GIDDINGS ECONOMIC DEVELOPMENT CORPORATION

LTC Care Facility Alternate Use Feasibility Study
JUNE 10, 2016

GIDDINGS

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Dear Tonya and EDC Board,

We are pleased to offer our assessment of the vacant LTC facility at 1747 E. Hemptstead. The following report focuses on the City of Giddings and the six rural counties incorporating the City and immediately adjacent to Lee County. Williamson County is included in summary tables but due to its size and metropolitan makeup, inclusion in the focused area of study would have distorted the analysis. Additionally, Williamson County is largely self-contained and not relevant in outcomes or market conditions that affect Giddings and the surrounding rural communities. As a result, analyses of data in this report concentrate on the 190,999 residents of the six rural counties in the immediate area.

This report is made up of a Market Assessment utilizing a review of Demand Factors related to need in the study area and Capacity based on existing medical related businesses in the study area. It also includes an assessment of the building examining both its current condition and potential costs for renovation or demolition.

The employed methodology used publicly available data from a variety of sources in the Department of Health and Human Services, US Census Bureau, Bureau of Labor Statistics, and other relevant sources. The analyses involved sought to use comparative scores with other Texas counties and cull meaning from nominal values to ascertain potential market demand for services. Capacity reviews examined 23 NAICS codes in the study area to evaluate how current capacity is meeting demand.

Our conclusion is that Giddings and the surrounding communities are in acute need of medical providers, counseling services, early childhood services, substance abuse services, and senior care. Certain health behaviors and outcomes such as premature deaths, child mortality, drug and alcohol related deaths, and a larger than usual senior population point to significant service gaps and acute need in certain areas of interest. Access to recreational and exercise opportunities are extremely poor with less than half of the entire population living within three miles of any opportunity for exercise. Poverty rates are actually better than the average county in Texas while unemployment and uninsured rates are on par suggesting that any new market entrant should find sufficient market demand coupled with an ability to pay. Incomes are slightly lower in the study area but consistent. Further economic development in the region should begin to create upward pressure on wages.
The building has been significantly damaged by water intrusion during the period of vacancy. Large areas of black mold or mildew persist throughout the eastern side of the building where most water damage has occurred. Our architect found that renovation of the existing structure including demolition and remediation to cost potentially $1.48 million at $138.74 per Sq Ft. A complete rebuilding on the existing foundation would cost approximately $1.79 million at $167.43 per Sq Ft while a new structure and foundation is expected to cost potentially $1.93 million or $180.93 per Sq Ft. These estimates contemplate associated costs related to testing, remediation, engineering, and design fees, etc that accompany such projects.

We encourage testing of the existing damage and include environmental remediation with any potential new renovation. We also strongly recommend corrective action for draining the lower areas of the property to the drainage easement to the west side of the property.

We hope this study provides useful decision-making information for you and any potential private partners.

Respectfully,

J. Shane Howard
Strategy & Development

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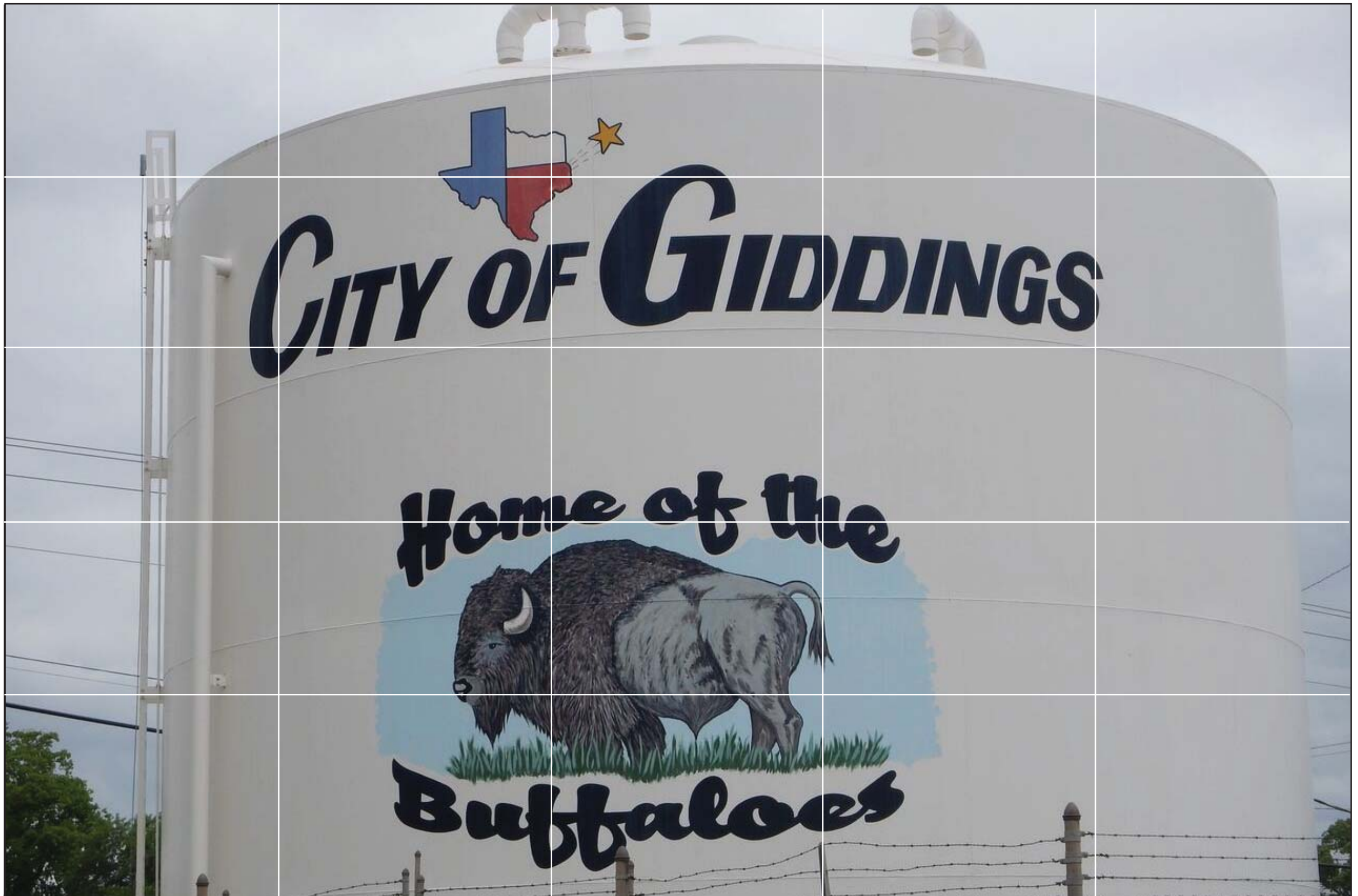
Introduction

INTRODUCTION

The Giddings Economic Development Corporation (EDC) commissioned a study to develop an alternate use assessment of the vacant Long-Term Care (LTC) facility at 1747 E. Hempstead in Giddings. The building is currently owned by an unnamed creditor and is on the market for sale. A potential out-of-state buyer and investor is looking at the facility for a yet to be determined medical or social services industry occupancy. As part of the due diligence process, the investor has asked the EDC to make a business case of the medical and social services market in the region and an assessment of the building for the feasibility of such an occupancy.

This report is broken into two parts: 1) a Market Assessment that examines the demand and capacity factors in the region related to medical or social services business, and 2) a Building Assessment that examines the condition, functional capacity for an alternate occupancy, and an estimated Preliminary Opinion of Probable Cost (OPC) to bring the building to serviceable occupancy.

The City of Giddings was examined for specific demographic and market data. However, given the purpose of this report, the study area also investigated medical services capacity and demand in the seven county area incorporating Giddings and adjacent to Lee County where the City is located:

