

Docket Item #12
SPECIAL USE PERMIT #2003-0015

Planning Commission Meeting
May 8, 2003

ISSUE: Consideration of a request for a special use permit to identify the operator of a nursing facility.

APPLICANT: HR Acquisition 1 Corporation/Capstone Capital Corporation (joined with Ruxton Health Care VI, LLC, d/b/a Ruxton Health of Alexandria)

LOCATION: 900 Virginia Avenue

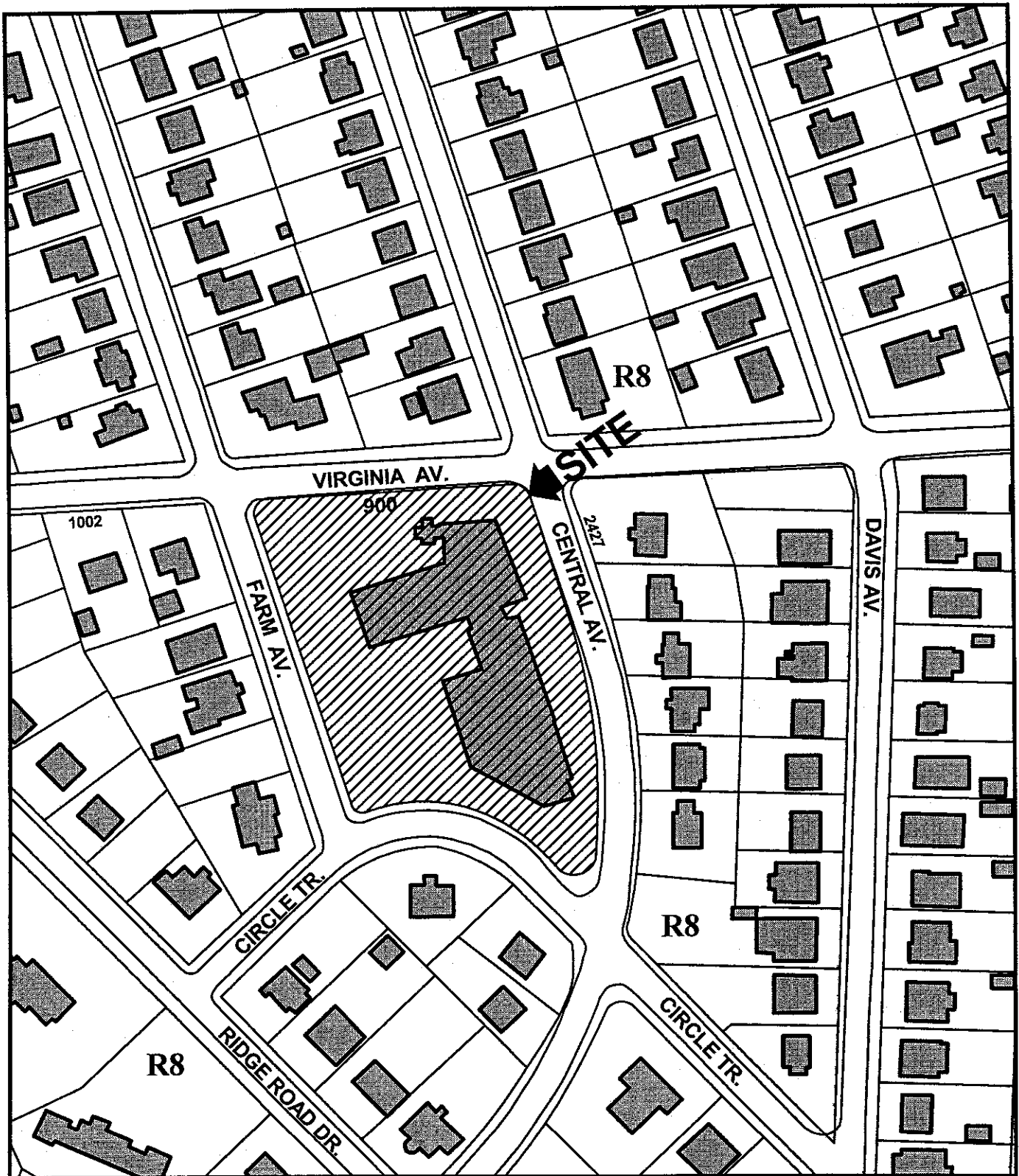
ZONE: R-8/Residential

PLANNING COMMISSION ACTION, MAY 8, 2003: On a motion by Mr. Komoroske, seconded by Mr. Leibach, the Planning Commission voted to recommend approval of the request, subject to compliance with all applicable codes, ordinances and staff recommendation. The motion carried on a vote of 7 to 0.

Reason: The Planning Commission agreed with the staff analysis.

Speakers:

There were no speakers on this item.



SUP #2003-0015

05/08/03



STAFF RECOMMENDATION:

Staff recommends **approval** subject to compliance with all applicable codes and ordinances and the following conditions:

1. The maximum number of beds permitted shall be 113, or such lower number to coincide with available parking at a ratio of one space for each two resident beds in the facility. (P&Z) (SUP #2775)
2. Condition deleted. (P&Z)
3. Condition deleted. (P&Z)
4. Condition deleted. (P&Z)
5. Condition deleted. (P&Z)
6. Condition deleted. (P&Z)
7. Condition deleted. (P&Z)
8. Condition deleted. (P&Z)
9. Condition deleted. (P&Z)
10. The applicant shall contact the Crime Prevention Unit of the Alexandria Police Department for a security survey for the business before the business opens. (Police)
11. Provide minimum maintained lighting of 2.0 foot candles for parking areas. (Police) (SUP #2775)
12. Provide tree protection to the satisfaction of the City Arborist. (PR&CA) (SUP #2775)
13. **CONDITION AMENDED BY STAFF:** The special use permit shall be limited to the applicant or to any business or entity in which the applicant has a controlling interest. In addition, the applicant shall submit the name of ~~each and every proposed~~ any new operator of the facility (including HHS if no other operator is selected within one year of this approval) to the Director of Planning and Zoning for review and

approval, provided however that the matter of the new operator shall be docketed for public hearing and special use permit approval before the Planning Commission and City Council if, as determined by the Director, (1) there have been any substantiated violations of this permit that have not been reasonably resolved, or (2) any change to the operation of the facility is proposed. (P&Z)

14. Condition deleted. (P&Z)
15. The subject property is approved for use as a nursing home, consistent with the applicant's existing license. It may not be used as a hospital and the applicant shall submit annually on the anniversary of this approval a letter to the Department of Planning and Zoning verifying that it has engaged in none of the following activities during the past year: (i) acute care services such as intensive care, emergency room, obstetrical, invasive surgical diagnostic procedures (other than endoscopic, bronchoscopic or colonoscopic procedures) or operating room procedures; (ii) outpatient services other than up to three months of follow-up care for former inpatients; (iii) substance abuse treatment services; (iv) x-ray, pharmacy, or laboratory services other than to serve the facilities inpatients; or (v) the submission of any application to a licensing authority seeking status as a hospital. (Agreement) (SUP #2775) (P&Z)
16. Condition deleted. (SUP #2775)
17. All landscaping specified in the site plan shall be maintained; plants, trees, and shrubs that die shall be replaced with comparable stock. Extraneous plants, trees, and shrubs shall be removed. (PC)
18. Except as expressly approved by this special use permit, applicant shall not make any change to the exterior of the facility which:
 - (a) increases the exterior dimensions or changes the location of the structures on the property;
 - (b) increases the extent of the paved areas (parking, sidewalks, walkways, etc.) associated with the facility;
 - (c) affects the location, height, or materials of walls within or surrounding the property; or

- (d) diminishes the extent of vegetated open space on the facility's grounds. (Agreement) (SUP #2775)
19. Applicant shall screen all new rooftop equipment, including the cooling tower, with materials which complement the building's exterior trim. (Agreement) (PC) (SUP #2775)
20. Except for mail, parcel, or pharmacy-related deliveries, all truck deliveries (including, without limitation, oxygen deliveries) to the facility, and all trash and similar pickups from the facility, shall be accomplished between the hours of 8:00 a.m. and 5:00 p.m. Monday through Friday. The operator of the facility shall notify all vendors of the permissible hours (i.e., 8:00 a.m. to 5:00 p.m.) during which vendors may make non-emergency deliveries to the facility. (Agreement) (SUP #2775) (P&Z)
21. The areas of the facility which are visible from the street, including but not limited to all structures, paved areas, sidewalks, and grass areas, shall be maintained in good condition. (Agreement) (SUP #2775)
22. The applicant shall keep the property, and the area surrounding the property including both sides of the four streets (i.e., Virginia Avenue, Farm Road, Circle Terrace Avenue and Central Avenue) adjacent to the facility, free of litter and debris. (P&Z)
23. Staffing for the facility shall be limited as follows: (i) The total number of full time employees or full-time equivalent employees (including any contract labor), as reported to the Virginia Health Services Cost Review Council annually, shall not exceed 160; and (ii) the bedside nursing hours for any calendar year shall not exceed 196,500. The applicant shall submit annually a letter to the Department of Planning and Zoning verifying compliance with this condition. (Agreement) (SUP #2775)
24. Oxygen deliveries shall be made by the smallest truck available, but in no event by a truck larger than 45 feet long. (PC) (SUP #2775)
25. Applicant shall enforce restrictions on its employees' on-street parking to both sides of Central Avenue and Virginia Avenue adjacent to the subject property. (PC) (SUP #2775)
26. Condition deleted. (P&Z)
27. Condition deleted. (P&Z)

28. The operator shall schedule quarterly meetings with the surrounding neighbors to review site operations and neighborhood concerns. At least annually, an appropriate individual from the corporate office of both the owner and the operator shall attend such meetings. (P&Z)
29. The operator shall conduct employee training sessions on an ongoing basis, including as part of any employee orientation process, to discuss all SUP provisions and requirements affecting employees and to communicate, at a minimum, (a) the unique aspects of operating the facility within a residential neighborhood and (b) the operator's related expectations of the employees. Among issues to be addressed in employee sessions shall be limitations on employee noise (i.e., during shift changes and other outdoor activities in which noise may carry beyond the facility site) and proper behavior towards facility neighbors. (P&Z)
30. The operator shall communicate with facility patients and their families those aspects of the SUP affecting them. (P&Z)
31. The owner and operator shall provide to the City and shall post at the facility entrance contact information for both the owner and operator and shall provide updated information as needed so that neighbors can contact those individuals responsible for the facility to express concerns regarding facility operations. (P&Z)
32. The applicant shall implement, within 60 days of SUP approval, a facility employee parking program whereby employee parking stickers will be issued to employees who shall be required to display the stickers on all vehicles they park at the facility to enable monitoring of the location of employee parking. The applicant shall also paint or otherwise designate at least 18 parking spaces on the east side of Central Avenue for facility parking pursuant to a plan approved by the Director of Planning and Zoning. In addition, the applicant will conduct a further traffic/parking study to develop data for purposes of assessing facility parking needs and the impact of reducing the present parking spaces on Central Avenue on the neighborhood. Further, the applicant will install two additional parking spaces for employees along the facility border with Central Avenue and create curb area for additional on-street parking spaces. (P&Z) (PC)
33. The applicant shall agree to meet in December 2002 and later with the neighbors surrounding the facility for purposes of reviewing the parking program and further parking study for purposes of continuing to examine parking options at the facility, including the potential reconfiguration of Central Avenue parking. (P&Z)

34. The applicant shall submit for administrative approval an amendment to the approved site plan to effect the following changes to the site: (a) improve an existing landscaped area along the west side of Central Avenue with new plantings to provide enhanced screening and beautification; (b) provide an irrigation program for convenient watering for the facility's most heavily planted areas; (c) create a new parking area for two off-street parking spaces and three on-street spaces on the west side of Central Avenue at the southern end of the existing private driveway area; (d) create a new landscaped area with plantings at the point of the new parking area described in (c) above; and (e) create an outdoor gathering area for patients and/or employees within the interior of the site. The proposed changes shall be designed to the satisfaction of the Directors of Planning and Zoning, Recreation, Parks and Cultural Activities, and Transportation and Environmental Services and shall be implemented within 60 days of the date of this approval. (P&Z)
35. The applicant shall include the requirements of the special use permit in the lease agreement with the operator of the facility as requirements of the lessee specifying that the operator shall be responsible for maintaining full compliance with the SUP. Further, such agreements shall contain provisions whereby the operator shall agree to payment of fines to the applicant of not less than \$250 per day and not greater than \$2,000 per day until verified violations are corrected. If requested by the City of Alexandria, the applicant and/or the operator shall make available for inspection and copying a record of all such violations and fines and evidence of payment of such fines. (P&Z)
36. **CONDITION MAINTAINED BY STAFF:** On both the one year and the two year anniversaries of this approval, in May 2004 and 2005, the Director of Planning and Zoning shall review the special use permit and shall docket the matter for consideration by the Planning Commission and City Council if (a) there have been documented violations of the permit conditions, (b) the director has received a request from any person to docket the permit for review as a result of a complaint that rises to the level of a violation, or (c) the director has determined that there are problems with the operation of the use and that new or revised conditions are needed. (P&Z)
37. **CONDITION ADDED BY STAFF:** Six months from City Council approval of this SUP, the applicant shall provide to staff and to area residents an update of its compliance with each SUP condition. (P&Z)

38. **CONDITION ADDED BY STAFF:** The applicant is to contact the Crime Prevention Unit of the Alexandria Police Department at 703-838-4520 regarding a security survey of the facility. This is to be completed as soon as the ownership change is complete. (Police)

39. **CONDITION ADDED BY STAFF:** The applicant shall control odors, smoke and any other air pollution from operations at the site and prevent them from leaving the property or becoming a nuisance to neighboring properties, as determined by the Department of Transportation and Environmental Services. (T&ES)

Staff Note: In accordance with section 11-506(c) of the zoning ordinance, construction or operation shall be commenced and diligently and substantially pursued within 18 months of the date of granting of a special use permit by City Council or the special use permit shall become void.

