



## Agenda Item Details

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|--------------------|---|
| Meeting            | Jul 12, 2016 - GB Regular Meeting   |
| Category           | 22. APPROVAL OF AGREEMENTS - COST TO DISTRICT   |
| Subject            | 22.8 Agreement with MediFit Community Services, LLC (Flood)   |
| Access             | Public  |
| Type               | Action  |
| Fiscal Impact      | Yes   |
| Dollar Amount      | 713,005.00  |
| Budgeted           | Yes   |
| Budget Source      | TBD   |
| Recommended Action | Approve Agreement No. A5094.16 with MediFit Community Services, LLC, for the District's Wellness Center Management & Operation Services, for the period July 13, 2016 to July 12, 2021, inclusive, in the amount of \$10,416.66 per month adjusted annually to factor Consumer Price Index/U.S. City Average or 2% whichever is lower, for a total not to exceed amount of \$713,005 Base Management Fee for the five and a half year term of the contract plus Incentive Management Fee. |

## Public Content

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SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

INITIATED BY: Priya Jerome, Director of Procurement, Central Services and Risk Management

### OVERVIEW

In December 2014, the District entered into an MOU with MediFit Community Services, LLC (MediFit) to provide time sensitive Scope 1 related services for Pre-construction: Design, Development and Procurement related services of the RFP.

The District has since negotiated the final Agreement with MediFit that encompasses all the aspects of Scope 2: Post-construction: Wellness Center Management and Operation Services and covers the following per the terms and conditions as defined in the RFP:

- MediFit will operate the Wellness Center, through District's branding, messaging, staffing, and collaboration.
- MediFit will operate the District's Wellness Center as a facility dedicated to recognizing the priorities of Academics, Community and Business stewardship. The Wellness Center will function as a "teaching health center" with opportunities for students, faculty and staff with industry career/professional expertise.
- MediFit will be investing in the Wellness Center's success by actively engaging in creating a community centered high value operation to members currently unserved within the South Bay community at comparable market rates.
- The following financial terms have been negotiated in this contract:

### Summary of Compensation Structure

- Base Management Fee \$10,415 Per Month adjusted annually at the beginning of each anniversary date to factor the Consumer Price

Index/U.S. City Average increase or 2%, whichever is lower, for a total not to exceed amount of \$713,005 through the term of the agreement.

- Incentive of 30% of Positive Variance to Budget or 20% of Net Operating Income (NOI) for Pre-Sale and Year 1.
- Incentive of 18% of NOI capped at \$275,000 for years 2 and 3.
- Incentive of 20% of NOI capped at \$275,000 for years 4 and 5.

|  | Pre-Sale   | Year 1     | Year 2    | Year 3    | Year 4    | Year 5      |
|--|------------|------------|-----------|-----------|-----------|-------------|
| <b>Average Membership</b>                  | 600        | 1868       | 2831      | 3288      | 3468      | 3497        |
| <b>Base Management Fee</b>                 | \$62,500   | \$125,000  | \$127,500 | \$130,050 | \$132,651 | \$135,304   |
| <b>Proposed Net Operating Income (NOI)</b> | -\$314,210 | -\$244,924 | \$486,636 | \$834,615 | \$978,160 | \$1,042,408 |
| <b>MediFit Incentives on NOI</b>           |            |            | \$87,594  | \$150,231 | \$195,632 | \$208,482   |
| <b>District Net Revenue</b>                |            |            | \$399,041 | \$684,384 | \$782,528 | \$833,927   |

- The pre-opening plan includes activities to market/pre-sale memberships, hire professional staff, train all staff, develop manuals and emergency procedures, and prepare for opening. The budgeted pre-opening expenses are estimated at \$350,000 which the District has to fund to support the successful start of this operation.
- In addition, the District will have to factor and fund the Year 1 projected loss of \$245,000.

[MediFit Community Services 5094 - Agreement Exhibits A and B.pdf \(3,470 KB\)](#)

[MediFit Community Services 5094 - Exhibit C.pdf \(1,865 KB\)](#)

[MediFit Community Services 5094 - Exhibit D - Part 1.pdf \(10,582 KB\)](#)

[MediFit Community Services 5094 - Exhibit D - Part 2.pdf \(21,639 KB\)](#)

## Administrative Content

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### Motion & Voting

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Approve Agreement No. A5094.16 with MediFit Community Services, LLC, for the District's Wellness Center Management & Operation Services, for the period July 13, 2016 to July 12, 2021, inclusive, in the amount of \$10,416.66 per month adjusted annually to factor Consumer Price Index/U.S. City Average or 2% whichever is lower, for a total not to exceed amount of \$713,005 Base Management Fee for the five and a half year term of the contract plus Incentive Management Fee.

Motion by Freda Hernandez, second by Humberto Peraza.

Final Resolution: Motion Carries

Aye: Nora Vargas, Tim Nader, Humberto Peraza, Griselda Delgado, Norma Hernandez, Freda Hernandez