

Health Center Stories:

Family Health Centers of San Diego, CA

The following summary describes how Family Health Centers of San Diego (FHCSD) in CA planned and financed the construction of a brand new facility to house an additional health center site and a new technology and job training center.

About FHCSD

FHCSD is a Federally Qualified Health Center offering a wide range of health care services throughout San Diego County, CA. Founded in 1970, FHCSD operates 23 primary care clinics, including three mobile medical units and a teen health center, six dental clinics, four behavioral health facilities, an outpatient substance abuse treatment program, radiology, vision and physical therapy departments, and a pharmacy. FHCSD is the largest community clinic provider of health care to the uninsured in the county and one of the top 10 largest community clinic organizations in the nation. It is also the largest health care safety-net provider, school-based health care provider, and comprehensive HIV/AIDS services provider in the San Diego region.

FHCSD's mission is to provide affordable, high-quality health care and support services to all people, with a special commitment to the uninsured, low-income, and medically underserved. The majority of the patients served by FHCSD are classified as low-income. In 2015, FHCSD served 134,788 patients, 89 percent of which earned less than 200 percent of the Federal Poverty Level. Over 30 percent of FHCSD patients were uninsured, and about 62 percent were Medicaid recipients.



FHCSD's new Health Information Technology Education and Career (HITEC) Center in the Oak Park neighborhood of San Diego.

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Capital Project Description

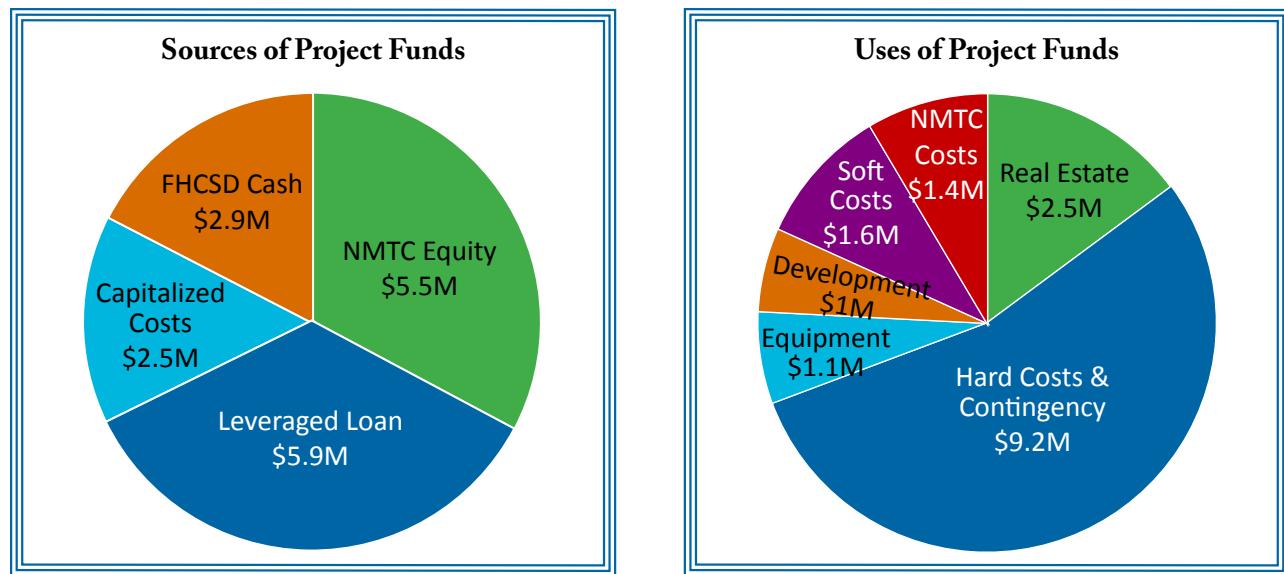
Completed in January of 2016, FHCSD's new Health Information Technology Education and Career (HITEC) Center is located in the Oak Park area of San Diego, which is a designated Health Professional Shortage Area, meaning there are insufficient primary care resources to meet the needs of residents. In addition to the lack of health care providers, the Oak Park community faces a significant job shortage with the unemployment rate at approximately 8%. Recognizing the unmet needs of area residents, FHCSD sought to build a facility in this community in order to provide access to a primary care medical home and a job training center.

The HITEC Center is a two-story, 34,300 square foot facility, which is home to the new 3,000 square foot Oak Park Family Health Center, a new career training center, and many of FHCSD's administrative operations, including all IT operations, a call center, and a care coordination team. HITEC offers brand new services for the community and is used to conduct training programs to improve the job readiness of area residents.

Project Financing

FHCSD financed the approximately \$16.8 million project utilizing a New Markets Tax Credit (NMTC) structure. A Community Development Entity provided FHCSD with NMTC allocation that generated \$5.5 million in equity capital. Other sources of funding included a \$5.9 million leveraged loan from a FHCSD subsidiary, \$2.5 million in capitalized costs, and FHCSD's own cash investment of \$2.9 million. The capital project sources and uses of funds are illustrated below.

In addition to the new HITEC facility, FHCSD has recently completed two other capital projects that also utilized a NMTC financing structure. FHCSD completed construction on the \$9 million Diamond Neighborhoods Family Health Center in 2013 and opened the approximately \$7.6 million El Cajon Family Health Center in May 2016.



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Impact

Capital Link uses an integrated economic modeling and planning tool called IMPLAN (IMpact analysis for PLANning) to assess the multiplier effect of each health center's business operations, job creation, and likely future growth. Economic activity can be calculated in terms of direct, indirect, and induced impact. Direct benefits flow from expanded operations, new facilities, and hiring. Indirect benefits come from local purchases. Induced benefits occur from spending resulting from new household income as all local industries grow.

Prior to the expansion, FHCSD contributed \$106 million annually directly to the local economy, plus additional indirect and induced economic impact of \$71 million for an overall impact of approximately \$177 million. By 2018*, it is estimated that the direct economic impact will be about \$118 million and the indirect and induced impact will be \$102 million, for a total economic impact of approximately \$220 million—\$47 million in additional community impact over 2014.

With the expansion of services being offered, the project is anticipated to add approximately 21 permanent full-time equivalent employees by 2018. The chart below shows the additional impact of FHCSD expansion on the community.

	2014 (prior to project start)	2018* (projected)
Number of Patients Served	130,614	242,985
Number of Patient Visits	436,000	794,830
Total Operating Revenue	\$125,700,000	\$130,400,000
Total Expenses	\$106,000,000	\$118,500,000
Permanent Direct Employment	849	870
Indirect and Induced Employment	572	639
Total Economic Impact (Direct, Indirect, and Induced)	\$177,100,000	\$220,400,000

*Note that at the time this case study was published, August 2016, FHCSD is on track to exceed the projected patients served and patient visits for 2018.

This publication was supported by the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) under cooperative agreement number U30CS09741, Training and Technical Assistance National Cooperative Agreement (NCA) for \$850,000 with 0% of the total NCA project financed with non-federal sources. This information or content and conclusions are those of the author and should not be construed as the official position or policy of, nor should any endorsements be inferred by HRSA, HHS, or the U.S. Government.