



EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
January 18, 2007

SUBJECT: CONTRACT NUMBER PS62501884
MEDICAL CLINIC SERVICES

ACTION: AWARD SIX CONTRACTS FOR MEDICAL CLINIC SERVICES

RECOMMENDATION

Authorize the Chief Executive Officer to award six, five year, unit rate contracts effective March 1, 2007, under contract PS62501844 for medical services including drug and alcohol collections and various medical examinations for employees and job candidates, to the following firms for a total aggregate not-to-exceed contract value of \$2,653,316, inclusive of two one-year options:

Metro Area to be Serviced

A. Downtown

B. West Los Angeles

C. South Bay/Long Beach

D. San Fernando Valley

E. San Gabriel Valley

Proposer

1. Lemus Medical

2. Temple Medical

3. U.S. Healthworks

4. Memorial Occupational Medical

5. U.S. Healthworks

6. Irwindale Industrial

RATIONALE

Metro's workforce of approximately 9,000 employees is geographically dispersed throughout the Los Angeles County area. The composition includes a large group of almost 7,000 safety-sensitive employees who are engaged in maintaining, repairing, operating and/or dispatching Metro buses and trains. These safety-sensitive positions are regulated by alcohol and drug standards established by the United States Department of Transportation (DOT) and Federal Transit Administration (FTA).

Metro conducts physical examinations and drug and alcohol specimen collections for employees and job candidates. These physical exams and specimen collections are mandated by various funding and regulatory agencies (DOT, FTA, California Department of Motor Vehicles, and Cal-OSHA). These examinations are conducted to ensure individuals are able to perform the duties of their positions in a safe and competent manner; meet the

applicable commercial drivers licensing requirements; and are free from the adverse influences of drug abuse and alcohol misuse. Holders of commercial drivers licenses are also required to have physical examinations every two years to confirm they continue to be medically fit. The regulations stipulate testing protocol and operating requirements for medical facilities. Under its own policy and in order to assure safety, Metro also performs return-to-work physical exams after leaves of absence of over 30 days for non-occupational illness, as well as in cases where employees have reported chest pain or dizziness.

Metro's operating divisions are the primary users of these services because of their safety-sensitive duties. In the 2001 procurement for medical clinic services, staff divided all of the Metro worksites into regions to allow for a greater number of clinics to be in closer proximity to Metro worksites. This reduces travel time from the divisions to the medical clinics and back. This procurement has continued this regional dispersal of clinics. Divisions within a general area were clustered around a central point and clinics were required to be within a specified distance of that central point in order to qualify to serve those divisions. Areas were determined by geographic proximity rather than sector alignment. In order to meet Metro's hiring needs and the higher number of operating divisions located in the downtown Los Angeles area, two clinics have been chosen for this area. These clinics are also required to be open 24 hours, seven days a week to act as back up for outlying clinics that are available from 8 a.m. to 6 p.m., Monday through Friday. Metro only required limited hours in the outlying areas in order to increase competition, which in prior procurements had been low.

FINANCIAL IMPACT

The funding of \$492,000 for medical clinic services in the FY07 budget is in cost center 6250, Human Resources Department under Projects 100030, 100040, 100060, 100070, and 100080; Task 06.06, Services Outsourced Medical Exams, Account 50316. Since this is a multi-year contract, the cost center manager and Executive Officer will be accountable for budgeting the remaining cost of \$2,161,316 in future years, including any option(s) exercised. Dollars expended in FY06 totaled \$516,719.

ALTERNATIVES CONSIDERED

1. Provide the service in-house. This alternative would require establishing a medical services department with qualified specialized staff and equipment that meets regulatory and certification standards. Currently, Metro does not have the staff that has the capability to perform these examinations. A cost benefit analysis completed in 2005 and a survey of other large transit agencies also indicated costs associated with establishing and maintaining such services would be greater than contracting for services. This alternative also does not address the need to have multiple, geographically dispersed locations to minimize disruptions and facilitate operational needs.
2. Use mobile service providers. FTA requires random testing to be conducted at all days and hours of operation and at the beginning, during or end of the employee's shift. The


arrival of a mobile vendor would tip off everyone in the division that random testing is occurring giving employees an opportunity to go out sick before they could be tested. FTA requires that the testing is unpredictable and unannounced; thus use of a mobile testing vendor could jeopardize its compliance with the regulations. Testing is also conducted with pre-employment physical exams, commercial drivers license physical exams and after accidents. In these cases the employee is going to the clinic for services in addition to the drug and alcohol testing, making collections at the clinic more efficient.

