

## **REQUEST FOR BOARD ACTION**

### **HENDERSON COUNTY BOARD OF COMMISSIONERS**

**MEETING DATE:** December 7, 2009

**SUBJECT:** Blue Ridge Community Health Services – NC Rural Center Grant Proposal

**ATTACHMENTS:** Yes  
1. Grant Application and Proposal Narrative

#### **SUMMARY OF REQUEST:**

Blue Ridge Community Health Services (BRCHS) has approached Henderson County regarding a grant opportunity for their new medical building. The Rural Health Care Initiative, through the NC Rural Center, is designed to spur economic activity and job creation by assisting in the construction and expansion of health care facilities. Grants of up to \$480,000 may be awarded for the construction and/or renovation of rural health care facilities. At least one new job should locate in the project building for every \$12,000 in grant funds. BRCHS proposes to create 17 new health center jobs, which projects to a request of \$204,000 in grant funds.

To apply for funding, BRCHS must partner with Henderson County, which would submit the application. Additionally, Henderson County would have to commit to provide a cash or in-kind match equal to 3% of the grant award. 3% of \$204,000 amounts to \$6,120.

If awarded, the funds would be granted to Henderson County. The County would loan the funds to BRCHS in the form of a deferred, forgivable loan. The loan would be secured with a loan performance agreement and promissory note signed by BRCHS.

Jennifer Henderson, CEO and Milton Butterworth, Director of Community Relations, will be present to present their proposal and funding request to the Board.

#### **BOARD ACTION REQUESTED:**

The Board is requested to discuss Blue Ridge Community Health Services request for funding and partnership with the County for this grant, and to direct Staff accordingly.

#### **Suggested Motion:**

*No motion suggested.*



### FY 2009-10 Program Guidelines and Application Materials

#### Rural Health Care Initiative Grants Program Statement

The N.C. General Assembly has authorized funds to stimulate economic development and job creation in distressed areas through constructing critical water and wastewater facilities, addressing technology needs, reusing buildings, and implementing research and demonstration projects. The Rural Health Care Initiative is designed to spur economic activity and job creation by assisting in the construction and expansion of health care facilities. Priority will be given to small towns with a population of fewer than 5,000 and unincorporated areas. The guidelines and application for the Rural Health Care Initiative are provided in this information package and can be found on the Rural Center's website at [www.ncruralcenter.org/reuse](http://www.ncruralcenter.org/reuse).

#### Program Overview

Grants of up to \$480,000 may be awarded for the construction and/or renovation of rural health care facilities. At least one new job should locate in the project building for every \$12,000 in grant funds. Grants must be matched by at least an equal amount of private and/or public funds. Acquisition, equipment and other costs not directly associated with the renovation/construction project will not be considered for funding or the match. Funds are granted to the unit of local government and loaned to the participating health care entity. The loan is deferred and forgivable, secured through a promissory note and loan performance agreement. If the number of jobs committed by the health care entity are created and maintained for six months the loan is forgiven. The contract period allows two years from the award date of the grant to fulfill the job creation requirements.

#### General Guidelines

##### Eligible Applicants

To be considered eligible for this program, an applicant must meet the following criteria:

1. Only units of local government in partnership with private or non-profit health care related entities are eligible to apply.
2. Applicants must be located in one of the state's 85 rural counties. A map of urban and rural counties is available on the Internet at: [http://www.ncruralcenter.org/databank/rural\\_county\\_map.asp](http://www.ncruralcenter.org/databank/rural_county_map.asp). The tier designations are available at <http://www.nccommerce.com/en/BusinessServices/LocateYourBusiness/WhyNC/Incentives/CountyTierDesignations/> through the North Carolina Department of Commerce website.

##### Program Details

- Up to \$480,000 is available to applicants to support the renovation or construction of health care related facilities.
- At maximum, the Rural Health Care Initiative can fund only ½ of the renovation project, or \$12,000 per job committed, whichever is less.
- Eligible health care facilities may include: hospitals, urgent care centers, physicians offices, hospice care, aging centers, mental health providers, physical therapy providers, free clinics, rural and community health centers, dental care, vision care, and safety net providers.

