



## APPROVAL REQUEST FOR A BEYOND 5 YEAR CONTRACT TERM

Date of Submission:	1/16/2024		
User Agency/Department(s):	Health and Hospital System	Budget Unit #:	0921

### SECTION I

#### ☐ REQUEST TO SOURCE A NEW CONTRACT BEYOND FIVE YEARS IN TERM

Complete this section only if sourcing a new contract that will exceed a five-year term and proceed to Section IV. If you are extending an existing contract, please continue to Section II.

Anticipated Contract Start Date:		Total Length of Term: (In months, excluding extension options)	
Anticipated Contract End Date:			
Comments:			
Budgeted Amount of Project:	\$		
Proposed Contractor Name:			
Description of Goods or Services:			

### SECTION II

#### ☒ REQUEST TO EXTEND EXISTING CONTRACT BEYOND FIVE YEARS IN TERM

Complete Sections II and III only if extending an existing contract beyond a five-year term.

Contract/PO Number:	5500002947		
Contractor Name:	ARUP Laboratories Inc.		
Current Contract Start Date:	03/19/2019	Current Contract End Date:	03/18/2024
Total Current Value of Agreement:	\$ 15000000		
Description of Goods or Services:	Reference Laboratory Testing Services		

### SECTION III

#### PROPOSED CONTACT EXTENSION DETAILS

If extending an existing contract beyond a five-year term, please provide details on the proposed extension.

Recommended # of Months Extension:	18
Recommended End Date:	09/18/2025
Recommended Additional Contract Value:	\$ 1000000
Recommended Total Contract Value:	\$ 16000000



## APPROVAL REQUEST FOR A BEYOND 5 YEAR CONTRACT TERM

### SECTION IV

#### PREAPPROVAL HISTORY

Please attach a copy of all previously signed preapproval forms for this contract (e.g., Justification for Exception to Competitive Procurement, Request for a Beyond 5 Year Contract Term, etc.) with your submission.

What is the acquisition method used to source this contract? RFP

Has an Approval Request for a Beyond 5 Year Contract Term been approved for this contract previously?

☐ Yes

☒ No

If yes, how many times has this contract been previously approved for a Beyond 5 Year Contract Term? 0

### SECTION V

Mark appropriate box for Contract's Signature Authority

☒

Board of Supervisors

☐

Delegated to Department Head or designee

☐

Chief Procurement Officer/Director of Procurement or Designee

### SECTION VI

Pursuant to Board Policy 5.4.5.4, **EXCEPTIONS** to the maximum 5-year term limit for Professional Services are listed below. Select the appropriate exception(s).

- |                                  |  |
|----------------------------------|--|
| <input type="radio"/>            | (1) When the funding source for a contract provides that the contract term must exceed five years. Such funding sources may include the State or Federal government or an outside funding source (private or foundation grant).  |
| <input type="radio"/>            | (2) When the County "piggybacks" on another jurisdiction's contract that is more than five years or that is subsequently extended for more than the initial five-year term.  |
| <input type="radio"/>            | (3) When a specific law, code or regulation requires that a particular type of contract include certain contract terms(s) that exceed 5 years. Please provide a specific citation below.   |
| <input type="radio"/>            | (4) Contracts for goods, which includes equipment, that have a lifespan that exceeds five years and the benefits to the County of exceeding a five-year term outweigh the benefits of creating and executing a new contract after five years   |
| <input type="radio"/>            | (5) Contracts for technology software or hardware that have a lifespan exceeding five years and the benefits to the County of exceeding a five-year term outweigh the benefits of creating and executing a new contract after five years   |
| <input type="radio"/>            | (6) Proprietary maintenance contracts.   |
| <input type="radio"/>            | (7) Contracts for project-specific professional services where the length of the project is expected to exceed five years.   |
| <input type="radio"/>            | (8) Revenue contracts.   |
| <input type="radio"/>            | (9) Contracts with other governmental entities.  |
| <input checked="" type="radio"/> | (10) When an Agency/Department is otherwise able to justify that it is in the County's best interest to exceed the maximum 5-year term requirement. For example, an Agency/Department is able to demonstrate that the financial and/or programmatic impact on the County would be significant if the contract term does not exceed the maximum 5-year term requirement [Specific rationale must be provided in Section VIII, below]. |



## APPROVAL REQUEST FOR A BEYOND 5 YEAR CONTRACT TERM

### SECTION VII

Provide a narrative explanation below:

#### A. BACKGROUND (Describe the good or services procured)

Santa Clara Valley Medical Center (SCVMC) Department of Pathology and Laboratory (Lab) has been using ARUP Laboratories Inc. (ARUP) for reference lab test servicing since 2019. SCVMC Lab is the County's largest, full service anatomic and clinical laboratory providing an extensive menu of over 500 diagnostic laboratory tests in the disciplines of chemistry, special chemistry, hematology, coagulation, microbiology, virology, mycology, mycobacteriology, immunology, toxicology, transfusion service, histology, cytology, bone marrow and fine needle aspiration, autopsy, forensic drug testing, and clinical and anatomic physician consultative services.

