



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Health System



Date: July 30, 2014
Board Meeting Date: November 18, 2014
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Jean S. Fraser, Chief, Health System
SaraT L. Mayer, Director, Public Health, Policy and Planning

Subject: Roche Diagnostic Corporation Vendor Agreement

RECOMMENDATION:

Adopt a Resolution:

- A) Waiving the competitive bid process for 2 Vendor agreements for the LightCycler Nucleic Acid Purification and Sequence Analysis Systems support;
- B) Authorizing the Purchasing Agent to amend Alliance Usage agreement #41015919 Schedule #41015921 with Roche Diagnostic Corporation for a three year term Vendor agreement and a maximum obligation of \$750,000; and, enter into a second Vendor agreement for a three year term with Roche Applied Science (a division of Roche Diagnostic Corporation) for a maximum of \$85,000 for reagents and supplies not covered by the Alliance Usage agreement.
- C) Authorizing the Purchasing Agent to add new reagents and test supplies to the Vendor agreements as necessary.

BACKGROUND:

In 2005, your Board adopted a Resolution authorizing the acquisition and maintenance of a LightCycler Nucleic Acid Purification and Sequence Analysis System (LCS). This equipment provides faster testing than traditional culture methods and allows the Public Health Lab (PHL) to detect pathogens such as Norovirus, Herpesvirus, Influenza, and Bordetella pertussis (whooping cough) in as few as 3 – 4 hours. This means that public health threats in the County are more quickly addressed and their spread prevented.

In 2009, your Board adopted a Resolution authorizing an Alliance Usage Agreement and the acquisition of the COBAS AmpliPrep/COBAS TaqMan System (COBAS). The system allows the PHL to provide testing for HIV and Hepatitis C viral load monitoring for Health System clients.

The County currently contracts with Roche Diagnostics Corporation (RDC) for two pieces of equipment and related supplies and maintenance used in the PHL. In addition, the PHL owns five pieces of equipment that are necessary to perform molecular tests.

DISCUSSION:

A waiver of the competitive bidding process is requested for test kits and reagents that will result in vendor agreements based on RDC and Roche Applied Science (RAS) being “sole source” providers of kits and reagents that are compatible to use on the PHL’s LightCycler Nucleic Acid Purification System, LCS, and COBAS.

The agreement and Resolution have been reviewed and approved by County Counsel and the Purchasing Department as to form.

The resolution contains the County’s standard provisions allowing amendment of the County’s fiscal obligations by a maximum of \$25,000 (in aggregate).

Approval of this agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by allowing for the purchase of supplies that will provide rapid and accurate results for a variety of communicable diseases. The rapid identification of these diseases is a critical component in minimizing their spread. It is anticipated that the annual testing volume utilizing these technologies will reach 2,250 in FY2014-15.

PERFORMANCE MEASURE(S):

Measure	FY 2013-14 Actual	FY 2014-15 Projected
Annual testing volume utilizing Roche Diagnostic equipment and reagents	2,111	2,250

FISCAL IMPACT:

The term of the agreement with RDC will be three years from the date of the amendment to Alliance Usage agreement #41015919 Schedule #41015921 has been executed by both parties. The amount of the agreement is not to exceed \$750,000. Funds in the amount of \$250,000 are included in the Public Health, Policy and Planning (PHPP) FY 2014-15 Adopted Budget. Similar arrangements will be made for future budget years.

The second vendor agreement with RAS will be for an amount not to exceed \$85,000 over a three-year term. Funds for this agreement are also included in the PHPP 2014-15 Adopted Budget.

Approximately \$592,850 (71%) of the vendor agreements’ combined not-to-exceed amount will be offset by test fee revenues. The remaining \$242,150 (29%) represents Net County Cost. The payment provisions and levels of service are essentially the same as the prior agreement.