



AGENDA REPORT

SAN CLEMENTE CITY COUNCIL MEETING
Meeting Date: August 20, 2019

Agenda Item 62

Approvals:
City Manager [Signature]
Dept. Head [Signature]
Attorney [Signature]
Finance [Signature]

Department: City Attorney
Prepared By: Scott C. Smith

Subject: *PROFESSIONAL SERVICES AGREEMENT FOR HOSPITAL TRANSACTIONAL CONSULTATION.*

Fiscal Impact: Yes, there is sufficient budget in other legal services 001-203-43640, for a not to exceed of \$10,000.

Summary: Staff recommends the City Council approve a professional services agreement with Wipfli (Steven Rousso) to assist the City in evaluating potential opportunities for the City to facilitate and/or participate in the re-opening, acquisition, and/or transfer of the San Clemente Hospital.

Background: The San Clemente Hospital has been closed since 2016. A recent settlement agreement with the hospital's owner, Memorial Health Services ("MHS"), gives the City the ability to work with MHS to facilitate the reopening, acquisition, and/or transfer of the hospital. To participate in this effort, the City needs the expertise of a professional with financial, regulatory, and operational expertise in this area.

Discussion: Memorial Health Services and Saddleback Memorial Medical Center ("MHS") own the San Clemente hospital. The City owns various parcels of real property located throughout the City and has the ability to acquire through purchase additional property. In May 2016, MHS filed a lawsuit against the City challenging the legality and effect of the City's zoning designation on the hospital property. Through the litigation and elsewhere, the City Council has identified operation of an acute care hospital with an emergency medical services component as a vital City interest.

On June 18, 2019, MHS and the City entered into a comprehensive settlement agreement resolving all claims pertaining to the litigation. Under the settlement agreement, the City has the ability to (1) work with MHS to achieve reopening of the hospital, (2) acquire the Hospital Property through negotiations with MHS or through exercise of City's condemnation authority, (3) reconvey the hospital, if acquired, and (4) utilize its inventory of real property for the benefit of the public health, safety, and welfare of its citizens, including the provision of health and emergency medical services.

To accomplish this, the City will need professional consulting expertise in the business, licensing, and operation of hospitals. Steven Rousso, MBA, MPA, is a partner in Wipfli's health care consulting practice, with nearly 37 years of experience in the health care industry. Steve has acted as a consultant for the California Hospital Association (CHA), the California Primary Care Association (CPCA), and several

Federally Qualified Health Center (FQHC) consortiums in California. He is available to assist San Clemente in evaluating and formulating terms relating to the above-referenced hospital negotiations. An hourly professional services agreement with Wipfli will enable this consultation to occur with an initial \$10,000 allocation of funds.

Recommended

Action: STAFF RECOMMENDS THAT Council authorize the City Manager to negotiate and execute an agreement for Hospital Consulting Services based on the terms listed above not to exceed \$10,000.

Attachment: None.

Notification: None.