DISCUSSION:

1. The applicant, HR Acquisition 1 Corporation/Capstone Capital Corporation ("HCRT"), the property owner, joined with Ruxton Health Care VI, LLC, d/b/a Ruxton Health of Alexandria ("Ruxton"), the proposed new operator, request special use permit approval to change the ownership of the nursing facility located at 900 Virginia Avenue.
2. The subject property is a full block of land bordered by Virginia Avenue, Central Avenue, Farm Road and Circle Terrace Avenue. The 1.58 acre site, zoned R-8, is developed with a nursing facility and parking lot. The building contains 26,263 net square feet (0.38 FAR) of floor area. The nursing home is surrounded by single family residential development in the North Ridge neighborhood.
3. On June 18, 1994, SUP #2775 was granted to Integrated Health Services Inc. to operate the nursing facility, with a requirement for a new SUP if the ownership changed. On September 14, 2002, City Council approved special use permit #2002-0008 for a change of ownership for the nursing facility to reflect the current owner of the property HR Acquisition 1 Corporation/Capstone Capital Corporation, a wholly owned subsidiary of Healthcare Realty Trust ("HCRT"). Although IHS continues to operate the nursing home, it has been a debtor in bankruptcy proceedings since early 2000.
4. Condition #13 of the SUP requires any new operator to go through the change of ownership process and to be docketed for public hearing and special use permit approval if (1) there have been any substantiated violations of this permit that have not been reasonably resolved, or (2) any change to the operation of the facility is proposed.

In this case, Ruxton is the proposed new operator of the nursing facility, and it filed for the change of ownership as required. HCRT, the applicant and property owner, has been in violation to condition #34 which required that an amendment to the site plan be filed for changes in landscaping and parking and that those changes be implemented within 60 days of the September 2002 approval. The specific changes were ones worked out with the neighbors and staff to address neighborhood issues. Citations for the violations were issued, and staff docketed this case for hearing as required in Condition #13. The actual "applicant" in this SUP will remain HCRT as it will continue to be the property owner. No other changes to the facility or operation are proposed as part of this application.

5. In response to the citation, HCRT submitted an application for amendment to the site plan. That amendment was approved and the applicant is working on implementing the improvements.

6. Ruxton was founded in 1998 and is headquartered in Columbia, Maryland. Ruxton is a regional provider of sub-acute care and long-term care services that operates 783 beds at five facilities, all located in residential communities throughout Maryland and Virginia. According to Ruxton, the senior management of the company has experience working in nursing care facilities in the region.
7. On April 8, 2003, staff inspected the subject property and found no violations, other than implementing the required landscaping and site improvements identified in the site plan amendment.
8. As required in condition #32, IHS has implemented a parking program for its employees. In order to better identify employee vehicles, each employee is required to hang an identification tag from their rear view mirror. In addition, of the 28 parking spaces along Central Avenue, 18 have been numbered to designate the spaces for IHS employees. Ten spaces were left unnumbered so they can be utilized by the residents along Central Avenue.
9. In regard to compliance with condition #28 requiring quarterly meetings with the neighbors to review site operations and neighborhood concerns, the property owners have held two meetings with area residents since September. Another meeting is scheduled for the end of April. The meeting on December 17, 2002, had only one resident present because of a delay in notification of the meeting. The second meeting was well attended and the property owner shared with the group the results of the parking study that was done as required by condition #32.
10. The parking study was required in condition #32 to develop data for purposes of assessing facility parking needs and the impact of reducing the present parking spaces on Central Avenue on the neighborhood. The data may be used to consider a reconfiguration of the parking along Central Avenue. The parking study assessed parking demands at various times over a four day period for both the on-street and off-street parking in the vicinity of IHS. The results of the study indicated that at the peak demand time of 2:30 p.m., an average of 75% of the parking spaces were occupied.
11. The operator informed staff that it has implemented other conditions that were newly introduced when the existing permit was approved in September 2002 including providing employee training on the SUP conditions, communicating SUP provisions to patients and their families, and informing vendors of the restricted delivery times (See attached letters). The operator also checks the property for trash and litter daily.
12. Staff received six complaints from neighbors since the September approval all within the first two months after approval. However, no tickets were issued from these complaints.

In most cases, the complainants informed staff that they had contacted IHS or HCRT directly and their issue was reasonably resolved. There was only one complainant who was not satisfied with how IHS has responded to concerns. In that case, there was not a specific complaint, just a general dissatisfaction with the facility being in the neighborhood.

13. Zoning: The nursing home facility is classified as a noncomplying use as a zoning matter, since it is no longer allowed in the R-8 zone. Prior to the adoption of the 1992 zoning ordinance the use was permitted in the R-8 zone with a special use permit.
14. Master Plan: The proposed use is consistent with the Northridge/Rosemont chapter of the Master Plan which designates the property for residential use.

STAFF ANALYSIS:

Staff does not object to the new operator proposed for the nursing care facility located at 900 Virginia Avenue. Although there have been complaints from area residents, almost all reported to staff that HCRT or IHS was responsive to their concerns. HCRT has continued to hold the required neighborhood meetings ensuring continued communication between the owner, operator, and neighbors, and Ruxton has been involved in the meetings. HCRT continues to discuss parking issues in the area, most recently sharing the results of the parking study, in hopes of finding improved parking solutions.

Although HCRT has been responsive to neighbor's concerns, staff is concerned that there have been complaints and that the required site plan amendment and landscaping improvements were not implemented in the time frame specified in condition #34. Because of these concerns, staff has included a condition requiring that the applicant provide to staff and to area residents, an update of its compliance with the conditions of the SUP six months from the date of City Council approval. Additionally, staff has retained the condition requiring both a one and two year review.

With these conditions, staff recommends approval of the special use permit.

STAFF: Eileen Fogarty, Director, Department of Planning and Zoning;
Barbara Ross, Deputy Director;
Valerie Peterson, Urban Planner.

CITY DEPARTMENT COMMENTS

Legend: C - code requirement R - recommendation S - suggestion F - finding

Transportation & Environmental Services:

- F-1 T&ES has no objections to the Change of Ownership application. However, City staff has in the past received complaints regarding air and noise pollution when the facility would test or use the emergency generator system. This is an infrequent operation and has not occurred for several months.
- F-2 City staff is currently reviewing a minor amendment request to development Site Plan (SIT) #94-003 for alterations to parking, landscaping and site amenities to enhance resident/employee use.
- R-1 The applicant shall control odors, smoke and any other air pollution from operations at the site and prevent them from leaving the property or becoming a nuisance to neighboring properties, as determined by the Department of Transportation and Environmental Services.
- C-1 The applicant shall comply with the City of Alexandria's Noise Control Code, Title 11, Chapter 5, which sets the maximum permissible noise level as measured at the property line.

Code Enforcement:

- C-1 A new Fire Prevention Permit shall be obtained by the new owner due to a change of ownership.

Health Department:

- F-1 An Alexandria Health Department Permit is required for all regulated facilities.
 - 1) Permits are non-transferable.
 - 2) This facility must meet current Alexandria City Code requirements for food establishments. Contact Environmental Health at 703-838-4400 Ext. 255 to arrange for a "change of ownership" inspection.

- 3) If changes to the facility are to be done, five sets of plans must be submitted to and approved by this department prior to construction. Plans must comply with the Alexandria City Code, Title 11, Chapter 2, Food and Food Establishments. There is a \$135.00 fee for review of plans for food facilities.
- 4) Permits must be obtained prior to operation.
- 5) The facility must comply with the Alexandria City Code, Title 11, Chapter 10, Smoking Prohibitions.
- 6) Certified Food Managers must be on duty during all hours of operation.
- 7) Restrooms, including those in common areas, serving the restaurant, are to meet Alexandria City Code, Title 11, Chapter 2 requirements.
- 8) This facility is currently operating as Integrated Health Services of Northern Virginia under permit #16F-305-1, issued to Integrated Health Services at Alexandria, Inc.
- 9) Provide a menu or list of foods to be handled at this facility to the Health Department prior to opening.

Police Department:

- R-1 The applicant is to contact the Crime Prevention Unit of the Alexandria Police Department at 703-838-4520 regarding a security survey of the facility. This is to be completed as soon as the ownership change is complete.

Human Services (Social Services):

- F-1 Ruxton Corporation is not known to the Alexandria Department of Human Services/Adult Services Unit. However, the facility to be purchased, Integrated Health Services (IHS), is well known to Adult Services and we have had a long standing, respectful working relationship with them. Integrated Health Services is a Nursing/Rehabilitative facility. By law, it must report all incidents of abuse, neglect and exploitation (or suspected cases) to Adult Protective Services. The reports are client specific. Their reports have been prompt and the cooperation has been good.

APPLICATION for SPECIAL USE PERMIT # 2003-0015☒ Change of Ownership or ☐ Minor Amendment*[must use black ink or type]*PROPERTY LOCATION: 900 Virginia Avenue, Alexandria, Virginia 22302TAX MAP REFERENCE: 33.00-02-14 ZONE: R-8APPLICANT Name: Ruxton Health Care VI, LLC & Ruxton Health of AlexandriaAddress: 10420 Little Patuxent Parkway, Suite 210, Columbia MD 21044PROPERTY OWNER Name: Capstone Capital CorporationAddress: 3310 West End Avenue, Suite 700 Nashville TN 37203SITE USE: Skilled Nursing and Sub Acute Facility

☒ THE UNDERSIGNED hereby applies for a Special Use Permit for Change in Ownership, in accordance with the provisions of Article XI, Division A, Section 11-503 (5)(f) of the 1992 Zoning Ordinance of City of Alexandria, Virginia. THE UNDERSIGNED, having read and received a copy of the special use permit, hereby agrees to comply with all conditions of the current special use permit, including all other applicable City codes and ordinances.

☐ THE UNDERSIGNED hereby applies for a Special Use Permit for Minor Amendment, in accordance with the provisions of Article XI, Division A, Section 11-509 and 11-511 of the 1992 Zoning Ordinance of City of Alexandria, Virginia.

THE UNDERSIGNED, having obtained permission from the property owner, hereby requests this special use permit. The undersigned also attests that all of the information herein required to be furnished by the applicant are true, correct and accurate to the best of their knowledge and belief.

Eamonn Dennis Reilly

Print Name of Applicant or Agent

c/o Ruxton Health Care VI, LLC

10420 Little Patuxent Parkway, Suite 210 410-715-8900 410-715-8780

Mailing/Street Address

Telephone #

Fax #

Columbia MD 21044

City and State

Zip Code

11/21/03

Date

DO NOT WRITE BELOW THIS LINE - OFFICE USE ONLY

Application Received: _____

Date & Fee Paid: _____

\$ _____

Legal Advertisement: _____

PLANNING COMMISSION

ADMINISTRATIVE ACTION: _____

CITY COUNCIL ACTION: _____

Date: _____

~~Signature, Planning & Zoning~~

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The following information must be furnished to the Department of Planning and Zoning to determine if the current use conducted on the premises complies with the special use permit provisions and all other applicable codes and ordinances.