- Applicants must show that the health care entity will create new, private-sector or non-profit jobs as a result renovation/construction project.
- The new jobs must be created within 24 months of the grant award and must be full-time (at least 35 hours per week). Full-time equivalents are not eligible. Priority will be given projects that provide benefits to employees.
- The Rural Health Care Initiative will support only renovation and construction costs. Funds cannot be requested for acquisition, equipment, or staffing.
- A match equal to the amount of the grant request/award is required and must contribute to the renovation/construction project.
- The unit of local government applicant must commit to provide a cash or in-kind match equal to three percent of the grant award. The unit of local government match may be applied toward the renovation cost, grant administration, and/or application preparation.
- If awarded, funds will be granted to the unit of local government. **The local government will loan the funds to the health care entity or property owner in the form of a deferred, forgivable loan. The loan will be secured with a loan performance agreement and promissory note signed by either the health care entity or property owner.** Loans will be forgiven after job creation goals have been met and verified. If job creation goals are not met, a pro rata share of loaned funds will be recaptured through "claw back" provisions in loan agreements. Sample Loan Performance Agreements and Promissory Note can be found at [www.ncruralcenter.org/reuse](http://www.ncruralcenter.org/reuse).
- Construction/renovation should be complete within 18 months of the date of the award.
- Local governments receiving funds under this grant program will be expected to comply at a minimum with state regulations regarding procurement, including G.S 14-234.
- Recipients will be subject to state audit and reporting requirements.
- Progress reports will be required to be submitted on the status of the project.
- Priority will be given to towns with populations of 5000 or less and within counties or localities that are severely distressed as indicated by job losses, unemployment, poverty and disaster.

# Application Requirements and Instructions

Applicants should use the checklist below as a guide and submit the following information and materials:

## *Application Form*

- ❑ **Rural Health Care Initiative Grant Application (enclosed).** Applicants must complete the full application form. The unit of government's chief elected official **must** sign the application form. Applications must be completed fully to be considered.

## *Proposal Narrative*

- ❑ **Business and Job Description.** Applications must describe each health care entity participating in the project and the number and quality of the jobs to be created. In this section, applicants should list the name and description of each participating health care entity. List the total number of net new jobs to be created. In the case of a relocating business, indicate how many jobs will be held for employees relocating from other sites. Relocating jobs may not be considered in the grant funding formula. Applicants should also provide a detailed job type matrix (management, clerical, etc.), wage rate, full-time positions, and benefits. (Wages and benefits will be evaluated compared to Department of Commerce standards as one of the factors in deciding on grant awards.)
- ❑ **Detailed Renovation/Construction Plan, Scope of Work and Cost Estimates.** Applicants should provide a description of the renovation/construction project to be completed. A detailed scope of work that identifies the work tasks and associated costs should be provided in line-item form. Legitimate contractor cost estimates must be attached.
- ❑ **Detailed Time Line for Construction and Business Occupation.** Applicants should provide a detailed time line for starting and completing the construction and for the creation of jobs in the building. Please note that Rural Center funding **cannot be applied toward expenditures made before the grant award date.**

## *Exhibits*

- ❑ **Letters of Commitment.** Applicants should provide a signed letter of commitment from each health care entity that will locate in the building. The letters should include the number of current employees the company has and the number of new jobs the provider will commit to create within 24 months of grant approval. The letter should be executed by the CEO/CFO.
- ❑ **Local Government Letter of Commitment.** The unit of local government must provide a letter of commitment with this application, signed by the chief elected official. The letter must state the purpose of the project, indicate the local government's support for the project, and commit to provide the required local government match.
- ❑ **Funding Commitments.** Applicants must provide signed funding commitment letters from all sources of funds (grants, loans, private equity, and local government). The total amount of committed funds must be equal to or greater than the grant amount. If funds have not yet been committed, please indicate when final decisions are expected, with a status letter from the funding source.
- ❑ **Digital Photographs of Building.** For renovation/addition projects, applicants should provide digital photographs showing the building's current condition with images of the interior and exterior features. Include a CD of photographs, along with printed copies.
- ❑ **Development Team.** Applicants should attach a list of all members of the development team and their contact information to include local government contact, health care entity representative, and project manager as applicable.

*Proposal Submission*

- ❑ **Application Format.** Applicants should include one bound and tabbed original proposal along with three non-bound copies. Please do not use plastic page protectors.
- ❑ **Deadline.** Applications are accepted according to the deadlines listed below. Applications must be received at the Rural Center by 5:00 p.m. on the deadline date.

