs in the City of Chandler where Sante' Chandler TRC is proposed for construction.

Data was extracted from the tables and charts presented in the previous section. Each demand forecast is described in the sections below.

#### **3.1 Demand for SNFs in the Southeast Valley**

The Southeast Valley is generally described as that area of Greater Phoenix south of the Salt River, excluding the City of Phoenix. The area generally functions as an economic unit with good relationships between cities. Residents have a wide choice of health and commercial services in the area. Any new SNF developed in the region would have the potential to attract clientele from all cities in the Southeast Valley.

Four communities have been identified with SNFs – Apache Junction (much of which is in Pinal County), Chandler, Mesa and Tempe. The data below summarizes patient demand in bed days occupied. The far right column of the table shows the four year average demand from 2004 through 2007. These years appear most representative of SNF patient activity. Overall, Medicare patients account for 16.1% of demand, Medicaid patients for 61.3% and other patients for 22.6%.



Occupancy By Type of Payer								
Skilled Nursing Facilities - Southeast Valley								
Medicare Patient Days								
City	2001	2002	2003	2004	2005	2006	2007	4 Year Average
Apache Junction	3,158	3,597	4,381	5,052	5,927	6,028	6,324	5,833
Chandler	9,290	13,364	13,321	17,828	21,794	12,471	21,903	18,499
Mesa	27,817	37,855	46,343	52,256	53,806	56,529	58,978	55,392
Tempe	1,307	2,054	1,992	3,186	3,662	2,042	5,644	3,634
<b>Total</b>	<b>41,572</b>	<b>56,870</b>	<b>66,037</b>	<b>78,322</b>	<b>85,189</b>	<b>77,070</b>	<b>92,849</b>	<b>83,358</b>
<b>% of Total Days Demanded</b>	<b>19.7%</b>	<b>15.6%</b>	<b>14.9%</b>	<b>15.1%</b>	<b>16.0%</b>	<b>16.0%</b>	<b>17.3%</b>	<b>16.1%</b>
Medicaid Patient Days								
City	2001	2002	2003	2004	2005	2006	2007	4 Year Average
Apache Junction	592	45,724	45,724	48,454	44,492	36,304	41,179	42,607
Chandler	14,622	14,936	14,983	40,640	38,886	31,945	34,692	36,541
Mesa	65,045	133,531	204,387	225,066	220,214	217,779	204,266	216,831
Tempe	-	-	-	28,362	29,601	-	26,825	21,197
<b>Total</b>	<b>80,259</b>	<b>194,191</b>	<b>285,094</b>	<b>342,522</b>	<b>333,193</b>	<b>286,028</b>	<b>306,962</b>	<b>317,176</b>
<b>% of Total Days Demanded</b>	<b>38.1%</b>	<b>53.1%</b>	<b>59.8%</b>	<b>66.1%</b>	<b>62.7%</b>	<b>59.3%</b>	<b>57.1%</b>	<b>61.3%</b>
Other Patient Days								
City	2001	2002	2003	2004	2005	2006	2007	4 Year Average
Apache Junction	1,711	9,409	9,409	7,157	8,258	7,781	9,454	8,163
Chandler	37,659	43,838	43,452	21,347	21,929	20,153	31,643	23,768
Mesa	47,600	60,164	57,630	59,349	73,887	89,492	88,746	77,869
Tempe	1,797	1,245	1,468	9,840	8,543	1,790	7,680	6,963
<b>Total</b>	<b>88,767</b>	<b>114,656</b>	<b>111,959</b>	<b>97,693</b>	<b>112,617</b>	<b>119,216</b>	<b>137,523</b>	<b>116,762</b>
<b>% of Total Days Demanded</b>	<b>42.1%</b>	<b>31.4%</b>	<b>25.3%</b>	<b>18.8%</b>	<b>21.2%</b>	<b>24.7%</b>	<b>25.6%</b>	<b>22.6%</b>

Source: Medicare Cost Reports (CMS-2540-96), Centers for Medicare and Medicaid Services

The Sante' Chandler TRC, according to the City of Chandler zoning request, will target Medicare patients. Therefore, this analysis is focused on the impact the proposed facility may have on Medicare patient days in existing SNFs. The methodology for estimating future demand is described below and shown on the following table.

1. Total patient days are forecasted based on the latest 2007 estimate increased by 1.2% annually. From 2004 through 2007, total patient days increased by 1.2% per year.
2. From 2004 through 2007, Medicare patients accounted for 16.1% of total patient days. This percentage is applied to the total forecasted patient days.
3. Bed days available to Medicare patients are estimated based on the overall occupancy rate for the Southeast Valley, in this case 79.1%. The total forecasted bed days available to Medicare patients are increased by the number of bed days associated with Sante' Chandler TRC. In 2010, this would be 142,500 bed days. The resulting occupancy rate would decline from 79.1% to 62.9%, then slowly increase as demand increases. The Sante' Chandler TRC would have a significant impact on the Southeast Valley SNF market for Medicare patients.



<b>Forecasted Medicare Patient Days</b>					
<b>Skilled Nursing Facilities - Southeast Valley</b>					
	2008	2009	2010	2011	2012
Forecasted Total Patient Days at 1.2% Annual Growth Rate	544,033	550,815	557,681	564,634	571,673
<b>Forecasted Medicare Patient Days (16.1% of Total Patient Days)</b>	<b>87,488</b>	<b>88,578</b>	<b>89,682</b>	<b>90,801</b>	<b>91,932</b>
Forecasted Available Medicare Bed Days at 79.1% Occupancy	110,559	111,938	113,333	114,746	116,177
Sante' Chandler TRC Bed Days	-	-	29,200	29,200	29,200
Forecasted Total Available Medicare Bed Days	110,559	111,938	142,533	143,946	145,377
<b>Forecasted Medicare Occupancy Rate</b>	<b>79.1%</b>	<b>79.1%</b>	<b>62.9%</b>	<b>63.1%</b>	<b>63.2%</b>

Sources: Medicare Cost Reports (CMS-2540-69), Centers for Medicare and Medicaid Services, Elliott D. Pollack & Co.

The primary issue related to Sante' Chandler TRC is its emphasis on targeting Medicare patients. Most nursing homes and skilled nursing facilities depend on Medicare patients as a solid source of revenue. However, as noted in prior sections, demand created by Medicare patients is modest and limited by restrictions on payments to providers. The 80 beds would have an impact on occupancy rates at existing facilities in the Southeast Valley.

### 3.2 Demand for SNFs in the City of Chandler

The demand for SNFs in Chandler follows a similar methodology as that for the Southeast Valley demand calculation. While the Chandler SNF market is operating at high occupancy levels, it is a small market comprised of just four properties and 426 beds. The proposed Sante' Chandler TRC represents a 19% increase in the SNF bed total. Moreover, if the Sante' Chandler TRC targets Medicare patients, its 29,200 bed days more than double the number of Medicare patient days currently served by the existing SNFs in the city.

Four SNFs in Chandler have been identified in Medicare Cost Reports. The data below summarizes patient demand in bed days occupied. The far right column of the table shows the four year average demand from 2004 through 2007. These years appear most representative of SNF patient activity. Overall, Medicare patients account for 23.5% of demand, Medicaid patients for 46.4% and other patients for 30.2%. Overall, the Chandler SNF market has operated at an average occupancy rate since 2001 of 93.1%, well above the typical occupancy rate for Arizona and Maricopa County of approximately 80%.

Medicare Cost Reports identify four SNFs in Chandler. However, data for only three of the facilities is available. The fourth facility, Archstone Care Center has 120 beds and was formerly known as Pecos Nursing and Rehab Center. The Chandler SNF market has 46 beds.



