



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:** May 17, 2022  
**Placement:** Administrative  
**Estimated Tme:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Van Do-Reynoso, MPH, PhD,  
Director(s) Public Health Department  
Contact Info: Dana Gamble, Assistant Deputy Director. Ext. 15171  
**SUBJECT: Request for Waiver of Competition in the purchase of pharmaceuticals and laboratory supplies**

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**County Counsel Concurrence**

As to form: Yes

Other Concurrence: Purchasing

As to form: Yes

**Auditor-Controller Concurrence**

As to form: N/A

**Recommended Actions:**

That the Board of Supervisors consider the following recommendations:

- a) Approve and authorize the Chief Procurement Officer, the County's Purchasing Agent, to procure from the vendors listed in Table 1 for pharmaceuticals, laboratory, and medical supplies, without a competitive bid up to an amount of \$1,255,000 for each Fiscal Year 2022-23, 2023-24, and 2024-25 with a total amount not to exceed \$3,765,000 over the three year period. Hardy Media is a local vendor; all other vendors are not local vendors.
- b) Find that the proposed actions do not constitute a "Project" within the meaning of California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines, because they consist of the creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant impact on the environment.

**Summary Text:**

County Code Section 2-39 requires that the Chief Procurement Officer, the County's Purchasing Agent, make all purchases and contracts based on competitive bids, unless the Board of Supervisors has waived competition under a particular set of circumstances. Pursuant to County Code Section 2-39, the Public Health Department (PHD) is requesting your Board waive the requirement for a competitive bid due to "limitations on the source or supply" and the "necessary restrictions in specifications" for the purchase of certain pharmaceuticals, laboratory, and medical supplies. The County Purchasing Department

recommends that bid waiver requests be made for each applicable fiscal year. This bid waiver request is for each FYs 2022-23 through FY 2024-25.

<b>Table 1</b>				
<b>Vendor</b>	<b>Product</b>	<b>Contract #</b>	<b>Previous Bid Waiver</b>	<b>Requested Amount</b>
1. Becton-Dickenson Company	PH Laboratory Supplies	BL00175	\$ 50,000	\$ 55,000
2. Cepheid	PH Laboratory Supplies	BL03935	\$ 50,000	\$ 50,000
3. Fisher Healthcare	PH Laboratory Supplies	BL03746	\$ 45,000	\$ 45,000
4. Hologic	PH Laboratory Supplies	BL04018	\$ 150,000	\$ 150,000
5. Hardy Media	PH Laboratory Supplies	BL03751	\$ 50,000	\$ 50,000
6. Bruker Scientific, LLC	PH Laboratory Supplies	BL1123		\$ 50,000
7. Qiagen, Inc.	PH Laboratory Supplies	BL01765	\$ 30,000	\$ 30,000
8. McKesson Medical Supplies	Medical Supplies	BL00684	\$ 500,000	\$ 500,000
9. Glaxo/Smith Klein	Pharmaceuticals	BL02574	\$ 35,000	\$ 35,000
10. Paragard Direct	Pharmaceuticals	BL01329	\$ 30,000	\$ 30,000
11. TheraCom	Pharmaceuticals	BL03332	\$ 260,000	\$ 260,000
<b>Total per Fiscal Year</b>				<b>\$1,255,000</b>
<b>Three Year Total</b>				<b>\$3,765,000</b>

Approval of Recommendation A will allow PHD to contract with the vendors in Table 1 for FYs 2022-23 through 2024-25.

**Background:**

PHD requests that your Board waive the requirement for a competitive bid for the listed vendors in Table 1 for FYs 2022-23 through 2024-25 based on the following information.

**Laboratory and Medical Supplies**

In general, laboratory equipment is very sensitive and designed to function properly with specific reagents. Use of alternate reagents in many cases is not possible, may negatively impact readings and test results, and may damage equipment and void warranties. For these situations and reasons, PHD is requesting bid waivers as specified below.

Becton-Dickinson Company is the only supplier of specific laboratory reagents and test kits for Becton Dickinson instruments used for Tuberculosis (TB) and Chlamydia/Gonorrhea testing.

