

AGENDA



Thursday, February 26, 2009

**Contract and Land Management
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 8

Subject: Approve the negotiation and execution of the following leases with the TRAVIS COUNTY HEALTHCARE DISTRICT: (a) a 25 year lease for the East Austin Clinic at 211 Comal Street, the Rosewood-Zaragosa Clinic at 2802 Webberville Road, the South Austin Clinic at 2529 South First Street, the ARCH Clinic at 500 East Seventh Street, the AK Black Clinic at 928 Blackson; (b) a 99 year ground lease for the Montopolis Clinic at 1200-B Montopolis Drive; and (c) a five (5) year lease for the fifth floor administrative office space in the RBJ Building at 15 Waller Street.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Dean Harris 974-7061; Lauraine Rizer 974-7078; April Thedford 974-7141

On May 15, 2004, the voters of Travis County approved the creation of the Travis County Healthcare District. The District assumed responsibility for funding and providing medical and hospital care for indigent and needy persons within Travis County. The governing statute, Chapter 281 of the Texas Health and Safety Code, requires the City to transfer its healthcare facilities to the District upon the District attaining Federally Qualified Health Care Provider (FQHC) status. Several stand-alone facilities, including Brackenridge Hospital, have been or will be transferred by deed through separate Request for Council Actions (RCA). Several shared facilities will be transferred to the District by lease or sublease at no cost to the District, except as otherwise stated below.

The Interlocal Agreement between the City and Travis County, dated September 30, 2004, as amended, established the District and directed the transfer of certain City real property interests to the District, including the following facilities that will be leased to the District, and which correspond to the numbering shown on the attached map.

- 1) East Austin Clinic at 211 Comal Street is a "shared facility" to be shared with ongoing City uses.
- 2) Rosewood-Zaragosa Clinic at 2802 Webberville Road is a "stand alone facility" which is in a separate building but which shares a larger site with other City uses.
- 3) South Austin Clinic at 2529 South First Street is a stand-alone facility which shares a larger site with other City uses.
- 4) ARCH Clinic at 500 East Seventh Street is a shared facility to be shared with ongoing City uses.
- 5) Northeast Austin Clinic at 7112 Ed Bluestein Blvd. is a City leased clinic, which will automatically be assigned to the District upon its attaining FQHC provider status and District will assume payment of rent.
- 6) RBJ Dental Clinic at 21 Waller Street is a City leased clinic, which will automatically be assigned to the District upon its attaining FQHC provider status and District will assume payment of rent.
- 7) Montopolis Clinic at 1200-B Montopolis Drive is specified in the Interlocal to be conveyed to the District in fee, however, it is not a separate, stand-alone facility. It shares its legal lot, access driveways and parking lots with the Montopolis Recreation Center and, therefore, cannot be conveyed in fee to the District. However, in order to comply with the intent of the Interlocal, the City will convey the clinic building and associated portable building to the District and ground lease the District the area under and immediately adjacent to the building to the District for 99 years. The facility must be used for services necessary to carry out the missions of the Healthcare District and the City will have a request of first refusal to purchase the building if the District changes the use or vacates the building.

Also shown on the attached map are two properties not originally in the Interlocal, but are now being included in the recommended transfers:

8) AK Black Clinic at 928 Blackson is a shared facility and the lease will be tied to the permitted use of providing healthcare for needy persons and indigents.

9) RBJ Building at 15 Waller Street fifth floor office space is a shared facility which shares a larger site with other City uses.

The Interlocal set forth the following basic terms and conditions of the leases:

- 1) A 20-year term commencing in 2004, which would leave 15 years in the lease term;
- 2) Assumption of operating and maintenance costs by District in lieu of actual rent;
- 3) Continued property insurance coverage by City;
- 4) The Premises are leased "AS" with a building condition disclaimer;
- 5) Lease may be terminated for an uncured breach; and
- 6) The City may sell its property subject to a right of first refusal in the District to purchase the property.

The District and the City subsequently negotiated the following:

- 1) An extension of the lease term for an additional 10 years, resulting in a 25-year lease;
- 2) District will comply with Americans with Disabilities Act and City M/WBE Third Party Agreement and LEED requirements;
- 3) District responsibility for all repairs in separate premises;
- 4) City responsibility for major repairs in shared facilities with District paying its pro rata share; 5) City to reimburse District unamortized costs of major repairs at end of lease;
- 6) AK Black to be leased on same conditions as other leases subject to permitted use restriction and consisting with the intended purpose of the property;
- 7) City to lease Fifth Floor Administrative Offices in RBJ Building for five (5) years with fair market value rent added in last three (3) years;
- 8) District and City to share common use areas, including conference rooms and kitchen facilities in each others buildings under written protocols;
- 9) City will transfer title to all clinic furniture and equipment and supplies;
- 10) Permitted Use is limited to FQHC clinic and administrative and support purposes;
- 11) Services assumed by District and retained by City will be clearly delineated; and
- 12) District will provide contents and liability insurance.