



# City of San Antonio

## Legislation Details (With Text)

**File #:** 14-2794

**Type:** Procedural

**In control:** City Council A Session

**On agenda:** 2/12/2015

**Title:** Consideration of the following two ordinances related to the Metro Health Healthy Start Initiative: [Peter Zanoni, Deputy City Manager; Mike Etienne, Director, EastPoint & Real Estate Services Office]

**Sponsors:**

**Indexes:** Lease

**Code sections:**

**Attachments:** 1. Harlandale United Methodist Church - 102 White Street - Executed Lease by Church, 2. Harlandale United Methodist Church - 102 White.Map, 3. Harlandale United Methodist Church - Contracts Disclosure Form for Eva Hickman, 4. Harlandale United Methodist Church - Contracts Disclosure Form for Jo Beth Buffalo, 5. 9504 N IH-35 - McWardlaw Northeast LTD.Lease, 6. 9504 N IH-35 - McWardlaw Northeast LTD.Map

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Office of EastPoint & Real Estate Services

**DEPARTMENT HEAD:** Mike Etienne

**COUNCIL DISTRICTS IMPACTED:** 3 / 2

**SUBJECT:**

Lease Agreement: Metro Health Healthy Start Grant

**SUMMARY:**

Consideration of the following ordinances related to the Metro Health Healthy Start Grant:

- A. Consideration of an ordinance authorizing the execution of a five year lease for 2,400 square feet of office space located at 102 White, in Council District 3, with Harlandale United Methodist Church for an annual rental amount of \$21,962.76 in the first year of the term decreasing to \$19,872.00 in the final year of the term.

The City has the right to terminate this agreement at or anytime after the 12<sup>th</sup> month upon 30 days written notice without cause and at anytime in the event that funding for the program is not renewed. In the event, Tenant’s exercise of this right to terminate results in less than 48 months of lease payments to

Landlord, then Tenant agrees to reimburse Landlord for the unamortized cost of flooring expense in the form of a lump sum payment calculated by subtracting the number of Initial Term months expired prior to the termination date from 48 and multiplying the product by \$230.23.

- B. Consideration of an ordinance authorizing the execution of a five year lease for 1,276 square feet of office space located at 9504 IH-35, Suite 205, in Council District 2, with McWardlaw Northeast LTD for an annual rental amount of \$21,696.00 in the first year of the term increasing to \$24,240.00 in the final year of the term.

The City has the right to terminate this agreement at or anytime after the 24<sup>th</sup> month upon 120 days written notice without cause and at anytime in the event that funding for the program is not renewed without any penalty or future pro-rated payments.

Each clinic will be staffed by seven full-time employees. Of these seven positions, one will be City of San Antonio staff and the remaining six will be long term temporary employees. The positions will include one administrative, three case workers, two neighborhood organizers and one liaison that will work with fathers in the community.

#### **BACKGROUND INFORMATION:**

In June 2014, the City of San Antonio, through the Metropolitan Health District (Metro Health), received the Healthy Start Initiative Eliminating Disparities in Prenatal Health Grant for \$9.7 million over five years. The Healthy Start Initiative Eliminating Disparities in Prenatal Health Grant objectives are to lower the infant death rate and reduce disproportionate birth outcomes in some of the highest poverty areas of Bexar County. Programming will include home visitation services to expectant parents, engagement of residents in neighborhood improvement efforts focused on healthy living, enrollment into the Affordable Care Act Marketplace, and community-wide education and collaboration.

As part of the approach, targeting citizens in areas of the city that could most benefit from these programs, Metro Health staff will locate in the community and provide a convenient location where the public can seek out these services and take advantage of the resources being offered. The subject sites are located in areas that Metro Health staff believes has a strong likelihood of being successful in these outreach efforts.

City staff considered existing City facilities to serve the needs for this program. The Mission Library was considered for the South side location, but it did not meet the criteria Metro Health needed for the program. City facilities for the Northeast location were not in the area designated by the grant requirements.

