

Tompkins County Industrial Development Agency

ADMINISTRATION PROVIDED BY  **TCAD**

Beechtree Center for Rehabilitation and Nursing – Community Benefits Overview 11/21/13

Project Overview

The Beechtree Care Center is a 120-bed skilled nursing home located at 310-318 S. Albany St. in Ithaca, owned by Reconstruction Home and Healthcare Center, Inc., a nonprofit corporation. The nursing home primarily serves Medicaid beneficiaries and has suffered financially over the last decade as a result of Medicaid funding cutbacks. Over the past several years it has incurred sizeable operating losses. To avoid closing on Sept. 1, 2013, Reconstruction Home and the NYS Department of Health entered into a Receivership Agreement with BTRNC, LLC, pursuant to which BTRNC now operates Beechtree. At the same time, Reconstruction Home entered into an Operations Transfer Agreement with BTRNC to transfer operations to BTRNC upon the latter's receipt of a permanent operating certificate from the Department of Health. Also at the same time, Reconstruction Home entered into an Asset Purchase Agreement with 318 South Albany Street LLC to sell and convey all of its real and personal property.

Both BTRNC and 318 South Albany Street are limited liability companies owned by three individuals, two of which also own Upstate Services Group, a company that provides administrative and operational support to various skilled nursing homes. The NYS Department of Health previously approved these same individuals as the established operators of eleven skilled nursing facilities.

The "project" for which IDA assistance is sought is to preserve the Beechtree Care Center (under the new name of Beechtree Center for Rehabilitation and Nursing) as a provider of critically needed skilled nursing home services in Tompkins County, and to ease the transition of Beechtree from a not-for-profit entity paying no property taxes to a self-sufficient, financially viable tax-paying entity.

Following is a summary of the costs and benefits as a result of this project.

Financial Cost/Benefit

	Costs (value of abatement)		Benefits	
Property Taxes	City	\$239,622	City	\$231,498
	County	\$124,589	County	\$120,365
	School	\$314,830	School	\$304,156
		\$679,042		\$656,018
Sales Tax	Local	\$10,400	Local	-
	State	\$10,400	State	-
		\$20,800		-
Mortgage Recording Tax	Local	-	Local	\$39,780
	State	\$13,260	State	-
		\$13,260		\$39,780

Tompkins County

Industrial Development Agency

Other Benefits

Experienced Owner/Operator – The new owner and operator is experienced and has a successful track record. The principals of the new entities were previously approved by the State Department of Health to take over the operations of 11 other skilled nursing facilities.

Preserve Vital Healthcare Services – Its survival and long-term viability are especially critical because Tompkins County is one of the few counties listed as being deficient in the number of skilled nursing home beds available to meet long-term healthcare needs. Beechtree:

- provides about 27% of the roughly 439 skilled nursing beds in Tompkins County;
- fulfills an unmet healthcare need for the community based on the volume of Medicaid and indigent patients served (its Medicaid resident case mix is at approximately 75%, which is at least 10% in excess of the average for all nursing homes in Tompkins County); and
- it provides more nurse hours per resident than any other facility in Tompkins County.

Retain Jobs – Over 100 professional and support jobs with benefits will be preserved.

Support Local Suppliers – The operator currently uses over 41 local suppliers for goods and services.

New Property Tax Revenue – With the transition from a not for profit to a for profit owner, the property will begin in year one, for the first time, to provide property tax revenues to Tompkins County, the City of Ithaca, and the Ithaca City School District.

Leverages Capital Investment – The new owner will invest approximately \$1.3 million to make critical and non-critical repairs including:

- sidewalk improvements
- electrical upgrades to the fire alarm system
- upgrade and extend the short-term unit and rehabilitation services

Environmental/Health Benefits – The current cleaning supplies will be replaced with Santac cleaning supplies, which are all natural and non-toxic.

Not Compete with Other Businesses – Beechtree will not compete with, or displace business from, other nursing homes in the community because:

- it has been a fixture in the community for 93 years, long before the other nursing homes in Tompkins County;
- the demand for nursing home beds in Tompkins County greatly exceeds the supply and all five nursing homes are operating at close to full capacity (if Beechtree didn't exist, there would be no increase in the "business" of the other four nursing homes);
- no other Tompkins County nursing home services as many Medicaid and indigent residents as Beechtree (if Beechtree didn't exist, the most vulnerable members of the population would be deprived of critical care).