Occupancy By Type of Payer Skilled Nursing Facilities - Chandler								
SNF	Medicare Patient Days							4 Year Average
	2001	2002	2003	2004	2005	2006	2007	
Archstone Care Center/Pecos Nursing & Rehab Center	-	-	-	-	-	-	-	-
Chandler Health Care Center	3,224	5,620	4,866	6,522	8,011	8,804	7,681	7,755
Desert Cove Nursing Center	4,622	5,527	5,941	7,537	9,531	-	9,893	6,740
Park Regency Health Care Center	1,444	2,217	2,514	3,769	4,252	3,667	4,329	4,004
<b>Total</b>	<b>9,290</b>	<b>13,364</b>	<b>13,321</b>	<b>17,828</b>	<b>21,794</b>	<b>12,471</b>	<b>21,903</b>	<b>18,499</b>
<b>% of Total Days Demanded</b>	<b>15.1%</b>	<b>18.5%</b>	<b>18.6%</b>	<b>22.3%</b>	<b>26.4%</b>	<b>19.3%</b>	<b>24.8%</b>	<b>23.6%</b>
SNF	Medicaid Patient Days							4 Year Average
	2001	2002	2003	2004	2005	2006	2007	
Archstone Care Center/Pecos Nursing & Rehab Center	-	-	-	28,120	25,785	24,426	25,525	25,984
Chandler Health Care Center	-	-	-	496	2,061	-	3,441	1,999
Desert Cove Nursing Center	152	75	1,510	12,024	11,040	7,519	5,726	9,077
Park Regency Health Care Center	14,470	14,881	13,473	40,640	38,886	31,845	34,692	36,541
<b>Total</b>	<b>14,622</b>	<b>14,936</b>	<b>14,983</b>	<b>69,260</b>	<b>66,772</b>	<b>56,790</b>	<b>64,464</b>	<b>63,601</b>
<b>% of Total Days Demanded</b>	<b>23.7%</b>	<b>20.7%</b>	<b>20.9%</b>	<b>60.9%</b>	<b>47.1%</b>	<b>49.5%</b>	<b>39.3%</b>	<b>46.4%</b>
SNF	Other Patient Days							4 Year Average
	2001	2002	2003	2004	2005	2006	2007	
Archstone Care Center/Pecos Nursing & Rehab Center	-	-	-	8,106	7,188	8,677	8,435	8,102
Chandler Health Care Center	27,602	35,675	31,240	6,169	7,622	-	10,663	8,151
Desert Cove Nursing Center	3,817	3,093	6,283	7,072	7,119	11,478	12,545	9,553
Park Regency Health Care Center	6,240	5,070	5,929	21,347	21,929	20,153	31,643	23,768
<b>Total</b>	<b>37,659</b>	<b>43,838</b>	<b>43,452</b>	<b>66,874</b>	<b>67,858</b>	<b>60,303</b>	<b>82,681</b>	<b>69,582</b>
<b>% of Total Days Demanded</b>	<b>61.2%</b>	<b>60.8%</b>	<b>60.6%</b>	<b>26.7%</b>	<b>26.5%</b>	<b>31.2%</b>	<b>35.9%</b>	<b>30.2%</b>
SNF	Total Patient Days							4 Year Average
	2001	2002	2003	2004	2005	2006	2007	
Archstone Care Center/Pecos Nursing & Rehab Center	-	-	-	-	-	-	-	-
Chandler Health Care Center	30,826	41,295	36,106	42,748	40,884	41,907	41,641	41,620
Desert Cove Nursing Center	8,591	8,695	13,734	14,202	19,214	-	23,697	14,353
Park Regency Health Care Center	22,154	22,148	21,916	22,865	22,411	22,682	22,600	22,635
<b>Total</b>	<b>61,571</b>	<b>72,138</b>	<b>71,756</b>	<b>79,815</b>	<b>82,609</b>	<b>64,589</b>	<b>88,238</b>	<b>78,608</b>

Source: Medicare Cost Reports (CMS-2540-69), Centers for Medicare and Medicaid Services

Since Sante' Chandler TRC will target Medicare patients, this scenario is focused on the impact the proposed facility may have on Medicare patient days in existing SNFs. The methodology for estimating future demand is described below and shown on the following table.

1. Total patient days are forecasted based on the latest 2007 estimate increased by 3.4% annually. From 2004 through 2007, total patient days increased by 3.4% per year.
2. From 2004 through 2007, Medicare patients accounted for 23.5% of total patient days. This percentage is applied to the total forecasted Medicare patient days.
3. Bed days available to Medicare patients are estimated based on the overall occupancy rate for Chandler, in this case 93.1%. The total forecasted bed days available to Medicare patients are increased by the number of bed days associated with Sante' Chandler TRC. In 2010, total bed days would be 53,800 compared to 23,800 in 2009. The resulting occupancy rate would decline from 93.1% to 42.6%, then slowly increase as demand increases. Sante' Chandler TRC would have a significant impact on existing Chandler SNFs providing services for Medicare patients.



<b>Forecasted Medicare Patient Days Skilled Nursing Facilities - Chandler</b>					
	2008	2009	2010	2011	2012
Forecasted Total Patient Days at 3.4% Annual Growth Rate	91,239	94,342	97,550	100,867	104,298
<b>Forecasted Medicare Patient Days (23.5% of Total Patient Days)</b>	<b>21,417</b>	<b>22,145</b>	<b>22,898</b>	<b>23,677</b>	<b>24,482</b>
Forecasted Available Medicare Bed Days at 93.1% Occupancy	22,996	23,778	24,587	25,423	26,287
Sante' Chandler TRC Bed Days	-	-	29,200	29,200	29,200
Forecasted Total Available Medicare Bed Days	22,996	23,778	53,787	54,623	55,487
<b>Forecasted Medicare Occupancy Rate</b>	<b>93.1%</b>	<b>93.1%</b>	<b>42.6%</b>	<b>43.3%</b>	<b>44.1%</b>

Sources: Medicare Cost Reports (CMS-2540-69), Centers for Medicare and Medicaid Services, Elliott D. Pollack & Co.

### 3.3 Conclusions

As noted previously, Sante' Chandler TRC will target Medicare patients. Most nursing homes and skilled nursing facilities depend on Medicare patients as a solid source of revenue, even though these patients comprise a minority of patients and patient bed days occupied. From the data collected from hospital discharge reports, growth in the number of Medicare patients referred to skilled nursing facilities is very limited and in the last few years has been static. The 80 Sante' Chandler TRC beds represent a 19% increase in the SNF bed count in Chandler. Moreover, if those beds are targeted towards Medicare patients, they would significantly increase the available Medicare bed days in Chandler. This increase is estimated at 162%, more than doubling available Medicare beds from 23,800 to nearly 53,800. Sante' Chandler TRC would have a significant impact on occupancy rates at existing facilities in Chandler.



## **Appendix: Limiting Conditions of Analysis**

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This study prepared by Elliott D. Pollack & Company is subject to the following considerations and limiting conditions.

- It is our understanding that this study is for the client's due diligence and other planning purposes. Neither our report, nor its contents, nor any of our work were intended to be included and, therefore, may not be referred to or quoted in whole or in part, in any registration statement, prospectus, public filing, private offering memorandum, or loan agreement without our prior written approval.
- The reported recommendation(s) represent the considered judgment of Elliott D. Pollack and Company based on the facts, analyses and methodologies described in the report.
- Except as specifically stated to the contrary, this study will not give consideration to the following matters to the extent they exist: (i) matters of a legal nature, including issues of legal title and compliance with federal, state and local laws and ordinances; and (ii) environmental and engineering issues, and the costs associated with their correction. The user of this study will be responsible for making his/her own determination about the impact, if any, of these matters.
- This study is intended to be read and used as a whole and not in parts.
- This study has not evaluated the feasibility or marketability of the subject site for planned uses.
- Our analysis is based on currently available information and estimates and assumptions about long-term future development trends. Such estimates and assumptions are subject to uncertainty and variation. Accordingly, we do not represent them as results that will be achieved. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur; therefore, the actual results achieved may vary materially from the forecasted results. The assumptions disclosed in this market study are those that are believed to be significant to the projections of future results.



ARIZONA ACRES, LP

4300 Beam Road  
Zillah, WA 98953

Telephone (509)829-5960

Fax (509)829-3655

Mayor Boyd Dunn  
Office of the Mayor  
Mail Stop 603  
PO Box 4008  
Chandler, AZ 85244-4008

7-25-09

RE: Rezoning case number DVR09-0011- Sante Chandler

Dear Mayor Dunn and City Council,

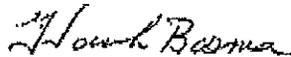
My name is Hank Bosma and I am the owner of Bosma Enterprises which is the General Partner of Arizona Acres LP, the owner of parcel 303-204-012C and 303-24-004A, which comprise approximately 23 acres adjacent to the entire eastern and southern boundaries of the site currently seeking rezoning for the development of a short-term rehabilitation facility.

I am writing this letter because I have some concerns. Our parcels, according to the San Tan Area Plan, are designated for high-intensity mixed use development. This project is a single story facility as opposed to a multi-story facility, and therefore lower intensity. How will this affect the development of the rest of the vacant area around it, especially when you already have multi-story buildings in the D.R. Horton project to the West. It is my belief that the San Tan Area Plan envisions multi-story buildings in this area with a possible "Overlay" of some medium-rise buildings. I want to be sure that this project follows the Area Plan in making this area a vibrant mix of uses.

I have expressed my concern to Jeff Kurz, as well as the owner of the project. I would like to receive a written assurance that this will not negatively affect the future development of the adjacent property.

Because I live in Washington I am unable to attend the hearing. However, I trust this letter will be included in the official file and taken into consideration by the Council.

Thank you for your consideration.



Hank Bosma  
For Arizona Acres, LP



**Mayor and Council** to: CityClerkDivision  
Sent by: **Susan Moore**

07/27/2009 04:43 PM

----- Forwarded by Susan Moore/COC on 07/27/2009 04:43 PM -----

From: "Mistico, Michelle" <mmistaco@avalonhci.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <Pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 02:30 PM  
Subject: Please deny Sante Chandler rezone request

Dear Mayor Boyd and Council Members,

I am writing to oppose the rezoning of the property located west of Dobson Road near the 202 freeway that is on your agenda for this Thursday (called Sante Chandler). I work in the area and it greatly concerns me that this project, which is only catering to the Medicare patients, will destroy the viability of the existing transitional rehabilitation facilities that cater to our City's less fortunate residents. What about our State's lower income residents who are on Medicaid? According to their application, these folks won't be welcomed at Sante. This does not seem like the message the City Council should be sending to the less fortunate members of the community.

Please vote to deny this zoning case and send a message to the developer that all of the communities' residents deserve to be treated equally and fairly.