Bastrop
Burleson
Fayette
Lee (Giddings' home county)
Milam
Washington
Williamson (classified as urban, used as outlier in this study)
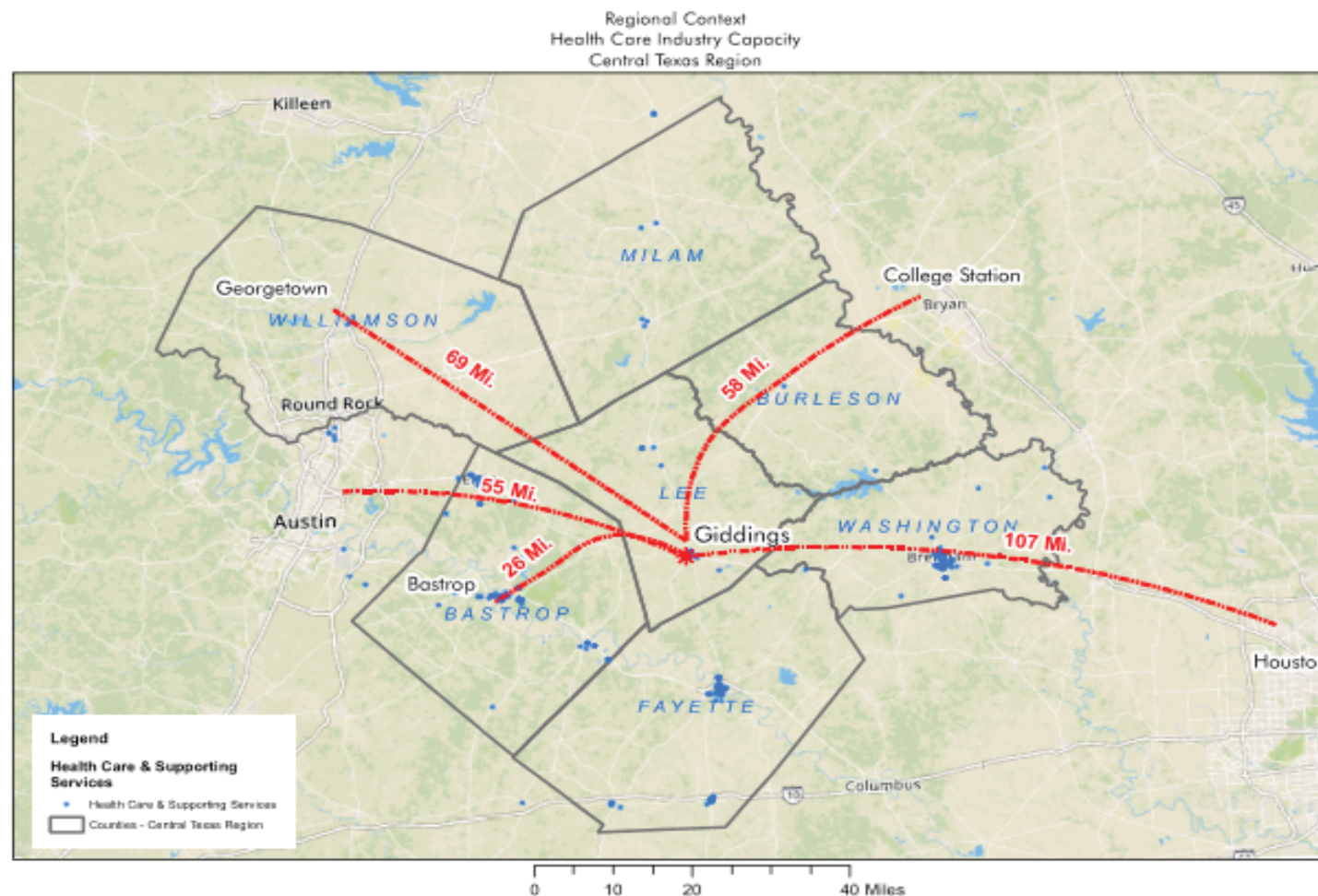
It is important to note that the study area includes Williamson County located just north of Austin on I-35 due to its adjacency to Lee County. The county is classified as an urban county and makes up over 2/3 of the population in entire study area thus providing a distorted picture of demographic, demand, and capacity factors actually affecting Giddings and similar surrounding communities. As a result, the report focuses largely on the six rural counties in the study area although data for Williamson County is included for use as an excess market base, particularly the rural zip codes in the eastern section of the county sharing attributes similar to Giddings and the rural counties.

This report is primarily an assessment of factors and conditions affecting the marketplace and building and accompanied by recommendations with the intent to narrow the range of potential choices, not actually settle on any specific occupancy. Obviously, the physical constraints of the site and building limit the range of potential occupancies for the site. However, capacity data on hospitals and other businesses that inform the overall market are included and reviewed despite their infeasibility as potential occupancies.

Regional Context
Health Care Industry Capacity
Central Texas Region

Legend
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MARKET ASSESSMENT

Giddings is a Texas city incorporated in 1871 and serves as the seat of Lee County. It is located at the intersection of US Highway 290 and US 77, 55 miles east of Austin, 59 miles southwest of College Station, and 107 miles northwest of Houston. Giddings is the 6th largest city in the rural study area and 7th largest in the full seven county area. According to the USDA Economic Research Service, Giddings is classified as a nonmetro (rural) community with a rural-continuum code of 6. This designation opens the door to the City for specific grant opportunities through USDA and other federal agencies.

City	County	Population
Brenham	Washington County	15,716
Taylor	Williamson County	13,575 (Urban County)
Elgin	Bastrop County	8,135
Bastrop	Bastrop County	7,554
Rockdale	Milam County	5,851
Cameron	Milam County	5,634
Giddings	Lee County	5,299
LaGrange	Fayette County	4,923
Caldwell	Burleson County	4,104

Demand Factors

The methodology used to examine the Demand Factors in the study area involves an examination of underlying datasets of behavioral choices and health outcomes that help articulate demand or need for services as a result of Demographics and the Health Market. The data used in the resulting profiles originates almost exclusively from the Health Resources Services Administration (HRSA) in the Department of Health and Human Services, the Robert Wood Johnson Foundation, and the Texas Department of Agriculture. These entities primarily serve as clearinghouses and aggregators for data developed through multiple agencies such as the Census Bureau and Bureau of Labor Statistics.

As noted in the Introduction, the focus for this market study area is centered on the six rural counties immediately incorporating or adjacent to Giddings. Williamson County data is included in relevant data tables displayed in the section.

Demographics

Giddings has approximately 5,300 residents in 1,775 households and is expected to experience slightly under 4% population growth over a five-year period. Median age is 32.9 years old which is expected to remain between 32-33 years old in the next five years. Approximately 13% of the population is over the age of 65. 28% of residents are under the age of 17. Median household income is $45,696 with per capita income at $22,435. Just over 18% of residents are below the poverty level of which over 1/3 are over the age of 65.

In the larger study area of seven counties, six of which are designated as rural counties, the population is 613,678 people. 190,999 live in the six rural counties, including Lee County.

The study area found those residents aged 65 and older constitute 15.5% of the population of the rural counties. This is significantly greater than the state's senior population of just over 10%.

The population in the study area under the age of 17 years old is just under 26% while the entire state is made up of 28.1% young people. 22.5% of the children in the study area live in poverty compared to 25% of all Texas children. Likewise, 29% of children live in single-parent households, significantly lower than the state total of 33%. The share of families living in poverty is 10.82% compared to over 13% statewide meaning that while poverty is generally and specifically lower in the study area, the proportion of total children in poverty compared to families in poverty is still greater than found in the state cohort. This disparate outcome can be the result of larger family sizes of families in poverty or conversely, a larger share of single family households living in poverty.

Table 1 – Demographic Summary by County[2]

	Texas	Bastrop	Burleson	Fayette	Lee	Milam	Washington	Williamson
Population	N/A	74,171	17,187	24,554	16,612	24,757	33,718	422,679
< 17 yrs old	28.1%	19,452	4,045	5,389	4,345	8,552	7,450	122,452
> 65 yrs old	10.35%	8,501	3,007	5,269	2,622	4,005	6,199	37,681
Families in Poverty		1,944	499	718	381	879	947	5,36
	13.46%	10.36%	11.12%	10.12%	8.84%	13.48%	11.24%	4.87%
Children in Poverty	25%	22%	25%	18%	19%	29%	22%	10%
Children in Single Parent HH	33%	27%	34%	19%	22%	36%	36%	23%
Rank of Social/Economic Factors (254 Counties)	N/A	125	141	25	51	177	64	3
Unemployment Rate	5.1%	4.8%	4.7%	3.4%	4.0%	6.2%	4.5%	4.3%

