

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

April 8, 2025

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Agreement with Steris Corporation for Rental of Mobile Sterile Processing Department Trailer

RECOMMENDATION(S)

1. Approve **Agreement No. 25-202** with Steris Corporation, including non-standard terms, for the rental of a mobile sterile processing department trailer, in an amount not to exceed \$1,769,602, plus applicable taxes, effective May 6, 2025 until one year after it becomes operational according to equipment specifications, with the option to extend the term in three-month increments, for up to six additional months.
2. Authorize the ARMC Chief Executive Officer to execute amendments to extend the term of the Agreement in three-month increments, for up to six additional months, subject to review by County Counsel.
3. Direct the ARMC Chief Executive Officer to transmit any amendments to extend the term of the Agreement consistent with Recommendation No. 2 to the Clerk of the Board of Supervisors within 30 days of execution.

(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost) as the cost is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. Funding sources may change in the future pending any legislative activity related to the repeal and or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2024-25 budget and will be included in future recommended budgets.

The rental agreement (Agreement) with Steris Corporation (Steris) includes the following:

Rental Categories	Fee	Total Cost
Estimated two months to prepare site following trailer delivery	\$82,629.72 (per month)	\$165,259.44
One-Year Rental of Trailer	\$82,629.72 (per month)	\$991,556.64
Commissioning of Trailer	\$52,431.23 (one-time fee)	\$52,431.23

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Decommissioning of Trailer	\$43,641.35 (one-time fee)	\$43,641.35
Start-Up Consumables	\$6,121.91 (one-time fee)	\$6,121.91
Cold / Hot Water Package	\$14,812.00 (one-time fee)	\$14,812.00
		\$1,273,822.57 plus applicable taxes

The subsequent term extension of the Agreement, for up to six months, would have a cost of \$82,629.72 per month plus applicable taxes.

BACKGROUND INFORMATION

The Agreement with Steris will allow ARMC to rent a mobile sterile processing department trailer to provide onsite sterile processing services during the upcoming ARMC Sterile Processing Department (SPD) Equipment Replacement Project (SPD Project). During the SPD Project, the ARMC SPD lab will be completely shut down within the hospital. The mobile SPD mobile trailer (Trailer) will enable the hospital staff to provide onsite sterile processing services. The services include, but are not limited to, cleaning, decontamination, assembly and sterilization of medical grade instruments and surgical instrument trays. SPD staff will also use the Trailer to sterilize the hospital's Da Vinci Robotic Surgical System (Da Vinci) once the instruments are cleaned by Steris offsite and returned to the SPD staff.

The extension in Recommendation No. 2 provides a necessary contingency for the hospital if more time is needed to complete the SPD Project. The need for additional time to complete the project may not be known in time for submittal to the Board. The cost is Recommendation No. 1 already includes the cost of the 6-month extension.

The Agreement is Steris' standard commercial contract, negotiated by the parties, which includes terms that differ from the standard County contract and omits certain County standard contract terms as follows:

1. Payment terms are Net 45 days.
 - County standard payment terms are Net 60 days with no interest or late payment penalties.
 - Potential Impact: County standard processing time is 60 days or more. Failing to pay within 45 days of invoice may result in a material breach of the Agreement, which could allow Steris to terminate the Agreement and seek other legal remedies.
2. The Agreement imposes insurance obligations on the County, including, but not limited to requiring the County to maintain certain insurance policies at specified minimum limits and naming Steris as an additional insured on the County's policies.
 - The standard County contract does not impose any insurance requirements on the County.
 - Potential Impact: The County must be mindful of these insurance obligations and ensure compliance to prevent a breach of the Agreement terms.
3. The Agreement does not include certain standard County insurance requirements, including the waiver of subrogation.

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- The County standard contract requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department.
 - Potential Impact: No waiver of subrogation may allow Steris' insurer to bring suit against the County, which could result in expenses that exceed the total Agreement amount.
4. The County may terminate the Agreement without cause with 60 days written notice, but if it is terminated prior to the date the trailer is installed, the County must pay the equivalent of one month's rent and the commissioning and startup consumable fees.
- The County standard contract gives the County the right to terminate the contract, for any reason, with a 30-day written notice of termination without any obligation other than to pay amounts for services rendered and expenses reasonably incurred prior to the effective date of termination.
 - Potential Impact: If the County terminates the Agreement without cause prior to the date the trailer is installed, the County is required to pay liquidated damages as specified above.
5. The County is required to indemnify Steris for claims that arise out of the operation of the trailer, except to the caused by a defect in trailer or the negligence or willful misconduct of Steris.
- The County standard contract does not include any indemnification or defense by the County of a contractor.
 - Potential Impact: By agreeing to indemnify Steris, the County could be contractually waiving the protection of sovereign immunity. Claims that may otherwise be barred against the County, time limited, or expense limited could be brought against Steris without such limitations and the County could be responsible to defend and reimburse Steris for costs, expenses, and damages, which could exceed the total Agreement amount.
6. Steris limits its general indemnity obligation to claims that arise out of any defect in the trailer or its negligence or willful misconduct.
- The County standard contract general indemnity provision requires the Contractor to indemnify, defend, and hold County harmless from third party claims arising out of the acts, errors or omissions of any person.
 - Potential Impact: Steris' indemnity obligation is more limited compared to the standard County general indemnity obligation. In the event a claim arises that falls outside the scope of Steris' limited indemnity obligation, the County could be financially responsible for the defense of the claim and any resulting judgment/settlement.
7. Except for claims based on a defect in the trailer, Steris' negligence or intentional misconduct, indemnification, or violations of law, Steris limits its liability to five times the rental payments under the Agreement.
- The County standard contract does not include a limitation of liability.
 - Potential Impact: Claims could exceed the liability cap and the Agreement amount leaving the County financially liable for the excess.

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8. The County must provide notice to Steris prior to the disclosure of any confidential information where the disclosure is required by law.
 - The County standard contract does not require notice.
 - Potential Impact: The County will need to be aware of its obligation to notify Steris prior to any disclosure, including in response to a Public Records Act request.

ARMC recommends approval of the Agreement, including the non-standard terms, to provide for the safety, health and safety service needs of County residents by ensuring the continuation of sterile processing services for patients undergoing surgical procedures at the hospital during the SPD Project.

PROCUREMENT

The Purchasing Department supports this non-competitive procurement based on functional specifications. Steris is the only vendor that has a sufficient fleet of mobile trailers at competitive pricing that can provide the capacity and equipment that will enable ARMC's SPD to continue operations for patient care. The SPD Project is scheduled to begin in the Fall of 2025. Steris is able to meet the time constraints, as well as the capacity and equipment needs of the ARMC SPD staff while the SPD Project is underway.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on March 13, 2025; Purchasing (Veronica Pedace, Buyer III, 387-2464) on March 19, 2025; Risk Management (Greg Ustaszewski, Staff Analyst II, 386-9039) on March 19, 2025; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on March 19, 2025; Finance (Jenny Yang, Administrative Analyst, 387-4884) on March 20, 2025; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on March 20, 2025.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Joe Baca, Jr. Seconded: Curt Hagman
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: April 8, 2025



cc: ARMC - Goldfrach w/agree
Contractor - c/o ARMC w/agree
File - w/agree
MBA 04/9/2025