Michelle Mistico

HR / Payroll Benefits Coordinator

Chandler Health Care Center #126

480-899-6717 ext. 3007

480-899-6364 fax



image001.jpg image002.gif

----- Forwarded by Susan Moore/COC on 07/27/2009 04:43 PM -----

From: "Gengler, Patricia" <pgengler@avalonhci.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>

Date: 07/27/2009 02:34 PM  
Subject: Vote NO

---

Dear Mayor Boyd and Council Members,

I just heard about the details of the zoning case DVR09-0011 which is set to go before you on Thursday, July 30, 2009.

I am a Chandler resident and an employee at a transitional rehab center in Chandler. I have great concerns about this proposal for many reasons. First of all, this proposal is adding 80 or so **MEDICARE ONLY** beds to a market that currently can handle it, therefore, this will flood the market. Secondly, it is Medicare Only--- NO Medicaid or Managed Care. Currently, the existing facilities are able to manage their Medicaid and Managed care patients because of the Medicare patients they have. If Medicare patients are taken away from the existing facilities because of this proposal, I fear they could close. This brings about my greatest fear---the **LOSS** of my job. Please don't let that happen. Please vote NO...

Thank you for your time and attention to this matter.

Patricia Gengler, BA  
Director of Social Services



**DVR09-0011: Sante Chandler**  
**Mayor and Council** to: CityClerkDivision

07/27/2009 02:27 PM

Sent by: **Susan Moore**  
Cc: Melanie Sala-Friedrichs, David Bigos

----- Forwarded by Susan Moore/COC on 07/27/2009 02:26 PM -----

From: "Ray, Mary Ann" <mray@avalonhci.com>  
To: <boyd.dunn@chandleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <Pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 01:18 PM  
Subject: Zoning of case DVR09-0011

Dear Mayor Boyd and members of the Chandler City Council,

I am asking you to deny the zoning request for case DVR09-0011. It is my understanding that they propose to build a skilled nursing facility to be known as Sante Chandler. While the concept of a new building caring for the skilled needs of our elderly Medicare population sounds great during this difficult economic period it will cause a negative impact on the companies currently providing care in the transitional rehabilitation industry (skilled nursing facilities) which are located within the City of Chandler. Not all of the population is eligible for Medicare and the State of Arizona through its Medicaid programs provides less reimbursement for care provided. By targeting the patient population receiving the higher reimbursement for services rendered the Sante Chandler facility would be decreasing the utilization of current facilities leading to decreased financial viability. This would lead to a loss of employment and decreased ability to provide care for all citizens regardless of financial or insurance capability.

As resident of Chandler and an employee of one of the current skilled nursing facilities in Chandler I request that you deny the application for zoning change or do so only with the understanding that they open a full service center providing care not only for the Medicare population but the long term Medicaid population as well.

Thank you for your assistance in this matter.

MaryAnn Ray, RN, BSN, MSA, RAC-CT  
855 N. Dobson, Apt.1017  
Chandler, AZ 85224

----- Forwarded by Susan Moore/COC on 07/27/2009 02:26 PM -----

From: Tracy Carrier <tracy@mlrehab.com>  
To: ""boyd.dunn@chandleraz.gov"" <boyd.dunn@chandleraz.gov>, ""bob.caccamo@chandleraz.gov"" <bob.caccamo@chandleraz.gov>, ""city.manager@chandleraz.gov"" <city.manager@chandleraz.gov>, ""pat.mcdermott@chandleraz.gov"" <pat.mcdermott@chandleraz.gov>, ""trinity.donovan@chandleraz.gov"" <trinity.donovan@chandleraz.gov>, ""rick.heumann@chandleraz.gov"" <rick.heumann@chandleraz.gov>, ""matt.orlando@chandleraz.gov"" <matt.orlando@chandleraz.gov>, ""jack.sellers@chandleraz.gov"" <jack.sellers@chandleraz.gov>, ""jeff.weninger@chandleraz.gov"" <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 01:44 PM  
Subject: Please deny case DVR09-0011

Dear Mayor Dunn and Chandler City Council Members,

I am writing to you in regard to the zoning of case DVR09-0011 (Santé Chandler). I am a Chandler resident and employed by a Skilled Nursing facility in Chandler.

Santé Chandler proposes to provide services to only those patients that have Medicare benefits. What about the less fortunate Medicaid patients that will be excluded?

The addition of 80 Medicare beds in Chandler will adversely impact the financial stability of the existing Chandler facilities that have been providing top quality transitional care to the residents of Chandler for many years. Our facilities treat the complicated medical needs of both the indigent patients on Medicaid as well as those with Medicare. Without a mix of Medicare patients our facilities will not be able to subsidize the high cost of providing care to the poorer residents of Chandler. Why should Santé be allowed to only admit the most profitable paying patients while discriminating against those without Federally Funded Insurance?

Although a brand new transitional facility may sound enticing, Santé Chandler discriminates against the poorest in our community and should not be allowed. Furthermore, 80 additional Medicare only beds will saturate the current market in the Chandler area threatening our jobs in an already challenging economy.

I am asking for your support in denying Santé Chandler's request for zoning.

Thank you for your service to our city and for your consideration in this important matter,

Tracy Carrier, MC, OTR/L  
Rehab Team Leader  
Chandler Healthcare Center  
480 899-6717 ext. 3027  
tracy@mlrehab.com

----- Forwarded by Susan Moore/COC on 07/27/2009 02:26 PM -----

From: "Court Rich" <CRich@roselawgroup.com>  
To: "boyd.dunn@chandleraz.gov" <'boyd.dunn@chandleraz.gov'>, "bob.caccamo@chandleraz.gov" <'bob.caccamo@chandleraz.gov'>, "city.manager@chandleraz.gov" <'city.manager@chandleraz.gov'>, "Pat.mcdermott@chandleraz.gov" <'Pat.mcdermott@chandleraz.gov'>, "trinity.donovan@chandleraz.gov" <'trinity.donovan@chandleraz.gov'>, "rick.heumann@chandleraz.gov" <'rick.heumann@chandleraz.gov'>, "matt.orlando@chandleraz.gov" <'matt.orlando@chandleraz.gov'>, "jack.sellers@chandleraz.gov" <'jack.sellers@chandleraz.gov'>, "jeff.weninger@chandleraz.gov" <'jeff.weninger@chandleraz.gov'>  
Cc: "Hopi Slaughter" <HSlaughter@roselawgroup.com>  
Date: 07/27/2009 01:57 PM  
Subject: DVR09-0011: Sante Chandler comment/opposition letter and market study

---

Mayor Dunn, Vice Mayor and members of the Council,  
Please find a comment letter in opposition to the Sante Chandler project attached. Please feel free to contact me directly with any questions.

-Court Rich

## Court S. Rich



6613 N. Scottsdale Road, Suite 200  
Scottsdale, Arizona 85250  
Direct: 480.505.3937  
Fax: 480.505.3925  
[www.roselawgroup.com](http://www.roselawgroup.com)

Winner, "Best Places to Work in Arizona"

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7-27-09 Ltr to Mayor Dunn.pdf

----- Forwarded by Susan Moore/COC on 07/27/2009 02:26 PM -----

From: Chandler Health Care Center <chandler@mlrehab.com>  
To: "boyd.dunn@chandleraz.gov" <boyd.dunn@chandleraz.gov>, "bob.caccamo@chandleraz.gov" <bob.caccamo@chandleraz.gov>, "city.manager@chandleraz.gov" <city.manager@chandleraz.gov>, "pat.mcdermott@chandleraz.gov" <pat.mcdermott@chandleraz.gov>, "trinity.donovan@chandleraz.gov" <trinity.donovan@chandleraz.gov>, "rick.heumann@chandleraz.gov" <rick.heumann@chandleraz.gov>, "matt.orlando@chandleraz.gov" <matt.orlando@chandleraz.gov>, "jack.sellers@chandleraz.gov" <jack.sellers@chandleraz.gov>, "jeff.weninger@chandleraz.gov" <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 02:00 PM  
Subject: Please deny case DVR09-0011

---

*Dear Mayor Dunn and Chandler City Council Members,*

*I am writing you to discuss my concern for the zoning of case DVR09-0011 (Sante Chandler). I am employed by a Skilled Nursing facility in Chandler that provides quality care to multiple individuals within the Chandler community. The company that I work for does not discriminate between Medicare and Medicaid patients. Sante wants to only provide treatment to Medicare patients because of the high dollar amount that the Federal Government reimburses for their treatment. If this is allowed to happen than it would seriously impact the transitional rehabilitation facilities in the area because they will lose the ability to subsidize the Medicaid patients. These patients are the less fortunate in our community and need skilled nursing and rehabilitation treatments as well. Why should only the highest paying insurances be accepted? We have a responsibility to ensure equal care for elderly and low income residents and allowing Sante to build and not follow these guidelines is essentially showing our community that we don't*

*care about the lower income residents.*

*I am asking that you deny Sante Chandler's request for zoning.*

*Thank you for your service to our city and for your time.*

***Jaime Skorick  
Rehab Office Manager  
Chandler Healthcare Center  
480-899-6717 ext. 3027***

----- Forwarded by Susan Moore/COC on 07/27/2009 02:26 PM -----

From: "Obregon, Cathy" <cobregon@avalonhci.com>  
To: <boyd.dunn@chanleraz.gov>, <bob.caccamo@chandleraz.gov>, <city.manager@chandleraz.gov>, <Pat.mcdermott@chandleraz.gov>, <trinity.donovan@chandleraz.gov>, <rick.heumann@chandleraz.gov>, <matt.orlando@chandleraz.gov>, <jack.sellers@chandleraz.gov>, <jeff.weninger@chandleraz.gov>  
Date: 07/27/2009 02:01 PM  
Subject:

---

Dear Mayor Boyd and Council Members,

I would like to make you aware of my opposition against zoning case DVR09-0011. I am a resident in Chandler Arizona and I am also a Registered Nurse who works in a Long Term Care/Rehab center. I know that this proposed new facility only plans to treat Medicare patients. Not all patients qualify for Medicare and what happens to the ones who don't? Our facility treats all patients regardless of their income. As you know Medicare pays the highest and this helps facilities treat those that can't afford rehab centers or long term care facilities. If this facility (Sante) is allowed to do this, many other facilities' are going to have difficulty functioning and helping those in need. They may even close. Please deny Sante's application and allow our facilities in Chandler to continue helping all patients in need.

