

# HEALTH CARE PROPERTIES

## Quarterly



## Undercover architect

For 24 hours, Gary Prager became a wheelchair-bound resident of a local senior living facility – a project he had designed five years prior.

## Lessons learned from a day in the life at a senior living community

**H**ow can we better understand the needs of those living and working in senior living communities to improve their overall experience?

That was the challenge I undertook recently in a career-changing mission. It began with a unique opportunity to transition into a different individual, with a new identity, to see the world through a unique lens.

For 24 hours, I became a wheelchair-bound individual with the following health conditions: mild dementia, chronic obstructive pulmonary disease and a fractured hip, and I was to become a resident at a



**Gary Prager,**  
AIA, NCARB,  
LEED AP, CDT  
Principal, Hord  
Coplan Macht,  
Denver

local senior living facility – a project I had designed five years prior.

My undercover experience provided a glimpse into “a day in the life” as I was admitted as a resident into the skilled nursing community. I was able to witness firsthand if the community design was as functional in real life as it has

been designed on paper and, more importantly, to experience how the

design impacted the residents, staff and visitors on a daily basis.

The purpose for my investigation was four-fold:

- 1) To realize how the design of a community affects the emotional experience of residents and their ability to traverse the community.
- 2) To understand the difference in how building codes and accessibility requirements impact daily living for not only able-bodied residents but also those wheelchair bound.
- 3) To understand the engagement aspect for residents at the community for activities and spontaneous socialization.
- 4) To discover if the design fulfilled the specific needs of the medical

and administrative staff. Did the community make their work easier or more difficult, and how?

### A day in the life

During my drive from Denver to the community, my mind was filled with nervous anticipation, as I didn't know what to expect for the next 24 hours. My mind also raced with emotion imagining how a genuine resident might feel in this moment about the enormous change at hand.

I arrived at the community with a co-worker who would document my experiences but from a different perspective – as an “able” participant.

*Please see 'Undercover,' Page 18*

## INSIDE

PAGE 4



### Activity

Colorado's health care market is bursting with activity

PAGE 10



### Role playing

The role of facilities management in the success of health care campuses

PAGE 12



### Light it up

The advantages of changing to LED lights in health care facilities

## CONTENTS

<i>Health care news</i> Jennifer Hayes	4
<i>It's not just an office building with doctors</i> Stuart Thomas	8
<i>Medical office buildings: Is it time to sell or buy?</i> Naum Nasif	9
<i>The heart of the campus: Facilities management</i> Chad Cleveland	10
<i>C-PACE provides new option to fund upgrades</i> Brandon Bergholz	11
<i>How many admins. does it take to change a bulb?</i> Trey Littell	12
<i>The synergy of medical RE and senior housing</i> Cheryle Powell	13
<i>Senior housing and care construction starts, openings and sales</i> The Highland Group	14
<i>An ever-changing regulatory environment</i> Darrin Jensen, Jami Mohlenkamp	16

## Letter from the Editor

# The push for progress

**W**hen I first met Gary Prager, he had recently joined Hord Coplan Macht. We discussed his past, his present and an idea he had – living in a senior facility he designed.

Immediately I knew it was a story I wanted him to share.



And it is a story that speaks to the impact individuals in Colorado's commercial real estate sector have every hour of every day on people receiving care at health care facilities across the state.

From an architect spending 24 hours in a facility as a wheelchair-bound resident to leasing experts to construction professionals, the goal they share is the same – to improve the experience of people within the offices, buildings and campuses they have been a part of creating.

This issue of Health Care Properties Quarterly not only shares the lessons Gary learned from his hands-on experience, but also other lessons from professionals in the industry and how through their expertise they are working to make a positive impact on health care and senior facilities.

Stuart Thomas explores the idea that medical office buildings are more than just office buildings populated with doctors and leasing and

managing such projects isn't for the faint of heart.

Naum Nasif debates whether it's time to buy or sell medical office buildings in Colorado. Spoiler alert, it's time to break out the checkbook.

Chad Cleveland looks at what makes the heart of medical campuses tick – facilities management.

Brandon Bergholz and Trey Littell write about the ways that sustainable programs and products are bringing positive changes to owners and users of health care facilities alike.

Cheryle Powell discusses the synergy between medical office real estate and senior housing, and how the intersection of the two will impact health care in the future.

Additionally, Darrin Jensen and Jami Mohlenkamp examine the ever-changing regulatory environment in Colorado and how it pertains to senior housing and memory care facilities.

Overall, it is an issue that speaks to the continued change and constant push for improvement in the industry.

It's exciting to see where we will go next!

If you would like to participate in a future issue or have news to share, please feel free to contact me.

**Jennifer Hayes**

[jhayes@crej.com](mailto:jhayes@crej.com)

303-623-1148, Ext. 106



## WE TREAT HEALTHCARE CONSTRUCTION THE WAY YOU TREAT PATIENTS: WITH CARE AND EFFICIENCY.



We're excited to showcase Catamount's recently completed Remodel/Expansion project at the Center for Cosmetic Surgery located in Golden, Colorado. The project included a 3,361 SF expansion area inside the existing shell, the incorporation of a new stairway and new framing system, in addition to a remodel within the existing suite to expand the surgery area. Catamount completed the remodel of the facility while the current facility remained fully functional throughout the initial phase.

Our healthcare team has extensive expertise with the complex requirements of healthcare construction, including installation of sophisticated equipment and detailed knowledge of health codes, safety and ADA compliance.

Whether your project is a medical office or an advanced surgical suite, we can support your core care functions and goals with the precision and focus to ensure project success and efficient care for your patients.

CONTACT CATAMOUNT FOR YOUR NEXT HEALTHCARE PROJECT.

[CATAMOUNTINC.COM](http://CATAMOUNTINC.COM)

**PARTNERSHIPS.  
PERFORMANCE.  
RESULTS.**



Imagining new possibilities.  
Creating lasting communities.

Commercial real estate with a proven past and future focus

DENVER | MINNEAPOLIS  
UNITEDPROPERTIES.COM



**UNITED  
PROPERTIES**  
CREATING DEEP ROOTS



## A COLORADO LEADER IN MEDICAL OFFICE MANAGEMENT

For 30 years, Griffis/Blessing has provided award-winning property services along Colorado's Front Range. To learn more about our services, please visit our website at [www.GriffisBlessing.com](http://www.GriffisBlessing.com).

### Commercial Services Include:

- Accounting
- Asset Management
- Budgeting
- Construction Services
- Consulting
- Emergency/Crisis Response
- Human Resources
- Insurance/Legal Risk Management
- IT Management
- Lease Administration
- Leasing Strategies
- Maintenance/Technical Support
- Property Management
- Receivership Services
- Support Services
- Tenant Relations

## GRIFFIS ■ BLESSING

5600 S. Quebec Street, Ste 141B, Greenwood village, CO 80111  
Phone: 303-804-0123 • Fax: 303-804-9508

[www.GriffisBlessing.com](http://www.GriffisBlessing.com)

102 North Cascade Avenue, Suite 550, Colorado Springs, CO 80903  
Phone: 719-520-1234 • Fax: 719-520-1204



**SAUNDERS**  
*Building Confidence®*



# Craig celebrates completion of \$90 million project

Craig Hospital, a world-renowned rehabilitation hospital and research center that specializes in the care of people who have sustained a spinal cord and/or a brain injury, celebrated the completion of a \$90 million, three-year construction and expansion project to its campus.

“Our expansion gives new life to the Craig campus and showcases our innovative spirit, our dedicated physicians and staff and our excellent programs and services,” said Mike Fordyce, president and CEO of Craig. “All of this combined further advances our world-class care, where patients, their families and staff all work together to help patients achieve their greatest level of independence and life quality.”

The Craig campus at 3425 S. Clarkson St. in Englewood added approximately 85,000 square feet of new space, renovated 135,000 sf of existing space in its West building, and connected the West and East buildings to create a unified campus with a cul-de-sac main entrance and an accessible garden plaza area.

“We are so grateful to the thousands of donors who made this campaign possible, and I especially want to recognize Dave and Gail Liniger, who contributed \$14 million, and the Anschutz Foundation for its \$5 million gift,” said Mary Feller, executive director of the Craig Hospital Foundation. “The Linigers have been long-time supporters of Craig and their incredible generosity transformed the campaign; and the Anschutz Foundation’s gift provided the leverage needed to inspire others to contribute.”

The Craig Hospital Foundation’s



The project added approximately 85,000 square feet of new space and renovated 135,000 sf of existing space.

“Redefining ROI: The Campaign for Craig Hospital” raised more than \$73 million for Craig. Of that, \$50 million supported the expansion project (the hospital funded an additional \$40 million of the project through cash reserves and the sale of bonds), and an additional \$23 million was raised to support Craig’s innovative programs for its patients.

The general contractor was GE Johnson and RTA Architects was the architect.

## OZ Architecture to redesign Brush senior living facility

Eben Ezer Lutheran Care Center selected OZ Architecture to complete

the design of its 54 assisted living and 18 memory care units in the center’s Brush senior living community.



The more than 100-year-old care center will be rejuvenated and modernized.

The improvements will span 54,000 square feet with the goal of increasing overall capacity and elevating the design of the existing campus.

OZ Architecture’s plan for the more-than-100-year-old care center will build upon the previously developed campus master plan.

The new design involves rejuvenating and modernizing Eben Ezer’s assisted living services while maintaining the context of the existing campus and buildings, which notably includes a historic church in the heart of the campus, OZ Architecture noted. Set in a rural community, the Eben Ezer Lutheran Care Center will feature traditional red brick, a material prevalent elsewhere on the property, combined with alternating exposure lap siding to ensure the new building blends with and reinforces the rustic farmhouse atmosphere.

