



April 10, 2024

Ms. Emily Marsal
Executive Director
State Health Planning and Development Agency
100 N. Union St., Suite 870
Montgomery, Alabama 36104

Re: Project Modification Request
AL2019-030, CON 2895-SCALF, Lakeshore Senior Living, LLC

Dear Ms. Marsal:

Pursuant to ALA. ADMIN. CODE r. 410-1-10-.03(1)(a), please accept this request for modification to the CON's awarded to Lakeshore Senior Living, LLC.

The original estimate of construction, included in the application, was \$8,892,504. Unfortunately, due to unfortunate and market driven events, the final project cost was \$11,048,878, detailed in our Annual Report dated March 26, 2024. This cost increase had several factors - subcontractor theft, covid-driven delays and price increases in supplies, and costs higher than originally budgeted.

The application, and the budget in which it was based on, were completed in July 2019. Due to the pandemic and economic pressures, costs of operation increased dramatically from 2019 expectations to 2024 realities. For example, the chart below shows some major operating costs and total expense differences:

Cost Comparison

Table with 3 columns: Expense Category, Budget/Application, and 1st Year Actual Costs. Rows include Salaries, Contract Services, Insurance, Taxes & Licenses, Food, and Total Expenses.

Staffing and Insurance were affected the most during this time. In addition to the higher staffing costs of employees, an additional \$104,000 was spent on Temporary Labor/Staffing Agencies due to the lack of an available workforce after the pandemic (an issue experienced at most healthcare providers and senior living communities).

Originally projected to be completed February 2021, Lakeshore Senior Living did not receive Certificate of Occupancy until December 2022, with licensure awarded and occupancy beginning in February 2023. A letter from the contractor, Consolidated Construction Company,

and owner of Lakeshore Senior Living, is attached to this letter explaining the events causing both delays and cost increases.

The uncontrollable costs and delays were caused by an unforeseen pandemic and the modification is purely on costs of construction and operations, not bed count, services, or use. The increase in costs and delay in opening have caused severe financial pressure to the owners thus far, but they have continued their pursuit to provide quality services to the people of Marshall County.

Should you have further questions not adequately addressed please contact me at 251.981.0204 or via e-mail at [nwilmott@chscorp.net](mailto:nwilmott@chscorp.net). On behalf of Lakeshore Senior Living, LLC

Thank You,

A handwritten signature in black ink, appearing to read 'Nick O. Wilmott', with a stylized flourish at the end.

Nick O. Wilmott  
Vice President of Operations

Enclosures (1)  
Cc: J. Greg Bragg, Jr., President, Lakeshore Senior Living, LLC



(256) 534-2356  
909 Oakwood Ave NW, Suite A  
Huntsville, Alabama 35811  
ConsolidatedConstruction.com

April 2, 2024

Ref: Lakeshore Construction Cost Increase

To Whom It May Concern,

The major reason for an increase in costs was the electrical subcontractor on the project, who abandoned the job. He used monies paid to him for the job and used for other things and debts.

We had to pay suppliers that were certified to be paid by him, thus making it almost double payment on some materials to secure those materials.

We had to bring in another electrical subcontractor to complete the project. When this happens, it costs a premium. We sued Anchor Electric and him personally for fraud and recently won that case.

This caused major delays in time which caused costs to go up.

Add supply chain issues and Covid delay issues, and this is additional delays on monies and time.

Another issue during construction was that the Architect did not have the proper required fire protection system in the attic This unforeseen mistake added an additional cost of approximately 200k to fix this issue.

All of these issues were out of the control of Lakeshore and Consolidated Construction Company.

An additional fee to the state would add to the burden of increased costs.

Please consider these unforeseen items in regard to any additional fees.

Sincerely,

James Bragg  
Lakeshore Managing Member  
Consolidated Construction Company - President

Apr 29 2024

STATE HEALTH PLANNING AND  
DEVELOPMENT AGENCY



April 29, 2024

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**Cost Comparison Examples**

|                   | <u>Budget/Application</u> | <u>1<sup>st</sup> Year Actual Costs</u> |
|-------------------|---------------------------|---|
| Salaries          | \$640,709                 | \$1,089,871                             |
| Contract Services | \$97,154                  | \$142,450                               |
| Insurance         | \$31,558                  | \$93,827                                |
| Taxes & Licenses  | \$37,200                  | \$80,833                                |
| Food              | \$72,818                  | \$105,176                               |

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Consolidated Construction Company - President