

SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

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

Request for approval of a new contract with Medline Industries Inc. to provide Low Unit of Measure (LUM) 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 \$178,218,296 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+

<u>CONTRACT INFORMATION:</u>	<u>Prior Transaction</u>	<u>Proposed Transaction</u>	<u>Annualized Difference*</u>
	(new)	07/1/2021 – 6/30/2027	
Funding Sources:			
General Fund		\$114,536,255	\$114,536,255
TOTAL DPH REVENUES (Initial Term)		\$114,536,255	\$114,536,255
TOTAL DPH REVENUES (Holdover Term)		\$32,906,746	\$32,906,746
12% Contingency Amount		\$15,569,095	\$15,569,095
CONTRACT TOTAL		\$178,218,296	\$178,218,296
ANNUAL AMOUNT OF CONTRACT <i>(estimate, minus contingency)</i>		\$29,703,049	\$29,703,049
Agency Funds		-\$0-	-\$0-
Contract FTE		N/A	N/A

PROPOSED:

Mode(s) of Service & Unit of Service Definition	No. Of Clients	No. of Units	Unit Cost <small>(Budgeted Amount by Division / Initial Term)</small>
Lum Distribution services of medical/surgical and laboratory supplies.	N/A Duplicated		
	N/A Unduplicated		
Zuckerberg San Francisco General Hospital			\$87,559,344
Laguna Honda Hospital			\$26,822,757
Clinics			\$154,154
Emergency Surge			\$5,000,000
Estimated taxes			\$10,206,201

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 LUM basis. LUM is the auto replenishment of supplies that are delivered the next day, and then in turn delivered by staff to individual units to be used at the bedside. The advantage to LUM procurement is that it allows for efficiency related to logistical coordination, especially around supply and space management. LUM also allows for cost avoidance, a reduction in cost by passing this responsibility onto the distributor and a sustained and continual replenishment of supplies. LUM also allows deliveries to be optimized by ensuring the distributor organizes each pallet based on the DPH division that placed the order, eliminating staff time to do this organization.

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"> 1. Charles Mills-S Trust No. 3 2. Margaret Dora Baker Trust 3. NMB 2004 Trust 4. WDA 2016 Exempt Trust C 	<ul style="list-style-type: none"> 1. Charles N. Mills 2. Andrew J. Mills 3. Wendy D. Abrams 4. Margaret D. Baker
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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.