

File No. 220439

Committee Item No. 4

Board Item No. 18

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date May 25, 2022

Board of Supervisors Meeting Date June 7, 2022

#### Cmte Board

<input type="checkbox"/>	<input type="checkbox"/>	Motion
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Resolution
<input type="checkbox"/>	<input type="checkbox"/>	Ordinance
<input type="checkbox"/>	<input type="checkbox"/>	Legislative Digest
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Budget and Legislative Analyst Report
<input type="checkbox"/>	<input type="checkbox"/>	Youth Commission Report
<input type="checkbox"/>	<input type="checkbox"/>	Introduction Form
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Department/Agency Cover Letter and/or Report
<input type="checkbox"/>	<input type="checkbox"/>	MOU
<input type="checkbox"/>	<input type="checkbox"/>	Grant Information Form
<input type="checkbox"/>	<input type="checkbox"/>	Grant Budget
<input type="checkbox"/>	<input type="checkbox"/>	Subcontract Budget
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Contract/Agreement
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Form 126 – Ethics Commission
<input type="checkbox"/>	<input type="checkbox"/>	Award Letter
<input type="checkbox"/>	<input type="checkbox"/>	Application
<input type="checkbox"/>	<input type="checkbox"/>	Public Correspondence

#### OTHER (Use back side if additional space is needed)

<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Original Contract 50118.02 - 7/1/2019</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Contract Modification No. 1 - 5/28/2020</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Contract Modification No. 2 - 5/18/2021</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Air Comm Reso No. 22-0062 - 4/19/2022</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Air Comm Reso No. 21-0116 - 4/19/2022</u>
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Air Comm Reso No. 19-0026 - 2/19/2019</u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>
<input type="checkbox"/>	<input type="checkbox"/>	<u> </u>

Completed by: Brent Jalipa Date May 20, 2022

Completed by: Brent Jalipa Date May 31, 2022

1 [Airport Professional Services Contract No. 50118.02 - Dignity Health dba St. Mary's Medical  
2 Center - Management and Operation of the SFO Medical Clinic - Not to Exceed \$11,000,000]

3 **Resolution approving Modification No. 3 to Contract No. 50118.02 with Dignity Health**  
4 **dba St. Mary's Medical Center for Management and Operation of the SFO Medical Clinic**  
5 **to extend the term for two years, for a total term of July 1, 2019, through June 30, 2024,**  
6 **and increase the contract amount by \$1,600,000 for a new contract amount not to**  
7 **exceed \$11,000,000, pursuant to Charter, Section 9.118(b).**

8  
9 WHEREAS, On February 19, 2019, by Resolution No. 19-0026, the Airport  
10 Commission awarded the Professional Services Contract No. 50118.02 ("Contract") to Dignity  
11 Health dba St. Mary's Medical Center for Management and Operation of the SFO Medical  
12 Clinic ("Clinic") in an amount not to exceed \$5,900,000 for a period of three years, ending on  
13 June 30, 2022, with one two-year option to extend, exercisable at the sole discretion of the  
14 Airport Commission; and

15 WHEREAS, On May 28, 2020, the Airport Director approved Modification No. 1 to the  
16 Contract to amend the Scope of Services to include onsite COVID-19 testing for Airport  
17 Commission employees, and for employees of authorized tenants, service providers,  
18 licensees and other occupants of the Airport; and

19 WHEREAS, On May 18, 2021, by Resolution No. 21-0116, the Airport Commission  
20 approved Modification No. 2 to the Contract to increase the not to exceed amount to  
21 \$9,400,000 and to reduce the management fee by 50% for fiscal years 2020-2021 and 2021-  
22 2022; and

23 WHEREAS, On April 19, 2022, by Resolution No. 22-0062, the Airport Commission  
24 approved Modification No. 3 to the Contract to extend the term through June 30, 2024, reduce  
25

1 the Clinic's operating hours and increase the Contract amount by \$1,600,000 for a new  
2 Contract amount not to exceed \$11,000,000 ("Modification No. 3"); and

3 WHEREAS, San Francisco Charter, Section 9.118(b) provides that the agreements  
4 entered into by a department, board or commission requiring anticipated expenditures by the  
5 City and County of ten million dollars, shall be subject to approval by the Board of Supervisors  
6 by resolution; and

7 WHEREAS, Copies of Modification No. 3 are on file with the Clerk of the Board of  
8 Supervisors in File No. 220439; now, therefore, be it

9 RESOLVED, That the Board of Supervisors hereby approves Modification No. 3 to  
10 Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to exercise the 2-  
11 year option to extend the term through June 30, 2024, and increase the contract amount by  
12 \$1,600,000 for a new contract amount not to exceed \$11,000,000; and, be it

13 FURTHER RESOLVED, That within thirty (30) days of Modification No. 3 being fully  
14 executed by all parties, the Airport Commission shall provide the executed copies to the Clerk  
15 of the Board for inclusion into the official file.

<b>Item 4</b> <b>File 22-0439</b>	<b>Department:</b> Airport (AIR)
<b>EXECUTIVE SUMMARY</b>	
<p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>The proposed resolution would approve the third modification to the Airport's agreement with Dignity Health (dba St. Mary's Medical Center) to exercise the option to extend the term of the current agreement two-years through June 30, 2024 and increase the contract amount by \$1,600,000 for a new contract amount not to exceed \$11,000,000.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>The SFO Clinic provides urgent care, emergency medicine, occupational health services, travel care, diagnostic services and screen evaluations, and clinical care for City and Airport tenant employees, contractors, and airline travelers.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>The agreement is structured to guarantee Dignity Health is reimbursed for all operating costs net of patient revenue plus a \$355,000 management fee, which was reduced to \$177,500 in FY 2020-21 and FY 2021-22.</li> <li>The original agreement assumed 90,992 patients over the five-year contract provided \$10,376,082 in patient revenues, resulting in a total Airport payment of \$9,506,131. Primarily due to COVID, total patients over the five-year term are now estimated to be 66,664, providing \$6,939,789 in revenues. Clinic staffing, advertising costs, and the management fees were reduced in FY 2020-21 and FY 2021-22.</li> <li>The total payment from FY 2019-20 – FY 2023-24 is \$ \$10,825,878, as shown above. Costs are funded by Airport operating revenues.</li> </ul> <p style="text-align: center;"><b>Policy Consideration</b></p> <ul style="list-style-type: none"> <li>Our analysis suggests that the contracted labor is less expensive than the civil service equivalent by approximately \$850,000 per year. If the City assumed responsibility for the clinic rather than contracting with Dignity Health, total Airport expenses net of patient revenues in FY 2021-22 would be \$2.8 million rather than \$2.2 million. Over the five-year term, total Airport costs would have been \$13.7 million rather than \$10.8 million.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>Approve the proposed resolution.</li> </ul>	



**MANDATE STATEMENT**

City Charter Section 9.118(b) states that any contract entered into by a department, board or commission that (1) has a term of more than ten years, (2) requires expenditures of \$10 million or more, or (3) requires a modification of more than \$500,000 is subject to Board of Supervisors approval.

**BACKGROUND**

The Airport clinic opened in the 1970's and has been operated by Dignity Health – formerly Catholic Health Care West – since 2001. When the prior operating agreement with Dignity Health expired in 2018, the Airport issued a Request for Proposals (RFP) to gather proposals from qualified providers to assume operation of the clinic. According to Cynthia Avakian, Airport Director of Contracts, the Airport received only one response that came from Dignity Health. The Airport determined that Dignity met the minimum qualifications and entered into negotiations. A new operating agreement was reached, and on February 19, 2019, the Airport Commission awarded the Professional Services Contract No. 50118.02 to Dignity Health to operate the SFO Medical Clinic for a not to exceed amount of \$5,900,000. The contract ran for three years, ending on June 30, 2022, with a two-year extension option at the discretion of the Airport Commission. The contract did not require Board of Supervisors approval because it was less than \$10 million.

**Prior Modifications**

On May 28, 2020, the Airport Director approved Modification No. 1 to the Contract to amend the Scope of Services to include onsite COVID-19 testing for Airport Commission employees, and for employees of authorized tenants, service providers, licensees and other tenants of the Airport. A second modification took place on May 18, 2021 when the Airport Commission approved Modification No. 2 to increase the not to exceed amount to \$9,400,000 to provide additional revenue to cover operating revenue losses due to the significantly reduced airlight traffic volumes caused by the pandemic., and reduce the management fee from \$355,000 to \$177,500, or by 50 percent, for fiscal years 2020-2021 and 2021-2022.

**DETAILS OF PROPOSED LEGISLATION**

The proposed resolution would approve the third modification to the Airport's agreement with Dignity Health (dba St. Mary's Medical Center) to exercise the option to extend the term of the current agreement two-years through June 30, 2024, and increase the contract amount by \$1,600,000 for a new contract amount not to exceed \$11,000,000.

**Services Provided**

The SFO Clinic provides urgent care, emergency medicine, occupational health services, travel care, diagnostic services and screen evaluations, and clinical care for City and Airport tenant employees, contractors, and airline travelers. A breakdown of visits by types of services received for FY 2018 show that the majority of visits were accounted for by health care related to worker

compensation (34.7%), drug screening (20.9%), physical therapy (14.5%), and occupational medicine/PT (9.1%). SFO employees account for the majority of clinic visits.

### Contract Monitoring and Oversight

In response to our inquiry regarding performance monitoring and contract oversight, the Airport reported that Labor Distribution Reports are printed every pay period and reconciled with employee time cards. The Airport conducts regular reviews to confirm the Clinic is meeting all the required state and federal licensing and service standards. This includes ensuring that the Clinic is cost-efficient, that staffing is aligned to patient demand, assessing the short-, medium-, and long-term objectives for the Clinic, attending monthly meetings with Dignity Health to review the Clinic's financial performance, and conducting regular on-site visits. AIR also requires the SFO Clinic is subject to an independent annual financial audit. Anwar Elgonemy, Airport Hotel & Special Projects Director, stated he is satisfied that Dignity Health is accurately reporting information on patient visits, services provided, staffing requirements, and patient revenue. Director Elgonemy also stated that he conducts a more extensive review of Clinic operations and finances with representatives from Dignity Health every three months as part of the financial reconciliation that occurs through the true-up process.

### FISCAL IMPACT

The projected and actual expenditures are shown in Exhibit 1. The agreement is structured to guarantee Dignity Health is reimbursed for all operating costs net of patient revenue plus a \$355,000 management fee. The contract stipulates that the Airport will make monthly payments of \$150,000 to Dignity Health. If operating costs exceed patient revenues plus the base fixed \$150,000 payment in a given month, this amount is reimbursed by Airport through a "true up", with settlement taking place every three months. Patient revenues are insurance reimbursements and applicable out of pocket expenses.

### Exhibit 1: Actual and Proposed Budget for Airport Clinic

	Actual	Actual	Projected	Proposed	Proposed	
	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Visit Volume	13,375	10,449	14,000	14,420	14,420	66,664
Revenue Per Visit	\$97	\$113	\$100	\$103	\$106	
Net Patient Revenue	\$1,302,015	\$1,176,802	\$1,400,000	\$1,485,260	\$1,575,712	\$6,939,789
Labor Costs	\$3,204,511	\$3,023,821	\$3,114,536	\$2,751,862	\$2,834,418	\$14,929,148
Non-Labor Expenses	\$313,937	\$263,547	\$271,453	\$279,597	\$287,985	\$1,416,519
Total Operating Expenses	\$3,518,448	\$3,287,368	\$3,385,989	\$3,031,459	\$3,122,403	\$16,345,667
Operating Shortfall	(\$2,216,433)	(\$2,110,566)	(\$1,985,989)	(\$1,546,199)	(\$1,546,691)	(\$9,405,878)
Management Fee	\$355,000	\$177,500	\$177,500	\$355,000	\$355,000	\$1,420,000
<b>Airport Payments</b>	<b>(\$2,571,433)</b>	<b>(\$2,288,066)</b>	<b>(\$2,163,489)</b>	<b>(\$1,901,199)</b>	<b>(\$1,901,691)</b>	<b>(\$10,825,878)</b>

Source: Appendix C-1 of Proposed Amendment

The original agreement assumed 90,992 patients over the five-year contract provided \$10,376,082 in patient revenues, resulting in a total Airport payment of \$9,506,131. Primarily due to COVID, total patients over the five-year term are now estimated to be 66,664, providing \$6,939,789 in revenues. Clinic staffing, advertising costs, and the management fees were reduced in FY 2020-21 and FY 2021-22. The total payment from FY 2019-20 – FY 2023-24 is \$ \$10,825,878, as shown above. Costs are funded by Airport operating revenues.

#### **POLICY CONSIDERATION**

##### **Contracting Services**

Our analysis suggests that the contracted labor is less expensive than the civil service equivalent by approximately \$850,000 per year. If the City assumed responsibility for the clinic rather than contracting with Dignity Health, total Airport expenses net of patient revenues in FY 2021-22 would be \$2.8 million rather than \$2.2 million. Over the five-year term, total Airport costs would have been \$13.7 million rather than \$10.8 million.

#### **RECOMMENDATION**

Approve the proposed resolution.

**City and County of San Francisco  
Airport Commission  
P.O. Box 8097  
San Francisco, California 94128**

**Modification No. 3**

THIS MODIFICATION (this "Modification") is dated April 19, 2022, in San Francisco, California, by and between **Dignity Health dba St. Mary's Medical Center** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission, hereinafter referred to as "**Commission.**"

**RECITALS**

- A. City and Contractor have entered into the Agreement (as defined below); and
- B. On February 19, 2019, by Resolution No. 19-0026, the Commission awarded this Agreement to the Contractor for the initial term of July 1, 2019 through June 30, 2022, in a not-to-exceed amount of \$5,900,000; and
- C. The City and Contractor agreed that due to the COVID-19 pandemic, there was a need to make available onsite testing for diagnosis of COVID-19 for Airport Commission employees, and for employees of Airport tenants, Airlines and other entities that provide services at SFO; and
- D. On May 28, 2020, the Airport Director administratively modified the Agreement (Modification No. 1) to add Dignity Health Medical Foundation (DHMF) as a subcontractor to the Agreement; and
- E. On May 18, 2021, by Resolution No. 21-0116, the Commission approved Modification No. 2 to increase the not-to-exceed amount for the initial term of the Agreement to \$9,400,000, and to reduce the fixed management fee established in the Agreement by 50% for fiscal years 2020-2021 and 2021-2022; and
- F. On April 19, 2022, by Resolution No. 22-0062, the Commission approved Modification No. 3 to exercise the option to extend the term for two years to June 30, 2024 and increase the not-to-exceed amount for the Agreement to \$11,000,000, and to reduce the Clinic's Monday-to-Friday operating hours from 12 to 8 hours for fiscal years 2022-2023 and 2023-2024; and
- G. On \_\_\_\_\_, by Resolution No. \_\_\_\_\_, the Board of Supervisors approved Modification No. 3 under San Francisco Charter Section 9.118; and
- H. There is no Local Business Entity ("LBE") subcontracting participation requirement for this Agreement; and
- I. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 44548-16/17 on April 18, 2022.

NOW, THEREFORE, Contractor and the City agree as follows:

- 1. Article 1. Definitions, Section 1.1 Agreement** means the contract document dated July 1, 2019, Modification No. 1, dated May 28, 2020, Modification No. 2, dated May 18, 2021, including all attached

appendices, and all applicable city ordinances and “Mandatory City Requirements” which are specifically incorporated by reference into the Agreement.

**2. Article 3. Financial Matters, Section 3.3. Compensation, 3.3.1 Payment** is hereby amended to increase the total compensation by \$1,600,000 for a new total not-to-exceed amount of \$11,000,000.

**3. Article 11, General Provisions, Section 11.1 Notices to the Parties** is hereby replaced in its entirety with the following:

**Section 11.1 Notices to the Parties.** Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To City: Anwar Elgonemy, Hotel & Special Projects Director, San Francisco  
International Airport, P.O. Box 8097, San Francisco, CA 94128, 650-821-5804,  
[anwar.elgonemy@flysfso.com](mailto:anwar.elgonemy@flysfso.com)

To Contractor: Daryn Kumar, President and CEO, Dignity Health, St. Mary’s Medical Center,  
450 Stanyan Street, San Francisco, CA 94117, 415-750-4855,  
[daryn.kumar@dignityhealth.com](mailto:daryn.kumar@dignityhealth.com)

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.1.1 The Parties consent to the use of Digital Signatures, affixed using the City’s DocuSign platform, to execute this Agreement and all subsequent modifications.

**4. Appendix A. Scope of Work, Section 1.7. Additional Services, 1.7.7** is replaced in its entirety as follows:

1.7.7 Contractor shall accept all major Preferred Provider Organization (PPO) plans. Contractor shall also diligently and continuously use all commercially reasonable efforts to expand and maintain its Health Maintenance Organization (HMO) network provider contracts at the Airport.

**5. Appendix B, Calculation of Charges, Section 3 Management Fee** is hereby amended to increase the current base amount of the annual Management Fee of \$177,500 to its previous amount of \$355,500 for fiscal years 2022-2023 and 2023-2024.

**6. Appendix C** is hereby replaced in its entirety with the new **Appendix C-1: Financial Projections, Five-Year Budget**.

