



## Board Report

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**File #:** A 17-362, **Version:** 1

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a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Olympus America Inc. for Equipment Maintenance Repair and Preventative Maintenance Services at NMC for an amount not to exceed \$302,044 for the term September 25, 2017 through September 24, 2020.

b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to three (3) future amendments to the agreement which do not significantly alter the scope of work other than periodic changes to the equipment inventory list, and do not cause an increase of more than ten percent (10%) (\$30,204) of the original cost of the agreement per each amendment.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

a. Authorize the Deputy Purchasing Agent for Natividad Medical Center (NMC) or his designee to execute an Agreement with Olympus America Inc. for Equipment Maintenance Repair and Preventative Maintenance Services at NMC for an amount not to exceed \$302,044 for the term September 25, 2017 through September 24, 2020.

b. Authorize the Deputy Purchasing Agent for NMC or his designee to execute up to three (3) future amendments to the agreement which do not significantly alter the scope of work other than periodic changes to the equipment inventory list, and do not cause an increase of more than ten percent (10%) (\$30,204) of the original cost of the agreement per each amendment.

### SUMMARY/DISCUSSION:

NMC's Endoscopy department utilizes a variety of Endoscopes (scopes) which are used for procedures such as Gastroscopy and Colonoscopy. These scopes allow the endoscopist to visualize the patient's esophagus, stomach, small bowel and large bowel to determine what is causing the patient's complaint/problem. NMC performs between 80 and 100 procedures per month.

NMC's entering into a contractual relationship with Olympus America will result in NMC receiving:

- Unrestricted access to technical support 24/7.
- Telephone response within 4 hours regarding shipping and return by next day freight - a very important point when sending scopes out.
- Labor and parts necessary to complete repairs.
- Access to the Olympus Repair Service Website for tracking repairs, scope repair history, NMC inventory.
- Access to Olympus University providing education to staff.
- Loaner units to replace scopes needing repairs.

Assuring services are provided according to the contract will be evaluated in the timeliness of return of phone calls and returned equipment.

These services are beneficial to NMC's inventory of Olympus scopes due to the fragile nature of these scopes and assure NMC's scopes are in good condition. The majority of repairs for these scopes cost on average of \$5000. This contract will result in savings to NMC for these repairs.

These services are beneficial to patients to ensure equipment is performing at an optimal level when endoscopy procedures are being performed.

On January 26, 2016, the Board of Supervisors approved a similar services agreement with Olympus with a term of January 1, 2016 through December 31, 2019 and a total agreement amount not to exceed \$163,988. Unfortunately Olympus has not honored the terms of that agreement. According to Olympus, due to staff turnover within their organization back in 2016, the fully executed agreement was never logged into their system as active and as a result, Olympus did not acknowledge that a services agreement existed so they have not been providing services to NMC. There was communication back and forth for the past year about this until Olympus finally agreed they had made an error. When NMC began discussions with Olympus to amend the 2016 agreement so that the inventory list of equipment attached could be brought up to date, Olympus stated that NMC would be obligated to back pay to 2016 when the original agreement had started. NMC was unwilling to pay for services which were not received so both parties agreed to terminate the 2016 agreement and replace with this new agreement. Within the contract there is a term that states any claims, through mediation or litigation that are found favorable to Olympus, then county shall pay their cost.

#### **BOARD OF SUPERVISORS STRATEGIC INITIATIVES:**

The services rendered in this agreement provide NMC to utilize Endoscopes for procedure such as Gastroscopy and Colonoscopy with the additional support it needs to be able to provide reliable and quality patient care which improves the health and quality of life for patients and their families.

- Economic Development
- Administration
- Health and Human Services
- Infrastructure
- Public Safety

#### **OTHER AGENCY INVOLVEMENT:**

County Counsel has reviewed and approved this Agreement as to legal form and risk provisions, and the Auditor-Controller has reviewed and approved as to payment provisions. The Agreement has also been reviewed and approved by NMC's Finance Committee on August 24, 2017 and by its Board of Trustees on September 1, 2017.

#### **FINANCING:**

The cost for this Agreement is \$302,045 of which \$100,682 is included in the Fiscal Year 2017-18 Adopted Budget. Amounts for remaining years of the Agreement will be included in those budgets as appropriate. There is no impact to the General Fund.

Prepared by: Sue Rodgers, Surgical Services Director, 772-7789

Approved by: Gary R. Gray, DO, Chief Executive Officer, 783-2504

**Attachments:**

Agreement with Olympus America Inc.

Attachments on file with the Clerk of the Board