



Office of the City Manager

CONSENT CALENDAR
May 22, 2007

To: Honorable Mayor and
Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Fred Medrano, Director, Health and Human Services

Subject: Contract Amendment: Laboratory Services

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No. 7102 with UNILAB-Quest Diagnostics Laboratory for the provision of laboratory testing services to increase the amount by \$165,500 for a total contract amount not to exceed \$190,000, and to extend the expiration date to September 30, 2007.

FISCAL IMPACTS OF RECOMMENDATION

Approval of the recommended action will require the total expenditure of \$190,000 for laboratory services provided by UNILAB-Quest Diagnostics in FY 2007. Funds to cover the expenditures are available in the FY 2007 budget for the Department of Health and Human Services in expenditure codes 010-4575-440.30-37 (\$59,582), 055-4574-440.30-37 (\$30,000), and 958-4505-440.30-37 (\$75,918). The contract amendment has been entered into the citywide contract database and assigned Contract Management System No. CABP2.

This is a sole source contract amendment to maintain continuity of services in FY 2007 while we complete a bid process for other possible vendors that can provide the required Microbial, Viral, and Rickettsial disease examinations and analysis for FY 2008-2010. The intended vendor for FY 2007, the State Department of Health Services Microbial Disease Laboratory (MDL) abruptly ended services to Berkeley due to state budget cuts to their infrastructure that made it impossible for them to provide routine direct services to the City of Berkeley. Our contract with MDL was to be in the amount of \$300,000. We were able to negotiate a transitional contract with UNILAB/Quest for FY 2007 that included all services for a total of \$190,000. The net savings for laboratory services this year will total \$110,000. This was possible due to UNILAB/Quest's ability to bill a third party payer directly for the laboratory services for approximately 80% of clients seen through the City's Public Health Clinic. Our bid for services in FY 2008-2010 will mandate this billing ability. Our bid research shows that most major private and county laboratories have this capability. The bid process and vendor selection for FY 2008-2010 will be completed by September 30, 2007.

CURRENT SITUATION AND ITS EFFECTS

As a health jurisdiction, the City of Berkeley is required to provide surveillance of certain communicable diseases including sexually transmitted diseases, tuberculosis and infectious upper respiratory and gastrointestinal diseases, and bio-terrorism materials. To comply with this requirement, the City contracted with the State Department of Health Services Microbial Disease Laboratory to perform laboratory tests. However, the City received notice that the Department of Health Services was discontinuing to provide laboratory services due to State budget cuts. Approval of the recommended action will allow vital laboratory services to continue and assist ongoing infectious disease control efforts in Berkeley.

BACKGROUND

The City of Berkeley has contracted with the California Department of Health since 1948 for laboratory tests for diseases of public health significance including sexually transmitted diseases, tuberculosis and infectious upper respiratory and gastrointestinal diseases, and bio-terrorism materials. Tests are also performed on suspect food, water, milk and other environmental hazards. These laboratory test services provide surveillance of certain communicable diseases in the community, and are required by State law. Effective laboratory diagnosis is a critical aspect of disease prevention and control. However, over the years, the infrastructure of the MDL has decreased considerably. Intermittently Berkeley would experience reductions of service due to staffing shortages and we would be forced to use other laboratories like UNILAB-Quest to provide surge and safety net capacity. In addition, MDL did not have the ability to bill third party payers like FPACT and MediCal, so we would be forced to absorb certain costs associated with billing. MDL notified us of the intent to end services by October 2006 and we quickly negotiated an initial transitional contract in the amount of \$24,500 with UNILAB/Quest Diagnostics because they were in place to provide surge capacity previously.

It was a large challenge to alter the systems put into place that had used MDL for over 30 years, especially as this transition was completed as an unplanned activity on top of baselines services in HIV and communicable disease control. However, we discovered efficiencies in this process that led to a comparable level of service in FY 2007 for considerably less dollars. These savings should persist in subsequent fiscal years as we are making ability to bill a third party directly a contingency of our future vendor.

RATIONALE FOR RECOMMENDATION

This contract allows the City to utilize laboratory services in order to remain in compliance with Title 17 California Code of Regulations, which is a requirement for health jurisdictions serving a population of 50,000 or more. Through the use of this laboratory, clients have access to the most advanced technological laboratory services in the state. Execution of this contract amendment will allow vital laboratory services to continue and will aid ongoing infectious disease control efforts in Berkeley.

CONTACT PERSON

Linda Rudolph, M.D., M.P.H., Health Officer/Director of Public Health, (510) 981-5339
LeRoy Blea, M.P.H., Health Services Supervisor, Prevention Services Section (510) 981-5358

Attachment

1. Resolution

RESOLUTION NO. –N.S.

AUTHORIZING AN AMENDMENT TO THE CONTRACT WITH UNILAB-QUEST
DIAGNOSTICS LABORATORY

WHEREAS, the City of Berkeley maintains a health department which is required to provide public health laboratory services as defined in Title 17, California Code of Regulations; and

WHEREAS, on March 7, 2006 by Resolution No. 63,220–N.S. the City Council authorized a contract with the State of California Department of Health Services Microbial Disease Laboratory for laboratory test services for the period July 1, 2005 through June 30, 2007; and

WHEREAS, the State of California Department of Health Services Microbial Disease laboratory ended direct routine laboratory services during the contract period which necessitated a quick change of vendors; and

WHEREAS, in accordance with Ordinance No. 6,248–N.S., the City Manager authorized Contract No. 7102 with UNILAB-Quest Diagnostics laboratory for transitional laboratory services in an amount not to exceed \$24,500 until a bid process for FY 2008-2010 is complete; and

WHEREAS, execution of this contract amendment will allow vital laboratory services to continue and will aid ongoing infectious disease control efforts in Berkeley; and

WHEREAS, funds are available to perform this work in the current year budget in the Adult Health, AIDS Health Education and Prevention, and Realignment Trust Funds, budget codes 010-4575-440.30-37(\$59,582), 055-4574-440.30-37 (\$30,000), and 958-4505-440.30-37 (\$75,918); and the contract amendment has been set up in the Citywide contracts database and assigned Contract Management System No. CABP2.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute an amendment to the contract with UNILAB-Quest Diagnostics for laboratory test services to increase the amount by \$165,500 for a total contract amount not to exceed \$190,000, and to extend the expiration date to September 30, 2007. A record signature copy of said contract to be on file in the Office of the City Clerk.

