

SECTION III: Scope and Requirements

3.1 PROJECT DESCRIPTION

3.1.1 Background

Alternative and complementary medicine is gaining in popularity around the country. Americans are beginning to recognize the value of both alternative therapies for illnesses as well as the advantages of a “whole patient” approach to healthcare, including services that do not treat illness but promote the wellness of the patient. Alternative medical and holistic practitioners are finding a commonality between services, with physicians often assisting and recommending such alternative therapies to forestall or avoid traditional invasive treatments.

Recognizing these trends, the Directors of the Complementary Healthcare Center (CHC) desire to investigate the financial feasibility of combining holistic services with alternative medical services, within a unified campus environment. This complex would be located somewhere in the Asheville, North Carolina market area. This campus will bring together different holistic practitioners to a convenient “one-stop shopping” centralized location for both those in the Asheville area and those traveling from other areas of the region, country, and internationally. This complex will be a destination “village,” incorporating holistic and alternative medical treatments supported by such possible uses as a hotel, retail stores, restaurants, and area recreation opportunities.

3.1.2 Services Included in Complex

Examples of holistic practitioners and services included in this complex are (but not limited to):

- Acupuncture
- Alternative Medical Treatments
- Chelation
- Chiropractors
- Colonics
- Detoxification
- Electrodermal Screening
- Electronic Acupuncture
- Energy Healing and Energy Work
- Herbal Remedies
- Homeopathic Remedies
- Hypnotherapy
- Infrared Treatments
- Kinesiology
- Magnetic Treatments
- Massage Therapy
- Meditation
- Micro-current Healing
- Mud Treatments
- Nutrition
- Reflexology
- Reiki
- Sauna Treatment
- Supplements and Vitamin Therapy
- Yoga
- And Others

The Directors see the CHC working cooperatively with the city’s large hospital, Mission St. Joseph, and the area’s numerous medical specialists, and therefore, not replicating services,

expensive medical equipment, technicians, etc. This is an important aspect of the study that the Consultant must focus on and ensure, through direct meetings with all groups involved, that the proposed approach has a high probability of success.

3.1.3 Facility Components

The CHC should have several different functional areas, to provide space for all necessary services to take place. This includes (but is not necessarily limited to) the following:

- Concierge Area for Local Activities
- Education, Training, and Lecture Areas
- Hotel, Lodging, or Hospitality Accommodations
- Initial Diagnostic Study Area
- Long and Short-term Parking
- Medical Offices
- Practitioner Suites
- Recreational Activities
- Registration and Check-in Areas
- Research Facilities
- Restaurants and Retail Shops
- Administrative and Financial Functions
- Others

To further this strategy, the CHC wishes to engage an experienced primary Consultant capable of determining market and financial feasibility issues, and developing a five-year Business Plan normally associated with soliciting financing assistance. The Client will accept a prime and subconsultant arrangement provided one single entity is legally responsible for the quality and timely production of the analytical products. The scope of services for this proposal is defined into two separate but related parts, including both (1) a financial/market and operational feasibility study of the potential for this product and (2) a Five-Year Business Plan including quarterly and yearly operating projections and capital costs for construction including all expected “soft” cost expenditures.

3.2 SCOPE OF CONSULTANT SERVICES

3.2.1 Feasibility Study

The successful consultant will complete a feasibility study regarding the market for holistic health and alternative medical care—and the locational viability of Asheville, North Carolina for such a use. This study should cover the market feasibility of the project, its operational structure, and its financial feasibility. This should include (but is not limited to):

1. Identification and analysis of national and regional trends with holistic health care and complementary (preventive and non-invasive medical) facilities.
2. Identification of trends in use of holistic health care.
3. Identification of customer expenditure in alternative medical and holistic services by region.
4. Identification of issues and competing projects in the nation or region impacting the potential viability of a center in Asheville. Identify “best practices,” identifying who is the best in the country/world in this niche.
5. Identification of the primary and secondary trade areas (from which respectively 80-85 percent and 15-20 percent of business is derived) for the complex, which may be the same or different for each proposed site.
6. Analysis of the demographic characteristics of population in primary trade area using 2000 Census data, data projections from a reliable entity, and other data as applicable. National demographics should also complement the regional in terms of the CHC’s ability to attract “remote” clients.
7. Analyze the most effective organization structure, operating procedures and costs for the CHC’s daily operation, including marketing (advertising, website, literature, etc.), scheduling staffing and clients, staffing—medical and practitioners, accounting, insurance reimbursement(s), computer operations, capital equipment requirements, and all other relevant issues for a complete operational model.
8. Analysis of the feasibility for compatible uses for a holistic and integrative healthcare complex, creating an interesting and conducive “beyond spa resort” atmosphere. Specific information on likely rental rates or condo sale prices for user components (offices and suites), an outline of likely common area maintenance charges, and other operating considerations. Projected quarterly and yearly receipt/sale figures for each functional group of likely participates yearly for five-years, and the seventh and tenth year of the complex’s operation are required. Characteristics that might affect marketability such as floor plate sizes, physical character of the spaces, relationship

