

Hawai'i Primary Care Association Annual Conference

**SERVICE & SITE EXPANSION IN A
TURBULENT ECONOMY**
October 10, 2008

Presented by:
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Community Clinic of Maui

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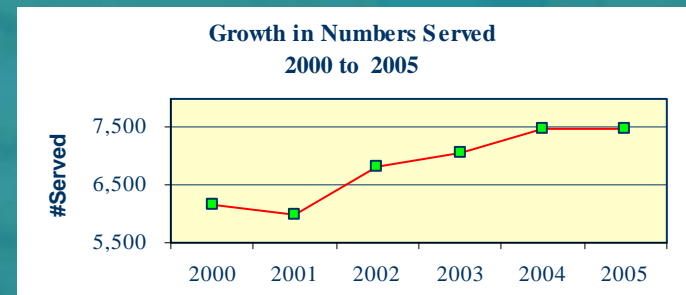


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Service & Site Expansion

Health Care Environment

- Growth in numbers served
- Inadequacy of facility
- Staff recruitment/retention



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Timeline for Project

	2002												2003												2004		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
Project Analysis																											
Strategic Plan	■																										
Space Plan	■	■																									
Business Plan		■	■	■																							
Capital Plan			■	■																							
Financial Feasibility			■	■																							
Project Design and Development																											
Site Selection	■	■	■	■	☞	☞																					
Acquire Site							■																				
Hire Architect								☞	■																		
Preliminary Plans									■																		
Owner Preview and Changes										■																	
Design Development										■	■	■	■	■													
Owner Sign-off													■														
Plan Furniture & Equipment Order													■	■	■												
Finalize Costs & Budget Estimates															■												
Construction Bid Process																											
Bid Documents															■												
Bid to General Contractors																■											
Analyze Bids & Choose Contractor																	■	■									
Project Construction																											
Obtain Third Party Approvals																		■	■								
Construct New Facility																			■	■	■	■	■	■	■		
Facility Move																									■		

☞
Indicates a reflection period.



Service & Site Expansion

Space Planning

- Space needs survey...

Plan for 20 years +

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II. Current Functional and Space Issues

Indicate current operational or space issues experienced by your Department and briefly describe the issues. Indicate the corresponding components (e.g., clinical, educational, outreach, administrative) to which the issue applies.

Issues	Components Affected (✓)			
	Clinical	Education	Outreach	Administrative
Internal configuration within the Department inhibits operational efficiency.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Department is inappropriately located in relationship to other Departments with which it interacts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
There is an inadequate amount of space for the current activities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The building infrastructure (e.g., heating, ventilation, air conditioning, electrical, plumbing, etc.) does not support the Department use. (Please list problems in comments area)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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III. Current and Projected Staffing and Office Needs

List the existing and future numbers of staff by position (headcount versus FTEs) and indicate the office space required and the optimal location for each position as follows: Supervisors/managers, physicians/mid-level providers, technicians, nurses/medical assistants, support staff. Please use additional sheets as necessary.

Position	Numbers of Staff/Headcount						Type of Office Space Required (☑)									
	Existing				Within 5 Years		Within 10 Years		Private Office	Shared Office	Cubicle	None	Admin/ Faculty Office Suite	Near Clinical Activities	Near Outreach Areas	Near Education Areas
	Head-count	FTEs	Filled	Open	Head-count	FTEs	Head-count	FTEs								
Executive Director	1	1	1						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Admin Assistant	1	1	1						<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Development Dir	1	1		1					<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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									<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please list the assumptions used in estimating staff growth.

- Information provided by CCM for Department.
- _____

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VII. Adjacency/Proximity Requirements

Which Departments should your Department be located adjacent or proximate to? Please list in order of priority. Departments include: Executive, Human Resources, Financial/MIS, Reception, Nursing, Patient Services, Behavioral Health, Medical, Facilities/Maintenance, WIC

	Potential for Shared (✓)							Comments
	Medical	Behavioral Health	Medical Records	Billing	Patient Services	WIC	Admin	
1.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
2.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
3.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
4.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
5.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
6.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
7.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
8.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
9.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
10.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

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Service & Site Expansion

Space Planning

- Space needs survey...
- Site sizing requirements...

