

Memorandum



CITY OF DALLAS

DATE November 1, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Authorize a resolution nominating medical clinics to be embedded in Dallas Walgreens locations by VillageMD as a Texas Enterprise Zone**

On November 10, 2021, City Council will consider the approval of an item authorizing the nomination of Village Practice Management, LLC (VillageMD) to receive designation as an enterprise project under the Texas Enterprise Zone Act. VillageMD plans to open a number of medical clinics within Walgreens pharmacy locations in Dallas, with an initial prioritization on two southern Dallas locations at 10152 Lake June Road and 2401 W. Ledbetter Drive and an additional location at 5001 Ross Avenue.

Background: VillageMD Enterprise Project

Founded in 2013, Chicago-headquartered VillageMD is a for-profit primary care medical clinic system that collaborates with primary care physicians, physician groups, independent practice associations, and area healthcare systems to deliver a quick and convenient healthcare patient experience at lower costs than traditional medical providers in the communities they serve. VillageMD facilities include free-standing clinics, "Village Medical at Walgreens" (Village Medical) co-located clinics, as well as extended access via virtual visits. VillageMD has grown to include more than 2,800 physicians across nine markets, is responsible for approximately 600,000 patients and manages \$4 billion in total medical spend in value-based contracts.

In Dallas, VillageMD will be building its Village Medical model, collocating medical clinics within existing Walgreens pharmacy locations. Each location is anticipated to serve 16,000 patients annually. VillageMD will partner with teams of clinical experts led by physicians and supported by nurse practitioners, pharmacists, mental health specialists, and dietitians, who collectively address patient medical, mental health, and lifestyle needs to better manage patient health.

VillageMD has selected three initial City of Dallas clinic sites that are within existing Walgreens stores at the following locations: 10152 Lake June Road, 5001 Ross Avenue, and 2401 W. Ledbetter Drive. Construction on these initial three sites will be prioritized by the City's nomination of Village MD as an enterprise project and will begin construction late this year. The initial three sites are expected to be open and operational in 2022, giving critical support to addressing southern Dallas's urgent health needs exacerbated by the pandemic. The zip codes for the Lake June and W. Ledbetter sites, 75217 and 75233, respectively, are depicted on the Dallas County Community Health Needs

Enterprise Zone Nomination VillageMD

November 1, 2021

Page 2

Assessment as being areas of “highest need” (given a score of “5” on a 1-5 scale, with 5 being the highest need).¹

An additional 14 sites for Village Medical clinics have been identified to create a potential future network of 17 primary care delivery facilities in Dallas by the end of 2024 (see attached location map). Overall, a network of 29 Village Medical clinics are anticipated within Dallas, Tarrant, and Collin Counties.

The 17 sites will be at the following addresses:

- 10152 Lake June Road
- 5001 Ross Avenue
- 2401 W. Ledbetter Drive
- 1060 W. Camp Wisdom Rd
- 1306 N. Beckley Avenue
- 1461 Robert B. Cullum Blvd.
- 3211 S. Lancaster Rd
- 3418 McKinney Avenue
- 3802 Cedar Springs Road
- 4702 N. Jim Miller Road
- 5301 W. Lovers Lane
- 5742 E. Mockingbird Lane
- 6520 E. Northwest Highway
- 7930 Belt Line Road
- 8310 Abrams Road
- 11403 E. Northwest Highway
- 18410 Preston Road

The proposed clinics will each employ approximately 17 health professionals (physicians, advanced practice providers, medical assistants and support administrators) with approximately \$100,000 in average compensation, and will include approximately 3,000 square feet of renovated physician’s office space co-located within Walgreens pharmacies.

A total estimated capital expenditure of approximately \$19 million is anticipated being spent to build and fit-out the 17 primary care delivery locations within the City of Dallas by 2024.

In total, Village MD anticipates hiring approximately 289 full time jobs within its City of Dallas clinics by the end of 2024. Accordingly, to mitigate its extensive capital investment and workforce cost, Village MD has approached the city for assistance in applying for the state incentives offered under the Texas Enterprise Zone program.

The Texas Enterprise Zone Program (TEZ) is a state-based, sales and use tax refund program designed to encourage private investment and job creation in economically distressed areas of the state. Texas communities must nominate companies in their jurisdiction to receive an enterprise zone designation and thus be eligible to receive state sales and use tax refunds on qualified expenditures by submitting an application on the company’s behalf.

¹ Source: <https://www.parklandhospital.com/Uploads/Public/Documents/PDFs/Health-Dashboard/CHNA%202019.pdf> for more information. “Highest need” determinants include poverty, income, unemployment, occupation, education and language, and are “weighted to maximize the correlation of the index with premature death rates and preventable hospitalization rates.”

Enterprise Zone Nomination VillageMD

November 1, 2021

Page 3

Companies approved for enterprise zone designations are eligible to apply for refunds of the state sales and use tax they have paid during the designation period on qualified expenditures, up to their maximum allowable refund. The State of Texas Comptroller's Office administers all refunds. TEZ designations are effective beginning 90 days prior to the deadline for the applicable application round and extend for a period of not less than 1 year and not more than 5 years from the date on which the designation is made.

The city is allowed 9 nominations each biennium. The current biennium began in September 2021. This nomination will be the first proposed within the current biennium.

Financing

No Cost Consideration to the City.

Should you have any questions, please contact Robin Bentley, Director, Office of Economic Development at 214-671-9942.



Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

Attachments

c:	T.C. Broadnax, City Manager	Jon Fortune, Assistant City Manager
	Chris Caso, City Attorney	Joey Zapata, Assistant City Manager
	Mark Swann, City Auditor	M. Elizabeth Reich, Chief Financial Officer
	Billieae Johnson, City Secretary	M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
	Preston Robinson, Administrative Judge	Directors and Assistant Directors
	Kimberly Bizer Tolbert, Chief of Staff to the City Manager	
	Majed A. Al-Ghafry, Assistant City Manager	