The new assisted living and memory care building also will create a close and visual connection to the outdoors to enhance sensory experiences, which have been

WE BUILD: MEDICAL

Educational | Financial | Healthcare | Industrial | Mixed-Use  
Office Buildings | Parking Structures | Recreational | Retail | Technical | Worship



Sky Ridge Evergreen Medical Office | Lone Tree, CO



2270 W. Bates Ave. | Englewood, CO 80110 | 303-762-1554  
401A Lincoln Ave. | Steamboat Springs, CO 80487 | 970-879-1976



# Health Care News

shown to stimulate the brain. A gardening room with direct access to the grounds outside will link the interior to the exterior and provide a place for residents to participate in activities like gardening, painting and other artistic pursuits, the firm added. Quiet rooms will be incorporated, providing residents with access to a calm, restful place with low lighting and no stimuli, something that is of particular benefit for residents with Alzheimer's or dementia.

"The best senior living communities are those where the architecture and design go beyond the basics, creating spaces on the exterior and interior that are visually appealing and at home in the surrounding neighborhood. This addition to the Eben Ezer campus will improve the experience and environment for both the residents and the staff who serve them," said Jami Mohlenkamp, principal at OZ.

Construction started in the fall at the facility at 122 Hospital Road.

## Neenan Co. completes two Colorado health care projects

Fully integrated design-build firm The Neenan Co. recently completed two health care projects in Colorado.

The firm celebrated the completion of the first skilled rehabilitation facility to open in the Louisville area – Flatirons Health and Rehabilitation.

Completed in partnership with client Physicians Development Group, the 44,000-square-foot, two-story, skilled inpatient rehabilitation facility includes 45 private patient rooms, lounges, two dining rooms, in-house therapy, a chapel and an administration area. With high demand across the state attracting patients

from within and outside the local area, the project provides short-term skilled nursing, physical, occupational and speech therapy services designed to rehabilitate and transition patients back to their homes safely, according to The Neenan Co.

The firm also recently completed additions to the Melissa Memorial Hospital campus in Holyoke.

The design-build partner for the facility's 11,400-sf addition project, The Neenan Co. also previously served as the general contractor for the original hospital project in 2008. The campus improvements allow the hospital to expand its quality health care offerings to the surrounding community by including additional exam rooms, an observation bay, an ambulance garage and an enclosure for the existing ambulance drop-off, a heliport, a lab draw station and staff and provider housing.

Additionally, the company broke ground on the Robert Maloff Center of Excellence, a health and sports performance center, in South Lake Tahoe, California.

"We're thrilled with the success of our two most recent health care projects, and for the continued growth of our health care specialty practice," said David Shigekane, president of The Neenan Co. "We understand these medical facilities serve important community needs, and by working as a partner with our clients we go beyond design to think about the quality health care services the buildings enable."

## A&P, Ohlson Lavoie, RLH Engineering start Estes Park project

Adolfson & Peterson Construction, in partnership with Estes Park Medical Center, Ohlson Lavoie Collabora-



The 68,000-square-foot project will offer multigenerational community space, senior services, library resources, childcare facilities, family and youth amenities, indoor gardening space, meeting rooms and gathering spaces, and recreation space.

and RLH Engineering, recently celebrated the groundbreaking of the Estes Valley Community Wellness Recreation Center project.

This 68,000-square-foot project will offer multigenerational community space, senior services, library resources, child care facilities, family and youth amenities, indoor gardening space, meeting rooms and gathering spaces, and recreation space, including an indoor walking track, aquatics facilities, multipurpose gymnasium space, group exercise/fitness areas and locker/family changing rooms.

"At AP we consider ourselves to be community builders and a project like this will have a profound impact on the quality of life for citizens of Estes Park and the surrounding area," said Doug Johnson, vice president at AP. "We are excited for the opportunity to deliver a great project

that exceeds expectations and will benefit the community for years to come."

The location of the new facility will be next to the existing Aquatic Center at 650 Community Drive in Estes Park. The project is scheduled for completion in fall.

## Children's Hospital Colorado celebrates start of pediatric facility

Children's Hospital Colorado recently celebrated the groundbreaking of what will be the region's first pediatric-only hospital in Southern Colorado: Children's Hospital Colorado, Colorado Springs.

"Today, we are celebrating more than breaking ground. We are celebrating the fact that countless children from across Southern Colorado

*Please see 'Health Care News,' Page 6*



The power of *ingenuity*...  
...the rewards of trusting *relationships*.

Community  
**ENRICHING People**  
Ideas

Craig Hospital Expansion and Renovation | Englewood, CO

## Health Care News

will be able to receive the specialized pediatric care and expertise they deserve much closer to home," Jena Hausmann, CEO of Children's Colorado, said at the groundbreaking event. "Thank you for so warmly welcoming us into your community and partnering with us as we reimagine child health."

"Home to nearly half a million residents, Colorado Springs was one of only three of the top 80 metro areas in the country lacking a comprehensive pediatric hospital and health system – until now," said John Suthers, mayor of Colorado Springs. "The expansion of Children's Colorado in our community not only positively impacts the region from an overall economic and community development standpoint, it brings world-class pediatric care to the children and families in our community."

More than 300 attendees came together to mark the occasion. Digging into a sandbox, the mayor and City Council joined Children's Hospital Colorado leadership and patients to symbolically kick off the construction of the facility.

"This is an exciting milestone for our team," said Greg Raymond, regional vice president of Children's Colorado in Southern Colorado. "Our team members have been working toward this hospital for years, as we passionately believe the children in our community need and deserve the best possible care. Our new hospital will house the city's first pediatric-only emergency department, staffed by doctors who are double-board certified in both pediatrics and pediatric emergency medicine. It also will house the first pediatric-only operating rooms in the region, which will contain specialized



Community leaders and Children's Colorado patients and leaders gathered with more than 300 people to celebrate the groundbreaking of the new Children's Hospital Colorado, Colorado Springs.



Buck Creek Medical Plaza in Avon was recognized by HREI.

equipment designed for children and teens."

Located at the intersection of Briargate Parkway and North Union Boulevard in the Briargate area, the new hospital is expected to be completed in late 2018. The

294,000-square-foot facility will be a freestanding hospital and will contain five levels plus a lower level. Other features include a neonatal intensive care unit, a pediatric intensive care unit, a sleep study lab, a designated space for behavioral

health treatment, and the Center for Cancer and Blood Disorders.

Children's Hospital Colorado is paying special attention to factors that also will help improve the family experience, such as private inpatient rooms with sleeping areas and beds for families, private bathrooms, views of Pikes Peak, playrooms, and family areas for parents and siblings.

The first phase is headed by GE Johnson Construction Co.

### NexCore wins two national awards

NexCore Group, a national health care real estate developer, received top billing in two categories of Healthcare Real Estate Insights magazine's annual national awards program.

The Lifetime Achievement Award went to Tim Oliver, NexCore's senior vice president, Healthcare Development. Denver-based NexCore also won top honors for its Buck Creek Medical Plaza in Avon, winner of the Best New Medical Office Buildings and Other Outpatient Facilities (25,000 to 49,999 square feet) category.

The HREI Insights Awards are the only national awards dedicated to recognizing excellence in the areas of health care real estate development and executive leadership. The awards are presented annually by HREI magazine.

"We are very pleased that HREI magazine has honored Tim Oliver, and our project, Buck Creek Medical Plaza, in its prestigious annual awards program," said NexCore President and CEO Greg Venn. "Tim's leadership and strategic vision over the years has contributed mightily to NexCore becoming the outstanding health care real estate firm it is today."

*Please see 'NexCore,' Page 19*



**GH Phipps**  
CONSTRUCTION COMPANIES

# Healthcare Construction Built on Trust.



Photo: Ed LaCasse

INSPIRE • LEAD • DELIVER

1-877-5PHIPPS (1-877-574-4777)

www.ghhipps.com

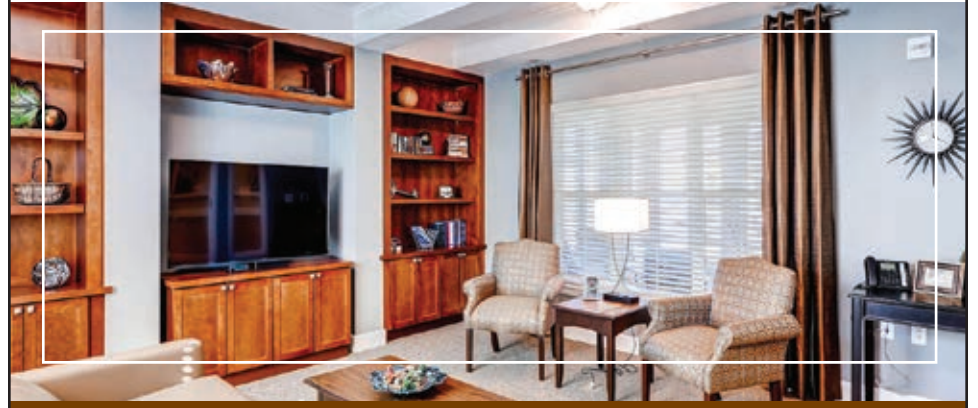


**WE BUILD INSPIRED PLACES TO**  
*heal*

DENVER + COLORADO SPRINGS JEDunn.com

# VIVAGE SENIOR LIVING

COLORADO'S LEADER IN SENIOR LIVING QUALITY AND INNOVATION



We create models that reflect exciting lifestyle choices for today's seniors.

Recognized expertise in memory care, rehabilitation services, and tailored approaches to hospitality, optimal health and wellness, and select high quality housing options.