1. Please describe prior special use permit approval for the subject use.

Most recent Special Use Permit # 2002-0008

Date approved: _____ / _____ / _____
month day year

Name of applicant on most recent special use permit Donald Husi

Use Skilled Nursing and Subacute Facility

2. Describe below the nature of the existing operation in detail so that the Department of Planning and Zoning can understand the nature of the change in operation; include information regarding type of operation, number of patrons served, number of employees, parking availability, etc. (Attach additional sheets if necessary)

A 111 bed licensed skilled nursing facility that provides
both skilled and subacute care to the elderly.

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3. Describe any proposed changes to the business from what was represented to the Planning Commission and City Council during the special use permit approval process, including any proposed changes in the nature of the activity, the number and type of patrons, the number of employees, the hours, how parking is to be provided for employees and patrons, any noise emitted by the use, etc. (Attach additional sheets if necessary)

No changes are proposed

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4. Is the use currently open for business?
- ☒
- Yes
- ☐
- No

If the use is closed, provide the date closed. N/A / month / day / year

5. Describe any proposed changes to the conditions of the special use permit:

No changes are proposed

6. Are the hours of operation proposed to change?
- ☐
- Yes
- ☒
- No
-
- If yes, list the current hours and proposed hours:

Current Hours:

Proposed Hours:

7. Will the number of employees remain the same?
- ☒
- Yes
- ☐
- No
-
- If no, list the current number of employees and the proposed number.

Current Number of Employees:

Proposed Number of Employees:

8. Will there be any renovations or new equipment for the business?
- ☐
- Yes
- ☒
- No
-
- If yes, describe the type of renovations and/or list any new equipment proposed.

9. Are you proposing any change in the sales or service of alcoholic beverages?
- ☐
- Yes
- ☒
- No
-
- If yes, describe proposed changes:

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10. Is off-street parking provided for your employees? ☒ Yes ☐ No
If yes, how many spaces, and where are they located?

a total of 52 parking spaces exist for use by staff and customers. These parking spaces are located on both sides of Central Avenue and Virginia Avenue on the one block adjacent to the facility.

11. Is off-street parking provided for your customers? ☒ Yes ☐ No
If yes, how many spaces, and where are they located?

As described above in #10

12. Is there a proposed increase in the number of seats or patrons served? ☐ Yes ☒ No
If yes, describe the current number of seats or patrons served and the proposed number of seats and patrons served. For restaurants, list the number of seats by type (i.e. bar stools, seats at tables, etc.)

Current:

Proposed:

13. Are physical changes to the structure or interior space requested? ☐ Yes ☒ No
If yes, attach drawings showing existing and proposed layouts. In both cases, include the floor area devoted to uses, i.e. storage area, customer service area, and/or office spaces.

14. Is there a proposed increase in the building area devoted to the business? ☐ Yes ☒ No
If yes, describe the existing amount of building area and the proposed amount of building area.

Current:

Proposed:

15. The applicant is the (check one) ☐ Property owner ☒ Lessee
☐ other, please describe: _____

16. The applicant is the (check one) ☐ Current business owner ☒ Prospective business owner
☐ other, please describe: _____

**Ruxton
Ownership Disclosure**

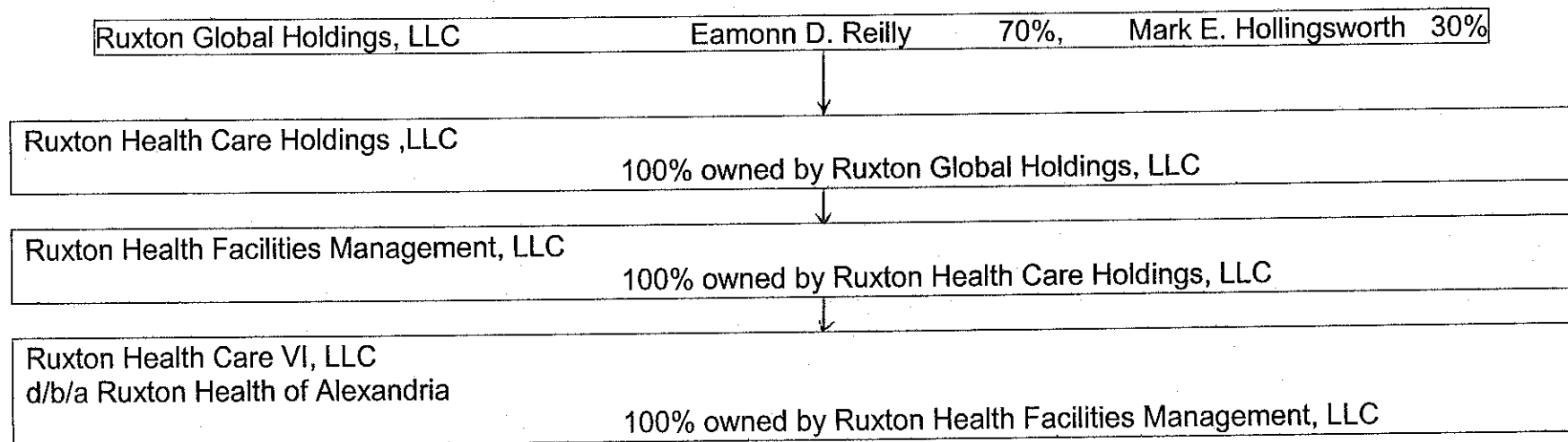
Eamonn Dennis Reilly
18216 Blue bell Lane
Olney, MD 20832

President and CEO

Mark Edward Hollingsworth
5932 Clear Ridge Road
Elkridge, MD 21075

Chief Financial Officer

b1



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The Company

Ruxton Health Care, Inc., was founded in 1998 and is headquartered in Columbia, Maryland. Ruxton is a regional provider of sub-acute care and long-term care services that operates 783 beds, all located in residential communities throughout Maryland and Virginia. Within the past three years, Ruxton has acquired Forest Hill Convalescent Center, a 198-bed SNF in Richmond, VA and Pikesville Nursing and Rehabilitation Center, a 174-bed SNF in Pikesville, MD. In addition, Ruxton manages a 85-bed (60 SNF beds & 25 assisted living beds) facility in Norfolk, VA, manages a 240-bed facility in Roanoke, VA, leases a 120-bed facility in Woodbridge, VA and, effective January 2003, will lease a 110-bed facility in Denton, MD.

The primary goal of Ruxton is to deliver high quality patient care and services while operating a cost-effective business. Our outcomes-oriented approach incorporates a strong focus on professionalizing management and positive clinical outcomes. The organization has a simple philosophy of care: Ruxton Health Care is devoted to meeting the therapeutic needs of our customers with compassion, respect and skilled professionalism.

Management

Ruxton's senior management has a proven track record in the Mid-Atlantic States, of providing quality care and operating facilities with solid performance.

- **Eamonn Reilly** (President and Chief Executive Officer). As President and CEO, Mr. Reilly is responsible for the complete oversight of Ruxton's five facilities. He is responsible for the management of a fully integrated operational, clinical, financial, business development, marketing, and systems infrastructure to support Ruxton's operations and well as for Ruxton's vision and strategic plans.

Prior to Ruxton, from 1994 through 1998, Mr. Reilly held a series of senior management positions at Mariner Health, culminating in the position of senior vice president of operations for Mariner's mid-Atlantic region. In that role, he had overall responsibility for 23 long-term care facilities in six states, which produced approximately \$200 million in annual revenue. The region was consistently the best performing region in the company even during a rapid period of growth from 8 to 23 facilities (10/96-11/98). The facilities performed excellently on annual health department surveys and averaged 22 percent operating profit. In addition, Mr. Reilly was responsible for the coordination of regional office staff in supporting the efforts at each facility in the region. His oversight included owned, managed (multi-facility and health system owned) and hospital joint ventured facilities.

From 1991 to 1994, he was administrator of Allegis Health and Rehabilitation Center in Silver Spring, MD. Mr. Reilly holds a BS in Business Administration from the College of Charleston, was the recipient of the

American College of Health Care Administrators National New Administrator of the Year Award and is a licensed administrator in Florida, Maryland, and Virginia.

- **Mark Hollingsworth** (Chief Financial Officer). Mr. Hollingsworth, CPA has over thirteen years of experience in public accounting firms and in the long-term care industry specializing in serving the financial & reimbursement needs of nursing and assisted living facilities. As CFO, he was responsible for the initial development of accounting, reimbursement and computer hardware and software systems for the Company. He is responsible for monthly, quarterly and annual financial statements and management reports for all affiliated companies and has direct oversight of facility business offices. He manages the preparation and review of annual Medicare and Medicaid cost reports and investigates reimbursement issues in order to optimize reimbursement from third-party payers. He is also responsible for financial projections for all affiliated companies and pro forma financials on potential acquisitions.

As a CPA and senior manager at a regional Maryland-based accounting firm, his knowledge of Medicaid and Medicare reimbursement systems has enabled him to assist in the success of many of his client facilities in and around the states of Maryland and Virginia. He managed and administrated accounting and reimbursement services for numerous health care clients with an emphasis on long-term care and rehabilitation facilities. He supervised the annual preparation and review of over 175 Medicare and Medicaid cost reports for skilled nursing facilities, rehabilitation agencies and home health agencies. He researched Medicare and Medicaid regulations and developed position papers for cost report appeals and represented clients before Medicare and Medicaid intermediaries.

- **Wendy Warner Utz** (Vice President of Programs and Services). Ms. Utz, RN, NHA, has over twenty years of experience as a Director of Nursing and an Administrator of long-term care facilities. Her well-rounded knowledge of health care supports her role in overseeing the company's clinical services and financial operations.

Prior to Ruxton, Ms. Utz was Executive Director of Maryland Masonic Homes, a 233-bed continuing care retirement center in Hunt Valley, MD. Before then, she was clinical program manager for Genesis Health Ventures, where she was responsible for clinical program development (e.g. Clinical Pathways and Reimbursement Formularies), clinical consultant coordination for the Medical Supply Division and management of clinical modalities and practices inclusive of respiratory and enterostomal therapies, infection control, and clinical record management.

Ms. Utz has also been Director of Nursing at several skilled nursing facilities, including the Wesley Home and Good Shepherd Center, both in Baltimore. She holds a Masters in Clinical Psychology from Towson University, MD, a Bachelor of Science-Nursing from Wilkes University, PA and a Bachelor of Arts-Psychology from Wilkes University.

- **Lori Williams** (Corporate Controller). Ms. Williams, CPA has over six years of experience in public accounting and in the long-term care industry. In her role, she is responsible for the preparation and analysis of financial statements and management reports for all affiliated companies. In addition, she plays an integral part in the analysis of Medicare & Medicaid reimbursement and cost reporting issues. She also prepares financial projections for all affiliated companies and assists in the preparation of pro forma financials for potential acquisitions and management contracts.

Immediately prior to coming to Ruxton, Ms. Williams was Controller for Lorien Health Systems, a six facility long-term care and assisted living chain. At Lorien, she prepared and reviewed financial statements and tax returns; prepared Medicaid cost reports and supported third party audits. She also supervised a staff of 30 people and oversaw facility business offices.



January 30, 2003

Barbara Ross
Department of Planning and Zoning
City of Alexandria
301 King Street
Room 2100
Alexandria, VA 22314

Dear Ms. Ross:

Enclosed for your review is our completed Special Use Permit application for the skilled nursing facility located at 900 Virginia Avenue, Alexandria, VA 22302. We look forward to a good working relationship with the surrounding community and the City of Alexandria.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Reilly', is written over a horizontal line.

Eamonn Reilly
President
Ruxton Health Care VI, LLC

ER:jb

Enclosure



April 11, 2003

Ms. Valerie Peterson
Department of Planning and Zoning
301 King Street
Room 2100
Alexandria, VA 22314

Dear I.H.S. of Northern Virginia Neighbors:

As you may be aware, as part of the continuing dialogue between Healthcare Realty Trust, I.H.S. of Northern Virginia and yourselves, our second quarter 2003 meeting is scheduled for Tuesday, April 29, 2003 at 7:00 p.m. at the I.H.S. of Northern Virginia facility.

