

CAPITAL COMMITTEE

June 11, 2015

MEETING AGENDA

11:00 AM

125 Worth Street, Room 532
5th Floor Board Room

CALL TO ORDER

Emily A. Youssouf

- ADOPTION OF MINUTES May 14, 2015 Emily A. Youssouf
- SENIOR ASSISTANT VICE PRESIDENT'S REPORT Roslyn Weinstein

ACTION ITEMS

- **Resolution** Dean Mihaltses
Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to execute a five year license agreement with the New York City Department of Parks and Recreation (the "Licensee") for its use and occupancy of an 800-square-foot parcel located on the campus of the former Neponsit Health Care Center (the "Facility") to operate a Lifeguard Trailer with the occupancy fee waived.
- **Resolution** Louis Iglhaut
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute an Indefinite Quantity Construction Contract (IQCC) with Nirman Construction Corporation (the "Contractor"), selected through the HHC public bid process, to provide construction services on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for an amount not to exceed \$6,000,000.
- **Resolution** Milton Nunez
Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to proceed with the procurement and installation of a Linear Accelerator and to renovate the suite required to house this new unit at Lincoln Medical and Mental Health Center (the "Facility") in an amount not-to-exceed \$8,179,641.

INFORMATION ITEMS

- EDC/HHC FEMA Financial Controls Roslyn Weinstein
- Project Status Reports - *There are no projects in the current reporting cycle.*

OLD BUSINESS

NEW BUSINESS

ADJOURNMENT

CAPITAL COMMITTEE MEETING MINUTES

May 14, 2015

MINUTES

Capital Committee

Meeting Date: May 14, 2015

Time: 11:00 A.M.

Location: Board Room

Board of Directors:

Members of the Capital Committee

Emily A. Youssouf, Chair

Josephine Bolus, RN

Mark Page

Ramanathan Raju, MD, President

HHC Staff:

Jawwad Ahmad – Director, Office of Facilities Development

Jeremy Berman – Deputy General Counsel, Office of Legal Affairs

Deborah Cates – Chief of Staff, Office of the Chairman

Riccardo Corrales – Senior Associate Director, Woodhull Medical and Mental Health Center

Jonathan Goldstein – Senior Consultant, Corporate Planning

Louis Iglhaut – Assistant Vice President, Office of Facilities Development

John Jurenko – Senior Assistant Vice President, Intergovernmental Relations

Liny Liu – Senior Associate Director, Lincoln Medical and Mental Health Center

Patricia Lockhart – Secretary to the Corporation, Office of the Chairman

Denise Lyman – Director, Office of Facilities Development

Antonio Martin – Executive Vice President

Angelo Mascia – Executive Director, Sea View Hospital Rehabilitation Center and Home

Dean Pearce – Associate Executive Director, Metropolitan Hospital Center

Michael Rawlings – Senior Associate Director, Bellevue Hospital Center

Christopher Roberson – Director, Bellevue Hospital Center

Lynnette Sainbert – Assistant Director, Office of the Chairman

Caswell Samms – Chief Financial Officer, Generations+/Northern Manhattan Health Network

Beau Scelza – Director, North Bronx Health Network

Lisa Scott-McKenzie – Network Deputy Executive Director, Central/North Brooklyn Health Network

Cyril Toussaint – Director, Office of Facilities Development

L. Rickie Tulloch – Director, Office of Facilities Development

Arthur Wagner – Senior Vice President, South Brooklyn/Staten Island Health Network

Roslyn Weinstein – Senior Assistant Vice President, President's Office

Dion Wilson – Director of Real Estate, Office of Legal Affairs

Elizabeth Youngbar – Assistant Director, Office of Facilities Development

Other Attendees:

Richard Larson – Metropolitan Fire Association

Donna Long – Grace Foundation

Kristyn Raffaele – New York City Office of Management and Budget (OMB)

Roberto Tillman – New York City Department of Education

CALL TO ORDER

The meeting was called to order by Emily Youssouf, Chair of the Capital Committee, at 11:02 A.M.

On motion, the Committee voted to adopt the minutes of the April 16, 2015, Capital Committee meeting.

SENIOR ASSISTANT VICE PRESIDENT'S REPORT

Roslyn Weinstein, Senior Assistant Vice President, Office of the President, advised that the meeting agenda included four real estate agreements; one for occupancy of space at various facilities to operate optical stores; one authorizing the use of space by the Department of Education at North Central Bronx; and, two for space at Sea View Hospital Rehabilitation Center and Home (Sea View), for which there would be a brief presentation regarding the history of the facility and its campus.

Ms. Weinstein congratulated Angelo Mascia, Executive Director, Sea View, on a recent five (5) star rating and quality award that the facility had received. Mr. Mascia thanked Ms. Weinstein and explained that the recognition was an honor granted to the top ten (10) percent, highest performing, nursing homes in the country. Dr. Ramanathan Raju, President, Health and Hospitals Corporation acknowledged that Mr. Mascia had also received a personal recognition. Mr. Mascia said that he had received a leadership award from the American College of Healthcare Executives, but said he shared it with the entire facility, for all the fine work they do. Ms. Youssouf said that she was sure that their work was attributable to his good leadership. Committee members and meeting attendees congratulated him.

That concluded Ms. Weinstein's report.

Ms. Youssouf requested that the first two action items, those relating to space on the Sea View campus, be presented together.

ACTION ITEMS

- Authorizing the President of the New York City Health and Hospitals Corporation ("the Corporation") to execute a five year license agreement with the Metropolitan Fire Association, Inc. (the "Licensee") for its continued use and occupancy of a 2,400-square-foot parcel located behind the "G" Building to conduct vocational training at the Sea View Hospital Rehabilitation Center and Home (the "Facility") with the occupancy fee waived.
- Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year revocable license agreement with the Grace Foundation of New York (the "Licensee") for the continued use and occupancy of 5,700 square feet of space in the building designated #9 (the "Isolation Building") to operate support programs for individuals affected by Autism Spectrum Disorder at the Sea View Hospital Rehabilitation Center and Home (the "Facility") with the occupancy fee waived.

Angelo Mascia, Executive Director, Sea View Hospital Rehabilitation Center and Home, read the resolutions into the record on behalf of Arthur Wagner, Senior Vice President, South Brooklyn/Staten Island Health Network, who was present in the audience.

Mr. Mascia narrated a power point presentation explaining the history of the facility and its vast campus. Mr. Mascia explained that in 1829 the City of New York built what is now referred to as the farm colony, a piece of land on which residences were constructed for the poor, where they could raise livestock, do woodworking, etc. In 1915 Sea View Hospital was opened in the colony with the sole focus of treating tuberculosis. It was in the 1950s that they pioneered the treatment there, and then in 1966 the hospital was closed. In 1973 the Robitzek building was opened on the campus, it served as a 304 bed nursing home facility, with an adult day health care program and 21 bed traumatic brain injury unit. In the 1980s the campus was granted landmark preservation status, and the farm colony itself was designated a landmark district.

Ms. Youssef asked how many acres the site was. Mr. Mascia said at one time the colony was 340 acres but it has since been divided. There was a piece belonging to the Economic Development Corporation (EDC), where proposed senior housing units may be built. Ms. Youssef asked about the new construction. Mr. Mascia explained that the Landmarks Preservation Commission (LPC) had decided that six buildings on the site could be torn down but five must be rebuilt. Mr. Page asked if the new structures would have to look like the old ones. Mr. Mascia said that the new structures would have to be approved by the LPC but they do not need to look exactly the same. Ms. Youssef asked how many new buildings would be built. Mr. Mascia said he believed 350 units but it was an EDC project, on land that no longer belonged to Sea View or HHC and the details were still being settled.