ATTACHMENTS

1. Procurement Summary
2. Procurement History

Prepared by:

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Lonnie Mitchell
Chief of Administrative Services



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Chief Executive Officer

**BOARD REPORT ATTACHMENT A
PROCUREMENT SUMMARY**

MEDICAL CLINIC SERVICES

1.	Contract No.: PS62501884			
2.	Recommended Vendor:			
	Downtown	Lemus Medical		
		Temple Medical		
	San Fernando	US Health Works		
	San Gabriel	Irwindale Industrial		
	South Bay	Memorial Occupational Medical		
	West LA	US Health Works		
3.	Cost/Price Analysis Information: Firm-Fixed-Price Contract			
	Proposed Price: \$2,653,316 (For all six clinics for all five years)	Recommended Price: \$2,653,316	Independent Estimate: \$3,000,000	Audit or Cost/Price Analysis: N/A
	B. Explanation of Significant Variances: The Project Manager's Independent Estimate was based on unit rates Metro pays under the current contracts for Medical Clinic Services. On average the proposed rates are lower than the current rates. Therefore, the Project Manager's Independent Estimate was higher than the proposed price.			
4.	Historical Amount: N/A			
	FY 02 \$376,740			
	FY 03 \$532,700			
	FY 04 \$439,531			
	FY 05 \$425,910			
	FY 06 \$516,719			
	FY 07 \$530,663 (\$2,653,316 ÷ 5 years)			
5.	Contract Type: Fixed Unit Rate			
6.	Procurement Dates:			
	A. Issued: May 22, 2006			
	B. Publicized: May 27, 2006			
	C. Pre-proposal Conference: June 13, 2006			
	D. Proposals Due: July 19, 2006			
	E. Pre-Qualification Completed: August 21, 2006			
	F. Conflict of Interest Form Submitted to Ethics: 12/18/06			
7.	Small Business Participation:			
	A. %Goal in RFP: None	Date Small Business Evaluation Completed: N/A		
	B. Contractor Commitment: N/A			
8.	Request for Proposal Information:			
	# Notifications Sent: 21	# Proposals Picked up: 51	# Proposals Received: 20	

9. Evaluation Information:

	A. Listing of Proposers (by each of the 5 areas to be awarded a contract)	Proposer (recommended awardee in bold)	Proposal Amount	BAFO Not applicable
	Downtown			
1.		Kaiser (Non-responsive)	N/A	
2.		Lemus	\$377,564	
3.		Temple	\$373,315	
4.		U.S. Healthworks	\$650,602	
	West Los Angeles			
5.		Brentview Medical (Non-responsive)	N/A	
6.		Center For Health Enhancement	\$663,488	
7.		Kaiser (Non-responsive)	N/A	
8.		Reliant (CMAC)	\$360,925	
9.		U.S. Healthworks	\$357,449	
	South Bay/Long Beach			
10.		Kaiser (Non-responsive)	N/A	
11.		Long Beach M.C.	\$361,481	
12.		Memorial Occupational Medical	\$270,989	
13.		U.S. Healthworks	\$357,449	
14.		Superior Care (Non-responsive)	N/A	
	San Fernando Valley			
15.		Kaiser (Non-responsive)	N/A	
16.		Norton (Non-responsive)	N/A	
17.		U.S. Healthworks	\$357,449	
	San Gabriel Valley			
18.		Irwindale	\$299,900	
19.		Kaiser (Non-responsive)	N/A	
20.		U.S. Healthworks	\$357,449	

	B. Evaluation Methodology: Technically Acceptable Lowest Price	
10.	Protest Information:	
	A. Date Protest Period Ended: 1/23/07	
	B. Date Protest Received: N/A	
	C. Disposition of Protest & Date: N/A	
11.	Contract Administrator: Leyton Morgan	Telephone No.: 922-4114
12.	Project Manager: Kathi Harper	Telephone No.: 922-5209

BOARD REPORT ATTACHMENT A-1
PROCUREMENT HISTORY - MEDICAL CLINIC SERVICES

A. Background on Contractor

Lemus Medical, Temple Medical, US Health Works, and Irwindale Industrial are currently under contract with Metro for medical clinic services. Each clinic has been in the Medical Clinic Service field for numerous years and in general, Metro has favorable experience with each. Memorial Occupational Medical has numerous years of experience in the medical clinic service field and came highly recommended by its' references.