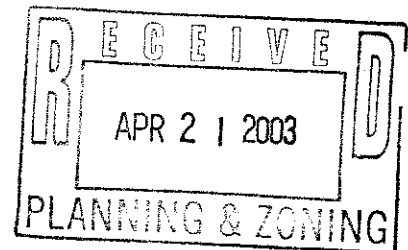
The purpose of the meeting will be to provide an update to the traffic study being completed and discuss any concerns you may have as well as answer any additional questions. In the interim, if you have questions or concerns, feel free to contact me at 615-463-4158 or dhusi@healthcarerealty.com. Together we look forward to continuing our dialogue to create a better community.

Sincerely,

Donald L. Husi

Donald L. Husi
Vice President

cc: Barbara Ross, City of Alexandria Planning and Zoning
Valerie Peterson, City of Alexandria Planning and Zoning
Joseph Bowman, North Ridge Civic Association
Dennis Lyons, I.H.S.
Matt Box, I.H.S.
Eamonn Reilly, Ruxton Healthcare



24

SUP 2003-0015

Dear Neighbor,

Integrated Health Services of Northern Virginia and HealthCare Realty extend an invitation to you to attend a neighborhood meeting on Tuesday, December 17, 2002 at 7:00PM. This gathering will take place at IHS of Northern Virginia, 900 Virginia Avenue in the Staff Development Classroom located on the first floor.

This meeting is a continuation of the meetings that began this past spring. For those neighbors that have not had the occasion to attend this is an opportunity to discover what is happening at IHS. For those that have been attending this will be a continuation of the dialogue.

If you are not able to attend but would like to receive information please feel free to call the facility Administrator at 703-684-9100.

Due to the business of the holiday season we realize that many neighbors may not be able to attend this meeting and we will be scheduling a meeting for the month of February.

The staff of IHS of Northern Virginia wishes you and your family pleasant season's greetings.

Cordially,

Dennis Lyons, LNHA
Administrator

ORIENTATION FACT SHEET SPECIAL USE PERMIT

- Special Use Permit allows IHS to operate in a residential area
- There are numerous requirements that the facility must adhere to some directly impact staff and others are indirect
- The most critical is where we may park as employees of IHS
- We can park in identified spaces, on the street adjacent to the building on Virginia and Central Avenue
- We must display out parking ID from our mirror when parking at IHS
- We cannot park on Farm or Circle Terrace under any circumstances
- *(During physical tour of the facility and grounds please point out the specific parking areas and the areas we are not permitted to park)*
- Other important considerations are a part of our Special Use Permit. Because we are working in a residential neighborhood we have to be mindful of noise. Remember to keep your audio devices low so that our neighbors are not disturbed. In the past we have had co-workers that have opened their car windows and shared their music in a loud and unappreciated manner. Remember how you feel when someone has loud music or talks loud outside your house.
- Another important consideration is the proper disposal of trash. Please don't let something fall from your car to the street or parking lot and then walk away. It not only looks bad but the wind can easily blow the trash into a neighbor's yard.
- If you smoke please always use a proper ashtray to dispose of your cigarette. Like other trash it is not proper to use the street or parking lot.

- We must also remember how loud we speak when outside the facility. Our voices can carry quite a distance and be disruptive depending on the time of day or just how loud we are speaking. Again remember we are working in a residential neighborhood and it can be very disturbing to the neighbors who are trying to enjoy their homes.
- If our neighbors approach you with a question or a concern please respond in the most professional of ways and direct them to the facility administrator or director of nursing.
- There are other types of requirements that are called for in the Special Use Permit which indirectly have an affect on all of us. These include times that deliveries are made, the size of truck making the delivery, how many residents can live here, the number of hours we utilize in staffing and similar things. We should remember that the goal is to enhance the type of facility we are while ensuring the right of our neighbors to enjoy the peacefulness of their environment.
- If you have questions please feel free to speak with the facility administrator concerning the Special Use Permit.

SUP 2003-0015

December 2, 2002

Dear Responsible Party:

Recently the City of Alexandria approved what is called a Special Use Permit that enables Integrated Health Services of Northern Virginia to operate in this residential neighborhood. This Special Use Permit (SUP) establishes certain parking guidelines that are enclosed for your review.

Please honor our parking policy and park only in the legal parking spaces. Vehicles with current handicap plates or tags can, of course, park in any handicap space. Handicap spaces are limited so we ask that you only use them if you or someone you are transporting truly requires special parking areas.

Remember, parking is always very difficult on weekdays between the hours of 2:00PM and 3:30 PM. It is suggested that you schedule your visits during other times.

Thank you for your patience and cooperation.

Sincerely,

Dennis P. Lyons, NHA
Administrator

Enclosure

PARKING POLICY

SUP 2003-0015

It is the policy of Integrated Health Services of Northern Virginia to maintain safe, orderly parking and access for fire, emergency and service vehicles as well as families, visitors and staff.

The following procedure has been developed to designate specific parking:

- Speed limit in the parking lot is 5 m.p.h. at all times.
- Handicap parking spaces have been provided for use by people who have handicap license plates or official (current) handicap mirror tags only. Anyone using a handicap space illegally will be towed. If you or someone you are transporting does not need to take advantage of the tag, please leave the spot vacant for truly handicapped people.
- Reserved spaces are provided for ambulance, x-ray, laboratory, and administration. Vehicles found parked in these reserved spaces will be towed without warning.
- Vehicles found parked in "no parking" areas are subject to being towed without warning. These areas are marked with yellow stripes or say "no parking". Parking is not allowed in front of trash dumpsters at any time.
- Vehicle owners are responsible for towing fees. Storage charges will also be applied at the discretion of the towing company. The private towing company contact information can be obtained from the front desk or nursing supervisor.
- Employees and contractors must also obey these guidelines on weekends and after hours.

