

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

December 19, 2023

FROM

DEREK ARMSTRONG, Director, Economic Development Department

SUBJECT

Termination of Operating Covenant Agreement with Ecolab, Inc

RECOMMENDATION(S)

1. Terminate Operating Covenant Agreement No.19-786 with Ecolab, Inc. due to its relocation from the unincorporated area of San Bernardino County.
 2. Authorize the Economic Development Director to provide notice of termination of Operating Covenant Agreement No. 19-786 to Ecolab, Inc.
- (Presenter: Derek Armstrong, Director, 387-4386)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

FINANCIAL IMPACT

Approval of this item will not impact Discretionary General Funding (Net County Cost) as there is no associated cost with terminating the agreement.

BACKGROUND INFORMATION

Ecolab, Inc. (Ecolab) is a global provider of equipment and services for the food service, food processing, hospitality, healthcare, industrial, and oil and gas markets. In 2020, Ecolab established a California sales office at 13277 San Bernardino Avenue, Fontana, California, an unincorporated area of the County.

On December 10, 2019 (Item No. 17), the Board of Supervisors approved Operating Covenant Agreement No. 19-786 with Ecolab, whereby Ecolab would receive an amount equal to 50% of local sales and use tax revenues received by the County as a result of Ecolab's equipment sales and services, for a term of 10 years. Pursuant to the agreement, Ecolab was to remain at the San Bernardino Avenue location for not less than 10 years.

On September 8, 2022, Ecolab provided a Notice of Intent to Relocate to the County via email and hard copies via Fed Ex were received on September 12, 2022. Ecolab completed the building of a larger facility in the City of San Bernardino and moved on May 1, 2023. Timing of the move and coordination with Economic Development (ED) resulted in the delay in action until now.

Ecolab's relocation outside of the unincorporated area of the County is a breach of contract under the terms of Agreement No. 19-786, and, therefore, the County has the option to

**Termination of Operating Covenant Agreement with Ecolab, Inc
December 19, 2023**

terminate the agreement. ED is recommending approval for the County to exercise its right to terminate the agreement.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on November 6, 2023; Finance (Amanda Trussell, Principal Administrative Analyst, 387-4773, and Carl Lofton, Administrative Analyst, 387-5404) on November 27, 2023; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on November 28, 2023.

**Termination of Operating Covenant Agreement with Ecolab, Inc
December 19, 2023**

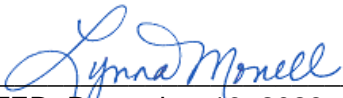
Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Col. Paul Cook (Ret.)

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

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: December 19, 2023



cc: File - w/agree 19-786

MA 01/11/2024