County Population Density by Age Group
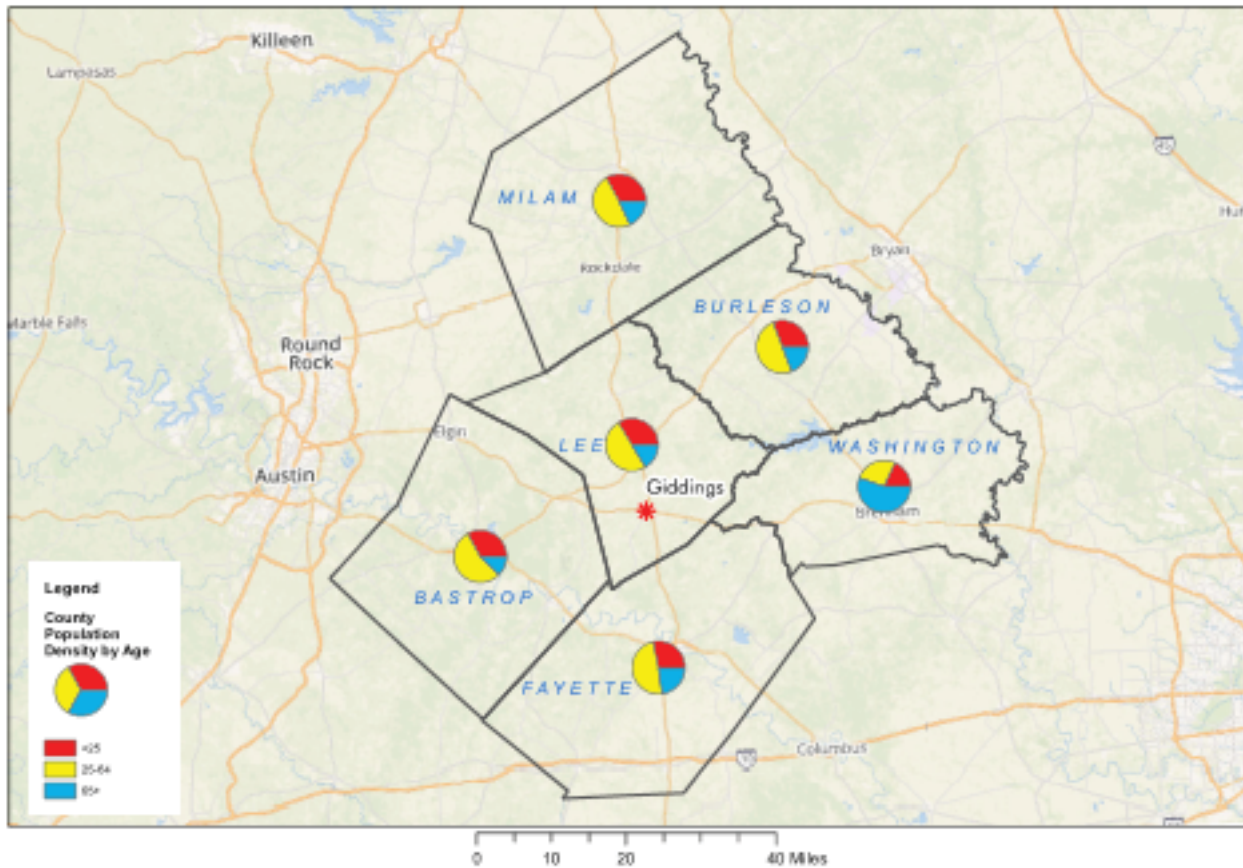Giddings Long-Term Care Facility Feasibility Study

Table 2 – Demographic Summary by Study Area Rural Counties

	Texas	Rural Study Area
Population	N/A	190,999
< 17 yrs old	N/A	49,233
	28.10%	25.78%
> 65 yrs old	N/A	29,603
	10.35%	15.50%
Families in Poverty	N/A	5,368
	13.46%	10.82%
Children in Poverty	25%	22.50%
Children in Single Parent HH	33%	29.00%
Rank of Social/Economic Factors (254 Counties)	N/A	97
Unemployment Rate	5.10%	4.60%

These findings are further enhanced by rankings of the counties by the Robert Wood Johnson Foundation, a highly respected organization most states rely on for health care outcome data and analysis. Several factors consisting of multiple blended and weighted data measurements are aggregated into composite and ranked health outcomes for counties across the United States. One factor, Social & Economic Factors, includes measures of median income, children eligible for the federal free lunch program, education levels, unemployment, child poverty, and several other measures. Of the 254 counties in Texas, the average rank of each study area county for Social & Economic factors was 97 with Fayette County at #25 on the low end and Milam County at #177. Lee County, home to the City of Giddings, was ranked #51, the second best ranking of the study area counties.

Finally, unemployment ranges from 3.4% to 6.2% in the study area. Statewide unemployment is 5.1% and the study area average was 4.6%. While the unemployment figures are certainly positive, wages remain low in the study area thereby driving poverty and spending measures. As municipalities pursue aggressive economic diversification efforts and the Austin Metro area expands eastward on US 290, additional opportunities for income growth are probable.

Health Market

The Health Market of the study area is largely comprised of health rankings based on underlying service provider, behavioral, and health outcome data. The vast majority of information analyzed is compiled from both the "County Health Rankings and Roadmaps" studies conducted by the Robert Wood Johnson Foundation and data from the HRSA Data Warehouse. The County Health Rankings metrics are particularly compelling due to their composite scoring utilizing several dozen measures consolidated into six weighted Health Ranking Factors :

Health Outcomes
    Length of Life
    Quality of Life

Health Factors
    Health Behaviors
    Clinical Care
    Social and Economic Factors (discussed in the
    Demographics section)
    Physical Environment

Other measures of the Market include the presence of Medically Underserved Areas (MUA) or Health Professional Shortage Areas (HPSA) as defined by Section 332 of the Public Services Health Act.

Health Outcomes

Health Outcomes are measures of Length of Life (mortality) and Quality of Life (morbidity). The results for the study are extremely mixed as rankings vary widely throughout the study area. For example, overall rankings show Fayette County as the 21st ranked county in Texas for overall Health Outcomes while Milam County is ranked 155th. The average ranking in the study area is 66th(see Tables 3 and 4).

The widest variances are found in Length of Life rankings with Fayette County as the 56th longest lifespan in the state and Milam County as the 152nd. The average for all the studied rural counties is 89.

Length of Life results are informed by the various measures used to compile the composite metric which include Premature Deaths (deaths before the age of 75), Infant Mortality, and Child Mortality. The individual components of these scores provide insight to the specific drivers of longevity.

Premature Deaths are defined as deaths occurring before the age of 75. A measure of Years of Productive Life Lost (YPLL) calculates the difference between the age of death and age 75. For example, a person who dies at age 30 accounts for 45 years of productive life lost. The utility of the measure is that while it does not specifically identify age bands at which premature deaths occur, it does however provide a picture of the cumulative impact of all deaths prior to age 75. Infant and child mortality obviously carry significant weight in the overall loss of productive years. Texas' overall average is 6,600 YPLL per 100,000 people. Every county in the rural study area exceeds this figure with an average 7,417 YPLL (a range between 6,800 and 8,500). Child Mortality rates help further identify drivers of the outcome with an average rate of 55 child deaths per 100,000 people compared to 50 deaths per 100,000 statewide. Likewise, Age-Adjusted Premature Mortality statewide is 340 deaths per 100,000 while the study area experiences an average of 363 per county.

Milam County in particular suffers from higher negative outcomes than its study area cohorts. With 8,500 YPLL, 400 premature deaths, and 90 child deaths per 100,000 people, Milam trails only Burleson County in Age-Adjusted Mortality and exceeds the state average in almost every category. By contrast, Fayette County has a lower mortality rate than the state average by 10 deaths (330 vs 340) with child mortality equal to the state as a whole.

Table 3 – Length of Life Summary by Study Area (all nominal figures are per 100,000 population)

	Texas	Rural Study Area
Health Outcomes Rank	N/A	66
Length of Life Rank	N/A	89
YPLL	6,600	7,417
Age Adjusted Mortality	340	363
Child Mortality	50	55
Adult Mortality	290	300

Table 4 – Length of Life by County (all nominal figures are per 100,000 population)

	Texas	Bastrop	Burleson	Fayette	Lee	Milam	Washington	Williamson
Health Outcomes Rank	N/A	44	73	21	62	155	42	3
Length of Life Rank	N/A	65	108	56	85	152	66	4
YPLL	6,600	6,900	7,900	6,800	7,500	8,500	6,900	4,300
Age Adjusted Mortality	340	350	420	330	340	400	340	220
Child Mortality	50	40	N/A	50	N/A	90	40	30
Adult Mortality	290	310	N/A	280	N/A	310	300	190

Adult mortality was calculated by the authors of this report by subtracting child mortality from the overall premature death mortality. Findings concluded the study area counties averaged 300 premature adult deaths compared to the state average of 290 per 100,000 (see Table 3). Fayette County performed the best with only 280 deaths, lower than the state average, while all other counties were substantially greater than the rest of the state. Discussion of Health Behaviors and Physical Environment later in this report will begin to create clarity as to potential causes of these higher than expected premature deaths.

Quality of Life measures related to morbidity begin to paint a vivid picture of overall health in the study area. These measures are largely compiled from Centers for Disease Control surveys regarding self-reported perceptions of well-being, mental health, and life quality. The rankings for the study area again vary widely from as low as the 9th ranked county in Texas (Fayette) to 158th (Milam). Average Quality of Life ranking for the study area was 71.

Residents of the study area mostly reported their overall health to be greater than that reported statewide. 20% of Texans state that they are in poor or fair health while the study area average was 17% (See Tables 5 & 6). Residents in the study area reported 3.5 poor physical health days per month which matches that of the statewide average. Poor mental health days were also in line with the state trend at 3.1 days per month in the study area counties versus 3 days for the average Texas county.

While frequency of poor or fair physical and mental health days was congruent with state averages, the intensity of these days shows similar, albeit slightly higher, results. An average of 11% of study area counties reported more than 14 days of physical distress per month and 10% reported the same level of mental distress days. Texas counties averaged 11% and 9% respectively in these categories. As discussed with other Health Outcome factors, these results do not explain the causes of ailments; rather, they are articulations of impact. Behavioral and environmental factors are examined later.

Finally, morbidity measures also include studies of infant birthweight, a leading indicator of maternal and early childhood health, and diabetes. Low birthweight prevalence statewide is about 8%, the same for the study area of rural counties. Birthweights can be negatively affected by maternal diabetes and evidence suggests this may be the case in the study area. Diabetes prevalence in Texas is around 11% as expected with high obesity levels found throughout the state. The study area diabetes rate is 12% that, when juxtaposed against low birthweight data, suggests maternal diabetes may be linked. The review of behavioral factors will provide significantly deeper insight to the obesity rates, physical inactivity, and lack of access to exercise facilities responsible for these results. Finally, HIV rates are one final factor included in morbidity analysis but the study area rate is lower than the state by orders of magnitude.