- between user groups and other pertinent information of a locational nature, and parking requirements should be rendered.
9. Special consideration must be given to the current local homeopathic practitioners as to gaining their confidence and belief in the CHC, rather than them seeing the facility as a threat to their business. Furthermore, studies should be performed to determine their role in the initial staffing needed, in a manner that reflects their entrepreneurial nature and the CHC's requirements, as staffing the CHC through outside practitioners could be complex, time-consuming, and viewed negatively by the practitioners and the community.
 10. Determination of the capacity to support a training and research facility that can become a true center of excellence, capable of obtaining grants, drawing practitioners for seminars and training, and performing various treatment protocols. This should include likely degree of R&D grant obtainment, details on programming for seminars, and any other aspects that will frame the spatial, operational, staffing, and financial needs of the complex.
 11. The feasibility study should also include details on trends as well as the assessed feasibility and market demand for the following uses (in relation to the healthcare complex) including but not limited to:
 - a. Retail Services including identification of use, gross leaseable area and gross building areas, sales per square foot over the 10-year projection period, base and percentage rents, and percentage rents compared to sales receipts.
 - b. Lodging or Hospitality facility including: a definition of the likely market for hotel rooms by type, quality level, and amenities offered; expected occupancy and rate structure supportable; and likely capital construction costs and soft fees for financing and related items.
 - c. Convenience and restaurant operations should be defined with the same specifications as indicated for retail above, except that this place will only serve nutritionally healthy meals.
 - d. Recreational activities that complement the program, facility, etc.

3.2.2 Business Plan

The selected Consultant will also construct a business plan outlining the strategic basis for the business and its detailed components. The business plan will be constructed in a three-part format, including:

1. Introduction,
2. Executive summary,

3. Body containing the following:

Business Description: An overview of the alternative medical and holistic practitioners industry (with a *detailed* inventory of existing practitioners), the “vision” concept of this project, what market will be served, and what ideas might work. This will also include a description of the subcategories within the holistic and medical industry, the typical business format of these practices, location factors, the market to be penetrated, how to achieve acceptance in the defined market, and the complex’s business and realty pricing strategy.

Complex Description: This section will detail the “mission” of the complex, from both a functional and physical standpoint. It will lay out short and long-term goals for the complex and details on ownership and equity inputs. Concerning the physical complex, it will determine location strategy and define site components. It will also define the process by which different components of the project are phased—with a balance between the preventative clinics, holistic practitioners, alternative medical staff, and accompanying supporting uses—in addition to determining how the pay structure, referral issues, and interrelationship between entities are determined. The Consultant should identify at least three (3) viable locations for such a complex within the Asheville market, with an analysis of each location’s relative strengths and weaknesses for the proposed use. Some interpretative graphics/drawings of each suggested alternate site with mass building placement and site measurement in square feet should be rendered, giving a full three-dimensional view to further the client’s understanding of the site attributes. It is expressly understood by the Client that the drawings are to be interpretative urban design drawings and not architectural schematic as normally defined.

Insurance Reimbursements: The complex’s unique role in the nationwide holistic healthcare and alternative medical industry should be defined and balanced against competition to achieve the optimal market position. This also includes determining a pricing strategy, fee structure, relationship to formal insurance programs (including Medicare, Medicaid, commercial insurance companies, HMO policies, etc.), and any other appropriate care-funding assistance.

Operating Organization and Expenses: Pro forma statements of expected expenses and operational income should be included in detail to establish the operating credibility of the CHC. These should be based upon a detailed operating model for the CHC so that all relevant proposed alternatives can be objectively evaluated and accurately costed. It is important that the operating model selected be reviewed with the Client’s Advisory Board to gain concurrence before other aspects of the feasibility study are completed.

Marketability Expectations: Having researched this niche within the healthcare market, the Business Plan must be a convincing document, which is cohesive, and has an understandable plan. It must make natural sense, and stimulate entrepreneurs to invest capital in the project. Therefore, the marketability study must identify: the customer market, its attributes, and size; emerging national, regional, and local trends; aspects of regional competition; and projected annualized sales or receipts anticipated in the first ten years of operation. Separate sales/receipts figures should be projected for all alternative medical and practitioner users and the supporting lodging and retail service components.

Development and Production Processes: Contained within the Business Plan should be the five aspects explaining the pre-construction development process, the phasing of likely development, ownership and tenancy relationships, cost of development, and expenses and capital requirements. Information on the number of professionals to be engaged or recruited, support staff and the cost of such personnel, and the aspects of tenancy within the complex should be defined. The plan should also include definition of cooperative agreements with training schools (AB Tech, etc.), universities (University of North Carolina Asheville, etc.), state and local organizations (Advantage West, Buncombe County Commissioners, etc.), the Mission St. Joseph Hospital, and other regional or large local medical practices.

