



San Bernardino County

Legislation Text

File #: 8036, Agenda Item #: 10

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

May 23, 2023

FROM

WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center

SUBJECT

Software Maintenance and Support Services Agreement with Canon Medical Informatics, Inc. for Vitrea 3D Workstations

RECOMMENDATION(S)

Approve Software Maintenance and Support Services Agreement, including non-standard terms, with Canon Medical Informatics, Inc., to update and maintain the Vitrea 3D workstations for imaging software for interventional radiology/neurology, in the amount of \$273,192 for the five-year period of June 24, 2023 through June 23, 2028.

(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 \$273,192, approximately \$54,638 annually, 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) 2022-23 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Approval of the Software Maintenance and Support Services Agreement (Agreement) with Canon Medical Informatics, Inc. (Canon) will allow ARMC to maintain the Vitrea 3D workstations in computed tomography (CT) that is used by the ARMC Medical Imaging Department for interventional radiology/neurology, including brain perfusion for strokes, and cardiac studies. This system receives data from the CT scanner and produces a three-dimensional rendering of the anatomy that is vital to both diagnosis and proper treatment.

In the nine years since the Purchasing Agent authorized a non-competitive agreement with Vital Images (now Canon Medical Informatics, Inc.), Purchasing and the Board have approved amendments extending the Agreement through June 23, 2023 in the total amount of \$502,892, to continue software maintenance and support, upgrade the Vitrea 3D workstations, and add Vitrea imaging software for nuclear medicine.

The Agreement is Canon's standard commercial contract, which includes terms that differ from the standard County contract and omits certain County standard contract terms. While the parties negotiated certain contract terms to County standards, Canon would not agree to all County standard terms. The non-standard and missing terms include the following:

1. The Agreement does not require Canon to meet the County's insurance standards as required pursuant to County Policy 11-07.
 - The County Policy requires contractors to carry appropriate insurance at limits and under conditions determined by the County's Risk Management Department and set forth in the County standard contract.
 - Potential Impact: The County has no assurance that Canon will be financially responsible for claims that may arise from the County's use of the software, which could result in expenses to the County that exceed the total Agreement amount.
2. Canon limits its maximum liability to the County to the total amounts due and owing under the Agreement without any exclusions.
 - The County standard contract does not include a limitation of liability.
 - Potential Impact: Claims could exceed the liability cap and the Agreement amount leaving the County financially liable for the excess.
3. There is no termination for convenience.
 - 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.
 - Potential Impact: The County can only terminate the Agreement during the term for an uncured breach by Canon. Any attempted termination by County without cause would result in payment liability for the full Agreement amount, which could result in payment liability where no funds are available due to lack of allocation or loss of funding.

ARMC recommends approval of this Agreement, including non-standard terms, to provide for the safety, health and social service needs of County residents by ensuring the hospital CT scanners have the necessary software maintenance and upgrades to assist physicians and technicians with patient care.

PROCUREMENT

The Purchasing Department has approved the non-competitive justification for procurement based on the proprietary nature of the Agreement. Canon is the only vendor that can provide software maintenance and support on the Vitrea 3D workstations as it is Canon's proprietary software.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Bonnie Uphold, Supervising Deputy County

Counsel, 387-5455) on April 6, 2023; Purchasing (Ariel Gill, Buyer III, 777-0722) on April 7, 2023; Risk Management (Victor Tordesillas, 386-8623) on March 23, 2023; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on April 17, 2023; Finance (Jenny Yang, Administrative Analyst, 387-4884) on April 20, 2023; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on April 24, 2023.