Full Management Services • Consulting Partner • New Development & Design Collaboration • Market Positioning



www.VIVAGE.COM

12136 W. Bayaud Ave. #200 Lakewood, CO 80228 303.238.3838

# SLOAN'S LAKE MEDICAL CENTER

1601 LOWELL BOULEVARD | DENVER, COLORADO AKA 1690 MEAD STREET | DENVER, CO

## RARE MEDICAL SPACE FOR LEASE

SIZE	DESCRIPTION
±2,153 SF	Ready to occupy medical spa, class AA finishes and lobby identity
±9,059 SF	Whitebox medical space with corner window line, private drive through access and prominent lobby identity
±8,838 SF	Lower level lab spaces; divisible to ±1,500 SF



TO SCHEDULE A TOUR:

**NATASHA FELTEN**  
nfelten@colocomm.com

**JON UNGAR**  
jungar@colocomm.com

**303 327 5800**  
WWW.COLOCOMM.COM

**COLORADO COMMERCIAL COMPANIES**

# It's not just an office building with doctors

A parade of screaming, sick children. A dead body on a gurney in a public hall. A mother giving birth in an elevator. It's not a movie but simply another day in the life of a medical office building.

Leasing and managing any commercial office building or public facility has challenges. Medical office building leasing brokers and property managers, however, encounter a unique set of trials and tribulations not seen in garden-variety property management. An informal survey of Cushman & Wakefield MOB leasing brokers and property managers reveals a few common threads: MOB's are very busy – seeing much heavier foot traffic than traditional commercial office buildings, proper cleaning is critical and leasing activities are highly regulated and challenging.

In contrast to conventional office buildings, medical office buildings are often high-traffic spaces. Physician tenants receive a constant flow of patients, beginning very early in the morning and continuing throughout the day. A high percentage of building visitors are children – sick children – unhappy with their circumstances, escorted by directionally challenged and frazzled caregivers. Depending on its location, an MOB may receive visitors from across a broad socio-economic spectrum, highlighting the importance of convenient public transportation and a supportive building staff. And with all those visitors, MOB's use a tremendous amount of



**Stuart Thomas**  
Senior associate,  
Healthcare Practice  
Group, Cushman &  
Wakefield, Denver

paper products and hand soap!

Considering all that traffic, medical office buildings are bound to get dirty. Janitorial services are vitally important in any building but in a medical office building, proper cleaning could be a matter of life and death. Exam rooms exposed to

infectious diseases, bed bugs and dangerous viruses must be sealed and methodically cleaned from floor to ceiling before another patient is seen. Blood, vomit and other body fluids are common clean-up calls and must be handled according to stringent protocol. Most MOB's have a greater hard floor-to-carpet ratio compared to a typical office building, extending the overnight cleaning time and subsequent cost. Spaces housing sensitive medical records may require special scheduling or supervision for cleaning. And, of course, disposal of medical waste – aka “Red Bags” – has its own set of critical rules.

Finally – unlike ordinary buildings – leasing space in a medical office building is a highly regulated affair. Federal law requires health systems leasing space to physician tenants comply with strict guidelines controlling referrals and kickbacks to hospitals. The so-called “Stark” law and anti-kickback regu-

lations require lease rates mirror fair market value rates – typically determined by a third-party evaluator. As a result, room for negotiating lease rates is small and factors that might not impact commercial leases, such as access and use of diagnostic equipment (MRI, CT scan, lab services) may be factored into the lease rates. With these regulations and requirements managing an MOB lease portfolio can be quite labor intensive with multiple layers of oversight, ensuring the client remains compliant and avoids costly fines. Timeshares – space sharing by physicians, particularly in remote locations – add lease administration intensity.

Mergers and acquisitions keep the health care industry in constant change. MOB leasing brokers are acutely tuned in to the M&A activity and the changes that may affect occupancy and overall operations of a medical office asset. Acquisition trends target vertical attainment of physician practices and clinics, and digital trends remain a strong growth area expected to continue in 2017. These trends keep constant pressure on medical office buildings' occupancy levels. Patient access requirements of hospital systems also force recognition of leasing challenges of MOB's as community retail assets become in focus. Bottom line: Hospital acquisitions of physician practices may boast or burst the bottom line when considering the potential change to the tenant roster and overall occupancy stability of the physician tenants.

Medical office building leasing brokers and property managers, however, encounter a unique set of trials and tribulations not seen in garden-variety property management.

Leasing and managing a medical office building is not for the faint of heart. But maintaining a strong relationship with tenants, developing a deep bench of well-trained technicians and service providers, and harboring a flexible attitude can make the craziest of days a little easier to manage. Choose your professional wisely, one who understands the effort, expertise and time it takes to ensure medical office buildings run smoothly.▲



**Poudre Valley Hospital NICU**

**Mortenson**

*Building what's next in healthcare.*

- Site selection
- Development
- Real Estate Investment
- Energy Planning & Analysis
- Facility Assessment
- Facility Operations and Maintenance Planning
- Healthcare Construction <\$1M - \$500M +



**UCHealth Eye Center**



**Lutheran Medical Center**



**Saint Joseph Hospital**



**CU Sports Medicine & Performance Center**



Broker Insights

# Medical office buildings: Is it time to sell or buy?

**M**edical office buildings are one of the most highly sought-after property types in commercial real estate. Over time and with proper management, they have continued to provide owners with reliable returns due to stable tenancy, rent growth and physicians who need to co-locate with health systems of complementary practices creating strong referral patterns. Owners that have been benefiting from this stable cash flow may need to consider if now is an ideal time to sell based on current market conditions. Interest rates are at all-time lows, debt sources are continuing to lend aggressively and investors such as public real estate investment trusts and private equity firms are looking to add medical office real estate to their portfolios. The medical office market is thriving and real estate owners could find themselves in an attractive position if their building is positioned to sell.

Several factors can define cap rate value for MOB. Is the building Class A or B? Is the MOB located on or off a hospital campus? What does the tenant mix consist of? Class A MOB's are usually newer with modern mechanical systems. The interior finishes, lighting, artwork and sometimes water features are all planned to provide a comfortable patient experience. They generally have quality credit tenants and are located on or nearby a hospital campus. Buyers for these assets are generally REITs or private equity groups that are looking for long-term stability. Class B MOB's have attributes in



**Naum Nasif**  
Senior associate,  
CBRE Denver  
Healthcare  
Services, Denver  
Tech Center

other areas and are also attractive to buyers. For those off-campus Class B MOB's, the tenant mix is often made up of independent physicians who do not need an on-campus presence, however, it is not uncommon to find a hospital system located in the building. Whether located in a busy business district

for work-hours access, or a suburban area for after school and evening hours, hospital systems remain interested in going to the patient base. Other characteristics common with Class B MOB's include good ingress/egress, high parking ratios and lower lease rates for physicians who don't need the convenience of hospital services or who cannot afford rates that Class A MOB's demand.

The overall occupancy percentage and tenant rollover of the MOB matters greatly to different buyer profiles. Public REITs that are looking to report dependable numbers to Wall Street are not looking to add value to the building over a long lease-up period. They are buying known risk, where they can forecast reliable annual rent growth of 3 percent and maintain occupancy higher than 90 percent. While private investors, who are not reporting quarterly to the public, may look for a building that is 75 to 80 percent occupied

where they can add value by filling vacant space with synergistic groups and updating common areas in order to push rents. Tenant rollover is a key component no matter who the prospective buyer may be. A MOB is significantly more attractive when it has a tenant that occupies a large portion of the building or has a large primary care provider who can send referrals throughout the building.

The demand for MOB's have kept cap rates low. The debt markets have continued to remain healthy and available for buyers looking to secure long-term, fixed-rate loans. Interest rates are at historic lows and lenders continue to see medical office buildings as an effective risk-reward asset. Public REITs have continued to grow and become more aggressive in looking for places to deploy their capital. Due to the strong demand and low supply of medical office space, developers of new MOB's face rising construction costs that demand high lease rates and an 18- to 24-month delivery timeline. Combining all of these economic factors position owners of MOB's to sell in favorable market conditions.

While selling a medical office building is a question for some investors, buyers are also flooding the market to seek a safe investment yielding consistent returns. So is now the right time to acquire a MOB? Statistics, financing and political health care trends make a strong case for buying MOB's. The aging population of baby boomers grows every day along with the advances in medical technology to improve their lives,

Interest rates are at all-time lows, debt sources are continuing to lend aggressively and investors such as public real estate investment trusts and private equity firms are looking to add medical office real estate to their portfolios.

creating the need for medical space and care for subsequent rehabilitation and outpatient services. The Affordable Care Act and the additional number of those insured has put even more pressure on the need for medical space and care. Hospitals have continued to focus on cutting costs and saving money wherever possible. Procedures that were traditionally performed in hospitals have moved to outpatient settings, such as surgery centers or off-campus MOB's, to save costs. Lastly, the capital markets for debt and equity are bullish on MOB's, making it less challenging to structure deals as a buyer. All of these are positive trends MOB owners want to see and hope continue.▲



**TPS**  
Tenant Planning Services

Let us bring our industry and design expertise to your **Healthcare Facility**





**Experienced**

We have over a century of combined experience designing successful projects for our clients in the healthcare industry

<ul style="list-style-type: none"> <li>Ambulatory Surgery</li> <li>Behavioral Health</li> <li>Cancer Centers</li> <li>Clinics</li> <li>Coronary Care</li> <li>Dental Facilities</li> <li>Dermatology Centers</li> <li>Dialysis Clinics</li> </ul>	<ul style="list-style-type: none"> <li>Endoscopy</li> <li>Infectious Disease</li> <li>Laboratories</li> <li>Medical Offices</li> <li>Medical Equipment</li> <li>Neurology</li> <li>OB/Gynecology</li> <li>Oncology Clinics</li> </ul>	<ul style="list-style-type: none"> <li>Optometry and Laser</li> <li>Eye Surgery Centers</li> <li>Orthopedic Clinics</li> <li>Otolaryngology (ENT)</li> <li>Pain Care Facilities</li> <li>Pathology</li> <li>Pediatric</li> <li>Pharmacy</li> </ul>	<ul style="list-style-type: none"> <li>Physical Fitness</li> <li>Physical Therapy</li> <li>Primary Care</li> <li>Psychiatric</li> <li>Radiology</li> <li>Reconstructive Surgery</li> <li>Rehabilitation</li> <li>Urgent Care Centers</li> </ul>
---	---	--	---

1660 Lincoln Street, Suite 100 | Denver, CO 80264 | 303.861.4800 | [www.TPS.design](http://www.TPS.design)

# The heart of the campus: Facilities management

The focus of this publication and many of the articles written is on the state of real estate investment, financial opportunity, design criteria and insight, construction projects, delivery methods and market types. All of which are important topics when discussing capital investment in real estate. An additional topic that is beginning to receive more attention is the role of facilities management in creating an integrated approach that also addresses operating, maintaining and improving the building infrastructure in order to create an environment that strongly supports the primary objective of the organization.