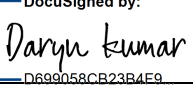
**APPENDIX C-1: FINANCIAL PROJECTIONS  
FIVE-YEAR BUDGET**

FISCAL YEAR	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	TOTAL 5-YR.
	Actual	Actual	Annualized Projected	Estimated Proposed Budget	Estimated Proposed Budget	
<b>BASE CASE SCENARIO</b>						
Visit Volume	13,375	10,449	14,000	14,420	14,853	
Revenue Per Visit	\$97	\$113	\$100	\$103	\$106	
Net Patient Revenue	\$1,302,015	\$1,176,802	\$1,400,000	\$1,485,260	\$1,575,712	\$6,939,789
Labor Costs	\$3,204,511	\$3,023,821	\$3,114,536	\$2,751,862	\$2,834,418	\$14,929,147
Additional Staffing	\$0	\$0	\$0	\$0	\$0	\$0
Additional Advertising	\$0	\$0	\$0	\$0	\$0	\$0
Non-Labor Expenses	\$313,937	\$263,547	\$271,453	\$279,597	\$287,985	\$1,416,519
EMR Interface between eCW and Cerner PCA	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$3,518,448	\$3,287,368	\$3,385,989	\$3,031,459	\$3,122,402	\$16,345,666
Operating Shortfall (Base Case Scenario)	-\$2,216,433	-\$2,110,566	-\$1,985,989	-\$1,546,199	-\$1,546,690	-\$9,405,877
Mgmt. Fee (Fixed)	\$355,000	\$177,500	\$177,500	\$355,000	\$355,000	\$1,420,000
Mgmt. Fee Adj. (60% of Savings): To Be Determined		\$0	\$0	\$0	\$0	
Total Mgmt. Fee	\$355,000	\$177,500	\$177,500	\$355,000	\$355,000	\$1,420,000
<b>PROJECTED SFO PAYMENTS (BASE CASE)</b>	<b>\$2,571,433</b>	<b>\$2,288,066</b>	<b>\$2,163,489</b>	<b>\$1,901,199</b>	<b>\$1,901,690</b>	<b>\$10,825,877</b>
<b>PROJECTED SFO PAYMENTS (RANGE)</b>	<b>\$2,571,433</b>	<b>\$2,288,066</b>	<b>\$2,163,489</b>	<b>\$1,901,199</b>	<b>\$1,901,690</b>	
			<b>\$2,763,489</b>	<b>\$2,701,199</b>	<b>\$2,701,690</b>	
<b>MAX. PROJECTED BUDGET 3-YR. &amp; 5-YR. BUDGET (RANGE)</b>			<b>\$7,022,988</b>		<b>\$10,825,877</b>	
			<b>\$7,622,988</b>		<b>\$13,025,877</b>	

**7. Effective Date.** Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

**8. Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By: _____ Ivar C. Satero, Airport Director	DocuSigned by:  <small>D699058CB23B4E9</small> _____ Authorized Signature
Attest:	_____
	Daryn Kumar
By _____ Kantrice Ogletree, Secretary Airport Commission	_____
Resolution No: <u>22-0062</u>	<u>Dignity Health, dba St. Mary's Medical Center</u>
Adopted on: <u>April 19, 2022</u>	<u>0000021370</u>
Approved as to Form:	City Supplier ID
David Chiu City Attorney	<u>450 Stanyan Street</u>
	<u>San Francisco, CA 94117</u>
By _____ Christopher Stuart Deputy City Attorney	<u>415-750-4855</u>
	<u>94-1196203</u>

**City and County of San Francisco  
Airport Commission  
P.O. Box 8097  
San Francisco, California 94128**

**Agreement between the City and County of San Francisco and  
Dignity Health, St. Mary's Medical Center**

**Contract No. 50118.02**

This Agreement is made this 1<sup>st</sup> day of July, 2019 (this "Agreement"), in the City and County of San Francisco, State of California, by and between: **Dignity Health dba St. Mary's Medical Center**, 450 Stanyan Street, San Francisco, CA 94117 ("Contractor") and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission (the "Commission").

**Recitals**

- A. The Commission wishes to contract for the management and operation of the SFO Medical Clinic (the "Clinic") at the San Francisco International Airport (the "Airport" or "SFO"); and,
- B. The Commission is authorized to enter into all contracts which relate to matters under its jurisdiction; and
- C. On August 7, 2018, the Commission authorized the issuance of a Request for Proposals ("RFP") No. 50118.02 for the management and operation of the SFO Medical Clinic, and to negotiate with the highest ranked proposer; and
- D. On October 12, 2018, Airport staff issued the RFP;
- E. On December 5, 2018, Contractor submitted its proposal, and Airport staff determined that Contractor's proposal was the sole qualified proposal (and therefore no ranking of the proposals was required or conducted); and
- F. On February 19, 2019, by Resolution No. 19-0026, the Commission awarded the contract set forth in this Agreement to Contractor for an initial term of three (3) years for a not-to-exceed amount of **Five Million Nine Hundred Thousand Dollars (\$5,900,000)**; and
- G. There is no Local Business Entity ("LBE") subcontracting participation requirement for this Agreement; and
- H. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 44548-16/17 on June 6, 2017.

Now, THEREFORE, the parties agree as follows:

**Article 1      Definitions**

The following definitions apply to this Agreement:



1.1 "Agreement" means this contract document, including all attached appendices, and all applicable City Ordinances and Mandatory City Requirements which are specifically incorporated by reference into this Agreement.

1.2 "City" or "the City" means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration, referred to as "Purchasing," or the Director's designated agent, Airport Commission.

1.3 "CMD" means the Contract Monitoring Division of the City.

1.4 "Contractor" or "Consultant" means Dignity Health, St. Mary's Medical Center, 450 Stanyan Street, San Francisco, CA 94117.

1.5 "Deliverables" means Contractor's work product resulting from the Services that are provided by Contractor to City during the course of Contractor's performance of the Agreement, including without limitation, the work product described in the "Scope of Services" attached as Appendix A.

1.6 "Effective Date" means July 1, 2019, provided that by that date the City's Controller certifies the availability of funds for this Agreement as provided in Section 3.1.

1.7 "Mandatory City Requirements" means those City laws set forth in the San Francisco Municipal Code, including the duly authorized rules, regulations, and guidelines implementing such laws that impose specific duties and obligations upon Contractor.

1.8 "Party" and "Parties" mean the City and Contractor either collectively or individually.

1.9 "Services" means the work performed by Contractor under this Agreement as specifically described in the "Scope of Services" attached as Appendix A, including all services, labor, supervision, materials, equipment, actions and other requirements to be performed and furnished by Contractor under this Agreement.

## **Article 2 Term of the Agreement**

2.1 The term of this Agreement shall commence on the latter of: (i) **July 1, 2019**; or (ii) the Effective Date, and expire on **June 30, 2022**, unless earlier terminated or extended as otherwise provided in this Agreement.

2.2 The City has **one (1)** option to renew the Agreement for a period of **two (2) years** (the "Extension Term"). The City may extend this Agreement beyond the expiration date by exercising this option at the City's sole and absolute discretion by delivering written notice of such option no later than 90 days prior to the expiration of the initial term.. Such validly exercised notice of extension shall not constitute or require a formal written modification of this Agreement.

## **Article 3 Financial Matters**

3.1 **Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation under this Agreement shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability

or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

**THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.**

**3.2 Guaranteed Maximum Costs.** The City's payment obligation to Contractor cannot at any time exceed the amount certified by City's Controller for the purpose and period stated in such certification. Absent an authorized Emergency per the City Charter or applicable Code, no City representative is authorized to offer or promise, nor is the City required to honor, any offered or promised payments to Contractor under this Agreement in excess of the certified maximum amount without the Controller having first certified the additional promised amount and the Parties having modified this Agreement as provided in Section 11.5, "Modification of this Agreement."

**3.3 Compensation.**

**3.3.1 Payment.** Compensation shall be made in monthly payments on or before the last day of each month, as set forth in Appendix B of this Agreement, for work that the Airport Director (hereafter "Director"), in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed **Five Million Nine Hundred Thousand Dollars (\$5,900,000)**, over the initial term of the first three fiscal years, as set forth in the annual breakdown of costs associated with this Agreement which is presented in Appendix C. "Five-Year Budget", attached hereto and incorporated by reference as though fully set forth herein. Should the City exercise the option to extend the Agreement for the Extension Term per Section 2.2, the total amount of this Agreement for the Extension Term shall not exceed Three Million Eight Hundred Thousand Dollars (\$3,800,000), as set forth in the Five Year Budget. In no event shall City be liable for interest or late charges for any late payments.

**3.3.2 Payment Limited to Satisfactory Services.** Contractor is not entitled to any payments from City until Airport Commission approves the invoices submitted by Contractor, as specified in Appendix B – Calculation of Charges.

**3.3.3 Withhold Payments.** If Contractor fails to provide Services consistent with Contractor's obligations under this Agreement, the City may withhold any and all payments due Contractor until such failure to perform is cured, and Contractor shall not stop work as a result of City's withholding of payments as provided in this Agreement.

**3.3.4 Invoice Format.** Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Controller and City, and must include a unique invoice number. Payment shall be made by City as specified in 3.3.6, or in such alternate manner as the Parties have mutually agreed upon in writing.

**3.3.5 LBE Payment and Utilization Tracking System.** Not Applicable.

**3.3.6 Getting paid for goods and/or services from the City.**

(a) All City suppliers receiving new contracts, contract renewals, or contract extensions must sign up to receive electronic payments through the City's third party service that provides Automated Clearing House (ACH) payments. Electronic payments are processed every business day and are safe and secure. To sign up for electronic payments, visit [www.sfgov.org/ach](http://www.sfgov.org/ach).

(b) The following information is required to sign up: (i) The enroller must be their company's authorized financial representative, (ii) the company's legal name, main telephone number and all physical and remittance addresses used by the company, (iii) the company's U.S. federal employer identification number (EIN) or Social Security number (if they are a sole proprietor), and (iv) the company's bank account information, including routing and account numbers.

**3.4 Audit and Inspection of Records.** Contractor agrees to maintain and make available to the City, during regular business hours, accurate books and accounting records relating to its Services. Contractor will permit City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not fewer than five years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any Federal agency having an interest in the subject matter of this Agreement shall have the same rights as conferred upon City by this Section. Contractor shall include the same audit and inspection rights and record retention requirements in all subcontracts.

**3.5 Submitting False Claims.** The full text of San Francisco Administrative Code §6.80-6.83, including the enforcement and penalty provisions, is incorporated into this Agreement. Under San Francisco Administrative Code §6.80-6.83, any contractor, subcontractor, supplier, consultant or subconsultant who submits a false claim shall be liable to the City for the statutory penalties set forth in those sections. A contractor, subcontractor, supplier, consultant or subconsultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

**3.6 Payment of Prevailing Wages – Not Applicable**

**Article 4 Services and Resources**

**4.1 Services Contractor Agrees to Perform.** Contractor agrees to perform the Services provided for in Appendix A, "Scope of Services." Officers and employees of the City are not authorized to request, and the City is not required to reimburse Contractor for, Services beyond the Scope of Services listed in Appendix A, unless Appendix A is modified as provided in Section 11.5, "Modification of this Agreement."

**4.2 Qualified Personnel.** Contractor shall utilize only competent personnel under the supervision of, and in the employment of, Contractor (or Contractor's authorized subcontractors) to perform the Services. Contractor will comply with City's reasonable requests regarding assignment

and/or removal of personnel, but all personnel, including those assigned at City's request, must be supervised by Contractor. Contractor shall commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

#### **4.3 Subcontracting.**

4.3.1 Contractor may subcontract portions of the Services only upon prior written approval of City. Contractor is responsible for its subcontractors throughout the course of the work required to perform the Services. All Subcontracts must incorporate the terms of Article 10 "Additional Requirements Incorporated by Reference" of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void.

4.3.2 Contractor will not employ subcontractors, but may hire medical professionals as independent contractors to fill certain roles listed in Appendix D, Five-Year Staffing Plan.

#### **4.4 Independent Contractor; Payment of Employment Taxes and Other Expenses.**

4.4.1 **Independent Contractor.** For the purposes of this Article 4, "Contractor" shall be deemed to include not only Contractor, but also any agent or employee of Contractor. Contractor acknowledges and agrees that at all times, Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by City under this Agreement. Contractor, its agents, and employees will not represent or hold themselves out to be employees of the City at any time. Contractor or any agent or employee of Contractor shall not have employee status with City, nor be entitled to participate in any plans, arrangements, or distributions by City pertaining to or in connection with any retirement, health or other benefits that City may offer its employees. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Contractor shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Contractor's performing services and work, or any agent or employee of Contractor providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between City and Contractor or any agent or employee of Contractor. Any terms in this Agreement referring to direction from City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. City does not retain the right to control the means or the method by which Contractor performs work under this Agreement. Contractor agrees to maintain and make available to City, upon request and during regular business hours, accurate books and accounting records demonstrating Contractor's compliance with this section. Should City determine that Contractor, or any agent or employee of Contractor, is not performing consistent with the requirements of this Agreement, City shall provide Contractor with written notice of such failure. Within five (5) business days of Contractor's receipt of such notice, and consistent with Contractor policy and procedure, Contractor shall remedy the deficiency. If City believes that an action of Contractor, or any agent or employee of Contractor, warrants immediate remedial action by Contractor, City shall contact Contractor and provide Contractor in writing with the reason for requesting such immediate action.

4.4.2 **Payment of Employment Taxes and Other Expenses.** Should City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already

paid by Contractor which can be applied against this liability). City shall then forward those amounts to the relevant taxing authority. Should a relevant taxing authority determine a liability for past services performed by Contractor for City, upon notification of such fact by City, Contractor shall promptly remit such amount due or arrange with City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability). A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of City. Notwithstanding the foregoing, Contractor agrees to indemnify and save harmless City and its officers, agents and employees from, and, if requested, shall defend them against any and all claims, losses, costs, damages, and expenses, including attorneys' fees, arising from this section.

**4.5 Assignment.** The Services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations may be assigned or delegated by Contractor unless first approved by City by written instrument executed and approved in the same manner as this Agreement. Any purported assignment made in violation of this provision shall be null and void.

**4.6 Warranty.** Contractor represents and warrants that it is qualified to perform the Services required by City under this Agreement Contractor warrants to City that the Services will be performed with the degree of skill and care that is required by current, good and sound professional procedures and practices, and in conformance with generally accepted professional standards prevailing at the time the Services are performed so as to ensure that all Services performed are correct and appropriate for the purposes contemplated in this Agreement.

## **Article 5 Insurance and Indemnity**

### **5.1 Insurance.**

**5.1.1 Required Coverages.** Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(a) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident, injury, or illness; and

(b) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence and \$2,000,000 general aggregate for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; policy must include Abuse and Molestation coverage; and

(c) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence, "Combined Single Limit" for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

(d) Professional liability insurance, applicable to Contractor's profession, with limits not less than \$3,000,000 each claim with respect to negligent acts, errors or omissions in connection with the Services.

(e) Cyber Security and Privacy Insurance Liability, with limits not less than \$5,000,000 each occurrence applicable to Contractors network system, electronic data, and electronic medical records. Such insurance shall include coverage for liability, fines penalties, along any notification requirements and/or any notice requirements arising from theft, dissemination, and/or use of confidential information, including but not limited to, patient account information or personal information, such as name, address, social security numbers, protected health information or other personally identifying information, stored or transmitted in electronic or physical form.

5.1.2 Commercial General Liability and Commercial Automobile Liability Insurance policies must be endorsed to provide:

(a) Name as Additional Insured the City and County of San Francisco, its Officers, Agents, and Employees.

(b) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

5.1.3 All policies shall be endorsed to provide thirty (30) days' advance written notice to the City of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the City address set forth in Section 11.1, entitled "Notices to the Parties."

5.1.4 Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

5.1.5 Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

5.1.6 Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

5.1.7 Before commencing any Services, Contractor shall furnish to City certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to City, in form evidencing all coverages set forth above. Approval of the insurance by City shall not relieve or decrease Contractor's liability hereunder.

5.1.8 The Workers' Compensation policy(ies) shall be endorsed with a waiver of subrogation in favor of the City for all work performed by Contractor, its employees, agents and subcontractors.

5.1.9 If Contractor will use any subcontractor(s) to provide Services, Contractor shall require the subcontractor(s) to provide all necessary insurance and to name the City and County of San Francisco, its officers, agents and employees and Contractor as additional insureds.

5.2 **Indemnification.** Contractor shall indemnify and hold harmless City and its officers, agents and employees from, and, if requested, shall defend them from and against any and all claims, demands, losses, damages, costs, expenses, and liability (legal, contractual, or otherwise) arising from or in any way connected with any: (i) injury to or death of a person, including employees of City or Contractor; (ii) loss of or damage to property; (iii) violation of local, state, or federal common law, statute or regulation, including but not limited to privacy or personally identifiable information, health information, disability and labor laws or regulations; (iv) strict liability imposed by any law or regulation; or (v) losses arising from Contractor's execution of subcontracts not in accordance with the requirements of this Agreement applicable to subcontractors; so long as such injury, violation, loss, or strict liability (as set forth in subsections (i) – (v) above) arises directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, Contractor's use of facilities or equipment provided by City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors, or either's agent or employee. The foregoing indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and City's costs of investigating any claims against the City.

In addition to Contractor's obligation to indemnify City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by City and continues at all times thereafter.

Contractor shall indemnify and hold City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons arising directly or indirectly from the receipt by City, or any of its officers or agents, of Contractor's Services.

## **Article 6 Liability of the Parties**

6.1 **Liability of City.** CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 3.3.1, "PAYMENT," OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

6.2 **Liability for Use of Equipment.** City shall not be liable for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or any of its subcontractors, or by any of their employees, even though such equipment is furnished, rented or loaned by City.

6.3 **Liability for Incidental and Consequential Damages.** Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions.

## **Article 7      Payment of Taxes**

7.1 Except for any applicable California sales and use taxes charged by Contractor to City, Contractor shall pay all taxes, including possessory interest taxes levied upon or as a result of this Agreement, or the Services delivered under this Agreement. Contractor shall remit to the State of California any sales or use taxes paid by City to Contractor under this Agreement. Contractor agrees to promptly provide information requested by the City to verify Contractor's compliance with any State requirements for reporting sales and use tax paid by City under this Agreement.

7.2 Contractor acknowledges that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles Contractor to possession, occupancy, or use of City property for private gain. If such a possessory interest is created, then the following shall apply:

7.2.1 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest.

7.2.2 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor agrees on behalf of itself and its permitted successors and assigns to report on behalf of the City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

7.2.3 Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

7.2.4 Contractor further agrees to provide such other information as may be requested by the City to enable the City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

## **Article 8      Termination and Default**

### **8.1 Termination for Convenience**

8.1.1 City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. City shall exercise this option by



giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

8.1.2 Upon receipt of the notice of termination, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by City and to minimize the liability of Contractor and City to third parties as a result of termination. All such actions shall be subject to the prior approval of City. Such actions shall include, without limitation:

- (a) Halting the performance of all Services under this Agreement on the date(s) and in the manner specified by City.
- (b) Terminating all existing orders and subcontracts, and not placing any further orders or subcontracts for materials, Services, equipment or other items.
- (c) At City's direction, assigning to City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.
- (d) Subject to City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.
- (e) Completing performance of any Services that City designates to be completed prior to the date of termination specified by City.
- (f) Taking such action as may be necessary, or as the City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which City has or may acquire an interest.

8.1.3 Within 30 days after the specified termination date, Contractor shall submit to City an invoice, which shall set forth each of the following as a separate line item:

- (a) The reasonable cost to Contractor, without profit, for all Services prior to the specified termination date, for which Services City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for Services. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.
- (b) A reasonable allowance for profit on the cost of the Services described in the immediately preceding subsection (a), provided that Contractor can establish, to the satisfaction of City, that Contractor would have made a profit had all Services under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.
- (c) The reasonable cost to Contractor of handling material or equipment returned to the supplier, delivered to the City or otherwise disposed of as directed by the City.
- (d) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to City, and any other appropriate credits to City against the cost of the Services or other work.

8.1.4 In no event shall City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by City, except for those costs specifically enumerated and described in Section 8.1.3. Such non-recoverable costs include, but are not limited to, anticipated profits on the Services under this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under Section 8.1.3.

