

Agreement A-14229

**RENEWAL & AMENDMENT NO. 4
TO SERVICES AGREEMENT
BETWEEN RENOVO SOLUTIONS LLC AND
NATIVIDAD MEDICAL CENTER
FOR**

Biomedical and DI Equipment Maintenance and Repair Services per RFP 9600-70

This Renewal & Amendment No. 4 to the Services Agreement ("Agreement") which was effective on March 1, 2019 per RFP 9600-70 is entered into by and between the County of Monterey, on behalf of Natividad Medical Center (hereinafter "NMC"), and Renovo Solutions, LLC (hereinafter "CONTRACTOR"); **From this point forward, the party referenced previously as "NMC" shall be referenced as "COUNTY" and collectively, COUNTY and CONTRACTOR are referred to as the "Parties" to this Agreement, with respect to the following:**

RECITALS

WHEREAS, the Agreement was executed for biomedical equipment maintenance and repair services per RFP #9600-70, with a term 3/1/19 through 2/28/22 (with the option to extend for two additional one year periods) and a total Agreement amount not to exceed \$1,600,000 (\$351,478 annually for PM plus \$181,855 annually allotted for repairs/T&M); and

WHEREAS, COUNTY and CONTRACTOR amended the Agreement via Amendment No. 1 to add preventative maintenance (PM) services for diagnostic imaging equipment to the Agreement at a cost of \$166,619 annually, and to increase the PM services cost for biomed equipment to \$538,344 annually due to a biomed equipment inventory true-up which identified additional equipment requiring PMs that weren't already on the inventory list. NMC and CONTRACTOR also agreed to add \$ 419,421 via Amendment No. 1 for estimated time and materials costs. There was no change to the Agreement term 3/1/19 through 2/28/22; and

WHEREAS, COUNTY and CONTRACTOR amended the Agreement via Amendment No. 2 to add \$921,000 to the total Agreement amount to cover unforeseen time and materials fees billed during 2020 and 2021, for a revised total Agreement amount not to exceed \$3,273,284, with no change to the Agreement term 3/1/19 through 2/28/22; and

WHEREAS, the Agreement expired on February 28, 2022; and

WHEREAS, COUNTY and CONTRACTOR amended the Agreement via Renewal and Amendment No. 3 for preventative maintenance plus repairs on biomedical equipment and to cover one (1) additional full-time technician to perform biomed services at NMC, and to extend the term for an additional two (2) year period through February 28, 2024 with a revised full Agreement term of March 1, 2019 through February 28, 2024 and an increase of \$2,439,793 to the total Agreement, for a revised total Agreement amount not to exceed \$5,713,077

WHEREAS, the Agreement expired on February 28, 2024; and

WHEREAS, COUNTY and CONTRACTOR agree to renew and amend the Agreement retroactive to March 1, 2024, to extend the term for an additional one (1) year period (March 1, 2024 through February 28, 2025) with a revised full Agreement term of March 1, 2019 through February 28, 2025 via Renewal and Amendment No.4, for continued preventative maintenance services with additions to the original scope of work attached hereto as : Exhibit A-4 Per Renewal and Amendment No.4 and to and to increase the amount payable by an additional \$1,338,373 for a revised total Agreement amount not to exceed \$7,076,451.

AGREEMENT

NOW, THEREFORE, the Parties agree to amend the Agreement as follows:

The Agreement is hereby amended on the terms and conditions as set forth in the Agreement incorporated herein by this reference, except as specifically set forth below.

1. Section 5.1 under "COMPENSATION AND PAYMENTS" shall be amended to the following:

5.2 "It is mutually understood and agreed by both parties that CONTRACTOR shall be compensated under this AGREEMENT in accordance with the pricing sheet "Exhibit A 4 Revised per Renewal and Amendment No. 4". The parties agree that the total Agreement amount shall not exceed \$7,076,451 unless approved by the Monterey County Board of Supervisors."

- 2 The "TERM OF AGREEMENT" Section in the Agreement shall be amended to the following:

"The term of this Agreement is from March 1, 2019 through February 28, 2025 unless sooner terminated pursuant to the terms of this Agreement".

- 3 Except as provided herein, all remaining terms, conditions and provisions of the Agreement are unchanged and unaffected by this Renewal & Amendment No. 4 and shall continue in full force and effect as set forth in the Agreement. A copy of this Renewal and Amendment No. 4 shall be attached to the Agreement.

- 4 This Renewal and Amendment No. 4. and all changes stated shall be renewed and effective March 1, 2024.

(Intentionally left Blank)

IN WITNESS WHEREOF, the Parties hereto are in agreement with this Renewal & Amendment No. 4 on the basis set forth in this document and have executed this Renewal & Amendment No. 4 on the day and year set forth herein.