Mr. Mascia noted that, at present, 75 acres belonged to Sea View, and that was what HHC was responsible for, not what was known as the Northern parcel where land had been used to build a high school, some had been given to the Parks Department and some to the Department of Citywide Administrative Services (DCAS). Mr. Mascia said that Sea View acreage provided space to the Fire Department of the City of New York, Emergency Medical Services (EMS), the Office of the Chief Medical Examiner (OCME), the local Community Board, and various other City agencies. Mr. Mascia explained that building number eight (8) which underwent a \$22 million project, renovation of the old nurse's residence, had converted that space into 160 units of Senior Housing. Building 12 was operating as a group home, Camelot Counseling Services, and that site had undergone an \$8 million renovation. He advised that the request being presented to the Committee was for continued upgrading of the Isolation Building, building nine (9), where the Grace Foundation was located. He explained that elected officials had given \$3.75 million for interior work, and roof and window replacement. He identified on a map the location of building seven (7) in front of which there was vacant land to house the proposed, new, meals on wheels headquarters. The Metropolitan Fire Association, whose license agreement was also being presented for approval, occupied space behind building 19, which was an isolated part of the campus, where Mr. Mascia said he appreciated having a tenant located. Just having a presence on that part of the campus, he said, is beneficial to Sea View.

Dr. Ramanathan Raju, President, asked for the estimated annual cost of maintaining the areas that are not occupied. Mr. Mascia said that the unoccupied spaces had been fenced in but there was still a cost to maintain landscaping and streets. Dr. Raju asked what the benefit to the Corporation was, if the space was all being given away. Mr. Mascia explained that in the few places where no rent was charged the facility would not have to maintain the building. For instance, The Grace Foundation provided the capital

dollars to renovate the building it was located in, and they perform their own landscaping, etc. The only thing the facility takes care of is seasonal plowing.

Ms. Youssouf asked how much was spent on maintaining the grounds annually. Mr. Mascia said that there were four individuals on the grounds-keeping crew, with an estimated cumulative salary of \$250,000, and those individuals performed regular maintenance such as cutting grass, and clearing gutters on HHC buildings.

Ms. Youssouf asked if this was in fact City property that HHC was maintaining.

Jeremy Berman, Deputy General Counsel, Legal Affairs, explained that in 1970 the Operating Agreement, or Lease with the City of New York, gave HHC control of all the City Department of Hospitals buildings, including Sea View, for the cost of one dollar a year, for the duration of the Corporation's statutory existence. That land had evolved as HHC returned to the City parts of the property.

Dr. Raju asked if the spaces that were being leased or licensed with no occupancy fee were spaces that would otherwise be unused. Mr. Mascia said that the Isolation Building, where the Grace Foundation was located also housed the police surgeon, and they paid rent. The building had undergone some renovations and the Borough President's Office contributed \$200,000 for additional work. So, the City and the Borough President's Office funded renovation of the building. Mr. Mascia noted that the City Council was aware and approved of the various occupancy agreements, and in some cases they had approached the facility to foster relationships. Dr. Raju asked for confirmation that renovations were not performed with HHC funds. Mr. Mascia agreed.

Mrs. Bolus asked whether the city funded renovations had kept the buildings up to code, and whether the other, unoccupied spaces, were up to code. Mr. Mascia said yes, occupied buildings were up to code and the unoccupied buildings were fenced, with controls in place as required by governing bodies. Elevator shafts were closed off, ground floor access was limited but there was still an element of risk.

Mr. Page said it seemed that there were no comprehensive plans for the area, and who was responsible for what, and he feared that the site was becoming a de facto senior housing center. He said the HHC should be trying to get out of ownership and responsibility for anything that the Corporation didn't utilize. In the long run, he advised, the Corporation should maneuver itself away from the ancillary responsibilities.

John Maese, MD, Chief Medical Officer, Coney Island Hospital Center, provided an overview of the activity on the Sea View campus. Dr. Maese described Sea View as an anchor for Staten Island, with the facility an integrated part of the fabric of the Community. There were synergies that may not seem apparent but there had been a thoughtful plan. For example, the autistic children at the Grace Foundation may eventually go to work at Meals on Wheels, which provides them an opportunity to work that they may not have had without that relationship. Dr. Maese noted that the growth of autism in the Borough had heightened the need for such programs and was important to the community. The borough also had the fastest growing population over 85, added Dr. Maese, so those services are of great importance as well, and there was thought behind the fact that senior housing and nursing homes are related, and there had in fact been migration from the housing to the hospital.

Ms. Youssouf noted that access must have been discussed prior to funding for Senior Housing being received, and asked Mr. Mascia about transportation and local stores. Mr. Mascia said there were three bus lines that ran through the campus, so transportation was plentiful for visitation, shopping, errands, etc.

Ms. Youssouf said that the empty buildings were a liability and the Corporation should keep in mind the idea of getting rid of what they don't need. It will limit liability and help the community, she concluded.

Dr. Raju agreed with Ms. Youssouf and Mr. Page, and said that the community would benefit and the campus would look better. He noted that as primary care became a larger focal point for the Corporation, the site may provide an opportunity for such growth. He advised that HHC keep abreast of the Borough President's plans and see if the Corporation can benefit. Mr. Mascia advised that the EDC, the Corporation and other City representatives met regularly to discuss plans for the area and that Central Office representatives attended those meetings.

Ms. Youssouf asked that the Committee be briefed as determinations were made.

There being no further questions or comments, the Committee Chair offered the matters for a Committee vote.

On motion by the Chair, the Committee approved the two (2) resolutions for the full Board's consideration.

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a revocable license agreement with General Vision Services/Cohen Fashion Optical (the "Licensee") for the continued use and occupancy of space to operate optical stores on the campuses of Harlem Hospital Center, Lincoln Medical and Mental Health Center, Metropolitan Hospital Center and Bellevue Hospital Center (the "Facilities") at an occupancy fee rate of \$58.00, \$36.00, \$73.00 and \$78.00 respectively for a total annual occupancy fee of \$104,318.00 to be escalated by 2.5% per year.**

Jeremy Berman, Deputy General Counsel, Legal Affairs, read the resolution into the record.

Ms. Youssouf asked for an explanation of the changes in how occupancy fees were being calculated. Mr. Berman explained that at one time occupancy fees were based on Institutional Cost Recovery (ICR) rates, those rates were typically used for Medicaid reimbursement purposes and were calculated by taking into account the cost of operating the facilities, including amortized capital cost. While there had been a period when it was thought to be a convenient and acceptable way to calculate the rate at which charges were assessed for third parties occupying HHC space, the federal and state fraud and abuse rules that regulate the way in which multiple healthcare providers relate to each other require that there be a relationship that does not include additional inducements or compensation over and above Fair Market Value (FMV) that may be viewed as inducements to inappropriate referrals. Therefore, the law established FMV as a safe harbor rate at which to peg those relationships. HHC thought in the past that ICR was a fair substitute, but moving forward the FMV would be used.

Ms. Youssouf noted that the Committee had historically questioned why the ICR rate was used and not the FMV rate. Mr. Berman said he recalled questions of the sort and acknowledged that there were

times when it was hard to explain why rates were seemingly out of line with what the FMV would have been. For instance, there were locations at Coler Specialty Hospital that had higher occupancy fees than those at Bellevue Hospital, which did not seem logical being that Bellevue is located in Manhattan, a more desirable area with typically higher rent rates than those on Roosevelt Island. He advised that the Corporation now employed a consultant who performed market studies for each transaction.

He explained that as a result of switching the formula from ICR to FMV some rates had gone down, most had gone up, but now there was a more rational basis for charges.

Mrs. Bolus asked that the resolution be revised to reflect the charges separated by facility so that it was clear which rate represented which site.

Mr. Page said it was important that HHC maximize the return to the hospital for the use of its space for commercial purposes. He noted that with regards to the presented agreement there was a relationship and convenience to HHC patients that was good and he supported the switch to market value. It is a good idea and we should do it carefully to make certain we are gaining whatever support we can for our general service responsibility for basic for-profit use of our space, he said.