Public-Incentive and Private Sales/Marketing Strategies: This section must lay out a direct and tactical method to get the identified local and visiting patron to buy and use the products and services being incorporated within the CHA Complex. The Consultant team must set forth an acknowledged strategy or action plan for how the business will get its patrons, how referrals will function, and what services should be emphasized for competitive advantage. It should devote some attention to daily operating principles such as how transactions are conducted with patron, financing and use of payment methods, insurance reimbursement, and joint advertising and promotion techniques. Use of standardized advertising programs (brochures, yellow page listings, Internet solicitation/ Web site development, TV, radio, sales/promotional techniques of a regional nature, and other techniques like trade shows, videos, and mailings to specialized patron groups) should be evaluated by the Consultant.

CHC Complex Management Endeavors: It is evident that most innovative ideas take time to mature and too little provision often is provided to allow the users within a newly organized complex to reach productive stability—in terms of cash flow beyond expenses. The CHC Complex and its supporting uses must have, by its third or fourth year, a clear expectation

of a proper return on investment equal to the extent of imputed risk. Or, alternatively, its needs, due to the possible semi-public nature of the undertaking, might justify a prescribed degree of public assistance in the form of tax treatment, or deferral, use of publicly available funds for construction, interest subsidy, forgiveness of fees and other development-related costs that might be negotiated with all the appropriate jurisdictions.

The Consultant team will set forth the most preferred form of organizing the CHC Complex, and how ownership may or may not be shared between the user group and the passive investor or institutional sponsor. The Consultant must lay out a functional and strategic procedure for the Complex's Board of Directors to be challenged into fulfilling the mission/objectives so that the patron is given superior treatment in a profitable and constructive physical environment.

How the Board functions could be the key to create meaningful, workable networking between medical and holistic practitioners that could otherwise be strained. Attention to the organizational structure and who is induced to participate could be as critical as the underlying economics regarding the depth of patronage support. In essence, productivity of process can aid early endeavors to attract a sufficiency in clientele.

Financial Programming and Documentation: This critically important aspect of the Business Plan brings all the previous five aspects from marketability concerns to organizational options to bear, in terms of translating all programming aspects into definitive financial statements and presents a formal method to determine the viability of the proposed venture and its degree of exposure and risk relative to its anticipated yields on equity. This section of the Business Plan, at a minimum, should include a risk analysis, a project cash flow statement for the first ten years of operations (including pre-construction, construction, and post-construction operations), a stabilized balance sheet in the year of stabilization, income statements, and return on investment yields in various measurable and normal categories (cash-on-cash, yield on equity, net present value, and related indices).

3.3 DELIVERY SCHEDULE/IMPLEMENTATION

The delivery schedule should be submitted as part of the response to this RFP; however, respondents should plan to begin the assignment within 30 days after notification of the award and the execution of the contract. The business plan presentation and final document submission with the implementation schedule should be completed **within nine months after the award of the contract document—with the provision of monthly progress reports, interim special reports, and a final report.** Included in this section should be a clear statement of the primary products to be produced as interim and final documents, and your anticipated or likely contribution for identifying capital grant programs

for funding applications, both to foundations and Federal, State, and County agencies or jurisdictions.

In addition, within your reply to this RFP, the Prime Consultant firm should indicate the frequency of likely work sessions with the CHC Board or other representatives, and their perception of the needs/frequency of presentations to the Client and interested entities. The Client will direct the occurrence of all other communications, such as with the Chamber of Commerce, city and county agencies, and primary institutional healthcare facilities within the region.

Monthly status/progress reports shall be written for the Client and will include the following at a minimum: tasks performed that month, costs expended and direct labor hours, meetings held and their content, progress against plan, special issues requiring the Client's assistance in resolving, and any particular problems confronting the Consultant.

3.4 INSURANCE REQUIREMENTS

The Proposer shall have in force, submit copies to the Client, and shall maintain, at its own expense, insurance during the performance of service called for under this Contract with a carrier carrying a Best's Guide A rating or better or a S&P Rating of BBBq, listed as follows:

- Workers' Compensation with statutory employer's liability of \$100,000 per person, \$500,000 aggregate and \$100,000 per disease.
- General Liability Coverage including Product Liability & Completed Operations, Contractual Liability, Premises & Operations, Independent Contractors, Personal Injury and Advertising, Medical Payment of any one person with upper limit of \$2,000,000 combined single limit of bodily and property damage per occurrence, and \$15,000 per occurrence for personal injury medical care.
- Automobile Liability—owned, hired, non-owned, and leased—with coverage of \$500,000 each person for bodily injury, \$1,000,000 for each occurrence, and \$300,000 for Property Damage each occurrence, or \$1,000,000 per combined single limit.
- Professional Liability for errors, omissions, and negligent acts per claim and per aggregate with coverage not less than \$500,000.

3.5 EXCEPTIONS

Proposers are encouraged to be creative and innovative in their presentation of a Scope that can achieve the stated purpose of the client's desire to obtain a feasibility study and business plan to develop this complex in Asheville. We view the proposed scope, Part 3.2, as the minimum requirement and urge the submitters to deviate from the written RFP language for any reasons for which they can justify such departure.