8.1.5 In arriving at the amount due to Contractor under this Section, City may deduct: (i) all payments previously made by City for Services covered by Contractor's final invoice; (ii) any claim which City may have against Contractor in connection with this Agreement; (iii) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection 8.1.4; and (iv) in instances in which, in the opinion of the City, the cost of any Service performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected Services, the difference between the invoiced amount and City's estimate of the reasonable cost of performing the invoiced Services in compliance with the requirements of this Agreement.

8.1.6 City's payment obligation under this Section shall survive termination of this Agreement.

## 8.2 Termination for Default; Remedies.

8.2.1 Each of the following shall constitute an immediate event of default ("Event of Default") under this Agreement:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims.	10.10	Alcohol and Drug-Free Workplace
4.5	Assignment	10.13	Working with Minors
Article 5	Insurance and Indemnity	11.9	Compliance with Laws
Article 7	Payment of Taxes	13.1	Nondisclosure of Private, Proprietary or Confidential Information

(b) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated into this Agreement by reference, and such default continues for a period of ten days after written notice thereof from City to Contractor.

(c) Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property; or (v) takes action for the purpose of any of the foregoing.

(d) A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect

to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

8.2.2 On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

8.2.3 All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

8.2.4 Any notice of default must be sent by registered mail to the address set forth in Article 11.

8.3 **Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions.

#### 8.4 **Rights and Duties upon Termination or Expiration.**

8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.2	Payment Limited to Satisfactory Services	9.1	Ownership of Results
		9.2	Works for Hire
3.4	Audit and Inspection of Records	11.5	Dispute Resolution Procedure
3.5	Submitting False Claims	11.6	Agreement Made in California; Venue
Article 5	Insurance and Indemnity	11.7	Construction
6.1	Liability of City	11.8	Entire Agreement
6.3	Liability for Incidental and Consequential Damages	11.9	Compliance with Laws
Article 7	Payment of Taxes	11.10	Severability
8.1.6	Payment Obligation	13.1	Nondisclosure of Private, Proprietary or Confidential Information

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City.

## **Article 9 Rights In Deliverables**

9.1 **Ownership of Results.** Any interest of Contractor or its subcontractors, in the Deliverables, including any drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors for the purposes of this agreement, shall become the property of and will be transmitted to City. However, unless expressly prohibited elsewhere in this Agreement, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

9.2 **Works for Hire.** If, in connection with Services, Contractor or its subcontractors creates Deliverables including, without limitation, artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes, or any other original works of authorship, whether in digital or any other format, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works shall be the property of the City. If any Deliverables created by Contractor or its subcontractor(s) under this Agreement are ever determined not to be works for hire under U.S. law, Contractor assigns all Contractor's copyrights to such Deliverables to the City, agrees to provide any material and execute any documents necessary to effectuate such assignment, and agrees to include a clause in every subcontract imposing the same duties upon subcontractor(s). With City's prior written approval, Contractor and its subcontractor(s) may retain and use copies of such works for reference and as documentation of their respective experience and capabilities.

## **Article 10 Additional Requirements Incorporated by Reference**

10.1 **Laws Incorporated by Reference.** The full text of the laws listed in this Article 10, including enforcement and penalty provisions, are incorporated by reference into this Agreement. The full text of the San Francisco Municipal Code provisions incorporated by reference in this Article and elsewhere in the Agreement ("Mandatory City Requirements") are available at [http://www.amlegal.com/codes/client/san-francisco\\_ca/](http://www.amlegal.com/codes/client/san-francisco_ca/).

10.2 **Conflict of Interest.** By executing this Agreement, Contractor certifies that it does not know of any fact which constitutes a violation of Section 15.103 of the City's Charter; Article III, Chapter 2 of City's Campaign and Governmental Conduct Code; Title 9, Chapter 7 of the California Government Code (Section 87100 *et seq.*), or Title 1, Division 4, Chapter 1, Article 4 of the California Government Code (Section 1090 *et seq.*), and further agrees promptly to notify the City if it becomes aware of any such fact during the term of this Agreement.

10.3 **Prohibition on Use of Public Funds for Political Activity.** In performing the Services, Contractor shall comply with San Francisco Administrative Code Chapter 12G, which prohibits funds appropriated by the City for this Agreement from being expended to participate in, support, or attempt to

influence any political campaign for a candidate or for a ballot measure. Contractor is subject to the enforcement and penalty provisions in Chapter 12G.

**10.4 Reserved.**

**10.5 Nondiscrimination Requirements**

**10.5.1 Nondiscrimination in Contracts.** Contractor shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code. Contractor shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Contractor is subject to the enforcement and penalty provisions in Chapters 12B and 12C.

**10.5.2 Nondiscrimination in the Provision of Employee Benefits.** San Francisco Administrative Code 12B.2. Contractor does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the City elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

**10.6 Local Business Enterprise and Non-Discrimination in Contracting Ordinance.** Contractor shall comply with all applicable provisions of Chapter 14B ("LBE Ordinance"). Contractor is subject to the enforcement and penalty provisions in Chapter 14B.

**10.7 Minimum Compensation Ordinance.** Contractor shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Contractor is subject to the enforcement and penalty provisions in Chapter 12P. By signing and executing this Agreement, Contractor certifies that it is in compliance with Chapter 12P.

**10.8 Health Care Accountability Ordinance.** Contractor shall comply with San Francisco Administrative Code Chapter 12Q. Contractor shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Contractor is subject to the enforcement and penalty provisions in Chapter 12Q.

**10.9 First Source Hiring Program.** Contractor must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Contractor is subject to the enforcement and penalty provisions in Chapter 83.

**10.10 Alcohol and Drug-Free Workplace.** City reserves the right to deny access to, or require Contractor to remove from, City facilities personnel of any Contractor or subcontractor who City has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs City's ability to maintain safe work facilities or to protect the health and well-being of City employees and the general public. City shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, City facilities. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol.

**10.11 Limitations on Contributions.** By executing this Agreement, Contractor acknowledges that it is familiar with section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor must inform each such person of the limitation on contributions imposed by Section 1.126 and provide the names of the persons required to be informed to City.

**10.12 Slavery Era Disclosure.** – Not Applicable

**10.13 Working with Minors** – Not Applicable

**10.14 Consideration of Criminal History in Hiring and Employment Decisions**

10.14.1 Contractor agrees to comply fully with and be bound by all of the provisions of Chapter 12T, "City Contractor/Subcontractor Consideration of Criminal History in Hiring and Employment Decisions," of the San Francisco Administrative Code ("Chapter 12T"), including the remedies provided, and implementing regulations, as may be amended from time to time. The provisions of Chapter 12T are incorporated by reference and made a part of this Agreement. The text of the Chapter 12T is available on the web at <http://sfgov.org/olse/fco>. A partial listing of some of Contractor's obligations under Chapter 12T is set forth in this Section. Contractor is required to comply with all of the applicable provisions of 12T, irrespective of the listing of obligations in this Section. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12T.

10.14.2 The requirements of Chapter 12T shall only apply to a Contractor's or Subcontractor's operations to the extent those operations are in furtherance of the performance of this Agreement, shall apply only to applicants and employees who would be or are performing work in furtherance of this Agreement, and shall apply when the physical location of the employment or prospective employment of an individual is wholly or substantially within the City of San Francisco which excludes Airport property. Chapter 12T shall not apply when the application in a particular context would conflict with federal or state law or with a requirement of a government agency implementing federal or state law.

**10.15 Public Access to Nonprofit Records and Meetings.** If Contractor receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, Contractor must comply with the City's Public Access to Nonprofit Records and Meetings requirements, as set forth in Chapter 12L of the San Francisco Administrative Code, including the provided remedies.

10.16 **Food Service Waste Reduction Requirements.** Contractor shall comply with the Food Service Waste Reduction Ordinance, as set forth in San Francisco Environment Code Chapter 16, including but not limited to the provided remedies for noncompliance.

10.17 **Sugar-Sweetened Beverage Prohibition.** Not applicable.

## **Article 11      General Provisions**

11.1 **Notices to the Parties.** Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To City:            Leo Fermin  
                      Chief Business & Finance Officer  
                      San Francisco International Airport  
                      P.O. Box 8097  
                      San Francisco, CA 94128  
                      Office:            650-821-5035  
                      Fax:                650-821-5005  
                      E-mail:            Leo.Fermin@flysfo.com

To Contractor:    John Allen  
                      Hospital President and CEO  
                      Dignity Health, St. Mary's Medical Center  
                      450 Stanyan Street  
                      San Francisco, CA 94117  
                      Office:            415-750-5799  
                      Fax:                415-668-4531  
                      E-mail:            John.Allen@DignityHealth.org

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

11.2 **Compliance with Americans with Disabilities Act.** Contractor shall provide the Services in a manner that complies with the Americans with Disabilities Act (ADA), including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

11.3 **Sunshine Ordinance.** Contractor acknowledges that this Agreement and all records related to its formation, Contractor's performance of Services, and City's payment are subject to the California Public Records Act, (California Government Code §6250 *et. seq.*), and the San Francisco Sunshine Ordinance, (San Francisco Administrative Code Chapter 67). Such records are subject to public inspection and copying unless exempt from disclosure under federal, state or local law.

11.4 **Modification of this Agreement.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except as noted in Section 11.1, "Notices to Parties," regarding change in personnel or place, and except by written instrument executed and approved in the same manner as this Agreement.

## **11.5 Dispute Resolution Procedure.**

**11.5.1 Negotiation; Alternative Dispute Resolution.** The Parties will attempt in good faith to resolve any dispute or controversy arising out of or relating to the performance of services under this Agreement. If the Parties are unable to resolve the dispute, then, under San Francisco Administrative Code Section 21.36, Contractor may submit to the Contracting Officer a written request for administrative review and documentation of Contractor's claim(s). Upon such request, the Contracting Officer shall promptly issue an administrative decision in writing, stating the reasons for the action taken and informing Contractor of its right to judicial review. If agreed by both Parties in writing, the Parties may resolve disputes by a mutually agreed-upon alternative dispute resolution process. If the parties do not mutually agree to an alternative dispute resolution process or such efforts do not resolve the dispute, then either Party may pursue any remedy available under California law. The status of any dispute or controversy notwithstanding, Contractor shall proceed diligently with the performance of its obligations consistent with the Agreement and the written directions of the City. Neither Party will be entitled to legal fees or costs for matters resolved under this section.

**11.5.2 Government Code Claim Requirement.** No suit for money or damages may be brought against the City until a written claim has first been presented to and rejected by the City in conformity with the provisions of San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq. Nothing set forth in this Agreement shall operate to toll, waive or excuse Contractor's compliance with the California Government Code Claim requirements set forth in San Francisco Administrative Code Chapter 10 and California Government Code Section 900, et seq.

**11.6 Agreement Made in California; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

**11.7 Construction.** All paragraph captions are for reference only and shall not be considered in construing this Agreement.

**11.8 Entire Agreement.** This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be modified only as provided in Section 11.5, "Modification of this Agreement."

**11.9 Compliance with Laws.** Contractor shall keep itself fully informed of the City's Charter, codes, ordinances and duly adopted rules and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

**11.10 Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

**11.11 Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of City and Contractor, and both Parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No Party shall be considered the drafter of this Agreement, and no presumption



or rule that an ambiguity shall be construed against the Party drafting the clause shall apply to the interpretation or enforcement of this Agreement.

11.12 **Order of Precedence.** Contractor agrees to perform the services described below consistent with the terms and conditions of this Agreement, implementing task orders, the RFP, and Contractor's proposal dated December 5, 2018. The RFP and Contractor's proposal are incorporated by reference into this Agreement. Should there be a conflict of terms or conditions, this Agreement and any implementing task orders shall control over the RFP and Contractor's proposal.

## **Article 12 Requirements For Airport Contracts**

12.1 **Airport Commission Rules and Regulations.** Contractor agrees to comply with the Airport Commission's Rules and Regulations for the San Francisco International Airport as amended from time to time. A copy of the current Rules and Regulations can be found at: <http://www.flysfo.com/about-sfo/the-organization/rules-and-regulations>.

12.2 **Airport Intellectual Property.** Pursuant to Resolution No. 01-0118, adopted by the Airport Commission on April 18, 2001, the Airport Commission affirmed that it will not tolerate the unauthorized use of its intellectual property, including the SFO logo, CADD designs, and copyrighted publications. All proposers, bidders, contractors, tenants, permittees, and others doing business with or at the Airport (including subcontractors and subtenants) may not use the Airport intellectual property, or any intellectual property confusingly similar to the Airport intellectual property, without the Airport Director's prior consent.

12.3 **Labor Peace / Card Check Rule.** Without limiting the generality of other provisions in this Agreement requiring Contractor to comply with all Airport Rules, Contractor shall comply with the Airport's Labor Peace / Card Check Rule, adopted on February 1, 2000, pursuant to Airport Commission Resolution No. 00-0049 (the "Labor Peace / Card Check Rule"). Capitalized terms not defined in this provision are defined in the Labor Peace/Card Check Rule. To comply with the Labor Peace/Card Check Rule, Contractor shall, among other actions: (a) Enter into a Labor Peace/Card Check Rule Agreement with any Labor Organization which requests such an agreement and which has registered with the Airport Director or his / her designee, within thirty (30) days after Labor Peace/Card Check Rule Agreement has been requested; (b) Not less than thirty (30) days prior to the modification of this Agreement, Contractor shall provide notice by mail to any Labor Organization or federation of labor organizations which have registered with the Airport Director or his / her designee (registered labor organization"), that Contractor is seeking to modify or extend this Agreement; (c) Upon issuing any request for proposals, invitations to bid, or similar notice, or in any event not less than thirty (30) days prior to entering into any Subcontract, Contractor shall provide notice to all registered Labor Organizations that Contractor is seeking to enter into such Subcontract; and (d) Contractor shall include in any subcontract with a Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor performing services pursuant to any covered Contract, a provision requiring the Subcontractor to comply with the requirements of the Labor Peace/Card Check Rule. If Airport Director determines that Contractor violated the Labor Peace/Card Check Rule, Airport Director shall have the option to terminate this Agreement, in addition to exercising all other remedies available to him / her.

12.4 **Federal Fair Labor Standards Act.** This Agreement incorporates by reference the provisions of 29 USC §201, the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. Contractor has full responsibility to monitor compliance to the

referenced statute or regulation. Contractor must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

**12.5 Occupational Safety and Health Act of 1970.** This Agreement incorporates by reference the requirements of 29 CFR §1910 with the same force and effect as if given in full text. Contractor must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. Contractor retains full responsibility to monitor its compliance and their subcontractor's compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29 CFR §1910). Contractor must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

**12.6 Federal Nondiscrimination Requirements.** During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as "Contractor") agrees as follows:

**12.6.1 Compliance with Regulations.** Contractor (hereinafter includes consultants) will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.

**12.6.2 Nondiscrimination.** Contractor, with regard to the work performed by it during the Agreement, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Contractor will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the Agreement covers any activity, project, or program set forth in Appendix B of 49 CFR §21.

**12.6.3 Solicitations for Subcontracts.** Including Procurements of Materials and Equipment: In all solicitations, either by competitive bidding, or negotiation made by Contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by Contractor of Contractor's obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.

**12.6.4 Information and Reports.** Contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Airport or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts and Authorities and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Airport or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.

**12.6.5 Sanctions for Noncompliance.** In the event of a contractor's noncompliance with the Non-discrimination provisions of this Agreement, the Airport will impose such contract sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to:

(a) Withholding payments to the contractor under the contract until the contractor complies; and/or

(b) Cancelling, terminating, or suspending a contract, in whole or in part.

**12.6.6 Incorporation of Provisions.** Contractor will include the provisions of paragraphs 12.6.1 through 12.6.6 in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. Contractor will take action with respect to any subcontract or procurement as the Airport or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if Contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, Contractor may request the Airport to enter into any litigation to protect the interests of the Airport. In addition, Contractor may request the United States to enter into the litigation to protect the interests of the United States.

**12.6.7 Title VI List of Pertinent Nondiscrimination Acts and Authorities.** During the performance of this Agreement, Contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "Contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

- Title VI of the Civil Rights Act of 1964 (42 USC §2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
- 49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 USC §4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Section 504 of the Rehabilitation Act of 1973, (29 USC. §794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR §27;
- The Age Discrimination Act of 1975, as amended, (42 USC §6101 *et seq.*), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC §471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 USC §12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR §37 and 38 and the Department of Justice regulations at 28 CFR, parts 35 and 36;
- The Federal Aviation Administration's Non-discrimination statute (49 USC §47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 CFR at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 USC §1681 *et seq.*).

## **Article 13      Data and Security**

### **13.1      Nondisclosure of Private, Proprietary or Confidential Information.**

13.1.1 If this Agreement requires City to disclose "Private Information" to Contractor within the meaning of San Francisco Administrative Code Chapter 12M, Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

13.1.2 In the performance of Services, Contractor may have access to City's proprietary or confidential information, the disclosure of which to third parties may damage City. If City discloses proprietary or confidential information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary or confidential information.

**13.2      Payment Card Industry ("PCI") Requirements.** Contractors providing services and products that handle, transmit or store cardholder data, are subject to the following requirements:

13.2.1 Applications shall be compliant with the Payment Application Data Security Standard (PA-DSS) and validated by a Payment Application Qualified Security Assessor (PA-QSA). A Contractor whose application has achieved PA-DSS certification must then be listed on the PCI Councils list of PA-DSS approved and validated payment applications.

13.2.2 Gateway providers shall have appropriate Payment Card Industry Data Security Standards (PCI DSS) certification as service providers (<https://www.pcisecuritystandards.org/index.shtml>). Compliance with the PCI DSS shall be achieved through a third party audit process. The Contractor shall comply with Visa Cardholder Information Security Program (CISP) and MasterCard Site Data Protection (SDP) programs.

13.2.3 For any Contractor that processes PIN Debit Cards, payment card devices supplied by Contractor shall be validated against the PCI Council PIN Transaction Security (PTS) program.

13.2.4 For items 13.2.1 to 13.2.3 above, Contractor shall provide a letter from their qualified security assessor (QSA) affirming their compliance and current PCI or PTS compliance certificate.


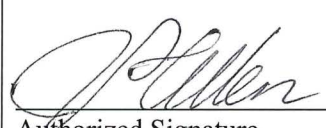


13.2.5 Contractor shall be responsible for furnishing City with an updated PCI compliance certificate 30 calendar days prior to its expiration.

13.2.6 Bank Accounts. Collections that represent funds belonging to the City and County of San Francisco shall be deposited, without detour to a third party's bank account, into a City and County of San Francisco bank account designated by the Office of the Treasurer and Tax Collector.