Sincerely,  
Cathy Obregon RN

JUL 30 2009



**Chandler • Arizona**  
*Where Values Make The Difference*

**MEMORANDUM                      Planning and Development – CC Memo No. 09-079**

**DATE:**            JULY 15, 2009

**TO:**                MAYOR AND CITY COUNCIL

**THRU:**            W. MARK PENTZ, CITY MANAGER   
                          PATRICK MCDERMOTT, ASSISTANT CITY MANAGER   
                          JEFF KURTZ, ASSISTANT PLANNING & DEVELOPMENT DIRECTOR 

**FROM:**            KEVIN MAYO, ACTING PLANNING MANAGER 

**SUBJECT:**        DVR09-0011 SANTE CHANDLER  
                          Introduction and Tentative Adoption of Ordinance No. 4174

**Request:**            Rezoning from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses. In addition, request Preliminary Development Plan (PDP) approval on approximately 5-acres of the 9.7-acre site for the construction of a transitional rehabilitation center

**Location:**            Southeast corner of 94<sup>th</sup> and Fairview Streets (1/4-mile north and west of the northwest corner of Dobson and Pecos Roads)

**Project Info:**        Approximately 9.7-acre site, 5-acre Phase I, 50,681 square-foot building, 70 patient-rooms

**Applicant:**            Mike Perry  
                          Whitneybell Perry Inc.

**RECOMMENDATION**

Upon finding the request to be consistent with the General Plan and the Santan Area Plan, Planning Commission and Staff recommend approval subject to conditions.

**BACKGROUND**

The request is for rezoning from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses on

approximately 9.7-acres located at the southeast corner of 94<sup>th</sup> and Fairview Streets (1/4-mile north and west of the northwest corner of Dobson and Pecos Roads). In addition the request includes Preliminary Development Plan (PDP) approval on approximately 5-acres of the 9.7-acre site for the construction of a transitional rehabilitation center. The subject site falls within the Santan Area Plan bounded by Frye Road to the north, Dobson Road to the east, Pecos Road to the south and Ellis Street to the west. The Santan Area Plan identifies the subject site as Multi-Use intended for medically related office, assisted living and nursing uses. The request is consistent with the Area Plan.

The subject 9.7-acre site is located at the immediate southeast corner of 94<sup>th</sup> and Fairview Streets with the Stonegate Village apartments located north of Fairview Street. The residential condominium development Via De Cielo is located west of 94<sup>th</sup> Street. The subject site is bordered to the south and east by vacant properties zoned AG-1, planned for additional medical/general office and commercial uses as part of the Santan Area Plan.

The requested PDP approval applies to the southern approximate 5-acres of the 9.7-acre site. The remaining land is proposed for conceptual zoning only. Any future development will require a separate Preliminary Development Plan approval. The proposed PDP includes an approximate 50,681 square-foot single story Transitional Rehabilitation Center (TRC) featuring 70 patient rooms with the ability to accommodate an additional 10 patients. The TRC will specialize in providing short-term intensive rehabilitation services to patients immediately following a hospital discharge. Average patient stays are 20-25 days. Building amenities will include full service physical, occupational and speech therapy, rehabilitation gym, private/massage/acupuncture/treatments and skilled nursing for the patients' rehabilitation needs. Other patient amenities include a healing garden as well as two internal landscaped courts with shade structures.

The building is located within a landscaped setting along 94<sup>th</sup> Street. Vehicular access is provided by three driveway locations along 94<sup>th</sup> Street, as well as a future vehicular connection cross-access point to the remaining vacant parcel. Textured paving is utilized at the three driveway locations as well as within the porte cochere. The site design acknowledges the adjacent residential homes to the west by locating the loading/delivery area internal to the site along the building's southern side. The trashcan locations have also been internalized providing further mitigation.

The site provides 103 parking stalls. Based upon parking data for similar facilities in the valley, Staff is comfortable that the provided parking will adequately serve the development's needs. In the event additional parking is needed, or in the event of a building re-use, additional parking spaces can be created within certain landscaped areas.

Architecturally, the building provides for a vibrant modern design. Rather than cover the building in multiple materials, the architect elected to use building form to convey a dynamic contemporary image. The building's multi-wing floor plan naturally breaks up the building massing while providing large landscaped areas adjacent to the building's foundation. The building material is predominantly a smooth stucco finish with decorative score lines and control

joints. Accent horizontally scored masonry walls, composite material panel systems, and selectively located 4-inch deep architectural recesses provide visual interest. Color is used to differentiate the various uses of the building. A warm off white is used for the common areas. The patient wings are identified by a tint of white with a deep rust color highlighting the entrances. A vibrant yellow ochre provides a dramatic statement upon the porte cochere's curved sweeping wall.

The project signage consists of a single sign wall located along the 94<sup>th</sup> Street frontage. The horizontally scored curved sweeping walls relate back to the building architecture. Individually mounted raised metal lettering is placed upon a tile background. These letters could be indirectly illuminated.

The TRC will develop as a single phase. All offsite improvements for the entire 9.7-acre site will be constructed as part of Phase I. The applicant has indicated the intention to file for building permits immediately following Council approval.

### **DISCUSSION**

Staff supports the proposed rezoning finding it to represent a quality medical development addition to the surrounding hospital area. The use is consistent with the governing Santan Area Plan and the site design remains sensitive to the nearby residential condominiums while providing access to the future parcel to the north. The building's floor plan and architectural style is consistent with not only the contemporary residential condominiums, but with the other recently constructed medically related developments surrounding the hospital.

### **PUBLIC / NEIGHBORHOOD NOTIFICATION**

- This request was noticed according to the provisions of the City of Chandler Zoning Code.
- A neighborhood meeting was held on April 7, 2009 at the Villa Pallavicini Apartment Clubhouse. One neighboring resident attended the meeting along with 7 people representing the healthcare community. The neighboring resident asked questions regarding the location of trashcans, potential for construction debris, and the potential for insect migration. The neighboring resident did not express opposition to the project. The persons representing the healthcare community expressed opposition to the request citing the project would add too many beds to the area, and that the site is zoned for agricultural uses and not commercial. A follow up neighborhood meeting was held on May 14, 2009 with the persons representing the healthcare community. This meeting was held to address the over-saturation concerns raised at the first meeting. The applicant had conducted a market study and presented those conclusions at this meeting.

At the time of this writing, Staff has received numerous phone calls from neighboring residents (Via De Cielo) as well as nearby healthcare facilities. Opposition has been conveyed mostly on a 'competition' basis. Staff has affirmed that the proposed use is consistent with the underlying Area Plan.

**PLANNING COMMISSION VOTE REPORT**

Motion to approve:

In Favor: 7    Opposed: 0

**RECOMMENDED ACTION**

Upon finding the request to be consistent with the General Plan and the Santan Area Plan, Planning Commission and Staff recommend approval of the rezoning from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses with Preliminary Development Plan (PDP) approval for the construction of a transitional rehabilitation center, subject to the following conditions:

1. Development shall be in substantial conformance with Exhibit A, Development Booklet, entitled "SANTE CHANDLER " kept on file in the City of Chandler Current Planning Division, in file number DVR09-0011, except as modified by condition herein.
2. Right-of-way dedications to achieve full half-widths, including turn lanes and deceleration lanes, per the standards of the Chandler Transportation Plan.
3. The landscaping in all open spaces and rights-of-way shall be maintained by the adjacent property owner or property owners association.
4. Approval by the Director of Planning and Development of plans for landscaping (open spaces and rights-of-way) and perimeter walls.
5. Sign packages, including free-standing signs as well as wall-mounted signs, shall be designed in coordination with landscape plans, planting materials, storm water retention requirements, and utility pedestals, so as not to create problems with sign visibility or prompt the removal of required landscape materials.
6. Construction shall commence above foundation walls within three (3) years of the effective date of the ordinance granting this rezoning or the City shall schedule a public hearing to take administrative action to extend, remove or determine compliance with the schedule for development or take legislative action to cause the property to revert to its former zoning classification.
7. Completion of the construction, where applicable, of all required off-site street improvements including but not limited to paving, landscaping, curb, gutter and sidewalks, median improvements and street lighting to achieve conformance with City codes, standard details, and design manuals.
8. Undergrounding of all overhead electric (less than 69kv), communication, and television lines and any open irrigation ditches or canals located on the site or within adjacent right-of-ways and/or easements. Any 69kv or larger electric lines that must stay overhead shall be located in accordance with the City's adopted design and engineering standards. The

aboveground utility poles, boxes, cabinets, or similar appurtenances shall be located outside of the ultimate right-of-way and within a specific utility easement.

