

Memorandum



Date: May 4, 2010

To: Honorable Chairman Dennis C. Moss
and Members Board of County Commissioners

From: George M. Burgess
County Manager

Subject: Information Requested at the April 13, 2010 Budget, Planning and Sustainability Committee Meeting Regarding Defibrillators for Various County Departments.

Agenda Item No:
8(O)1E Supplement

This memorandum responds to the request for information made by Commissioners Gimenez and Martinez at the April 13, 2010 Budget, Planning and Sustainability Committee meeting regarding a new negotiated bid waiver contract for purchase of defibrillators and related equipment, accessories and maintenance by various county departments.

CURRENT CONTRACT

The current contract for defibrillators, established in 2004, was designed to provide replacement equipment, parts, consumables (such as pads, cables, and batteries), and inspection and repair services for a two-year period at a cost of \$2.9 million. The current contract was extended for another four years and the allocation increased by \$5.64 million to provide ongoing service and supply continuity, as well as, access to replacement equipment. The current contract expires April 30, 2010. Purchases made through this contract have been primarily for service, parts, and consumables. Most of the participating departments are using units that have been in service since 1998-1999, some of which were federally funded through the Public Access Defibrillator Demonstration Project. Once equipment warranties expired, continued technical support, maintenance, and repair services to the units was required.

Approximately 93% of the units in service are model LP500s. These have exceeded the manufacturer's recommended lifespan of 8-10 years. The LP500 model was recently discontinued by the manufacturer, and replacement parts and support for these units are being phased out. These older models are the monophasic type (delivers a charge in only one direction), which no longer meets American Heart Association (AHA) guidelines. The Miami-Dade Police Department (MDPD) has approximately 2,300 LP500 units deployed throughout the County. General Services Administration (GSA) has 23 LP500 units installed throughout various County buildings. Miami-Dade Fire Department (MDFR) has both monophasic and biphasic LP12 units in service. The older LP12 monophasic units are also being discontinued and must be replaced by October 2012.

MARKET RESEARCH

Research was conducted to determine the value being offered by the existing sole source vendor (Physio-Control) for pricing, levels of service, and the availability of comparable equipment from other sources.

Comparison was made between the City of Houston's contract with Physio-Control for items identical to those required by the County. The pricing offered to the County represents a better

value. The LP1000 unit price offered to the County is 30% lower than Houston's price. The County, unlike Houston, will also receive numerous consumables at no additional cost.

The GSA Advantage (federal contract) price for a standard LP1000 unit is the same as the County's new price, but does not include any accessories. Both MDR and MDPD use units that are slightly customized. In addition, the federal GSA price does not include training, lease options, trade-in value for used equipment, or the competitive discounts for high-use consumables that our negotiated pricing does. The City of Fort Lauderdale and the City of Dearborn, Michigan each purchase Physio-Control equipment through the GSA Advantage webstore.

Prices established through the State of Oklahoma contract were also reviewed. This contract has four participating vendors that provide an array of products and services, allowing numerous users to access this contract and meet their individual network needs. While equipment pricing is similar to the County's, staff have negotiated substantial discounts on high use consumables and reductions to maintenance costs. The Oklahoma contract is accessed by the City of Miami and School District of Escambia County, Florida.

REPLACEMENT CONTRACT

Two models are currently in use, the LP500 and the LP12. The proposed agreement allows for purchase of the LP1000 and LP15 model units to replace the LP500 and LP12 respectively. The LP1000 and LP15 are the biphasic type model that delivers a charge in one direction for half of the shock, and delivers a shock in the electrically opposite direction for the second half.

The replacement models meet AHA guidelines. The LP1000 has software upgrade capabilities, allowing changes in technology to be readily incorporated. The LP1000 is a more robust, durable unit offering protection against dust and water, with improved battery technology. The LP15 has an enhanced memory capacity, expandable platform for additional features, and a durable design for an extended lifespan.

