

AIRPORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 23-0201

APPROVAL OF MODIFICATION NO. 4 TO CONTRACT NO. 50118.02 WITH DIGNITY HEALTH DBA ST. MARY'S MEDICAL CENTER TO INCREASE THE CONTRACT AMOUNT BY \$1,700,000, FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$12,700,000 WITH NO EXTENSION OF TERM

WHEREAS, the Airport Commission requires a state-licensed medical organization to manage and operate the San Francisco International Airport Medical Clinic (SFO Medical Clinic) to provide 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, Dignity Health dba St. Mary's Medical Center (Dignity Health), formerly Catholic Healthcare West, has operated the SFO Medical Clinic; and

WHEREAS, on February 19, 2019, by Resolution 19-0026, the Commission awarded Contract No. 50118.02 (Contract) to Dignity Health for the management and operation of the SFO Medical Clinic for the initial term of July 1, 2019 to June 30, 2022, with one option to extend the term for two years, and a not-to-exceed amount of \$5,900,000; and

WHEREAS, on May 28, 2020, due to the COVID-19 pandemic, 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, which increased the Contract amount by \$3,500,000 and reduced the Management Fee by 50% for fiscal years 2022/23 and 2023/24; and

WHEREAS, on April 19, 2022, by Resolution 22-0062, the Commission approved Modification No. 3 to exercise the option to extend the Contract through June 30, 2024, reduce the Clinic's operating hours from 12 to eight hours, and increase the Contract amount by \$1,600,000, for a new total not-to-exceed amount of \$11,000,000; and

WHEREAS, Airport staff now is requesting an additional \$1,700,000 to cover the projected deficit to June 30, 2024; now, therefore, be it

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RESOLVED, that the Commission approves Modification No. 4 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to increase the Contract amount by \$1,700,000, for a new total not-to-exceed amount of \$12,700,000, with no extension of the term; and, be it further

RESOLVED, that the Commission Secretary is hereby directed to request approval of Modification No. 4 to the Contract from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.

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I hereby certify that the foregoing resolution was adopted by the Airport Commission
AUG 15 2023
at its meeting of _____



Secretary



San Francisco International Airport

MEMORANDUM

August 15, 2023

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

23-0201

AUG 15 2023

FROM: Airport Director

SUBJECT: Approval of Modification No. 4 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to Increase the Contract Amount with No Extension of Term

DIRECTOR'S RECOMMENDATION: APPROVE MODIFICATION NO. 4 TO CONTRACT NO. 50118.02 WITH DIGNITY HEALTH DBA ST MARY'S MEDICAL CENTER TO INCREASE THE CONTRACT AMOUNT BY \$1,700,000, FOR A NEW TOTAL NOT-TO-EXCEED CONTRACT AMOUNT OF \$12,700,000 WITH NO EXTENSION OF TERM.

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 expires on June 30, 2024. Due to the pandemic, the Clinic has been operating at a substantial shortfall due to significantly reduced patient visit volumes.

Background

Dignity Health (formerly Catholic Healthcare West) has operated the Clinic 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.

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 to make on-site COVID-19 testing available through a subcontractor for Airport Commission employees, Airport tenants, airlines, and other entities serving the Airport.

THIS PRINT COVERS CALENDAR ITEM NO. 11

AIRPORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO

LONDON N. BREED
MAYOR

MALCOLM YEUNG
PRESIDENT

EVERETT A. HEWLETT, JR.
VICE PRESIDENT

JANE NATOLI

JOSE F. ALMANZA

IVAR C. SATERO
AIRPORT DIRECTOR

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.

On April 19, 2022, by Resolution 22-0062, the Commission approved Modification No. 3 of the Contract, which exercised the two-year option to extend the Contract through June 30, 2024, to reduce the Clinic's operating hours from 12 to eight hours, and to increase the Contract amount by \$1,600,000, for a new total not-to-exceed amount of \$11,000,000.

The Airport continues to require the services provided by the Clinic and is now seeking Commission approval of Modification No. 4 of the Contract to increase the contract amount by \$1,700,000, for a new total not-to-exceed Contract amount of \$12,700,000. The term of the Contract is not being extended and will still expire June 30, 2024.

As the Contract exceeds \$10,000,000, pending Commission authorization, the Airport will request the Board of Supervisors to approve Modification No. 4 pursuant to Section 9.118 of the Charter of the City and County of San Francisco Charter.

Recommendation

I recommend the Commission approve Modification No. 4 to Contract No. 50118.02 with Dignity Health dba St. Mary's Medical Center to increase the Contract amount by \$1,700,000, for a new total not-to-exceed amount of \$12,700,000, and to direct the Commission Secretary to request approval of Modification No. 4 from the Board of Supervisors pursuant to Section 9.118 of the Charter of the City and County of San Francisco.



Ivar C. Satero
Airport Director

Prepared by: Kevin Bumen
Chief Financial and Commercial Officer

Attachment