

Practice Management

After Signing the Lease: Ensuring a Successful Build-Out of Your Urgent Care Center

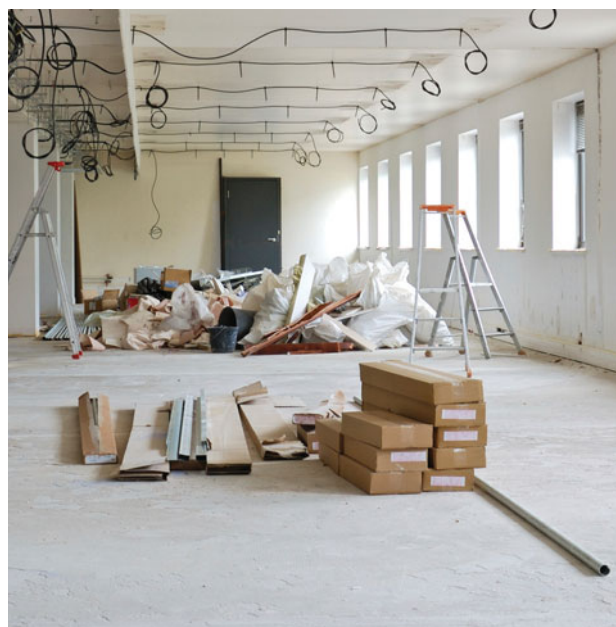
Urgent message: This exclusive interview with Brent Johnson, Vice President of Midland General Contractors, focuses on dealing with general contractors, time lines, the permit process, build-out costs, and common pitfalls when setting up a new urgent care center.

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Introduction

“Location, location, location” has long been the success mantra of the retail and service industries. Because urgent care centers are a consumer-facing delivery channel for health care, location is also a key success determinant in that field. High traffic counts, good signage visibility, high density of households with demographics that historically use urgent care, and adjacent food stores, drugstores, and wholesale store drawing consumers to an area are all considerations when selecting a site for an urgent care center. Although a good site is critical, however, many urgent care entrepreneurs skip straight from site selection in their business plans to operational execution, paying little attention to the critical path in between—which is the design, construction, and finishing of the urgent care facility. Brent Johnson, Vice President of Midland General Contractors, provides insights on what happens after the lease is signed.

Alan A. Ayers, MBA, MAcc, is Practice Management Editor of the *Journal of Urgent Care Medicine*, a member of the board of directors of the Urgent Care Association of America, and Vice President of Strategic Initiatives for Practice Velocity. Brent Johnson is Vice President of Midland General Contractors, a national design-build firm specializing in urgent care centers that is based in Rockford, Illinois. Midland General Contractors has teamed with CASCO Diversified Corporation, a national architectural-engineering firm headquartered in St. Louis, Missouri. CASCO is represented by Steve Dahms, Business Development Manager.



Interview

Alan Ayers: What are the next steps after an urgent care operator signs a lease on a new space? Please describe the high-level process in terms of selecting an architect and contractor, getting permits, building out, and preparing to open the facility.

PromptMed Urgent Care in Waukegan, Illinois, occupies a former Blockbuster video store in the end cap of a busy community shopping center anchored by a Jewel-Osco supermarket and near such high-traffic retailers as Starbucks, Walgreens, and Verizon Wireless. Photos courtesy of Midland General Contractors.



Figure 1. Front entrance of PromptMed Urgent Care.



Figure 2. Refreshment area inside PromptMed Urgent Care.



Figure 3. Nurses' station inside PromptMed Urgent Care.



Figure 4. The building before it was renovated for PromptMed Urgent Care. (Source: Google Maps. Used with permission. Google and the Google logo are registered trademarks of Google Inc.)

Brent Johnson: The process typically entails design of the physical space, including finishes like floor and wall coverings, lighting, and millwork. Furnishings, fixtures, and equipment (FF&E) and signage must be selected and sourced. Before any construction can begin, the plans must be reviewed by the municipality. Once all permits are secured, build-out begins with demolition of the existing space, construction of the new space, and installation of FF&E, computer wiring, and x-ray. Various inspections for building code enforcement and fire safety have to occur before a certificate of occupancy can be issued.

Prior to signing a lease, you should have a pretty good idea who you are going to work with to design and construct your urgent care center, based on referrals, reputation, and experience. You should have a preliminary

design and the initial control budget in place. Your contractor will charge a fee to develop these items, and these fees should be part of the control budget, not in addition to the control budget.

Instead of hiring a project manager, an architect, and a contractor separately, consider instead hiring an integrated design-build firm that can offer a complete turnkey project to include preliminary services; complete architectural, mechanical, and interior design; permitting; exterior and interior signs; information technology design; and lead shielding. A good contractor will offer an extended warranty period and lifetime support.

Ayers: How does the start-up urgent care opening its first center go about finding a contractor? What

traits, skills, and capabilities should an urgent care operator look for when hiring a general contractor?

Johnson: When considering a contractor for an urgent care project, it is wise to partner with a firm in touch with this specific industry and who is knowledgeable about and experienced in the design and construction of urgent care centers. Select a contractor who understands the day-to-day operations of a center, patient comfort and security, clinical workflow, and necessary design features for specialty rooms such as procedure, x-ray, and occupational medicine (including drug testing).