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PROJECTED SITE SIZING REQUIREMENTS Assumes 3% Growth Rate Per Annum

<u>Description</u>	<u>Current</u>	<u>10 Years</u>	<u>15 Years</u>
<i>Building:</i>			
6.75 FTE providers @ 1,500 s.f. each	10,125	13,600	15,800
Administrative space	1,000	1,200	1,300
Special programs (WIC, Eligibility, etc.)	2,000	3,250	4,000
1.5 FTE dental health providers	<u>1,000</u>	<u>1,250</u>	<u>1,450</u>
<i>Building Total</i>	14,125	19,300	22,550
<i>Parking:</i>			
1 – 350 s.f. stall per every 300 s.f. building	<u>16,479</u>	<u>22,517</u>	<u>26,308</u>
<i>Total Space Required</i>	<u>30,604</u>	<u>41,817</u>	<u>48,858</u>

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- Site sizing requirements...
- Adjacencies...

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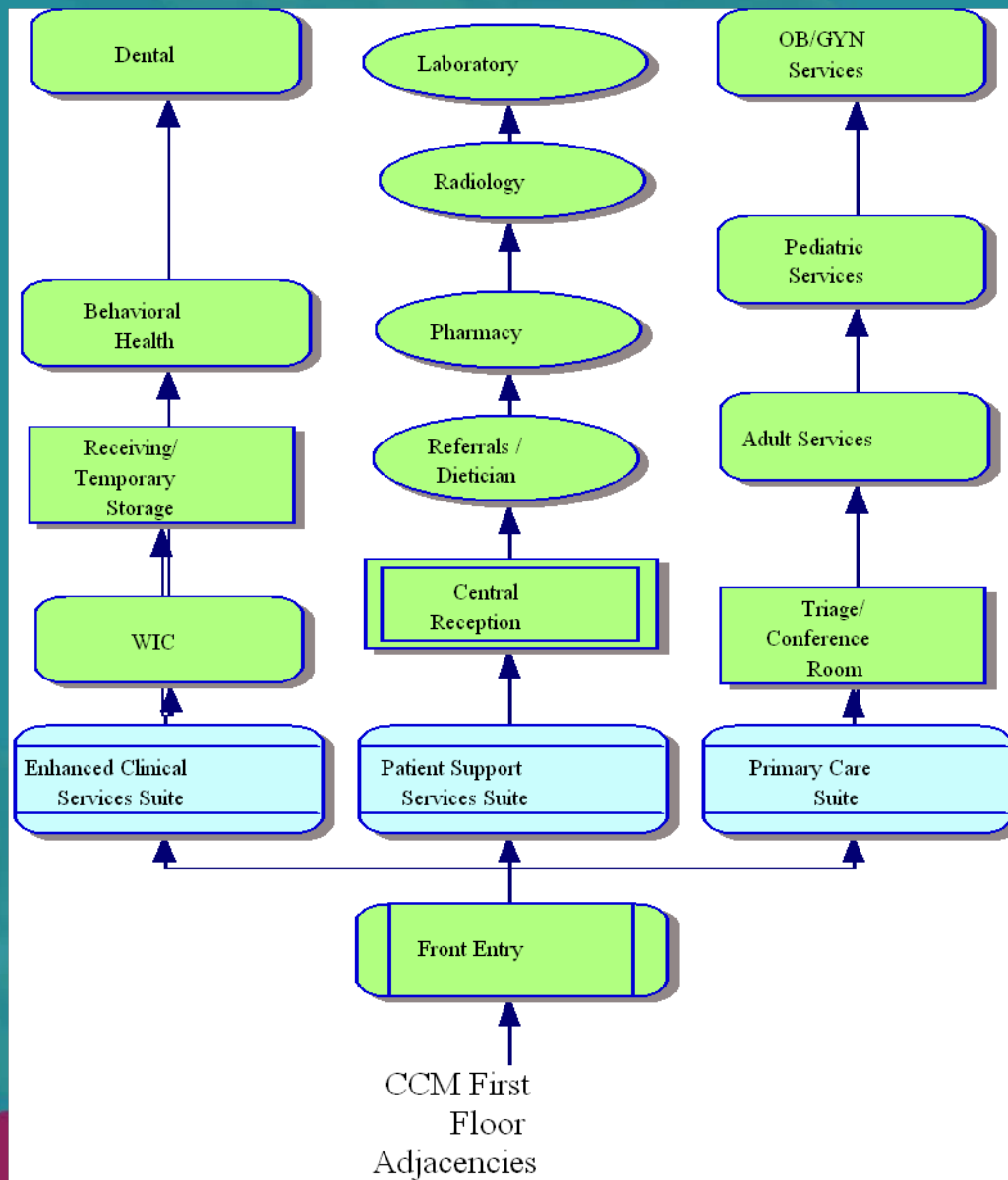
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SPACE REQUIREMENTS - PHASE II
Created 05/10/02