SUP 2003-0015

Facility parking lot reserved for visitor and 11:00PM to 7:30AM

STAFF parking



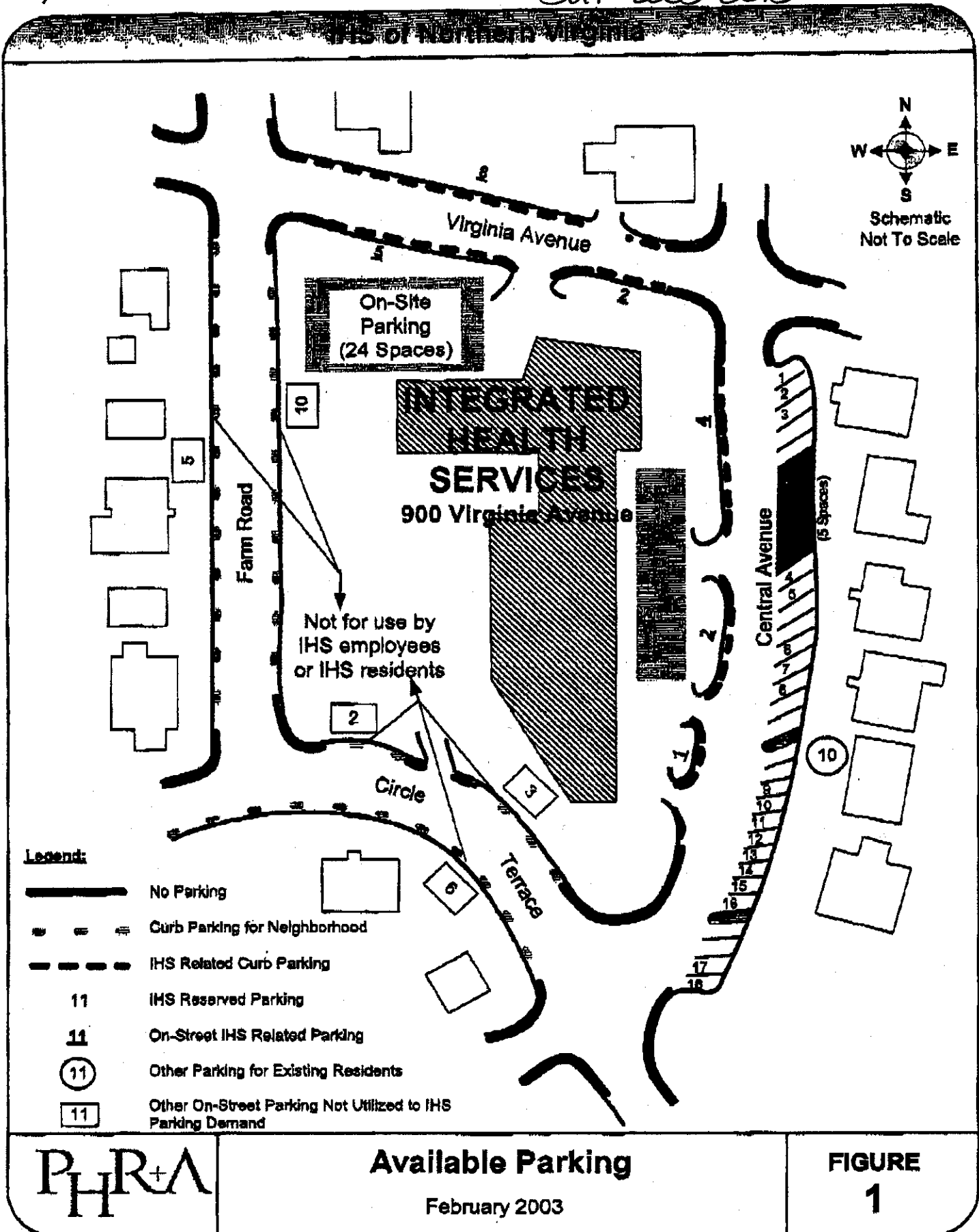
SUP #2002-0008

09/03/02

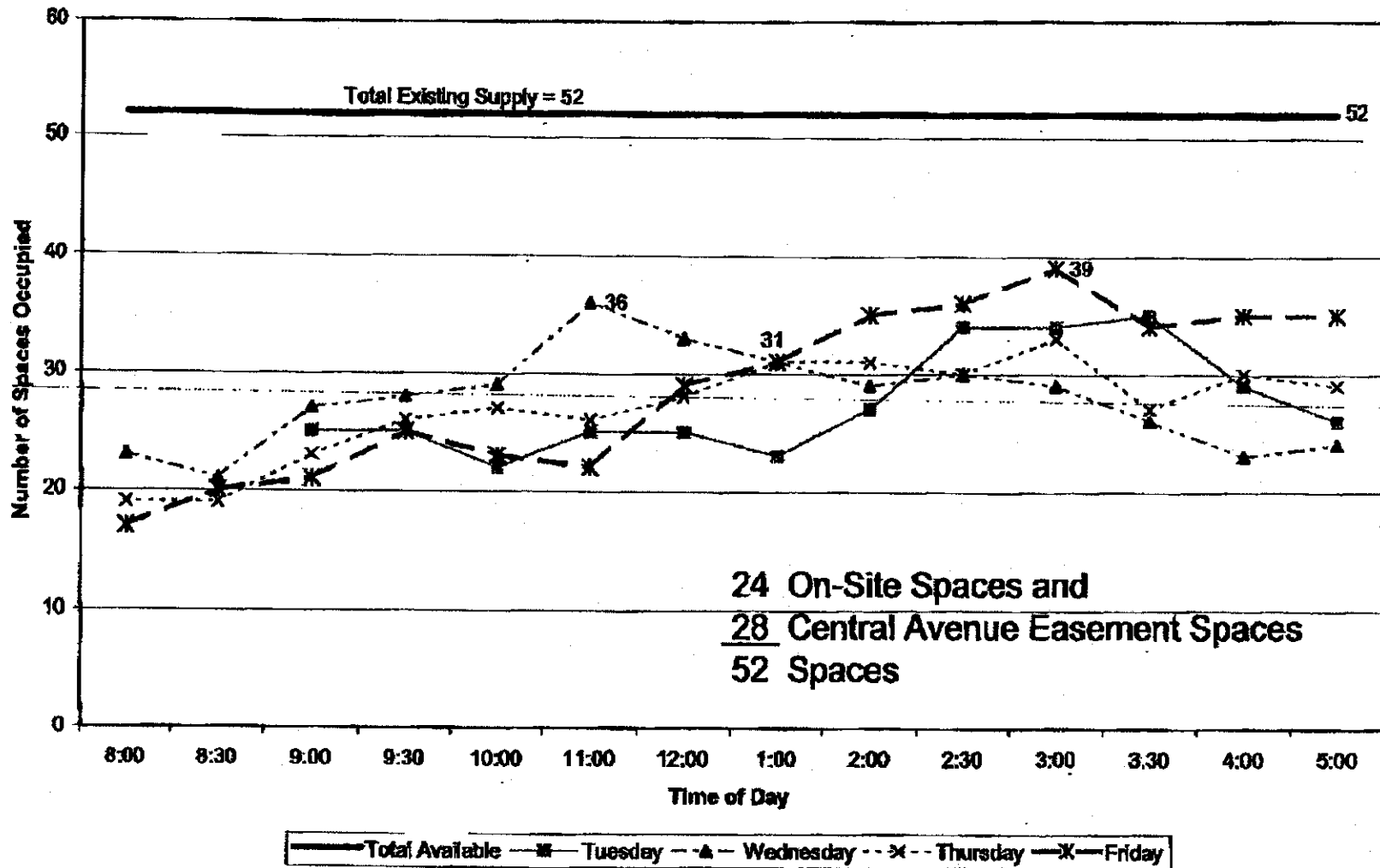


SUP 2003-0015

IHS of Northern Virginia

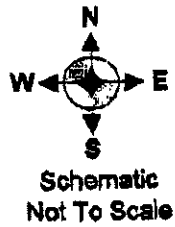


**Existing Off-Street Occupancy
(During January 21 - January 24, 2003)**

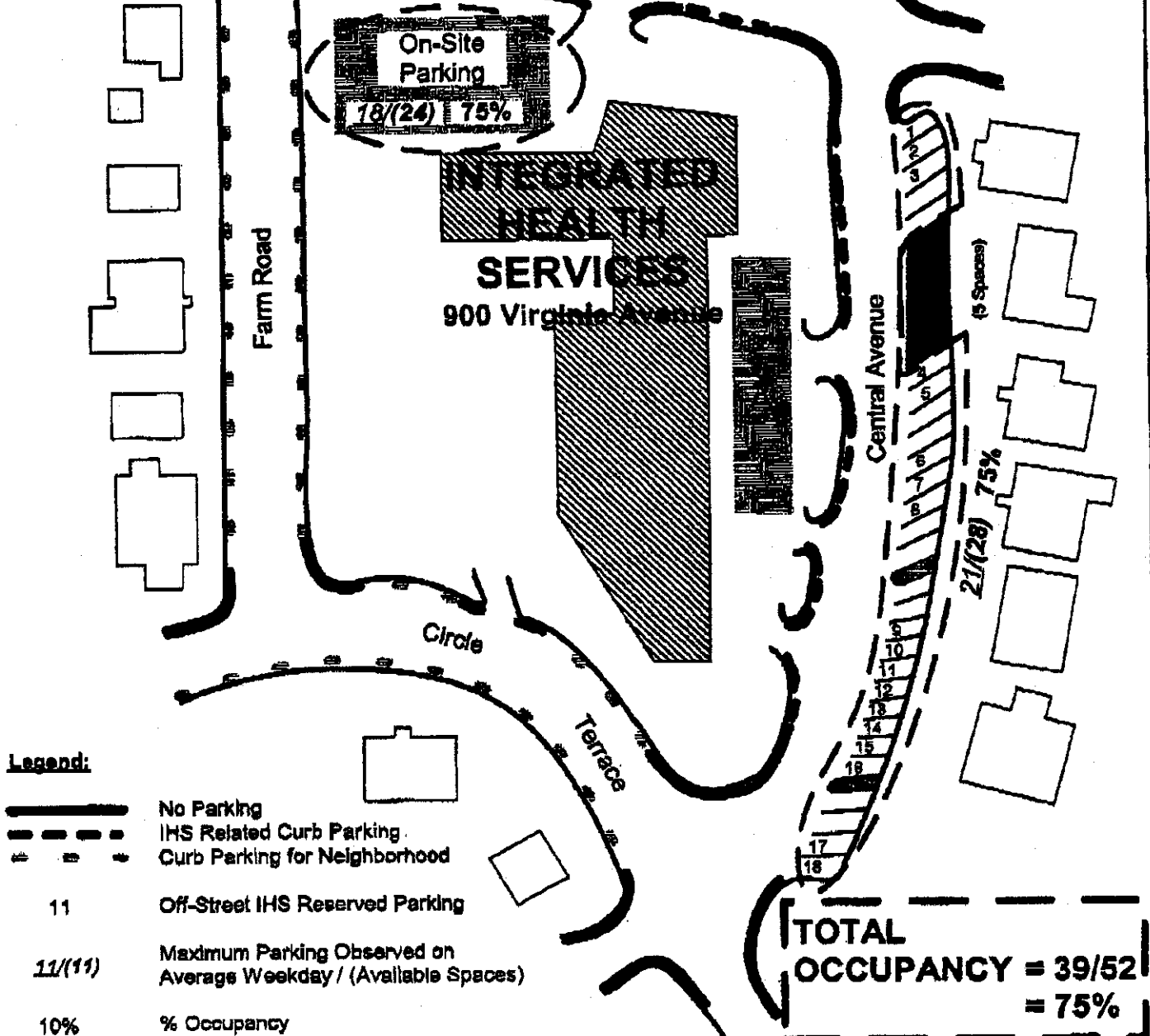


32

IHS of Northern Virginia



Note: Maximum demand during shift change at 2:30 PM.
Individual parking demand may not max at peak (2:30 PM)