9. The project landscaping shall comply with the Commercial Design Standards.
10. The landscaping shall be maintained at a level consistent with or better than at the time of planting.
11. The parking shade canopies shall utilize elements and material found upon the building.
12. The site shall be maintained in a clean and orderly manner.
13. All off-site improvements along 94<sup>th</sup> and Fairview Streets shall be installed as part of Phase I.
14. The applicant shall work with Staff to provide window shade detailing along the south, east and west building elevations. Details to be worked out with Staff.
15. The applicant shall work with Staff to adjust the tree planting locations along the south facades to provide additional building shading.

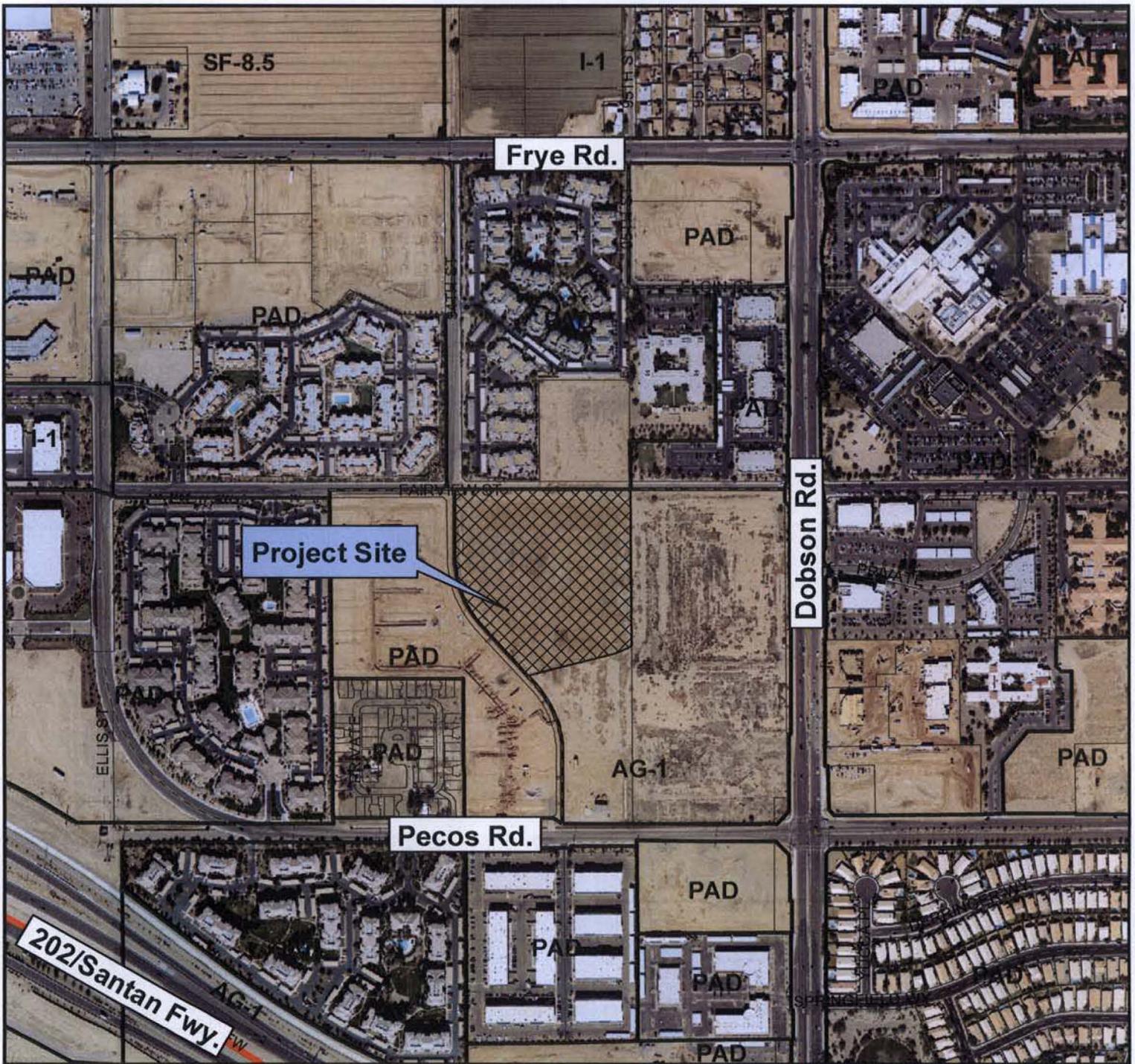
**PROPOSED MOTION**

Move to introduce and tentatively adopt Ordinance No. 4174 approving DVR09-0011 SANTE CHANDLER rezoning from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses with Preliminary Development Plan (PDP) approval for the construction of a transitional rehabilitation center, as recommended by Planning Commission and Staff.

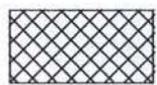
**Attachments**

1. Vicinity Map
2. Ordinance No. 4174
3. Site Plan
4. Landscape Plan
5. Building Elevations
6. Project Details
7. Development Booklet, Exhibit 'A'





**Vicinity Map**



**DVR09-0011**

**Santé Chandler**



**ORDINANCE NO. 4174**

AN ORDINANCE OF THE CITY OF CHANDLER, ARIZONA, AMENDING THE ZONING CODE AND MAP ATTACHED THERETO, BY REZONING A PARCEL FROM AGRICULTURAL DISTRICT (AG-1) TO PLANNED AREA DEVELOPMENT (PAD) MULTI-USE FOR ASSISTED LIVING, NURSING, AND GENERAL/MEDICAL OFFICE USES (DVR09-0011 SANTE CHANDLER) LOCATED WITHIN THE CORPORATE LIMITS OF THE CITY OF CHANDLER, ARIZONA.

WHEREAS, application for rezoning involving certain property within the corporate limits of Chandler, Arizona, has been filed in accordance with Article XXVI of the Chandler Zoning Code; and

WHEREAS, the application has been published in a local newspaper with general circulation in the City of Chandler, giving fifteen (15) days notice of time, place and date of public hearing; and

WHEREAS, a notice of such hearing was posted on the property at least seven (7) days prior to said public hearing; and

WHEREAS, a public hearing was held by the Planning and Zoning Commission as required by the Zoning Code

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

**SECTION I. Legal Description of Property:**

See Attachment 'A'

Said parcel is hereby rezoned from Agricultural District (AG-1) to Planned Area Development (PAD) Multi-Use for Assisted Living, Nursing, and General/Medical Office uses, subject to the following conditions:

1. Development shall be in substantial conformance with Exhibit A, Development Booklet, entitled "SANTE CHANDLER " kept on file in the City of Chandler Current Planning Division, in file number DVR09-0011, except as modified by condition herein.

2. Right-of-way dedications to achieve full half-widths, including turn lanes and deceleration lanes, per the standards of the Chandler Transportation Plan.
3. The landscaping in all open spaces and rights-of-way shall be maintained by the adjacent property owner or property owners association.
4. Approval by the Director of Planning and Development of plans for landscaping (open spaces and rights-of-way) and perimeter walls.
5. Sign packages, including free-standing signs as well as wall-mounted signs, shall be designed in coordination with landscape plans, planting materials, storm water retention requirements, and utility pedestals, so as not to create problems with sign visibility or prompt the removal of required landscape materials.
6. Construction shall commence above foundation walls within three (3) years of the effective date of the ordinance granting this rezoning or the City shall schedule a public hearing to take administrative action to extend, remove or determine compliance with the schedule for development or take legislative action to cause the property to revert to its former zoning classification.
7. Completion of the construction, where applicable, of all required off-site street improvements including but not limited to paving, landscaping, curb, gutter and sidewalks, median improvements and street lighting to achieve conformance with City codes, standard details, and design manuals.
8. Undergrounding of all overhead electric (less than 69kv), communication, and television lines and any open irrigation ditches or canals located on the site or within adjacent right-of-ways and/or easements. Any 69kv or larger electric lines that must stay overhead shall be located in accordance with the City's adopted design and engineering standards. The aboveground utility poles, boxes, cabinets, or similar appurtenances shall be located outside of the ultimate right-of-way and within a specific utility easement.
9. The project landscaping shall comply with the Commercial Design Standards.
10. The landscaping shall be maintained at a level consistent with or better than at the time of planting.
11. The parking shade canopies shall utilize elements and material found upon the building.
12. The site shall be maintained in a clean and orderly manner.