**Application Deadline**  
December 14, 2009

**Date of Award**  
February 24, 2010

**All grant materials should be submitted to the Rural Health Care Initiative Grants Program,  
North Carolina Rural Economic Development Center, 4021 Carya Drive, Raleigh, NC 27610,  
Attn: Melody Adams.**

**RURAL HEALTH CARE INITIATIVE  
2009-2010 GRANT APPLICATION**



**APPLICANT INFORMATION (Must be a Unit of Local Government)**

**Legal Name of Applicant:** Henderson County

County: Henderson

Name and Title of Chief Elected Official: William L. Moyer

Mailing Address: #1 Historic Courthouse Square, Suite 1 Street Address: #1 Historic Courthouse Square, St 1

City: Hendersonville

State: NC

Zip: 28792

Telephone: 828.697.4808

FAX: 828.692.9855

E-Mail: wmoyer@hendersoncountync.org

**Unit of Local Government Contact Name and Title:** Amy Brantley, Research and Budget Analyst

Telephone: 828.697.4809

FAX: 828.692.9855

E-Mail: brantley@hendersoncountync.org

**Project Manager Name and Title (if different than above.):** Milton Butterworth, Director of Community Relations

Organization Name: Blue Ridge Community Health Services Inc.

Telephone: 828.233.2225

FAX:

E-Mail: mbutter@brchs.com

County Tier Designation: Tier 3

Municipality/County Unemployment Rate : 8.8%

Job Losses in the Municipality/County during the Past 24 Months: 2,469

Municipality/County Poverty Rate: 2000 - 9.7%

Municipality/County Population: 2008 - 102,367

**Project Information**

Amount of Rural Center Grant Request: \$ 204,000

Project Title: BRCHS - New Medical Building

Number of Businesses to be created: -1- relocating

Number of Jobs to be created: -17-

In the table below list each participating health care entity, current number of employees and the proposed number of new jobs to be created.

<u>Health Care Entity Name</u>	<u>Contact Name</u>	<u>Address</u>	<u>E-mail Address</u>	<u>Phone</u>	<u>Current Number of Jobs</u>	<u>Number of Jobs Proposed</u>
Blue Ridge Community Health Services Inc. (BRCHS)	Milton Butterworth	P. O. Box 5151 Hendersonville, NC 28791	mbutter@brchs.com	828.233.2225	72	17

### Loan Performance Agreement and Promissory Note

Who will sign the Loan Performance Agreement and Promissory Note? (See page 2)

☒ Building Owner

☒ Health Care Entity

Name: Jennifer Henderson, CEO

Company: Blue Ridge Community Health Services

(Health Care Entity is building owner)

Address: PO Box 5151, Hendersonville, NC  
jhender@brchs.com

Telephone: 828-692-4289

Email:

### Budget Information

Total Project Cost (including acquisition, construction, equipment, and administration): \$ 7,469,752

Total Cost of Building Renovation/Construction Project: \$ 6,785,357

Total Public Investment: \$ 5,150,000

Total Private Investment: \$ 2,319,752

Indicate the source, amount, proposed use, status, and date of availability for each funding source anticipated to fund the entire project.

Source	Amount	Use	Proposed or Committed	Date Available
HRSA	\$ 5,150,000	Construction	Proposed	12/1/2009
Capital Campaign	\$ 684,395	Equipment & Furniture	Proposed	01/01/2010
Capital Campaign, incl. grants	\$ 1,184,590	Construction	Proposed	01/01/2010
Capital Campaign, board/staff	\$ 41,647	Construction	Committed	01/01/2010
Henderson County, 3% match	\$ 6,120	Construction	Proposed	02/24/2010
Capital Camp., private donor	\$ 200,000	Construction, payable over 2 yrs.	Committed	01/01/2010
	\$			
Rural Health Care Initiative	\$ 204,000		Proposed	02/24/2010
Total	\$7,469,752			

## Certification by the Local Government Chief Elected Official

The attached statements and exhibits are hereby made part of this application, and the undersigned representative of the applicant certifies that the information in this application and the attached statements and exhibits is true, correct, and complete to the best of his/her knowledge and belief. He/She further certifies that:

1. as Authorized Representative, he/she has been authorized to file this application by formal action of the governing body;
2. that the governing body agrees that if a grant from the North Carolina Economic Infrastructure Program as funded by the appropriation from the General Assembly is awarded, the applicant will provide proper and timely submittal of all documentation requested by the Grantor Agency (Rural Center); and
3. that the applicant has substantially complied with or will comply with all federal, state, and local laws, rules, regulations, and ordinances as applicable to this project.

