

## **RESOLUTION**

Authorizing New York City Health and Hospitals Corporation (the "System") to execute a 30 year lease with Camelot of Staten Island, Inc. ("Camelot") with Camelot holding a 19 year renewal option for the operation of a residential Substance Use Disorder ("SUD") program on the campus of NYC Health + Hospitals/Sea View (the "Facility") on land measuring approximately 24,080 sq. ft. including the approximately 20,000 sq. ft. Administration Building at an annual rent of \$250,000, or \$12.50/sq. ft. to be escalated by 2.5% per year for a total rent over the 30 year initial term of \$10,975,676.

**WHEREAS**, Camelot is a not-for-profit formed in 1971, licensed under Article 32 of the Mental Hygiene law to operate outpatient and intensive residential rehabilitation programs; and

**WHEREAS**, Camelot operates 2 intensive residential programs – 1 for adolescent males, and 1 for adult males; and 4 out-patient programs – one on Staten Island and 3 out-patient clinics located in Homes for the Homeless Inc. Tier II Family Shelters in Queens and the Bronx; and

**WHEREAS**, since 2012 Camelot has operated a 35-bed adult male residential program on the Facility's campus in the Camelot-renovated "Group Building;" and

**WHEREAS**, the proposed 25-bed residential SUD program will treat women only because research indicates that gender-responsive rehabilitation is more effective; and

**WHEREAS**, the program will be housed in the now vacant Administration Building to be renovated by Camelot at its own expense; and

**WHEREAS**, there is an acute need for SUD programs on Staten Island and SUD programs for women, in particular; and

**WHEREAS**, the New York State Office of Alcohol and Substance Abuse Services (OASAS) confirms that Camelot complies with OASAS program requirements, which includes medication and monitoring; and

**WHEREAS**, Camelot provides Methadone and Buprenorphine-based treatments to all patients with opioid use disorder and connects patients to maintenance treatment with medication following completion of residential treatment; and

**WHEREAS**, Camelot also provides out-patient intensive counseling and family treatment programs to which the System will refer

**WHEREAS**, a Public Hearing was held on February 27, 2018, in accordance with the requirements of the System's Enabling Act, and, prior to lease execution, the proposed sublease is subject to the approval of the City Council and the Office of the Mayor.

**NOW, THEREFORE, be it**

**RESOLVED**, that the New York City Health and Hospitals Corporation be and hereby is authorized to execute a 30 year lease with Camelot of Staten Island, Inc. with Camelot holding a 19 year renewal option for the operation of a residential Substance Use Disorder program on the campus of NYC Health + Hospitals/Sea View on a parcel of land measuring approximately 24,080 sq. ft. including the approximately 20,000 sq. ft. Administration

Building at an annual rent of \$250,000, or \$12.50 per sq. ft. to be escalated by 2.5% per year for a total rent amount over the 30 year term of \$10,975,676.

## EXECUTIVE SUMMARY

### LEASE WITH CAMELOT OF STATEN ISLAND, INC. NYC HEALTH + HOSPITALS/SEA VIEW

#### OVERVIEW:

The New York City Health and Hospitals Corporation (the "System") seeks authorization from its Board of Directors to execute a lease with Camelot of Staten Island, Inc. ("Camelot"), for the operation of a residential Substance Use Disorder ("SUD") program on the campus of NYC Health + Hospitals/Sea View ("Sea View") in the approximately 20,000 square foot Administration Building. A Public Hearing was held on February 27, 2018, in accordance with the requirements of the System's enabling act. Prior to lease execution, the proposed sublease is subject to the approval of the City Council and the Office of the Mayor.

Camelot is a not-for-profit corporation formed in 1971 and licensed under Article 32 of the Mental Hygiene law to operate outpatient and intensive residential rehabilitation programs. Camelot currently operates two intensive residential programs – one for adolescent males, and one for adult males; and four outpatient programs – one on Staten Island and three out-patient clinics located in Homes for the Homeless Inc. Tier II Family Shelters in Queens and the Bronx. Since 2012, Camelot has operated a 35-bed adult male residential program on Sea View's campus in the Camelot-rehabilitated "Group Building.

#### PROGRAM/ NEED:

According to the NYS Department of Health, SUD are found on Staten Island at rates higher than the rest of New York City. Individuals with SUD represent approximately 33% of Medicaid beneficiaries on Staten Island and 32% of these are hospitalized at least once each year, which is twice the rate of those without SUD. Roughly 30% of these are women. There are no residential treatment programs on Staten Island for women with SUD. The proposed 25-bed residential SUD program will treat women only because research indicates that gender-responsive rehabilitation is more effective. It will be housed in the now vacant Administration Building to be renovated by Camelot at its own expense.