The new agreement requires an increased allocation to acquire approximately 2,000 new units to replace the discontinued models. Unit costs are as follows:

Miami-Dade Police Department (Lease)			
	Model Number	Unit Cost	Quantity
Current Model:	LP500	\$1,795	2,300 units
Replacement Model:	LP1000	\$2,050*	1,800 units**

**Lease cost includes maintenance services, electrodes, batteries, and carrying cases. The unit cost for the LP500 does not include these additional items in the current contract.*

***MDPD will replace 1,800 units for use by first responders. Additional units may be acquired if funding becomes available.*

General Services Administration (Purchase)

	Model Number	Unit Cost	Quantity
Current Model:	LP500	\$1,795	23 units
Replacement Model:	LP1000	\$1,960*	23 units

**Purchase cost includes electrodes, batteries, and carrying cases.*

Miami-Dade Fire Rescue (Purchase)			
	Model Number	Unit Cost	Quantity
Current Model:	LP12	\$20,131	170 units
Replacement Model:	LP15	\$23,841	90 units*

**Quantity of units required to replace all remaining monophasic equipment in cardiac care network and expand the placement of units within the network,*

EXAMPLE OF LEASE AGREEMENTS

A finance lease is a commercial arrangement where the lessor (finance company) will purchase an asset (e.g., equipment, software, vehicle) and the lessee (borrower) will pay a series of installments or rentals, including interest, for the use of the asset during a specified term. The lessee has the option to acquire ownership of the asset once the lease term has concluded.

Leasing contracts which include finance charges identified as a separate cost are not uncommon. The following are samples of several County agreements that include finance charges:

- The Computer to Plate Setter (for print shop) contract valued at \$267,000 with a 5.69% interest rate.
- The IT Hardware (State of Florida contract) allowed for establishment of multiple lease agreements using the terms in the contract’s master lease agreement.
 - Agreement with Dell for OptiPlex computers for the Miami-Dade Public Library with total value of \$447,034.31 including a 6.6475% interest rate.
 - Agreement with CDW Corporation for wireless laptop peripherals for MDPD with total value of \$602,757.26 including a 7.33% interest rate

USAGE RATES

The data collected by MDPD captures instances where patient information was obtained from a defibrillator unit. As patient data is transferred via modem to a computer, MDPD also collects per unit usage information. From 1999 through 2003, records show patient information was retrieved an average of 79 times per year.

Since 2004, modem and phone-line technology issues have affected the collection of statistical data. Only three of the County's 12 modems used for this data transfer are operable. Police officers are required to travel to a station with a functioning modem to perform this task. This reduction in modem availability has impacted both the department's ability to readily transfer patient data and maintain accurate usage records. The replacement models that are included in the recommended contract have internal modems that enable data upload without the use of a computer. New software will also allow for enhanced data collection and tracking of equipment usage.

The General Services Administration has reported only two occurrences of defibrillator use during the past five years. Though usage is low, the LP500 units that make up part of their inventory no longer meet AHA guidelines and will not be supported by the manufacturer.

MAINTENANCE COSTS

The agreement with Physio-Control does not include an hourly rate for repairs. Instead, each model purchased has an associated charge for multiple support services, applied as a fixed annual cost per device, covering all labor service for one year. The maintenance costs are not affected by the amount of service calls or their duration. In prior instances where service calls have fallen outside the scope of the contract, the vendor has continued to support the equipment at no additional cost.

Under the new agreement, the negotiated maintenance costs save the County \$79,225 annually over the previous contract, which was \$343,780 for one year. Further negotiations following the April 13, 2010 Budget, Planning and Sustainability Committee (BPS Committee) resulted in an additional \$9,090.00 in annual savings on maintenance costs for purchased units, bringing total savings negotiated before and after BPS Committee to \$88,315 per year, or \$441,575 for the total contract term. The vendor agreed to reduce this cost for all models, with the most significant savings attributed to the LP15 units used by MDRF. The negotiated annual support cost for both existing and replacement units are as follows:

Model Number	Annual Maintenance Cost per Unit	Renegotiated Annual Maintenance Cost per Unit
LP12	\$1,005	\$1,005
LP15	\$1,250	\$ 978
LP500	\$ 515	\$ 478
LP1000	\$ 258	\$ 239
LP12 Battery Support	\$ 35	\$ 33
LP15 Battery Support	\$ 50	\$ 47

The annual multiple support service plan includes:

- Annual inspection

The annual multiple support service plan includes:

- Annual inspection
- Repair services, as required
- Device set-up and configuration
- Software updates
- Training support
- Data management support
- Loaner unit support and use, as required
- 17% discount on any new feature upgrades
- Replacement batteries every two years or upon failure, whichever occurs first


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