

Los Angeles Unified COVID Testing Program

The COVID-19 pandemic has posed an unprecedented challenge to maintaining the ongoing health and safety of Los Angeles Unified students, teachers and staff for which there is no standard operating procedure. Under the emergency spending authorization granted by the LA Unified Board of Education to Superintendent Austin Beutner, the District will spend more than \$350 million to provide meals to families in need, computer and wi-fi devices to students and COVID-19 testing in schools.

The early results of Los Angeles Unified's innovative and unprecedented COVID-19 testing and contact-tracing program have been highly encouraging. During the past three weeks, LA Unified and its testing partner, SummerBio, have administered – and quickly received the results of – nearly 30,000 tests on District personnel and their children at some schools. Only 46 tests have come back positive thus far, and only 14 of those cases are still active.

This program, which has the support of our labor partners and local elected officials, is an enormous and complicated undertaking. World-class scientists, virologists and epidemiologists from UCLA, Stanford and The Johns Hopkins University are examining the test results and comparing them with information provided by Anthem and HealthNet regarding the prevalence of the disease in the communities we serve. This data will enhance the program, inform the pattern of testing and be shared with the community through our COVID Report Card. In addition, Microsoft is building an app, which will be available in early October, to connect the components of the testing program that students, school staff and families will use.

This effort would not have been possible without the quality and cost of testing offered by SummerBio. The company was selected as LA Unified's testing partner following a rigorous selection process that entailed evaluating bids submitted by 22 companies. LAUSD used a similar expedited process to select a wireless provider for students who lacked home internet access and to procure laptop devices. The groundbreaking arrangement LAUSD negotiated with Verizon for wi-fi devices has since been replicated in 40 states.

Under normal conditions, LA Unified would have relied on a formal Request-For-Proposal (RFP) selection process to evaluate the bidders but that traditional approach would have taken up to five months to complete. The District established a COVID-

19 working group led by attorney Jim Rishwain of Pillsbury Winthrop Shaw Pittman LLP and Chief Financial Officer David Hart. The group included Rebecca Whitworth of Microsoft, Andrew Weiss of Aveshka, Inc., Matthew Karatz and representatives from LAUSD's university partners, Johns Hopkins University, the UCLA Clinical and Translational Science Institute, and Stanford; and healthcare partners, Anthem Blue Cross and Health Net.

The selection process began in June and culminated in August with the selection of SummerBio and Clinical Reference Labs, which offers a saliva-based molecular viral test. The working group's evaluation of SummerBio included extensive review of existing validation data, procedures for laboratory operators and technicians and internal audit schedules along with an on-site laboratory and visit, video demonstrations of the SummerBio lab test, and meetings with SummerBio personnel.

SummerBio is led by CEO Guido Baechler, who spent two decades with Roche Molecular Diagnostics.

SummerBio has created an end-to-end COVID-19 test system designed from the ground up to massively automate the existing gold-standard regimen. The typical test for COVID-19 requires a complex series of manual steps that are labor intensive and time-consuming. SummerBio, by comparison, uses robotics and automated liquid handling to significantly decrease both turnaround time and costs compared to traditional testing solutions.

Under SummerBio's pricing of approximately \$12 per test, LA Unified will save a total of \$150 million compared to the next lowest bidder. Those savings increase to \$300 million when schools open and the district increases its testing volume from 100,000 tests to 200,000 tests a week.

1. How many other companies did Los Angeles Unified consider to provide COVID-19 testing services, and, specifically, which ones?

At any time the working group comprised of approximately three dozen district experts from legal, procurement and health services along with outside experts from Pillsbury Winthrop and public health experts at Aveshka, evaluated 22 companies that provide diagnostic lab services or manufacture COVID-19 testing devices. Each company was evaluated based on the following criteria: (a) type of

test provided, (b) specimen collection method, (c) regulatory authorizations, (d) turnaround time of results, (e) available test capacity, and (f) cost.

