

OFFICE OF THE CITY MANAGER

May 13, 2002

**To:** City Council  
**From:** Cynthia J. Kurtz, City Manager  
**Subject:** Contract With Laboratory Corporation Of America (LabCorp) For Provision Of Clinical Laboratory Services To The Pasadena Public Health Department – Additional Information

This memo is intended to address the issues raised at the May 6, 2002, City Council meeting regarding the subject contract.

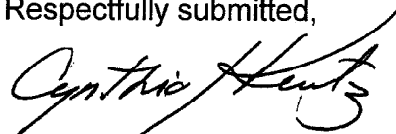
The proposed contract is for a period of one year with an option to renew for an additional two years. As proposed, at the end of the initial term and prior to any extension, LabCorp would be able to request increases in contract pricing not to exceed the Annual Increase by Consumers Price Index (CPI). The purpose of this provision is to establish a ceiling for possible increases. It is not intended nor is it written as a guarantee that the contractor can increase pricing and there is nothing that prohibits the contract pricing to be reduced should the contractor propose decreases in order to win an extension. Prior to approving any extension, staff will carefully consider the contract pricing and any proposed price increases.

It has been the City experience with bidding these types of contracts that there is little variation in proposed pricing between competing firms. The proposed contract is much the same. The fee schedules presented by both applicant laboratories differed by only a few cents from service to service. Since costs do not vary much, evaluation of the RFP put more emphasis on critical services, including: turn-around time; ability to serve the necessary level of demand; quality control; provide timely collection/courier service (daily); and, special services. These elements are considered critical to meeting the needs of the Health Department and its clients. In the case of LabCorp, the special services provided include: a computerized system placed on site to log in tests, receive results, assist with billing; and, direct billing of State funded services to

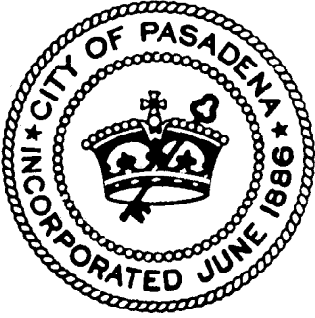
those fee-for-service programs (Medi-Care, Medi-Cal and Child Health Disability Prevention [CHDP])

Finally, the Fiscal Impact section should more appropriately read as follows: "Funds for clinical laboratory services are available in the Public Health Department's FY 2002 adopted budget and FY 2003 recommended budget in budget account 563319." Maximum contract value is \$90,000 for the first year and \$90,000 plus CPI increase each additional year.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Cynthia J. Kurtz". The signature is fluid and cursive, with a large, stylized initial "C" and "K".

Cynthia J. Kurtz  
City Manager



# Agenda Report

**TO:** CITY COUNCIL

**DATE:** MAY 6, 2002

**FROM:** CYNTHIA J. KURTZ, CITY MANAGER

**SUBJECT: APPROVAL OF A CONTRACT WITH LABORATORY CORPORATION OF AMERICA (LABCORP) FOR PROVISION OF CLINICAL LABORATORY SERVICES TO THE PASADENA PUBLIC HEALTH DEPARTMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize a contract with Laboratory Corporation of America (LabCorp) for a period of one year or \$90,000 whichever occurs first, for the provision of clinical laboratory services to the Pasadena Public Health Department; and,
2. Authorize the City Manager to extend the contract for up to two additional years provided any requested cost increases do not exceed the change in the Consumers Price Index for the latest available twelve-month preceding period.

## **BACKGROUND**

The City of Pasadena Public Health Department (PPHD) operates a number of clinics that include as part of their services laboratory tests for clients. Funding for the clinical services is provided under various State and Federal public health programs. PPHD has retained a clinical laboratory by contract for the last three years. In order to ensure continued use of state-of-the-art technology and competitive pricing of laboratory services, the Department issued an RFP to five laboratories that indicated tentative interest in October 2001. A competitive selection process was conducted in December. Four raters evaluated two RFPs from applicant laboratories for response to six selection criteria. Exhibit I delineates the results of the competitive selection process.

LabCorp scored higher with an overall number of points totaling 95 and is recommended to be awarded the contract for clinical laboratory services in the amount of \$90,000 annually.

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In consideration of the need for continuity of services and building a strong professional relationship between the clinical laboratory and the numerous clinics that will utilize its services, the RFP stipulated a one-year contract that could be extended for up to two additional years, through February 28, 2005, if the contractor satisfied the scope of work requirements.

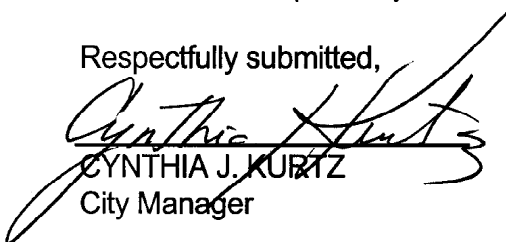
**AFFIRMATIVE ACTION:**

This contract has been awarded under the competitive bidding and selection processes outlined by the Affirmative Action Department. This two-year contract with Laboratory Corporation of America will maintain continuity of services and will optimize the personal and public health of City residents.

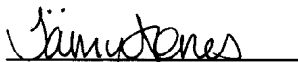
**FISCAL IMPACT:**

Total funds for clinical laboratory services equaling \$90,000 have been included in the Public Health Department's FY 2002 adopted budget and FY 2003 recommended budget. For FY 2002, the funds are distributed in budget accounts 563319 and 564117 in the amounts of \$28,300 and \$1,700 respectively. For FY 2003, funds are distributed to the same budget accounts in the amounts of \$56,700 and \$3,300 respectively.


Respectfully submitted,

  
CYNTHIA J. KURTZ  
City Manager


Prepared by:

  
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Director of Public Health