



COUNTY OF SAN MATEO
Inter-Departmental Correspondence

Health System

DATE: July 31, 2009
BOARD MEETING DATE: August 25, 2009
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Board of Supervisors
FROM: Jean S. Fraser, Chief, Health System
Brian J. Zamora, Director, Community Health Division
SUBJECT: Gen-Probe Sales and Services, Inc. Vendor Agreement

RECOMMENDATION:

Adopt a Resolution:

1. Waiving the competitive bidding process for test kits and reagents that will result in a Vendor Agreement; and
2. Authorizing the Purchasing Agent to enter into a Reagent Purchase and System Loan Agreement with Gen-Probe Sales and Service, Inc. for test kits and reagents that will result in a Vendor Agreement for a three-year term effective from the date the Reagent Purchase and System Loan Agreement has been executed by both parties, for a maximum obligation of \$750,000; and
3. Authorizing the Purchasing Agent to add new reagents and test supplies to the Reagent Purchase and System Loan Agreement as necessary.

BACKGROUND:

The County has contracted with Gen-Probe for at least eleven years to provide test kits and reagents for the collection of bodily fluids and the determination of symptoms indicating certain communicable diseases, and Gen-Probe has loaned the County, via a loan agreement, molecular testing equipment.

DISCUSSION:

The Public Health Laboratory is committed to optimizing its methodology for testing infectious diseases. The products offered by Gen-Probe provide the use of amplification procedures for Chlamydia and gonorrhea testing of cervical swabs,

urethral swabs and urine specimens. While one other vendor provides a similar product approved by the FDA, it is considered less reliable since it is less sensitive (80.5% vs. 94.7% for the Gen-Probe product) and less specific (98.4% vs. 99.9% for the Gen-Probe product). Gen-Probe products are also used for the identification of Mycobacteria such as tuberculosis bacteria. Gen-Probe is the only company that provides FDA-approved molecular identification of Mycobacteria. In addition to being more accurate, continued use of Gen-Probe products will provide efficiency and continuity, since the Gen-Probe technology and procedures are currently being used by the Public Health Laboratory. Under this Agreement, Gen-Probe will continue to loan the County molecular testing equipment.

A waiver of the competitive bidding process is requested for test kits and reagents that will result in a Vendor Agreement based on Gen-Probe being a sole source provider that provides FDA-approved molecular identification of Mycobacteria.

County Counsel and the Purchasing Department have reviewed and approved the Reagent Purchase and System Loan Agreement and Resolution. The contractor has assured compliance with the County's Contractor Employee Jury Service Ordinance, as well as other contract provisions that are required by County ordinance and administrative memoranda, including but not limited to insurance, hold harmless, and non-discrimination. The County Manager has granted a waiver of the Equal Benefits Ordinance based on Gen-Probe being a sole source provider. Gen Probe offers equal benefits to legally married spouses regardless of gender. Gen-Probe is planning to change its policies and offer equal benefits for domestic partners during the coming fiscal year.

Approval of this Agreement contributes to the Shared Vision 2025 outcome of a Healthy Community by allowing for the purchase of supplies which will provide rapid and accurate results for a variety of communicable diseases. It is anticipated that the percentage of proficiency tests passed each year remains in the 90 percentile. The rapid identification of these diseases is a critical component in minimizing their impact on the safety of the public.

Performance Measure:

| Measure | FY 2008-09 Estimate | FY 2009-10 Target |
|---|----------------------------|--------------------------|
| Percent of laboratory proficiency tests each Public Health Microbiologist passes each year. | 90% | 90% |

FISCAL IMPACT:

The term of the Vendor Agreement will be three years from the date the Reagent Purchase and System Loan Agreement has been executed by both parties. The Agreement maximum obligation will be \$750,000, of that amount \$250,000 is included in the Community Health tentatively Adopted FY 2009-10 Budget, and Net County Cost for FY 2009-10 will be approximately \$125,000. Funds for subsequent years will be included in the appropriate Recommended Budgets.