		<u>Office</u>	<u>Clinic</u>	
	<u>15 Years</u>	<u>Dimensions</u>	<u>Sq. Ft.</u>	<u>Dimensions</u> <u>Sq. Ft.</u> <u>TOTAL</u>
Executive Director	1	12 x 14	168	
Chief Financial Officer	1	12 x 14	168	
Human Resources Director	1	12 x 14	168	
MIS Director	1	8 x 10	80	
Medical Information Coordinator	1	8 x 10	80	
Controller	1	10 x 12	120	
Development Director	1	10 x 12	120	
Accountant	1	8 x 10	80	
Admin Asst	1	10 x 12	120	
HR/PR/AP Clerk	2	8 x 10	160	
Pt Svcs Director	1	10 x 12	120	
Facilities Director	1	9 x 11	99	
Maintenance Staff	2	8 x 10	80	
Bathrooms (2 staff)	2	6 x 8	96	
Kitchen/Break/Conference Room/ Library/Printing & Copying/Mail Room	1	30 x 50	1,500	
Conference Room	1	15 x 20	300	
Computer/Phone Room	1	10 x 16	160	
Office Supplies Room	1	8 x 10	80	
Locker Rooms/Showers (Male/Female)	2	1 @ 15 x 20, 1 @ 10 x 10	400	
Mechanical Room (A/C, etc.)	1	15 x 20	300	
Storage	1	20 x 24	480	
Lobby	1	20 x 30	600	
Bathrooms (2 wait)	2	6 x 8	96	
Charge Receptionist	1	4 x 10	40	
Receptionists (include for dentists)	7	4 x 10	280	
Dental Recep/Billing	2	4 x 10	80	
Pt. Services Representatives	8	8 x 10	640	
Billing Manager	1	10 x 12	120	
Billing Clerk	5	8 x 10	400	
Billing Assistant	3	8 x 10	120	
Referral Specialist/Recep Super	2	9 x 11	198	
Medical Records Clerk	8	9 x 11	792	
Medical Records	1	10 x 20	200	
Waiting Rooms	1	12 x 12	144	
Bathrooms (3 clinical)	1	6 x 8	48	
Family Practice/Medical Director	1	12 x 14	168	3 @ 9 x 11 ea 297
Internal Medicine	2	8 x 10	160	3 @ 9 x 11 ea 594
Family Practice	3	8 x 10	240	3 @ 9 x 11 ea 891
Infectious Disease	1	8 x 10	80	3 @ 9 x 11 ea 297
Nurse Practitioner	2	8 x 10	160	3 @ 9 x 11 ea 594

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Service & Site Expansion

Space Planning

- Space needs survey...
- Site sizing requirements...
- Adjacencies...
- Cost analyses...

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SITE "X" W/ RENTAL UNITS

SUMMARY OF PROJECT COSTS

Total Square Footage	36,000	Total Costs	Cost per Sq. Foot	HRSA Funds	Other Funds
Summary of Costs					
Real Estate		3,000,000			3,000,000
Total Hard Costs		5,485,700	152	2,461,219	3,024,481
Total FF&E Costs		728,788	20	-	728,788
Total Soft Costs		852,397	24	-	852,397
Total Project Costs		10,066,885	280	2,461,219	7,605,666

Pros	Cons
Real property equity	Can't use Federal Funds for land/building acquisition
Capacity to expand	Not proximate to hospital
No landlord/tenant arrangement	Not proximate to human services agencies
Lowers debt to equity ratio	Entails risk on office space rentals
High retention of investment (\$\$ in land)	
Excess parking	
Revenue generating (sale or lease of portions)	
All environmental assessments done	
All electrical/plumbing/etc. improvements in place	
Can complete in 1 year	

Financing	
HRSA Grant	2,461,219
USDA Loan (existing cash flow) ⁽¹⁾	1,751,528
USDA Loan (rental income cash flow) ⁽²⁾	1,954,705
Weinberg Funds	1,800,000
Additional funding	2,099,433
Total	10,066,885

⁽¹⁾Current rent on existing properties @ \$10,048; assume 5.55% interest.