Camelot maintains that acute detoxification services either alone or in combination with short-term 21 day inpatient rehabilitation is effective for less than 25% of patients and ongoing outpatient treatment is also effective for only a limited percentage of patients. Thus, longer duration programs are necessary. Women entering the Camelot program will remain as long as nine months.

The Camelot facility will accept referrals from the System and from a range of health and social service agencies on Staten Island including members of the Staten Island DSRIP PPS. Each Camelot patient will have a primary counselor and will receive treatment for SUD, mental health issues, trauma-related experiences and post-discharge planning with respect to employment and housing. Each resident will receive a medical and psychiatric evaluation and medications will be prescribed for any chronic conditions. Camelot projects that 80% of its patients will achieve recovery.

**Page Two – Executive Summary**  
**Sublease Agreement – Camelot of Staten Island**

**PROCUREMENT:** Camelot responded to an RFP issued by OASAS on February 13, 2017 for developers/operators of residential SUD treatment facilities in Bronx, Kings and Richmond County and was awarded funding and a contract to develop the Administration Building and operate the program. Also during this time period, the New York City Economic Development Corporation (“EDC”) issued a Request for Expressions of Interest in the development of portions of the Sea View campus not being used for the operation of the facility. Camelot responded to the RFEI on April 24, 2017 with support, from among others, the Borough President, James Oddo. Although the Camelot proposal does not provide a comprehensive plan for the entire Sea View campus, EDC concluded that the proposed use of the Administration Building would complement the other proposed plans and that Camelot's independent funding would help to anchor either of the other two leading proposers.

**TERMS:** Camelot will lease a parcel of land measuring approximately 24,080 square feet including the Administration Building which is approximately 20,000 gross square feet over two floors and a cellar. The building is currently not in use. The renovation work for the Administration Building will include installation of a new elevator, new interior finishing, new windows, doors, roofing, mechanical and fire protection systems. The construction will be managed by the Dormitory Authority of the State of New York and will be entirely funded by OASAS at an estimated cost of approximately \$9 million. The term of the lease will be 30 years. Camelot will pay annual rent of \$250,000, or \$12.50 per square foot to be escalated by 2.5% per year for a total rent over the thirty year term of \$10,975,676. The sublease will contain one nineteen year renewal option. The annual base rent for the option term will be set at 95% of the property's appraised value. Camelot will be responsible for its operating expenses associated with the Administration Building including utilities, interior and exterior maintenance, and structural and non-structural repairs

Camelot will indemnify and hold harmless the System and the City of New York from any and all claims arising by virtue of its use of the property, and will also provide appropriate insurance naming each as additional insured.

## SUMMARY OF ECONOMIC TERMS

**SITE:** NYC Health + Hospitals/Sea View  
460 Brielle Avenue  
Borough of Staten Island  
Block 955, Lot 1

**TENANT:** Camelot Counseling, Inc.  
4442 Arthur Kill Road, Suite No. 4  
Staten Island, N.Y. 10309

**BUILDING SIZE:** Approximately 20,000 square feet

**PARCEL SIZE:** Approximately 24,080 square feet

**TERM:** 30 year initial term

**RENEWAL  
OPTIONS:** One 19 year option. The annual base rent for the option term will be set at 95% of the property's appraised value and will escalate at 2.5% thereafter.

**RENT:** \$250,000 per year in the first year of the term

**ESCALATION:** 2.5% per year

**UTILITIES:** The cost of all utilities will be the tenant's responsibility.

**MAINTENANCE:** The tenant will responsible for all interior and exterior structural and non-structural maintenance and repairs to the facility.

**FINANCING:** Funding will be provided by the New York State Office of Alcohol and Substance Abuse Services.

## RESOLUTION

Amending the resolution adopted in September 2019 by the Board of Directors of New York City Health and Hospitals Corporation (the "System") authorizing the execution of a 30 year lease with Camelot of Staten Island, Inc. ("Camelot") with Camelot holding a 19 year renewal option for the operation of a residential Substance Use Disorder ("SUD") program on the campus of NYC Health + Hospitals/Sea View (the "Facility") on land including the Administration Building with such amendment increasing the initial term to 50 years with Camelot holding a ten year renewal option thereby yielding rental income to the System over the initial term of \$24,371,087 at \$12.50 per sq. ft. escalated by 2.5% per year.