Table 5 – Quality of Life Summary by Study Area (all nominal figures are per 100,000 population)

	Texas	Rural Study Area
Health Outcomes Rank	N/A	66
Quality of Life		71
Poor or fair health	20%	17%
Poor physical health days	3.5	3.5
Poor mental health days	3	3.1
Frequent physical distress	11%	11%
Frequent mental distress	9%	10%
Diabetes prevalence	11%	12%
HIV prevalence	343	123.2
Low birthweight	8%	8%

Table 6 – Quality of Life by County (all nominal figures are per 100,000 population)

	Texas	Bastrop	Burleson	Fayette	Lee	Milam	Washington	Williamson
Health Outcomes Rank	N/A	44	73	21	62	155	42	3
Quality of Life	N/A	69	60	9	65	158	64	7
Poor or fair health	20%	18%	16%	15%	16%	20%	16%	13%
Poor physical health days	3.5	3.6	3.4	3.2	3.3	3.8	3.4	2.9
Poor mental health days	3	3.1	3.1	3	3	3.3	3.1	2.7
Frequent physical distress	11%	11%	10%	10%	10%	12%	10%	9%
Frequent mental distress	9%	10%	9%	9%	9%	11%	10%	8%
Diabetes prevalence**	11%	11%	12%	12%	12%	13%	12%	8%
HIV prevalence	343	172	125	91	115	131	105	102
Low birthweight	8%	7%	8%	6%	8%	9%	8%	7%

Milam County continues to significantly affect Health Outcomes with higher scores in all categories compared to the state average and other counties in the study area. High diabetes rates, low birthweights, more and intense days of poor physical and mental health all point to significant need in the community. These factors drive Milam's ranking in overall Quality of Life to 158th in the state and 155th overall for Health Outcomes while most study area counties reside in the upper 1st and lower 2nd quintile.

Health Factors

Health Behaviors and Clinical Care play a large role in determining the demand or need for services in the study area by providing insight to the causes of Health Outcomes. Health Behaviors account for personal lifestyle choices such as the use of alcohol, tobacco, and drugs as well as other influences like access to exercise opportunities and food choice. Overall, Health Factors rankings for the study area ranged from as low as 19th (Fayette) to as high as 161st (Milam). The average rank for the rural counties was 87 (See Tables 7 & 8). As will be demonstrated in this section of the study, very specific Health Behaviors as well as Clinical Care are primary drivers of these rankings and Health Outcomes discussed earlier.

Table 7 – Health Behaviors Summary by Study Area (all nominal figures are per 100,000 population)

	Texas	Rural Study Area
Health Factors Rank	N/A	87
Health Behaviors Rank	N/A	95
Adult smoking	15%	15%
Adult obesity	28%	31%
Food environment index	6.4	6
Physical inactivity	24%	29%
Access to exercise opportunities	84%	49%
Excessive drinking	17%	16%
Alcohol-impaired driving deaths	32%	32%
Sexually transmitted infections	498.3	373
Teen Birth Rate	52	46

Table 8 – Health Behaviors by County (all nominal figures are per 100,000 population)

	Texas	Bastrop	Burleson	Fayette	Lee	Milam	Washington	Williamson
Health Factors Rank	N/A	123	133	19	51	161	37	3
Health Behaviors Rank	N/A	141	87	34	94	147	69	8
Adult smoking	15%	16%	14%	13%	15%	16%	15%	12%
Adult obesity	28%	33%	30%	29%	31%	31%	30%	29%
Food environment index	6.4	5.8	6.7	6.6	7.3	6	6.4	7.1
Physical inactivity	24%	29%	30%	30%	31%	27%	27%	18%
Access to exercise opportunities	84%	57%	43%	48%	33%	40%	74%	94%
Excessive drinking	17%	16%	16%	16%	18%	15%	17%	19%
Alcohol-impaired driving deaths	32%	29%	36%	42%	27%	30%	28%	39%
Sexually transmitted infections	498.3	369.2	358.6	190.3	331.3	500.9	489.8	363.2
Teen Birth Rate	52	48	50	39	39	63	38	29

Health Behaviors

Key deviations from the state average drive Health Behavior rankings for the study area to an average rank of 95 (range of 47 to 161). Health Behaviors related to Smoking, Alcohol Abuse, and Alcohol Related Deaths were largely in line with the rest of Texas counties' experience. However, there are counties within the study area that score worse than others in the cohort and state but are masked within the overall rates. For example, while Excessive Drinking rates for both the state and study area average approximately 16-17% of the population, Lee County's rate is 18% (See Table 8). Likewise, Alcohol Related Deaths, a measure of deaths where alcohol impairment was present, hovers at 32% for the state and study area. Yet, Fayette County has a 42% rate and Burleson a 36% rate, both far above the state average.

In further exploring behavioral factors, Drug Overdose Deaths and Traffic Related Fatalities also garnered attention. Texas rates of Drug Overdose Deaths is approximately 9.7 per 100,000 people. By comparison, two counties in the study area have Drug Death rates of 12-14 deaths and three others have rates of 10-12 deaths. Only one county, Washington, is lower than the state average. Every rural county studied had significantly higher Traffic deaths than the Texas rate of 14 deaths per 100,000. Lee County topped the cohort with 34 deaths but two other counties also exceeded 30 deaths with the remaining three over 20.

Only two behavioral measures resulted in better than average scoring – Sexually Transmitted Disease and Teen Birth Rates. These scores are not indicative of the full experience within the study area, however. Similar to the dynamics seen in other factors where aggregate scores were notionally better than the state average, certain counties in the study area experience substantially worse outcomes than the overall study area or state. Milam County's rate of 500.9 STD and 63 Teen Birth Rates (per 100,000 people) both exceed the Texas average of 498.3 STD's and 52 teen births per 1000,000 people. Another example is Washington County's Teen Birth Rate which is close to the state average as is Burleson County's alcohol related death rate (See Table 8).

Adult Obesity, Physical Inactivity, Food, and Access to Exercise Opportunities are all vital measures in which the study area average is greater than that of the state. Obesity in the rural counties is 31% compared to 28% statewide. Physical Inactivity is at 29% whereas the state average is 24%. Three of the study area counties, Burleson, Fayette, and Lee, all have high rates of inactivity of 30-31%. Importantly, only 49% of study area residents have adequate Access to Exercise Opportunities. For rural counties, adequate access is defined as living within 3 miles of a park or recreational facility. The score becomes even more poignant when one sees that 84% of Texans live within adequate access to recreation facilities. When viewed alongside Physical Inactivity scores, it becomes readily apparent that even more significant gaps exist within the study area communities. Specifically, only 33% of residents in Lee County, and 40% of those in Milam County have adequate access to a park or recreational location.

Clinical Care

Measures of access and availability to medical care are factors affecting both demand and are a function of existing market capacity. The rural counties studied are by all measures desperately underserved in primary, dental, and mental health care (See Tables 9 & 10). The average rank for the study area is 111 including Burleson County ranked 179th in the entire state for Clinical Care.

Clinical Care is comprised of scores in Uninsured rates, ratio of providers to the population, Preventable Hospital Stays, testing for common, high risk diseases, and other factors such as healthcare costs. The most pressing demand in clinical care arises from a lack of providers. As seen in Table 9, the average care provider ratios are substantially lacking. The study area requires an average of nearly twice the number of primary care providers just to reach the level of the average county in Texas. Dental capacity would need to expand by over three times to meet state performance and Mental Health providers would need to grow by over four times. Based on the population of the study area, the gaps between existing care and the state ratio is 49 primary care physicians, 68 dentists, and 144 mental health providers.

Specific counties within the study are even more significantly underserved than the cohort average. Provider demand represents an acute need in the study area in all the relevant counties. As we will see, the environment for providers to operate profitably in the area is good as uninsurance rates average 26% and are no greater than 28% in any rural county studied, relatively on par with the entire state. Healthcare spending is also on par about 10% below the state average of over $10,000 per capita.

Table 9 – Clinical Care Summary by Study Area (all nominal figures are per 100,000 population)

	Texas	Rural Study Area
Clinical Care	N/A	111
Uninsured	25%	26%
Primary care physicians (# Population per Provider)	1,680	2,960
Dentists (# Population per Provider)	1,880	5,702
Mental health providers (# Population per Provider)	990	3,985
Preventable hospital stays	58	60
Diabetic monitoring	84%	82%
Mammography screening	58%	54%

Quality of Care is primarily measured by Preventable Hospital Stays, defined as the discharge rate of those with ambulatory conditions per 1,000 Medicare enrollees. These are hospital stays that could have been avoided with outpatient care, often a sign of inadequate diagnosis or inadequate outpatient facilities. While the measure only examines those age 65 and older, higher discharge rates are more reliable for projections to other age group performance than low discharge rates which are more likely to mask potential disparity of care. The results are particularly useful in ascertaining levels of care for seniors. The average rate for the state of Texas is 58 preventable stays per 1,000 enrollees (See Table 10). The rate for the study area is 60 preventable stays. This is as high as 70 and 75 in Burleson and Milam Counties, respectively. These results further buttress the recognition a lack of providers has a significant impact on quality of care.