#### **Article 14      MacBride And Signature**

14.1      **MacBride Principles -Northern Ireland.** The provisions of San Francisco Administrative Code §12F are incorporated by this reference and made part of this Agreement. By signing this Agreement, Contractor confirms that Contractor has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

<b>CITY</b> AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	<b>CONTRACTOR</b>
By:  Ivar C. Satero, Airport Director	 Authorized Signature
Attest:	John Allen Printed Name
By:  C. Corina Monzón, Secretary Airport Commission	Hospital President and CEO Title
Resolution No: 19-0026	Dignity Health, St. Mary's Medical Center Company Name
Adopted on: February 19, 2019	0000021370 City Supplier Number
Approved as to Form:	450 Stanyan Street Address
Dennis J. Herrera City Attorney	San Francisco, CA 94117 City, State, ZIP
By:  Christopher W. Stuart Deputy City Attorney	(415) 750-5099 Telephone Number
	94-1190203 Federal Employer ID Number

**Appendices**

- A: Scope of Services
- B: Calculation of Charges
- C: Five-Year Budget
- D: Five-Year Staffing Plan

## **APPENDIX A**

### **SCOPE OF SERVICES**

#### **A. General Information**

Contractor agrees to provide the Services as set forth in this Appendix. Contractor's role in the management and operation of the SFO Medical Clinic ("Clinic") is to serve as the provider and director of clinical programs and to employ and contract personnel for the operation of the Clinic.

The Contractor shall develop and provide (or arrange for the provision of, as appropriate) the medical and clinical programs, administrative infrastructure and personnel to operate the Clinic. In this regard, Contractor's responsibilities include, but are not limited to, contracting with or hiring and supervising staff possessing a wide range of medical and clinical skills and expertise in the provision of clinical care, including urgent care, back-up emergency medicine responses, occupational medicine, travel medicine, development and implementation of quality assurance programs, billing for all clinical activities, and proper management and efficiency of business operations.

Contractor shall, at all times, be licensed by the State of California as a qualified provider of the Services required under this Agreement. On or before July 1, 2019 Contractor shall provide proof that Contractor will operate the SFO Medical Clinic as a State of California licensed facility, and Contractor shall maintain the Clinic's licensed status throughout the term of the contract. Contractor agrees to meet all state and federal service standards as required by state and federal statutes, rules, and regulations applicable to Contractor's provision of Services covered by this Agreement. Contractor shall notify City promptly, in writing, if it is unable to comply with any of the above requirements.

Contractor must have the ability to refer patients/clients to appropriate service providers for after hour care. Currently, patients are referred to Mills-Peninsula Medical Clinic for such after hour care.

The Clinic's current hours of operation are:

Monday - Friday:	7:00 AM - 7:00 PM
Saturday:	9:00 AM - 4:00 PM

Contractor shall maintain the current hours of operation during the term of the Agreement unless changes to the hours and days are approved in writing by the Airport Director.

The Scope of Work is to be used as a general guide and is not intended to be a complete list of all tasks necessary to effectively manage the Clinic.

#### **B. Defined Terms**

As used in this Agreement, the following capitalized terms shall have the following meanings:

"Actual Direct Costs" means amounts actually incurred and paid by Contractor for the direct costs of providing the Services. Actual Direct Costs include salaries and fringe benefits for direct labor and materials, supplies and other costs specifically provided for in the Annual Cost Proposals submitted by Contractor and approved by Director. Actual Direct Costs specifically exclude depreciation, debt-related interest, any deductibles under any fidelity bonds or insurance, any fines or judgments levied against

Contractor, and any costs deemed components of the Management Fee, including Contractor's indirect costs and overhead. Contractor and Commission agree that Generally Accepted Accounting Principles ("GAAP") shall govern the resolution of any disputes regarding the definition and classification of any cost.

"Airport Rules" means the Airport Rules and Regulations as the same may be revised from time to time.

"Annual Cost Proposal" means the annual cost proposal prepared and submitted by Contractor and approved by Director. Such annual cost proposal shall set forth the Management Fee and the projected Actual Direct Costs.

"Director" means the Airport Director, the chief executive officer of the Airport or his/her designee.

"Fiscal Year" means the period commencing on July 1 and ending June 30.

"Management Fee" means the amount that has been negotiated by City and Contractor to represent compensation to Contractor for its profit, indirect costs, overhead, fees, and all other non-operating indirect costs incurred by Contractor that are not specifically included in the Annual Cost Proposal. The Management Fee for each fiscal year is presented in Appendix B of this Agreement.

"Net Operating Receipts/Loss" means all gross receipts achieved with respect to the Clinic, minus all operating expenses, including the Actual Direct Costs and Management Fee, as calculated in accordance with GAAP, consistently applied, and the approved Annual Costs Proposal.

"Other Direct Costs" means Actual Direct Costs other than salaries and fringe benefits of direct labor.

"Patient/Customer Satisfaction Score" means the score achieved by Contractor with respect to patient/customer satisfaction, as described in Task 6 (herein).

"Performance Goals" means the annual performance goals developed by Contractor and approved by Director.

"Services" means the services to be provided by Contractor as described further in Tasks 1 through 7 (herein).

## **C. Scope of Work**

### **Task 1: Arrange for the Provision of Medical Services**

#### **1.1 Urgent Care and Health Care**

Contractor shall contract with a physician and employ or contract with other personnel to provide clinical services of an urgent care nature for City employees, tenant employees, passengers and visitors who become ill at the Airport. Contractor must employ or contract with one Full Time Equivalent ("FTE") physician on staff and one FTE registered nurse with case management experience. Urgent care services include those clinical services ranging from basic primary care services and emergency services, e.g., acute sprains/strains, acute infections, x-ray and basic laboratory services. In the event of unplanned absences by the physician, such as sudden illness or emergency, the Clinic may have to cease providing services until a replacement physician is on site, or until the assigned physician returns. Contractor will make every reasonable effort to minimize



any interruption to Services, but in no event shall Contractor suspend operation of clinic services due to a physician's absence longer than one business day.

## **1.2 Travel Medicine**

The Contractor shall provide the following aspects of Travel Medicine services: preventive medicine for overseas travel, e.g., immunizations, health alerts for at-risk country travel, and health education.

## **1.3 City and County of San Francisco ("CCSF") Occupational Health**

- 1.3.1 Workers' Compensation:** Contractor shall provide on-site (Airport) workers' compensation services, i.e. treat Commission employees for injuries and illnesses that occur on the job, and provide follow-up medical evaluations.
- 1.3.2 Medical Monitoring/Surveillance:** Contractor shall provide or arrange for the provision of occupational medical services, including but not limited to:
- a. Medical surveillance examinations in compliance with the California Occupational Safety and Health Administration ("OSHA"), and Federal OSHA regulations, and California Department of Motor Vehicles ("DMV") requirements
  - b. Collection of urine samples under the Airport Commission's Substance Abuse Policy
  - c. Other work-related examinations as requested by the Airport for Airport Commission employees and applicants according to CCSF Department of Human Resources ("DHR") policy.

Medical surveillance examinations will include, but not be limited to, the following areas: respiratory protection, hearing conservation, drug testing, tuberculosis (TB), pesticide applicator certification and blood-borne pathogens/infection control. These examinations will follow the applicable American National Standards Institute ("ANSI") and Cal-OSHA recommendations. As these regulations change or new ones are added, the Clinic's physician staff will advise the Airport on how to implement any necessary changes to the Airport Medical Policies.

- 1.3.3 Pre-Placement Examinations for CCSF Employees:** The Contractor shall perform pre-employment medical examinations for CCSF employees, and shall, upon City's request, work with Airport Human Resources to develop specialized functional physical tests for any job classification based on the job duties of each classification as part of the pre-employment medical screening. The Medical Director will design and implement a format for testing candidates for each classification while at the same time ensuring the Airport's compliance with the Americans with Disabilities Act of 1990 (ADA). An understanding of the physical requirements for designated Airport positions is necessary. This may be achieved through review of written materials provided by the Airport to the Medical Director and through discussions with Airport staff. Contractor shall submit any testing formats that it develops to the Airport for review and comment, and shall revise testing formats in response to comments submitted by the Airport. Contractor will work with the Airport in developing and implementing programs and services designed to proactively prevent work-related injuries. Contractor shall conduct and determine a candidate's medical suitability in accordance with the above or other standards as applicable. Details, including

deliverables and schedule for these services will be mutually agreed upon between the City and its Contractor at the time City requests such services to be performed by Contractor.

- 1.3.4 **Americans with Disabilities Act Requirements:** As requested by the Airport, the Contractor will assist City staff to ensure City's compliance with the Americans with Disabilities Act of 1990 (ADA), and will provide recommendations regarding reasonable accommodations in compliance with the ADA.
- 1.3.5 **CCSF Occupational Health Reporting and Documentation:** To the extent permitted by law, Contractor shall provide information to the Airport's designated third party administrator or other authorized Airport representatives relating to the results of an occupational medical examination of a current employee or an applicant for employment with the Airport Commission. This may include providing any and all medical reports and/or documentation upon request.
- 1.3.6 **CCSF Health and Wellness Training:** At the Airport's request, Contractor's clinical personnel shall provide training on health and wellness matters for designated Airport staff. Details and deliverables will be mutually agreed upon between the City and Contractor.
- 1.3.7 **CCSF Physical Therapy:** At the request of the Airport's Health and Safety Manager, Contractor shall provide assistance to Airport staff with ergonomic consultation, training and evaluation.

#### 1.4 **Non-CCSF Occupational Health** (e.g. , Airport Tenants and contractors)

The Contractor shall offer the following services to non-CCSF Airport Tenants and contractors:

- 1.4.1 **Workers' Compensation:** Contractor shall provide on-site workers' compensation services to Airport Tenant and vendor employees. Contractor is authorized to provide workers' compensation services to non-Airport tenant and vendor employees to the extent provision of such services does not adversely affect Contractor's ability to provide all other services to Airport, Airport tenant and vendor employees on a timely basis.
- 1.4.2 **Medical Surveillance:** The Contractor shall offer medical surveillance examination services to Airport tenants, contractors, and local businesses including, but not limited to, the following areas: respiratory protection, hearing conservation, drug testing, tuberculosis (TB), pesticide applicator certification and blood-borne pathogens/infection control. These examinations will follow the applicable American National Standards Institute (ANSI) and Cal-OSHA recommendations.
- 1.4.3 **Pre-Placement Examinations**
- 1.4.4 **Federal Aviation Administration (FAA) Department of Transportation (DOT) Examinations.**
- 1.4.5 **Contractor is required to be certified by U.S. Department of Health and Human Services, Center for Medicare (Medicare), the Federal agency that administers the Medicare program. Contractor shall provide proof of licensure on or before July 1, 2018.**

## **1.5 Emergency Medical Services**

The provision of on-site emergency medical services (EMS) is the primary responsibility of CCSF Fire Department Paramedics. Contractor shall work with and facilitate the San Francisco Fire Department's (SFFD) provision of emergency medical response activities at the Airport. The Clinic is a required participant on the Airport Emergency / Disaster Planning committee. Transportation of patients off-site will be performed by the San Mateo County EMS Agency Contracted Agent or by aero medical services as necessary. The Airport EMS has two broad components:

- Mobile emergency responses within Airport property
- Participation in emergency preparedness and disaster training and response

More specifically, emergency response services provided by the Contractor to the Airport shall include:

- 1.5.1 The Clinic Administrative Director or Physician shall act as the Airport's liaison to the San Mateo and San Francisco Public Health departments on communicable disease and other health related issues in coordination with the Airport Safety, Health, and Wellness Office and the Emergency Planning Office.
- 1.5.2 Clinical staff shall provide back-up emergency mutual aid services to EMS of SFFD during multi-casualty events.
- 1.5.3 Triage of ill or injured persons sent to Clinic for evaluation, stabilization and treatment as medically appropriate.
- 1.5.4 All individuals presenting at the Clinic shall be triaged and screened under the Federal Emergency Medical Transfer and Active Labor Act.
- 1.5.5 Stabilization and preparation of patients to be transported by ambulance or helicopter to health care facilities.
- 1.5.6 Emergency response to disasters and multi-casualty events at the Airport in coordination with Airport Operations.
- 1.5.7 Participation in Airport emergency preparedness, and disaster planning, training and response activities.
- 1.5.8 Upon the City's request, Contractor shall provide medical aid in an extraordinary event such as a natural disaster. The costs of these emergency response activities will be an exception to the expenses identified in Appendix B, Calculation of Charges. Contractor must substantiate all requests for reimbursement for services rendered in an extraordinary event.

## **1.6 Health Wellness Program**

The Contractor shall be available to develop health wellness programs for City employees, Airport tenants and contractors. In addition, the Contractor will be allowed to provide similar services to

other off-Airport businesses, to the extent provision of such services leads to increased revenues and enhanced operating results, and does not adversely affect Contractor's ability to provide services to City employees, Airport tenant / vendor employees and passengers on a timely basis. City and Contractor will mutually agree to the details, deliverables and schedule.

#### **1.7 Additional Services**

- 1.7.1 Act as the liaison with San Mateo County or any other jurisdiction's health officials to obtain relevant medical information.
- 1.7.2 When applicable, a physician or an occupational medicine specialist shall be the individual who determines whether or not an employee has been industrially exposed to blood-borne pathogens.
- 1.7.3 Provide tuberculosis diagnosis and monitoring.
- 1.7.4 Verify and monitor all medical and clinical staff credentials through the Human Resources or Medical Staff office, as appropriate, of either a Joint Commission or National Committee on Quality Assurance accredited facility.
- 1.7.5 Subcontract for additional services as required. The Contractor and City will mutually agree upon the need for subcontracting for additional services and will jointly approve any subcontractors/consultants. The Contractor shall bear the responsibility for managing the subcontracting processes of subcontractors/consultants.
- 1.7.6 Contractor shall implement a program to monitor and control the unauthorized use, and to protect the privacy, of all patient medical records in accordance with all applicable federal, state and local laws. Within 30 days after contract execution, Contractor shall provide City with a draft plan of the program for City's review. Within 10 days of receiving City's comments, Contractor shall revise the plan in accordance with City's comments and present to City for final approval.
- 1.7.7 Contractor shall accept all major Preferred Provider Organization (PPO) plans for insurance.
- 1.7.8 The Airport Commission owns all of the equipment at the SFO Medical Clinic. The Contractor is responsible for the maintenance of the equipment. These maintenance costs are included in the Contractor's Annual Cost Proposal.

#### **1.8 Quality Assessment**

Contractor shall comply with all Federal, State and Local Health mandates pertaining to healthcare delivery, including continuous performance improvements to assure appropriate patient treatment plans and protocols. Contractor will report on the measures quarterly to the City.

## **Task 2: Provide Administrative Services and Business Operations**

### **2.1 Core Administrative Services**

The following are the administrative services required of the Contractor:

- 2.1.1 Medical direction of program services.
- 2.1.2 Administration of program services.
- 2.1.3 Marketing and business development related to program services.
- 2.1.4 Utilization review / case management.
- 2.1.5 Quality assurance and improvement.
- 2.1.6 Information systems management.
- 2.1.7 Billing and revenue collections.
- 2.1.8 Medical-legal consultation and review of specific complaints or concerns relating to program matters arising out of Contractor's provision of services under this Agreement.
- 2.1.9 Risk management.
- 2.1.10 Personnel and labor relations management.
- 2.1.11 Health plan contracting.
- 2.1.12 Employee training and development.

### **2.2 Expanded Services**

At the request of the Airport, the Contractor shall develop proposals to provide additional services as needed.

### **2.3 Administrative Infrastructure**

- 2.3.1 Medical Director and the Administrative Director: The Medical Director and Administrative Director share overall responsibility for the Clinic. Both positions report to the Contractor on all matters relating to the clinical and business management of the Clinic. The Administrative Director and Medical Director shall also confer with Airport Director or his designee on business and overall policy matters.
- 2.3.2 General Administration: Contractor shall implement appropriate policies, procedures and systems to assure proper systems of internal financial and managerial control and assurances of medical quality. Contractor will work with the Airport staff, as necessary, to ensure that the facility and equipment needs of the Clinic are met. The Contractor will be responsible for the overall direction of administrative and management services in accordance with agreed

terms and conditions. The Contractor shall: (1) ensure the execution of contracted services; (2) serve in the role of principal contact for the Clinic regarding all medical and administrative matters; (3) conduct and submit to City within 60 days of the end of the fiscal year an annual audit of the receipts and expenses associated with the management contract; and (4) analyze, recommend and, if approved, take action to develop and implement new medical services and related programs for the Clinic.

- 2.3.3 Marketing: Upon request of the City, Contractor shall develop an annual marketing plan that identifies strategies for program growth and business performance enhancement. Contractor shall provide City with a draft plan for City's review and shall revise the plan in accordance with City's comments and present to City for final approval. Marketing materials or correspondence produced for the purpose of promoting the service of the Clinic shall be developed by the Contractor and approved by the Airport. The Clinic marketing representative will be included in Contractor's regional marketing initiatives and will be subject to mutually agreed upon goals and objectives.

## **2.4 Staffing**

- 2.4.1 Contractor shall assure that Clinic is staffed on a daily basis with sufficient numbers and types of medical personnel customary for the efficient operation of the Clinic and the delivery of the level of medical services at the Clinic, consistent with the Staffing Plan specified in Appendix D and in the approved Annual Cost Proposal. All Airport Clinic staff will be Contractor's employees and / or independent contractors. Contractor shall consult with the Airport concerning the screening and hiring of an Administrative Director, and contracting with a Medical Director and other physicians.
- 2.4.2 Contractor shall hire / contract with a Medical Director (a licensed MD) who will be responsible for the overall direction of medical services provided by the Clinic.
- 2.4.3 Contractor shall hire / contract with the necessary number of physicians and other medical staff to provide the level of medical services as agreed in the approved Annual Cost Proposal.
- 2.4.4 Contractor shall provide sufficient number of clinical support personnel such as nurses, medical assistants, licensed vocational nurses and radiology technicians to provide clinical support in the provision of medical services at the level approved in the Annual Cost Proposal.
- 2.4.5 Contractor shall provide the services of the following health care professionals as required by the Airport:
- A certified occupational health nurse, or a nurse with equivalent expertise, to consult with Airport staff on all occupational medical matters including, but not limited to, pre-placement and medical surveillance case management;
  - a certified audio technician to perform audiograms for pre-placement and medical surveillance evaluations;
  - a physician to review the test results as medically indicated;
  - a certified B-reader for Asbestos surveillance chest x-ray when required;
  - qualified, trained personnel to operate the spirometry equipment.