**WHEREAS**, the term of the proposed lease established in the September resolution had been approved by Camelot's funder, the New York State Office of Alcohol and Substance Abuse Services ("OASAS"), and was similar to the term of Camelot's pre-existing lease at the Facility; and

**WHEREAS**, after the adoption of the September resolution, it and certain funding and construction documents were presented to the OASAS Capital Budget Office for approval; and

**WHEREAS**, the OASAS Capital Budget Office objected to the length of such term because they feared that either the Office of the Attorney General of the State of New York or the State Comptroller would object that the term is too short to allow the full amortization of the State's planned investment; and

**WHEREAS**, most of the ground leases given by the System to third parties to occupy space on land controlled by the System are for terms of 99 years; and

**WHEREAS**, the System wishes to accommodate the State's desire for a longer lease term.

**NOW, THEREFORE, be it**

**RESOLVED**, that the resolution adopted in September 2019 by the Board of Directors of New York City Health and Hospitals Corporation authorizing the execution of a 30 year lease with Camelot of Staten Island, Inc. ("Camelot") with Camelot holding a 19 year renewal option for the operation of a residential Substance Use Disorder program on the campus of NYC Health + Hospitals/Sea View on land including the Administration Building be and the same hereby is amended to increase the initial term of the lease to 50 years with Camelot holding a ten year renewal option thereby yielding income to the System over the initial term of \$24,371,087 at \$12.50 per sq. ft. escalated by 2.5% per year

## EXECUTIVE SUMMARY

### AMENDMENT OF SEPTEMBER 2019 RESOLUTION AUTHORIZING LEASE WITH CAMELOT OF STATEN ISLAND, INC. NYC HEALTH + HOSPITALS/SEA VIEW TO INCREASE THE INITIAL TERM

#### OVERVIEW:

In September 2019 the Board of Directors of the New York City Health and Hospitals Corporation (the "System") adopted a resolution authorizing a lease with Camelot of Staten Island, Inc. ("Camelot"), for the operation of a residential Substance Use Disorder ("SUD") program on the campus of NYC Health + Hospitals/Sea View ("Sea View") in the approximately 20,000 square foot Administration Building. The September resolution approved an initial term of 30 years with Camelot holding a 19 year renewal option.

In the course of gathering necessary approvals for Camelot's planned State financed renovation of the Administration Building, the OASAS Capital Budget Office objected to the length of such term as being too short to allow the full amortization of the State's planned investment. OASAS objected on the grounds that it feared that the State Attorney General or the State Comptroller would raise the issue. Such objection was surprising because OASAS had not raised such objection previously and because the term of the proposed lease is identical to the term of Camelot's pre-existing lease at the Facility which also involved the extensive renovation of a building financed by the State through DASNY. OASAS' Capital Budget Office asked that the initial term be not less than fifty years.

#### TERMS:

Under the proposed amended resolution the terms of the lease will remain the same except as to the duration of the lease. As before, Camelot will pay annual rent of \$250,000, or \$12.50 per square foot to be escalated by 2.5% per year. Whereas, under the September resolution the initial term of the lease was to be thirty years with Camelot holding an option to extend such term for nineteen additional years, under the proposed amendment, the initial term will be for fifty years with Camelot holding an option to extend such term for ten additional years. The total rent payable over the original thirty year term was \$10,975,676 and the total rent payable over the proposed fifty year term will be \$24,371,087. Under the proposed amendment, the term of the renewal option is ten years instead of the nineteen year renewal term originally provided. As before, the annual base rent for the option term will be set at 95% of the property's appraised value.

## SUMMARY OF ECONOMIC TERMS

**SITE:** NYC Health + Hospitals/Sea View  
460 Brielle Avenue  
Borough of Staten Island  
Block 955, Lot 1

**TENANT:** Camelot Counseling, Inc.  
4442 Arthur Kill Road, Suite No. 4  
Staten Island, N.Y. 10309

**BUILDING SIZE:** Approximately 20,000 square feet

**PARCEL SIZE:** Approximately 24.080 square feet

**TERM:** 50 year initial term

**RENEWAL  
OPTIONS:** One 10 year option. The annual base rent for the option term will be set at 95% of the property's appraised value and will escalate at 2.5% thereafter.

**RENT:** \$250,000 per year in the first year of the term

**ESCALATION:** 2.5% per year

**UTILITIES:** The cost of all utilities will be the tenant's responsibility.

**MAINTENANCE:** The tenant will responsible for all interior and exterior structural and non-structural maintenance and repairs to the facility.

**FINANCING:** Funding will be provided by the New York State Office of Alcohol and Substance Abuse Services.

CITY COUNCIL  
LAND USE DIVISION  
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