Screening for Diabetes and Mammography tests are additional indications of quality. Both are metrics developed from Medicare data so gaps in younger patient experiences do exist. Regardless, even the Medicare rates in Diabetes screens and Mammography indicate a lower than average performance in the study area compared to the state. 54% of older female enrollees received a mammogram in the last two years compared with 58% of women in the average Texas county. 82% of older Medicare diabetes patients received a screening compared to 84% across Texas.

Table 10 – Clinical Care by County (all nominal figures are per 100,000 population)

	Texas	Bastrop	Burleson	Fayette	Lee	Milam	Washington	Williamson
Clinical Care	N/A	129	174	57	115	149	39	4
Uninsured	25%	27%	28%	26%	26%	25%	24%	17%
Primary care physicians (# Population per Provider)	1,680	3,990	2,860	2,070	3,330	4,030	1,480	1,510
Dentists (# Population per Provider)	1,880	3,720	17,250	1,910	3,350	4,850	3,130	1,880
Mental health providers (# Population per Provider)	990	1,560	8,630	4,970	2,090	4,850	1,810	1,060
Preventable hospital stays	58	66	70	44	55	75	49	45
Diabetic monitoring	84%	83%	81%	82%	80%	82%	82%	86%
Mammography screening	58%	55%	51%	55%	53%	50%	61%	68%

Medical Underservice and Shortages

The six rural counties located in the study area are all designated as rural by the U.S. Department of Agriculture and other federal agencies. This designation is important as federal healthcare programs and affiliated state programs examine the need for health care professionals and make determinations of potential underservice. Sections 330 and 332 of the Public Health Services Act govern the methods, criteria, and programs associated with medical underservice. The methodology used to determine medical underservice also provides valuable information to the private provider marketplace on demand and unmet needs.

Medical underservice is determined through the use of criteria set forth by the Department of Health and Human Services (HHS) that contemplates a geographic area's overall health "market." A weighted index reviews four elements for calculation of an Index of Medical Underservice (IMU). These elements include: share of population below poverty level, share of population over the age of 65, infant mortality rate, and ratio of primary care physicians per 1,000 population.

Each variable assigns a weighted value for use in the IMU so that when all four variables are added together create a scored based on a 0-100 scale. For example, a service area with 0% of population below the poverty line receives an IMU value of 25.1 for that variable, whereas an area with 40% below poverty has an IMU value of 2.1 for the variable. The other three variables have similar scoring weights. The four IMU values are then added resulting in a total IMU score. Any service area with an index of 62 or less qualifies as a Medically Underserved Population or Medically Underserved Area (MUA).

The IMU is used to establish qualifications for grants and other programs designed to incentivize or subsidize additional service capacity in a community. Some of these programs include Community Health Centers, Federally Qualified Health Centers, and Rural Health Clinics (authorized under the Rural Health Clinic Services Act). Note that IMU and MUA criteria are assigned predominantly using a demographic lens for scoring rather with primary care capacity as the only non-demographic variable utilized in the Index.

Table 11 – Health Professional Shortage Area (HPSA) Designations

County	Bastrop	Burleson	Fayette	Lee	Milam	Washington
FIPS ID	021	051	149	287	331	477
Primary Care (148) 3,500:1	◆	◆	◆	◆	◆	◆
Dental Health (648) 5,000:1	◆	◆	◆			
Mental Health (748) 6,000:1	◆	◆	◆	◆	◆	◆

In contrast, Health Professional Shortage Area (HPSA) designations are measures exclusively based in capacity without regard to demographics. There are three types of designation: Primary Care, Dental, and Mental Health. These designations discount demographics entirely and simply weigh the presence of facility and provider capacity in geographic areas through the use of provider ratios compared to the general population. As discussed earlier, provider ratios in the study area are very low compared to the state as a whole (See Table 10). When compared to federal standards of provider capacity, these results appear less acute but nonetheless indicate significant shortages. Every county in the study area currently is currently designated as a HPSA in Primary Care and Mental Health (See Table 11). Bastrop, Burleson, and Fayette Counties are also designated as HPSA for Dental care.

DEMAND FACTORS CONCLUSION –

Demographics

Demographic analysis of the study area constitutes a six county market of 190,999 people of which nearly 16% are seniors over the age of 65 while 26% of the population is under the age of 17. This constitutes a much larger proportion of elderly residents than most of the state (average 10%) and slightly fewer children than the state average of 28%.

Poverty levels and unemployment in these rural counties outperform the state average and demonstrate a financially viable marketplace for a social services or medical business. The senior population is also of sufficient size to support providers that service Medicare patients. Reimbursement rates to providers are slightly less than the state average and despite low unemployment and poverty rates, wage stagnation does suppress spending capacity slightly in the private market. However, the high rate of insured population undergirds an otherwise firm market base in essential care. Niche care such as cosmetic surgery is less viable due to lower economic capacity. As the Austin Metro area grows east on US 290, income dynamics may increase in ways similar to experiences in Williamson County which transitioned into an urban community over the last 20 years with commensurate increases in income and economic output.

Health Outcomes

Length of Life measures indicate the study area counties experience higher than normal premature deaths compared to the rest of the state. Deaths of younger people appear to drive this outcome as the average study county has 12% more lost productive years than the state average, 6.7% more premature deaths, 10% more child deaths compared to only 3.4% more adult deaths than the state average. Every county in the study area exceeds the state average on productive life years lost and mortality measures.

Quality of Life measures indicate similar outcomes in morbidity. While frequency of poor physical health days were mildly lower than the state, the intensity of poor physical and mental health days and their duration were higher in practically every study area county. Diabetes prevalence was also higher in all study area counties surely affecting low birthweights which were higher in all but two counties. Milam County is of particular concern as a comparatively severe case in practically all factors analyzed demonstrating a clearly acute need for services. Health Factors weighing behavioral and medical access issues will further illuminate causes of these outcomes and needs for service.

Health Factors

Health Behaviors indicate substantial gaps in both choices and availability of risk-mitigating activities. Alcohol related deaths in the aggregate are on par with the rest of the state. However, the counties in the study area that deviate from the average do so at substantial levels. Drug related deaths are well above the state average and indicate a significant need for treatment or mitigating activities. Traffic related fatalities are extremely high in the area.

Nutrition and physical activity risks are very high in the study area with scores for Obesity and Access to Exercise Opportunities. Less than half of the entire study area population of nearly 191,000 live within three miles of a park or recreational facility. Obesity rates exceed that of the state average at all age levels except seniors. Interestingly, the counties with the least access to exercise opportunities also experience higher measurable obesity rates. Conversely, those counties with the most access to exercise facilities have the comparatively least obesity rates in the study area. As with other factors in this report, Milam County also scores poorly on Health Behaviors in categories the other counties in the cohort do not. Teen Births and STD transmission rates are substantially higher than neighboring counties and the state average.

Access to Care is one of the most glaring needs within the study area in all three areas of Primary, Dental, and Mental Healthcare. Some counties are in even more dire need than the aggregated ratio suggests. Every county's provider ratio is no less than almost half of the average county in Texas. Need certainly exists and market conditions are sufficient to support new capacity. Uninsured rates of 26% are consistent across the rural counties and in line with the state average. As a result, lack of insurance does not appear to be an impediment to potential providers locating to the study area.

The attractiveness of market expansion is supported by overall healthcare spending that while lower than the state average is still consistently over $9,000 per person annually. The need for higher quality care is readily apparent from lower than average testing rates for diabetes and mammography screening coupled with higher Preventable Hospital Stays.

All counties in the study area meet the federal designations as Medically Underserved and Health Professional Shortage classification, particularly in Primary Care and Mental Health. This further enhances the understanding of services demand in the entire study area. Coupled with Premature Deaths of young people, self-reporting of poor general health outcomes of significant intensity, alcohol and drug related deaths, a compelling case exists for services related to Counseling, Substance Abuse Treatment, Mental Health, Exercise, and practitioners in Primary Care, Dental, and Mental Health. Finally, programs offered through HHS and other federal agencies to aid rural and underserved areas makes the potential for investment in this market attractive for a select number of occupancies.

