



County of Monterey

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

Board Report

File #: A 14-130, **Version:** 1

- a. Authorize and direct the Purchasing Manager for NMC to execute the Third Amendment to the Professional Services Agreement (A-11862) with John Schatz M.D., a Medical Corporation to provide cardiology services at NMC, extending the Agreement to June 30, 2016 and adding \$600,000 for a revised total Agreement amount not to exceed \$1,394,600 in the aggregate (for the period October 1, 2011 to June 30, 2015); and
- b. Authorize the Purchasing Manager for NMC to execute up to three (3) amendments to this agreement where the total amendments do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a) Authorize and direct the Purchasing Manager for NMC to execute the Third Amendment to the Professional Services Agreement (A-11862) with John Schatz M.D., a Medical Corporation to provide cardiology services at NMC, extending the Agreement to June 30, 2016 and adding \$600,000 for a revised total Agreement amount not to exceed \$1,394,600 in the aggregate (for the period October 1, 2011 to June 30, 2015); and
- b) Authorize the Purchasing Manager for NMC to execute up to three (3) amendments to this agreement where the total amendments do not exceed 10% of the original contract amount, and do not significantly change the scope of work.

SUMMARY/DISCUSSION:

NMC has an Agreement with John Schatz M.D. a Medical Corporation to provide at least half of the annual cardiology call coverage in the emergency department, EKG interpretations, medical director services and cardiology services in the outpatient clinic as needed.

The amount of the original Agreement was \$268,000. The Agreement was amended on October 1, 2012 via the First Amendment adding \$268,000; and on January 1, 2013 via the Second Amendment adding \$258,000. The total not to exceed amount of the Agreement with the First and Second Amendments should have been \$796,000; however the Second Amendment and the Board Report that were approved by the Board of Supervisors on December 11, 2012 both contained an error which made the not to exceed amount \$796,600, an additional \$600; this amount is carried over in the Third Amendment.

NMC would like to amend the Agreement to extend the term an additional twenty four months in order to continue to provide cardiology services to patients without interruption. This Amendment adds \$600,000 for services provided during the extended term, which has increased due to patient volume, but the rate of pay remains the same. NMC has obtained an independent opinion of fair market value supporting the payment terms of this Agreement.

OTHER AGENCY INVOLVEMENT:

County Counsel has reviewed and approved this Amendment as to legal form and risk provisions. Auditor-Controller has reviewed and approved this Amendment as to fiscal provisions. The CAO-Budget and Analysis Division has advised to inform the BOS the spending authority (appropriations) associated with NMC's FY

2014 Adopted Budget has been exceeded and approval and authorization for modification of NMC's appropriation budget should be presented to the BOS. Since NMC is an Enterprise Fund, this does not present continued expenditures, but it is considered good public policy, transparency and fiscal management. The Amendment has also been reviewed and approved by Natividad Medical Center's Finance Committee on May 22, 2014 and Board of Trustees on June 6, 2014.

FINANCING:

The cost of this amendment is \$600,000. The total amount not to exceed for this Agreement is \$1,394,600 for the period October 1, 2011 to June 30, 2016. \$161,580 was disbursed in Fiscal Year 2011/2012 (9 months); \$270,676 was disbursed in Fiscal 2012/2013; \$270,000 is included in the Fiscal Year 2013/2014 Adopted Budget of which \$214,184 has been disbursed. \$300,000 is included in the Fiscal Year 2014/2015 Recommended Budget. The remaining \$392,344 will be budgeted in subsequent Fiscal Years. . NMC is confirming its appropriations position and if its spending authority has been exceeded will return to the Board. There is no impact to the General Fund.

Prepared by: Jeanne-Ann Balza, Management Analyst, 783.2506

Approved by: Harry Weis, Chief Executive Officer, 783.2553

Attachments:

Agreement; Assignment and Assumption Agreement; First-Third Amendments

Attachments on file at the Clerk of the Board