Cepheid is the only supplier of specific reagents and consumables compatible with Cepheid instruments used by the Public Health Laboratory.

Fisher Healthcare is the only supplier of specific reagents and laboratory processing supplies for Fisher Healthcare instruments used by the Public Health Laboratory.

Hologic is the only vendor for the FDA-approved, direct and indirect TB gene probe technology, with 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 PHD Public Health Laboratory and PHD Clinical Laboratory with special material on an immediate, as-needed basis. Vendors who are not local require a minimum two-day turn-around time.

Bruker Scientific, LLC is the only supplier of specific reagents and consumables compatible with the MALDI-ToF instruments used by the Public Health Laboratory.

Qiagen, Inc. is the only supplier of specific DNA/RNA extraction kits and Quantiferon TB-Intube kits for the Public Health Lab’s Qiagen extractor instrument.

McKesson General Medical is able to provide PHD with discounted rates for medical, lab, and pharmaceutical supplies. PHD receives the most favorable pricing available through Council Connections, a national group purchasing organization that provides non-profit clinics access to contracts at discounted prices.

**Pharmaceuticals**

Glaxo/Smith Klein (GSK) is the only manufacturer of Shingrix. The vaccine is usually purchased the from the wholesaler, but occasionally the wholesalers have been unable to provide the product and since we have an account with them we are given a priority to get the product when there have been distribution issues. In addition, other vaccines, including certain flu vaccines, are only available directly from GSK when there are production issues. We purchase flu vaccine for employees at a deep discount for annual flu shots when we order directly through GSK.

Paragard Direct is the only manufacturer in the United States of Copper T 380A, an intrauterine device (IUD) with no hormones.

TheraCom: after solicitation of a number of vendors, there is only one other vendor that distributes Nexplanon besides TheraCom. Competition through a bid process was determined to be inadequate as both vendors are required to provide the same 340B discounted pricing. Additionally, PHD has a longstanding contractual relationship and good history with TheraCom, and receives the same 340B discounted price for its clients.

**Mandates**

The County is mandated to provide access to necessary medical care under the California Welfare and Institutions Code Division 9, the California Health and Safety Code Division 101, and Title 17 of the California Code of Regulations. These pharmaceutical and laboratory supplies are necessary in order for PHD to deliver the necessary medical care.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>FY 2022-23</u></b>	<b><u>FY 2023-24 Cost:</u></b>	<b><u>FY 2024-25:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund				
State	\$ 1,779,184.00	\$ 1,779,184.00	\$ 1,779,184.00	
Federal	\$ 2,425,616.00	\$ 2,425,616.00	\$ 2,425,616.00	
Fees				
Other:				
<b>Total</b>	<b>\$ 4,204,800.00</b>	<b>\$ 4,204,800.00</b>	<b>\$ 4,204,800.00</b>	<b>\$ -</b>

The costs shown above are the total costs for all PHD pharmacy operations which include both 340B and Non-340B operations and all in-house and contracted and specialty pharmacies. Revenue to offset these costs is from multiple sources such as Medi-Cal (CenCal Health), federal awards, Medicare, private insurance (very few patients) and self-pay patients that do not qualify for any healthcare coverage.

This action will allow for the Public Health Department to continue purchasing replenishment pharmaceuticals for its PHD 340B Contract Pharmacy Network. Because of its Federally Qualified Health Center (FQHC) status, PHD has the ability to participate in the Federal Section 340B Drug Discount program as a “covered entity.” As a covered entity, PHD is able to purchase certain drugs at the lowest market price made available in order to provide access to affordable medications for its patients. These costs have been included in the PHD FY 21-22 adopted budget and FY 22-23 Recommended budget and will be included as part of the subsequent fiscal year recommended budget.

This action will not result in the need for any additional facilities.

**Staffing Impacts:**

**Legal Positions:**  
0

**FTEs:**  
0

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

**Special Instructions:**

Please return an electronic copy of the Minute Order to [Klazarus@sbcphd.org](mailto:Klazarus@sbcphd.org) and one copy of the minute order to Purchasing, Attn: Phung Loman.

**Attachments:**

N/A

**Authored by:**

Manuel Crisostomo, Public Health Lab Supervisor

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