PHR+A

Off-Street Parking Demand - Maximum Weekday

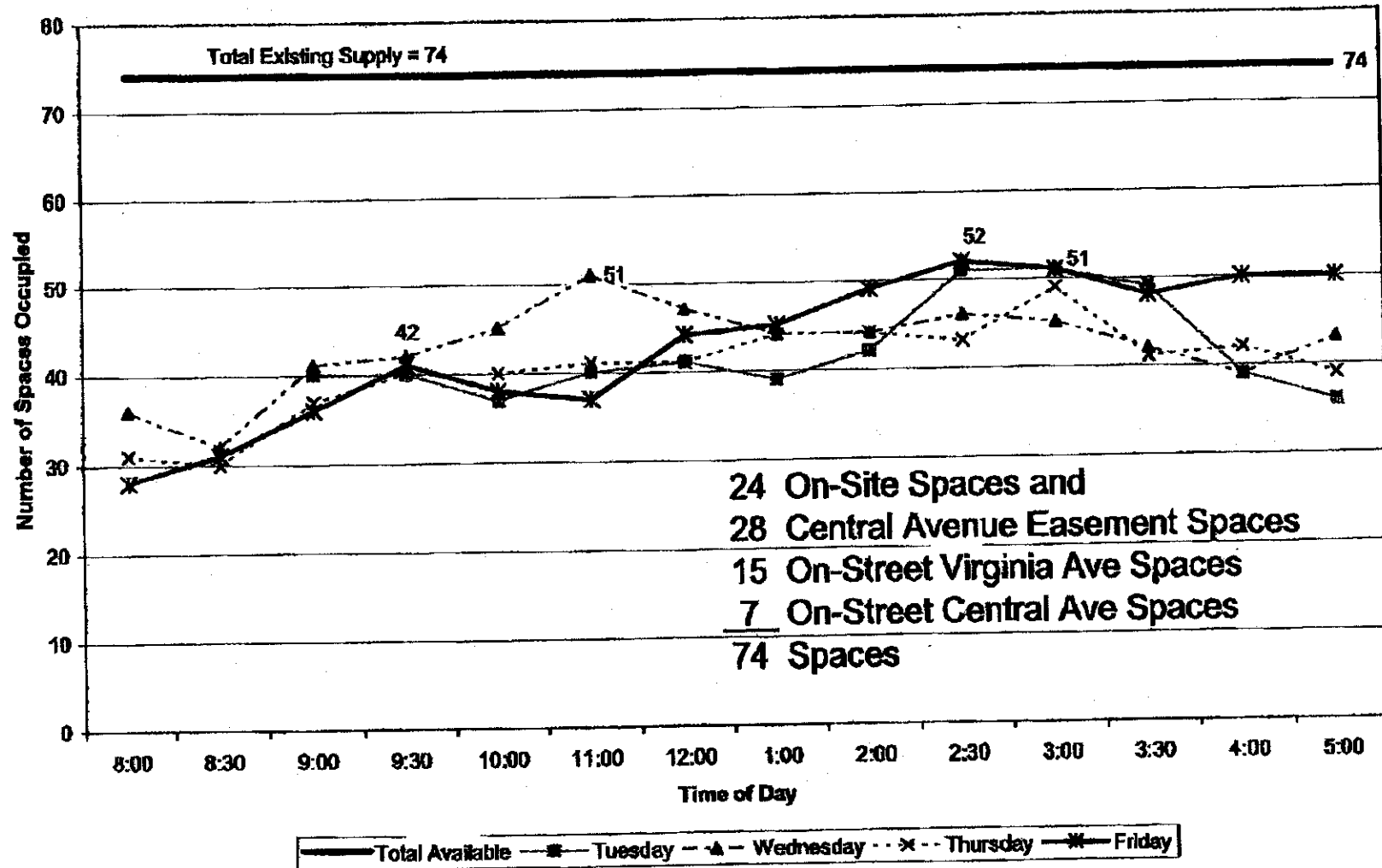
February 2003

FIGURE
2C

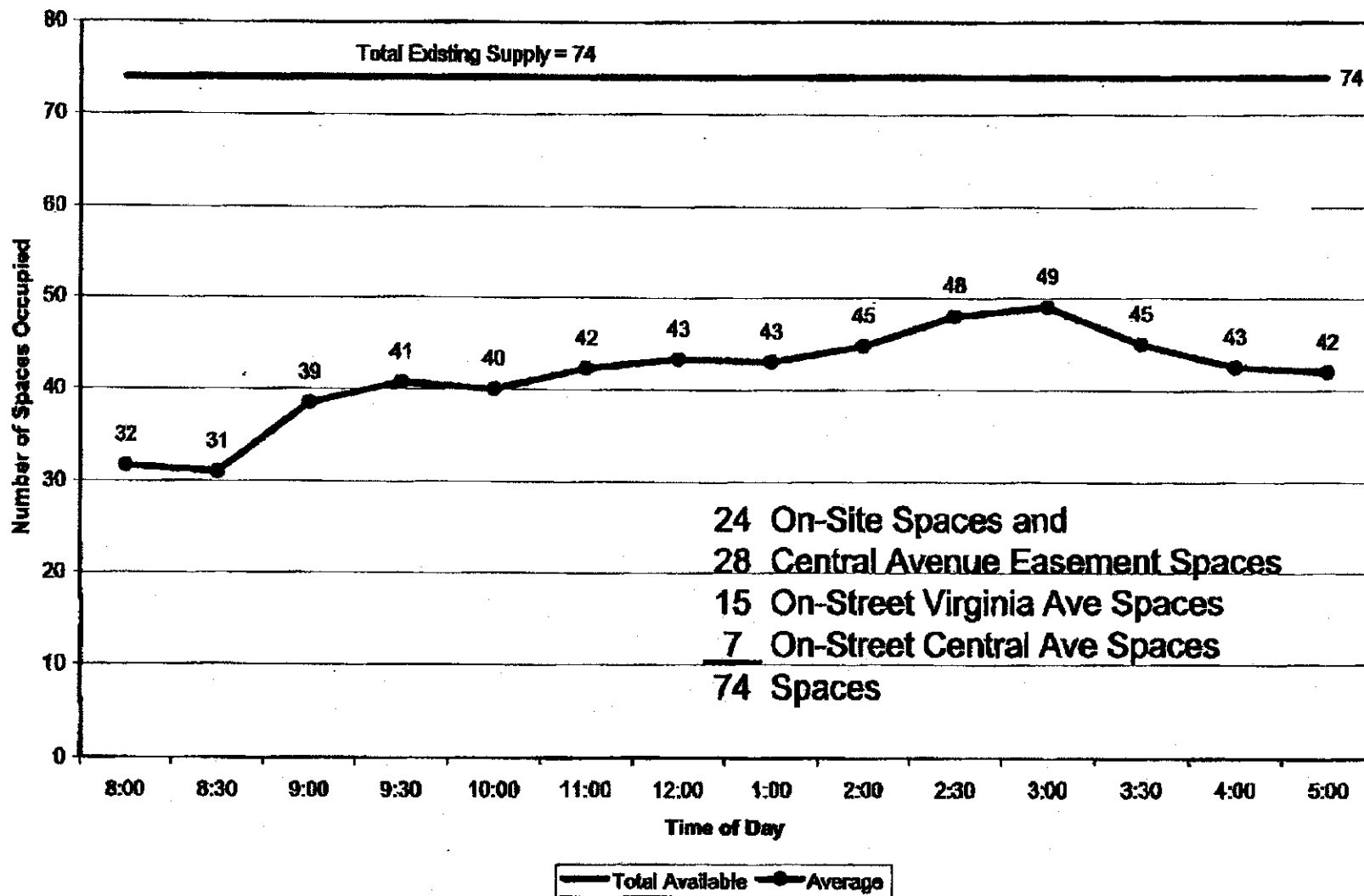
Figure 3A

2/14/2003

**Existing IHS Related Parking Occupancy
(During January 21 - January 24, 2003)**



Average IHS Related Occupancy

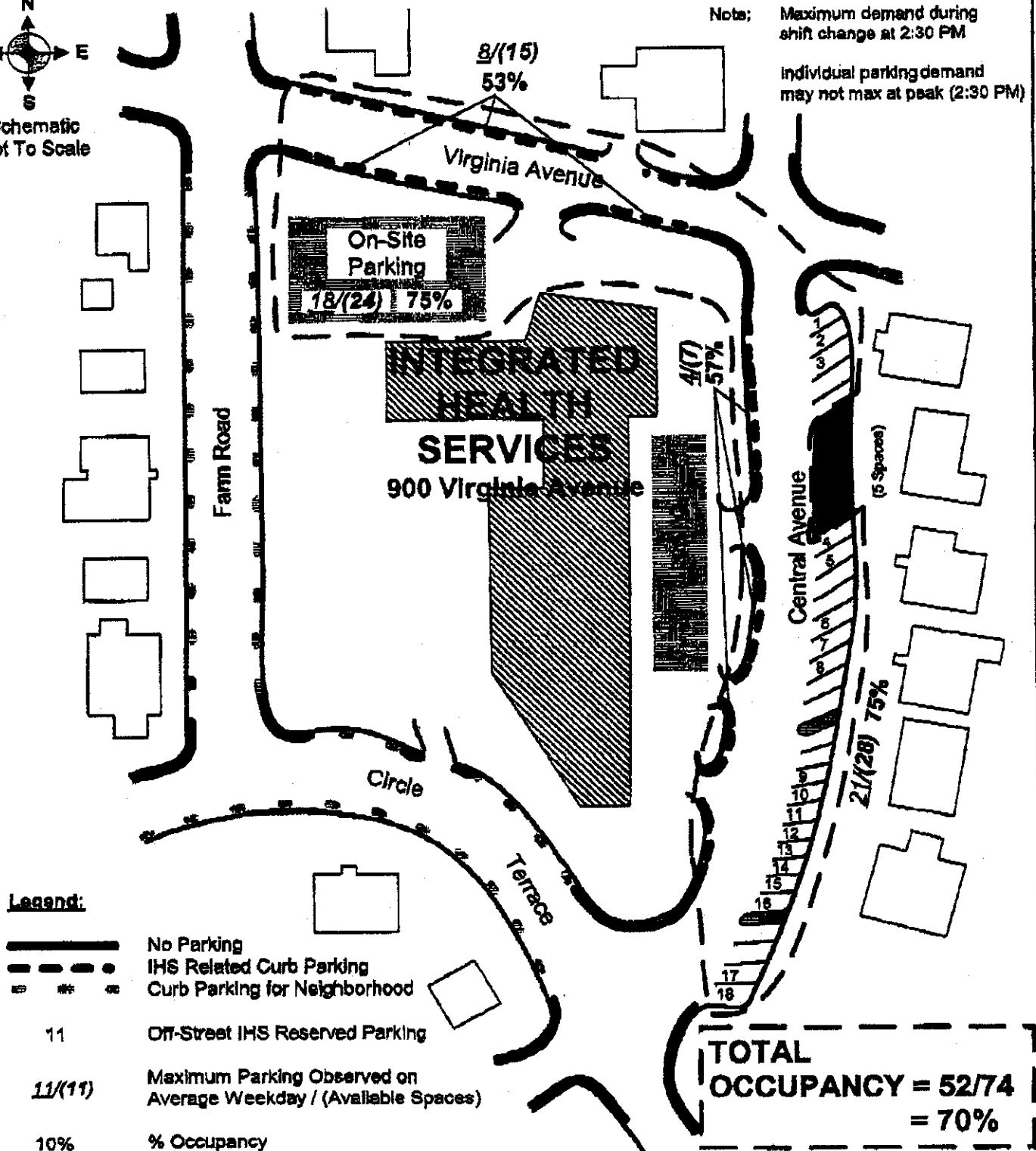


SUP 2003-0015

IHS of Northern Virginia



Note: Maximum demand during
shift change at 2:30 PM
Individual parking demand
may not max at peak (2:30 PM)