Capacity

The study area of six rural counties and Williamson County examined NAICS codes for 23 industries with relevance to the healthcare market. Data was compiled from a variety of sources including the Business Decision solution, and EMSI with supporting backup from the HRSA Data Warehouse. The studied industries are segregated into 6 categories based on businesses with shared attributes:

02 MARKET ASSESSMENT

Transportation

485210	Interurban and Rural Bus Transportation
485310	Taxi Service
485320	Limousine Service
485410	School and Employee Bus Transportation
485510	Charter Bus Industry
485999	All Other Transit and Ground Passenger Transportation

Medical Offices

621111	Offices of Physicians (except Mental Health Specialists)
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists

Hospitals

622110	General Medical and Surgical Hospitals
902622	Hospitals (State Government)
RH	Rural Hospital
RHC	Rural Health Center

Mental Health

622210	Psychiatric and Substance Abuse Hospitals
623220	Residential Mental Health and Substance Abuse Facilities

Retirement & Nursing

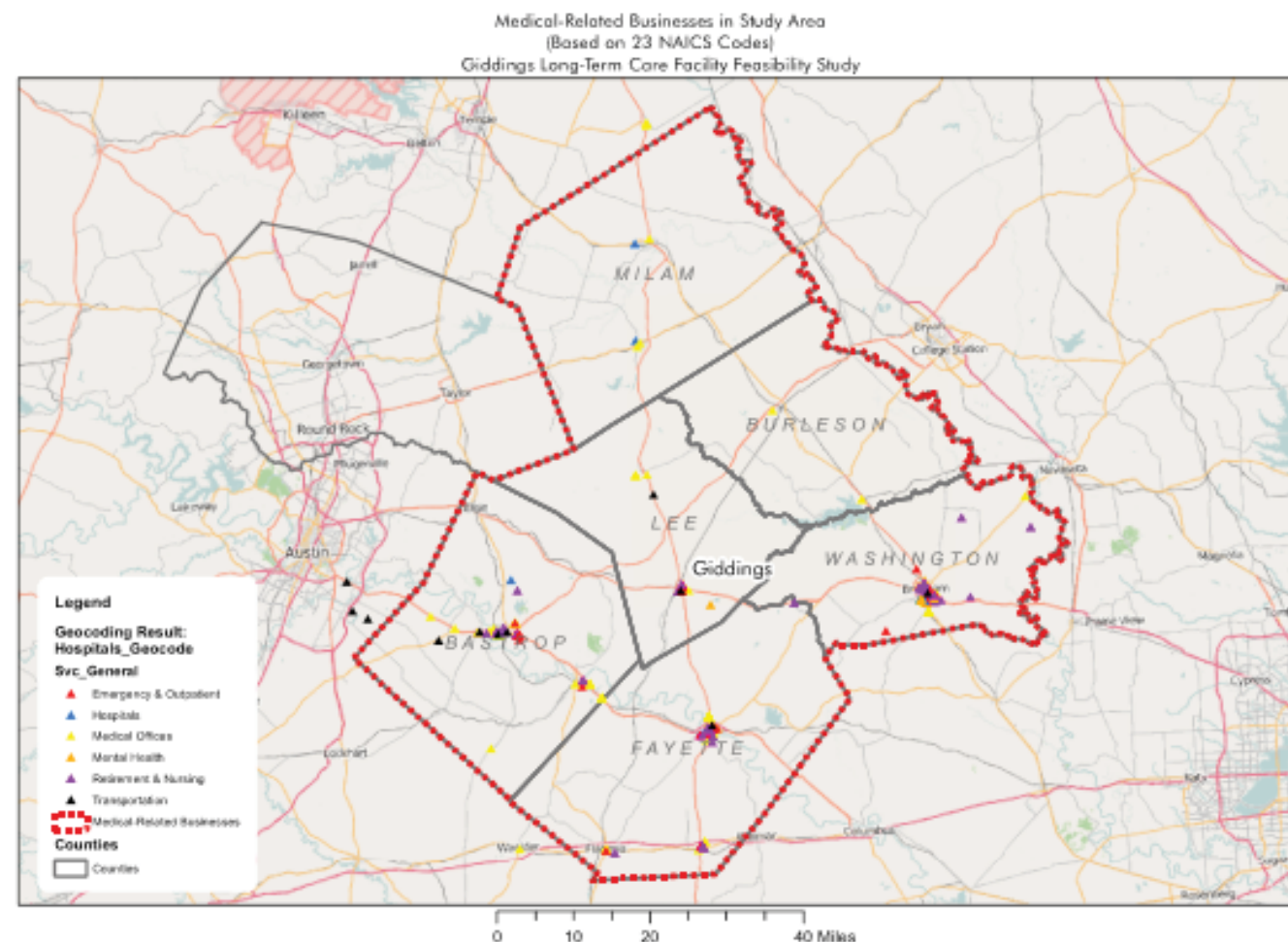|	
623110	Nursing Care Facilities (Skilled Nursing Facilities)
623311	Continuing Care Retirement Communities
623312	Assisted Living Facilities for the Elderly
623990	Other Residential Care Facilities
621610	Home Health Care Services

Emergency & Outpatient

624230	Emergency and Other Relief Services
621493	Freestanding Ambulatory Surgical and Emergency Centers
621999	All Other Miscellaneous Ambulatory Health Care Services
621498	All Other Outpatient Care Centers

The study area has 290 business engaged in these industries. Concentrations occur in the five largest cities in the study area. Despite these communities representing less than 32% of the study area population, they contain over 71% of the studied businesses. Two specific communities, Brenham and Bastrop, are home to 54% of the study area's healthcare businesses.

City	County	Population	# of Businesses
Brenham	Washington County	15,716	98
Elgin	Bastrop County	8,135	21
Bastrop	Bastrop County	7,554	86
Rockdale	Milam County	5,851	0
Cameron	Milam County	5,634	2
Giddings	Lee County	5,299	19
LaGrange	Fayette County	4,923	0
Caldwell	Burleson County	4,104	1
Smithville	Bastrop County	3,817	13

Giddings has 19 businesses in or supporting healthcare including: 8 medical offices, 2 therapists, 5 ambulatory care facilities, 2 home health and residential care facilities, 1 psychiatric office, and 1 transportation business. There is ample opportunity for specialist care, dental, and mental health services as with most communities in the study area.

When matched with provider information examined in Demand Factors, we see that the nominal number of businesses is not only overly concentrated in a handful of cities but possess insufficient capacity to service the population. Essentially, what capacity does exist is stretched both in volume and in geographic reach. Giddings sits in a prime geographic location central to and easily accessible for most of the study area whereas the communities currently offering the most capacity are on the fringes of the study area boundaries. A note of interest is Milam County where health outcomes are particularly poor. Milam has only seven total healthcare related businesses, all of which are rural health centers.

Medical-Related Businesses in Study Area
(Based on 23 NAICS Codes)
Giddings Long-Term Care Facility Feasibility Study

As seen in Table 12, overall capacity for services is insufficient for the demand discussed earlier in the report. There are only 11 residential and nursing facilities dedicated to seniors in the study area. Even including all skilled nursing facilities into the figure, there are still 519 seniors for every one facility. Likewise, hospital beds in the study area are well below adequate. Obviously, a hospital occupancy for the subject building is completely infeasible. However, the information signals ancillary impacts that provide business opportunity in the study area and specifically the subject building. For example, given the reality that many patients within the study area must travel to Houston, College Station, or Austin for hospital care gives rise to the potentiality of a medical transportation or medical retail business for recovery and post-discharge equipment and supplies (e.g. crutches, wheelchairs, catheters, etc).

Mental health facilities are clearly below par for the population size and geographic spread. As discussed in Demand Factors, there are substantial behavioral health issues affecting the study area. The same applies for counseling and therapeutic care. Finally, exercise and activity centers cannot be ignored as the direct link between exercise, obesity, diabetes, child mortality, and subsequent poor Health Behavior choices collide in this rural market.

Recommendations

This report attempted to link the highest Demand Factors with the least available Capacity Factors. Due to the service gap in the entire study area, particularly in the geographic center where Giddings resides, all medical or social services occupancies are attractive. However, when coupled with the greatest Demand Factors based on Demographics, Health Outcomes, and Behaviors, the following occupancies and related similar business types are recommended:

- Early Childhood Development
- Substance Abuse Treatment/Counseling
- Pregnancy and Maternal Support
- Physical Therapy
- Parental Education
- Medical Retail for patients and local providers
- Childcare
- Senior Care
- Nutrition Counseling
- Senior Living
- Life Counseling
- Assisted Living (non-senior)
- Exercise or Activity Facility
- Medical/Senior Transport
- Concierge Providers
- Emergency Center
- Dentist Office
- Mental Health Provider
- Primary Care Provider
- Provider Support Services (medical management)

Table 12 – Tabulation of Businesses in Study Area by NAICS Code

Transportation			
19	485210	Interurban and Rural Bus Transportation	1
	485310	Taxi Service	2
	485320	Limousine Service	8
	485410	School and Employee Bus Transportation	1
	485510	Charter Bus Industry	2
	485999	All Other Transit and Ground Passenger Transportation	5
Medical Offices			
156	621111	Offices of Physicians (except Mental Health Specialists)	125
	621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists	15
	RHC	Rural Health Center	16
Hospitals			
8	622110	General Medical and Surgical Hospitals	4
	902622	Hospitals (State Government)	1
	RH	Rural Hospital	3
Mental Health			
5	622210	Psychiatric and Substance Abuse Hospitals	3
	623220	Residential Mental Health and Substance Abuse Facilities	2
Retirement & Nursing			
57	623110	Nursing Care Facilities (Skilled Nursing Facilities)	21
	623311	Continuing Care Retirement Communities	2
	623312	Assisted Living Facilities for the Elderly	9
	623990	Other Residential Care Facilities	7
	621610	Home Health Care Services	18
Emergency & Outpatient			
45	624230	Emergency and Other Relief Services	1
	621493	Freestanding Ambulatory Surgical and Emergency Centers	27
	621999	All Other Miscellaneous Ambulatory Health Care Services	16
	621498	All Other Outpatient Care Centers	1

Building Assessment

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Building
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03 BUILDING ASSESSMENT

ASSESSMENT

Introduction

Facility assessment typically involves observing existing site characteristics, associated building(s), and related systems. Though not exhaustive, our assessments are organized into the before mentioned areas of focus, which depending on the circumstances of existing conditions, can include the following:

- **Site**- general conditions of drainage, parking, and accessibility characteristics
- **Building**- general conditions of materials, code/life safety, and accessibility characteristics
- **Systems**- general conditions of mechanical, electrical, and plumbing characteristics

The observations, recommendations, and comments are not meant to represent a total or exhaustive list of which may be present. Burditt Consultants, LLC neither extends nor implies any warranty as a result of these observations or any subsequent repairs performed upon the facility.