B. Procurement Background

The procurement used a standard Technically Acceptable Lowest Price Request for Proposal (RFP) methodology under which each proposer must meet the minimum qualifications identified in the RFP and once the Source Selection Committee makes this determination, it recommends contract award to the proposer with the lowest price.

The Diversity and Economic Opportunity Department (DEOD) did not recommend a Disadvantaged Business Enterprise participation goal for this competitive procurement due to the lack of subcontracting opportunities.

C. Evaluation of Proposals

The Source Selection Committee received 20 proposals, from 12 different proposers. Two proposers submitted multiple proposals (i.e., proposed on each of the five areas to be awarded). In accordance with Metro Procurement Policies and Procedures, the Source Selection Committee then conducted a comprehensive technical evaluation of the proposals to determine the responsiveness of each to the evaluation criteria identified in the RFP.

The Source Selection Committee deemed 12 of the 20 proposals as responsive. Each responsive proposal had good experience and qualifications, demonstrated the ability to successfully perform the statement of work, and passed the site visits assessment (assessing the adequacy of each proposer's clinic - as specified in the RFP evaluation criteria).

The other 8 proposals were deemed non-responsive for one or more of the following reasons:

- Unacceptable operating hours
- Inadequate number of DOT and non-DOT collections performed
- Proposer did not identify the sequence in which the exam components of a physically demanding physical is performed (indicating a possible lack of knowledge of this critical component to the statement of work)
- Proposer did not address any portions in the RFP statement of work related to physical exams (indicating a possible lack of knowledge of this critical component to the statement of work)

- Proposer did not identify staff with experience in conducting return-to-work physicals (indicating a possible lack of knowledge of this critical component to the statement of work)
- Collector training certificates and/or Breath Alcohol Technician certificates for the two (minimum) collectors serving Metro not included
- Collector trainer was not identified and his/her certificate and/or substantiation of meeting DOT requirements for trainer was not included

After determining responsiveness for each of the clinics in the five areas to be awarded a contract, the lowest price was the deciding factor in making the final award recommendation.

D. Cost/Price Analysis Explanation of Variances

In order to evaluate the pricing of proposals, the RFP pricing sheets included an annual estimated number of services to be performed by individual clinics. These annual numbers were formulated by using the figures from prior years across the projected number of clinics. The original projection included up to seven clinics, three in the Downtown area, and one in each of the four other areas. The pricing sheet divided total services anticipated for the Downtown area by three.

Upon further assessment of actual business needs, Metro staff determined to award only six contracts, two clinics to serve the Downtown area, and one in each of the four other areas. Since the Source Selection Committee is recommending two Downtown clinics rather than three (the estimate anticipated three) the allocation of hours was redistributed to the two clinics being recommended for award. The figures below reflect this calculation.

Area	Proposer	Proposal Amount	Adjusted Proposal Amount
A. Downtown	Lemus	\$377,564	\$566,346
	Temple	\$373,315	\$559,972
B. West Los Angeles	U.S. Healthworks	\$357,449	\$357,449
C. South Bay/Long Beach	Memorial Occ. Med.	\$270,989	\$270,989
D. San Fernando Valley	U.S. Healthworks	\$357,449	\$357,449
E. San Gabriel Valley	Irwindale	\$299,900	\$299,900
Sub-total Not-to-exceed Contract Amount			\$2,412,105
10% contingency (to allow for any fluctuations in Metro employee levels over the five year contract).			\$241,211
Grand Total Aggregate Not-to-exceed Contract Amount			\$2,653,316

By this procurement action Metro makes no commitment or guarantee of any specific volume of business that will be assigned to any given clinic.

The winning proposal was determined to be fair and reasonable based upon adequate price competition.