There being no further questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

Mrs. Bolus commented that she had seen the location at Kings County Hospital Center and it appeared to be doing excellent business.

- **Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute a five year revocable license agreement with the New York City Department of Education (the "Licensee") for its continued use and occupancy of 160 square feet of space at North Central Bronx Hospital (the "Facility") to operate a vocational training program with the occupancy fee waived.**

Beau Scelza, Director, North Bronx Health Network, read the resolution into the record on behalf of William Walsh, Senior Vice President, North Bronx Health Network.

Ms. Youssouf asked for a brief overview of the program. Mr. Scelza explained that the program offered hands on educational training and work experience for challenged students and the facility contributed by providing a place on the hospital grounds for learning and work. Ms. Youssouf asked if any students had been hired at the hospital. Antonio Martin, Executive Vice President, said he remembered when the program was last presented and at least one individual had been hired.

Ms. Youssouf asked how many students were enrolled in the program. Mr. Scelza said three.

Mrs. Bolus asked what assistance the interns provide. Mr. Scelza said they work on the grounds crew and deliver interoffice mail. Dr. Raju said they often perform messengering and filing duties, and grounds work.

Mrs. Bolus asked if they were paid. Mr. Martin said no.

Ms. Youssouf requested that a representative from the Department of Education (DOE) be present next time as it is helpful to the committee when the individual presenting is more informed about the program.

There being no further questions or comments, the Committee Chair offered the matter for a Committee vote.

On motion by the Chair, the Committee approved the resolution for the full Board's consideration.

INFORMATION ITEMS

- **Project Status Reports**

Central / North Brooklyn Health Network

Lisa Scott-McKenzie, Network Deputy Executive Director, Central/North Brooklyn Health Network presented reports for projects at Kings County Hospital Center, and Woodhull Medical and Mental Health Center.

Mrs. Scott-McKenzie advised that the Linear Accelerator project at Kings County Hospital Center was substantially complete with punch-list items remaining. She noted that a commissioning of the system would likely be performed in August, 2015, and when that was complete the Department of Health (DOH) inspection would be scheduled.

Ms. Weinstein shared photographs of the completed transport of the Ida Israel pre-fabricated building to Coney Island. Ms. Youssouf said that the committee was instrumental in helping to negotiate the site and they would like to be at the ribbon cutting. She said she was excited and hoped the community was as well.

Ms. Youssouf suggested that if the pre-fab construction worked well then it should be looked into as an option for other projects. If in fact it is satisfactory and cheaper, she added. Ms. Weinstein explained that the project was paid for with FEMA funding and while some minor change orders resulted in some additional cost, none of it was an outlay of HHC dollars. So, Capital Committee approved \$8.6 million, and there was some increase as a result of field conditions, but that total project cost would be shared when the site opened. Mrs. Bolus asked if FEMA would come to approve the final project. Ms. Weinstein explained that FEMA approvals were given throughout the process. That happens along the way, she said,

Ricardo Corrales, Senior Associate Director, Woodhull Medical and Mental Health Center advised that the Obstetric Expansion project at the facility was being outfitted, and when that was complete the Department of Buildings (DOB) would be scheduled to come in for limited review.

Ms. Weinstein shared photos of the completed EPIC training center, as discussed at the April 16, 2015, Capital Committee meeting, and another FEMA project. Mr. Page asked for explanation of a photograph showing an emergency power off switch, which was part of the project. Denise Lyman, Director, Office of Facilities Development explained that each of the Information Technology (IT) closets was equipped with a power off switch so that in case of emergency the system could be shut down to any possible damage spreading. Ms. Lyman advised that training had started in the space the week of May 11,

2015. Ms. Weinstein said that there were 16 classrooms in total, that held between ten (10) and 35 individuals, the rooms were operational 24 hours a day, seven (7) days a week so that students from all tours could be serviced. Ms. Weinstein noted that the in house training was an anticipated financial asset to the Corporation.

There being no further business, the meeting was adjourned at 11:49 A.M.

LICENSE AGREEMENT

**NEW YORK CITY DEPARTMENT OF
PARKS AND RECREATION**

NEPONSIT HEALTHCARE CENTER

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (“the Corporation”) to execute a five year license agreement with the New York City Department of Parks and Recreation (the “Licensee”) for its use and occupancy of an 800-square-foot parcel located on the campus of the former Neponsit Health Care Center (the “Facility”) to operate a Lifeguard Trailer with the occupancy fee waived.

WHEREAS, the Licensee operates a Lifeguard Trailer on the Facility campus that serves as an office and locker room for New York City lifeguards; and

WHEREAS, the Licensee plans to undertake a capital project to replace the existing trailer with a trailer measuring approximately 20 feet by 40 feet; and

WHEREAS, the Licensee shall operate the Lifeguard Trailer during Summer months, approximately from June 1st through Labor Day; and

WHEREAS, the Licensee shall be responsible for all operating expenses including utilities and maintenance.

NOW, THEREFORE, be it

RESOLVED, that the President of the New York City Health and Hospitals Corporation (“the Corporation”) be and is hereby authorized to execute a five year license agreement with the New York City Department of Parks and Recreation (the “Licensee”) for its use and occupancy of an 800-square-foot parcel located on the campus of the former Neponsit Health Care Center (the “Facility”) to operate a Lifeguard Trailer with the occupancy fee waived.

EXECUTIVE SUMMARY
LICENSE AGREEMENT
NEW YORK CITY DEPARTMENT OF PARKS AND RECREATION
QUEENS HEALTH CARE NETWORK

The President seeks the authorization of the Board of Directors of the Corporation to execute a revocable license agreement with the New York City Department of Parks and Recreation ("Parks") for its use and occupancy of space to operate a Lifeguard Trailer on the campus of the former Neponsit Health Care Center ("Neponsit")

Neponsit consists of three buildings located on a 5.6 acre parcel at 149-25 Rockaway Beach Boulevard. The facility was closed in September 1998 and remains vacant. The Queens Healthcare Network is responsible for maintaining the property.

Parks operates a Lifeguard Trailer on the Facility campus that serves as an office and locker room for New York City lifeguards. Parks plans to undertake a capital project to replace the existing trailer with a trailer measuring approximately 20 feet by 40 feet. The Lifeguard Trailer is utilized by approximately four (4) to six (6) lifeguards each day, operating from 9:00 AM to 7:00 PM, during Summer months, approximately from June 1st through Labor Day. Parks will be responsible for all operating expenses including utilities and maintenance.

Parks will be required to indemnify and hold harmless the Corporation and the City of New York from any and all claims arising out of the use of the licensed space and will provide appropriate insurance naming the Corporation and the City of New York as additional insured parties.

The license agreement shall be revocable by either party on sixty (60) days prior notice, and shall not exceed a term of five years without further authorization by the Board of Directors of the New York City Health and Hospitals Corporation.

**IDENFINITE QUANTITY CONSTRUCTION CONTRACT
(IQCC) EXECUTION**

NIRMAN CONSTRUCTION CORPORATION

VARIOUS FACILITIES

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to execute an Indefinite Quantity Construction Contract (IQCC) with Nirman Construction Corporation (the "Contractor"), selected through the HHC public bid process, to provide construction services on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for an amount not to exceed \$6,000,000.

WHEREAS, the facilities of the Corporation may require professional construction services, such as, General Contracting (GC) services; and

WHEREAS, the Corporation has determined that such needs can best be met by utilizing outside firms, on an as-needed basis, through a requirements contracts; and

WHEREAS, the Corporation's Operating Procedure No. 100-5 requires approval by the Board of Directors contracts of \$3,000,000 and above; and

WHEREAS, the Corporation published a request for bids for professional GC services, bids received were publicly opened on December 16, 2014 and December 18, 2014 the Corporation determined that the Contractor is one of the lowest responsible bidders for these contracts; and

WHEREAS, the Contractor has met all, legal, business and technical requirements and are qualified to perform the services as required in the contract documents.