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Signature of Chief Elected Official

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Typed Name and Title

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Date



## **NC Rural Center Rural Health Care Initiative**

### **2009-2010 Grant Proposal “BRCHS – New Medical Building”**

Henderson County

Blue Ridge Community Health Services (BRCHS)

#### **Overview**

For over 45 years, Blue Ridge Community Health Services (BRCHS) has served as the medical home for those most in need in Henderson County. A critical component of the local health care system, BRCHS provides primary care, mental health, and dental services to close to 14,000 residents annually.

Blue Ridge Family Practice is the anchor of the main BRCHS campus. Providing more than 100 patient visits per day and 25,000 visits per year, this practice has been housed in a renovated farmhouse built prior to 1957. Concerns regarding capacity and structural issues led to the feasibility study for a new facility in 2008 and a detailed site inspection in 7/09. BRCHS was advised that not only was renovation of the facility not financially feasible, staff needed to vacate the building due to structural deficiencies, health risks, and fire risks. Staff moved to temporary space in 7/09 and moving back into the facility is not an option.

The inspection report concluded that the facility “has exceeded its useful life.” Widespread water infiltration has led to visible evidence of black mold posing a health risk for patients and staff. Damage to wiring has resulted in exposed bare metal causing a fire threat. There are two separate PVC roofs and both are rotting and difficult to repair, contributing to ongoing water problems and mold. Warranties on 2 modular units (added to the original structure 26 years ago) expired more than a decade ago. Structural deficiencies include weak flooring in both the main house and the modular units that will not support needed equipment. There are nine HVAC units, all more than 15 years old. Duct work is inconsistent throughout the building. The handicapped ramp is 96 feet long and difficult to negotiate. Many parts of the building are not handicapped accessible at all.

Repairs to bring the existing facility to fully functioning status would likely equal or exceed the cost of new construction and would not provide the functionality and efficiency of a new structure. The temporary facility now housing the practice is inadequate to accommodate the number of patients needing care. Without completion of the proposed facility, the Blue Ridge Family Practice, the primary source of affordable health care for the low income and uninsured in the region, will essentially be homeless and unable to continue its operations.

The overall goal of the BRCHS New Medical Building Project is to continue providing critical health services for the medically underserved, while improving efficiency and capacity. The objectives are

1. Construct a new medical facility at the current site, adding space for 3 additional medical providers along with pharmacy, radiology and specialty care and
2. Renovate space in the dental facility located on the same property to provide a home for administration and outreach.

The added capacity is expected to increase the size of the practice by 4,600 patients annually, create 17 new health center jobs and 104 new construction jobs. The construction phase is anticipated to add \$3.7 million dollars in income to the area. (*Econ. Impact Summ.*, Asheville Area Chamber Comm.,7/09).

### **Community Need**

Henderson County, a rural area in western NC, is the largest producer of apple crops in NC, and 13<sup>th</sup> largest in the US. The population is rapidly increasing, growing by 48% between 1990 and 2008, from 69,285 to 102,367. (Census) While there are many service jobs supporting the retirement population and tourism, these are often low paying with no benefits. More than 30% of residents have incomes below 200% of federal poverty. (Census) Access to affordable health care is a critical need for this population and demand for this care is increasing.

- BRCHS users are increasing, growing from 13,079 in 2006, to 13,179 in 2007, to 13,950 in 2008. (BRCHS Patient Information System - UDS)
- Patients with incomes below 200% of poverty increased from 94% in 2007 to 97% in 2008. (BRCHS Patient Information System - UDS)
- Nearly 70% of BRCHS patients are uninsured. (BRCHS Patient Information System - UDS)
- 2,400 BRCHS patients are migrant or seasonal farmworkers (MSFWs).
- Since February 2009, BRCHS has seen 3,747 new patients and 2,780 new uninsured patients.
- Of patients served in 2008, 2,045 were uninsured children, 6,691 uninsured adults, and 2,426 MSFWs. (BRCHS Patient Information System - UDS)
- Over the last two years, there has been a sharp increase in unemployment in Henderson County, contributing to increasing numbers of uninsured patients seeking care at BRCHS: August 2007 – 3.3%; August 2008 – 6.2%; August 2009 – 8.8%. (NC Employment Security Commission, August 2009)
- Currently, new patients have an average 32 day wait to schedule an appointment.