Although an extensive menu of highly complex tests is offered by the SCVMC Lab, additional diagnostic tests are available on the open market that are required for the appropriate care and treatment of patients. The overall volume of these tests arriving from the entire patient population of SCVMC that require to be sent out is relatively low and include rare tests. Currently, Lab is sending out approximately 750 different diagnostics laboratory tests to ARUP. These tests are not performed in-house at any of the SCVMC clinical laboratories due to the high costs associated with implementing these low volume methodologies or because another laboratory has a proprietary patent on the process. For these reasons the tests are sent to commercial reference laboratories that typically perform them at lower costs due to economy of scale as they receive specimens from throughout the region, state, or County. The concept of sending tests to a reference laboratory is an approach used throughout the entire laboratory industry to contain costs and to provide patients with highly specialized testing required to make a more accurate diagnosis or refine the treatment protocols.

#### B. CONTRACT HISTORY, if applicable. (How was the contract awarded? What were the events that occurred prior to the end of the contract term?)

On March 19, 2019, as a result of Request for Proposal ("RFP") No. RFP-PRO-FY17-0057, the Board of Supervisors executed Agreement No. 5500002947 with ARUP for pathology reference laboratory testing service in the amount of \$15,000,000 for the period from March 19, 2019, to March 18, 2024.

**APPROVAL REQUEST FOR A BEYOND 5 YEAR CONTRACT TERM****C. REASONS FOR CONTRACT TERM EXTENSION (Provide an explanation to support your selection in Section VI, including any relevant market research)**

County of Santa Clara Procurement Department (Procurement) plans to release RFP no. ERFP-PRC-FY24-0249 in February 2024 for pathology reference laboratory testing service. It may take an additional 18 months to complete the RFP process, resulting contract awards, and possible vendor transition.

The current Agreement has a total not-to-exceed amount of \$15,000,000 with an expiration date of March 18, 2024. As of January 2024, CSCHS has spent approximately \$12,000,000 under this Agreement. CSCHS anticipates that an additional \$1,000,000 is necessary to cover projected spend during the extended period. Approval of the proposed First Amendment will allow CSCHS to acquire essential pathology reference laboratory testing service with no disruption to patient care. Further, as discussed in the background, it is more cost-effective to send certain tests out for processing and other tests cannot be performed in-house because there are patents that prohibit the testing.

**D. RECOMMENDATION TO CURE ISSUE(S) (If applicable)****SECTION VIII:****SOURCING PROJECT DETAILS**

If your preapproval is requesting additional time to conduct a solicitation or source a successor contract, please outline your anticipated project schedule below. Include any relevant information on the sourcing project to date, such as the Master Acquisition List (MAL) ID number, draft of ICP preapproval request, or other references that may demonstrate progress on the sourcing project.

RFP will be released on or around 02/06/2024, PCS estimated that the RFP will take 9-12 months and that the possible multiple award negotiations will take 3-6 months.



## APPROVAL REQUEST FOR A BEYOND 5 YEAR CONTRACT TERM

### SECTION IX

Requesting Contracts Manager:	Print Name: Stefanie Wong
	Signature: <small>DocuSigned by:</small> <i>Stefanie Wong</i> <small>7C4204B1ADDA4A2...</small>
Requesting Agency/Department Director:	Print Name: Kris Server
	Signature: <small>DocuSigned by:</small> <i>Kris Server</i> <small>6FEF66E74F784FC...</small>
Centralized Procurement Division Manager: <i>(If applicable)</i>	Print Name: Long Zhang
	Signature: <small>DocuSigned by:</small> <i>Long Zhang</i> <small>B2D7984E4AED475...</small>

### SECTION X

#### DECISION AND REQUIRED STEPS FOLLOWING DECISION (To be completed by OCCM)

<input type="radio"/>	Attach to Service Agreement Checklist/Cover Sheet	<input checked="" type="radio"/>	Attach to Legislative File
<input type="radio"/>	Attach to PO/Contract File	<input type="radio"/>	Attach to Delegation of Authority Cover Sheet
<input checked="" type="radio"/>	Approved	Comments:	
<input type="radio"/>	Approved with Conditions	Comments:	
<input type="radio"/>	Returned for Possible Reconsideration	Comments:	
<input type="radio"/>	Denied	Comments:	

### SECTION XI

Office of Countywide Contracting Management Approval	Initials <small>DS</small> <i>ER</i>
--	---

### SECTION XII

#### Office of Countywide Contracting Management Signature

Signature <small>DocuSigned by:</small> <i>Leticia Gordon</i> <small>FC91A7A3FE2849D...</small>	Date  on behalf of Ky Le, Deputy County Executive 1/17/2024
--	---