NATIVIDAD MEDICAL CENTER

By: _____
Charles R. Harris, CEO

Date: _____

APPROVED AS TO LEGAL PROVISIONS

DocuSigned by:
By: Stacy Saelha
C0ECE1B99F444A9...
Monterey County Deputy County Counsel

Date: 3/20/2024 | 10:36 AM PDT

APPROVED AS TO FISCAL PROVISIONS

DocuSigned by:
By: Patricia Ruiz
Monterey County Deputy Auditor/Controller
3/21/2024 | 7:36 AM PDT

Date: _____

CONTRACTOR

RENOVO SOLUTIONS LLC
CONTRACTOR's Business Name
See instructions below

By: Sandy D. Morford
(Signature of: Chair, President, or Vice-President)

Sandy D. Morford, Chief Commercial Officer
Name and Title

Date: March 19, 2024

By: [Signature]
(Signature of: Secretary, Asst. Secretary, CFO, Treasurer, or Asst. Treasurer)

Michael Shaffer, Chief Financial Officer
Name and Title

Date: March 19, 2024

Exhibit A-4 Per Renewal and Amendment No.4

Current coverage inventory	Active Equipment Count as of 1/1/2022	1/1/2024 Inventory Buckets	2024 Budget
FSWP / SMNP /FSNP	2094	3116	\$1,168,766.22
Contract Management	123	162	\$0.00
No Service No Parts (NSNP)	674	758	\$0.00
5% Adjust to Contract *	154	0	\$0.00
Biomed Equipment off Warranty	632	0	ITEMS ADDED ABOVE
Diagnostic Imaging ** Equipment off Warranty	22	ITEMS ADDED ABOVE	ITEMS UNDER WARRANTY / OEM CONTRACT
Olympus scopes added due to cancel of OEM contract	33	25	\$55,344.00 Calculated in pricing above
T&M -contract exclusions			
Total yearly Biomed Contract Cost	3732	4061	\$1,168,766.22

A

Current contract cost >>>> >>>> \$1,118,079.32

Inventory increase 325 devices

% increase 9%

Cost increase	\$50,686.90
% Increase	5%

- B T&M Projection \$135,000.00 Annual
- C Inventory Adjustment \$59,607.08 Annually, 5% inventory variance
- D T&M Risk Sharing upto \$25000 Annual Max. < \$1250 event in AD

Cost Breakdown by year and 1 year total.

	Total Contract Amount	Annual Proj T&M Based on B	Inventory Adjustment Based on C	Annual Risk Sharing Based on D	Annual Total
Based on A	\$1,168,766.22	\$135,000.00	\$59,607.08	-\$25,000.00	\$1,338,373.30

1 Year Totals

Contract Cost	\$1,168,766.22	based on A
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T&M	\$135,000.00	based on B
Inventory Adjustment pool	\$59,607.08	based on C
Risk Sharing	-\$25,000.00	based on D
Grand Total	\$1,338,373.30	

A. In this proposed agreement, all equipment with existing coverage and annual cost above \$0.00 will have no change to the existing amounts and pricing. All equipment items under the current 5% general biomed pool will be priced from the 5% adjustment pool. The 325 net new devices and larger equipment over the \$25k capital price cap will receive appropriate budgets and coverage.

B. T&M charges for the past 24 months were reviewed for opportunities to reduce the costs. Additional reductions are identified below.

- Since March 2022, there have been 3 Accidental Damage repairs over \$5000. No specific trends for these and no repeat failures.
- I was able to reduce T&M by reviewing some spending compared to equipment that will have coverage; \$135,000 looks to be the right amount to budget for T&M.
- After reviewing SMs for systems under NSNP coverage, I moved the Zoll Defibs from NSNP to SMNP. These Systems are under warranty until 2026, but PMs are not included. This was \$8K to T&M. We can cover SMs for \$6K, adding an additional reduction to T&M and additional savings overall for Natividad.
- Equipment that we did not price but recommend an FDC will further reduce the T&M spend.

C. We propose to remove the 5% inventory adjustment limits on Capital equipment costs, creating a 5% pool of dollars that will be reserved for all equipment falling off warranty and allowing for budgets to be assigned at the time warranty ends regardless of capital cost. This pool would be added to when equipment is removed from service and subtracted from when equipment needs coverage added. Based on the last 2-year agreement, 5% of the contract in funds will be an adequate reserve to stay within budget. Adjustments to the inventory budgets will be made monthly or bi-monthly and submitted in a Change Form, which requires customer review and signature before changes are completed.

D. Renovo will be responsible for sharing risk by covering the cost of avoidable damages meeting certain criteria - The coverage is limited to Avoidable Damage repairs not exceeding \$1250 in parts/ labor per service event with an annual limit of \$25000 per year. Credits will be issued as a line item on invoices for customer tracking purposes, and Renovo will keep a spreadsheet of all credits that will be reviewed during quarterly QBRs.

The following exceptions will apply to Shared Risk T&M

- All avoidable damage repairs exceeding \$1250 per event will need to be reviewed and approved by the customer and be covered and billed under the T&M budget for the year.
- All consumables/ accessories are excluded from the Shared Risk, examples of accessories are cables, sensors, transducers, glassware, detectors, and batteries. This list is not all-inclusive.
- Special projects involving moving, inspection, setup, configuration, upgrades, and testing of equipment purposed for new locations or for addition to existing or temporary services within or outside the hospital.
- Damages caused by acts of nature (earthquakes, storms, flooding, major power outages, etc.).

- Investigation and evaluation of incidents that require engagement of services outside of Renovo Solutions.

Ultrasound Probe Coverage

In the current agreement, each of the 9 Ultrasound machines has one probe repair per year covered, resulting in some probes being billed when more than 1 fails per machine. In partnership with Natividad, Renovo would like to propose an option for Renovo to cover the first 9 probe repairs regardless of which system under Renovo coverage it is from. Any additional transducers (exceeding 9) needing repair will be billable as standard T&M. This would exclude any probe repairs from a system not under coverage with Renovo. In reviewing the history, we have not seen 9 repairs annually, potentially resulting in savings.