2.4.6 Contractor shall hire an Administrative Director and sufficient administrative staff to provide administrative support for the provision of clinical services at the levels approved in the Annual Cost Proposal

## **2.5 Worker Retention**

Contractor agrees that the Airport's Worker Retention Policy (the "Policy") applies to this Agreement, and Contractor shall comply with the Policy for current Clinic staff. More information about the Policy can be found in the Airport's Rules and Regulations at: [http://media.flysfo.com/media/sfo/about-sfo/commission/agendas/Worker\\_Retention\\_Policy\\_7-17-2012.pdf](http://media.flysfo.com/media/sfo/about-sfo/commission/agendas/Worker_Retention_Policy_7-17-2012.pdf). Furthermore, Contractor agrees that any staffing changes will require written approval by the City.

### **Task 3: Operate Medical Information Systems**

The Contractor is responsible for providing information system development and management specific to the delivery of services at the Clinic, including but not limited to billing, utilization, case management, patient registration and medical program data.

### **Task 4: Retain and Manage Clinic Records**

Contractor shall be responsible for keeping medical records on all patients in accordance with applicable laws. Contractor shall maintain access to any medical records of Airport, e.g., City employee records relating to workers' compensation, for the mandated time period as required by the applicable Cal-OSHA Federal OSHA, or other legal standards. At the current time, the required time period for medical records retention is a minimum of thirty (30) years after separation of employment.

### **Task 5: Revenue Collection and Reporting**

Within 60 days after the end of each Fiscal year, Contractor shall submit to Director an unqualified audited year-end financial report certified by a Certified Public Accountant showing all receipts and expenses achieved with respect to the prior Fiscal Year. This report shall include the annual income statement summarizing all receipts and expenses, as well as detailed supporting schedules. The summarized list of expenses shall be reported in the same detail as that listed in the approved Annual Cost Proposal. The cost of preparing such report shall be an Actual Direct Cost.

### **Task 6: Patient Customer Satisfaction**

The Contractor, at Director's direction, shall conduct an annual Patient Customer Satisfaction Survey to determine Contractor's Patient Customer Satisfaction Score. Contractor shall provide City with the results of any such survey and shall discuss with City any areas for improvement.

### **Task 7: Miscellaneous**

#### **7.1 Admission Policy**

Admission policies for the Services shall be in writing and available to the public. Such policies must include a provision that patients are accepted for care without discrimination on the basis of race, color, creed, religion, sex, age, national origin, ancestry, sexual orientation, gender identification, disability, or AIDS HIV status.

## **7.2 Grievance Procedure**

Contractor agrees to establish and maintain a written Patient Grievance Procedure that shall include the following elements as well as others that may be appropriate to the Services: (1) the name or title of the person or persons authorized to make a determination regarding the grievance; (2) the opportunity for the aggrieved party to discuss the grievance with those involved in making the determination; and (3) the right of a patient dissatisfied with the decision to ask for the recommendation of the Human Rights Commission's Patient Advocacy Services. Contractor shall provide a copy of this procedure, and any amendments thereto, to the Director and to each patient upon request. Those patients who do not receive direct Services will be provided a copy of this procedure upon request.

## **7.3 Patient Rights**

All applicable patient rights laws and procedures shall be implemented.

## **7.4 Quality Assurance**

Contractor agrees to develop and implement a Quality Assurance Plan based on internal standards developed by Contractor and agreed by the Airport Director as follows. City and Contractor will mutually establish a schedule for these reviews.

7.4.1 Staff evaluations completed on an annual basis.

7.4.2 Establish, review and update annually Personnel policies and procedures.

7.4.3 Review of Quality Assurance Plan, reviewed and updated annually.

7.4.4 Review of Staff Training Plan

## **7.5 Service Provided by Attorneys**

The City Attorney must review in advance and approve in writing any request for services to be provided by a law firm or attorney. The City will not pay any invoices for services provided by law firms or attorneys, including as subcontractors of Contractor, unless the provider receives advance written approval from the City Attorney.

## **7.6 Reports**

Contractor shall submit written reports as requested by the Airport Commission. Format for the content of such reports shall be determined by the Airport Commission. The timely submission of all reports is a necessary and material term and condition of this Agreement. The reports, including any copies, shall be submitted on recycled paper and printed on double-sided pages to the maximum extent possible.

## **7.7 Department Liaison**

In performing the services provided for in this Agreement, Contractor's liaison with the Airport will be the person identified in the Agreement at Section 11.1, Notices to the Parties. Such individual shall be the Contractor's primary point of contact for all purposes under this Agreement.



## **APPENDIX B**

### **CALCULATION OF CHARGES**

Contractor shall be paid for services in a total amount not to exceed the amount set forth in Section 3.3 of the Agreement, and consistent with the Compensation Structure outlined in Section 2 below.

#### **1. Invoicing and Payments**

Contractor shall submit monthly invoices as follows:

For the first eleven (11) months of any Fiscal Year during the term of the contract, the invoice shall be for a monthly retainer of One Hundred Fifty Thousand Dollar (\$150,000); for the 12th month of the fiscal year, Contractor shall submit the final invoice for the year based on the actual audited financial results for the fiscal year, accounting for the balance of any operating losses (considering actual expenditures incurred and actual revenues received during the year) plus any portion of the annual Management Fee that has not been covered with the monthly retainers paid in the preceding 11 months of the fiscal year.

The final invoice for any fiscal year shall include a detailed report with all the revenues and expenses for the year plus supporting documentation. The report shall also include a comparison of these amounts with those established in the approved Annual Cost Proposal (see Section 2.1 below) for the corresponding fiscal year.

The total reimbursements for any fiscal year shall not exceed the Airport-approved Annual Cost Proposal for the year.

#### **2. Compensation Structure**

2.1 Compensation Structure: Compensation payable by City to Contractor for any given fiscal year is comprised of the sum of (i) the Management Fee (as adjusted by the Management Fee Adjustment, if any) plus (ii) an amount equal to the audited operating loss for the year, except to the extent it exceeds the amounts set forth in the Approved Annual Cost Proposal (as defined below). On or before October 1st of each year, Contractor shall submit to City for City's approval the Annual Cost Proposal for the upcoming Fiscal Year. The Annual Cost Proposal shall include the Management Fee, as well as the projected operating costs, operating revenues and operating profit (loss). Contractor shall incur no expenses under this Agreement for a given fiscal year unless and until the Annual Cost Proposal for that fiscal year has been approved in writing by the City (the "Approved Annual Cost Proposal"). Compensation payable to Contractor shall be limited each year by the amounts set forth in the approved Annual Cost Proposal.

2.2 Account: On or before the Effective Date of this Agreement, Contractor shall establish one or more accounts (collectively, the "Account") with a national bank acceptable to Director (an "Approved Bank"). Such Account need not be segregated from other accounts related to Contractor's other operations provided that Contractor can provide to Director, upon request, records of Account and related information showing deposits and withdrawals from the Account related to the operations of the Clinic. Contractor will record all receipts and expenses relating to the Clinic using appropriate accounting procedures such that the Clinic receipts and expenses can be separately identified and segregated from other Contractor programs and operations.

Contractor shall apply all receipts achieved with respect to the Clinic to Airport-approved Actual Direct Costs. If and to the extent there are Net Operating Receipts in a particular month, such funds and any interest thereon, shall be retained by Contractor in trust for City and applied to Clinic expenses in the following month(s). To the extent there is a Net Operating Loss with respect to such month and there are insufficient Clinic revenues or funds carried forward from prior month(s), then Contractor shall invoice City for such Net Operating Loss as provided above in Section 1, Invoicing and Payments. As part of its end-of year report, Contractor shall specify the funds if any remaining in the Account or otherwise available, which are related to Clinic operations, as of the end of such Fiscal Year. In the event there are any such funds, Contractor shall pay to City such funds within ten (10) days after the submission of such report.

### **3. Management Fee**

Each fiscal year, Contractor shall be paid a Management Fee. The Management Fee is a separate budget line item from the direct costs related to management and operation of the Clinic. This Management Fee is compensation paid to the Contractor for Contractor's profit, plus reimbursement for all indirect services to the Clinic provided by Contractor's various administrative personnel (such as financial / accounting, information technology, purchasing, human resources, quality assurance, etc.), plus any other indirect costs incurred by Contractor to operate the Clinic.

The annual Management Fee for any given fiscal year shall consist of two components, as follows:

- Base Amount equal to \$355,000;
- Management Fee Adjustment (if any), based on the audited operating results for the year.

The Management Fee Adjustment for any fiscal year shall be determined based on the amount of "savings" achieved during such fiscal year. The term "savings" for any fiscal year is defined as the difference between the projected operating shortfall for the fiscal year in question corresponding to the "Base Case Scenario" presented in Appendix C, and the actual audited operating shortfall during that fiscal year. If the "savings" for a particular fiscal year is a positive number (i.e., the results for the year represent a smaller operating shortfall than the budgeted amount corresponding to the "Base Case Scenario" presented in Appendix C), the Management Fee Adjustment shall consist of an increase in the Management Fee equal to Sixty Percent (60%) of the "savings". If the "savings" for a particular fiscal year is a negative number (i.e., the results for the year represent a greater operating shortfall than the budgeted amount corresponding to the "Base Case Scenario" presented in Appendix C), the Management Fee Adjustment shall be zero.

Example 1: If the operating shortfall for Fiscal Year 2020-2021 is hypothetically assumed to be \$1,500,000, and considering that the projected operating shortfall in the "Base Case Scenario" for that year is \$1,550,740 (as presented in Appendix C), the "savings" for that year is a positive amount equal to +\$50,740 (the difference between \$1,550,740 and \$1,500,000), and 60% of this amount (\$30,444) corresponds to the Management Fee Adjustment. Therefore, the Total Management Fee (Base Amount plus Adjustment) for the year is \$355,000 plus \$30,444, or \$385,444.

Example 2: If the operating shortfall for Fiscal Year 2020-2021 is hypothetically assumed to be \$1,600,000, and considering that the projected operating shortfall in the "Base Case Scenario" for that year is \$1,550,740 (as presented in Appendix C), the "savings" for that year is a negative amount equal to -\$49,260 (the difference between \$1,550,740 and \$1,600,000), and the Management Fee Adjustment is zero. Therefore, the Total Management Fee (Base Amount plus Adjustment) for the year is \$355,000.

#### **4. Labor Cost Limitations.**

4.1 The individual direct labor cost rates, including fringe benefits, shall not exceed the amounts set forth in Appendix D, "Five-Year Staffing Plan".

4.2 The individual direct labor cost rates are subject to salary administration by Contractor, but in no case are they to be adjusted more than three percent (3%) without prior written approval of Director.

4.3 Premium costs incurred as a result of working overtime or holidays are not allowable without the prior written approval of Director. Such approval may be in the form of Director's approval of Contractor's overtime policy.

4.4 If and to the extent Contractor anticipates or receives any subsidies or grants money from any governmental agency for participating in a government-sponsored program for persons employed under this Agreement, such subsidies or grants shall be reflected as credits in the Annual Cost Proposal, and such credits shall be properly reflected in Contractor's invoices to City.

4.5 The parties acknowledge that labor costs could increase the cost of performing the services under this Agreement. Accordingly, Contractor shall keep City apprised of all negotiations with labor regarding labor costs, including the negotiation of any collective bargaining agreements. Notwithstanding the foregoing, increases in labor rates billed by Contractor shall be subject to all limitations set forth in this section.

#### **5. Reimbursement of Other Direct Costs.**

All Other Direct Costs which alone (or taken together with all similar Other Direct Costs), exceed the amount of Five Hundred Dollars (\$500), shall be subject to Director's prior written approval. Prior approval shall not be necessary for Other Direct Costs which are specified with reasonable detail in the approved Annual Cost Proposal and are within the limits of such approved Annual Cost Proposal.

**APPENDIX C**  
**SFO MEDICAL CLINIC (CONTRACT NO. 50118.02) – FINANCIAL PROJECTIONS**  
**FIVE-YEAR BUDGET**

**SFO MEDICAL CLINIC**

**SFO MEDICAL CLINIC (CONTRACT NO. 50118.02) - FINANCIAL PROJECTIONS**

**PROPOSER NAME: DIGNITY HEALTH, ST. MARY'S MEDICAL CENTER**

<b>FISCAL YEAR</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>	<b>2023-2024</b>	<b>TOTAL 5-YR.</b>
<b>BASE CASE SCENARIO</b>						
Visit Volume	17,139	17,653	18,182	18,728	19,290	
Revenue per Visit	\$ 107.20	\$ 110.42	\$ 113.74	\$ 117.15	\$ 120.66	
Net Patient Revenue	\$ 1,837,372	\$ 1,949,268	\$ 2,067,978	\$ 2,193,918	\$ 2,327,527	\$ 10,376,063
Labor Costs	\$ 2,945,207	\$ 3,026,200	\$ 3,109,421	\$ 3,194,930	\$ 3,282,790	\$ 15,558,548
Additional Staffing	\$ 64,301	\$ 66,069	\$ 67,886	\$ 69,753	\$ 71,671	\$ 339,680
Additional Advertising	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Non-Labor Expenses	\$ 347,320	\$ 357,739	\$ 368,471	\$ 379,525	\$ 390,911	\$ 1,843,966
EMR interface between eCW and Cerner PCA	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Total Operating Expenses	\$ 3,521,828	\$ 3,500,008	\$ 3,595,778	\$ 3,694,208	\$ 3,795,372	\$ 18,107,194
Operating Shortfall (Base Case Scenario)	\$ (1,684,456)	\$ (1,550,740)	\$ (1,527,800)	\$ (1,500,290)	\$ (1,467,845)	\$ (7,731,131)
Mgmt. Fee (Fixed)	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 1,775,000
Mgmt. Fee Adj. (60% of Savings): To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mgmt. Fee	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 1,775,000
<b>PROJECTED SFO PAYMENTS (BASE CASE)</b>	<b>\$ 2,039,456</b>	<b>\$ 1,905,740</b>	<b>\$ 1,882,800</b>	<b>\$ 1,855,290</b>	<b>\$ 1,822,845</b>	<b>\$ 9,506,131</b>
<b>ALTERNATE SCENARIO (ASSUMING LOWER OP. SHORTFALL)</b>						
Target Savings in Oper. Shortfall vs. Base Case Scenario	\$ 142,700	\$ 135,041	\$ 127,403	\$ 126,725	\$ 122,031	\$ 653,900
Target Operating Shortfall	\$ (1,541,756)	\$ (1,415,699)	\$ (1,400,397)	\$ (1,373,565)	\$ (1,345,814)	\$ (7,077,231)
Mgmt. Fee (Fixed)	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 1,775,000
Mgmt. Fee Adj. (60% of Savings)	\$ 85,620	\$ 81,025	\$ 76,442	\$ 76,035	\$ 73,219	\$ 392,340
Total Mgmt. Fee	\$ 440,620	\$ 436,025	\$ 431,442	\$ 431,035	\$ 428,219	\$ 2,167,340
<b>PROJECTED SFO PMTS. (ALTERNATE SCENARIO)</b>	<b>\$ 1,982,376</b>	<b>\$ 1,851,724</b>	<b>\$ 1,831,839</b>	<b>\$ 1,804,600</b>	<b>\$ 1,774,033</b>	<b>\$ 9,244,571</b>
<b>MAX. PROJECTED BUDGET (BASE CASE PLUS CONTINGENCY)</b>						
	\$ 2,050,000	\$ 1,950,000	\$ 1,900,000	\$ 1,900,000	\$ 1,900,000	\$ 9,700,000
<b>MAX. PROJECTED 3-YR. &amp; 5-YR. BUDGET (BASE CASE PLUS CONTINGENCY)</b>						
			\$ 5,900,000		\$ 9,700,000	

# **APPENDIX D** **FIVE-YEAR STAFFING PLAN**

**REQUEST FOR PROPOSALS FOR OPERATION OF SAN FRANCISCO MEDICAL CLINIC**  
**SAN FRANCISCO INTERNATIONAL AIRPORT**  
**PROPOSED STAFFING AND ASSOCIATED DIRECT LABOR COSTS**

**PROPOSER'S NAME:** Dignity Health - St. Mary's Medical Center

		FY 2019		FY 2019-2020		FY 2020-2021		FY 2021-2022		FY 2022-2023		FY 2023-2024	
		Total FTE's	Annual Cost	Total FTE's	Annual Cost	Total FTE's	Annual Cost	Total FTE's	Annual Cost	Total FTE's	Annual Cost	Total FTE's	Annual Cost
<b>Administration</b>													
Administrative Manager	Employee	1.00	\$ 137,976	1.00	\$ 141,770	1.00	\$ 145,669	1.00	\$ 149,674	1.00	\$ 153,790	1.00	\$ 158,020
Medical Director	Contractor	0.20	\$ 62,580	0.20	\$ 64,301	0.20	\$ 66,069	0.20	\$ 67,886	0.20	\$ 69,753	0.20	\$ 71,671
Clerical	Employee	3.00	\$ 323,848	3.00	\$ 332,754	3.00	\$ 341,905	3.00	\$ 351,307	3.00	\$ 360,968	3.00	\$ 370,895
Office Assistant	Employee	4.03	\$ 324,305	4.03	\$ 333,223	4.03	\$ 342,387	4.03	\$ 351,802	4.03	\$ 361,477	4.03	\$ 371,418
<b>Clinical</b>													
Physician	Contractor	1.80	\$ 660,010	1.80	\$ 678,161	1.80	\$ 696,810	1.80	\$ 715,972	1.80	\$ 735,662	1.80	\$ 755,892
Physician Assistant (current)	Employee	0.80	\$ 191,912	0.80	\$ 197,190	0.80	\$ 202,612	0.80	\$ 208,184	0.80	\$ 213,909	0.80	\$ 219,792
Registered Nurse	Employee	2.75	\$ 484,236	2.75	\$ 497,552	2.75	\$ 511,235	2.75	\$ 525,294	2.75	\$ 539,739	2.75	\$ 554,582
Physical Therapist	Emp./Cont.	1.80	\$ 215,533	1.80	\$ 221,460	1.80	\$ 227,550	1.80	\$ 233,808	1.80	\$ 240,237	1.80	\$ 246,844
X-Ray Technician	Employee	2.96	\$ 462,062	2.96	\$ 474,768	2.96	\$ 487,824	2.96	\$ 501,240	2.96	\$ 515,024	2.96	\$ 529,187
Pharmacy Tech	Employee	0.03	\$ 3,921	0.03	\$ 4,028	0.03	\$ 4,139	0.03	\$ 4,253	0.03	\$ 4,370	0.03	\$ 4,490
<b>Grand Total</b>		<b>18.36</b>	<b>\$ 2,866,381</b>	<b>18.36</b>	<b>\$ 2,945,207</b>	<b>18.36</b>	<b>\$ 3,026,200</b>	<b>18.36</b>	<b>\$ 3,109,421</b>	<b>18.36</b>	<b>\$ 3,194,930</b>	<b>18.36</b>	<b>\$ 3,282,790</b>

**City and County of San Francisco  
Airport Commission  
P.O. Box 8097  
San Francisco, California 94128**

**Modification No. 1**

THIS MODIFICATION (this "Modification") is made as of May 28, 2020, in San Francisco, California, by and between **Dignity Health dba St. Mary's Medical Center** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission, hereinafter referred to as "**Commission**."

