



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Public Health
Department No.: 041
For Agenda Of: 06-03-08
Placement: Administrative
Estimate Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director Elliot Schulman, MD, MPH, Director and Health Officer
Public Health Department
Contact Info: Margaret A. Granger, Contracts Manager, 681-5367

SUBJECT: Purchasing Bid Waivers Request

County Counsel Concurrence:

As to form: Yes No N/A

Auditor-Controller Concurrence:

As to form: Yes No N/A

Other Concurrence: Purchasing

Yes No N/A

Recommend Action:

That the Board of Supervisors:

Authorize the Purchasing Manager to issue the listed purchase orders for pharmaceuticals, laboratory supplies, animal food and veterinary supplies totaling \$8,422,000 for each Fiscal Year 2007-08, 2008-09, and 2009-10 without a competitive bid. All vendors are not local vendors except for Hardy Media which is a local vendor.

Vendor	Product	Contract #	Granted Bid Waiver Amount	Requested Amount
PHARMACY				
Amerisource Bergen Drug Corp.	Pharmaceuticals	CN04350	6,300,000	\$7,500,000
Paragard Direct	Pharmaceuticals	BL01329		70,000
Theracom	Pharmaceuticals	BL01090		50,000
LABORATORIES				
Beckman Coulter	Laboratory Supplies	BL00173		35,000
Becton-Dickenson Company	Laboratory Supplies	BL00175	107,000	107,000
Bio Rad Laboratories	Laboratory Supplies	BL00189	65,000	65,000
Cellestis	Laboratory Supplies	BL01761		75,000
Fisher Healthcare	Laboratory Supplies	CN06707	173,000	173,000
Gen Probe	Laboratory Supplies	BL00456	43,000	120,000
Hardy Media	Laboratory Supplies	CN06143	38,000	50,000
Roche Diagnostics Corp.	Laboratory Supplies	BL00906	87,000	87,000
ANIMAL SERVICES				
Consolidated Seed & Pet	Animal Food	BL00309	50,000	50,000
MWI Veterinary Supply	Veterinary Supplies	BL01906	40,000	60,000
			Total	\$8,422,000

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Summary

County Code Section 2-39 states that the Purchasing Agent is obliged to purchase all materials, supplies, furnishings and equipment by using a formal competitive bidding process, unless the Board of Supervisors has waived competition under a particular set of circumstances. For the sake of expediency, and due to "limitations in source or supply" pursuant to County Code Section 2-39, PHD is requesting your Board waive the requirement for a competitive bid for the purchase of certain pharmaceuticals, laboratory supplies, animal food and veterinary supplies. The County Purchasing Department recommends that bid waiver requests be made for each applicable fiscal year. This bid waiver request is for FY 2007-08, FY 2008-09 and FY 2009-10.

Background

On January 9, 2007 and May 15, 2007 your Board authorized bid waivers for FY 2006-07, 2007-08 and 2008-09 for several vendors included on this request. The PHD is now requesting to:

1. Increase the amounts of previously granted bid waivers for four (4) vendors: Amerisource Bergen Drug Corp. , Gen Probe, Hardy Media and MWI Veterinary Supply;
2. Grant bid waivers for four (4) new vendors: Beckman-Coulter, Paragard, Theracom and Cellestis;
3. Extend all bid waivers through Fiscal Year 2009-10.

PHARMACEUTICALS:

The Public Health Department (PHD) is a Federally Qualified Health Center (FQHC). The Veteran's Act of 1992 (Public Law 102-585) requires manufacturers who sell drugs to a FQHC to charge a price for covered outpatient drugs that does not exceed an amount determined by statutory formula. As a result the PHD receives "Public Health Service" (PHS) pricing for pharmaceuticals. The *AmerisourceBergen Drug Corporation* is the primary vendor for the federal government for this program. As a participant in the PHS pricing, the PHD contracts with AmerisourceBergen to act as a wholesale distributor.

Paragard Direct and *Theracom* are the only two manufacturers of intrauterine devices in the United States.

LABORATORY SUPPLIES

Beckman Coulter is the only supplier of specific laboratory reagents and test kits for Beckman Coulter hematology instruments used by PHD Clinical Laboratory.

Becton Dickinson Company is the only supplier of specific laboratory reagents and test kits for Becton Dickinson instruments used for tuberculosis and chlamydia/gonorrhea testing.

