



Board Report

File #: A 21-407, Version: 1

- a. Approve and Authorize the Director of Health, or Assistant Director of Health to execute an Agreement with Novogradac & Company LLP (Novogradac) for consulting services related to the funding of Health Department's New Markets Tax Credit (NMTC)-financed facility for a contract amount of \$99,800 and a term of 24 months from the date of final execution by both parties; and
- b. Authorize the Director of Health or Assistant Director of Health to sign up to three (3) future amendments to this Agreement where the amendments do not exceed 10% of the contract amount and do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and Authorize the Director of Health, or Assistant Director of Health to execute an Agreement with Novogradac & Company LLP (Novogradac) for consulting services related to the funding of Health Department's New Markets Tax Credit (NMTC)-financed facility for a contract amount of \$99,800 and a term of 24 months from the date of final execution by both parties; and
- b. Authorize the Director of Health or Assistant Director of Health to sign up to three (3) future amendments to this Agreement where the amendments do not exceed 10% of the contract amount and do not significantly change the scope of work.

SUMMARY/DISCUSSION:

The Health Department Clinic Services Bureau (Clinic Services) operates ten community clinic sites designated as Federally Qualified Health Centers (FQHCs) which provide preventive, primary, and specialty medical care services.

The New Markets Tax Credit (NMTC) Program was established by Congress in 2000 to encourage investment in low-income communities by providing federal tax incentives for investments in distressed communities that conventional investors otherwise often avoid. The NMTC Program permits investors, usually large banks with community banking divisions, to receive a credit against federal taxes for making qualified equity investments (QEIs) with Community Development Entities (CDE). For every dollar invested into the QEI a 39% federal tax credit is generated over a 7-year period (the Compliance Period), and the net of these proceeds is paid to the sponsor on the day of closing the transaction. QEIs make investments in organizations, either for-profit or nonprofit, located in lower income areas, operating primarily in lower income areas, or serving clients who are predominantly lower-income persons.

Clinic Services has been identified as a Qualified Low-Income Community Investment (QLIC) entity eligible for the NMTC funding opportunity. Clinic Services is currently exploring the feasibility of securing NMTC funding for its upcoming operational needs in near future. Some of the needs that this funding would support are described below:

- **Oral and Dental Health Services:** Monterey County and the City of Salinas face serious problems with dental care services. There are three designated Dental Health Professional Shortage Areas in Monterey County which include Salinas, Carmel Valley and South County (Increasing Access to Dental Services for Children and Adults on the Central Coast, 2016). Vulnerable and underserved populations in Monterey County experience poor oral health. Numerous studies of the oral health of farmworker children and adults consistently show a level of oral health that is worse in comparison to the general population. In response to the need for affordable and accessible dental care- Monterey County Clinic Services is exploring possibility to add a dental clinic at our current Alisal Health Center located at 559 E Alisal Street, Salinas 93905.
- **Need for In-House Pharmacy Services:** Section 340B of the Public Health Services Act authorizes FQHC's to purchase eligible drugs at reduced rates for distribution to eligible patients and Clinic Services depends on contract pharmacies to dispense the discounted prescription drugs to patients on behalf of Clinic Services, in compliance with federal program guidelines. Currently Clinic Services relies on network of contract pharmacies like Walgreens and CVS. The 340B drug program provides drugs at very discounted prices to qualifying contract pharmacies including the Health Department's FQHC clinics. In recent months, five major drug manufacturers (Merck, Sanofi-Aventis, Novartis, Astra Zeneca, and Eli Lilly), announced unprecedented actions in withholding 340B drugs they manufacture (including insulin) from the 340B contract pharmacy program, effectively dismantling the 340B program. Losing access to 340B pricing on drugs dispensed through our network of contract pharmacies will immediately result in 2,073 uninsured patients to be cut off from access to

the vital prescription medication that they have been receiving at no cost through the 340B Program with our contract pharmacies. Additionally, majority of our safety net population who rely on public transportation will be restricted from not have the means to travel far distances for prescription medication. As a long-term solution benefiting our patients, Clinic Services is exploring the option of operating an in-house pharmacy at Laurel Family Practice Clinic located at 1441 Constitution Blvd, Salinas, CA 93906.

Navigating the various, complex processes and rigid timelines required for establishing a QLIC site requires in depth knowledge of the various requirements and dependencies of completing a NMTC project and Novogradac specializes in NMTC project consultation to FQHCs.

Approval of this action allows Health Department to engage Novogradac to provide services related to the NMTC financial transaction of Clinic Services' needs.

This work supports the Monterey County Health Department 2018-2022 Strategic Plan Initiatives: 3. Ensure access to culturally and linguistically appropriate, customer-friendly, quality health services. It also supports one or more of the ten essential public health services, specifically: 4. Mobilize community partnerships and action to identify and solve health problems, and 7. Link people to needed personal health services and assure the provision of health care when otherwise unavailable.

OTHER AGENCY INVOLVEMENT:

The Office of County Counsel has reviewed this Agreement as to form.

FINANCING:

Sufficient appropriations are available in the FY2021-22 Health Department Clinic Services Adopted Budget (4000-HEA007). There is no financial impact to the General Fund resulting from the approval of this Agreement. This Agreement will be initially funded by service revenue such as Medi-Cal and Medicare. Total cost of the agreement will be recouped upon project completion funded by the NMTC fund.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Check the related Board of Supervisors Strategic Initiatives:

☐Economic Development:

- Through collaboration, strengthen economic development to ensure a diversified and healthy economy.

☐Administration:

- Promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability, and transparency.

☒Health & Human Services:

- Improve health and quality of life through County supported policies, programs, and services, promoting access to equitable opportunities for healthy choices and healthy environments in collaboration with communities.

☐Infrastructure:

- Plan and develop a sustainable, physical infrastructure that improves the quality of life for County residents and supports economic development results.

☐Public Safety:

- Create a safe environment for people to achieve their potential, leading businesses and communities to thrive and grow by reducing violent crimes as well as crimes in general.

Prepared by: Prisca Segovia, Management Analyst II, 755-4939

Approved by:

Date:
Elsa Mendoza Jimenez, Director of Health, 755-4526

Attachment:
Agreement