RECITALS

- A. City and Contractor have entered into the Agreement (as defined below); and
- B. On February 19, 2019, by Resolution No. 19-0026, the Commission awarded this Agreement to the Contractor for the initial term of July 1, 2019 through June 30, 2022, in a not-to-exceed amount of \$5,900,000; and
- C. The City and Contractor agree that due to the COVID-19 pandemic, a need has arisen to make available onsite testing for diagnosis of COVID-19 for Airport Commission employees, and for employees of Airport tenants, Airlines and other entities that provide services at SFO;
- D. There is no Local Business Entity ("LBE") subcontracting participation requirement for this Agreement; and
- E. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 44548-16/17 on June 19, 2017.

NOW, THEREFORE, Contractor and the City agree as follows:

**1. Article 1. Definitions** from Modification No. 1 is amended with the additional definitions as follows:

1.1 "City" or "the City" means the City and County of San Francisco, a municipal corporation, acting by and through both its Director of the Office of Contract Administration, referred to as "Purchasing," or the Director's designated agent, and the Airport Commission.

1.10 "Administrative Code" used in this Agreement shall mean the San Francisco Administrative Code.

1.11 "City Data" or "Data" includes, but is not limited to, all data collected, used, maintained, processed, stored, or generated by or on behalf of the City in connection with this Agreement. This includes data that is provided by a third-party for use under this Agreement.

1.12 Confidential Information

1.12.1 "Confidential Information" means confidential City information including, but not limited to, personally-identifiable information ("PII"), protected health information ("PHI"), or

individual financial information (collectively, "Proprietary or Confidential Information") that is subject to local, state or federal laws restricting the use and disclosure of such information, including, but not limited to, Article 1, Section 1 of the California Constitution; the California Information Practices Act (Civil Code § 1798 *et seq.*); the California Confidentiality of Medical Information Act (Civil Code § 56 *et seq.*); the federal Gramm-Leach-Bliley Act (15 U.S.C. §§ 6801(b) and 6805(b)(2)); the privacy and information security aspects of the Administrative Simplification provisions of the federal Health Insurance Portability and Accountability Act (45 CFR Part 160 and Subparts A, C, and E of Part 164); and Administrative Code Chapter 12M ("Chapter 12M").

1.12.2 "Confidential Information" also means any and all nonpublic information, whether written, electronic, or oral, concerning or relating to Airport technology, computer, or data systems, processes, or procedures, or Critical Infrastructure Information or Protected Critical Infrastructure Information as defined under the Homeland Security Act of 2002 and 6 CFR §29.2, which information or access to such information is supplied by the Airport or on behalf of the Airport to Contractor or otherwise acquired by Contractor during the course of dealings with the Airport. Additionally, "Confidential Information" includes security or security-related information, whether or not such information constitutes sensitive security information ("SSI") as provided under 49 CFR Part 1520. In the event Contractor acquires SSI, it shall treat such information in conformance with federal law and the provisions of this Contract.

1.12.3 "Confidential Information" is confidential regardless of whether such information is in its original form, a copy, or a derivative product. "Derivative" means written or electronic material created from or with, or based on Confidential Information (i.e., a report analyzing Confidential Information shall also be considered Confidential Information). Confidential Information shall also mean proprietary, trade secret or other protected information, identified as Confidential Information by the Airport.

1.13 "Permit" means that certain Non-Airline Non-Terminal Space and Use Emergency Permit at San Francisco International Airport by and between Contractor and City dated as of the date hereof.

1.14 Other Terms. Terms used and not defined in this Modification shall have the meanings assigned to such terms in the Agreement.

2. **Section 3.5 Submitting False Claims** is hereby replaced in its entirety with the following:

3.5 **Submitting False Claims.** The full text of Administrative Code Section 21.35, including the enforcement and penalty provisions, is incorporated into this Agreement. Under Administrative Code Section 21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in that section. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the City; (c) conspires to defraud the City by getting a false claim allowed or paid by the City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the City; or (e) is a beneficiary of an inadvertent submission of a false claim to the City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the City within a reasonable time after discovery of the false claim.

3. **Section 4.3 Subcontracting** is hereby replaced in its entirety with the following:

4.3 **Subcontracting.** Contractor may subcontract portions of the Services only upon prior written approval of City. Contractor is responsible for its subcontractors throughout the course of the work required to perform the Services. All subcontracts must incorporate the terms of Article 10 “Additional Requirements Incorporated by Reference” of this Agreement, unless inapplicable. Neither Party shall, on the basis of this Agreement, contract on behalf of, or in the name of, the other Party. Any agreement made in violation of this provision shall be null and void. City’s execution of this Agreement constitutes its approval of the following subcontractors: Dignity Health Medical Foundation (DHMF)

4. **Section 4.5 Assignment** is hereby replaced in its entirety with the following:

4.5 **Assignment.** The Services to be performed by Contractor are personal in character. Neither this Agreement, nor any duties or obligations hereunder, may be directly or indirectly assigned, novated, hypothecated, transferred, or delegated by Contractor, or, where the Contractor is a joint venture, a joint venture partner, (collectively referred to as an “Assignment”) unless first approved by City by written instrument executed and approved in the same manner as this Agreement in accordance with the Administrative Code. The City’s approval of any such Assignment is subject to the Contractor demonstrating to City’s reasonable satisfaction that the proposed transferee is: (i) reputable and capable, financially and otherwise, of performing each of Contractor’s obligations under this Agreement and any other documents to be assigned, (ii) not forbidden by applicable law from transacting business or entering into contracts with City; and (iii) subject to the jurisdiction of the courts of the State of California. A change of ownership or control of Contractor or a sale or transfer of substantially all of the assets of Contractor shall be deemed an Assignment for purposes of this Agreement. Contractor shall immediately notify City about any Assignment. Any purported Assignment made in violation of this provision shall be null and void.

5. **Section 7.3 Withholding** is hereby added to the Agreement as follows:

7.3 **Withholding.** Contractor agrees that it is obligated to pay all amounts due to the City under the San Francisco Business and Tax Regulations Code during the term of this Agreement. Pursuant to Section 6.10-2 of the San Francisco Business and Tax Regulations Code, Contractor further acknowledges and agrees that City may withhold any payments due to Contractor under this Agreement if Contractor is delinquent in the payment of any amount required to be paid to the City under the San Francisco Business and Tax Regulations Code. Any payments withheld under this paragraph shall be made to Contractor, without interest, upon Contractor coming back into compliance with its obligations.

6. **Section 8.2.1(a)** is hereby replaced in its entirety with the following:

(a) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims.	10.10	Alcohol and Drug-Free Workplace
4.5	Assignment	10.13	Working with Minors
Article 5	Insurance and Indemnity	11.10	Compliance with Laws
Article 7	Payment of Taxes	Article 13	Data and Security

7. **Section 8.4. Rights and Duties upon Termination or Expiration** is hereby replaced in its entirety with the following:

**8.4 Rights and Duties upon Termination or Expiration.**



8.4.1 This Section and the following Sections of this Agreement listed below, shall survive termination or expiration of this Agreement:

3.3.2	Payment Limited to Satisfactory Services	9.2	Works for Hire
3.4	Audit and Inspection of Records	11.6	Dispute Resolution Procedure
3.5	Submitting False Claims	11.7	Agreement Made in California; Venue
Article 5	Insurance and Indemnity	11.8	Construction
6.1	Liability of City	11.9	Entire Agreement
6.3	Liability for Incidental and Consequential Damages	11.10	Compliance with Laws
Article 7	Payment of Taxes	11.11	Severability
8.1.6	Payment Obligation	Article 13	Data and Security
9.1	Ownership of Results		

8.4.2 Subject to the survival of the Sections identified in Section 8.4.1, above, if this Agreement is terminated prior to expiration of the term specified in Article 2, this Agreement shall be of no further force or effect. Contractor shall transfer title to City, and deliver in the manner, at the times, and to the extent, if any, directed by City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to City.

**8. Section 10.4. Reserved** is hereby replaced with the **New Section 10.4 Consideration of Salary History** as following:

**10.4 Consideration of Salary History.** Contractor shall comply with Administrative Code Chapter 12K ("Chapter 12K"), the Consideration of Salary History Ordinance or "Pay Parity Act." Contractor is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (1) asking such applicants about their current or past salary or (2) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Contractor is subject to the enforcement and penalty provisions in Chapter 12K. Information about and the text of Chapter 12K is available on the web at <https://sfgov.org/olse/consideration-salary-history>. Contractor is required to comply with all of the applicable provisions of Chapter 12K, irrespective of the listing of obligations in this Section.

**9. Section 10.11. Limitations on Contributions** is hereby replaced in its entirety with the following:

**10.11 Limitations on Contributions.** By executing this Agreement, Contractor acknowledges its obligations under Section 1.126 of the City's Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that

official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Contractor's board of directors; Contractor's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Contractor; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Contractor. Contractor certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the City department with whom it is contracting.

**10. Section 10.17. Sugar-Sweetened Beverage Prohibition** is hereby replaced in its entirety with the **New Section 10.17 Distribution of Beverages and Water** as following:

**10.17 Distribution of Beverages and Water.**

**10.17.1 Sugar-Sweetened Beverage Prohibition.** Contractor agrees that it shall not sell, provide, or otherwise distribute Sugar-Sweetened Beverages, as defined by Administrative Code Chapter 101, as part of its performance of this Agreement.

**10.17.2 Packaged Water Prohibition.** Contractor agrees that it shall not sell, provide, or otherwise distribute Packaged Water, as defined by San Francisco Environment Code Chapter 24, as part of its performance of this Agreement.

**11. New Section 10.18. Tropical Hardwood and Virgin Redwood Ban** is hereby added to the Agreement as follows:

**10.18 Tropical Hardwood and Virgin Redwood Ban.** Under San Francisco Environment Code Section 804(b), the City urges Contractor not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

**12. New Section 11.13. Incorporation of Recitals** is hereby added to the Agreement as follows:

**11.13 Incorporation of Recitals.** The matters recited above are hereby incorporated into and made part of this Agreement.

**13. New Section 11.14. Notification of Legal Requests** is hereby added to the Agreement as follows:

**11.14 Notification of Legal Requests.** Contractor shall immediately notify City upon receipt of any subpoenas, service of process, litigation holds, discovery requests and other legal requests ("Legal Requests") related to all data given to Contractor by City in the performance of this Agreement ("City Data" or "Data"), or which in any way might reasonably require access to City's Data, and in no event later than twenty-four (24) hours after it receives the request. Contractor shall not respond to Legal Requests related to City without first notifying City other than to notify the requestor that the information sought is potentially covered under a non-disclosure agreement. Contractor shall retain and preserve City Data in accordance with the City's instruction and requests, including, without limitation, any retention schedules and/or litigation hold orders provided by the City to Contractor, independent of where the City Data is stored.

**14. Section 13.1. Nondisclosure of Private, Proprietary or Confidential Information** is hereby replaced in its entirety as follows:

**13.1 Nondisclosure of City Data, Private or Confidential Information.**

**13.1.1 Protection of Private Information.** If this Agreement requires City to disclose “Private Information” to Contractor within the meaning of Administrative Code Chapter 12M (“Chapter 12M”), Contractor and subcontractor shall use such information only in accordance with the restrictions stated in Chapter 12M and in this Agreement and only as necessary in performing the Services. Contractor is subject to the enforcement and penalty provisions in Chapter 12M.

**13.1.2 Confidential Information.** In the performance of Services, Contractor may have access to City Data and /or City’s Confidential Information, the disclosure of which to third parties may damage City. If City discloses City Data or Confidential Information to Contractor, such information must be held by Contractor in confidence and used only in performing the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own Confidential Information.

**15. New Section 13.4. Management of City Data and Confidential Information** is hereby added to the Agreement as follows:

**13.4 Management of City Data and Confidential Information**

**13.4.1 Access to City Data.** City shall at all times have access to and control of all data given to Contractor by City in the performance of this Agreement (“City Data” or “Data”), and shall be able to retrieve it in a readable format, in electronic form and/or print, at any time, at no additional cost.

**13.4.2 Use of City Data and Confidential Information.** Contractor agrees to hold City’s Confidential Information received from or created on behalf of the City in strictest confidence. Contractor shall not use or disclose City’s Data or Confidential Information except as permitted or required by the Agreement or as otherwise authorized in writing by the City. Any work using, or sharing or storage of, City’s Confidential Information outside the United States is subject to prior written authorization by the City. Access to City’s Confidential Information must be strictly controlled and limited to Contractor’s staff assigned to this project on a need-to-know basis only. Contractor is provided a limited non-exclusive license to use the City Data or Confidential Information solely for performing its obligations under the Agreement and not for Contractor’s own purposes or later use. Nothing herein shall be construed to confer any license or right to the City Data or Confidential Information, by implication, estoppel or otherwise, under copyright or other intellectual property rights, to any third-party. Unauthorized use of City Data or Confidential Information by Contractor, subcontractors or other third-parties is prohibited. For purpose of this requirement, the phrase “unauthorized use” means the data mining or processing of data, stored or transmitted by the service, for commercial purposes, advertising or advertising-related purposes, or for any purpose other than security or service delivery analysis that is not explicitly authorized.

**13.4.3 Disposition of Confidential Information.** Upon termination of Agreement or request of City, Contractor shall within forty-eight (48) hours return all Confidential Information which includes all original media. Once Contractor has received written confirmation from City that Confidential Information has been successfully transferred to City, Contractor shall within ten business days purge all Confidential Information from its servers, any hosted environment Contractor has used in performance of this Agreement, work stations that were used to process the data or for production of the

data, and any other work files stored by Contractor in whatever medium. Contractor shall provide City with written certification that such purge occurred within five business days of the purge.

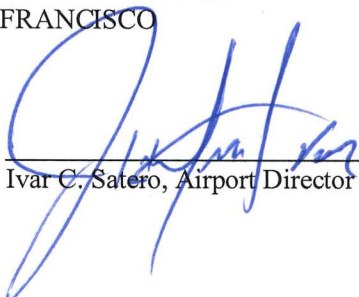


**16. Appendix A Scope of Services, 1.7 Additional Services** is hereby amended to include New Section 1.7.9 as follows:

1.7.9 Due to the COVID-19 pandemic, Contractor shall make available onsite testing for diagnosis of COVID-19 (COVID-19 Testing) for Airport Commission employees, and for employees of authorized tenants, service providers, licensees and other occupants of the Airport. Such additional services shall be provided at the locations demised in the Permit, and otherwise in accordance with the terms and conditions thereof and this Modification. Contractor shall be responsible for disposal of all biohazardous waste in accordance with applicable laws. In no event shall the City incur additional charges for the COVID-19 Testing services provided under this Agreement. Contractor may provide these services through a subcontractor.

**17. Effective Date.** Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

**18. Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By:  Ivar C. Satero, Airport Director	 Authorized Signature
Approved as to Form:	Dr. David Klein Printed Name
Dennis J. Herrera City Attorney	Hospital President Title
By:  Sallie Gibson Deputy City Attorney	Dignity Health, dba St. Mary's Medical Center Company Name
	0000021370 City Supplier ID
	450 Stanyan Street Address
	San Francisco, CA 94117 City, State, ZIP
	415-750-5099 Telephone Number
	94-1196203 Federal Employer ID Number

**City and County of San Francisco  
Airport Commission  
P.O. Box 8097  
San Francisco, California 94128**

**Modification No. 2**

THIS MODIFICATION (this "Modification") is dated May 18, 2021, in San Francisco, California, by and between **Dignity Health dba St. Mary's Medical Center** ("Contractor"), and the City and County of San Francisco, a municipal corporation ("City"), acting by and through its Airport Commission, hereinafter referred to as "**Commission.**"

**RECITALS**

- A. City and Contractor have entered into the Agreement (as defined below); and
- B. On February 19, 2019, by Resolution No. 19-0026, the Commission awarded this Agreement to the Contractor for the initial term of July 1, 2019 through June 30, 2022, in a not-to-exceed amount of \$5,900,000; and
- C. The City and Contractor agreed that due to the COVID-19 pandemic, there was a need to make available onsite testing for diagnosis of COVID-19 for Airport Commission employees, and for employees of Airport tenants, Airlines and other entities that provide services at SFO; and
- D. On May 28, 2020, the Airport Director administratively modified the Agreement (Modification No. 1) to add Dignity Health Medical Foundation (DHMF) as a subcontractor to the Agreement; and
- E. On May 18, 2021, by Resolution No. 21-0116, the Commission approved Modification No. 2 to increase the not-to-exceed amount for the initial term of the Agreement to \$9,400,000, and to reduce the fixed management fee established in the Agreement by 50% for fiscal years 2020-2021 and 2021-2022; and
- F. There is no Local Business Entity ("LBE") subcontracting participation requirement for this Agreement; and
- G. Approval for this Agreement was obtained when the Civil Service Commission approved PSC No. 44548-16/17 on June 19, 2017.

NOW, THEREFORE, Contractor and the City agree as follows:

- 1. **Article 1. Definitions, Section 1.1 Agreement** means the contract document dated July 1, 2019, Modification No. 1, dated May 28, 2020, including all attached appendices, and all applicable city ordinances and "Mandatory City Requirements" which are specifically incorporated by reference into the Agreement.
- 2. **Article 3. Financial Matters, Section 3.3. Compensation, 3.3.1 Payment** is hereby amended to increase the total compensation by \$3,500,000 for a new total not-to-exceed amount of \$9,400,000.
- 3. **Article 11, General Provisions, Section 11.1 Notices to the Parties** is hereby replaced in its entirety with the following:

**Section 11.1 Notices to the Parties.** Unless otherwise indicated in this Agreement, all written communications sent by the Parties may be by U.S. mail or e-mail, and shall be addressed as follows:

To City: Kevin Bumen, Chief Commercial Officer, San Francisco International Airport,  
P.O. Box 8097, San Francisco, CA 94128, 650-821-5040,  
[kevin.bumen@flysfo.com](mailto:kevin.bumen@flysfo.com)

To Contractor: Daryn Kumar, President and CEO, Dignity Health, St. Mary's Medical Center,  
450 Stanyan Street, San Francisco, CA 94117, 415-750-4855,  
[daryn.kumar@dignityhealth.com](mailto:daryn.kumar@dignityhealth.com)

Any notice of default must be sent by registered mail. Either Party may change the address to which notice is to be sent by giving written notice thereof to the other Party. If email notification is used, the sender must specify a receipt notice.

4. **Appendix B, Calculation of Charges, Section 3 Management Fee** is hereby amended to decrease the base amount of the annual Management Fee for fiscal years 2020-2021 and 2021-2022 by 50% from \$355,000 to \$177,500.