### **Business and Job Description**

Blue Ridge Community Health Services is a federally qualified community health center system and the health care entity poised to enter into the required Loan Performance Agreement associated with this opportunity. BRCHS is currently a system of six free-standing health care practices including a primary care practice, a pediatric practice, a dental center, and three

school-based health centers. (The primary care and pediatric practices will be consolidated into one new building through this project.) BRCHS health centers offer a full continuum of services including outreach, preventive and acute care, and management of chronic illnesses.

The underserved and uninsured of Henderson County experience a severe shortage of access to medical specialty care, for example radiology, urology, obstetrics, etc. To address this issue, BRCHS is planning to place imaging, laboratory, and specialty services in the proposed new medical facility. A suite will be added for rotating specialty physicians to allow for onsite specialty care. BRCHS will provide physician support for the specialty physicians by organizing patient referrals, providing medical interpretation, facilitating the exchange of medical information between the specialist and the primary care provider, and following-up on the patient's care. BRCHS providers will work with the specialists and the patients to support the patient's adherence to the medical treatment plan. The co-located specialty services planned as part of this project will significantly increase access comprehensive care for the underserved of Henderson County.

As a result of the proposed project, BRCHS will be relocating its main medical site and pediatric center from temporary facilities to one new medical facility. All 72 full-time jobs will be held for BRCHS employees relocating from other sites, while 17 new fulltime jobs will be created in the proposed new medical building.

<b>Jobs Created</b>	<b>Job Type</b>	<b>FT Jobs</b>	<b>Annual Salary</b>	<b>Total Salary</b>	<b>Total Fringe Benefits</b>	<b>Total Salary and Benefits</b>
Family Practitioners	Medical	2	\$140,000	\$280,000	\$56,000	\$336,000
PA/Midlevel	Medical	1	\$80,000	\$80,000	\$16,000	\$96,000
Clinical Support	Medical	5	\$29,540	\$147,700	\$29,540	\$177,240
Pharmacist	Medical	1	\$100,000	\$100,000	\$20,000	\$120,000
Pharm. Tech	Medical	1	\$50,000	\$50,000	\$10,000	\$60,000
Accounts Receivable	Adm. Support	1	\$25,230	\$25,230	\$5,046	\$30,276
Interpreter	Enabling	1	\$27,333	\$27,333	\$5,467	\$32,800
Radiology Tech	Medical	3	\$42,500	\$127,500	\$25,500	\$153,000
Lab Tech MT/MLT	Medical	1	\$37,000	\$37,000	\$7,400	\$44,400
Registration	Adm. Support	1	\$25,230	\$25,230	\$5,046	\$30,276
<b>Total Salary &amp; Benefits</b>		<b>17</b>	<b>\$556,833</b>	<b>\$899,993</b>	<b>\$179,999</b>	<b>\$1,079,992</b>

## **Construction and Renovation Plan, Scope of Work and Cost Estimates**

A 27,098 square foot medical facility is planned to replace the current Blue Ridge Family Practice which was vacated in 7/09 due to safety and health risks. The construction project will address capacity issues, as well as create a safe, comfortable, and professional environment for patients and staff. The new facility will provide 30 exam rooms and 14 provider offices (increased from 12 exam rooms and 6 provider offices). An attractive waiting area will allow for separation of sick and well patients, also providing private space for referrals and financial screening. Improved and expanded space for nursing and support staff will improve patient flow. State-of-the art equipment will support the delivery of the highest quality care.

The new building will feature a “time share specialist suite”, which will be available for rotating specialty physicians to allow for onsite delivery of specialty care. The proposed facility will also offer an in-house pharmacy that is fully integrated with the primary care practice, including areas for waiting and counseling, and a large storage area for efficient distribution of medications. BRCHS proposes to expand behavioral health care by expanding hours and availability of psychiatric care. A Behavioral Health Suite will house 3 mental health counselors and 2 psychiatric providers. A community room designed for 120 people is planned that can be used for community meetings and health education purposes.