In previous articles, we discussed the meaning behind projects, the elevated value of project success through teamwork and understanding of common goals, and the evolution of operating room technology. These topics are certainly drivers in health care construction and shed light on how our industry is changing. While the health care industry is experiencing vast change through the delivery of patient services, that change also is affecting the way facilities and health care campuses are being developed. And at the heart of these campuses is the facilities management group.

We talk about function and design, we budget and value engineer, we contract, project and report. In all of this, where would we be without facilities management?

Historically one of the problems in the building industry was a limited degree of learning from how exist-



**Chad Cleveland**  
Project executive,  
Catamount  
Constructors Inc.,  
Denver

ing buildings are being used and operated when new building projects are planned. What forward-thinking teams are realizing is that the facilities management group is the missing link to bridge the gap between building operation and building design. Savvy facilities management

teams are making sure they are part of the process by developing productive relationships with every professional who plays a part in constructing the building. They recognize that early involvement and intelligent decisions will save them time and money later and can prolong the operational life of the facility.

There is an incredible strain put on facilities. With 24/7 operations, systems must be manned at all times. Facilities management teams have many responsibilities: They partner with physicians and nurses to ensure high quality of care is being received inside their building; they manage capital budgets; and they strive to improve the efficiency and quality of patient care while reducing costs. In our office, an employee recently went in for surgery on his arm. The surgery start was delayed because the facility staff was working tirelessly to clear snow from a snowstorm while at the same time adjusting the operating room temperature down to 65 degrees to allow



A look at the interventional radiology renovation completed by Catamount Constructors at Presbyterian St. Luke's.

for the optimal working conditions for the surgeon and his team.

In addition to the daily work tickets involved with maintaining the buildings, the facilities group takes on more – they are the enforcers, the activists, the realists, the inspectors, the creators, the managers and the technicians. They keep the facilities operational, they keep them current and they keep them compliant. This group has responsibility to Centers for Medicare and Medicaid Services, joint commission, internal corporate audit, state and local authorities, the fire department and so many more. They make sure walls meet ratings, penetrations are sealed, smoke

compartments are maintained and access control is in place, in order to ensure patients, visitors and staff are all safe.

And after all of this, facilities oversees the construction on campus. In health care, construction is as common as the seasonal flu. With new technologies, growing population, expansion and competition, there is always a project underway.

It is from the facilities team that we learn about the existing systems, the history of changes, the manufacturers that function best, locations of shut-off valves, model numbers for the hands-free faucets that last

*Please see 'Cleveland,' Page 19*

**Cornerstar  
Healthcare Plaza**

**NOW OFFERING  
UP TO \$100/SF TFA**

2,700 SF | BUILD TO SUIT | 15901 E. BRIARWOOD CIRCLE, AURORA, CO 80013

Patricia Wassik, CCIM | pwassik@healthconnectproperties.com | 303.830.1444

HEALTH CONNECT  
PROPERTIES

# C-PACE provides new option to fund upgrades

Colorado has gained a well-deserved reputation for its commitment to green buildings. Business owners who are motivated by corporate responsibility have invested in green buildings and enjoyed marketing, recruiting and other reputational benefits. LEED certification has been the hallmark of the most environmentally friendly buildings. For these owners, the reputational benefits can outweigh the lack of an immediate financial return of investing in energy upgrades. Yet there are real, quantifiable returns for energy upgrade investments as part of the bottom line of operational costs.

Many commercial building owners are unable to self-fund capital-intensive energy improvements. Health care providers might rank energy improvements as lower priority over other pressing facility needs, especially when facing the barrier of the perception that the upgrades will require an upfront investment, potentially taking money away from another project or require financing.

Many typical bank loans require a down payment of 10 to 20 percent of the project cost and may also require a personal guarantee. Loan repayment terms are usually five to seven years. These typical bank loan terms generally result in negative cash flow, which leads building owners to postpone projects until equipment fails and/or ongoing maintenance and repairs are no longer feasible.

Colorado's Commercial Property Assessed Clean Energy program,



**Brandon Bergholz**  
Construction executive and health care market leader, Mortenson, Denver

known as C-PACE, solves this vexing problem by offering building owners "no down payment," long-term, 100 percent project financing. The financing is secured by an assessment on the property (similar to a sewer assessment) and the repayment obligation transfers to a new owner when a property is sold.

The building owner has no personal liability.

While C-PACE is a statewide initiative, projects can be implemented only after the county in which the property is located has opted into the program.

Launched last year, eight counties already have opted in to C-PACE. These include Adams, Arapahoe, Boulder, Broomfield, Denver, Eagle, Jefferson and Pitkin counties. Ten other counties are actively reviewing the benefits of C-PACE and are expected to join the program in the coming months. For more information, visit [www.copace.com](http://www.copace.com).

• **Existing buildings.** C-PACE will finance up to 100 percent of energy-efficiency, renewable energy and water conservation-eligible projects. Financing is provided by private capital providers at competitive rates with repayment terms up to 20 years. The program also provides financing for new construction.

For health care providers operating facilities that consume energy 24/7 and require redundancy to ensure uninterrupted operations, the great news is that they can utilize C-PACE to fund facility upgrades that will vastly improve performance, reduce operating costs and increase immediate cash flow by leveraging programs such as the federal PATH bonus depreciation option. What can be most exciting for a health care facility manager is that there is no upfront out-of-pocket expense!

Eligible energy projects include HVAC and plumbing upgrades, new energy-efficient lighting and building envelope efficiency upgrades, including solar and roofing upgrades. Water saving measures such the installation of permanent low-flow fixtures are also eligible. A complete list of eligible projects is available on the Colorado C-PACE's website ([http://copace.com/resources/#eligible\\_prop](http://copace.com/resources/#eligible_prop)). The financing approval process requires the mortgage holder's consent (if applicable) and involves submitting a prequalification report, which can be facilitated by a C-PACE registered contractor or by the program administrator. A contractor experienced in sustainable construction and who understands the demands and operations of a health care campus environment adds value to a project team embarking on energy upgrades because he can test out how the proposed improvements rank on constructability and cost. This ensures better decision-making for the right equipment or systems, and proper phasing or bundling that

will provide the most optimal energy efficiency or renewable energy measures.

The C-PACE program administrator will work with the owner, designer and contractor team as appropriate to confirm a final project scope and cost. The owner can use a preferred capital provider or, alternatively, the program administrator can request quotes from multiple capital providers that have been prequalified to finance C-PACE projects.

• **New construction.** New construction project financing is also available. C-PACE guidelines require new construction projects be designed to exceed a county's existing building energy code. Projects deemed eligible can finance up to 20 percent of the total new construction cost via C-PACE. This unique application of the C-PACE financing mechanism will open the door for innovative design features that are typically "value engineered" out of a project due to construction budget constraints. Renewable energy projects can be key component of new construction projects, which may include solar photovoltaic panels, energy storage, ground-coupled systems and small wind systems, among others.

Energy efficiency and renewable energy projects have long been accepted as providing significant tenant/facility benefits. C-PACE provides a financing tool that not only achieves these goals but also improves the financial health of the business by creating positive building cash flow.▲

## DENVER HEALTHCARE SERVICES

Denver Healthcare Services provides comprehensive medical real estate solutions for the Front Range and is committed to delivering superior results; for every client, on every assignment.



**Dann Burke, CCIM**  
Vice President  
+1 720 528 6362  
[dann.burke@cbre.com](mailto:dann.burke@cbre.com)



**Kory Fasing**  
Senior Associate  
+1 720 528 6316  
[kory.fasing@cbre.com](mailto:kory.fasing@cbre.com)



**Naum Nasif**  
Senior Associate  
+1 303 628 1729  
[naum.nasif@cbre.com](mailto:naum.nasif@cbre.com)

# How many admins. does it take to change a bulb?

All joking aside, this is a really important question. With the drive to improve patient experience for both attraction and retention, a push to embrace advanced technologies and a move to modernization in health care properties, I invite you to consider what it takes to change the lights in your facility to LED. And, more importantly, recognize the reasons that 2017 is the time to do it. I'd like to believe the answer to the proposed question is just one. When you do the math on this limited time opportunity, it really does sell itself.

As a lighting and sustainability professional, I have been involved with starting rebate programs across the country and helped write the guidelines for the Energy Policy Act of 2005. Based on my experience, I believe LED is the healthy choice for health care facilities. In many ways, I see all of the benefits of LED amplified in the health care environment. Improved consistency and lighting quality makes for a safer, more comforting and capable work environment. This is true for patients, doctors and visitors. Lower energy and maintenance cost benefits the owners and occupants' bottom line. This is on top of all of the utility demand management, reduction of carbon emissions and extended life LEDs. This has a positive effect on profitability, the environment and helps to significantly reduce monthly energy costs.