5. **Appendix C** is hereby replaced in its entirety with the new **Appendix C-1: Financial Projections, Five-Year Budget**.

APPENDIX C-1: FINANCIAL PROJECTIONS						
FIVE-YEAR BUDGET						
FISCAL YEAR	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	TOTAL 5-YR.
	Actual	Annualized Projected	Proposed Budget	Estimated Proposed Budget	Estimated Proposed Budget	
<b>BASE CASE SCENARIO</b>						
Visit Volume	13,375	9,966	12,458	15,572	19,465	
Revenue Per Visit	\$ 97.35	\$ 92.51	\$ 103.20	\$ 106.30	\$ 109.49	
Net Patient Revenue	\$ 1,302,015	\$ 921,909	\$ 1,285,614	\$ 1,655,290	\$ 2,131,206	\$ 7,296,034
Labor Costs	\$ 3,204,511	\$ 2,841,719	\$ 2,926,971	\$ 3,014,780	\$ 3,105,223	\$ 15,093,205
Additional Staffing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional Advertising	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non-Labor Expenses	\$ 313,937	\$ 377,007	\$ 388,317	\$ 399,967	\$ 411,966	\$ 1,891,194
EMR Interface between eCW and Cerner PCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Operating Expenses	\$ 3,518,448	\$ 3,218,726	\$ 3,315,288	\$ 3,414,747	\$ 3,517,189	\$ 16,984,398
Operating Shortfall (Base Case Scenario)	\$ (2,216,433)	\$ (2,296,817)	\$ (2,029,674)	\$ (1,759,456)	\$ (1,385,983)	\$ (9,688,364)
Mgmt. Fee (Fixed)	\$ 355,000	\$ 177,500	\$ 177,500	\$ 355,000	\$ 355,000	\$ 1,420,000
Mgmt. Fee Adj. (60% of Savings): To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mgmt. Fee	\$ 355,000	\$ 177,500	\$ 177,500	\$ 355,000	\$ 355,000	\$ 1,420,000
PROJECTED SFO PAYMENTS (BASE CASE)	\$ 2,571,433	\$ 2,474,317	\$ 2,207,174	\$ 2,114,456	\$ 1,740,983	\$ 11,108,364
PROJECTED SFO PAYMENTS (RANGE)	\$ 2,571,433	\$ 2,474,317 - \$ 2,750,000	\$ 2,207,174 - \$ 2,950,000			
MAX. PROJECTED BUDGET 3-YR. & 5-YR. BUDGET (RANGE)			\$ 7,252,924 - \$ 8,271,433	\$ 11,108,364 - \$ 12,126,872		

6. **Effective Date.** Each of the changes set forth in this Modification shall be effective on and after the date of this Modification.

7. **Legal Effect.** Except as expressly changed by this Modification, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.



IN WITNESS WHEREOF, Contractor and City have executed this Modification as of the date first referenced above.

CITY	CONTRACTOR
AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO	
By:  Ivar C. Satero, Airport Director	 Authorized Signature
Attest:	Daryn Kumar Printed Name
By  Kantrice Ogletree, Secretary Airport Commission	President and CEO Title
Resolution No: <u>21-0116</u>	<u>Dignity Health, dba St. Mary's Medical Center</u> Company Name
Adopted on: <u>May 18, 2021</u>	<u>0000021370</u> City Supplier ID
Approved as to Form:	<u>450 Stanyan Street</u> Address
Dennis J. Herrera City Attorney	<u>San Francisco, CA 94117</u> City, State, ZIP
By  Christopher Stuart Deputy City Attorney	<u>415-750-4855</u> Telephone Number
	<u>94-1196203</u> Federal Employer ID Number



AIRPORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 22-0062

**APPROVAL OF MODIFICATION NO. 3 TO CONTRACT NO. 50118.02 WITH  
DIGNITY HEALTH DBA ST. MARY'S MEDICAL CENTER TO EXERCISE THE  
TWO-YEAR OPTION TO EXTEND THE CONTRACT THROUGH JUNE 30, 2024 AND  
TO INCREASE THE CONTRACT AMOUNT BY \$1,600,000, FOR A NEW TOTAL  
NOT-TO-EXCEED CONTRACT AMOUNT OF \$11,000,000**

- WHEREAS, the Airport Commission (Commission) requires a state-licensed medical organization to manage and operate the San Francisco International Airport Medical Clinic (SFO Medical Clinic); and
- WHEREAS, the SFO Medical Clinic provides urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public; and
- WHEREAS, since 2001, the SFO Medical Clinic has been operated by Dignity Health dba St. Mary's Medical Center (Dignity Health), formerly Catholic Healthcare West; and
- WHEREAS, following a competitive process, on February 19, 2019, by Resolution No. 19-0026, the Commission awarded Contract No. 50118.02 (Contract) for the management and operation of the SFO Medical Clinic to Dignity Health, with an initial term of three years, effective July 1, 2019, and one option to extend the term for two years exercisable at the sole discretion of the Commission, and a not-to-exceed amount of \$5,900,000; and
- WHEREAS, on May 28, 2020, due to the COVID-19 pandemic, Dignity Health and the Airport entered into Modification No. 1 of the Contract, which provided for Dignity Health, through a subcontractor, to make available on-site testing for diagnosis of COVID-19 for Airport Commission employees, Airport tenants, airlines, and other entities serving the Airport; and
- WHEREAS, on May 18, 2021, by Resolution No. 21-0116, the Commission approved Modification No. 2 of the Contract, which increased the Contract amount by \$3,500,000 and reduced the Management Fee by 50% for fiscal years 2022/23 and 2023/24 only; now, therefore, be it

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 22-0062

RESOLVED, that this Commission approves Modification No. 3 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center, as operator of the SFO Medical Clinic, to exercise the two-year option to extend the Contract through June 30, 2024 and to increase the Contract amount by \$1,600,000, for a new total not-to-exceed amount of \$11,000,000; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request approval of Modification No. 3 to the Contract from the Board of Supervisors pursuant to Section 9.118(b) of the Charter of the City and County of San Francisco.

Page 2 of 2

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*  
**APR 19 2022**  
*at its meeting of* \_\_\_\_\_

\_\_\_\_\_  
*Secretary*



San Francisco International Airport

**MEMORANDUM**

April 19, 2022

TO: AIRPORT COMMISSION  
Hon. Eleanor Johns, President  
Hon. Malcolm Yeung, Vice President  
Hon. Everett A. Hewlett, Jr.  
Hon. Jane Natoli  
Hon. Jose F. Almanza

22-0062

APR 19 2022

FROM: Airport Director

SUBJECT: Approval of Modification No. 3 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to Exercise the Two-Year Option to Extend the Contract and to Increase the Contract Amount for Fiscal Years 2022/23 and 2023/24

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 3 TO CONTRACT NO. 50118.02 WITH DIGNITY HEALTH DBA ST MARY'S MEDICAL CENTER TO EXERCISE THE TWO-YEAR OPTION TO EXTEND THE CONTRACT THROUGH JUNE 30, 2024 AND TO INCREASE THE CONTRACT AMOUNT BY \$1,600,000, FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$11,000,000.

**Executive Summary**

Dignity Health dba St. Mary's Medical Center (Dignity Health) manages and operates the SFO Medical Clinic (Clinic) under Contract No. 50118.02 (Contract), which has a three-year term that expires on June 30, 2022, and one two-year option to extend at the sole discretion of the Airport Commission (Commission).

Prior to the onset of the COVID-19 pandemic, the Clinic's operating performance was within the Contract's projected budget. Since March 2020, the Clinic has been operating at a substantial shortfall due to significantly reduced patient visit volumes. Additional Airport funding is required to pay the projected Contract requirements.

**Background**

The Clinic has been operated by Dignity Health (formerly Catholic Healthcare West) since 2001 providing: urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public.

THIS PRINT COVERS CALENDAR ITEM NO. 5

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED  
MAYOR

ELEANOR JOHNS  
PRESIDENT

MALCOLM YEUNG  
VICE PRESIDENT

EVERETT A. HEWLETT, JR.

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO  
AIRPORT DIRECTOR



Following a competitive process, on February 19, 2019, by Resolution No. 19-0026, the Commission awarded the Contract for the management and operation of the Clinic to Dignity Health, with an initial term of three years, effective July 1, 2019, and a not-to-exceed amount of \$5,900,000. The Contract allows for one option to extend for two years, exercisable at the sole discretion of the Commission.

On May 28, 2020, due to the COVID-19 pandemic, Dignity Health and the Airport entered into Modification No. 1 of the Contract, which provided for Dignity Health, through a subcontractor, to make available on-site testing for the diagnosis of COVID-19 for Airport Commission employees, Airport tenants, airlines, and other entities serving the Airport.

On May 18, 2021, by Resolution No. 21-0116, the Commission approved Modification No. 2 of the Contract, which increased the contract amount by \$3,500,000 and reduced the Management Fee by 50% for fiscal years (FYs) 2022/23 and 2023/24 only. This reduction was implemented because the Clinic was operating at a substantial loss due to the significantly reduced visit volumes caused by the pandemic. The Clinic is still operating at a considerable loss.

In FY 2019/20, the Airport had approximately 20.2 million enplanements, 29% below FY 2018/19. In FY 2020/21, the Airport had around 6.9 million enplanements, 66% lower than FY 2019/20. The pandemic continues to impact businesses globally and, if the current trends continue, passenger traffic is expected to reach 2019 levels by FY 2025 at the earliest. To address the revenue impact, the Airport significantly reduced its operating budget by cutting professional and service contracts, among other actions.

As a result, the Clinic's operating performance has been, and will continue to be, severely impacted by the reduction in passenger volumes. The Clinic's operating shortfalls in FYs 2019/20 and 2020/21 were approximately -\$2,000,000. For FY 2021/22, Staff projects the operating shortfall to also be near -\$2,000,000. In response, Staff proposed cost reduction measures to the Airport's Expense Control Committee to reduce the Clinic's Monday-to-Friday operating hours from 12 to 8 hours. The proposed measure would result in expected savings of at least \$900,000 annually for FYs 2022/23 and 2023/24. Dignity Health has agreed to this measure.

The Airport continues to require the services provided by the Clinic and is now seeking Commission approval of Modification No. 3 of the Contract to exercise the two-year option to extend the term of the Contract through June 30, 2024 and to increase the contract amount by \$1,600,000, for a new total not-to-exceed contract amount of \$11,000,000.

As the Contract exceeds \$10,000,000, pending Commission authorization, the Airport will request the Board of Supervisors to approve Modification No. 3, as required by San Francisco Charter Section 9.118(b).

On April 18, 2022, Staff will seek Civil Service Commission approval to contract out for this service. If this item is not approved on April 18, 2022, Staff will remove this item from the Commission agenda.

**Recommendation**

I recommend the Commission adopt the attached resolution approving Modification No. 3 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to exercise the two-year option to extend through June 30, 2024 and to increase the Contract amount by \$1,600,000, for a new total not-to-exceed amount of \$11,000,000. I further recommend the Commission direct the Commission Secretary to request approval of Modification No. 3 from the Board of Supervisors pursuant to Section 9.118(b) of the Charter of the City and County of San Francisco.



Ivar C. Satero  
Airport Director

Prepared by: Kevin Bumen  
Chief Commercial Officer

Attachment

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 19-0026

**AWARD OF CONTRACT NO. 50118.02 TO DIGNITY HEALTH, ST. MARY'S MEDICAL CENTER FOR MANAGEMENT AND OPERATION OF THE SFO MEDICAL CLINIC, WITH A NOT-TO- EXCEED AMOUNT OF \$5,900,000 FOR A THREE-YEAR TERM WITH ONE TWO-YEAR OPTION TO EXTEND**

- WHEREAS, the Airport Commission requires a medical clinic provider to manage and operate the San Francisco International Airport (SFO) Medical Clinic; and
- WHEREAS, the SFO Medical Clinic provides urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public; and
- WHEREAS, the SFO Medical Clinic has been operated by Dignity Health (formerly Catholic Healthcare West) dba St. Mary's Medical Center since 2001; and
- WHEREAS, the current contract for operation of the Clinic (Contract No. 9088) will expire on June 30, 2019; and
- WHEREAS, on August 7, 2018, through Resolution No. 18-0230, the Airport Commission authorized the Airport to issue Request for Proposals ("RFP") 50118.02 for the operation and management of the SFO Medical Clinic upon expiration of Contract No. 9088; and
- WHEREAS, the Airport issued the RFP on October 15, 2018, and received one proposal submitted by Dignity Health, St. Mary's Medical Center; and
- WHEREAS, the proposal was found to be responsive and met the minimum qualifications based on the predetermined criteria stated in the RFP; now, therefore, be it
- RESOLVED, that the Airport Commission awards Contract No. 50118.02 to Dignity Health, St. Mary's Medical Center for management and operation of the SFO Medical Clinic with a not-to-exceed amount of \$5,900,000 for a period of three years, with one 2-year option exercisable at the sole discretion of the Commission.

*I hereby certify that the foregoing resolution was adopted by the Airport Commission  
at its meeting of*

**FEB 19 2019**

  
Secretary





San Francisco International Airport

**MEMORANDUM**

February 19, 2019

19-0026

TO: AIRPORT COMMISSION  
Hon. Larry Mazzola, President  
Hon. Linda S. Crayton, Vice President  
Hon. Eleanor Johns  
Hon. Richard J. Guggenheimer  
Hon. Peter A. Stern

FEB 19 2019

FROM: Airport Director

SUBJECT: Award of Contract No. 50118.02 to Dignity Health, St. Mary's Medical Center for Management and Operation of the SFO Medical Clinic with a Not-to-Exceed Amount of \$5,900,000 for a Period of Three Years effective July 1, 2019, with One 2-Year Option

DIRECTOR'S RECOMMENDATION: ADOPT RESOLUTION TO AWARD CONTRACT NO. 50118.02 TO DIGNITY HEALTH, ST. MARY'S MEDICAL CENTER FOR MANAGEMENT AND OPERATION OF THE SFO MEDICAL CLINIC, WITH A NOT-TO-EXCEED AMOUNT OF \$5,900,000 FOR A PERIOD OF THREE YEARS WITH ONE 2-YEAR OPTION.

**Executive Summary**

Staff recommends the Airport Commission (Commission) award Contract No. 50118.02 to Dignity Health, St. Mary's Medical Center (Dignity Health) for management and operation of the SFO Medical Clinic (Clinic). Dignity Health was the sole proposer for the Request for Proposals (RFP) No. 50118.02 for management and operation of the Clinic. The contract will be for an initial term of three (3) years effective July 1, 2019, for a not-to-exceed funding amount of \$5,900,000, with one 2-year option exercisable at the discretion of the Commission.

**Background**

The Clinic provides urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public.

The Clinic has been operated by Dignity Health (formerly Catholic Healthcare West) dba St. Mary's Medical Center since 2001. The current contract for operation of the Clinic was awarded by Resolution No. 11-0233 dated October 25, 2011, with an initial term of three years starting on July 1, 2012, with three 1-year options to extend. The Commission exercised all the options in

THIS PRINT COVERS CALENDAR ITEM NO. 2

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED  
MAYOR

LARRY MAZZOLA  
PRESIDENT

LINDA S. CRAYTON  
VICE PRESIDENT

ELEANOR JOHNS

RICHARD J. GUGGENHIME

PETER A. STERN

IVAR C. SATERO  
AIRPORT DIRECTOR

the contract, and made two additional amendments to extend the term, until August 31, 2018 (Resolution No. 18-0167 dated June 5, 2018) and subsequently until June 30, 2019 (Resolution No. 18-0229 dated August 7, 2018).

On August 7, 2018, through Resolution No. 18-0230, the Commission authorized Airport staff to issue an RFP to commence a new competitive process. Staff issued the RFP on October 15, 2018 and conducted an extensive outreach effort to advertise this opportunity. In response to the RFP, the Airport received one proposal submitted by Dignity Health; this proposal met all the qualification requirements outlined in the RFP.

### **Professional Services Agreement**

Dignity Health will be responsible for management and operation of the Clinic. The compensation for any given fiscal year will consist of an amount to cover the Clinic's net operating shortfall (revenues minus direct operating costs) for the year, plus a Management Fee to cover the operator's indirect costs and profit. The annual Management Fee for any given fiscal year shall consist of two components, as follows:

- Base Amount equal to \$355,000; and
- Management Fee Adjustment, based on the audited operating results for the year.

The Management Fee Adjustment will be determined based on the amount of savings achieved during the fiscal year. The term "savings" is defined as the difference between the projected operating shortfall corresponding to the "Base Case Scenario" (presented in Exhibit A), and the actual audited operating shortfall. If the savings for a fiscal year is a positive number (i.e., the financial results for the year represents a smaller operating shortfall than the budgeted amount in the "Base Case Scenario"), the Management Fee Adjustment will consist of an increase equal to Sixty Percent (60%) of the savings. If no savings are achieved in a particular fiscal year, the Management Fee Adjustment will be zero.

The contract will have an initial term of three years, with one 2-year option to extend the term at the discretion of the Commission. The agreement will be for a not-to-exceed amount of \$5,900,000 during the initial three years. The Airport will use operating funds to cover these payments.

Dignity Health plans to retain the staff currently working at the Clinic, as required by the City and County of San Francisco Employee Retention Policy. Dignity Health will discuss with the Airport any proposed changes in the staffing plan and will not implement any staffing changes without the Airport's approval.

### **Dignity Health and St. Mary's Medical Center**

Dignity Health, one of the nation's largest health care systems and the largest hospital provider in California, is a 22-state network of 10,000 physicians, 63,000 employees, 41 acute care hospitals, and 400-plus care-centers including neighborhood hospitals, urgent care, surgery and imaging centers, home health, and primary care clinics. The organization was formed in 1986 when two congregations of the Sisters of Mercy joined their 10 hospitals together to form Catholic Healthcare West. Headquartered in San Francisco, Dignity Health is dedicated to



providing compassionate, high-quality, and affordable patient-centered care with special attention to those who are poor and underserved. In FY2017, Dignity Health had \$12.9 billion in revenue and \$17.4 billion in assets, and provided approximately \$2.6 billion in charity care, community benefit, and the unpaid cost of government programs.