Companies were evaluated in stages, first to determine if they provided a service or product that aligned with LA Unified's COVID-19 testing needs. If they did, they were then asked to provide additional details on their capabilities and data on their COVID-19 test. Here is the complete list of companies that submitted bids:

Vendor	Services
SummerBio	PCR Lab Testing Services; Test Kits; Results Delivery
Cue Health	Rapid Response PCR Test Device; mobile application
Testing Centers of America/GENETWORx	PCR Lab Testing Services; Test Kits; Results Delivery
Fluidigm	PCR Test Device
Millennium Health	PCR Lab Testing Services; Results Delivery
MD Labs	PCR Lab Testing Services; Results Delivery
Curative	PCR Lab Testing Services; Results Delivery
OESIS/Centogene	Centogene would provide PCR Lab Testing Services; OESIS would provide logistical support
Centogene	Mobile Labs for diagnostic testing
Vantage RX	Antibody Rapid Test Kit
Quidel SARS Antigen	Antigen Test Device
Seegene Allplex	PCR Test Device
Biocore	PCR Test Device
Children's Hospital of Los Angeles	PCR Lab Testing Services; Results Delivery
Clinical Reference Labs	PCR Lab Testing Services; Test Kits; Results Delivery
Discovery Genomics	PCR Lab Testing Services; Test Kits; Results Delivery
Eurofins	PCR Lab Testing Services; Test Kits; Results Delivery
Fulgent	PCR Lab Testing Services; Test Kits; Results Delivery

Ambry Genetics	PCR Lab Testing Services; Results Delivery
IAbra/Violens – COVID Suite	COVID scanning device
All Green Health Services/ Premier BioTech	Serology Test Device
Hyperspectral APD	Asymptomatic Pathogen Detection Device

2. Why was this testing program not put together under a public RFP process?

A typical RFP evaluation and selection process takes up to five months to complete at LA Unified. The district is responding to a global health crisis and could not afford to take up to five months to select a provider. This is precisely why the Board gave the Superintendent emergency authority, on March 10, 2020, to take action to continue public education and ensure the health and safety of students and staff.

The extraordinary circumstances presented by the COVID-19 pandemic and the requirements of the traditional RFP process would have made it impossible to get a testing program in place in time for the fall semester. Moreover, testing providers are currently in high demand and many would not be willing to invest the time and manpower needed to participate in an RFP process.

A similar expedited process was used to select a wireless provider for students who lacked internet access at home and to procure devices for students. In a single week in March, a team of experts talked to all the major wireless providers, selected the least expensive proposal and built in protections into the contract in case a less expensive option became available. LA Unified was contacted by the State of California two months later wanting to use the same agreement the district negotiated with Verizon. That agreement has gone on to be replicated in 40 other states.

Similarly, the district used that same emergency authority to procure thousands of devices for students. Last month when the State of California announced it was making Chromebooks and iPads available to school districts, LA Unified was already buying identical devices and access for less money.

3. Please describe how the bidding process worked, and how companies went about submitting their bids.

The working group received bids from 22 companies. These companies were identified by the working group who actively solicited bids by requesting information on potential providers from its university partners, health insurer partners, a major regional health provider, testing program consultants, and outside legal counsel. Further, several companies contacted LA Unified directly to provide information on offered services and products.

When information about a company was identified or received, members of the working group first reviewed publicly available information about the laboratory services and testing devices offered, such as published Emergency Use Authorizations and other information available through the Food and Drug Administration website, and (2) company-provided materials, such as product descriptions, demonstration videos, and other details available on the company website.

For companies whose products and services appeared – at the outset – to be a potential fit for LA Unified’s needs, members of the working group contacted the company to interview company representatives and obtain additional information on the company’s test and laboratory services, including test validation data demonstrating the specificity and sensitivity of the tests, operations, specimen collection methods, available capacity, and cost.

The working group continues to evaluate the testing services of providers that contact the district.

- 4. To what extent, if any, did the District’s contracts/working arrangements with these entities go through the normal procurement process? If they did not, how did this process differ from the normal procurement process, and why did it differ?**

The evaluation and selection process mirrored a formal RFP to the greatest extent possible.