Management and community outreach offices are currently housed in temporarily donated second floor office space (with no disability access). There is existing space in the Stokes Dental Center, a 12,813 sq ft facility established in 1995, which is available to be repurposed to house BRCHS administrative and outreach staff. In order to allow for maximum clinical space in the new facility and to maximize available space in the Stokes Dental Center, BRCHS plans to renovate the ground floor of the existing dental facility (5,398 sq ft) to provide the needed offices to house Administration and the Community Outreach Department. Renovation of this space will allow for the addition of eleven offices, as well as a large work space and conference room.

BRCHS is developing additional support for the project through a capital campaign. A Chief Development Officer with more than 25 years of development & community relations experience was recently hired. Steve Kirkland previously served as the local United Way Executive Director, where he led record-setting fundraising. Project implementation will be led by Greg Page, Project Manager and Hermosa Executive. Hermosa, a minority owned business, provides development management, general contracting, and design/building management for a variety of projects, with a specialty in medical facilities. Hermosa is actively managing the feasibility study (complete), planning, design, equipment, and development of the BRCHS – New Medical Building project. Page has extensive experience and is well-equipped to handle the issues that can typically create difficulties such as approval and zoning issues, schedule delays, and cost overruns.

Through pre-construction planning efforts, the project team has made all reasonable efforts to identify and minimize future problems. Meetings with government officials, including City Planning, have provided assurance that the project design complies with zoning ordinance and plan approval is expected. The project schedule includes time frames for each activity based on duration estimated by agency officials, design professionals, and based on Hermosa's experience. An appropriate level of contingency is included in the budget to cover unforeseen situations. The critical path schedule is the primary tool which will be used to monitor progress of the project. This schedule will be updated at regular intervals throughout the project and will be reviewed in detail during the design process and at each jobsite meeting. Key areas of risk have been addressed. The risk of cost overrun is addressed by including an appropriate amount of contingency in the project budget. The project schedule includes durations that will allow some delays to be absorbed without impacting the completion date. The project schedule is well within the duration required by the grant. Exposure to liability on the jobsite is addressed through Hermosa's safety program, which reminds workers of safe practices and enforces OSHA regulations; insurance; construction contracts which protect the owner from liability; and performance bonds, which may be required from larger subcontractors. EVM is a technique for tracking physical progress of a project that incorporates scope of work, schedule, and cost. The cost of work for each subcontractor will be itemized in sufficient detail so a simple assessment of the percent complete for each line item can easily be made on a monthly basis. This assessment, along with visual inspection of the work in place, will determine physical progress as compared to the project schedule. Additionally a retainage amount of 10% will be withheld from invoices until after completion of the work. In this way, the owner is protected from a situation where a contractor may fail to complete work properly.

#### **Consolidated Budget**

<b>Description</b>	<b>Cost</b>
Administrative and legal expenses	\$658,989
Architectural and engineering fees	\$505,500
Project inspection fees	\$35,000
Site work	\$956,600
Construction	\$4,290,000
Equipment	\$684,395
Contingencies	\$339,268
<b>Total Project Costs</b>	<b>\$7,469,752</b>

## **Timeline for Construction and Business Occupation**

### Milestones

Planning: 7/2008–6/2009;

Project Development: 6/2009–12/2009;

Procurement: 1/2010–4/2010;

Alteration/renovation: 4/2010–4/2011;

Implementation: 5/2011–8/2011.

Job Creation: 8/2011–2/2011

### Timeline

*A detailed timeline is in the process of being updated and inserted here for submission with application materials.*

Project progress includes completion of a feasibility study, site planning, and schematic design. We have met with local officials regarding zoning, ordinances, and the approval process. Although we are not ready to formally submit, the initial response from officials is favorable. Upon grant award, the architectural design effort will resume and civil engineering work will begin. Following development plan approval and receipt of building permits, construction work will commence. Construction development team members, including architect (along with architect's structural, mechanical, electrical, and plumbing design professionals), civil engineer, geotechnical engineer, and construction contractor, are all accountable to the project manager to meet detailed schedule commitments.