I have been completing large projects on a citywide and nationwide scope for municipalities and commercial entities for 15 years. As such, I have overseen many successful



**Trey Littell**  
National director of sales, Bravo Lighting, Lafayette. He also is the owner of Green Efficiency Solutions and Efficiency Electric.

retrofitting and new construction projects using LED. One of the companies I represent, Bravo Lighting, was responsible for part of the LED lighting upgrades at Children's Hospital Colorado in Aurora. As a Colorado distributor that focuses on LED lighting, we were pleased to see a resulting saving of 70 percent on energy, a three times extended

lamp life, improved lighting levels, improved lighting quality, reduced maintenance and the financial benefits garnered from utility rebates and tax certifications. For this project, and many others, Bravo Lighting, in part, utilized enviro-glo LEDs, a specialized LED brand that maximizes efficiency and quality while remaining one of the most cost-effective LED retrofits available.

Additionally Green Efficiency Solutions helped maximize the value of the Xcel Energy utility rebate to offset upfront cost and certified an Energy Policy Act accelerated depreciation to speed up payback time. The resulting return on investment is much better than one would expect to see from investment packages from anyone. The continued energy savings and maintenance savings often create returns on investment of 12 to 30 percent-plus annually.

Many hospitals and health care



A look at Children's Hospital Colorado, where a 70 percent on energy savings occurred with the switch to LED.

facilities have recognized these obvious benefits and have already upgraded to LED. The largest group that has not made the switch is tenants and landlords dealing with triple net leases. In the case of a triple net lease, all the costs of utilities, maintenance and operating the space are passed on to the tenant. The savings are not gained by the owner, so they opt out of the cost to upgrade. Since the tenants don't own the property, they may choose not to invest in the location.

In the triple net space, the incentive can make the difference. With rebates and tax benefits combined,

large percentages, sometimes over 100 percent of the total cost, can be covered. The tenant may want to pay for the remaining costs to complete the upgrade if the payback period is faster than the terms of the lease. There are also finance programs such as performance contracts, leases and Commercial Property Assessed Clean Energy. C-PACE is available in certain areas, such as Denver, which can help offset upfront costs and the loan repayment is tied to the property taxes for the building, rather than to an individual or business, and can be paid back over 20 years.

Please see 'Littell,' Page 18



- Integrated Lean Project Delivery
- Programming
- Space Planning
- Code Review
- Interior Design
- Sustainable Design
- Furniture & Art Consulting
- Construction Administration
- Post Occupancy Evaluations

720.724.3149

www.designstudio-blue.com

9250 E Costilla Ave, Suite 220  
Greenwood Village, CO 80112



# The synergy of medical RE and senior housing

The collision of three health care trends – the growing population of age 65 and older, the influence of the government and emerging opportunities in new technology – are transforming the health care real estate market. These trends demand innovative strategies to meet the increased need for a continuum of health care services.

The synergies between medical real estate and senior housing sectors will present a growing and innovative approach. In the past, they have been entirely separate markets; however, investors realize the opportunity to take advantage of this continuum of care. Health care real estate investment trusts like Griffin-American, Ventas and Welltower all invest in both asset classes.

**• Growing population of age 65 and older.** By 2030, one in five Americans will be 65 or older, according to a U.S. Census Bureau report. The aging population will drive increase demand for health care therefore increasing the interest in investing in health care assets. Brookdale, a senior living provider, reports that health care utilization for seniors over age 65 include:

- 26 percent of all physician office visits;
- 35 percent of all hospital stays;
- 34 percent of all prescriptions;
- 38 percent of all emergency medical responses; and
- 90 percent of all nursing home use.

Longer lifespans present investors with opportunities to enter at multiple stages. A good example is the city of Thornton Health Care District development that was approved by the City Council in December. The Opus Group will be developing a health and living



**Cheryl Powell**  
Health care services, Colliers International, Denver

campus near North Suburban Hospital. The project will contain senior living with retail and medical office. The project will leverage the presence and support of the executive leaders at North Suburban Hospital.

**• The influence of the government.** The three most popular means by which the government funds

health care are Patient Protection and Affordable Care Act, Medicare and Medicaid. When Donald Trump takes office there could potentially be an immediate influence as he vowed to repeal the PPACA. Many experts are saying there will not be a sudden impact on real estate, nonetheless, with uncertainty, we may see decisions put on hold until there is a better understanding of the government's role.

Medical real estate includes acute care hospitals, medical office and retail health clinics. Most of the services the providers offer in medical real estate are reimbursed by private insurance or government funded plans, such as PPACA, Medicare and Medicaid.

Senior housing has two primary methods of reimbursement; private pay and government funding. Private pay includes independent living, assisted living and memory care while skilled-nursing facilities and long-term rehabilitation typically are government compensated.

**• Emerging opportunities in new technology.** Digital innovations will continue to make an impact on the way care is

delivered. According to an Accenture report, TeleDoc and American Well are in the top 10 for on-demand apps. Health care technology is transforming the way we think about health care.

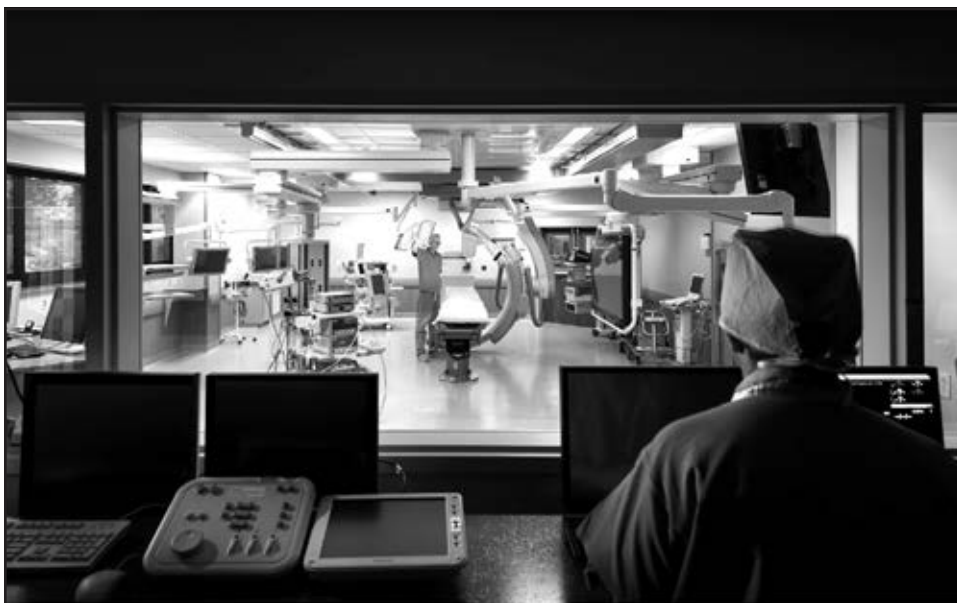
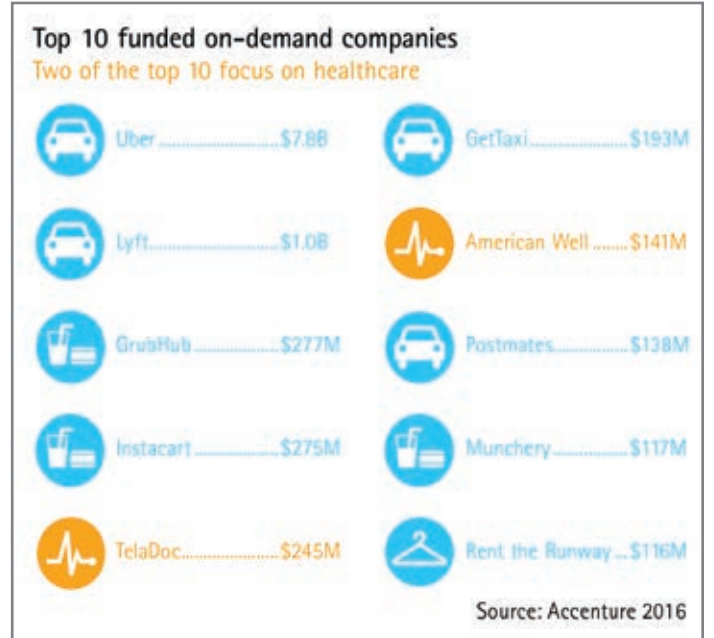
Telemedicine is one example of how technology is linking patients with doctors. According to the American Telemedicine Association, 15 million Americans received some kind of medical care remotely last year. Typically, these are for nonemergency issues such as colds, flu, earaches and skin rashes, but critics worry that such services may be sacrificing quality for convenience.

In a Wall Street Journal article from June 26, 2016, Melinda Beck noted the Cleveland Clinic is working to create a “Cleveland Clinic in the Cloud” that would allow patients across the country to access its physicians without going to Ohio. Medical office floor plans and space did not decrease in 2016, however, if technology continues to improve then the need for larger offices will shrink.

Long-Term Living Magazine estimates that around 25 percent of annual hospital admissions for senior living residents can be prevented through telemedicine technology. Telemedicine removes the walls between the health

care provider and the patient, allowing care to be available anywhere at any time. Senior communities who provide telemedicine technologies ensure that their residents have access to health care, no matter their condition.