- 5. Who (please provide names) served on the working group that wound up deciding that SummerBio was the best company to contract with?**

The LAUSD working group is supported by subject matter experts, including the following: Rebecca Whitworth from Microsoft; Andrew Weiss from Aveshka, Inc.; Matthew Karatz; Jim Rishwain from Pillsbury Winthrop Shaw Pittman LLP;

representatives from LAUSD's university partners, Johns Hopkins University, the UCLA Clinical and Translational Science Institute, and Stanford; and healthcare partners, Anthem Blue Cross and Health Net. The selection process was conducted from June through August.

6. What were the determining factors that led the group to choose SummerBio?

No other testing provider could match SummerBio's combination of pricing and commitment to a quick turnaround time for results. For example, other diagnostic labs offered testing services for a price ranging from \$50 to \$178 per test, significantly more than the \$12.20 average per test price negotiated with SummerBio. Selecting SummerBio reduced the projected cost of the COVID-19 testing program, increasing LA Unified's ability to run higher numbers of tests and making the initiative financially viable.

This effort would not have been possible without the low pricing SummerBio has offered. At approximately \$12 a test, SummerBio's pricing is between \$38 and \$166 less per test than the other bids received. As a result, the district is saving a total of \$150 million compared to the next lowest bidder. Those savings increase to \$300 million when schools open and the district increases its testing volume from 100,000 tests to 200,000 tests a week. At 200,000 tests a week SummerBio's pricing drops to \$10 a test making the variance between it and its competitors even greater.

SummerBio also committed to working closely with LA Unified to streamline testing operations and maximize the effectiveness of the testing program, including, for example, by providing training to LA Unified staff.

7. Was the contract approved under the Superintendent's emergency authority and later authorized by the board?

The SummerBio contract was approved under the Superintendent's emergency authority. The Board of Education was informed of all developments during regular briefings. It has not yet ratified the SummerBio contract. The district also provides regular reports outlining contracts that are entered into under the emergency authority to LA County.

8. **The Superintendent said on Monday that the terms of the contract with SummerBio will save Los Angeles Unified more than \$150 million compared with the next lowest bid submitted by any other provider. What support can the district provide for these savings figures?**

Under the existing terms of the SummerBio contract, the company has reserved capacity to process 20,000 tests per day for the District beginning the week of October 5, 2020. Assuming the District utilizes the existing reserved capacity, the average cost per test is \$12.72 during the 2020-2021 school year. Comparable PCR tests cost between \$50 and \$178 per test – an increase of approximately \$38 to \$166 per test.

The chart below shows the cost savings achieved by selecting SummerBio compared to the two next lowest cost providers.

Assumes 100K per Week beginning 10/5

	Total Tests	Cost per Test	Total Cost
Summerbio	3,846,000	\$12.72	\$48,909,940
Next Lowest Competitor	3,846,000	\$50.00	\$192,300,000
Variance	0	\$37.28	\$143,390,060

Assumes 100K per Week beginning 10/5

	Total Tests	Cost per Test	Total Cost
Summerbio	3,846,000	\$12.72	\$48,909,940
Third Lowest Competitor	3,846,000	\$55.00	\$211,530,000
Variance	0	\$42.28	\$162,620,060

Unlike the New York City School District's program, LA Unified's program will regularly test every student and staff member, close to 575,000 people. When schools open the testing volume will increase to 200,000 tests a week and the SummerBio price per test will drop a test.

Assumes exercising Capacity Increase to 200K per Week 11/2

	Total Tests	Cost per Test	Total Cost
SummerBio	7,046,000	\$11.48	\$80,909,940
Next lowest competitor	7,046,000	\$50.00	\$352,300,000
Variance	0	\$38.52	\$271,390,060

Assumes exercising Capacity Increase to 200K per Week 11/2

	Total Tests	Cost per Test	Total Cost
SummerBio	7,046,000	\$11.48	\$80,909,940
Third lowest competitor	7,046,000	\$55.00	\$387,530,000
Variance	0	\$43.52	\$306,620,060

9. According to the contract, the District will pay nothing if the tests are not of sufficient quality – but don't defective tests put students and teachers at even greater risk?

