



County of Monterey

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

Board Report

File #: A 14-139, **Version:** 1

- a. Authorize and direct the Purchasing Manager for Natividad Medical Center (NMC) to execute the Second Amendment to the Professional Services Agreement (A-12154) with Precision Orthopedics to provide orthopedic services at NMC, extending the term to June 30, 2015 and adding \$780,000 for a revised Agreement amount not to exceed \$2,800,000 in the aggregate (for the period January 1, 2012 to June 30, 2015); and
- b. Authorize the Purchasing Manager for NMC to sign 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 Natividad Medical Center (NMC) to execute the Second Amendment to the Professional Services Agreement (A-12154) with Precision Orthopedics to provide orthopedic services at NMC, extending the term to June 30, 2015 and adding \$780,000 for a revised Agreement amount not to exceed \$2,800,000 in the aggregate (for the period January 1, 2012 to June 30, 2015); and
- b) Authorize the Purchasing Manager for NMC to sign 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:

On January 1, 2012, NMC entered into an Agreement with Precision Orthopedics to provide professional services in the Specialty Clinic; inpatient/outpatient surgery and orthopedic call coverage in the emergency department. The Agreement was amended January 1, 2013 and extended with a Letter Agreement on January 1, 2014 and May 1, 2014. NMC wishes to amend the Agreement with Precision Orthopedics to extend the term of the Agreement an additional twelve (12) months in order to continue to provide the same orthopedic services to NMC patients without interruption and allow additional time to complete the request for proposal process in selecting a new provider to provide orthopedic services at NMC.

Precision is paid according to the terms of this agreement for the actual number of call, clinic and professional services provided, which may increase due to patient volume and the need for coverage, but in no event will exceed the aggregate maximum liability amount. 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 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 and is not a legal requirement, 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 total cost for this Amendment is \$780,000 and the total cost of this Agreement is \$2,800,000 for the period (January 1, 2012 to June 30, 2015). \$407,466 was disbursed in Fiscal Year 2011/2012 (6 months); \$755,789 was disbursed in Fiscal Year 2012/2013; \$820,000 is included in Fiscal Year 2013/2014 Adopted Budget of which \$600,000 has been disbursed year to date (10 months); \$780,000 is included in the Fiscal Year 2014/2015 Recommended Budget. 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:

First-Second Amendment; First-Second Letter Agreement; Agreement

Attachments on file at the Clerk of the Board