PHR+Λ

IHS Related Parking Demand - Maximum Weekday

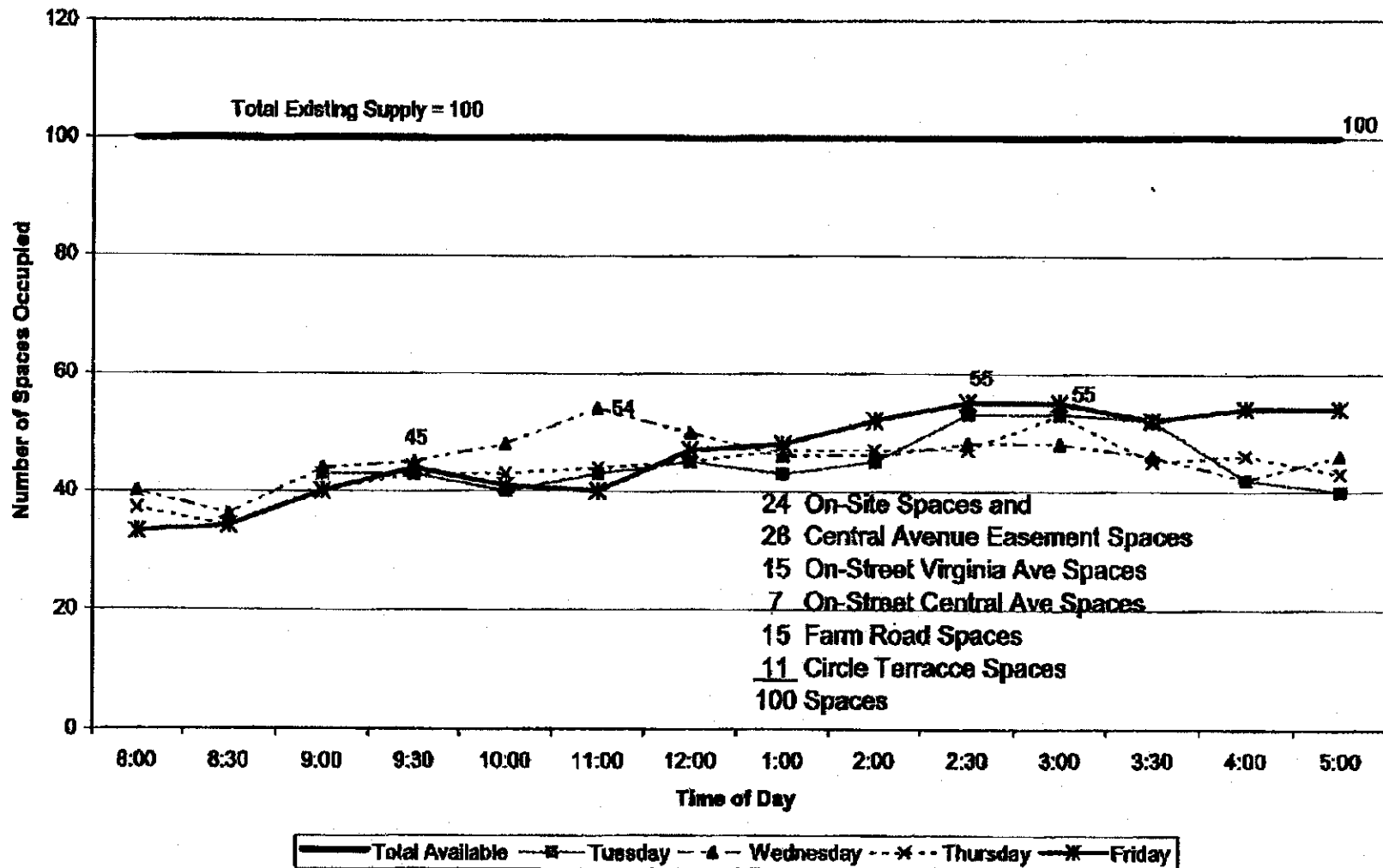
February 2003

FIGURE 3C

Figure 4A

2/14/2003

**Existing Study Area Parking Occupancy
(During January 21 - January 24, 2003)**



SUP 2003-0015

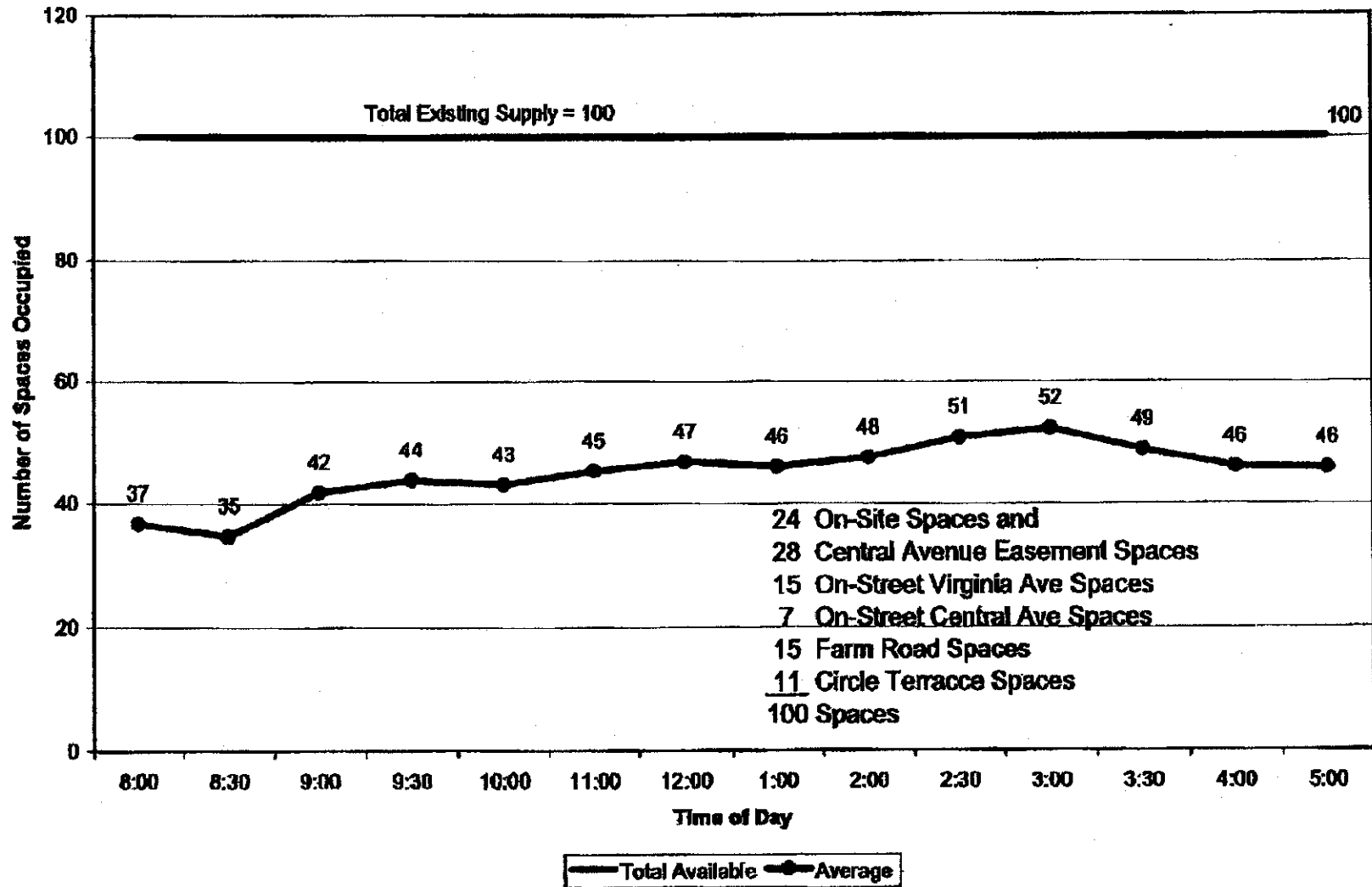
38

Figure 4B

2/14/2003

Feb. 14, 2003 4:19PM Healthcare: 1 3200

Average Study Area Occupancy



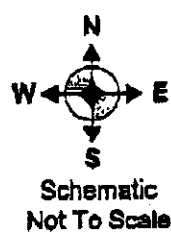
39

SUP 2003-0015

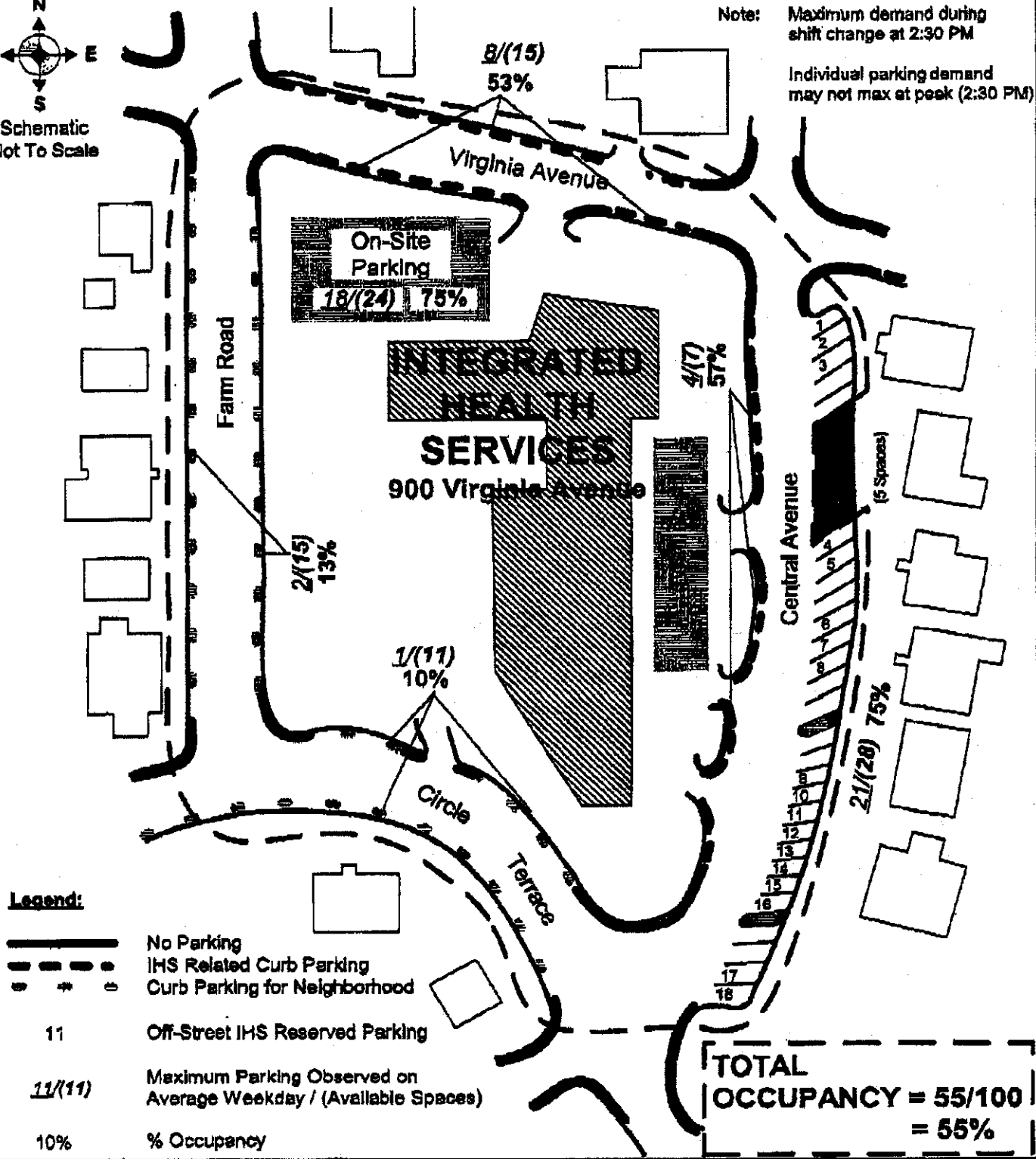
No. 5104 P. 11 P. 10

SUP 2003-0015

IHS of Northern Virginia



Note: Maximum demand during shift change at 2:30 PM
Individual parking demand may not max at peak (2:30 PM)



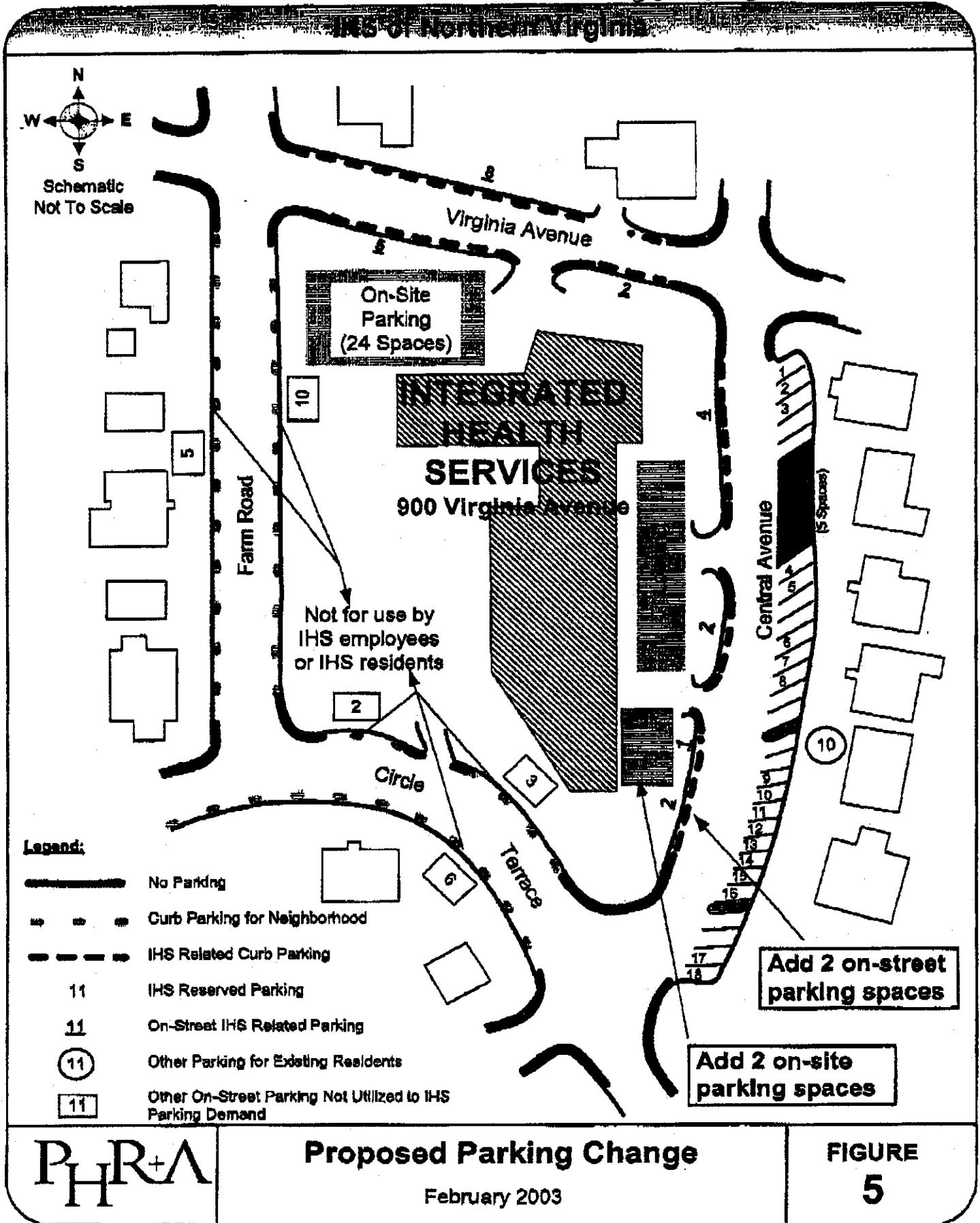
Study Area Parking Demand - Average Weekday

February 2003

FIGURE 4C

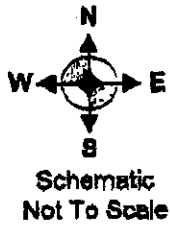
SUP 2003-0015

INS of Northern Virginia



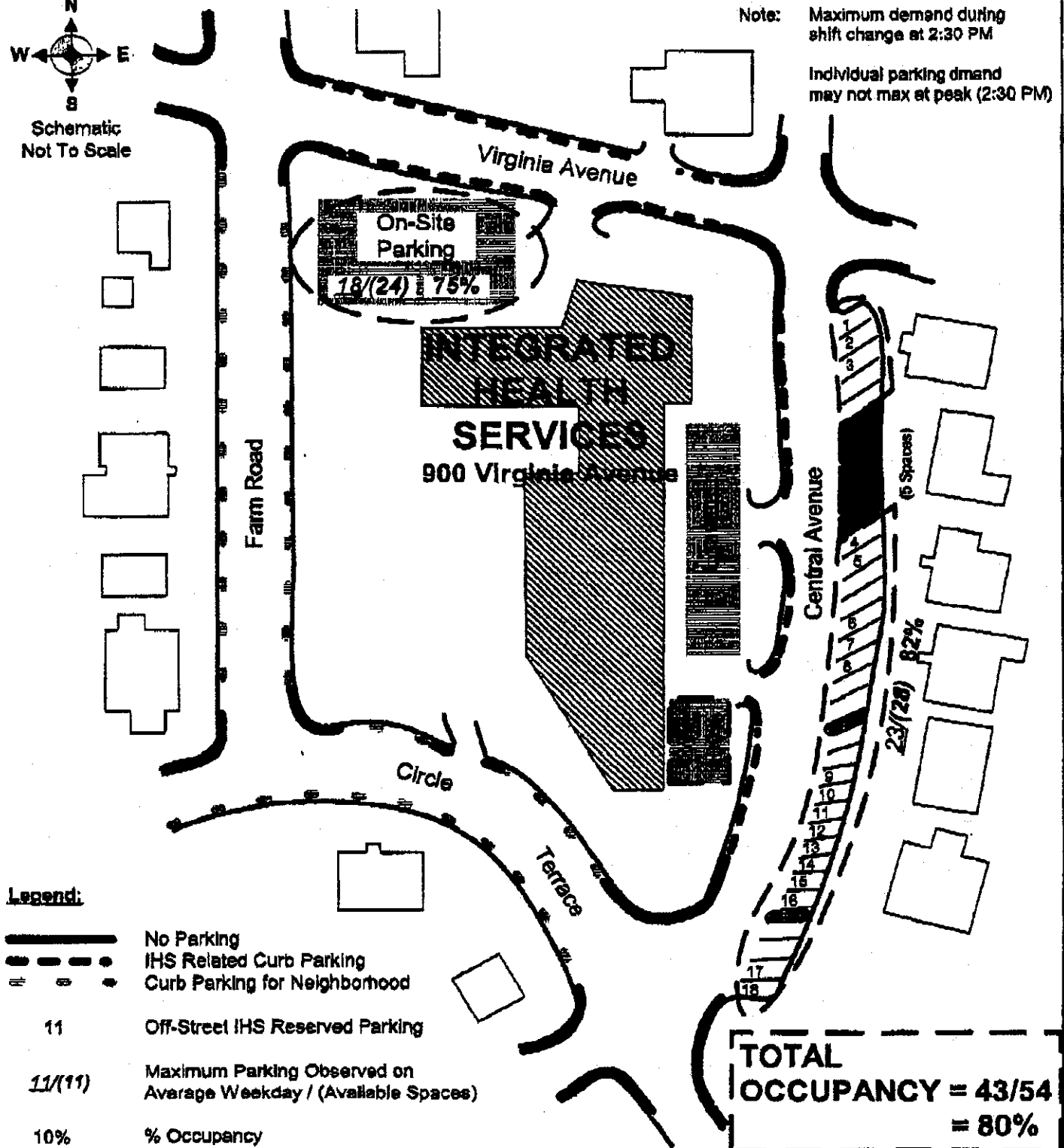
SUP 2003-0015

IHS of Northern Virginia



Note: Maximum demand during
shift change at 2:30 PM

Individual parking demand
may not max at peak (2:30 PM)