Bio Rad Laboratories is the only supplier of specific laboratory reagents for HIV and Hepatitis antibody testing and diabetes testing using Bio Rad Laboratories equipment.

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Cellestis currently produces the only FDA-approved indirect test for the detection of *Mycobacterium tuberculosis* (TB) infection.

Fisher HealthCare is the only vendor and offers a manufacturer's rebate for specific reagents, phlebotomy and processing supplies for the Olympus Chemistry Analyzer used by PHD Clinical Laboratory.

Gen Probe is the only vendor for the FDA-approved, direct and indirect TB gene probe technology, and the instruments required for rapid detection and identification of TB and chlamydia/gonorrhea in patient specimens that are used in the Public Health Laboratory.

Hardy Media, a local vendor, is able to provide the PHD Public Health Laboratory and the PHD Clinical Laboratory with special material on an immediate, as-needed basis. Vendors who are not local require at minimum two-day turn around time.

The PHD Clinical Laboratory utilizes the Roche Diagnostics Corporation Elecsys 1010 System. The laboratory reagents for the system must be purchased from *Roche Diagnostics Corporation* as that company also provides maintenance of the system.

VETERINARY ANIMAL FOOD

The PHD Animal Services Division has determined that no qualified local vendor for animal food conducting business in Santa Barbara County will provide discounts on wholesale prices to the shelter.

There are two vendors that wholesale Nutro products which have been determined to be healthy and cost efficient. *Consolidated Seed & Pet, Inc.* provides special shelter discounts on top of their wholesale pricing and allows the County further discounts for large purchases or pallets. The company maintains the discounts even for pallets of mixed food types, such as puppy and adult cat food which is a special advantage. The other vendor requires the County to purchase whole pallets of a single food type to receive a comparable discount. Purchasing food in this manner is not efficient as the pallet must then be split up and bags transported between the three shelters consuming valuable field officer time and fuel.

VETERINARY PHARMACEUTICALS

The PHD Animal Services division has determined that no qualified local vendor for veterinary surgical supplies and pharmaceuticals, conducting business in Santa Barbara County, will provide discounts on wholesale prices to the shelter.

PHD Animal Services maintains contracts with a variety of non-local vendors for the purchase of vaccines, medications, and surgical supplies. Weekly supply orders are submitted to the vendors to identify specials and determine the most competitive pricing. *MWI Veterinary Supply* has consistently provided the most competitive pricing on most supplies and year-to-date purchases have reached the \$24,999 threshold for going to bid.

The County is mandated to provide access to necessary medical care under California Administrative Code, Title 17, Chapter 3, Article 2, Sections 1276, 2500, 2502, 2503, and 2505; California Administrative Code, Title 17, Chapter 3, Subchapter 1; and Section 17000 of the Welfare and

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Institutions Code. These pharmaceutical and laboratory supplies are necessary in order for the PHD to deliver the necessary medical care.

The County is also mandated under California Food and Agricultural Code Title 3, Sections 31101, 31105 and 31625 to seize and impound stray animals and those posing an immediate threat to public safety. While in the care of the County, these animals must be fed and receive veterinary treatment. The purchase of animal food and veterinary care supplies is necessary in order for the PHD Animal Services to care for the lost and abandoned animals of Santa Barbara County.

Fiscal and Facilities Impacts:

Budgeted: **Yes** **No**

The costs associated with these bid waiver requests are included in the Public Health Department’s FY 2007-08 Adopted Budget and can be found in the County’s Operating Document on page D-183 in the Clinical Services cost center and page D-190 in the Animal Services cost center.

Animal Services contracts with multiple vendors to provide feed and supplies for a variety of animals. These other vendors will be utilized less in order to increase the Consolidated Seed & Pet, Inc. and MWI Veterinary Supply blanket purchase orders.

These costs are also be included in the FY 2008-09 recommended budget and will be included in the FY 2009-10 recommended budget.

There are no facilities impacts as a result of this action.

Staffing Impact

Legal Positions:
0

FTEs:
0

Special Instructions:

Please return an electronic copy of the Minute Order to the PHD Contracts Unit at PHDRES.ContractsUnit@sbcphd.org and one copy of the minute order to Purchasing, Attn: Gloria Ness.

Authored by:

Public Health Department Contracts Unit, 681 5367