NOW, THEREFORE, be it

RESOLVED, the President of the New York City Health and Hospitals Corporation be and hereby is authorized to execute an Indefinite Quantity Construction Contract (IQCC) with Nirman Construction Corporation, selected through the HHC public bid process, to provide construction services on an as-needed basis at various facilities throughout the Corporation. The contract shall be for a term of two (2) years, for an amount not to exceed \$6,000,000.

EXECUTIVE SUMMARY

CONSTRUCTION SERVICES INDEFINITE QUANTITY CONSTRUCTION CONTRACTS (IQCC)

GENERAL CONTRACTING (GC) – NIRMAN CONSTRUCTION CORPORATION

- OVERVIEW:** The Corporation seeks to execute one (1) Indefinite Quantity Construction Contract for a term of two years, for an amount not-to-exceed \$6,000,000, to provide professional construction services on an as-needed basis at any HHC facility.
- The method of requirements contract proposed starts with fixed prices for thousands of materials utilized in a typical construction project. The prices are derived from widely published construction reference works to which HHC subscribes that are updated at frequent intervals. The contractors awarded requirements contracts under the proposed resolution are later invited to submit proposals for particular projects. The requirements contractors submit proposals based upon acceptance of the fixed material prices and a multiplier based on such material costs to determine their labor cost proposals. For example, if a material to be installed is priced at \$10.00, and the contractor's labor multiplier to install that material is 1.0, the cost of that material and labor is \$10.00, inclusive of overhead and profit. If the multiplier is 1.2, then the cost of that material and labor is \$12.00, inclusive of overhead and profit.
- This format has been used in previous HHC requirements contracts, and continues to be used by the New York City School Construction Authority, the Dormitory Authority of the State of New York State, the New York City Department of Design and Construction, the New York City Department of Environmental Protection, the United States Postal Services and others. The program was developed by the Department of Defense and has been in existence for more than twenty years.
- NEED:** The various facilities of the Corporation are likely to require GC services that vary in frequency, size and urgency, which cannot be timely and cost effectively completed through a dedicated design, bid and award process.
- TERMS:** The construction services will be provided via a work order system within a two (2) year period, for an amount not to exceed \$6,000,000.
- COSTS:** Not-to-exceed \$6,000,000 over two years.
- FINANCING:** Requirements contracts provide a pre-qualified approved mechanism for Networks to access construction services. Networks establish funding sources such as capital funds from bond proceeds, grants or expense (Other Than Personnel Services - OTPS) funds.
- SCHEDULE:** Upon contract execution the contract shall be in effect for two years or until funds are exhausted.

CONTRACT FACT SHEET

INDEFINITE QUANTITY CONSTRUCTION CONTRACTS (IQCC)

GENERAL CONTRACTING (GC)

NIRMAN CONSTRUCTION CORPORATION

CONTRACT SCOPE: General Contracting Services

CONTRACT DURATION: Two (2) years

CONTRACT AMOUNT: \$6,000,000

ADVERTISING PERIOD: Advertised in City Record 11/25/14 - 12/18/14.

BIDS RECEIVED: 10 bid proposals received for consideration. Nirman Construction Corporation was recommended as the lowest responsive bidder.

HHC EXPERIENCE: Requirements Contract: Various Facilities. Completed in 2014.

VENDEX: Pending approval. The New York City Controller has stated that all Nirman VENDEX related issues have been resolved.

EEO: Pending.

PROJECT APPROVAL

**PROCUREMENT AND INSTALLATION OF A LINEAR
ACCELERATOR AND SUITE RENOVATION**

LINCOLN MEDICAL & MENTAL HEALTH CENTER

RESOLUTION

Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to proceed with the procurement and installation of a Linear Accelerator and to renovate the suite required to house this new unit at Lincoln Medical and Mental Health Center (the "Facility") in an amount not-to-exceed \$8,179,641.

WHEREAS, the Facility is a leading health care provider for radiation oncology services in the South Bronx community; and

WHEREAS, the existing Linear Accelerator cannot provide certain treatments that are current best practices for certain cancer types, such as Image Guided Radiation Therapy, Sterotactic Radiosurgery, and Sterotactic Body Radiotherapy; and

WHEREAS, in October, 2011, notification was sent to the New York State Department of Health (NYSDOH) informing them of a one to one replacement of the Linear Accelerator; and

WHEREAS, the Advisory Board Company recommends the purchase of a new Linear Accelerator to address the increasing need for this service within the South Bronx community; and

WHEREAS, the amount of \$7,700,000 in city capital funds in the Mayoral Budget Line is included in the Capital Commitment Plan, \$97,943 in HHC Bonds have been allocated for the purchase of a Linear Accelerator and related construction, and an estimated \$381,698 in future HHC financing; and

WHEREAS, the proposed Linear Accelerator equipment will provide the capability to treat additional out-patients per year and improve quality of care; and

WHEREAS, the revision to Operating Procedure 100-5 requires that capital projects with budgets of \$3 million or more shall receive approval of the Board of Directors; and

WHEREAS, the overall management of the construction and installation contracts will be under the direction of the Facility's Executive Director and Assistant Vice President – Facilities Development.

NOW THEREFORE, be it

RESOLVED, Authorizing the President of the New York City Health and Hospitals Corporation (the "Corporation") to proceed with the procurement and installation of a second Linear Accelerator and to renovate the suite required to house this new unit at Lincoln Medical and Mental Health Center (the "Facility") in an amount not-to-exceed \$8,179,641.

EXECUTIVE SUMMARY
PROCURE AND INSTALL LINEAR ACCELERATOR AND RENOVATE SUITE
LINCOLN MEDICAL AND MENTAL HEALTH CENTER

OVERVIEW: Lincoln Medical and Mental Health Center's Radiation Oncology Department (ROD) currently provides radiation therapy services to the South Bronx patient population and also receives referrals from Lincoln Medical and Mental Health Center, Metropolitan Center, Harlem Hospital Center, Morrisania Diagnostic and Treatment Center, Segundo Ruiz Belvis Diagnostic and Treatment Center, and Renaissance Diagnostic and Treatment Center. As one of the major radiation therapy providers of the South Bronx community and with a Cancer Care Center which is accredited by the American College of Surgeons Commission on Cancer, it is imperative that the Facility continue to provide precise and conformal radiation treatment modalities in a safe and expeditious manner. The proposed new LINAC will be equipped to meet these needs, adding new capabilities to the array of services provided at the Facility.

NEED: The Facility's ROD currently utilizes a 25-year old Varian 2100C in conjunction with a 15-year old Elekta Precise Linear Accelerator to provide external beam therapy. The existing LINAC treats over 300 patients annually, who receive over 7,000 treatments per year. According to the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets, 2013 Edition, the estimated useful life of a LINAC is seven (7) years, though may continue to be utilized for as long as 10 to 15 years provided the LINAC functions properly with routine maintenance, and appropriate use and handling. Due the increasing demand by eligible patients to receive radiation therapy, the hindered functionality and utilization of the existing LINAC creates clinical and operational challenges due to backlogs and delays of patient care. Additionally, the chiller in place is not adequate to supply the cooling capacity demand of the existing LINAC, therefore the existing chiller and its components need to be replaced with a chiller dedicated to cooling the new Varian LINAC.

With the expected growth in utilization and volumes for IMRT treatment over the next several years, the replacement of the existing LINAC will position the Facility to increase its market share. The new LINAC will equip the Radiation Oncology Department with the capability of treating additional out-patients.

SCOPE: The scope of work includes the following:

- Renovating a space in the Radiation Oncology Department located in the basement of Lincoln Medical Center;
- Procure and install One (1) Varian Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator;
- Chiller and HVAC upgrade

COST: \$8,179,641

FINANCING: City Capital Funds (\$7,700,000)
HHC Bonds (\$97,943)
Future HHC financing (\$381,698)

SCHEDULE: Facility expects to complete construction by March 2016.

