

STAFF REPORT

Date: July 31, 2024

To: Mayor and City Council

Through: Jackie Bryant, Interim City Manager

Subject: Staff Report (For Possible Action): Presentation, discussion, direction, and potential approval of a memorandum of understanding (MOU) between the City of Reno and Community Health Alliance (CHA) outlining project obligations and approval of the term sheet for a long-term lease for the Neil Road Facility Remodel and Expansion Project.

From: Catie Harrison, Engineering Manager

Department: Public Works

Summary:

The Neil Road facility is currently leased to the Community Health Alliance (CHA) to provide critical healthcare services to a traditionally underserved community. The scope of this project is to remodel the existing 5,120-square-foot facility and expand it with an additional 4,000 square feet of space. This will allow CHA to expand the services available to the community at this facility.

At the April 10, 2024, Council meeting, Council directed staff to prepare a memorandum of understanding (MOU) to outline the project obligations of both the City and CHA for the Neil Road Facility Remodel and Expansion Project. The MOU identifies the City's obligation to deliver the project through the design-bid-build process, contingent upon CHA's obligation to cover any funding gap. CHA's obligation is to cover any gap over the allocated \$5 million at the time of bid award, contingent upon the successful execution of a new long-term lease. The proposed term sheet outlines the requested terms including a 20-year lease with two five-year options to extend, one dollar per year rent, the tenant pays all utilities, the tenant is responsible for day-to-day maintenance, and the City is responsible for future capital improvements.

The American Rescue Plan Act (ARPA) funds are required to be awarded to a project before December 31, 2024. The design for this project will be completed in August 2024 to advertise for bids and award a construction contract in December 2024. A new lease agreement is anticipated to come back to Council at the same time as the construction contract. Construction is anticipated to begin in January 2025 and is expected to take 18 to 22 months. Staff recommends Council

approve the terms of the lease and MOU.

Alignment with Strategic Plan:

Economic Opportunity, Homelessness, and Affordable Housing
Infrastructure, Climate Change, and Environmental Sustainability
Economic and Community Development

Previous Council Action:

April 10, 2024 – Council approved a consultant agreement with Tectonics Design Group for the design and construction administration services for the Neil Road Facility Remodel and Expansion Project in an amount not to exceed \$342,583 (ARPA Fund).

March 8, 2023 – Council approved an additional \$2 million ARPA fund allocation to the Access to Healthcare priority category and approved the Neil Road Facility Remodel and Expansion Project with an allocation of \$5 million.

January 26, 2022 – Council allocated \$24,499,998.50 in ARPA funds to seven priority categories as a result of the public engagement process, including \$3 million to the Access to Healthcare category.

August 25, 2021 – Council accepted the \$51,519,997 State and Local Fiscal Recovery Funds (SLFRF) allocated through ARPA and directed staff to begin a public engagement process.

Background:

The facility at 3915 Neil Road, shown on the vicinity map, is currently being leased to CHA to provide critical healthcare services to a traditionally underserved community. Council allocated \$5 million in ARPA funds for the Access to Healthcare priority category during the March 8, 2023, and January 26, 2022, Council meetings. Also, during the March 8, 2023, meeting, Council approved the Neil Road Building Remodel and Expansion Project for use of the \$5 million ARPA funds dedicated to the Access to Healthcare priority category. This project will expand and remodel the facility at 3915 Neil Road to increase the healthcare services provided to the community at this facility. Council approved a consultant agreement with Tectonics Design Group for the design and construction administration services at the April 10, 2024, meeting.