Example of Mildew and Potential Black Mold

Example of Potential Black Mold

Observations

It is understood that due to the existing conditions, the main LTC facility is currently uninhabitable. The intended purpose of the building, previous use, age of components, weather exposure, effects of a non-functioning climate control system and applicable code requirements have a significant impact to existing building elements and layout.

Mold and/or mildew, as well as, standing water, inside the main LTC facility, were observed at multiple locations. Additionally, due to observed site drainage issues, Burditt Consultants, LLC is concerned that the main LTC facility may have had historically water/moisture infiltration.

Additionally, some other issues were observed, including the following:

- Site topography is not adequately graded to direct water away from the main LTC facility. Standing water was observed along certain segments of the eastern wing of the facility. Additionally, it appears that the main floor elevation of the existing building is lower than the adjacent elevation of East Hempstead Street, which may add to the existing site drainage characteristics.
- Inadequate ceiling insulation per IBC 2012 requirements; wall insulation was not assessed.
- Current ADA/code violations including site and building egress.
- Collapse of patio roof structure while supporting rooftop mechanical unit.

Example of Potential Black Mold

Example of Potential Black Mold

Recommendations

It would appear that some elements, including the majority of structural elements, the emergency generator (diesel), and the fire suppression system are usable and salvageable. All building components, elements, and associated systems that have been impacted by the water/moisture infiltration should be remediated or replaced. Components that are to remain, but have been damaged and/or compromised, should be replaced. As part of the development of the building and site for future use, the following design considerations are provided:

Site
- Improve site drainage for proper sheet flow away from building and adjacent properties.
- Improve paving, walks, and site accessories as needed for accessibility.

Exterior
- Update air/moisture barrier to minimize air and vapor infiltration to building.
- Improve exterior entrances and hardware for building egress.
- Replace windows with 1" insulated, low-e glazing minimum for improved energy performance.
- Install brick control joints.

Interior
- Remove all existing interior finishes, elements, components, mechanical systems, walk-in freezer, debris, etc.
- Update building insulation; R-20 (wall) and R-38 (roof).
- Replace interior elements and finishes, including all gypsum board.
- Update interior doors and hardware.
- Update building systems as required by code.

Roof
- Replace existing soffit and fascia.
- Provide venting at soffit and ridge for attic circulation as required by code.
- Provide gutters and downspouts.
- Update boots and sealant for all roof penetrations.
- If existing roofing system is to remain, replace damaged areas otherwise provide new roofing underlayment along with roofing system.

Final Thoughts

The recommendations for the main existing LTC facility are based on utilizing the existing structure and addressing observed issues related to site, building, and associated systems. Additional improvements may include an upgraded fire suppression system, fire alarm system, rated-partitions, and other elements as determined by the eventual occupancy/use and associated regulatory requirements.

Tile Damage Due to Water Penetration
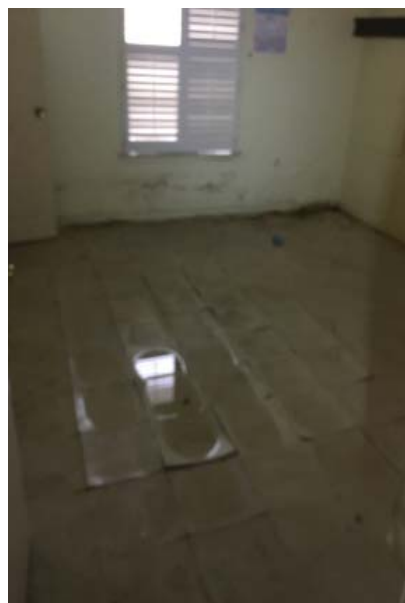
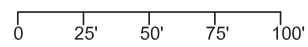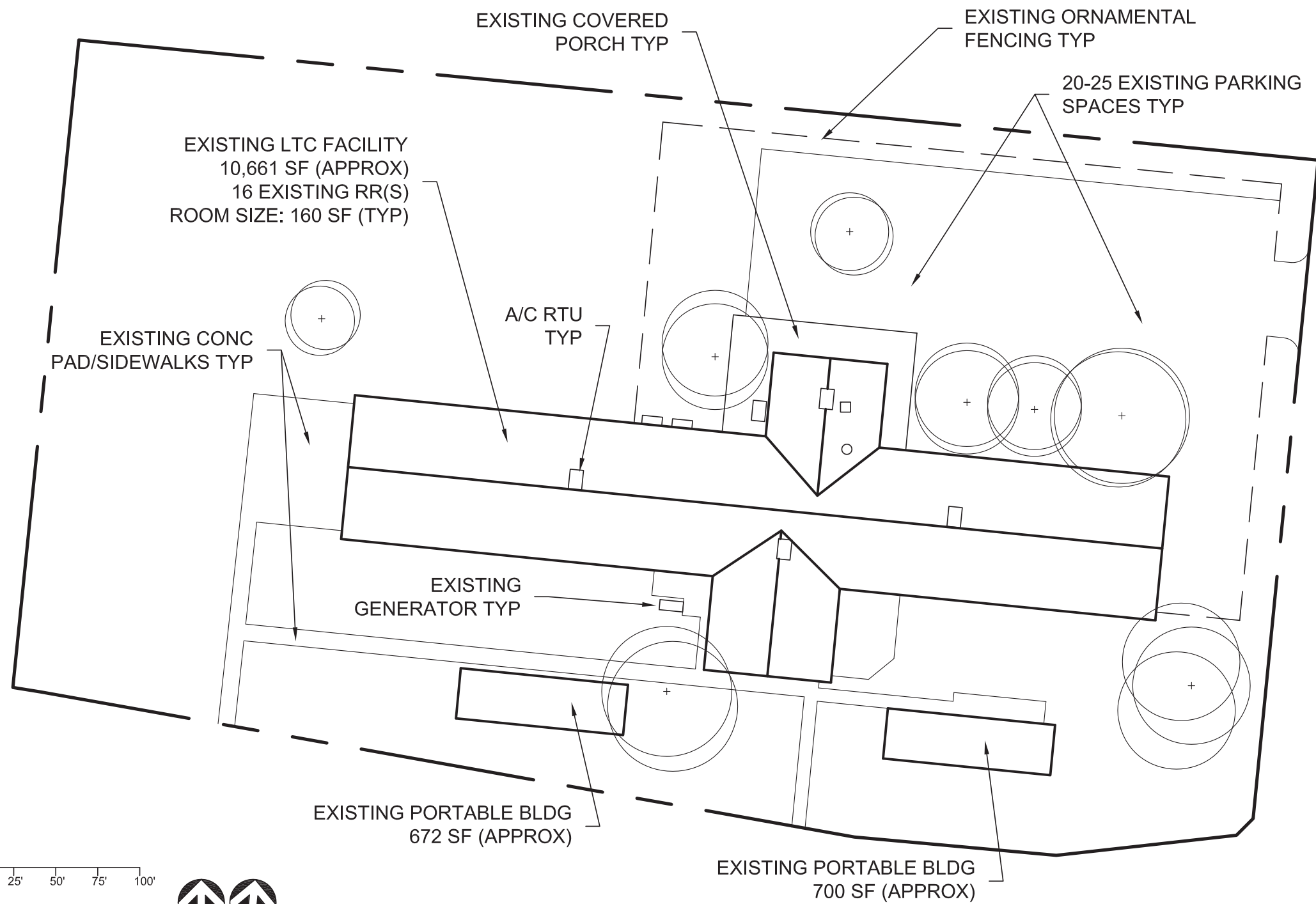Water Penetration into Building