**CERTIFICATION**

I, HEREBY CERTIFY, that the above and foregoing Ordinance No. 4174 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_\_ day of \_\_\_\_\_, 2009, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY

PUBLISHED:

**ORDINANCE NO. 4174**

Attachment 'A'

**SANTÉ CHANDLER  
TRANSITIONAL REHABILITATION CENTER**

**Legal Description:**

The part of the Southeast quarter of Section 31, Township 1 South, Range 5 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows;

COMMENCING at the Southeast corner of said Section 31, being marked by a brass cap in hand hole;

THENCE North 89 degrees 35 minutes 15 second West (basis of bearings) along the Southerly line of the Southeast quarter of said Section 31, a distance of 942.26 feet to a point from which the South quarter corner of said Section 31, being marked by a 2" aluminum cap, LS 21782, bears North 89 degrees 35 minutes 15 seconds West, 1769.07 feet distant therefrom;

THENCE Northwesterly along the arc of said curve, through a central angle of 42 degrees 41 minutes 42 seconds, a distance of 298.07 feet;

THENCE North 42 degrees 16 minutes 57 seconds West, a distance of 43.05 feet to the TRUE POINT OF BEGINNING;

THENCE continuing North 42 degrees 16 minutes 57 seconds West, a distance of 264.72 feet to the beginning of a curve to the right, concave Northeasterly, having a radius of 400.00 feet;

THENCE Northerly along the arc of said curve, through a central angle of 42 degrees 18 minutes 07 seconds, a distance of 295.32 feet to a point on the Westerly line of the Southeast quarter of the Southeast quarter of said Section 31 and from which point, the Southwest corner of the said Southeast quarter of the Southeast quarter of Section 31, bears South 00 degrees 01 minutes 10 seconds West, 1065.94 feet distant therefrom;

THENCE North 00 degrees 01 minutes 10 seconds East, a distance of 260.00 feet to the Northwest corner of the said Southeast quarter of the Southeast quarter of Section 31;

THENCE South 89 degrees 43 minutes 22 seconds East, along the Northerly line of the said Southeast quarter of the Southeast quarter of Section 31, a distance of 677.66 feet to the

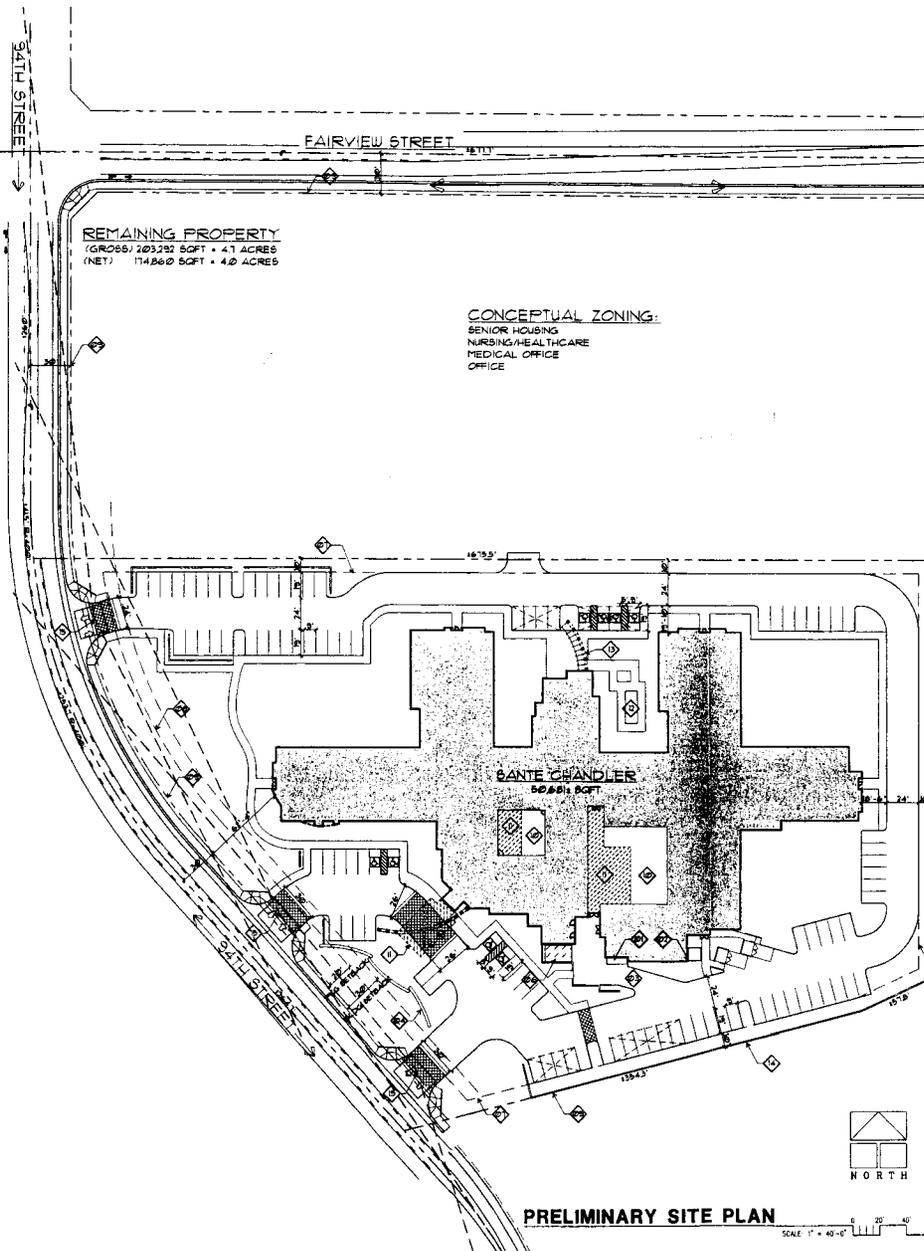
Northeast corner of the West half of the Southeast quarter of the Southeast quarter of said Section 31;

THENCE South 00 degrees 00 minutes 43 seconds West, along the Easterly line of the said West half of the Southeast quarter of the Southeast quarter of Section 31, a distance of 608.51 feet;

THENCE South 65 degrees 24 minutes 45 seconds West, a distance of 57.84 feet;

THENCE South 75 degrees 24 minutes 45 seconds West, a distance of 354.27 feet to the TRUE POINT OF BEGINNING.





**ROOF ACCESS LADDERS AND ROOF DRAINAGE:**  
 ANY ROOF ACCESS LADDERS SHALL BE LOCATED INSIDE THE BUILDING. ROOF DRAINAGE SHALL BE EITHER INTERIOR ROOF DRAINS OR BE ARCHITECTURALLY INTEGRATED INTO THE BUILDING DESIGN. ARCHITECTURALLY INTEGRATED ROOF DRAINS SHALL REQUIRE ADDITIONAL ARTICULATION BEYOND PLANT ACCENTS. SECTION 35-186 (8)(E) & ZONING CODE.

**SERVICE ENTRANCE SECTION SCREENING:**  
 SCREENING SHALL BE ARCHITECTURALLY INTEGRATED FOR THE SERVICE ENTRANCE SECTION (SEEN) AND ALL UTILITIES. ALL GROUND MOUNTED EQUIPMENT SHALL BE SCREENED FROM PUBLIC VIEW BY A CONCRETE OR MASONRY WALL OR LANDSCAPING EQUAL TO OR GREATER IN HEIGHT OF THE MECHANICAL EQUIPMENT. SECTION 35-186 (8)(E) & ZONING CODE.

**MECHANICAL EQUIPMENT:**  
 ALL ROOF MOUNTED MECHANICAL EQUIPMENT SHALL BE FULLY SCREENED BY PARAPET WALLS EQUAL TO OR GREATER THAN THE HIGHEST POINT ON THE MECHANICAL EQUIPMENT. ALL GROUND MOUNTED MECHANICAL EQUIPMENT SHALL BE SCREENED BY SOLID MASONRY WALLS AND GATES EQUAL TO OR GREATER THAN THE HIGHEST POINT ON THE MECHANICAL EQUIPMENT.

**LANDSCAPE NOTE:**  
 ALL EXTERNAL LIGHTING SHALL BE LOCATED AND DESIGNED TO PREVENT RAYS FROM BEING DIRECTED OFF OF THE PROPERTY UPON WHICH THE LIGHTING IS LOCATED.

**STREET FRONTAGE AREAS THAT BE GRADED TO NATURAL AND PLANNED GRADE FORMS:**  
 A PORTION OF 50% OF STREET FRONTAGE LANDSCAPE AREA MAY BE USED FOR STONY WATER RETENTION (EXCLUDING RIGHT-OF-WAY). SOIL EXCAVATED FOR RETENTION BASINS MUST BE USED TO CREATE COPPER MENTARY EARTH TONDS. RESULT OF EARTH EXIST SHALL BE PREASURED FROM ADJACENT STREET CURB ELEVATION.

**EARTH TONDS:**  
 NATURAL AND PLEASING IN SIZE AND SHAPE WITH A MAXIMUM SLOPE OF 4:1 SHALL BE LOCATED AND DESIGNED TO MINIMIZE STREET VIEWS INTO RETENTION BASINS. FUTURE BUILD-OUT OF STREET IMPROVEMENTS MUST BE CONSIDERED IN BERRY DESIGN SO THAT IMPROVEMENTS DO NOT RESULT IN REMOVAL OF REQUIRED BERRY.

**STONY WATER RETENTION IS PROHIBITED AGAINST**  
 RETAINING WALLS ADJACENT TO A STREET RIGHT-OF-WAY. RETENTION BASINS SHALL BE DESIGNED TO APPEAR NATURAL AND PLEASING AVOIDING RECTANGULAR SHAPES OR STRAIGHT SIDE SLOPES. SEE SECTION 35-186 (8)(F) & ZONING CODE.

