

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

634



FROM: Department of Public Health

SUBMITTAL DATE:
February 25, 2013

SUBJECT: Approve the Sole Source Purchase of the Cepheid GeneXpert IV, 4 Testing Site System®.

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the Sole Source purchase of the Cepheid GeneXpert IV, 4 Testing Site System® for a total amount including tax and delivery not to exceed \$59,355; and
2. Authorize the Purchasing Agent, in accordance with Ordinance No. 459.4, to purchase all consumables needed to run the tests on the system, in the amount of \$8,500 annually and to exercise the renewal option for maintenance services for the life cycle of the GeneXpert IV, 4 Testing Site System, in the amount of \$8,340 based on the availability of funding for up to five years.

BACKGROUND ON PAGE 2.
KS:nm

Susan D. Harrington

Susan Harrington, Director
Department of Public Health

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 59,355	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	12/13

SOURCE OF FUNDS: 100% Federal funding.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

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

Consent
 Policy
 Consent
 Policy

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

Prev. Agn. Ref.: None District: All/All Agenda Number:

ATTACHMENTS FILED WITH THE CLERK OF THE BOARD

3-34

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: *Samuel Wong* 2/27/13
 SAMUEL WONG
 Purchasing: *[Signature]*
 Director of Procurement Services

SUBJECT: Approve the Sole Source Purchase of the Cepheid GeneXpert IV, 4 Testing Site System®.

BACKGROUND:

The Cepheid GeneXpert system® is a laboratory tool that uses molecular technology to provide test results for various diseases, including influenza, in less than two hours. The current method used for testing specimens for influenza utilizes a large area of space, requires multiple instruments and takes up to eight hours, which is usually performed over a period of two days. The Cepheid GeneXpert system® is a small platform and allows for testing of many infectious diseases in a small cartridge in less than two hours. Because the entire process takes place in a sealed cartridge, contamination is minimized and therefore reduces the likelihood of erroneous results. The influenza test available on the GeneXpert system® is able to differentiate between Flu A, Flu B and 2009 H1N1 with high sensitivity and specificity. The test allows for timely screening of possible influenza infected patients, thereby enabling rapid diagnosis and treatment if necessary. Additional tests related to public health that are currently available for this system are for TB and Group B Strep.

Maintenance costs for the first year are included with the purchase of the equipment. Maintenance costs for a GeneXpert IV, 4 is \$8,340 annually from March 1, 2013 to February 28, 2014; with the option to renew maintenance services for the life of the system based on the availability of funding.

Cepheid is the Sole manufacturer of the GeneXpert IV, 4 Testing Site System®.

PRICE REASONABLENESS: Cepheid has extended the County of Riverside a 15% discount under the Government Services Administration (GSA) agreement. Cepheid does not offer higher discounts to any other agency for similar orders. The final cost with the 15% discount is \$59,355.

FINANCIAL INFORMATION: 100% federal grant funds will be used for the purchase of the Cepheid GeneXpert IV, 4 Testing Site System®.

Date: January 31, 2013
From: Susan Harrington Department/Agency: Department of Public Health
To: Board of Supervisors/Purchasing Agent
Via: Purchasing Agent
Subject: Sole Source Procurement; Request for **Cepheid GeneXpert IV, 4 Testing Site System®**.

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:

The Cepheid GeneXpert IV, 4 Testing Site System® and all consumables needed to run laboratory tests on the system.

2. Supplier being requested:

Cepheid
904 Caribbean Drive
Sunnyvale, CA 94089

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

Cepheid has the exclusive rights for manufacturing and distribution the GeneXpert system®.

4. Extent of market search conducted:

The County of Riverside, Department of Public Health Laboratory Director saw the equipment when it was showcased at a conference that she attended. The manufacturer claims to have exclusive rights to the manufacturing and sales of the GeneXpert System®. An Internet search found no other manufacturer that provided this or any equipment similar to the GeneXpert System®.

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

The Cepheid GeneXpert® is a small platform, thereby reducing the space previously required for laboratory testing, and allows for testing of many infectious diseases in a small cartridge in less than two hours. Because the entire process takes place in a sealed cartridge, contamination is minimized and therefore reduces the likelihood of erroneous results. The influenza test available on GeneXpert® is able to differentiate between Flu A, Flu B and 2009 H1N1 with high sensitivity and specificity. The test allows for timely screening of possible influenza infected patients in real time, which enables rapid diagnosis and treatment if necessary. Additional tests related to public health that are currently available for this system are for TB and Group B Strep.

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

Using the GeneXpert System® will mean that test results are completed much faster and will allow for timely screening of possible influenza infected patients, thereby enabling rapid diagnosis and treatment if necessary.

7. Price Reasonableness:

Cepheid is the only manufacturer of the GeneXpert System®, therefore no other equipment cost is available for comparison. Cepheid has extended the County of Riverside a 15% discount under the Government Services Administration (GSA) agreement. Cepheid does not offer higher discounts to any other agency for similar orders. The final cost with the 15% discount is \$59,355.

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, however the Department of Public Health Laboratory will continue to purchase all consumables required to run tests and pay for annual maintenance and support using grant or department funds, if available. Maintenance costs for the first year are included with the purchase of the equipment. Maintenance costs for a GeneXpert IV, 4 is \$8,340 annually from March 1, 2013 to February 28, 2014; with the option to renew maintenance services for the life of the system based on the availability of fiscal (or grant) funding.

Maintenance agreement includes:

Weekly maintenance for a GeneXpert 16-4 consists of wiping down each of the inside of the 4 modules with a 10% bleach solution followed by an alcohol wiping.

Monthly maintenance consists of the above wiping and a visual inspection of the GeneXpert with any needed vacuuming of the air vents on the back of the unit.

9. Period of Performance:

The GeneXpert System® will be utilized for more than five years. Maintenance costs for the first year are included with the purchase of the equipment with an optional four years of Sole Source purchases based on the availability of funds.

(Provide a defined period of performance. Please note multi-year terms require Board approval, unless renewable in one year increments and the Purchasing Agent approves the terms.)

Jordan D. Harrington 2/25/13
Department Head Signature Date

Purchasing Department Comments: *original purchase not to exceed \$59,355*
Maintenance not to exceed \$9,000 Annually through 6-30-2018
Approve with Condition/s Disapprove

[Signature] 2-26-13 Approval # 13-345
Purchasing Agent Date