⁽²⁾Rental of 11,000 sf of office space (semi-improved); 5,500 @ 1.25 psf, 5,500 @ 1.50 psf, 83% occupancy less 7% fees = 11,160.

Investment	
Annual Depreciation	235,563
Annual Income Generated	133,920
Equity Position in 15 Years	6,855,380
As a % of investment	68%

Site "X" is a 36,000 sf building on 2.3 acre parcel that the Building Committee considers a suitable location for the new facility. The seller has requested strict confidentiality so the parcel is referred to as Site "X". The building comprises \$1M (\$27.77 psf) and the land \$2M (\$19.99 psf) of the purchase price. Land in the Wailuku-Kahului area currently sells for \$22 (light industrial) to \$40 (commercial/retail) psf. The consulting architect (Hans Riecke) advises that the building is readily adaptable for medical clinic use. The costs represent improving 18,000 sf for immediate clinic use, improving an additional 11,000 sf as income producing rental units, while reserving 7,000 for future clinic needs. Mr. Riecke estimates the renovation hard costs to be \$170 psf for the clinic areas and \$125 psf for the rental units. The revenue generated from the rental units would increase the financing capabilities, leaving less funds to be raised for the project.

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BUSINESS PLAN

- Executive Summary Pages 1-4

- 1. Business Description Pages 5-8
 - Marketplace Needs 5-7
 - Growth Opportunities 7-8

- 2. Market Analysis Pages 9-11
 - Competitive Landscape 9
 - Market Size and Growth 9-10
 - Market Tests 11

- 3. Administration and Governance Page 12
 - Administration 12
 - The Board 12
 - Future Team Members 12

- 4. Operating Strategies Pages 13-19
 - Design and Implementation of Programs and Services 13
 - Service Delivery 13-14
 - Resource Needs 14
 - Marketing Plan 14-19

- 5. Financial Projections Pages 20-25
 - Revenues and Expenses 20-21
 - Funding Requirements 21-22
 - 15-Year Financial Summary 22-25

- 6. Business Risks Pages 26-27
 - Financial Risks 26
 - Legislative / Legal Landscape 26
 - Operational Risks 26
 - Building Awareness 26-27



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Funding

- Interim financing (budgeted 2 years, actual 5 years)
- USDA Rural Development loan programs
 - Direct loan
 - Guaranteed loan
- Congressional earmarks
- Grants-in-aid, State and County
- Community Development Block Grant
- Capital campaign
- New Market Tax Credits and Tax Exempt Bonds

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Team

- Board committee of the whole
- Management (ED, CFO/DD, COO)
- Project manager (not just construction phase)
- Architect consultant (retired architect)
- Architects and engineers
- Planning consultants (public hearings, variances, etc.)
- Contractor

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Procurement Timelines

- Project Manager (6 months recruitment)
- Architect (15 months)
- Contractor – public bid (6 months)

HRSA and USDA approvals!

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Project Phases

Design – 14 months

- Program and space planning
 - Design charette
 - Weekly meetings with project team
 - Staff involvement
 - Capital Link planning consultant
- “Green design” analysis
- Main Street Association design review
- Photovoltaic proposals
- Project “phase in”

HRSA and USDA approvals!

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Project Phases

Permitting – 15 months

- Planning Department
- Water Department
- Department of Health
- Department of Service Administration
- Fire Prevention
- Environmental Management
- Department of Transportation
- Department of Public Works
- Maui Redevelopment Agency – (redevelopment areas)

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Project Phases

Construction

- Pre-construction
 - Hazardous materials removal and abatement
 - Purchase long-lead construction materials
 - Re-roofing
- Construction
 - CHANGE ORDERS!!!*
 - Dispute resolution
 - Monitoring and compliance
 - ALL COMMUNICATION IN WRITING!!!*
- Meeting minutes

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Service & Site Expansion

Challenges

- Government award regulations
Davis-Bacon, etc.
Project delays = cost increases, impact to funding
- Managing day-to-day clinic operations concurrently
- Unforeseen engineering and/or permitting issues necessitating redesign
- Non-conforming budget categories for various funding sources