- KEYNOTES:**
- ◆ SEE LOCATION
  - ◆ GENERATOR WITH ENCLOSURE
  - ◆ LOADING AREA
  - ◆ PROPERTY SIGN
  - ◆ 8' SOLID WALL ALONG PROPERTY LINE PER ZONING ORDINANCE
  - ◆ COVERED EMPLOYEE PATH
  - ◆ 40' SETBACK LINE
  - ◆ 30' FRONT SETBACK LINE
  - ◆ 30' ROW DEDICATION
  - ◆ INTERNAL LANDSCAPED COURT
  - ◆ COVERED EXTERIOR SPACE
  - ◆ HEALING GARDEN
  - ◆ ARCHITECTURAL ENTRY FEATURE
  - ◆ FUTURE WALL AS REQUIRED BASED ON ZONING ORDINANCE
  - ◆ ASMT VISIBILITY VIEW

- DRAWING LEGEND:**
- EXISTING HYDRANT
  - EXISTING LIGHT
  - NEW LIGHT
  - EXISTING BICYCLE LANE
  - ◆ ACCESSIBLE PARKING SPACE PER ADAAG SECTION 403 AND CHANDLER CODE OF ORDINANCES ARTICLE XVII SECT 35-186D-FIVE-35-186G
  - ◆ DETECTABLE WARNING PER ADAAG SECTION 403

**SITE DATA:**

AREA (GROSS): 2,023,292 SQFT (46.4 ACRES)  
 (NET): 174,860 SQFT (4.1 ACRES)

ZONING (CURRENT): AQ  
 (PROPOSED): PAD

PARKING: 403 PARKING SPACES TOTAL (35 ACCESSIBLE SPACES)

LOT COVERAGE: 31% OF THE NET AREA OR 50,236 SQFT TOTAL COVERED SPACE

**GENERAL NOTES:**

ALL SIGNS REQUIRE SEPARATE PERMIT.

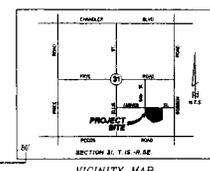
ALL EXTERNAL LIGHTING SHALL BE LOCATED AND DESIGNED TO PREVENT RAYS FROM BEING DIRECTED OFF OF THE PROPERTY UPON WHICH THE LIGHTING IS LOCATED.

ALL ROOF MOUNTED MECHANICAL EQUIPMENT SHALL BE FULLY SCREENED BY PARAPET WALLS EQUAL TO OR GREATER THAN THE HIGHEST POINT ON THE MECHANICAL EQUIPMENT.

ALL SITE IMPROVEMENTS INCLUDING LANDSCAPE AND SITE CLEANUP MUST BE COMPLETED PRIOR TO CERTIFICATE OF OCCUPANCY FOR ANY BUILDING WITHIN A PHASE.

SOLID MASONRY WALLS AND GATES EQUAL TO OR GREATER THAN THE HIGHEST POINT ON THE MECHANICAL EQUIPMENT SHALL SCREEN ALL GROUND MOUNTED MECHANICAL EQUIPMENT.

ALL TRANSFORMER BOXES, METER PANELS AND ELECTRIC EQUIPMENT, BACKFLOW DEVICES AND ANY OTHER UTILITY EQUIPMENT NOT ABLE TO BE SCREENED BY LANDSCAPING OR WALLS SHALL BE PAINTED TO MATCH THE BUILDING COLOR.



PRELIMINARY SITE PLAN

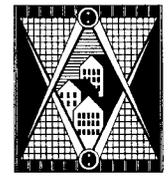
SCALE: 1" = 40'-0"

VICINITY MAP

**SANTE  
CHANDLER**

**PRELIMINARY  
NOT FOR  
CONSTRUCTION**  
 Expires 12/31/2009

**WHITNEYBELL PERRY INC.**  
 1102 East Missouri Avenue  
 Phoenix, Arizona 85014-2784  
 575 W Chandler, Suite 123  
 Chandler, Arizona 85224-7532  
 (602)265-1891



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**PRELIMINARY  
SITE PLAN**



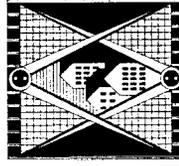
**SANTÉ  
CHANDLER**



**SANTÉ**  
CHANDLER, LLC

**PRELIMINARY  
NOT FOR  
CONSTRUCTION**  
EXHIBIT 12/17/2009

**WHITNEYBELL PERRY INC.**  
1102 East Missouri Avenue  
Phoenix, Arizona 85014-7281  
575 W Chandler, Suite 123  
Chandler, Arizona 85224-7532  
(602)785-1891



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RENDERING  
EYE VIEW

**SANTE  
CHANDLER**

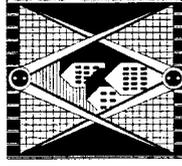


**SANTÉ  
CHANDLER, LLC**

**PRELIMINARY  
NOT FOR  
CONSTRUCTION**

Version: 10/27/2009

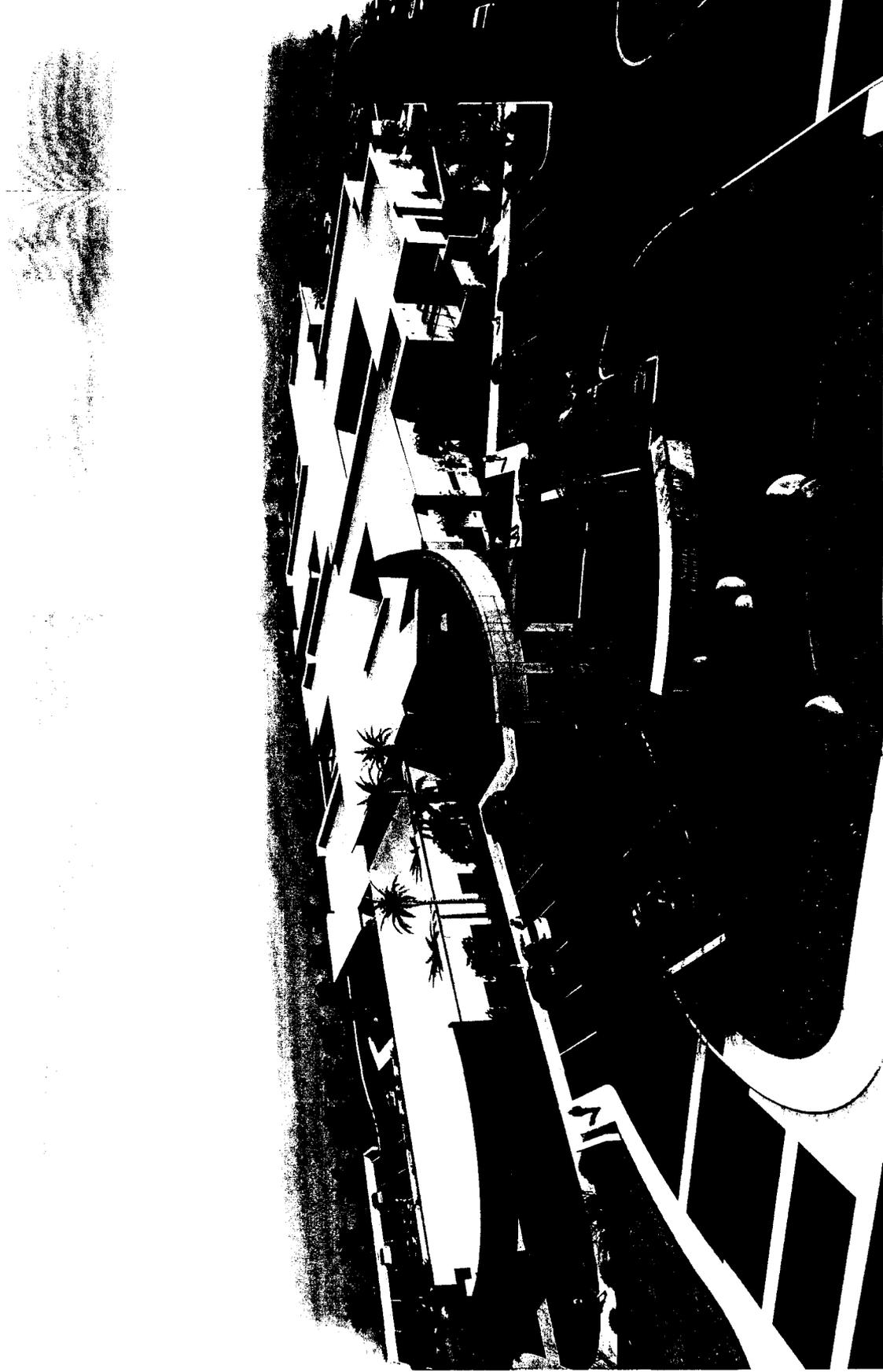
**WHITNEYBELL PERRY INC.**  
1107 East Missouri Avenue  
P.O. Box 1000  
P.O. Box 1000, Suite 123  
Orange, NJ 07066-1000  
(908) 265-1881