#### **ISSUE:**

- A. Consideration of an ordinance authorizing the execution of a five year lease for 2,400 square feet of office space located at 102 White, in Council District 3, with Harlandale United Methodist Church for an annual rental amount of \$21,962.76 in the first year of the term decreasing to \$19,872.00 in the final year of the term.
- B. Consideration of an ordinance authorizing the execution of a five year lease for 1,276 square feet of office space located at 9504 IH-35, Suite 205, in Council District 2, with McWardlaw Northeast LTD for an annual rental amount of \$21,696.00 in the first year of the term increasing to \$24,240.00 in the

final year of the term.

The City of San Antonio received the Healthy Start Initiative Eliminating Disparities in Prenatal Health Grant on June 1, 2014 which requires staff be embedded in the communities being served. The proposed leases will provide sufficient space for the staff assigned to this program and provide an environment conducive to members of the public seeking out these services which augment the success of the program objectives, to reduce obesity within the City of San Antonio.

**ALTERNATIVES:**

Inasmuch as the provisions of the grant awarded to Metro Health provides funding for office space, locating in a City owned facility would not be cost effective. Furthermore, the approach to services focuses on creating an atmosphere that is welcoming and should not inhibit members of the public from seeking out the resources being offered. The site proposed offers these attributes at a cost that is competitive in the marketplace, therefore consideration of alternative approaches to provide office space for these services is not recommended.

**FISCAL IMPACT:**

- A. Under the terms of the lease the annual rate for this lease agreement for the initial two-years will be \$21,962.76 decreasing to \$19,872.00 in the final year of the term. The chart below identifies the costs associated with this lease during the term.

Term	Monthly Rent	Annual Rent
Term Commencement Date thru end of 2 <sup>nd</sup> year	\$1,830.23	\$21,962.76
Years 3 & 4	\$1,886.23	\$22,634.76
Year 5	\$1,656.00	\$19,872.00

- B. Under the terms of the lease the annual rate for this lease agreement for the initial year will be \$21,696.00 increasing to \$24,240.00 in the final year of the term. The chart below identifies the costs associated with this lease during the term.

Term	Monthly Rent	Annual Rent
Term Commencement Date thru end of 1 <sup>st</sup> year	\$1,808.00	\$21,696.00
Year 2	\$1,861.00	\$22,332.00
Year 3	\$1,914.00	\$22,968.00
Year 4	\$1,968.00	\$23,616.00
Year 5	\$2,020.00	\$24,240.00

As a result of the receipt of the Healthy Start Initiative Eliminating Disparities in Prenatal Health Grant, Metro Health has sufficient funding in their FY 15 Budget to fund the costs associated with these leases. Future years funding will be contingent upon receipt of additional grant money, however, the leases provide that in the event funds are not received, the City can cancel the leases with the following terms:

- A. 102 White - The City has the right to terminate this agreement at or anytime after the 12<sup>th</sup> month upon 30 days written notice without cause and at anytime in the event that funding for the program is not renewed. In the event, Tenant's exercise of this right to terminate results in less than 48 months of lease payments to Landlord, then Tenant agrees to reimburse Landlord for the unamortized cost of flooring expense in the form of a lump sum payment calculated by subtracting the number of Initial Term months expired prior to the termination date from 48 and multiplying the product by \$230.23.
- B. 9504 IH-35, Suite 205 - The City has the right to terminate this agreement at or anytime after the 24<sup>th</sup> month upon 120 days written notice without cause and at anytime in the event that funding for the program is not renewed without any penalty or future pro-rated payments.

**RECOMMENDATION:**

- A. Staff recommends approval of this lease authorizing the execution of a five-year term lease agreement with a five-year option to renew with Harlandale United Methodist Church.
- B. Staff recommends approval of this lease authorizing the execution of a five-year term lease agreement with a five-year option to renew with McWardlaw Northeast LTD.