



Monterey County

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Board Report

Legistar File Number: A 15-003

January 27, 2015

Introduced: 1/9/2015

Current Status: Agenda Ready

Version: 1

Matter Type: BoS Agreement

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (“NMC”) to execute a twelve month lease agreement with Thrust IV Property Management for the Creekbridge Apartments located at 1757 Independence Boulevard, Unit 204 in Salinas, California, with a term of February 1, 2015 through January 31, 2016, for housing of University of California-San Francisco medical students performing clerkship at NMC; and
- b. Authorize the Auditor-Controller to make lease payments of up to \$1,700 per month in accordance with the terms of the Lease Agreement; and
- c. Delegate authority to the Deputy Purchasing Agent for NMC to execute an additional twelve (12) month lease agreement (“Additional Lease Agreement”) with Thrust IV Property Management in advance of apartment availability for either the Penthouse Apartments or the Creekbridge Village whichever should become available soonest, for NMC to house trauma physicians, provided the lease agreement is approved by County Counsel and the Auditor-Controller. Delegation of authority expires January 31, 2016; and
- d. Authorize the Auditor-Controller to make lease payments of up to \$1,850 per month in accordance with the terms of the Additional Lease Agreement; and
- e. Authorize the extension of each of the Lease Agreements for two (2) additional twelve (12) month terms under the same general terms and conditions, and to make minor revisions to the Additional Lease Agreements if deemed by the Deputy Purchasing Agent for NMC to be in the best interest of the County to do so, subject to review and approval of County Counsel and County-Auditor-Controller.

RECOMMENDATION:

It is recommended the Board of Supervisors

- a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (“NMC”) to execute a twelve month lease agreement with Thrust IV Property Management for the Creekbridge Apartments located at 1757 Independence Boulevard, Unit 204 in Salinas, California, with a term of February 1, 2015 through January 31, 2016, for housing of University of California-San Francisco medical students performing clerkship at NMC; and
- b. Authorize the Auditor-Controller to make lease payments of up to \$1,700 per month in accordance with the terms of the Lease Agreement; and
- c. Delegate authority to the Deputy Purchasing Agent for NMC to execute an additional twelve (12) month lease agreement (“Additional Lease Agreement”) with Thrust IV Property Management in advance of apartment availability for either the Penthouse Apartments or the Creekbridge Village whichever should become available soonest, for

NMC to house trauma physicians, provided the lease agreement is approved by County Counsel and the Auditor-Controller. Delegation of authority expires January 31, 2016; and

- d. Authorize the Auditor-Controller to make lease payments of up to \$1,650 per month in accordance with the terms of the Additional Lease Agreement; and
- e. Authorize the extension of each of the Lease Agreements for two (2) additional twelve (12) month terms under the same general terms and conditions, with authority to make minor revisions to the Additional Lease Agreements if deemed by the Deputy Purchasing Agent for NMC to be in the best interest of the County to do so, subject to review and approval of County Counsel and County-Auditor-Controller.

SUMMARY/DISCUSSION:

Creekbridge Apartments at 1757 Independence Blvd, Unit 204:

The term of this lease agreement shall be February 1, 2015, through and including January 31, 2016 which is twelve months total. Lease payments will be at \$1,700 per month. This monthly amount is a discounted rate off the \$1,900.00 rate per month for this unit (\$200 savings per month). The refundable security deposit of \$600 collected from the previous lease will be transferred and applied as the security deposit to the new lease. The lease agreement also includes provisions for late payment, return check, after hour key charges and the collection of a refundable security deposit. These charges and conditions are viewed as industry standard for apartment complexes with similar amenities. The County may terminate the new lease upon sixty day written notice.

The medical clerkship program at NMC has existed for over twenty years. NMC has a formal Medical Housing Agreement with UCSF that states that NMC must ensure adequate coed housing, learning resources and administrative support for up to four students for six week periods throughout the year. Housing must be located within a reasonable distance from the hospital. Since August, 2005, Creekbridge Apartments has provided access, proximity, and is viewed as cost effective.

UCSF currently reimburses NMC \$30,000 a year for support of medical student training that is used for leasing a medical student apartment at Creekbridge Apartments. This allows third year medical students to use NMC for their required third year family medicine clerkship, and allows NMC to continue this important relationship. It is important because of the UCSF name, because of the chance to recruit the students into the residency program, and because of the relationship and experience the students share about NMC with their peers, thus giving NMC a broader audience for recruitment.