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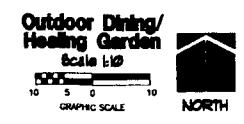
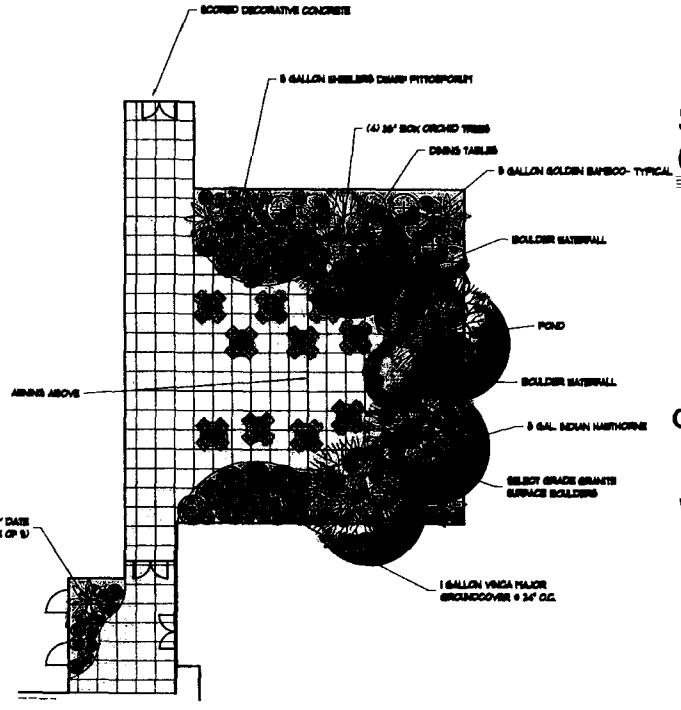
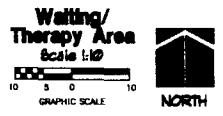
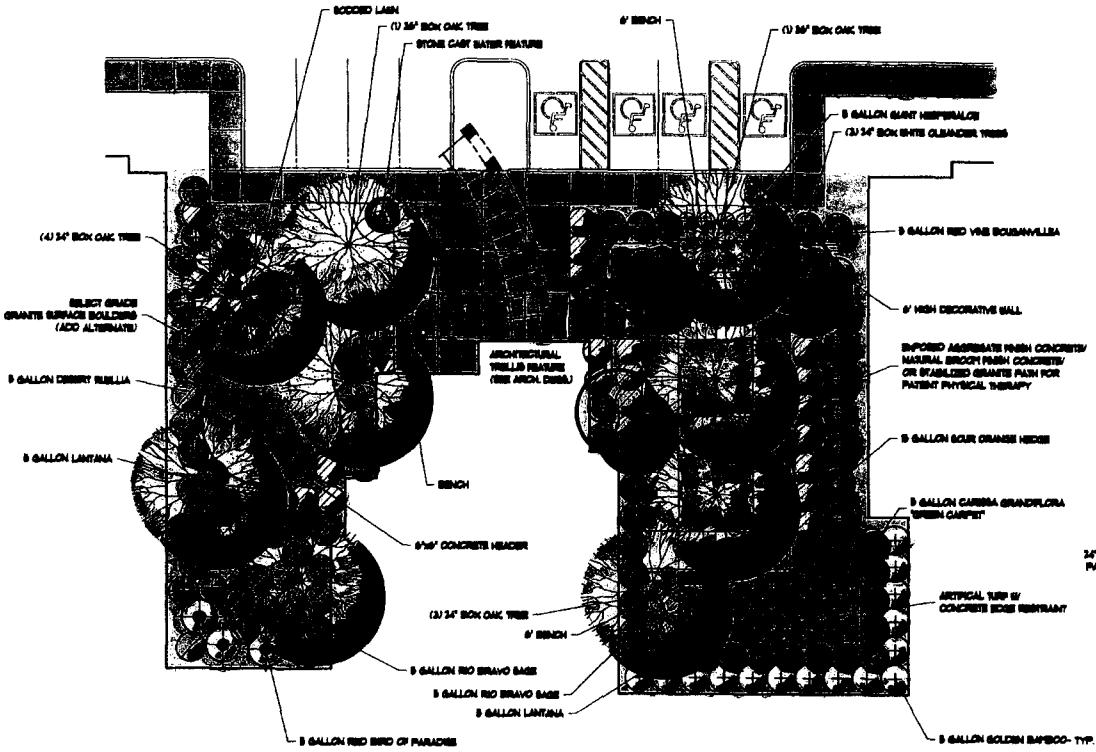
**RENDERING  
BIRD'S EYE VIEW**



phillip r. ryan  
landscape architect p.c.  
575 w. chandler Blvd., suite 225  
chandler, arizona 85225  
(480) 855-8811 fax (480) 855-3874

Contractor must verify all dimensions of project before proceeding with the work.  
It is not necessary to show structural and architectural unless the engineer allows portions of the project. The engineer and architect are responsible for the accuracy of all dimensions and specifications of the project. It is the responsibility of the contractor to verify all dimensions and specifications of the project. It is the responsibility of the contractor to verify all dimensions and specifications of the project. It is the responsibility of the contractor to verify all dimensions and specifications of the project.

NOTES:  
1. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING ALL DIMENSIONS OF THE PROJECT.  
2. THE CONTRACTOR SHALL BE RESPONSIBLE FOR VERIFYING ALL DIMENSIONS OF THE PROJECT.  
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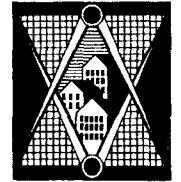


**SANTÉ  
CHANDLER**



**SANTÉ**  
CHANDLER, LLC  
PRELIMINARY  
NOT FOR  
CONSTRUCTION

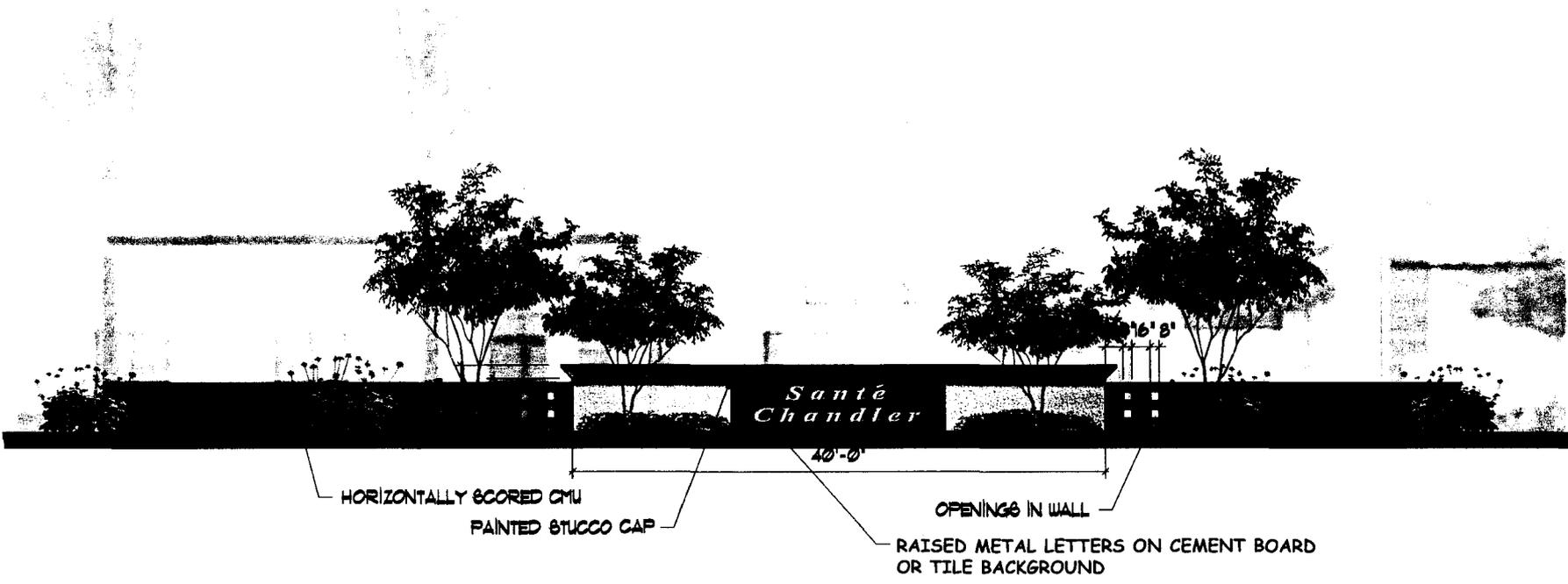
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Chandler, Arizona 85224-7532  
(602) 265-1891



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**L-2**  
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30 Oct 2008  
PRELIMINARY  
LANDSCAPE PLAN



**SIGN WALL ELEVATION**

SCALE: 1/8" = 1'-0"

**SANTÉ  
CHANDLER**



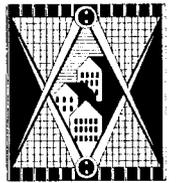
**SANTÉ  
CHANDLER, LLC**

**PRELIMINARY  
NOT FOR  
CONSTRUCTION**

EXCEL 12/31/2009

**WHITNEYBELL PERRY INC.**

1102 East Missouri Avenue  
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17 FEB 09

**PRELIMINARY  
SIGN WALL ELEVATION**