The Advisory Board Company

2445 M Street, NW Washington, DC 20037 Telephone: (202) 266-5600 FAX: (202) 266-5700

Mr. Dean Moskos
 Director, Capital Budget
 Office of Facilities Development
 New York City Health and Hospitals Corporation
 346 Broadway, 12 West
 New York, NY 10013

November 10, 2011

Dear Mr. Moskos,

Please find below 'Technology Insights' assessment of and recommendation for the proposed purchase of the following capital equipment for Lincoln Medical and Mental Health Center:

| | |
|--|-----------------------|
| One (1) Varian, Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator, and Associated Components | \$2,976,756.00 |
| One (1) Aktina Medical, Stereotactic Radiosurgery Equipment Package | \$131,698.00 |
| One (1) Sun Nuclear Corporation, Physics Equipment Package | \$95,320.25 |
| Total Cost: | \$3,203,774.25 |

Lincoln Medical and Mental Health Center is requesting \$3,861,964 in capital funding to acquire the proposed linear accelerator (LINAC) and associated components from the vendor Varian, Stereotactic Radiosurgery Equipment from Aktina Medical, and Physics Equipment from Sun Nuclear Corporation, along with vault renovation for which costs are not included within this assessment. The proposed capital project has been included in the organization's capital plan. The proposed funding sources for the project are the existing New York City Health and Hospitals Corporation (NYCHHC) bonds, series 2010.

The proposed capital equipment investment includes both capital- and non-capital-eligible identified costs. Those costs identified as being non-capital-eligible, such as vendor-sponsored training and disposable items, must be funded through the Lincoln Medical and Mental Health Center's operating budget. Please see "Appendix A: Non-Capital-Eligible Items" for complete descriptions of non-capital-eligible items.

| Project | Capital-Eligible Costs | Non-Capital-Eligible Costs |
|---|------------------------|----------------------------|
| One (1) Varian, Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator with ARIA Information Management System, Eclipse Treatment Planning System, and GE CT Simulator | \$2,941,970.00 | \$34,786.00* |
| One (1) Aktina Medical, Stereotactic Radiosurgery Equipment Package | \$131,698.00 | |
| One (1) Sun Nuclear Corporation, Physics Equipment Package | \$95,320.25 | |
| Total | \$3,168,988.25 | \$34,786.00* |

*Some non-capital-eligible costs have been identified in the vendor quotation; however, the vendor quotation does not specify the cost of these items. For a description of those items identified as being non-capital-eligible, please see "Appendix A: Non-Capital-Eligible Items".

While the ARIA Information Management System, Eclipse Treatment Planning System, GE CT Simulator, Aktina Medical Stereotactic Radiosurgery Equipment, and Sun Nuclear Physics Equipment are requested in the same capital request as the Clinac iX LINAC, they are considered to be accessory and complementary items which are critical components to the overall technology investment. It is Technology Insights' recommendation the ARIA Information Management System, Eclipse Treatment Planning System, GE CT Simulator, Aktina Medical

Stereotactic Radiosurgery Equipment, and Sun Nuclear Physics Equipment be purchased with the Clinac iX LINAC, as they facilitate the treatment delivery process while ensuring quality control and patient safety.

I. Technology Insights' Recommendation

Based upon the age of the current technology, as well as its clinical and functional obsolescence, Technology Insights *recommends* the purchase of the following capital equipment for Lincoln Medical and Mental Health Center:

| | <u>Priority Level</u> |
|--|-----------------------|
| One (1) Varian, Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator, and Associated Components | High |
| One (1) Aktina Medical, Stereotactic Radiosurgery Equipment Package | High |
| One (1) Sun Nuclear Corporation, Physics Equipment Package | High |

Lincoln Medical and Mental Health Center currently utilizes a LINAC which is 20- years old, and is classified as clinically and functionally obsolete. With the machine experiencing downtimes during 20 percent of working days due to various reasons and inability to deliver intensity modulated radiotherapy to major eligible tumor sites due to the lack of a multi-leaf collimator (MLC), the current LINAC presents significant operational and clinical challenges leading to delays in patient care and suboptimal outcomes according to more recent industry standards. Further, due to significant downtimes of the aged LINAC, the other aging LINAC, 10-years old, is also experiencing frequent wear-and-tear issues, requiring regular maintenance. Stakeholders also claim that affiliated hospitals within the HHC network, such as Jacobi Medical Center, are referring almost 350 new cancer patients to a local competitor instead of Lincoln Medical and Mental Health Center due to the outdated technology.

As one of the major radiation therapy providers for populous communities of the South Bronx and Harlem areas, it is necessary for Lincoln Medical and Mental Center to provide precise and conformal radiation treatment modalities, in a safe and expedited manner. The proposed LINAC is equipped to meet these needs of the center, adding new capabilities to the array of services provided at Lincoln Medical and Mental Health Center including image-guided radiotherapy, volumetric arc therapy, and stereotactic radiosurgery, along with an integrated information management and treatment planning system. Furthermore, the proposed investment may bolster the radiation oncology business by affording the opportunity to generate revenue from the existing pool of eligible patients within Lincoln Medical and Mental Health Center's catchment area, especially in the case of patients who were previously deemed ineligible for invasive surgical procedure or deemed to gain marginal benefits from conventional radiotherapy. Accordingly, Technology Insights recommends the proposed investment in the Varian Clinac iX Linear Accelerator and associated components for Lincoln Medical and Mental Health Center.

II. Relation to Capital Plan

Lincoln Medical and Mental Health Center is requesting \$3,861,964 in capital funding to acquire the proposed linear accelerator (LINAC) and associated components from the vendor Varian, Stereotactic Radiosurgery Equipment from Aktina Medical, and Physics Equipment from Sun Nuclear Corporation, along with vault renovation for which costs are not included within this assessment. The proposed capital project has been included in the organization's capital plan. The proposed funding sources for the project are the existing New York City Health and Hospitals Corporation (NYCHHC) bonds, series 2010.

The proposed capital equipment investment includes both capital- and non-capital-eligible identified costs. Those costs identified as being non-capital-eligible, such as vendor-sponsored training and disposable items, must be funded through the Lincoln Medical and Mental Health Center's operating budget. Please see "Appendix A: Non-Capital-Eligible Items" for complete descriptions of non-capital-eligible items.

| Project | Capital-Eligible Costs | Non-Capital-Eligible Costs |
|--|------------------------|----------------------------|
| One (1) Varian, Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator with ARIA Information Management | \$2,941,970.00 | \$34,786.00* |

| | | |
|---|-----------------------|---------------------|
| System, Eclipse Treatment Planning System, and GE CT Simulator | | |
| One (1) Aktina Medical, Stereotactic Radiosurgery Equipment Package | \$131,698.00 | |
| One (1) Sun Nuclear Corporation, Physics Equipment Package | \$95,320.25 | |
| Total | \$3,168,988.25 | \$34,786.00* |

*Some non-capital-eligible costs have been identified in the vendor quotation; however, the vendor quotation does not specify the cost of these items. For a description of those items identified as being non-capital-eligible, please see "Appendix A: Non-Capital-Eligible Items".

While the ARIA Information Management System, Eclipse Treatment Planning System, GE CT Simulator, Aktina Medical Stereotactic Radiosurgery Equipment, and Sun Nuclear Physics Equipment are requested in the same capital request as the Clinac iX LINAC, they are considered to be accessory and complementary items which are critical components to the overall technology investment. It is Technology Insights' recommendation that the ARIA Information Management System, Eclipse Treatment Planning System, GE CT Simulator, Aktina Medical Stereotactic Radiosurgery Equipment, and Sun Nuclear Physics Equipment be purchased with a Clinac iX LINAC, as they facilitate the treatment delivery process while ensuring quality control and patient safety.