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Challenges

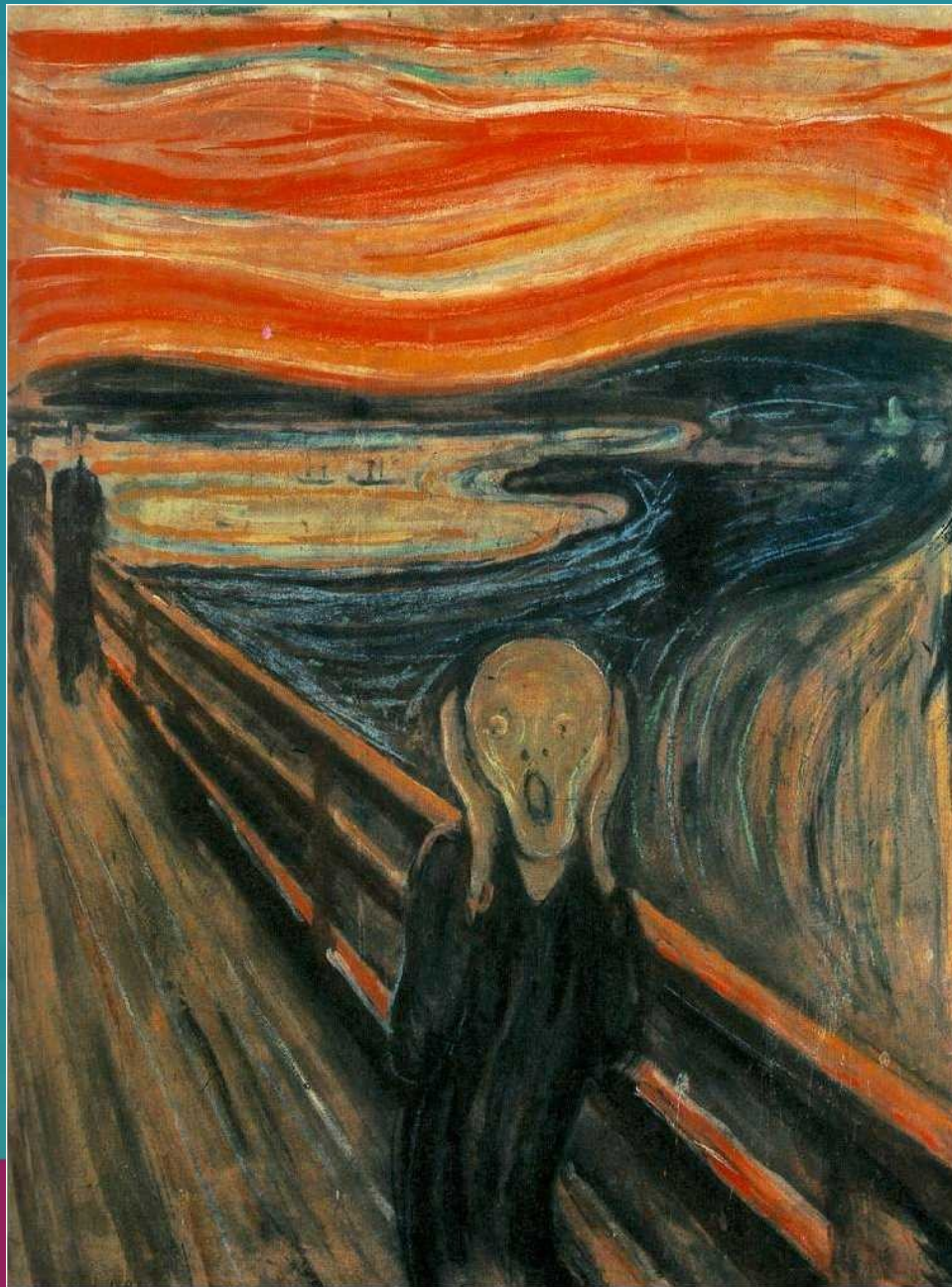
Project accounting

- Non-conforming reporting formats for multiple funding sources
- Inconsistent contingency requirements among funding sources (federal = max 5%, bank = min 12%)
- Federal restrictions (% federal share, “Allowable costs”)
- USDA “last in”
- Construction cash flow
- Expense accrual vs. cash disbursed (drawdowns)
- Mental stability...

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