Based on the trends presented in this article, the real estate community and developers can harness the massive potential in the continuum of care for health care services. When Medicare started in the mid-1960s, life expectancy was 74, today it is 86. The larger senior population is being aided by advances in medicine that are helping extend the average life expectancy we are seeing today. Invariably, the three convergent trends will meet and this increasing number of seniors who, by choice or by need, will undoubtedly require some form of housing as well as medical care.▲



MAKING A DIFFERENCE  
in the world *and*  
in our environment *through*  
MECHANICAL + ELECTRICAL  
ENGINEERING



HEALTHCARE // OFFICE // HIGHER ED // INDUSTRIAL // SCIENCE + TECH // GOVERNMENT

CONTACT  
JEFF SCHWIETHALE, Healthcare Group Manager  
303 239 0909 www.rmhgroup.com

# GOOD DECISIONS START WITH GOOD INFORMATION

CHOOSE YOUR SUBSCRIPTION  
CREJ.COM/SUBSCRIBE

1 YEAR  
24 ISSUES  
\$95

OR

2 YEARS  
48 ISSUES  
\$170

Delivered to you twice a month:

- 80+ Pages of the latest news on Colorado's vibrant commercial real estate market
- Local News Sections: Metro Denver, Colorado Springs; Boulder County/U.S. 36 Corridor; Larimer & Weld Counties; Western Slope
- Professional Sections: Finance & Appraisal; Law & Accounting; Property Mgmt.; Construction/Design/Engineering and Green Building
- 7 Quarterlies and a host of Special Spotlights
- Subscriber Only Access: E-Edition & Archives

## Senior Housing & Care

# Senior housing and care construction starts, openings and sales

### November 2016 Construction Starts

Mainstreet Loveland is a new 70-bed skilled nursing facility that began construction in November. The architect is OZ Architecture and the general contractor is Brinkmann Constructors. The property is owned by Mainstreet Capital and will be managed by Eduro Healthcare. The property is expected to open in December.



Traditions at Englewood is an income-restricted, age-qualified 180-unit apartment property in Englewood that opened in November. The property is funded with 4 percent tax credits and 177 units are restricted at 60 percent annual median income. The general contractor was Inland Colorado LLC and the architect was Nystrom + Olson Architecture. The property is owned by Inland Group and managed by FPI Management.

Rocky Mountain Assisted Living Thornton is a new 32-bed assisted living and memory care community that began construction in October. The general contractor is Creekside Development and the architect is MA Architects. The property is owned and managed by Rocky Mountain Assisted Living. The property is expected to open in the fall.

AltaVita is a high-quality senior apartment, independent living, assisted living and memory care community in Longmont. A grand opening was held on Oct. 27 for AltaVita's new 67-unit assisted living building. The architect was Kephart Architects and Emiko Design. The general contractor was Shaw Builders LLC. The property is owned by M2AL LLC and is managed by AltaVita Assisted Living.



### Openings



The Center at Lowry is a 96-bed subacute/rehab facility that opened in November. The architect was Boulder Associates and the general contractor was Vertex Builders Inc. The facility is managed by Veritas Management Group.



Four Corners Development LLC held a grand opening ceremony for Oakshire Trails Nov. 7. The income-restricted, age-qualified apartment property in Pueblo was funded with 9 percent low-income tax credits and includes 62 units. The general contractor was Hamilton Builders LLC and the architect was Baron Design and Associates LLC. The property is managed by the Pueblo Housing Authority.

A grand opening ceremony was held Nov. 17 for Landmark Assisted Living's first phase of development, consisting of 18 units of memory care. Future development of two additional phases of 18 units each is planned to begin as early as May. The general contractor was Pinkard Construction and the architect was Clear Creek Architects. The property is self-managed.

The listings of construction starts, openings, and property sales are as reported by Boulder-based The Highland Group. For questions, contact [info@thehighlandgroupinc.com](mailto:info@thehighlandgroupinc.com) or 720.565.0966.

PYMS CAPITAL RESOURCES

## Real Estate Brokerage for the Senior Living Industry

We are full service real estate brokers specializing in the buying and selling of all senior related properties - including 55+/Age Qualified, Independent Living, Assisted Living, Memory Care, Skilled Nursing, and land to build. We also facilitate introductions between developers, operators, and financing sources.



PYMS  
CAPITAL  
RESOURCES

[www.pymscapitalresources.com](http://www.pymscapitalresources.com)

Please contact Pamela Pyms or Hayden Behnke  
for a complimentary valuation of your community

[pam@pymscapitalresources.com](mailto:pam@pymscapitalresources.com)

[hayden@pymscapitalresources.com](mailto:hayden@pymscapitalresources.com)

## DESIGNING a New Generation of Senior Environments



**LANTZ-BOGGIO**  
Architects & Interior Designers

303 | 773-0436

[lantz-boggio.com](http://lantz-boggio.com)

1,700 closed transactions in excess of \$15 billion, \$5 billion in mortgage servicing, 27+ years debt underwriting, dedicated M&A team, loan syndications and placements, bridge loan funding, taxable and tax-exempt bonds, Fannie Mae Seniors Housing Program equity financing for many development and sale-leaseback financing, leading HUD LEAN lender, approved USDA lender, trading desk with 80 years of experience, balance sheet lending, focused on seniors housing and care since 1988.

## Perspective Matters

We listen. We evaluate. We deliver.

Rob McAdams, Vice President

[lancasterpollard.com](http://lancasterpollard.com) | (406) 219-1116

Lancaster Pollard Mortgage Company is a Fannie Mae/GNMA/HUD-FHA/USDA approved lender. Lancaster Pollard & Co., LLC is a registered securities broker/dealer with the SEC and a member of FINRA, MSRB & SIPC.

**LANCASTER POLLARD**  
Financing Progress



## THE HIGHLAND GROUP

*Research, planning, and market solutions for senior and baby boomer housing and care*

### Market Knowledge, Instinct and Application for Senior and Boomer Housing

Informing developers, care providers and local governments, through:

- Preliminary demand analysis
- Market studies
- Site suitability reviews
- Competitive analysis
- Market profiles
- Rent and pricing studies
- Local need and demand forecasts
- Marketing consulting
- Generational trends analysis

3020 Carbon Place Suite 202, Boulder, CO 80301  
720.565.0966 • [www.thehighlandgroupinc.com](http://www.thehighlandgroupinc.com)



# An ever-changing regulatory environment

**W**hen initiating a new senior living project in Colorado, there are many factors that contribute to a successful outcome. The regulatory environment for senior living communities in Colorado is ever changing, and it's important to understand the laws and codes that affect building compliance for different types of services.

The following tips are not meant to be all inclusive or replace consultation with your architect, and operators and developers should always consult their local and state authorities. That said, these are five of the most important things to consider when it comes to senior living and memory care facility building regulations in Colorado.

**1) Comply with the International Building Code and make sure you know which version you're complying with.**

Unlike some other states, Colorado has no statewide building codes. Instead, each jurisdiction adopts the building code independently and may or may not use the same version of the code, which is revised every three years. The most recent version (released in 2015) has significant changes, and even some advantages, for senior living and memory care facility construction. For example, the 2015 code includes a special category applicable to memory care facilities, which recognizes that there are residents capable of self-preservation with limited assistance. In other words, if patients are able, with staff direction, to walk out of a building on their own in an emergency situation.



**Darrin Jensen**  
Senior project manager, OZ Architecture, Denver

In the early stages of your project, determine which version of the code is being enforced in order to know your compliance responsibilities.

**2) Determine the need to submit to the Division of Fire Prevention and Control for a plan review.**

The DFPC is a state health department board that may

require a plan review for your project. If your facility is pursuing Medicare or Medicaid certification – or if the local fire inspection authority does not have qualified plan reviewers themselves – then the project will require a DFPC state plan review.

In this case, the DFPC will enforce NFPA-101 (more on this below), and maintains jurisdiction as a state agency over the operation of the facility. If a local fire authority does have a certified reviewer, however, then the project may be reviewed or under an alternative fire code such as the International Fire Code. This leads us to number three.

**3) IBC is not the only code you must comply with.** While IBC is often the first code to consider, these additional codes are important to overall building compliance:

- NFPA-101 compliance. The DFPC or local fire authority may require compliance with code NFPA-101, which involves some important differences from IBC related to skilled



**Jami Mohlenkamp**  
Principal, OZ Architecture, Denver

nursing and memory care facilities. Under NFPA-101, the operator must determine whether the building will be licensed as a medical facility or a residential board and care facility. That's because some operators prefer to use a "defend-in-place" strategy for their facility, meaning that, in the event of

minor fire, patients or residents can avoid unnecessary evacuation. Instead, they would be able to move to a separate indoor smoke-sealed compartment as a part of staged evacuation. Under NFPA-101, an operator who wants to adopt a "defend-in-place" strategy may be required to design to medical facility standards. Thus, we recommend complying with both IBC and NFPA-101 to cover your bases.

- Facility Guidelines Institute compliance. These guidelines offer authoritative direction on health care planning, design and construction in the U.S. as a guide for regulators, designers, builders and facility owners. State licensing requires FGI compliance in order to align with public health, safety and welfare codes in the health care and senior living realm.