The safety of students and staff is LA Unified's highest priority – the District cannot use a test collection kit that is not of sufficient quality.

To ensure that LA Unified is not obligated to pay for collection kits that are of insufficient quality (and therefore will not be used), the SummerBio contract obligates the company to timely replace missing, damaged, or non-conforming collection kits, if any. If SummerBio fails to do so and the District is therefore unable to collect specimen samples, then the District receives a credit for the fees charged for each damaged, missing, or non-conforming collection kit.

SummerBio ships collection kits two weeks in advance of testing, which helps mitigate the risk that the District would not have enough collection kits available at any given time.

10. Why are you relying on an unproven start-up company for a contract of this magnitude? What specifically gives you the confidence this company can deliver on this contract?

After a rigorous evaluation and review process, the working group determined that SummerBio is the best provider to meet the urgent needs of LA Unified. SummerBio's COVID-19 testing is based on an established test developed by Columbia University and performed at the Columbia University Laboratory of Personalized Genomic Medicine in New York.

The working group's evaluation of SummerBio's test and lab operations included extensive review of existing validation data and information on SummerBio's test; various regulatory submissions, approvals, and authorizations; supply chain vendors; vendor/supplier approval procedures and lists of approved vendors; examples of corrective and preventative actions; standard operating procedures for sample and consumable handling; standard operating procedures for sample disposal; standard operating procedures for instrument maintenance; standard operating procedures for result reporting; training manual and procedures for laboratory operators and technicians; and internal audit schedules. The review process included an on-site laboratory audit and visit, video demonstrations of the SummerBio lab test, and meetings with SummerBio personnel.

To date, SummerBio has processed more than 30,000 tests and provided results on time.

11. Who are the top managers of this company, and what kind of experience do they have in this field?

SummerBio is operated by a group of life science automation industry veterans with decades of experience building and operating large-scale laboratory robotics. The company employs world-class diagnostic molecular biologists, laboratory scientists, public health experts, software engineers, designers and logistics and operations executives.

Guido Baechler, the company's CEO spent more than 20 years with Roche Molecular Diagnostics and has helped many other medical diagnostic firms create their own covid-19 testing capabilities before starting SummerBio. More information about the company is available at www.summer.bio.

12. What is so different about SummerBio's processes that allows it to provide tests at a fraction of the cost than much larger companies?

The typical test for COVID-19 requires a complex series of manual steps that are labor intensive and time-consuming. SummerBio, by comparison, has developed a system designed to automate its proven testing regimen while relying on commercially available and scalable systems. SummerBio uses robotics and automated liquid handling to significantly decrease both turnaround time and costs compared to traditional testing solutions.

13. Where is the money coming from for the COVID testing? Is it private or public or both?

Testing is being paid by a combination of public funds and private contributions from Health Net and Cedars Sinai.

Schools have long been on the front lines of dealing with broader societal issues and that has never been more true than during this crisis. Schools across America are feeding hungry families because others did not. We redirected scarce funds to buy computers and internet access because children not in classrooms would otherwise have no way to participate in school. We created a virus testing and contact-tracing program for the school community because it is needed and didn't exist.

14. Los Angeles Unified has run up large bills providing services such as this without any assurance it will be reimbursed – how will the district recover financially?

LA Unified is actively working on reimbursement for the costs of COVID-19 testing. These efforts include seeking private donations and identifying potential federal funding sources. Specifically, LA Unified is calling on Congress to make funds from the CARES Act, the Paycheck Protection Program and the Health Care Enhancement Act readily available for school testing programs and to appropriate new funds specifically for school districts that have stepped in to fill needs of their local communities. Other federal, state, and local funding resources also are being pursued.

15. Did any members of the working group that chose SummerBio have any business or personal relationships with any of the officers or directors of SummerBio? If so, please provide details.

Not to our knowledge. Superintendent Beutner had no prior relationship with SummerBio and has had no relationship with SummerBio investor Sky Dayton since retiring from Evercore in 2008.

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