III. Assessing the Investment(s)

One (1) Varian, Clinac iX IMRT/RapidArc/Gating Ready Linear Accelerator -- Lincoln Medical and Mental Health Center is requesting the purchase of the proposed technology to replace the existing Varian 2100C LINAC.

Lincoln Medical and Mental Health Center utilizes two (2) LINACs, a twenty-year old Varian 2100C LINAC and a ten-year old Elekta Precise to deliver conventional radiation therapy and intensity modulated radiation therapy (IMRT) for eligible patients. The aging Varian LINAC has exceeded the recommended industry life for the system, and falling short of the accepted clinical standards for the vast majority of clinical applications. According to Lincoln Medical and Mental Health Center administrators, the aging LINAC is experiencing downtime during 20 percent of working days. With about 40 patients a day expected to receive radiation therapy, the poor functionality and utilization of the aging LINAC creates additional strain on the facility's second LINAC and warrants regular maintenance needs on both platforms. This creates clinical and operational challenges due to backlogs and delays in patient's care. Additionally, the current aging LINAC lacks a multi-leaf collimator which is essential to delivering IMRT, which can afford more precise treatment of lesions while sparing surrounding healthy tissues and vital structures.

IMRT is increasingly considered to be a standard of care modality at progressive community hospitals. With expected growth in utilization and volumes for IMRT treatment over the next several years, the addition of another platform with IMRT capability would position Lincoln Medical and Mental Health Center to increase its market capture. Further, RapidArc which is Varian's branded technology for volumetric-modulated arc therapy (VMAT), refers to the delivery of radiation in a continuous arc around the patient, as opposed to across a finite number of gantry angles characteristic of traditional IMRT treatments. Dose rate, MLC shape, and gantry speed are modulated continuously throughout the treatment delivery arc. On the efficiency front, VMAT enables delivery of a dose in five minutes or less in most cases. In addition to increasing throughput and revenue potential, this shortened treatment time may also hold clinical benefits by reducing the amount of time patients have to move on the treatment table. On the clinical front with VMAT, the total dose is spread over an infinite number of delivery angles, which may help limit dose deposition to any one area of healthy tissue.

Additionally, stereotactic radiosurgery is increasingly considered to be a standard of care offering for progressive institutions. Stereotactic radiosurgery differs from conventional radiation therapy in that it involves incrementally more accurate delivery of the planned dose to the tumor in one to five treatment sessions, as opposed to across 30 to 40 fractions, which can afford higher tumor response and local control. Stereotactic radiosurgery allows for 3D coordinate-based delivery of high intensity ionizing radiation to destroy malignant and benign intracranial tumors, and can also be used to treat a number of additional extracranial tumor sites. As a non-invasive approach, it eliminates the risk associated with surgical interventions while essentially achieving a surgical outcome. Numerous

clinical studies indicate the opportunity to achieve superior tumor response and local control through placement of a high dose of radiation to the tumor with a minimal dose to surrounding tissues. The Clinac iX LINAC along with Aktina Stereotactic Radiosurgery equipment would add the capability of offering stereotactic radiosurgery and may provide improved clinical outcomes for a subset of the NYCHHC population which does not currently have access to stereotactic radiosurgery. In addition, Lincoln Medical and Mental Health Center would be able to market a more comprehensive radiation oncology service offering within the local market and NYCHHC health system with the added capability. Providing stereotactic radiosurgery would afford the opportunity to generate revenue streams from patients previously deemed ineligible for surgery or 3D CRT.

In sum, in light of the clinical, operational and financial benefits afforded by the proposed LINAC replacement, Technology Insights recommends investment in the LINAC replacement for Lincoln Medical and Mental Health Center.

Equipment Life Cycle Estimates

Lincoln Medical Center is currently utilizing a 20-year old LINAC. Based upon industry trends and equipment life cycle estimates, the existing LINAC has surpassed end-of-life status. As such, Technology Insights recommends replacement of the existing LINAC with the proposed Clinac iX platform from the vendor Varian. Per the American Hospital Association's Estimated Useful Lives of Depreciable Hospital Assets, 2008 Edition, the estimated useful life of a LINAC is 7 years, though may continue to be utilized for as long as 10 to 15 years provided the LINAC functions properly with routine service, maintenance, and appropriate use and handling.

Vendor Selection Justification

External beam radiotherapy, including treatment modalities such as 3D CRT, IMRT, and VMAT, can be delivered via use of a linear accelerator. In addition, intra- and extracranial radiosurgery can be delivered via use of a linear accelerator or a dedicated radiosurgery platform, as well.

Clinical and administrative stakeholders at Lincoln Medical and Mental Health Center compared LINAC replacement options across three vendors: Elekta, Siemens and Varian. Ultimately, Varian emerged as the preferred vendor based on the stakeholders' assessment of clinical capabilities and past experience with Varian products. Stakeholders prioritized acquiring a platform which is capable of providing conventional and advanced RT services along with a state of the art treatment planning system which integrates the array of treatment delivery platforms. Stakeholders felt that from past experience Varian products are more reliable and cutting edge when compared to Elekta's, while the purchase of a Siemens platform would necessitate the purchase of a third party treatment planning software which was deemed not ideal. Further, since the purchase of the Aktina stereotactic radiosurgery equipment will be new to the institution and even the system, NYCHHC administration should monitor the performance of the product in comparison to other stereotactic radiosurgery solutions requested by other hospitals/medical centers within the NYCHHC network in order to standardize the vendor selection process in the future.

IV. Identifiable Areas for Cost-Savings or Revenue Generation

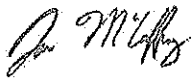
Based upon the clinical efficacy of advanced radiation therapy treatment modalities such as IMRT, IGRT, VMAT, and stereotactic radiosurgery; operational efficiencies and increased throughput gained through VMAT; and potential for generating revenue by offering these treatments for an underserved population, Technology Insights recommends investment in the LINAC replacement and associated components.

Data collected from Lincoln Medical and Mental Health Center stakeholders suggests that an average increase of approximately 60-80 new patients and 120 new patients in the first operational year are expected to be treated with IMRT/IGRT and stereotactic radiosurgery, respectively. Assuming that Medicare and Medicaid reimbursement rates for IMRT and LINAC-based SRS and SBRT treatments do not fluctuate significantly in the next few years, Lincoln Medical and Mental Health Center, as the primary provider within the community, can expect to generate significant revenue from these patients. Lincoln Medical and Mental Health Center administrators are also confident that they will be able to secure about 350 cases from nearby facilities such as Jacobi Medical Center due to the new state of the art technology.

Stereotactic radiosurgery is increasingly considered to be a standard of care offering for progressive institutions. However, while the proposed investment in the Aktina stereotactic radiosurgery equipment is not significant compared to the overall cost of the LINAC replacement and can be seen as a strategic addition to a strong radiation oncology program, it may not be an essential component relative to the proposed technology and services to be included in the LINAC replacement on its own. Thus, the proposed investment in the stereotactic radiosurgery equipment may potentially be deferred for the next capital budgeting cycle if there are other more urgent, competing priorities for new medical equipment and capital funding. If there are other priorities and the present investment in stereotactic radiosurgery equipment can be deferred, this can lead to an immediate cost-savings of \$131,698 for the NYCHHC system, upon which investment in the proposed stereotactic radiosurgery equipment should be re-considered at a later date.

While the proposed LINAC replacement and associated components will expand the radiation oncology service offering and afford the opportunity to generate revenue by drawing from a pool of eligible patients within the existing population, Lincoln Medical and Mental Health Center's ability to capitalize upon the technology and realize new revenue streams is highly dependent upon physician activity, referrals, market dynamics, and myriad other factors which can inflect the profitability of services afforded by the LINAC replacement.