NMC has been renting from Creekbridge on a month-to month basis up to this point since the previous lease expired. On September 30, 2014, the Board of Supervisors approved a Lease Agreement for Creekbridge Apartment for the medical clerkship with a retroactive start date of February 1, 2014, however, the Thrust IV Property Managers informed NMC after the fact that they were unwilling to sign an agreement with a retroactive start date so far back and the Lease Agreement was never executed. NMC has continued to rent on a month to month basis.

Penthouse Apartment or Creekbridge Village Apartment Lease:

NMC is currently working towards becoming a designated Level II Trauma Center. According to California State Title 22 and the American College of Surgeons the trauma surgeon needs to be available in the trauma resuscitation room within 15 minutes of patient arrival. Creekbridge Penthouse allows the trauma surgeon to respond promptly to the hospital to care for those critically injured patients.

At the current time NMC is on the waitlist for a Creekbridge Penthouse Apartment (in the Creekbridge shopping mall) as well as a Creekbridge Village Apartment (adjacent to the Creekbridge shopping mall and currently under construction). NMC would like to lease whichever of the two apartments become available first to house the trauma physicians. Due to extremely high demand for both the Penthouse Apartments and the Creekbridge Village Apartments, Thrust IV, the Creekbridge property management firm handling the leases, has notified NMC that should an apartment become available to NMC, NMC will be required to execute the lease agreement immediately at the time it becomes available. They feel they would lose money if they had to wait for NMC to obtain approval at the time of availability because they understand that the process NMC follows to obtain Board of Supervisor approval takes between two to three months typically and this translates into lost revenue for them. There are enough interested parties on the waitlist to offer the apartment to who would be willing to sign at the time of availability and begin paying rent immediately so NMC would lose the apartment offer unless they were pre-authorized to execute the lease agreement at the time it becomes available. Therefore, NMC is requesting that the Board of Supervisors pre- authorize NMC to execute the Lease Agreement in advance of apartment availability provided that both County Counsel and the county Auditor-Controller approve the lease agreement terms and conditions.

The Thrust IV Lease Agreement template is attached along with the two possible Penthouse Apartment floor plan options and costs. Depending which apartment and which unit becomes available, pricing would be as follows:

The discounted cost for the Penthouse Apartment would be either \$1,550 or \$1,650 per month (which is \$200 off the regular monthly rate of \$1,750-\$1,850). Penthouse Apartment floor plans and pricing options are attached.

At the time this board report was prepared there was no lease agreement document available for the Creekbridge Village Apartments and therefore NMC is not able to provide one for pre-review. However, Thrust IV has confirmed that the terms and conditions will be similar to those in the Penthouse Lease Agreement document.

The discounted cost for the Creekbridge Village Apartments would be between \$1,450-\$1,525 per month (which is \$200 off the regular monthly rate of \$1,650-\$1,725).

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved the Lease Agreement for the Creekbridge Apartments for the medical clerkship as to legal form and risk provisions. The Auditor-Controller has reviewed and approved this Lease Agreement as to payment provisions.

County Counsel has also reviewed and approved the Lease Agreement as to legal form and risk provisions to be executed for either the Penthouse Apartment or Creekbridge Village Apartment, whichever should become available first. The Auditor-Controller has reviewed and

approved this Lease Agreement as to payment provisions.

FINANCING:

For Medical Clerkship Residents: The total cost for the twelve month Lease Agreement for the Creekbridge Apartments is \$20,400.

For Trauma Physicians: The total cost for the twelve month Lease Agreement for the Penthouse Apartment, should it become available first, is between \$18,600-\$19,800 depending on which floor plan becomes available. There is also a \$700 security deposit and a \$35 application fee; or

The total cost for the twelve month Lease Agreement for the Creekbridge Village Apartment, should it become available first, is between \$17,400-\$18,300 depending on which floor plan becomes available. There is also a \$700 security deposit and a \$35 application fee.

The costs for Fiscal Year 2014-15 for both apartments are already included within NMC's FY14-15 Adopted Budget and costs for FY15-16 will be included next year's budget as appropriate. There is no impact to the General Fund.

Prepared by: Daniel Leon, CFO, 783-2651

Approved by: Dr. Kelly O'Keefe, Interim Chief Executive Officer, 783-2553

Attachments:

1. Creekbridge Apartments Lease Agreement at 1757 Independence Boulevard, Unit 204 in Salinas, California for Medical Clerkship
2. Thrust IV Lease Agreement for the Penthouse Apartments
3. Penthouse Apartment Floor plans with Pricing

Attachments on file with the Clerk of the Board