



San Bernardino County

Legislation Text

File #: 5026, Agenda Item #: 11

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

October 26, 2021

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Agreement with Steris Corporation for Preventive Maintenance on Sterile Processing Equipment

RECOMMENDATION(S)

Approve Agreement with Steris Corporation, for Repairs and Preventive Maintenance on Sterile Processing Equipment, to improve equipment performance and minimize downtime, for a total cost not-to-exceed \$120,000, for the contract period of November 1, 2021 through October 31, 2024.

(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

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

FINANCIAL IMPACT

Approval of the item will not result in the use of Discretionary General Funding (Net County Cost). The total cost not to exceed \$120,000 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. Sufficient appropriation and revenue are included in the Arrowhead Regional Medical Center (ARMC) 2021-22 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

This agreement with Steris Corporation (Steris) will allow ARMC to receive service repairs and preventative maintenance on Steris sterile processing equipment. Steris is an expert in industrial steam sterilization, which is used to eliminate living organisms, such as bacteria, fungi, viruses and spores to properly disinfect reusable surgical instruments. Sterilization and disinfection of steel-hardened surgical instruments like scalpels, forceps, retractors, and scissors are very important to prevent infection and reduce extra cost of repairs and replacement of surgical instruments.

Preventive maintenance on sterile processing equipment helps to improve equipment performance and minimize down time. This new three-year agreement will provide complete maintenance and repair for the equipment. Steris is the only authorized dealer that is licensed to provide the required maintenance on their equipment.

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 thirty (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: There is no termination for convenience without penalty, except if any of equipment under the contract is no longer under the exclusive control under the County. 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 45 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 waiver of subrogation and proof of 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: No waiver of subrogation may allow Steris' insurer to bring suit against the County, which could result in expenses that exceed the total contract amount.
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 this agreement, including the non-standard terms, with Steris as it will provide for the safety, health, and social needs of County residents by maintaining equipment used to sterilize surgical equipment.

PROCUREMENT

This is a non-competitive procurement based on specialized credentials, as Steris is the only authorized dealer that is licensed to provide the required maintenance on their equipment. County Purchasing recognizes specialized credentials as an acceptable non-competitive justification and supports approval of the agreement.

REVIEW BY OTHERS

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This item has been reviewed by County Counsel (Charles Phan, Deputy County Counsel, 387-5455) on September 17, 2021; Purchasing Department (Ariel Gill, Buyer, 777-0722) on October 1, 2021; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on October 1, 2021; Finance (Yael Verduzco, Administrative Analyst, 387-5285) on October 7, 2021; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on October 11, 2021.