

**SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION**

Contractor	<b>Medline Industries, Inc</b>	Division/Section	<b>SFDPH, Department Wide</b>		
Address	<b>Three Lakes Drive</b>	Chief Operating Officer	<b>Greg Wagner</b>		
	<b>Northfield, IL 60093</b>	DPH Administrator	<b>Daisy Aguallo</b>	Phone	<b>759-4798</b>
Contact	<b>John Abele</b>	Contract Analyst	<b>Jonathan Lyens</b>	Phone	<b>554-2886</b>

**Request for approval of a new contract with Medline Industries Inc. to provide BULK distribution services for a broad range of medical/surgical and laboratory supplies to be used by the Department in the provision of services. The total contract amount is \$115,072,061 which includes a 12% contingency and a holdover option to extend the contract for 1 year. The term of the contract including holdover option is for the period July 1, 2021 to June 30, 2027 (72 months).**

Profit   
  Non-Profit   
  LBE   
  RFP- Number: \_\_\_\_\_ Date: \_\_\_\_\_  
 New   
  Renewal   
  Mod   
  GPO

Number of years DPH has been doing business with this organization: 15+

<b><u>CONTRACT INFORMATION:</u></b>	<b><u>Prior Transaction</u></b>	<b><u>Proposed Transaction</u></b>	<b><u>Annualized Difference*</u></b>
	(new)	07/1/2021 – 6/30/2027	
<b><u>Funding Sources:</u></b>			
General Fund		\$84,109,886	\$84,109,886
TOTAL DPH REVENUES (Initial Term)		\$84,109,886	\$84,109,886
TOTAL DPH REVENUES (Holdover Term)		\$20,868,989	\$20,868,989
12% Contingency Amount		\$10,093,187	\$10,093,187
CONTRACT TOTAL		\$115,072,061	\$115,072,061
<b><i>ANNUAL AMOUNT OF CONTRACT</i></b> <i>(estimate, minus contingency)</i>		\$19,178,677	\$19,178,677
Agency Funds		-\$0-	-\$0-
Contract FTE		N/A	N/A

**PROPOSED:**

<b>Mode(s) of Service &amp; Unit of Service Definition</b>	<b>No. Of Clients</b>	<b>No. of Units</b>	<b>Unit Cost</b> (Budgeted Amount by Division / Initial Term)
Lum Distribution services of medical/surgical and laboratory supplies.	N/A Duplicated		
	N/A Unduplicated		
Zuckerberg San Francisco General Hospital			\$44,704,595
Laguna Honda Hospital			\$27,747,679
Clinics			\$184,984
Emergency Surge			\$5,000,000
Estimated taxes			\$6,472,627

**Explanation of Service Change and Variances:**

This is a new contract.

**Monitoring Report/Program Review & Follow-up:**

The contract services will be monitored by the SF Health Network’s supply chain and logistics office as required.

**Nondiscrimination and Cultural Competency:**

The Department will work closely with the contractor to ensure compliance with City and Departmental procedures.

**Other Significant Issues:**

Contractor will provide a broad range of medical/surgical and laboratory supplies used in the daily operation of various department programs on a bulk basis. Bulk purchasing is the purchase of supplies in whole unit of measures, such as case or box. Bulk orders are predominately for replenishment of the central supply of DPH facilities. The bulk model can also be used for end users with high usage items. The advantage of a bulk system is that it allows for quick replenishment when demand fluctuates, as well as disaster supply preparations.

Medline Industries, Inc. is an American healthcare company based in Northfield, Illinois. It is a privately held manufacturer and distributor of medical and surgical supplies providing products, education, clinical programs, and distribution services across the entire healthcare continuum of care. Medline also manufactures medical and surgical supplies including Custom Packs, Drapes & Gowns, Exam & Surgeon’s gloves, wound care products and many other categories of product. They have 19 production facilities throughout the U.S. including a custom pack facility in Temecula, CA., a face mask production facility in GA. and a reprocessing facility in Redmond, OR.

Medline was selected under the authority of Section 21A.2 of the Administrative Code through the Department’s membership in the Group Purchasing Organization (GPO), Vizient, which was formerly known as University HealthSystems Consortium and the University HealthSystems Consortium Services Corporation Purchasing Program (Novation).

**Listing of Board of Directors, Owners of 10% or More of the Firm, and Executive Director**

**Chief Executive:**

Charles N. Mills

**Board of Directors:**

- 1. Charles N. Mills
- 2. Andrew J. Mills
- 3. James D. Abrams
- 4. Ronald L. Barth

**Owners of 10% or more of the Firm:**

**Shareholders >10%**

**Ultimate Beneficial Owners >10% ownership**

<ul style="list-style-type: none"> <li>1. Charles Mills-S Trust No. 3</li> <li>2. Margaret Dora Baker Trust</li> <li>3. NMB 2004 Trust</li> <li>4. WDA 2016 Exempt Trust C</li> </ul>	<ul style="list-style-type: none"> <li>1. Charles N. Mills</li> <li>2. Andrew J. Mills</li> <li>3. Wendy D. Abrams</li> <li>4. Margaret D. Baker</li> </ul>
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**There are four board members, no vacancies and no term limits for members or officers.**

**Recommendations:**

The Department recommends approval of this contract.