PHRA

**Future Off-Street Occupancy
With 113 Beds and 5 Single Family Units**

February 2003

**FIGURE
6**

SUP 2003-0015

IHS of Northern Virginia

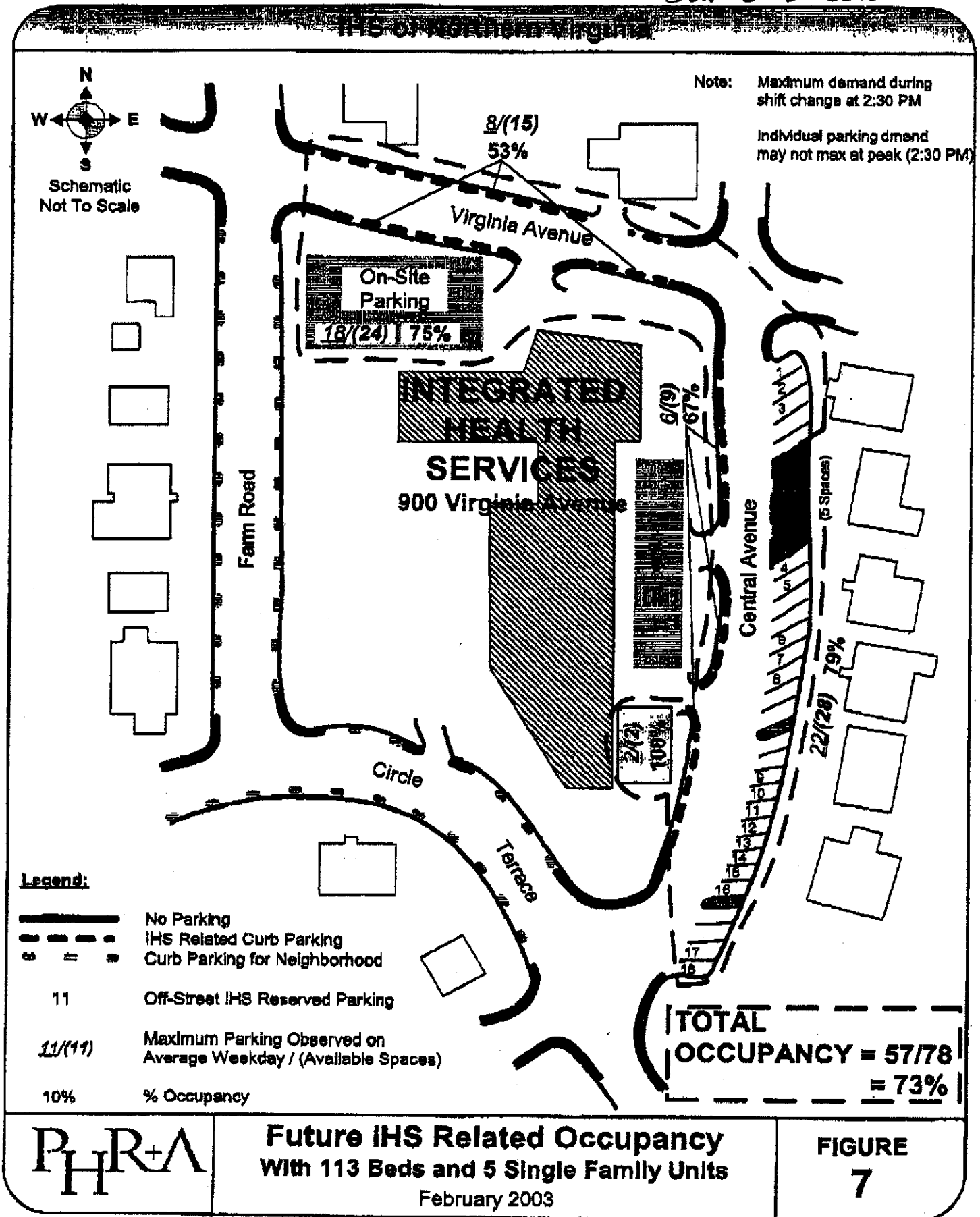
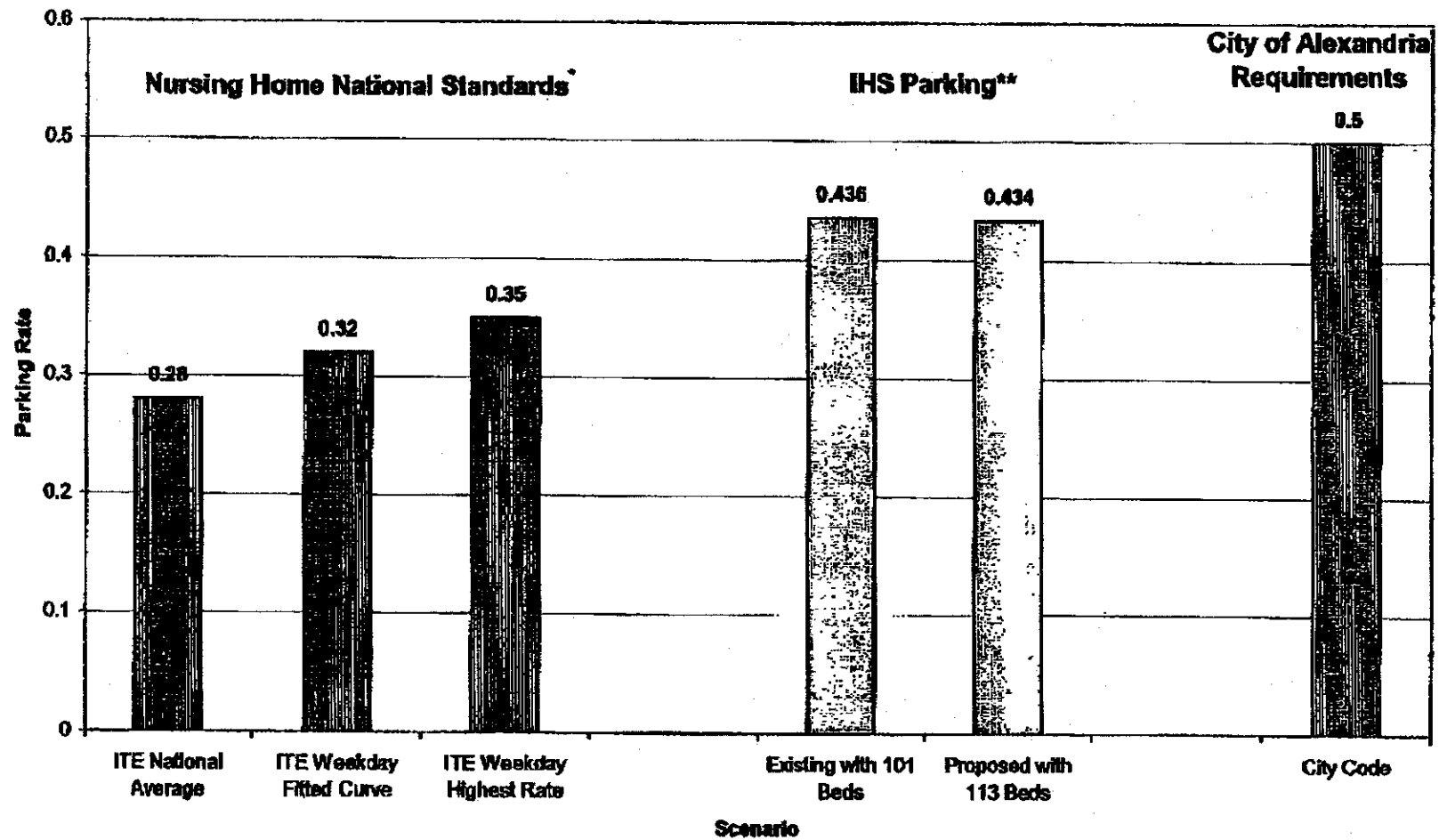


Figure 8

2/14/2003

Parking Rate Per Bed



Notes:

* Source: ITE Parking Generation Manual, Second Edition

** Rates without residential parking.

#12 SUP 2003-0015



HUNTON & WILLIAMS LLP
1751 PINNACLE DRIVE
SUITE 1700
MCLEAN, VIRGINIA 22102

TEL 703 • 714 • 7400
FAX 703 • 714 • 7410

JOHN C. MCGRANAHAN, JR.
DIRECT DIAL: 703-714-7464
EMAIL: jmcgrahan@hunton.com

FILE NO: 49743.7

May 7, 2003

BY FACSIMILE AND REGULAR MAIL

Ms. Barbara Ross
Department of Planning and Zoning
City of Alexandria
301 King Street
Room 2100
Alexandria, Virginia 22314

Special Use Permit #2003-0015
900 Virginia Avenue -- Tax Map Reference 030.00-02-14

Dear Barbara:

This letter is to confirm that notwithstanding the original application form filed for the referenced application, the applicant for SUP # 2003-0015 is HR Acquisition 1 Corporation/Capstone Capital Corporation ("HR Acquisition"). HR Acquisition is joined in the application by the proposed new operator of the facility - Ruxton Health Care VI, LLC, d/b/a Ruxton Health of Alexandria. The cover page of the Staff Report correctly identifies the applicant.

If you have any questions, please call me.

With best regards,

John C. McGranahan, Jr.

cc: J. Howard Middleton, Jr., Esquire
Mr. Donald L. Husi

APPLICATION for SPECIAL USE PERMIT # 2003-0015 5☒ Change of Ownership or ☐ Minor Amendment

[must use black ink or type]

PROPERTY LOCATION: 900 Virginia Avenue, Alexandria, Virginia 22302TAX MAP REFERENCE: 33.00-02-14 ZONE: R-8APPLICANT Name: Ruxton Health Care VI, LLC d/b/a Ruxton Health of AlexandriaAddress: 10420 Little Patuxent Parkway, Suite 210, Columbia, MD 21044PROPERTY OWNER Name: Capstone Capital CorporationAddress: 3310 West End Avenue, Suite 700 Nashville, TN 37203SITE USE: Skilled Nursing and Sub Acute Facility

☒ THE UNDERSIGNED hereby applies for a Special Use Permit for Change in Ownership, in accordance with the provisions of Article XI, Division A, Section 11-503 (5)(f) of the 1992 Zoning Ordinance of City of Alexandria, Virginia. THE UNDERSIGNED, having read and received a copy of the special use permit, hereby agrees to comply with all conditions of the current special use permit, including all other applicable City codes and ordinances.

☐ THE UNDERSIGNED hereby applies for a Special Use Permit for Minor Amendment, in accordance with the provisions of Article XI, Division A, Section 11-509 and 11-511 of the 1992 Zoning Ordinance of City of Alexandria, Virginia.

THE UNDERSIGNED, having obtained permission from the property owner, hereby requests this special use permit. The undersigned also attests that all of the information herein required to be furnished by the applicant are true, correct and accurate to the best of their knowledge and belief.

Eamonn Dennis Reilly

Print Name of Applicant or Agent

c/o Ruxton Health Care VI, LLC10420 Little Patuxent Parkway, Suite 210

Mailing/Street Address

Telephone # 410-715-8900Fax # 410-715-8780Columbia, MD 21044

City and State

Zip Code

11/21/03

Date

DO NOT WRITE BELOW THIS LINE - OFFICE USE ONLY

Application Received: _____

Date & Fee Paid: _____

\$ _____

Legal Advertisement: _____

PLANNING COMMISSION

ACTION: _____

5/8/03

RECOMMEND APPROVAL

7-0CITY COUNCIL ACTION: 05/17/03PH--CC approved the Planning Commission

Date

recommendation.