St. Mary's Medical Center (SMMC) is one of the hospitals in the Dignity Health Network. SMMC is an accredited, not-for-profit community hospital that has been providing high-quality, affordable health care for the people of San Francisco since 1857. Located across from Golden Gate Park, it is the longest continually running hospital in San Francisco. As a full-service facility, SMMC is home to the nation's first digital cardiac catheterization laboratory, innovative orthopedic and spine care, state-of-the-art cancer center, and comprehensive rehabilitation programs. SMMC's cardiac program offers diagnostic services, treatment, and rehabilitation. SMMC has been recognized as one of the Top 100 Orthopedic Programs nationally by Becker's Hospital Review and is a Certified Stroke Center by the Joint Commission (the nation's oldest and largest standards-setting and accrediting body in health care). SMMC's state-of-the-art Cancer Center offers the full-range of oncology, radiation, and imaging services. Offering the most comprehensive breast imaging services in San Francisco, SMMC has been designated as a Center of Excellence by the American College of Radiology. For three consecutive years, from 2014-16, SMMC received the Distinguished Hospital Award for Clinical Excellence from Healthgrades. In addition, SMMC has been named a Top Performer in Key Quality Measures by the Joint Commission. SMMC is affiliated with UCSF Health to provide convenient, highly specialized care to the San Francisco community.

### **Recommendation**

I recommend this Commission award Contract No. 50118.02 for management and operation of the SFO Medical Clinic to Dignity Health for three (3) years, for an amount not to exceed \$5,900,000, with one 2-year option exercisable at the sole discretion of the Commission.



Ivar C. Satero  
Airport Director

Prepared by: Leo Fermin  
Chief Business and Finance Officer

Attachments

# EXHIBIT A

## SFO MEDICAL CLINIC FINANCIAL PROJECTIONS FY2019-20 TO FY2023-24 BASE CASE SCENARIO

FISCAL YEAR	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	TOTAL 5-YR.
<b>BASE CASE SCENARIO</b>						
Visit Volume	17,139	17,653	18,182	18,728	19,290	
Revenue per Visit	\$ 107.20	\$ 110.42	\$ 113.74	\$ 117.15	\$ 120.66	
Net Patient Revenue	\$ 1,837,372	\$ 1,949,268	\$ 2,067,978	\$ 2,193,918	\$ 2,327,527	\$ 10,376,063
Labor Costs	\$ 2,945,207	\$ 3,026,200	\$ 3,109,421	\$ 3,194,930	\$ 3,282,790	\$ 15,558,548
Additional PA/NP	\$ 64,301	\$ 66,069	\$ 67,886	\$ 69,753	\$ 71,671	\$ 339,680
Additional Advertising	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Non-Labor Expenses	\$ 347,320	\$ 357,739	\$ 368,471	\$ 379,525	\$ 390,911	\$ 1,843,966
EMR interface between eCW and Cerner PCA	\$ 115,000	\$ -	\$ -	\$ -	\$ -	\$ 115,000
Total Operating Expenses	\$ 3,521,828	\$ 3,500,008	\$ 3,595,778	\$ 3,694,208	\$ 3,795,372	\$ 18,107,194
Operating Shortfall (Base Case Scenario)	\$ (1,684,456)	\$ (1,550,740)	\$ (1,527,800)	\$ (1,500,290)	\$ (1,467,845)	\$ (7,731,131)
Mgmt. Fee (Fixed)	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 1,775,000
Mgmt. Fee Adj. (60% of Savings): To Be Determined	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Mgmt. Fee	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 1,775,000
<b>PROJECTED SFO PAYMENTS (BASE CASE)</b>	<b>\$ 2,039,456</b>	<b>\$ 1,905,740</b>	<b>\$ 1,882,800</b>	<b>\$ 1,855,290</b>	<b>\$ 1,822,845</b>	<b>\$ 9,506,131</b>



# AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **21-0116**

**APPROVAL OF MODIFICATION NO. 2 TO CONTRACT NO. 50118.02 WITH DIGNITY HEALTH DBA ST. MARY'S MEDICAL CENTER TO INCREASE THE CONTRACT AMOUNT BY \$3,500,000 FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$9,400,000 AND REDUCE THE MANAGEMENT FEE BY 50% FOR FISCAL YEARS 2020/21 AND 2021/22**

WHEREAS, the Airport Commission requires a medical clinic provider to manage and operate the San Francisco International Airport Medical Clinic (SFO Medical Clinic); and

WHEREAS, the SFO Medical Clinic provides urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public; and

WHEREAS, since 2001, the SFO Medical Clinic has been operated by Dignity Health dba St. Mary's Medical Center (Dignity Health), formerly Catholic Healthcare West; and

WHEREAS, following a competitive process authorized by the Commission, on February 19, 2019, by Resolution No. 19-0026, the Commission awarded the contract for management and operation of the SFO Medical Clinic (Contract) to Dignity Health with an initial term of three years effective July 1, 2019 and a not-to-exceed amount of \$5,900,000, and one option to extend the term for two years, exercisable at the discretion of the Commission; and

WHEREAS, on May 28, 2020, due to the COVID-19 pandemic, Dignity Health and the Airport entered into Modification No. 1 of the Contract, which provided for Dignity Health, through a subcontractor, to make available onsite testing for diagnosis of COVID-19 for Airport Commission employees, Airport tenants, airlines, and other entities serving the Airport; and

WHEREAS, the operating performance of the SFO Medical Clinic has been severely impacted by the COVID-19 pandemic due to lower visitor volumes, experiencing a 22% decline in visits in Fiscal Year (FY) 2019/20, and anticipated declines in visits of 44% and 32% in FYs 2020/21 and 2021/22, respectively; and

WHEREAS, in order to reduce operating costs, Staff proposes reducing the management fee paid to Dignity Health by 50% for FYs 2020/21 and 2021/22, which would result in at least \$177,500 in annual savings for FYs 2020/21 and 2021/22, respectively; and

WHEREAS, certain invoices from FY 2018/19 were received late in FY 2019/20 and funds from the prior contract for the Clinic were no longer available for these payments; and

AIRPORT COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **21-0116**

WHEREAS, due to the SFO Medical Clinic's current and projected decrease in operating performance and the payment of late invoices from FY 2018/19, Staff projects that an additional \$3,500,000 in contract authority is needed to cover the Contract over the initial term; now, therefore, be it


RESOLVED, that the Commission approves Modification No. 2 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center as operator of the SFO Medical Clinic to (i) increase the Contract amount by \$3,500,000 for a new total not-to-exceed amount of \$9,400,000 and (ii) reduce the management fee paid to Dignity Health by 50% for FYs 2020/21 and 2021/22.

Page 2 of 2

*I hereby certify that the foregoing resolution was adopted by the Airport Commission*

*at its meeting of* \_\_\_\_\_

**MAY 18 2021**

  
Secretary



San Francisco International Airport

**MEMORANDUM**

May 18, 2021

TO: AIRPORT COMMISSION  
 Hon. Larry Mazzola, President  
 Hon. Eleanor Johns, Vice President  
 Hon. Richard J. Guggenhime  
 Hon. Everett A. Hewlett, Jr.  
 Hon. Malcolm Yeung

**21-0116**

**MAY 18 2021**

FROM: Airport Director

SUBJECT: Approval of Modification No. 2 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to Increase the Contract Amount and Reduce the Management Fee by 50% for Fiscal Years 2020/21 and 2021/22

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 2 TO CONTRACT NO. 50118.02 WITH DIGNITY HEALTH DBA ST MARY'S MEDICAL CENTER TO INCREASE THE CONTRACT AMOUNT BY \$3,500,000 FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$9,400,000 AND REDUCE THE MANAGEMENT FEE BY 50% FOR FISCAL YEARS 2020/21 AND 2021/22.

**Executive Summary**

Dignity Health dba St. Mary's Medical Center (Dignity Health) manages and operates the SFO Medical Clinic (Clinic) under Contract No. 50118.02 (Contract), which has a three-year term that expires on June 30, 2022 and one two-year option to extend at the sole discretion of the Commission. The Clinic provides urgent care, emergency medicine, occupational medicine, travel medicine, pre-placement examinations, and clinical care for City and tenant employees, contractors, and the traveling public.

Prior to the onset of the COVID-19 pandemic, the Clinic's operating performance was within the Contract's projected budget. Since March 2020, the Clinic has been operating at a substantial shortfall due to significantly reduced patient visit volumes, so additional Airport funding is required to pay the projected Contract requirements. Additionally, a portion of the current Contract's authority was used to pay invoices for similar services from Fiscal Year (FY) 2018/19. These invoices from the Clinic's prior Contract No. 9088 were received late in FY 2019/20. To address the shortfall, Staff recommends modifying the Contract to (i) reduce the management fee paid to Dignity Health by 50% for FY 2020/21 and FY 2021/22 and (ii) increase the current not-to-exceed amount by \$3,500,000 for a new not-to-exceed amount of \$9,400,000, with no other changes to the Contract's terms.

THIS PRINT COVERS CALENDAR ITEM NO. 3

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED MAYOR	LARRY MAZZOLA PRESIDENT	ELEANOR JOHNS VICE PRESIDENT	RICHARD J. GUGGENHIME	EVERETT A. HEWLETT, JR.	MALCOLM YEUNG	IVAR C. SATERO AIRPORT DIRECTOR
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**Background**

The Clinic has been operated by Dignity Health (formerly Catholic Healthcare West) since 2001.

Following a competitive process authorized by the Commission, on February 19, 2019, by Resolution No. 19-0026, the Commission awarded the Contract for management and operation of the Clinic to Dignity Health with an initial term of three years effective July 1, 2019 and a not-to-exceed amount of \$5,900,000. The Contract allows for one option to extend for two years exercisable at the discretion of the Commission.

On May 28, 2020, due to the COVID-19 pandemic, Dignity Health and the Airport entered into Modification No. 1 of the Contract, which provided for Dignity Health, through a subcontractor, to make available onsite testing for diagnosis of COVID-19 for Airport Commission employees, Airport tenants, airlines, and other entities serving the Airport.

**Cost Reduction Measures**

The Clinic's operating performance has and will continue to be severely impacted by the COVID-19 pandemic due to lower patient visitor volumes. The Clinic experienced a 22% decline in visits in FY 2019/20, and anticipates declines in visits of 44% and 32% in FYs 2020/21 and 2021/22, respectively. In response, Staff proposed cost reduction measures to the Airport's Expense Control Committee (ECC) to (i) close the Clinic on Saturdays and (ii) reduce the management fee paid to Dignity Health by 50% for FY 2020/21 and FY 2021/22. The proposed measures would result in expected savings of at least \$177,500 annually for FYs 2020/21 and 2021/22. Dignity Health has agreed to these measures.

**FY 2018/19 Late Invoices**

The Airport is billed quarterly for the monthly retainer (Retainer) of \$150,000 for the first 11 months of each fiscal year that is applied to the Clinic's annual management fee and the year's anticipated operating shortfall. Following the fiscal year-end, the Clinic submits the final invoice based on the actual audited financial results for the fiscal year (True Up), accounting for the remaining amount needed to cover the annual operating shortfall plus any portion of the management fee that was not covered by the Retainer payments.

Retainer invoices for the third and fourth quarters of FY 2018/19 for Contract No. 9088 were received in August 2019, and the True Up invoice was received in July 2020. These invoices totaled \$1,257,182, and funds from Contract No. 9088 were no longer available for these payments. Therefore, the invoices were paid using the current Contract.

**Modification to Contract Amount**

Due to the Clinic's current and projected operating performance and payments for the prior Contract No. 9088 invoices, there will not be enough Contract authority to fund the expected costs

over the Contract's three-year term. Staff anticipate an additional \$3,500,000 will be needed for the initial term. There will be no change in the Contract's scope of work or three-year term. If recommended, Staff will return to the Commission for approval to exercise the two-year option to extend the Contract.

**Recommendation**

I recommend the Commission approve Modification No. 2 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to (i) reduce the management fee by 50% for FY 2020/21 and FY 2021/22 and (ii) increase the contract amount by \$3,500,000 for a new total not-to-exceed amount of \$9,400,000.



Ivar C. Satero  
Airport Director

Prepared by: Kevin Kone  
Acting Chief Financial Officer

Attachment



## San Francisco Ethics Commission

25 Van Ness Avenue, Suite 220, San Francisco, CA 94102

Phone: 415.252.3100 . Fax: 415.252.3112

[ethics.commission@sfgov.org](mailto:ethics.commission@sfgov.org) . [www.sfethics.org](http://www.sfethics.org)

Received On:

File #: 220439

Bid/RFP #: 50118.02

### Notification of Contract Approval

SFEC Form 126(f)4

(S.F. Campaign and Governmental Conduct Code § 1.126(f)4)

A Public Document

Each City elective officer who approves a contract that has a total anticipated or actual value of \$100,000 or more must file this form with the Ethics Commission within five business days of approval by: (a) the City elective officer, (b) any board on which the City elective officer serves, or (c) the board of any state agency on which an appointee of the City elective officer serves. For more information, see: <https://sfethics.org/compliance/city-officers/contract-approval-city-officers>

#### 1. FILING INFORMATION

<b>TYPE OF FILING</b>	<b>DATE OF ORIGINAL FILING (for amendment only)</b>
original	
<b>AMENDMENT DESCRIPTION – Explain reason for amendment</b>	

#### 2. CITY ELECTIVE OFFICE OR BOARD

<b>OFFICE OR BOARD</b>	<b>NAME OF CITY ELECTIVE OFFICER</b>
Board of Supervisors	Members

#### 3. FILER'S CONTACT

<b>NAME OF FILER'S CONTACT</b>	<b>TELEPHONE NUMBER</b>
Angela Calvillo	415-554-5184
<b>FULL DEPARTMENT NAME</b>	<b>EMAIL</b>
office of the clerk of the Board	Board.of.Supervisors@sfgov.org

#### 4. CONTRACTING DEPARTMENT CONTACT

<b>NAME OF DEPARTMENTAL CONTACT</b>	<b>DEPARTMENT CONTACT TELEPHONE NUMBER</b>
Cathy widener	650-821-5023
<b>FULL DEPARTMENT NAME</b>	<b>DEPARTMENT CONTACT EMAIL</b>
AIR Airport Commission	cathy.widener@flsfo.com



5. CONTRACTOR	
<b>NAME OF CONTRACTOR</b> Dignity Health dba St. Mary's Medical Center	<b>TELEPHONE NUMBER</b> 415-750-4855
<b>STREET ADDRESS (including City, State and Zip Code)</b> 450 Stanyan Street, San Francisco, CA 94117	<b>EMAIL</b> daryn.kumar@dignityhealth.com

6. CONTRACT		
<b>DATE CONTRACT WAS APPROVED BY THE CITY ELECTIVE OFFICER(S)</b>	<b>ORIGINAL BID/RFP NUMBER</b> 50118.02	<b>FILE NUMBER (If applicable)</b> 220439
<b>DESCRIPTION OF AMOUNT OF CONTRACT</b> \$11,000,000		
<b>NATURE OF THE CONTRACT (Please describe)</b> <p>The Airport Commission wishes to contract for the management and operation of the SFO Medical Clinic at the San Francisco International Airport. Contractor's role in the management and operation of the SFO Medical Clinic ("Clinic") is to serve as the provider and director of clinical programs and to employ and contract personnel for the operation of the Clinic.</p> <p>The Contractor shall develop and provide (or arrange for the provision of, as appropriate) the medical and clinical programs, administrative infrastructure and personnel to operate the Clinic.</p>		

7. COMMENTS

8. CONTRACT APPROVAL	
This contract was approved by:	
<input type="checkbox"/>	THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM
<input checked="" type="checkbox"/>	A BOARD ON WHICH THE CITY ELECTIVE OFFICER(S) SERVES Board of Supervisors
<input type="checkbox"/>	THE BOARD OF A STATE AGENCY ON WHICH AN APPOINTEE OF THE CITY ELECTIVE OFFICER(S) IDENTIFIED ON THIS FORM SITS

**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
1	Kumar/Contractor	Daryn	CEO
2	Dennison/Contractor	Jason	COO
3	Thevnin/Contractor	Charles	CFO
4	LeVine/Contractor	Todd	Other Principal Officer
5	Brown Sims/Contractor	Kim	Other Principal Officer
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#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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**9. AFFILIATES AND SUBCONTRACTORS**

List the names of (A) members of the contractor's board of directors; (B) the contractor's principal officers, including chief executive officer, chief financial officer, chief operating officer, or other persons with similar titles; (C) any individual or entity who has an ownership interest of 10 percent or more in the contractor; and (D) any subcontractor listed in the bid or contract.

#	LAST NAME/ENTITY/SUBCONTRACTOR	FIRST NAME	TYPE
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☐ Check this box if you need to include additional names. Please submit a separate form with complete information. Select "Supplemental" for filing type.

**10. VERIFICATION**

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information I have provided here is true and complete.

**I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.**

**SIGNATURE OF CITY ELECTIVE OFFICER OR BOARD SECRETARY OR CLERK**

**DATE SIGNED**

BOS Clerk of the Board



San Francisco International Airport

April 22, 2022

Ms. Angela Calvillo, Clerk of the Board  
Board of Supervisors  
City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco, CA 94102-4689

Subject: Approval of Modification No. 3 to Contract No. 50118.02, for Management and Operation of the SFO Medical Clinic with Dignity Health dba St. Mary's Medical Center and the City and County of San Francisco acting by and through its Airport Commission

Dear Ms. Calvillo:

Pursuant to Section 9.118 of the City Charter, I am forwarding for Board of Supervisors' approval of Modification No. 3 to Contract No. 50118.02, for Management and Operation of the SFO Medical Clinic, between Dignity Health dba St. Mary's Medical Center and the City and County of San Francisco, acting by and through its Airport Commission, to extend the term for two years in an amount not-to-exceed \$1,600,000, for a new not to exceed contract amount of \$11,000,000. The Airport Commission has approved the terms of the contract by adopting Resolution No. 22-0062 on April 19, 2022.

The following is a list of accompanying documents:

- Board of Supervisors Resolution; and
- Approved Airport Commission Resolution No. 22-0062 and Memorandum to the Airport Commission recommending Resolution No. 22-0062; and
- Approved Airport Commission Resolution No. 21-0116 and Memorandum to the Airport Commission recommending Resolution No. 21-0116; and
- Approved Airport Commission Resolution No. 19-0026 and Memorandum to the Airport Commission recommending Resolution No. 19-0026; and
- Form SFEC Form 126f4BOS for the Board of Supervisors; and
- Copy of original Agreement No. 50118.02; and
- Copy of Modification No. 1 to Agreement No. 50118.02; and
- Copy of Modification No. 2 to Agreement No. 50118.02; and
- Copy of Modification No. 3 to Agreement No. 50118.02, executed by Dignity Health dba St. Mary's Medical Center.

Please contact Cathy Widener, Airport Government Affairs at 650-821-5023 if you have any questions or concerns regarding this matter.

Very truly yours,

*Kantrice Ogletree /s/*

Kantrice Ogletree  
Commission Secretary

Enclosures

cc: Cathy Widener, Governmental Affairs

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED  
MAYOR

ELEANOR JOHNS  
PRESIDENT

MALCOLM YEUNG  
VICE PRESIDENT

EVERETT A. HEWLETT, JR.

JANE NATOLI

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AIRPORT DIRECTOR