

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

702



**FROM:** Riverside County Regional Medical Center

**SUBMITTAL DATE:**  
February 7, 2012

**SUBJECT:** Approval of Sole Source and Multi-year Agreement with Air Liquide Healthcare

**RECOMMENDED MOTION:** Move that the Board of Supervisors:

- 1) Authorize the Chairman of the Board to approve the Sole Source Procurement with Air Liquide Healthcare for the period of January 1, 2012 through December 31, 2012, with the option to renew annually through December 31, 2018; and
- 3) Authorize the Purchasing Agent, in accordance with Ordinance No. 459, to exercise renewal options, based on the availability of fiscal funding, and to sign amendments that do not change the substantive terms of the agreement up to ten percent the maximum contract amount.

(cont. on Page 2)

*Ellie Bennett for Dancy Bagley*  
Ellie Bennett, Chief Operating Officer  
for Douglas D. Bagley, Hospital Director

|  |                                      |            |   |                          |
|--|--------------------------------------|------------|---|--------------------------|
| <b>FINANCIAL DATA</b>                    | <b>Current F.Y. Total Cost:</b>      | \$ 175,000 | <b>In Current Year Budget:</b>          | Yes                      |
|  | <b>Current F.Y. Net County Cost:</b> | \$ 0       | <b>Budget Adjustment:</b>               | No                       |
|  | <b>Annual Net County Cost FY:</b>    | \$ 0       | <b>For Fiscal Year:</b>                 | 11/12                    |
| <b>SOURCE OF FUNDS: Enterprise Funds</b> |                                      |            | <b>Positions To Be Deleted Per A-30</b> | <input type="checkbox"/> |
|  |                                      |            | <b>Requires 4/5 Vote</b>                | <input type="checkbox"/> |

**C.E.O. RECOMMENDATION:** APPROVE  
BY: *Debra Cournoyer*  
Debra Cournoyer  
**County Executive Office Signature**

Dep't Recomm.:  
Per Exec. Ofc.:

Consent     Policy

Consent     Policy

**Prev. Agn. Ref.:**                      **District:** 5/5                      **Agenda Number:**

3.23

**SUBJECT:** Approval of Sole Source and Multi-year Agreement with Air Liquide Healthcare

**Page 2**

During the construction of Riverside County Regional Medical Center in 1998, Air Liquide Healthcare was selected to provide bulk gas, liquid oxygen and storage vessels; Air Liquide has provided services and products to RCRMC since the facility opened. .

The bulk and auxiliary tanks installed at the medical center are proprietary to Air Liquide; an investigation to replace the tanks determined the following would need to be acquired with various costs associated with:

- Architectural and engineering plans
- Office of Statewide Healthcare Planning Department (OSHPD) permit fees
- Bulk oxygen equipment
- Bulk oxygen storage area (foundation)
- Installation of bulk oxygen equipment
- Certification

Projected project costs could reach \$630,000 (+/- 30%); which does not include any contingency for unforeseen costs or required equipment or services.

**PRICE REASONABLENESS:**

Under Amerinet GPO pricing the hospital would see an estimated cost saving of \$99,695 annually over the current bulk pricing.

EZOXPlus (combines an 'E' cylinder of oxygen with a permanent regulator and flow meter attached) implementation with Amerinet GPO pricing will net an estimated savings of \$5,000 annually in comparison to current rental expenditures for the tanks.

Pricing is guaranteed for the first 18 months of the agreement and any price increases will not exceed 5% per year after the first 18 months or CPI.

**FINANCIAL IMPACT:**

Enterprise Funds

**REVIEW/APPROVAL:**

County Counsel and County Purchasing

Date: February 7, 2012  
From: Douglas Bagley, Hospital Director, RCRMC  
To: Board of Supervisors  
Via: Purchasing Agent  
Subject: Sole Source Procurement; Request for bulk gas, liquid oxygen and storage vessels

The below information is provided in support of my Department requesting approval for a sole source. Outside of a duly declared emergency, the time to develop a statement of work or specifications is not in itself justification for sole source.

**1. Supply/Service being requested:**

Bulk gas, Liquid Oxygen & Storage Vessels

**2. Supplier being requested:**

Air Liquide Healthcare

**3. Alternative suppliers that can or might be able to provide supply:**

None as current bulk and auxiliary tanks are proprietary to Air Liquide

**4. Extent of market search conducted:**

Because the bulk and auxiliary tanks are proprietary to Air Liquide thus ruling out the options of procuring bids for the bulk gas, liquid oxygen and storage vessels alone, RCRMC investigated the costs involved in replacing the tanks. The project to replace these would require:

- Architectural and Engineering documents with OSHPD submittal
- Bulk Oxygen equipment
- Bulk Oxygen storage are (foundation)
- Installation of Bulk Oxygen equipment
- Certification

The price for the above mentioned items is \$630,000 (+/- 30%). This estimate does not take into account additional, unforeseen requirements that may be required by OSHPD such as shaker table testing, unforeseen agency submission and /or certification, etc.

**5. Unique features of the supply being requested from this supplier, which no alternative supplier can provide:**

- The bulk tank currently installed at RCRMC is owned by Air Liquide and no other suppliers gases can be put into this tank.
- Choosing a different vendor would require the removal of the Air Liquide tanks at a cost of \$97,623 and replacing it with one from a new vendor at an estimated cost of \$630,000 (+/- 30%).

**6. Reasons why my department requires these unique features and what benefit will accrue to the county:**

- To maintain consistency with the main tank and products which have been used in the hospital since its opening in 1998.
- Cost savings will be realized with new (GPO Amerinet), pricing structure and ability to use the main and reserve tanks which are already installed

**7. Price Reasonableness including purchase price and any ongoing maintenance or ancillary costs from the supplier:**

- Under Amerinet GPO pricing the hospital would see an estimated cost saving of \$99,695 annually over the current bulk pricing.
- EZOXPlus (combines an 'E' cylinder of oxygen with a permanent regulator and flow meter attached) implementation with Amerinet GPO pricing will net an estimated savings of \$5,000 annually in comparison to our current rental spending for the tanks.
- Pricing is guaranteed for the first 18 months of the agreement and any price increase would not exceed 5% per year after the first 18 months or CPI.

**8. Does moving forward on this product or service further obligate the county to future similar contractual arrangements or any ongoing costs affiliated with this sole source? (Maintenance, support, or upgrades, if so, please explain).**

No

**9. Period of Performance:**

7 years in 1 year increments, renewed annually.

Ellie Bennett 1/20/12  
Department Head Signature Date

Purchasing Department Comments:

Approve

Approve with Condition/s

Disapprove

Not to exceed: \$175,000  One time  Annual Amount through December 31, 2018

[Signature] 1-23-12 12-351  
Purchasing Agent Date Approval Number  
(Reference on Purchasing Documents)