



County of Monterey

Item No.

Board Report

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Legistar File Number: A 24-141

April 16, 2024

Introduced: 3/22/2024

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Chief Executive Officer (“CEO”) for Natividad Medical Center (“NMC”) or his designee to execute an Employee Lease Agreement (the “Employee Lease Agreement”) with Costa Central Medical Group, Inc. (“Costa Central”), for NMC to lease one (1) employee to provide administrative and billing support services to Costa Central, starting June 1, 2024 and automatically renewing for additional consecutive terms of one year each, at the rate of \$39.00 per hour.
- b. Approve and authorize the CEO for NMC or his designee to execute a Medical Office Lease with Melanie S. Wong, Successor Trustee of the William H. Wong and Ruth J. Wong Trust and Dong Family Enterprises, LLC (the “Landlord”) for 2,223 square feet square feet of an office space for the operation of a medical practice within an office building located at Suite E of 323 N. Sanborn Road, Salinas, CA 93905, for the period May 1, 2024 through April 30, 2027 (the “Medical Office Lease”) at the following monthly rates per each year of the lease: (a) for year one, \$1.40 per square foot for a total of \$3,130.00 per month; (b) for year two, \$1.47 per square foot for a total of \$3,286.00 per month; (c) for year three, \$1.55 per square foot for a total of \$3,451.00 per month; (d) for year four, \$1.63 per square foot for a total of \$3,623.00 per month; and (e) for year five, \$1.71 per square foot for a total of \$3,804.00 per month.

RECOMMENDATION:

It is recommended the Board of Supervisors:

- a. Approve and authorize the CEO for NMC or his designee to execute an Employee Lease Agreement with Costa Central, for NMC to lease one (1) employee to provide administrative and billing support services to Costa Central, starting June 1, 2024 and automatically renewing for additional consecutive terms of one year each, at the rate of \$39.00 per hour.
- b. Approve and authorize the CEO for NMC or his designee to execute a Medical Office Lease with the Landlord for 2,223 square feet square feet of an office space for the operation of a medical practice within an office building located at Suite E of 323 N. Sanborn Road, Salinas, CA 93905, for the period May 1, 2024 through April 30, 2027 at the following monthly rates per each year of the lease: (a) for year one, \$1.40 per square foot for a total of \$3,130.00 per month; (b) for year two, \$1.47 per square foot for a total of \$3,286.00 per month; (c) for year three, \$1.55 per square foot for a total of \$3,451.00 per month; (d) for year four, \$1.63 per square foot for a total of \$3,623.00 per month; and (e) for year five, \$1.71 per square foot for a total of \$3,804.00 per month.

SUMMARY/DISCUSSION:

Costa Central Medical Group is a family medicine practice owned by Dr. Jose Mario Pauda. Until recently, Costa Central operated a medical clinic at 323 N. Sanborn Road, Suite E, Salinas (“Sanborn Clinic site”). Natividad wishes to operate a County medical clinic in the same medical office Costa Central is vacating.

The Sanborn Clinic is located at 323 N. Sanborn Road in East Salinas in the zip code 93905, a location from which Natividad primarily draws its hospital patients. Natividad has no physical presence for the delivery of outpatient services in the 93905 area. Opening a clinic at this location, where Dr. Pauda has practiced for decades, will provide immediate access for existing and new patients to primary care, Natividad’s specialty care services, and future additional services as the clinic expands in response to market demands. A clinic at the Sanborn Clinic site would be of significant value and benefit to the 93905 community for its overall health care needs.

Natividad seeks Board approval of a 5-year medical office lease at the Sanborn Clinic site, effective May 1, 2024, for the rental of a 2,223 square foot office at a monthly rate of \$3,130 in the first year.

Natividad also seeks Board approval of a proposed employee lease agreement with Costa Central, which identified a need for administrative assistance with collecting its accounts receivable for professional services previously rendered to its private patients. Under the terms of the employee lease agreement, the County would lease the services of a County employee to provide administrative and billing support services to Costa Central for an initial one-year period. Natividad intends to charge Costa Central for the leased employee’s services at the rate of \$39.00 per hour, approximating the County’s cost of employing this individual. The parties anticipate that approximately ninety (90) hours of employee time will be needed during the contract term. Any accounts receivable that the employee assists Costa Central in collecting would belong to Costa Central and would not be the property of the County.

Natividad currently has an independent contractor arrangement with Costa Central’s current owner Dr. Pauda. Once the County’s lease for the Sanborn Road office commences, Dr. Pauda will provide family medicine services on an independent contractor basis to County patients at the Sanborn Clinic site.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved these Agreements as to legal form and risk provisions. The Auditor-Controller has reviewed and approved this Agreement as to fiscal provisions. This Agreement has not been reviewed by the Natividad Finance Committee or the Natividad Board of Trustees.

FINANCING:

The cost for this agreement is \$38,400 and is included in the Fiscal Year 2024-2025 Recommended Budget.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The Agreement permits NMC to enter into the proposed Medical Office Lease and Employee Lease Agreement, and establish a County-operated primary care practice at the clinic location in Salinas, California. The primary care clinic is in an area of the County that is underserved by medical providers. The County will be able to continue caring for the primary care needs of patients in this area of the County.

- ☐ Economic Development
- ☐ Administration
- ☒ Health and Human Services
- ☐ Infrastructure
- ☐ Public Safety

Prepared by: Daniel Leon, CFO, 783.2561
Approved by: Charles R. Harris, M.D., CEO, 783.2553

Attachments:
Costa Central Medical Group, Inc Lease Agreement
Medical Office Lease Agreement. Melanie S. Wong.

Attachments on file at the Clerk of the Board

Charles R. Harris
Charles R. Harris, M.D., Chief Executive Officer

04/05/24
Date