Vicinity Map



City of Reno
Public Works

NEIL RD FACILITY

VICINITY MAP

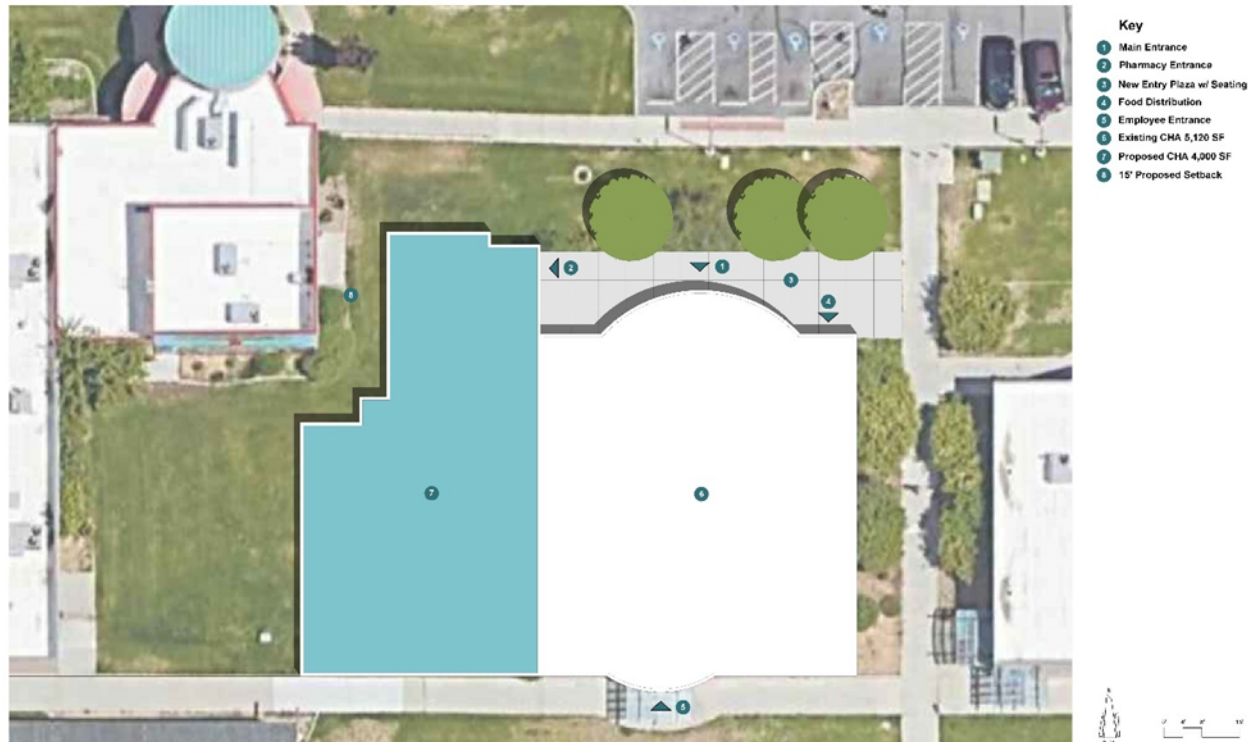
Date: February 2024

The information hereon is
approximate and is intended
for display purposes only.

Discussion:

The facility at 3915 Neil Road is an existing 5,120-square-foot facility that provides healthcare services. The Neil Road Building Remodel and Expansion Project is planned to expand the area of this facility with a 4,000-square-foot addition and remodel of the existing 5,120-square-foot facility. Figure 1 is a conceptual site plan showing the existing facility for remodeling and the location for the new expansion.

Figure 1. Conceptual Site Plan



At the April 10, 2024, meeting, Council directed staff to prepare an MOU outlining project expectations and obligations. Staff worked with the City Attorney's Office and CHA to draft the attached MOU that outlines that CHA operates the Neil Road Facility located at 3915 Neil Road to provide healthcare services; Council allocated \$5 million from ARPA funds for the Access to Healthcare priority category and approved the Neil Road Facility for said allocation; and CHA's current lease expires June 30, 2025, and the parties agree to renegotiate a new long-term lease based on Council direction on the proposed term sheet. The MOU also outlines the following obligations. The City is obligated to deliver the project through the design-bid-build procurement process, but this obligation is contingent upon CHA's obligation to cover any funding gap. CHA is obligated to provide funding to cover any gap over the allocated \$5 million at the time of bid award. This obligation is contingent upon the successful execution of a new long-term lease as described in the term sheet.

The term sheet outlines the proposed lease terms including that the term will be 20 years with two

five-year options to extend; rent will be one dollar per year; the tenant pays all utility costs; the tenant is responsible for day-to-day maintenance; the City is responsible for maintenance of heating, ventilation, and air conditioning (HVAC), mechanical systems, and the roof; and the City is responsible for future capital improvements.

Financial Implications:

None

Legal Implications:

The MOU outlines the obligations of the parties.

Recommendation:

Staff recommends Council approve the memorandum of understanding (MOU) between the City of Reno and Community Health Alliance (CHA) on the Neil Road Facility Remodel and Expansion Project and approve the lease term sheet and authorize the Mayor to sign the MOU.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

MOU Term Sheet