Your selected contractor should understand how an urgent care center is classified by the International Building Code, the National Electrical Code, and the National Fire Protection Association as it pertains to nonambulatory outpatient medical care. This is how the local municipality will look at a plan while reviewing for permits. Classifying an urgent care center incorrectly could have a substantial impact on overall costs and required design standards. Look for recommendations from other urgent care operators and consider value, credentials, and reputation when making your final decision.

Ayers: What is the time line for construction of an urgent care center, and what variables impact that time line? What steps can the urgent care operator take to accelerate the construction time line?

Johnson: The design and permitting process can vary depending on the requirements of the municipality. The building permit process can range from 4 to 12 weeks, and depending on the size of the space, 4 to 8 weeks is also typical for construction. It is possible to decrease these time lines by partnering with a contractor who may have template clinic designs that can easily be adapted to the length and width of a specific tenant space, often allowing for a complete set of plans to be ready for permitting in as few as 10 days.

Product selection and associated lead times of these products can have an effect on the construction time line. Have an idea in mind, a look for your clinic, and if you are comfortable with your contractor and the proposed budget or “not to exceed” contract, submit your plans for permitting and establish your finished-product schedule while waiting for permits. This can save a week or two on the overall time frame. Overtime pay for workers is always an option, if a budget allows.

Ayers: What permits, licenses, reviews, and inspections are generally required when building out space for an urgent care center? What impact does compli-

Physicians Urgent Care, known as Physicians Immediate Care in Illinois, operates 33 locations in the Midwest. In December 2013, the company developed a prototype center in Elkhart, Indiana (Figure 5), providing a blueprint with specifications for finishes, furnishings, and fixtures that has been applied to the 12 additional centers that the company has opened since that time. Photos courtesy of Midland General Contractors.



Figure 5. Front entrance of Physicians Urgent Care.



Figure 6. Reception area inside Physicians Urgent Care.



Figure 7. Nurses' station inside Physicians Urgent Care.

ance with local building codes have on the construction time line, and how can an urgent care operator mitigate the risk of delays due to permitting?

Johnson: In most cases, local county or village or city permitting is all that is required; however, there are

some states that do require a state design approval and release prior to local approvals, which can add significant time to the permitting process. Reviews and approval by the fire department or an independent agency working with the fire department are usually necessary and will often confirm the need for a fire-suppression system and possibly a fire-alarm system, which will impact both schedule and budget. Your contractor should be aware of the requirements and should be capable of navigating this process efficiently—there is no way around it—and should also be capable of completing the work and obtaining the necessary inspections to obtain the certificate of occupancy.

Ayers: How much does build-out generally cost? Any recommendations for saving money in the process?

Johnson: Build-out costs can vary depending on several factors, including geographic location and associated labor rates, size of clinic, interior and or exterior finish levels, and local code requirements. Generally a potential urgent care operator should expect to spend around \$100 to \$120 per square foot depending on those factors and the additional levels of service included in a contractor's proposal.

These additional services could include complete architectural and mechanical design service, installation of information technology infrastructure, exterior and interior signs, installation of owner-provided medical equipment, and x-ray suite construction. These ancillary services should be offered by a qualified urgent care design-build contractor.

Efficient design for construction accompanied by the selection of products readily available can save both time and money when constructing an urgent care center. Establish a reasonable budget that is based on recommendations from industry professionals, and work with your contractor to develop the site to fit your needs and your budget.

Ayers: What are some common pitfalls that urgent care operators encounter when building out a center, and how can these be avoided?

Johnson: First, complete due diligence. If your time frame allows, engage a contractor early, before signing a lease, to confirm that the needed services are in place, as specified in the lease. Landlord-provided items such as size and location of electric service, size and location of water service, and size and location of the rooftop heating and cooling units, if incorrect, could add tens of thousands of dollars to a build-out budget.

Second, do not overbuild. Assuming that the width of the space is adequate, a properly designed 3200- to 4000-square-foot clinic can include 5 or 6 examination rooms, 1 procedure room, 1 occupational medicine and testing room, a full-size x-ray suite, a laboratory, a large center-core nurses' station, and all of the common areas, such as the waiting room, reception area, and break room.

Third, in regard to scheduling, have your contractor develop a schedule to include the delivery dates of the owner-provided items. Delivering furnishings and supplies early will only slow down the completion of the space and risk damage to these items. If there are products that have to be installed by the contractor, set up a separate delivery for them.

Ayers: What other suggestions do you have for urgent care operators to ensure a smooth transition from signing the lease to opening the center?

Johnson: Trust the consultants and professionals in organizations such as the Urgent Care Association of America, as they have a better understanding of the urgent care industry. Establish a relationship with your contractor and encourage open communication through emails, texting, and weekly face-to-face meetings to discuss updated budgeting and scheduling issues. Be upfront about your budget and time line. With a "not to exceed" construction contract, all costs should be shared throughout the process to determine if dollars should be reallocated when a particular line item comes in under or over budget. Using a cloud-based file-sharing site is a good recommendation, as is keeping progress photos and warranty documents available for all team members to view.

The lowest price is not necessarily the best value. Selecting a contractor only on the basis of lowest price increases your risk of project failure and higher potential costs down the road.

Conclusion

A convenient, welcoming, and efficient physical facility determines how well an urgent care center attracts patients through its doors and influences the quality of experience and clinical outcomes that the center delivers. Although facility design, permitting, construction, and furnishing may be one-time activities, they set the stage and impact day-to-day operations for the life of the center. Therefore, before embarking on any urgent care venture, it is important to understand and have a plan for working with architects and contractors to ensure success. ■