

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

March 29, 2022

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Agreement with Steris Corporation for Preventative Maintenance and Repair of Sterile Processing Equipment

RECOMMENDATION(S)

Approve **Agreement No. 22-225** with Steris Corporation for preventative maintenance and repair of Sterile Processing equipment, including non-standard terms, in an amount not to exceed \$95,000 for the period July 1, 2022 through June 30, 2023.

(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). The cost of \$95,000 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) 2021-22 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The agreement with Steris Corporation (Steris) will allow ARMC to receive preventative maintenance and service repairs on Steris sterile processing equipment. Preventative maintenance helps to improve performance and minimize down time for critical equipment that is utilized twenty-four hours a day, seven days a week in the hospital's Sterile Processing Department. The sterilization of medical grade instruments is essential for medical staff at ARMC to provide safe and efficient patient care.

The agreement is Steris' standard commercial agreement, negotiated by the parties, that include the following non-standard terms:

1. There is no termination for convenience without penalty.
 - The standard County 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.

Agreement with Steris Corporation for Preventative Maintenance and Repair of Sterile Processing Equipment
March 29, 2022

- Potential Impact: There is no termination for convenience without penalty. In the event the County terminates the agreement for reasons other than a breach by Steris, the act of terminating the agreement may be considered a breach, rendering the County potentially liable for breach of contract damages.
2. 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 60 days will result in a material breach of the agreement, which would allow Steris to terminate the agreement and seek other legal remedies against the County.
 3. The parties disclaim liability for any consequential or incidental damages.
 - The County standard contract does not limit a contractor's damages.
 - Potential Impact: By agreeing to this provision, the County is waiving the right to recover the specified damages against Steris. If the County sustains any such damages, it will be unable to recover such damages from Steris, potentially leaving the County financially liable. The County's liability is similarly limited.
 4. 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 Steris 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.
 5. The agreement is silent on the ability of Steris to assign the agreement.
 - The standard County contract requires consent of the County for a contractor to assign the contract.
 - Potential Impact: Steris may assign the agreement to a third party without notice to the County and without the County's approval. This could allow the agreement to be assigned to a business with which the County is legally prohibited from doing business with due to issues of Federal debarment or suspension and conflict of interest, without the County's knowledge.

ARMC recommends approval of the agreement, including the non-standard terms, to provide for the health and safety of County residents through the continued operation of sterilization equipment.

PROCUREMENT

Purchasing supports this non-competitive procurement based on specialized credentials as the equipment used at ARMC for sterile processing is manufactured by Steris Corporation.

**Agreement with Steris Corporation for Preventative Maintenance and
Repair of Sterile Processing Equipment
March 29, 2022**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on March 1, 2022; Risk Management (Victor Tordesillas, Director, 386-8623) on March 17, 2022; Purchasing (Ariel Gill, Buyer III, 777-0722) on March 8, 2022; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on March 8, 2022; and County Finance and Administration (Diana Atkeson, Deputy Executive Officer, 387-5423) on March 10, 2022.

**Agreement with Steris Corporation for Preventative Maintenance and
Repair of Sterile Processing Equipment
March 29, 2022**

Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 29, 2022



cc: ARMC - Gilbert w/agree
Contractor - C/O ARMC w/agree
File - w/agree
CCM 03/31/2022