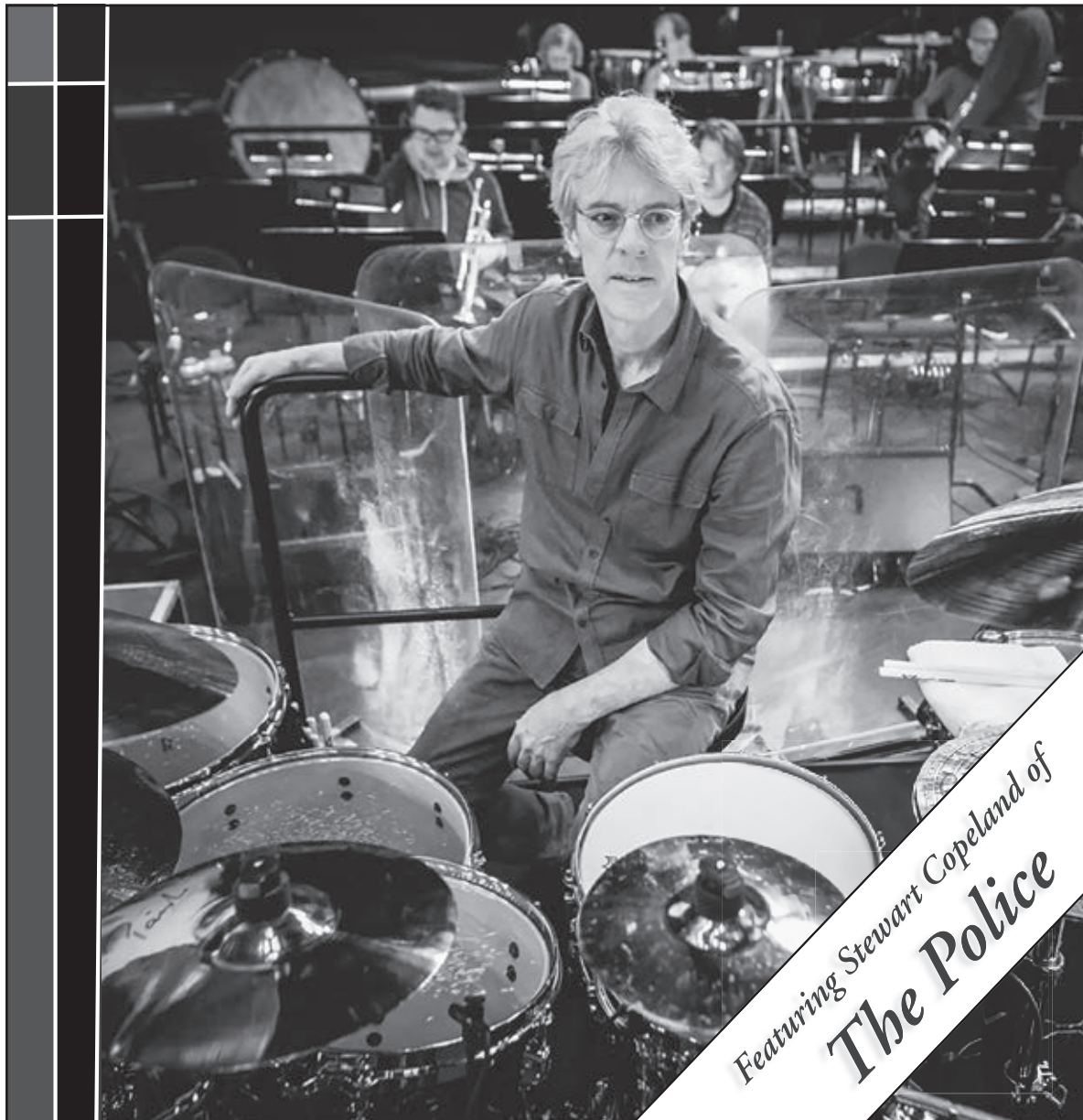
**4) Understand the overall certification process.** Licensing and regulation is primarily driven by the operator, who prepares a functional program for review and approval by the state health department, in this case, the

Colorado Department of Public Health and Environment. For instance, a certification requirement may stipulate the need for a laundry program. The operator must then determine whether to provide a full laundry facility on site, or instead contract with an outside laundry service. The architect can provide design support, but the operator submits the plan to the state licensing authority. The certification process must happen concurrently with design for an operator to open the facility on schedule.

**5) Know that the process takes time.**

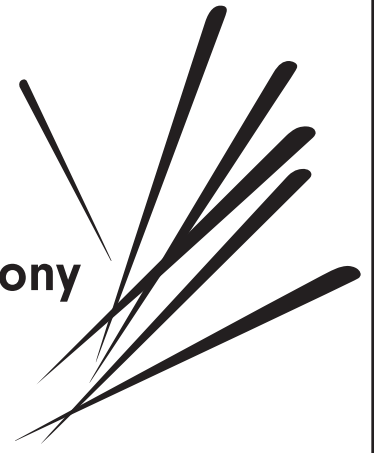
Above all, develop a realistic schedule from the outset. Allow time to work with all required agencies and be proactive in your communications. Get in front of decision-makers as early as possible, and take advantage of your allowance for state guidance during the conceptual phase. At the local level, your architect can help organize a preliminary design review meeting with as many affected local jurisdictions as possible (such as planning and zoning, building departments, fire departments and city engineering teams) early in the process to map out a schedule.

The Colorado regulations for designing senior living and health care facilities are always changing. While your architecture and design firm can (and should) be your partner throughout the process, they cannot write your functional program for you. Be sure your plans are up to code, stay aware of the certification process, and consult your local and state authorities – as well as your architect and design team – every step of the way.▲



Featuring Stewart Copeland of  
**The Police**

colorado symphony



**Stewart Copeland  
with the Colorado Symphony**

**FEB 25 SAT 7:30**

Brett Mitchell, conductor  
Stewart Copeland, trapset

STRAVINSKY	<i>Suite from Pulcinella</i>
JOHN ADAMS	<i>The Chairman Dances</i>
STEWART COPELAND	<i>Tyrant's Crush</i>
RAVEL	<i>La Valse</i>

Best-known as the drummer for The Police, Stewart Copeland presents his remarkable composition with the Colorado Symphony, led by Music Director Designate Brett Mitchell.

tickets: [coloradosymphony.org](http://coloradosymphony.org)

presenting sponsor



colorado symphony proudly supported by





# Save the Date!



COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

**PRESENTS** 2017 **Health Care &  
Medical Office Buildings**  
CONFERENCE & EXPO

7:15 am to 12:00 noon at • The Hyatt Regency Aurora-Denver Conference Center

For exhibitor information, please call Jon Stern at 303-623-1148 or [jstern@crej.com](mailto:jstern@crej.com)

## Thursday, April 20, 2017

# Save the Date!



COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

**PRESENTS** 2017 **Senior**  
**Housing & Care**  
CONFERENCE & EXPO

12:00 noon to 4:30 pm at • The Hyatt Regency Aurora-Denver Conference Center

For exhibitor information, please call Jon Stern at 303-623-1148 or [jstern@crej.com](mailto:jstern@crej.com)

## Thursday, April 20, 2017

## Undercover

Continued from Page 1

We were greeted by the director of nursing, who described my “symptoms” to me and ushered me into my wheelchair. Immediately, I became keenly aware of people and the building from a very different viewpoint – sitting in a wheelchair.

I was guided to my new home and given a walker to assist in standing for my initial weigh-in before having my vitals documented.

During my initial intake, I met with the lifestyle coordinator, who asked me a series of questions, including what I like to eat, hobbies and how I like to begin my day. This all began to stir my emotions, and I realized I could no longer do what I like to do on my own. I’m no longer in control of my own independence in a meaningful way, and they will do the best they can for me with the resources available to the community.

After getting settled, I was scheduled for “therapy” in the afternoon, but did not actually receive treatment as the staff was occupied with residents of the community. I had a significant amount of downtime throughout the afternoon to experience other areas of the building in my wheelchair. I

realized that a resident of the skilled nursing wing is not able to access the exterior without an escort due to the terrain. I was able to get around the building, but I had dementia so it had to be with my escort. I found several barriers that were code compliant but a bit difficult to overcome for even an able-bodied person and wondered what a frail resident does in these circumstances.

About an hour prior to dinner, residents were gathered in the dining area waiting to eat. The dining room was originally designed for 60 percent of the residents but they were all there and left no room for me. Instead, I went to the independent living dining room and enjoyed a wonderful meal. There, I was able to speak with several independent living residents and learned quite a bit about the independent unit designs.

By 9 p.m., I was seated alone in the lounge trying to work the multiple remote controls for the TV. As I was unable to work any of the five remotes, I watched what was on aimlessly, and became increasingly lonely and reflective.

From the initial feeling of nervous anticipation and mixture of emotions to the constant learning moments

throughout the day, my stay provided immeasurable opportunities for positive change in my work as an architect. The following are the key points of interest from my experience.

### Top 10 takeaways

- 1) More natural light (skylights or solar tubes in central areas) and additional attention to artificial lighting.
- 2) Larger bathrooms in the units:
  - Improved shower accessibility;
  - Grab bar locations in shower/tub rooms;
  - Showers in all resident rooms; and
  - Deeper leg room under the vanities and move the lavatory closer to the edge.
- 3) More room to maneuver in the units and higher toe kick space at bathroom casework.
- 4) Storage, storage, storage – with deeper alcoves to store equipment in the corridors.
- 5) Improved access and access control between building areas for residents and staff.
- 6) Enhanced wayfinding throughout the community.
- 7) Increased and improved access to outdoors, including a secure courtyard.
- 8) Increased awareness of sharp cor-

ners at handrails.

9) Better quality transition strips and carpet selection.

10) Gathering spaces and engagement areas:

- Large, flexible, multipurpose community space(s) for residents to gather and interact;
- Staggered dining or two to three spaces that double as dining and gathering areas; and
- Space for staff to meet, especially during shift changes.

My “day in the life” experience was enlightening, eye-opening, emotional, humbling and gratifying. It showed me that an amazing staff of caregivers and an exceptional operator can make any building work for the residents’ well-being and comfort. At the same time, my experience emphasized the incredible importance of creating a setting that responds to the needs of staff and residents. My responsibility as an architect is to work with the developer and/or operator team to find design solutions that make the staff’s job easier and create an environment of comfort, access and engagement for all residents. The lessons learned and key takeaways undoubtedly will come in to play and help inform the design of future senior living projects.▲

## Littell

Continued from Page 12

The time to capitalize on this facility improvement is now. Large rebates from utility companies can cover more than half of your turnkey project cost. And these cash benefits are not guaranteed to last. They will most likely decrease every year, and can stop all together if the program is stopped. The EAct that allows for the total cost to be written off as an

accelerated depreciation based on square footage is also not guaranteed to last. It will need to be extended again in 2018 to make this special tax allocation available to those who use energy-efficient design like incorporating LED. These incentives are likely to go away while LED will become the standard lighting choice. So at some point this transition will need to happen.