Best regards,



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PRESENTATION

EDC/HHC FEMA FINANCIAL CONTROLS



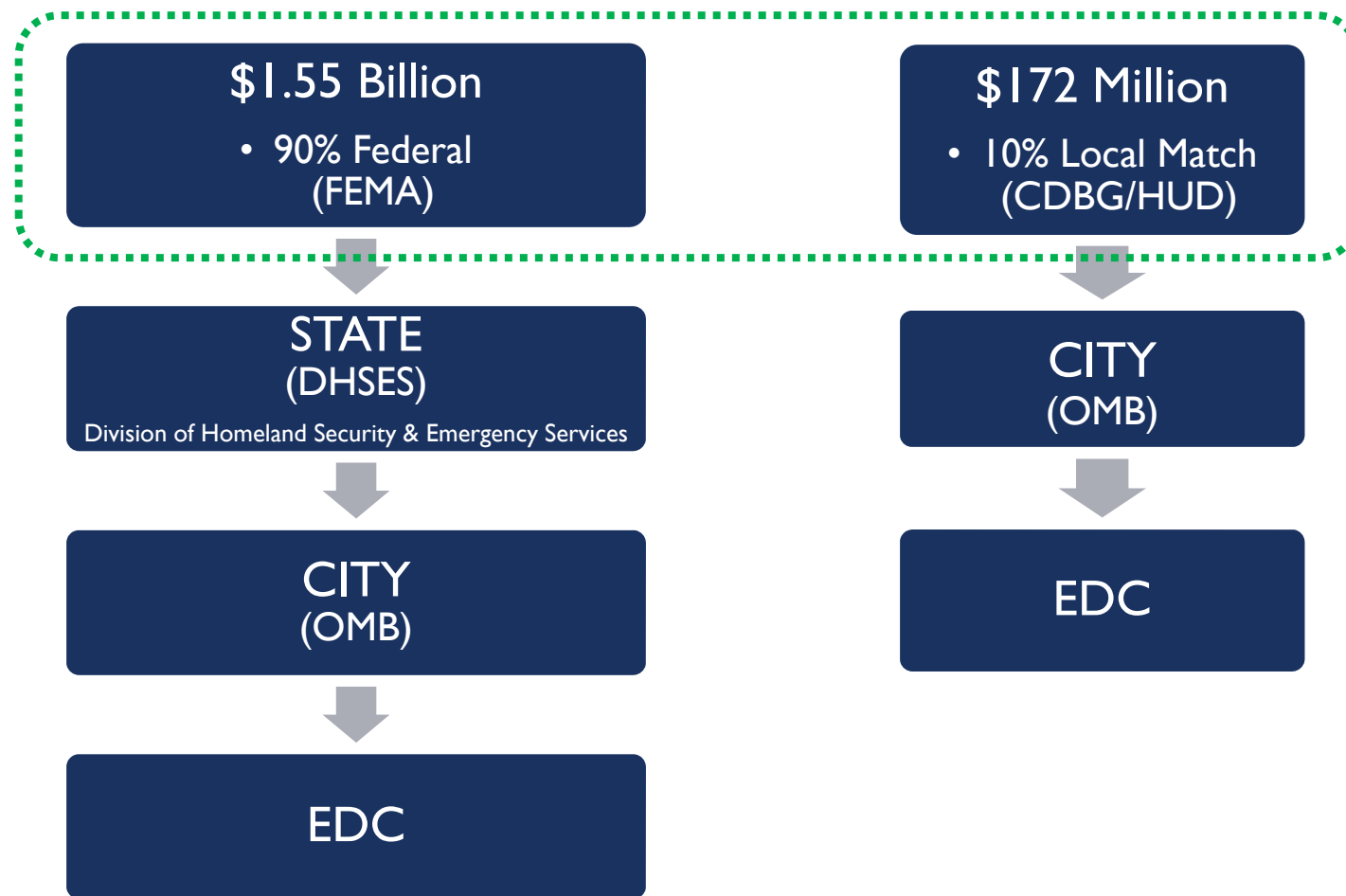
New York City Health and Hospitals Corporation

New York City Economic Development Corporation
HHC FEMA 428 Design and Construction Management –
Program Financial Controls