Failure of Roof Structure

Example of Additional Water Drainage Issues at Site

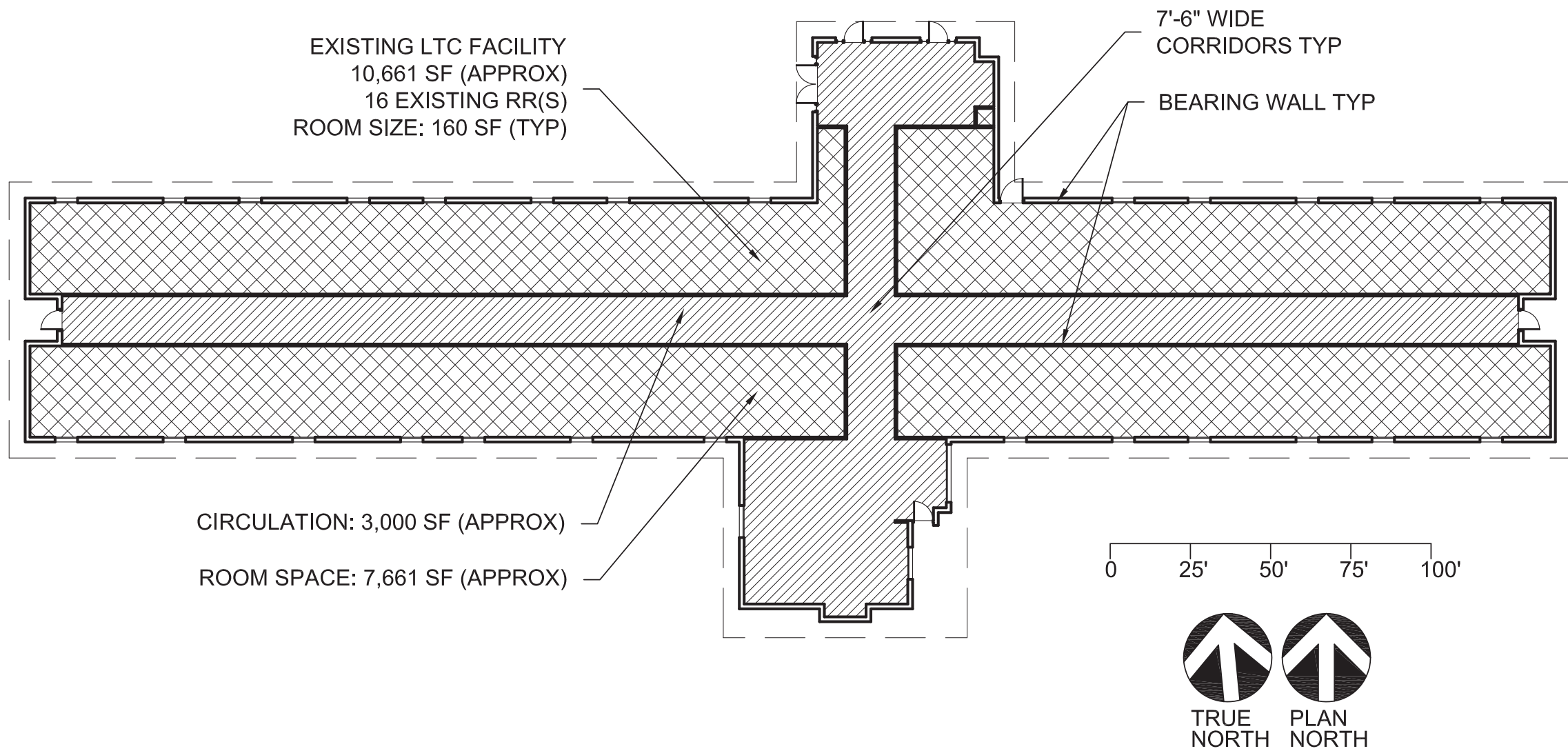Example of Additional Water Drainage Issues at Site

Pond of Water at Entrance

EXISTING COVERED
PORCH TYP

EXISTING ORNAMENTAL
FENCING TYP

20-25 EXISTING PARKING
SPACES TYP

EXISTING LTC FACILITY
10,661 SF (APPROX)
16 EXISTING RR(S)
ROOM SIZE: 160 SF (TYP)

A/C RTU
TYP

EXISTING CONC
PAD/SIDEWALKS TYP

EXISTING
GENERATOR TYP

EXISTING PORTABLE BLDG
672 SF (APPROX)

EXISTING PORTABLE BLDG
700 SF (APPROX)

0   25'   50'   75'   100'

NORTH   PLAN
NORTH

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EXISTING LTC FACILITY- SITE PLAN
GIDDINGS, TEXAS
8 JUNE 2016

EXISTING LTC FACILITY
10,661 SF (APPROX)
16 EXISTING RR(S)
ROOM SIZE: 160 SF (TYP)

7'-6" WIDE
CORRIDORS TYP

BEARING WALL TYP

CIRCULATION: 3,000 SF (APPROX)

ROOM SPACE: 7,661 SF (APPROX)

0   25'   50'   75'   100'

TRUE   PLAN
NORTH   NORTH

EXISTING LTC FACILITY- FLOOR PLAN
GIDDINGS, TEXAS
8 JUNE 2016

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*Opinion of Probable Cost

*This is not a exhaustive study, but a rough order of magnitude of probable cost

Date: 6/8/2016

Building Area 10,661.00 SF
Building Volume 106,610.00 CF

Option A- Renovate existing facility*

*- Assumptions medical office building use/occupancy, one (1) story; exist. fire suppression sys re-useable;

exterior brick to be preserved; main structure to remain.

01	**Environmental Assessment and Plan**	$ 3,100.00
02	**Remediation**	$ 31,983.00
03	**Demolition** *(gutting interior)*	$ 85,288.00
04	**Site Improvements** *(grading, drainage, walks, landscaping, irrigation, etc)*	$ 75,000.00
05	**New Construction** *(includes Contractor OH&P, A/E Fees, etc)*	$ 1,119,405.00
06	**Contingency** *(10%-15%)*	$ 164,347.00
	Total Probable Costs	$ 1,479,123.00
	$/SF	$ 138.74

Option B- New Facility w/ existing foundation*

*- Assumptions medical office building use/occupancy, one (1) story

01	**Environmental Assessment and Plan**	$ 3,100.00
02	**Remediation**	$ 31,983.00
03	**Demolition** *(above slab only)*	$ 37,313.50
04	**Site Improvements** *(grading, drainage, walks, landscaping, irrigation, etc)*	$ 75,000.00
05	**New Construction** *(includes Contractor OH&P, A/E Fees, etc)*	$ 1,439,235.00
06	**Contingency** *(10%-15%)*	$ 198,328.94
	Total Probable Costs	$ 1,784,960.44
	$/SF	$ 167.43

Option B- New Facility*

*- Assumptions medical office building use/occupancy, one (1) story

01	**Environmental Assessment and Plan**	$ 3,100.00
02	**Remediation**	$ 31,983.00
03	**Demolition** *(entire facility)*	$ 58,635.50
04	**Site Improvements** *(grading, drainage, walks, landscaping, irrigation, etc)*	$ 75,000.00
05	**New Construction** *(includes Contractor OH&P, A/E Fees, etc)*	$ 1,545,845.00
06	**Contingency** *(10%-15%)*	$ 214,320.44
	Total Probable Costs	$ 1,928,883.94
	$/SF	$ 180.93

References

01 **Introduction**

02 **Market Assessment**

03 **Building Assessment**

04 **References**

1 Business Decision, Synergos Technologies, Inc.

2 Consolidated data from the Robert Wood Johnson Foundation, Business Decision, a product of Synergos Technologies, Inc, and the Health Services Resource Administration, a division of the Department of Health and Human Services. All sources and aggregators utilize information over three dozen measures in various federal agencies.

3 http://www.countyhealthrankings.org/ranking-methods/ranking-system

4 http://www.countyhealthrankings.org/app/texas/2016/compare/snapshot?counties=48_021%2B48_051%2B48_149%2B48_287%2B48_331%2B48_477%2B48_491

5 https://datawarehouse.hrsa.gov/tools/DataPortal.aspx

6 Robert Wood Johnson Foundation, http://www.countyhealthrankings.org/ranking-methods/ranking-system

7 http://www.hrsa.gov/shortage/mua/index.html

8 http://bhpr.hrsa.gov/shortage/hpsas/designationcriteria/designationcriteria.html

9 http://www.countyhealthrankings.org/app/texas/2016/compare/additional?counties=48_021%2B48_051%2B48_149%2B48_287%2B48_331%2B48_477%2B48_491

10 http://www.countyhealthrankings.org/measure/access-exercise-opportunities

11 http://www.countyhealthrankings.org/app/texas/2016/compare/additional?counties=48_021%2B48_051%2B48_149%2B48_287%2B48_331%2B48_477%2B48_491

12 http://www.countyhealthrankings.org/measure/preventable-hospital-stays

13 http://www.hrsa.gov/shortage/mua/index.html

14 Ibid.

15 http://bhpr.hrsa.gov/shortage/hpsas/designationcriteria/designationcriteria.html

Business Decision, Synergos Technologies, Inc.

County Health Rankings & Roadmaps, Robert Wood Johnson Foundation

Data Warehouse, Health Resources Services Administration, Department of Health and Human Services

Emsi, Economic Development Data