Be the one who sees the light and

makes the recommendation to make the change to LED at your facility. Make the transition and have a financial incentive to do so, or wait, and have to pay for it on your own. The changing of the guard in Washington, D.C., is also adding to the uncertainty of what will happen with government’s mandate to provide this kind of incentive to help consumers, property owners and tenants make these transitions. And there will likely

be added penalties for not reaching energy standards in your facility. This is becoming the case in Boulder. The exterior parking lot lighting throughout the city will need to be LED by July to meet the city’s forward-thinking standard. Similar standards are being set in Florida and around the country. We can expect a heavy push to adopting LED while also seeing the incentives of utility rebates and tax deductions go away.▲



THE WEIDT GROUP®

the energy practice of EYP Inc.

## Develop with Efficiency from Design Day One

Owners and development teams quickly and easily compare hundreds of design options to understand how different decisions impact energy efficiency, costs, and utility incentives.

Contact us to learn how your commercial project can qualify to receive incentives and a free energy analysis.

303.573.9200

[theweidtgroup.com/energy-design-assistance](http://theweidtgroup.com/energy-design-assistance)



## Cleveland

Continued from Page 10

and the effects of winter weather on mechanical systems. A critical element of most items we coordinate with facilities is patient safety. Understanding what electrical panels feed, monitoring and adjusting air supply, shut down of life safety systems and main utilities are all examples of coordination with facilities that occur daily.

I recently sat in a meeting where a debate was taking place on the cost savings of vinyl composition tile flooring in lieu of sheet vinyl.

The team was focused on discussing colors, looks and presentation. It was the director of facilities that ultimately stated the facts: in this particular area, there is not high traffic. Even considering the cleaning of the VCT, which takes more maintenance for waxing, VCT was a much smarter decision based upon replacement costs. Decision made.

There are countless examples like this, whether discussing a medical gas outlet type and the ability to replace parts versus the entire outlet, or light fixture manufacturers, or major mechanical equipment, all of

which are based upon real life knowledge. Every day, the facilities group works with the parts and pieces specified in our projects. They repair, maintain and replace everything.

As a construction team, the facilities group is our lifeblood. We will never succeed on any project without assistance from the facilities group. Developing a partnership with this group is critical. We would be lost without them. Recognizing existing conditions, assistance with shut downs, managing the intricacies of any facility comes expressly from this group. The facility manager can-

not be left out of the design and construction process. Facilities should be involved early in design with product and equipment specification all the way through construction with coordination, shut downs and inspections.

Ensuring that facilities management plays an active role every step of the way can influence the health of patients – and the health care organization itself, strengthening and adding value to the construction process.

Facilities is the heart of the medical campus.▲

## NexCore

Continued from Page 6

Oliver's legacy includes being involved in the development and consulting engagements for more than 90 facilities totaling 5 million sf in the past 40-plus years. He has focused exclusively on medical real estate since 1974 and has co-founded several firms, including Western Skies, Integrated Medical Campus and NexCore.

As for the winning MOB project, Todd Varney, NexCore managing director development and acquisitions, noted, "From its challenging site acquisition process to its fast-track development schedule, Buck Creek Medical Plaza embodies the spirit of collaboration and dedication that defines NexCore. Our tenants and the local community leaders were already delighted with the project, but we are honored to now have had our hard work and creativity recognized nationally."

Buck Creek Medical Plaza is a \$28 million, three-story, 48,300-sf medical office building and freestanding emergency department/urgent care center located in the Vail Valley.

The facility, which opened in June, realized the longstanding, elusive goal of a new, one-stop outpatient center in the Valley, further complicated by unique geography, topography and extremely high concentration of government-owned land, the firm noted.

In a unique collaboration, NexCore was able to secure the 2.15-acre parcel through a land swap that involved the Eagle River Fire Protection District, the city of Avon and New York financier and Vail resident Oscar Tang, an individual highly committed to the Vail Valley, who owned adjacent land. NexCore fast-tracked its process and broke ground on Buck Creek seven months later.

Centura Health and Colorado Mountain Medical anchor the plaza, which opened 94 percent leased.▲

Jamie Ranzan joined MorningStar Senior Living as the company's new chief financial officer.

Matt Turner, who had been the company's chief financial and development officer since 2009,



Jamie Ranzan

will transition to the role of managing partner.

Ranzan relocated to Colorado in November.

"We couldn't be happier to welcome Jamie to the MorningStar team. Her passion for seniors, core values and

depth of experience not only in accounting and real estate finance, but specifically in senior living, make her an ideal leader as we continue growing the MorningStar

platform," said Turner.

Ranzan began her career as an auditor in the real estate group of Ernst & Young, where she worked in various aspects of the real estate industry: residential, development, land acquisitions and senior living. At KBS Realty Advisors in Newport Beach, she helped manage \$1.8 billion in assets across the United States. Before joining MorningStar, she was CFO/vice president of corporate finance for a senior living company in Southern California, responsible for all matters concerning accounting, finance, insurance, tax and compliance.

She holds a degree in business management with an emphasis in finance from Chapman University and currently is finishing her Master of Business Administration from Pepperdine University.▲










ENGINEERING SOLUTIONS FOR LAND & SITE DEVELOPMENT

MARKET SECTORS

Agricultural	Industrial	Office
Education	Institutional	Recreational / Sports Venues
Healthcare / Assisted living	Mixed - Use	Residential
Hospitality	Multi - Family	Retail
	New Urbanism / Neo - Traditional	

5 COLORADO LOCATIONS

Denver | Golden | Grand Junction

Greeley | Loveland






www.olssonassociates.com

970.461.773



# COLORADO REAL ESTATE JOURNAL

THE COMMUNICATION CHANNEL OF THE COMMERCIAL REAL ESTATE COMMUNITY

## HEALTH CARE PROPERTIES QUARTERLY

*The publication encompasses all health care-related property types, including hospitals, medical office buildings, specialty centers (imaging, cancer, ortho, gastro, cardio, etc.), ambulatory surgery centers, stand-alone emergency departments, urgent care centers, skilled nursing facilities, long-term acute care facilities, seniors housing, rehabilitation and wellness centers, and other real estate involved in the continuum of care. The publication covers topics and issues related to development, investment, finance, construction, TI, design, leasing, property management, law, and valuation, as well as market conditions and factors. The publication is mailed with the Colorado Real Estate Journal newspaper, a 4,000+ distribution that includes developers, investors, brokers, lenders, contractors, architects and property managers.*

### 2017 ADVERTISING RATE CARD

#### AD RATES

Full-page                 \$995 / \$745\*  
 Half-page                \$595 / \$445\*  
 Quarter-page            \$395 / \$295\*

#### \*Frequency discount:

Participate in three consecutive issues and receive the fourth issue at no charge.

**Color:** Color is available for \$200 additional per ad

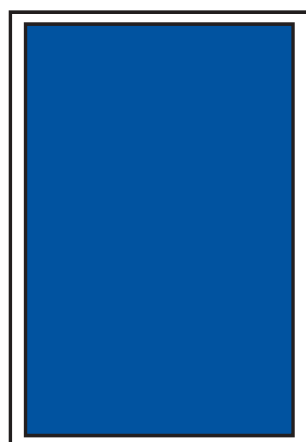
#### AD SPECIFICATIONS

- E-mail a high-resolution, press ready PDF file to Jennifer Steidley at [jsteidley@crej.com](mailto:jsteidley@crej.com)
- All images within the ad should be 300dpi or greater at full size; All fonts should either be embedded in the PDF document, or converted to outlines
- Full-color ads should be setup using CMYK process color; Spot colors should be setup using CMYK build. A list of available spot colors can be found at <http://www.signatureoffset.com/helpful-resources.html>

ISSUE DATE	SPACE RESERVATION DEADLINE	MATERIAL DEADLINE
January 18	December 28, 2016	January 4
April 19	March 29	April 5
July 19	June 28	July 5
October 18	September 27	October 4

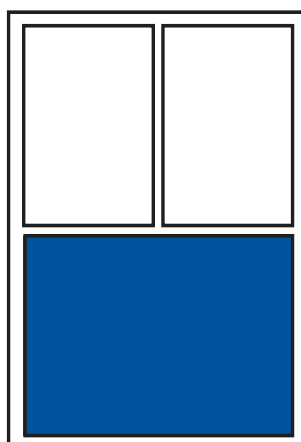
#### AD DIMENSIONS

**FULL PAGE**



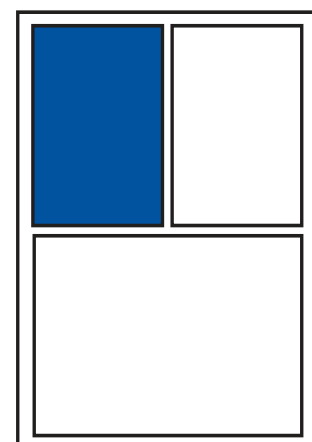
10.25"w x 15.5"h

**1/2 PAGE H**



10.25"w x 7.25"h

**1/4 QUAD**



5"w x 7.25"h

To reserve ad space, please contact Lori Golightly at 303-623-1148 ext. 102 or [lgolightly@crej.com](mailto:lgolightly@crej.com).  
 For editorial content, please contact Jennifer Hayes at 303-623-1148 ext.106 or [jhayes@crej.com](mailto:jhayes@crej.com).