

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

**September 26, 2023**

**FROM**

**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

**SUBJECT**

Service Agreement with Canon Medical Systems USA, Inc. for Medical Imaging Equipment

**RECOMMENDATION(S)**

Approve Service **Agreement No. 23-1059** with Canon Medical Systems USA, Inc., including non-standard terms, for maintenance, repairs, and parts for five Canon Medical Imaging Equipment Systems, in the amount of \$3,145,736, for the period of October 16, 2023 through October 31, 2029.

(Presenter: William L. Gilbert, Director, 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 of \$3,145,736 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) 2023-24 budget and will be included in future recommended budgets.

**BACKGROUND INFORMATION**

The Service Agreement (Agreement) with Canon Medical Systems USA, Inc. (Canon) will allow Canon to continue to provide the service and maintenance of five pieces of Canon medical imaging equipment, previously under five separate agreements, that are used by the ARMC Medical Imaging Department (Imaging Department). This Agreement will combine each of the five current agreements under one agreement moving forward to provide visibility and standardization with this vendor. In order to combine the five individual service agreements and make the agreement terms coterminous, Canon requested the extended agreement term of six years and provided reduced pricing.

The Canon agreement includes five equipment systems. Aquilion ONE (AQ One) and Aquilion PRIME (AQ Prime) are computed tomography (CT) scanners which combine a series of x-ray images taken from different angles around the body and uses computer processing to create cross-sectional images (slices) of the bones, blood vessels and soft tissues inside your body. CT scan images provide more detailed information than x-rays. The AQ One is the upgraded model that can perform Cardiac exams and is quicker than the base model AQ Prime.

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Titan MRI System is a magnetic resonance imaging (MRI) system that uses a magnetic field and computer-generated radio waves to create detailed images of body organs and tissues. MRI is the most frequently used imaging test of the brain and spinal cord. It is often performed to help diagnose aneurysms of cerebral vessels, conditions of the eye and inner ear, multiple sclerosis, spinal cord conditions, stroke, tumors, or brain injury from trauma.

Infinix I SP Cardiovascular X-Ray System (Infinix I SP) and Infinix Elite Cardiovascular 5-Axis C-Arm Floor-Mounted X-Ray System (Infinix Elite) are angiography systems that use x-rays to allow visualization of the vasculature in order to aid in the assessment of potential conditions and to provide guidance during interventional procedures.

On October 16, 2018 (Item No. 12), based on a non-competitive procurement, the Board of Supervisors (Board) approved Agreement No. 18-780 in the amount of \$885,000 for the period of October 16, 2018 through October 15, 2023 for maintenance, repairs, and parts for the AQ One.

On November 13, 2020, the Purchasing Department (Purchasing) approved a non-competitive, five-year agreement with Canon (Contract No. 4400015779) in the amount of \$80,000 annually for maintenance, repairs, and parts for the Infinix Elite, for the total contract amount of \$400,000, for the period of March 2, 2021 through March 1, 2026.

On December 21, 2020, Purchasing approved a non-competitive, two-year agreement with Canon (Contract No. 4400015548) in the amount of \$109,826 annually for maintenance, repairs, and parts for the AQ Prime, for the total contract amount of \$281,356 for the period of March 25, 2021 through October 16, 2023.

On March 29, 2021, Purchasing approved a non-competitive, two-year agreement with Canon (Contract No. 4400016725) in the amount of \$133,134 annually for maintenance, repairs, and parts for the Vantage Titan MRI System, for the total contract amount of \$319,235 for the period of May 23, 2021 through October 15, 2023.

On March 14, 2022, Purchasing approved a non-competitive, one-year agreement with Canon (Contract No. 4400019124) in the amount of \$88,732 for maintenance, repairs, and parts for the Infinix VFI SP, for the total contract amount of \$127,850 for the period of May 23, 2022 through October 31, 2023.

The start date for services for each the five pieces of equipment under this new Agreement will be on the expiration of each of the respective prior agreements and will all end conterminously on October 31, 2029.

The Agreement with Canon is its standard commercial service agreement, with terms negotiated by the parties, including the following non-standard contract terms or are missing the following standard County contract terms:

1. There is no termination for convenience without penalty.
  - 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.

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- Potential Impact: There is no termination for convenience without penalty. The County may only terminate the Agreement as a result of Canon's breach of the Agreement or if ARMC discontinues use of the equipment or ARMC exchanges the equipment for another new Canon equipment.
2. Canon's indemnification obligation is limited to claims arising out of Canon's breach of the Agreement or its negligent acts or omissions or willful misconduct.
    - The County standard contract general indemnity provision requires the contractor to indemnify, defend, and hold the County harmless from third-party claims arising out of the acts, errors, or omissions of any person.
    - Potential Impact: Canon's indemnification obligation under the Agreement is more limited than under the County standard indemnity provision. In the event that a claim arises that falls outside the scope of Canon's limited indemnity obligation, the County may be solely responsible for the costs of defense and any resulting settlement/judgment.
  3. The Agreement does not include certain standard County insurance requirements, including the provisions relating to severability of interests, acceptability of insurance carrier, insurance review, and failure to procure coverage.
    - 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: Without all of the standard provisions addressed above, the County has no reassurance that Canon will maintain adequate and sufficient insurance to provide coverage to the County in the event of a claim. Insufficient coverage could result in expenses that exceed the total contract amount, leaving the County financially liable for the claims.
  4. The Agreement does not contain the standard contract provisions regarding Government Code section 84308 (Senate Bill 1439) and the disclosure of campaign contributions to a member of the Board or other County elected officer.
    - Under the County standard contract the contractor states it has disclosed campaign contributions of more than \$250 to any member of the Board or other County elected officer and completed a form providing additional information.
    - Potential Impact: The County may have difficulty gathering information about campaign contributions made by Canon.

ARMC recommends approval of this Agreement, including the non-standard terms, as it will provide for the safety, health and social service needs of county residents by ensuring the hospital imaging systems have the necessary service maintenance and repairs to assist physicians and technicians with patient care.

**PROCUREMENT**

Purchasing supports this non-competitive procurement as Canon technicians are the only authorized technicians with specialized credentials and training to provide maintenance service and repairs on proprietary Canon imaging equipment.

Canon provides service delivery on Canon diagnostic imaging equipment exclusively. Canon trains its Customer Engineers (CEs) per manufacturer standards and upon successful completion of system training, receive certifications accordingly. Canon's CEs are also provided

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proprietary documentation and diagnostic tools that support them in troubleshooting Canon systems, allowing for expedited repair times.

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on August 23, 2023; Purchasing (Ariel Gill, Supervising Buyer, 386-8046) on August 25, 2023; Risk Management (Victor Tordesillas, 386-8623) on September 14, 2023; ARMC Finance (Chen Wu, Finance Budget Officer, 580-3165) on September 1, 2023; Finance (Jenny Yang, Administrative Analyst, 387-4884) on September 6, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 11, 2023.

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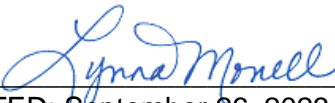
Record of Action of the Board of Supervisors  
San Bernardino County

**APPROVED (CONSENT CALENDAR)**

Moved: Joe Baca, Jr. Seconded: Jesse Armendarez

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

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: September 26, 2023



cc: ARMC - Gilbert w/agree  
Contractor -c/o ARMC w/agree  
File- w/agree

CCM 10/5/2023