June 9, 2015

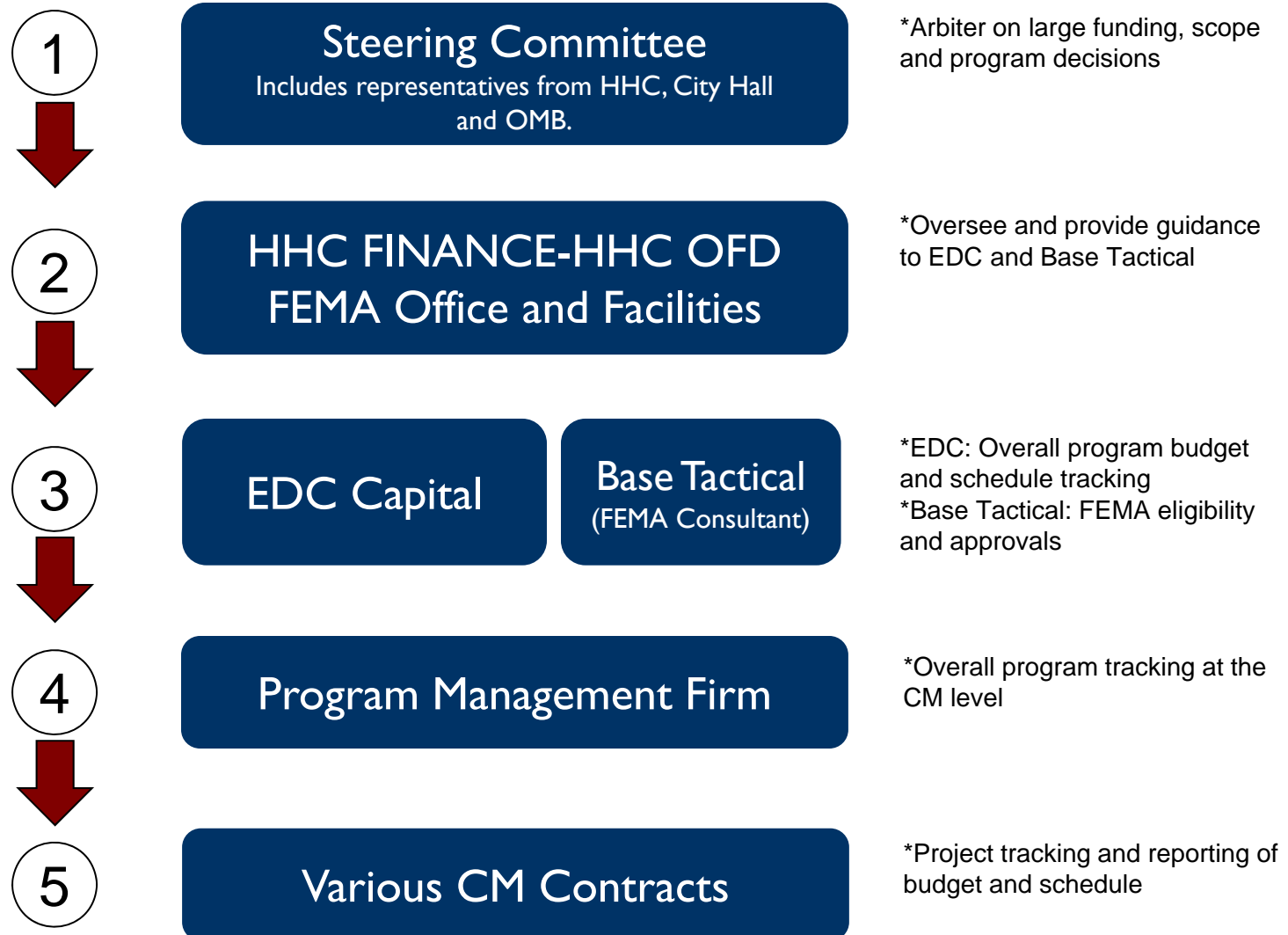
Following the Funds

\$1.72 BILLION FEMA CAPPED GRANT



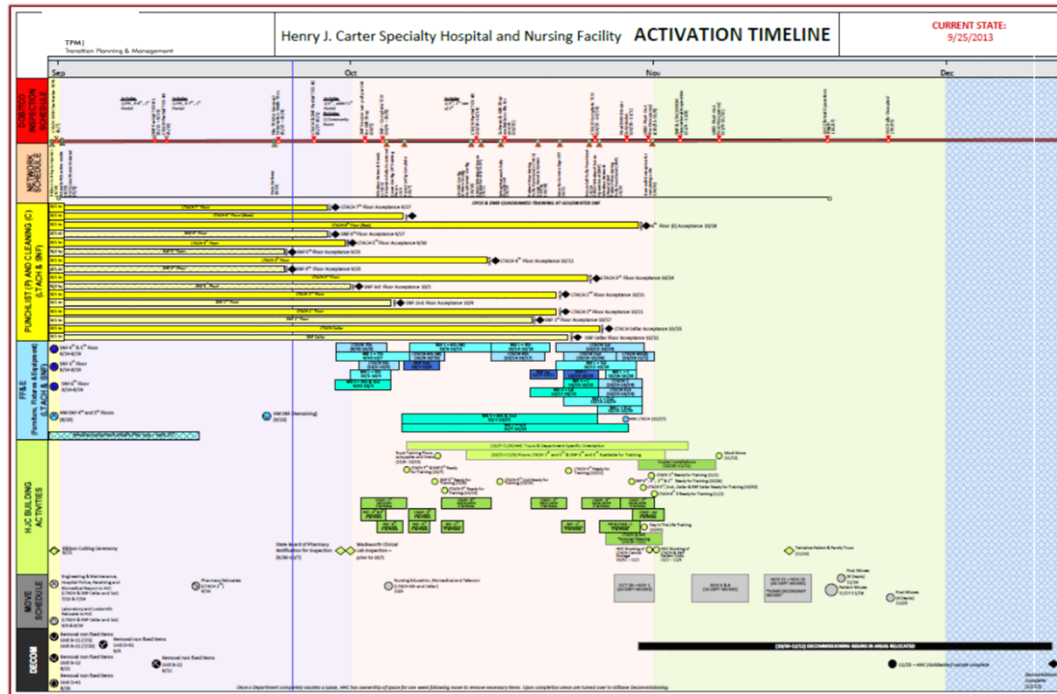
*NOTE: Excludes Draper Hall 428 Funding however would follow same flow.

Financial Controls Process



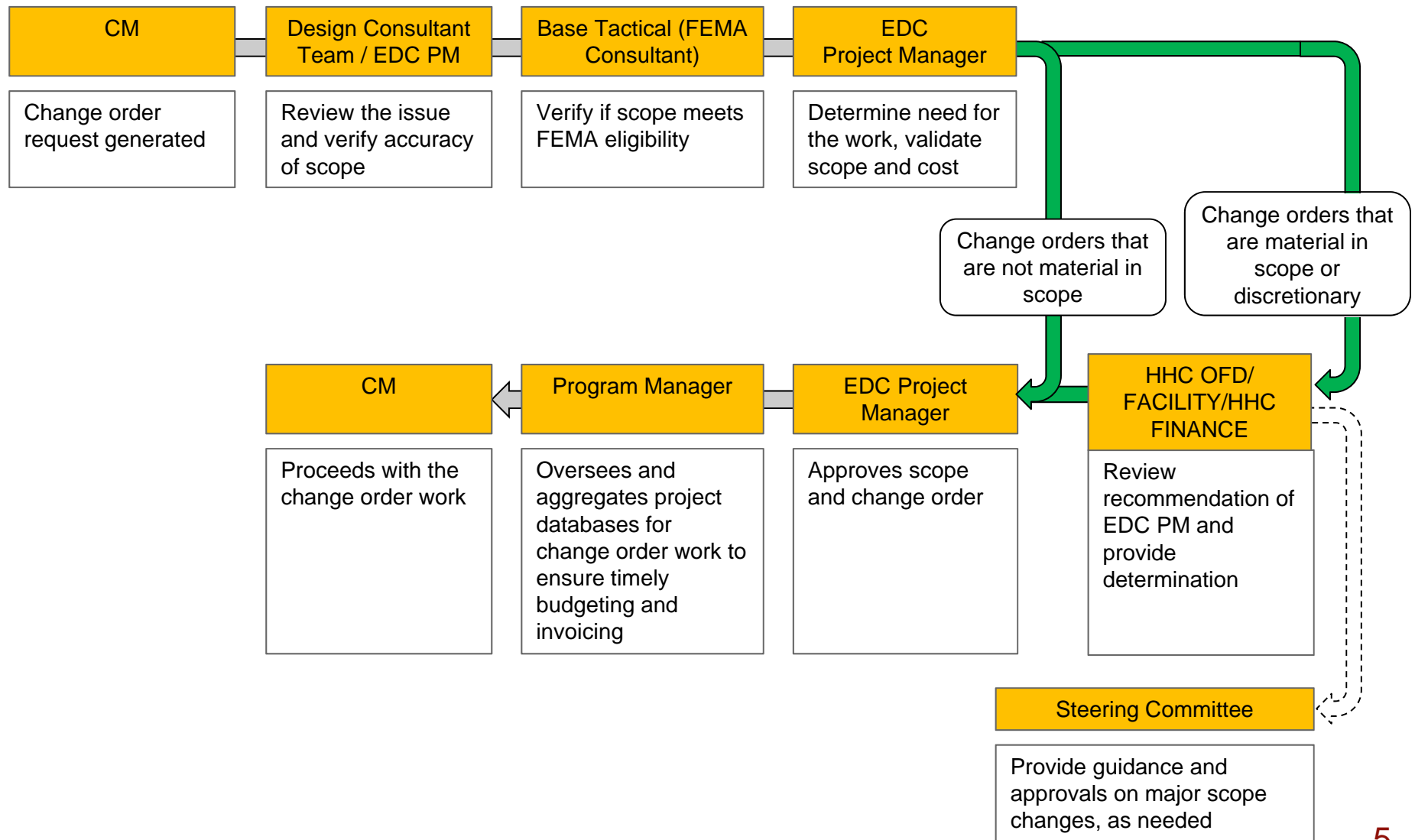
Program Management Consultant

- Overall program tracking
 - Consolidation and monthly summary program schedule and budget reporting;
 - Constant communication and oversight of the CM to confirm budget is current;
 - Project manager assigned to each CM to ensure all project information is current including change order and potential change order logs.
 - Project tracking software that will provide HHC with real time access to project-wide financials
- Third-party semi-annual audit of cost expenditures to date;
- Pre-scoping / estimating services.



Example: HJC Master Schedule and Dashboard

Change Order Control Process



EDC Capital Program

Budget and Cost Control

- Monthly financial reporting to HHC FEMA Committee/Steering on all projects, overall program budget and schedule tracking;
- Quarterly program updates to HHC Capital Committee and Board Chair;
- Bi-weekly design and/or construction meetings with HHC (OFD and Facilities) to review progress and any issues;
- Manage project documentation on EDC-held contracts, project budgets, CP's, payments, registrations, change orders, amendments, contracts, and compliance processes;
- Vet, review and process payments and change orders;
- Interface with senior staff level officials as related to City, State and Federal Agencies for status reports, approvals and compliance;
- Interface with contractors and consultants to ensure compliance with contractual obligations and required project documentation processes;
- Utilization of program management software;
- Establishment of master budget and estimates; and
- Enact value engineering on projects, as needed, to maintain established project budgets.