

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

October 22, 2024

**FROM**

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

**SUBJECT**

Service Agreement with Karl Storz Endoscopy-America, Inc. for Endoscopy Product Repair and Exchange

**RECOMMENDATION(S)**

Approve **Service Agreement No. 24-1003**, including non-standard terms, with Karl Storz Endoscopy-America, Inc. for the exchange and repair of endoscopy products, in the amount not to exceed \$194,805 for the period of January 1, 2025 through December 31, 2027. (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). The cost of \$194,805 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.

**BACKGROUND INFORMATION**

The Service Agreement will enable Karl Storz Endoscopy-America, Inc. (Karl Storz) to provide exchange and repair services to endoscopy products, including bronchoscopes, which are used in procedures such as tracheostomies. Bronchoscopes allow physicians to examine a patient's throat and airways, making them essential in cases of neck injury and trauma. Bronchoscopes are used to examine the airways for abnormalities such as foreign bodies, bleeding, tumors, or inflammation. Additionally, bronchoscopes aid in extracting specimens from inside the lungs for further analysis.

The exchange and repair services for the endoscopy products provided by Karl Storz is necessary for ARMC to remain in compliance with the requirements of the federal Food and Drug Administration.

The Service Agreement with Karl Storz is based on its standard commercial agreement, negotiated by the parties, which deviates from the standard County contract terms as follows:

**Service Agreement with Karl Storz Endoscopy-America, Inc. for  
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October 22, 2024**

1. Payment terms are Net 30 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 30 days may result in a material breach of the Agreement, which could allow Karl Storz to stop providing any further service under the Agreement, terminate the Agreement, and/or seek other legal remedies.
2. Karl Storz disclaims any special, incidental, consequential, punitive, exemplary, or indirect damages.
  - The County standard contract does not include any limitations on damages.
  - Potential Impact: In the event the County sustains any of the abovementioned damages as a result of Karl Storz's acts or omissions, the County will be unable to recover such damages in an action against Karl Storz.
3. Karl Storz limits its indemnity obligations to claims that arise from their negligent, willful acts, or omissions, any defect in any products provided by Karl Storz, or due to any intellectual property infringement.
  - 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: Karl Storz's 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 Karl Storz's limited indemnity obligation, the County could be financially responsible for the defense of the claim and any resulting judgment or settlement.

ARMC recommends approval of the Service Agreement, including the non-standard terms, to provide for the safety, health and safety service needs of County residents by ensuring that endoscopy products used at the hospital are operating at efficient levels, thereby reducing cost and impact associated with equipment downtime.

**PROCUREMENT**

The Purchasing Department supports this non-competitive procurement based on specialized credentials/expertise/training, as Karl Storz is the manufacturer of endoscopy products. As the original manufacturer, Karl Storz possesses the necessary credentials, expertise and proprietary knowledge to service the equipment, ensuring compliance with industry standards.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on September 10, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on October 8, 2024; Risk Management (Loretta Acuna, Staff Analyst II, 386-9039) on September 24, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on September 27, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on September 30, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on October 1, 2024.

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Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: October 22, 2024



cc: ARMC - Goldfrach w/agree  
Contractor - c/o ARMC w/agree  
File - w/agree  
CCM 10/23/2024