



# San Bernardino County

## Legislation Text

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**File #: 5035, Agenda Item #: 54**

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### **REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY AND RECORD OF ACTION**

**October 26, 2021**

#### **FROM**

**PATRICK SCALZITTI, Interim Director, Purchasing Department**  
**WILLIAM L. GILBERT, Director, Arrowhead Regional Medical Center**

#### **SUBJECT**

Agreement with Medline Industries, LP for Medical/Surgical Distribution and Just-In-Time Inventory Management Services

#### **RECOMMENDATION(S)**

1. Approve Agreement with Medline Industries, LP for medical/surgical distribution and Just-In-Time inventory management services, in the amount of \$30,000,000 annually, for a total contract period of eight years from October 26, 2021 through October 25, 2029, with two optional one-year extensions.
  2. Authorize the Purchasing Agent to execute up to two, one-year extensions in an amount not-to-exceed \$30,000,000 annually, subject to review by County Counsel.
  3. Direct the Purchasing Agent to transmit copies of all documents in relation to these extensions to the Clerk of the Board of Supervisors within 30 days of execution.
- (Presenter: Patrick Scalzitti, Interim Director, 387-2074)

#### **COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Operate in a Fiscally-Responsible and Business-Like Manner.**  
**Provide for the Safety, Health and Social Service Needs of County Residents.**

#### **FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). Contract expenditures are funded by State Medi-Cal, Federal Medicare, private insurance, and other departmental revenue. Funding sources may change in the future pending legislative activity related to the repeal and/or replacement of the Affordable Care Act. Sufficient appropriation and revenue are included in the 2021-22 Arrowhead Regional Medical Center (ARMC) budget and will be included in future recommended budgets.

#### **BACKGROUND INFORMATION**

Approval of this item will allow ARMC to utilize Medline Industries, LP (Medline) as a medical/surgical supply distributor and on-site Just-In-Time (JIT) inventory management resource. Use of Medline in this capacity reduces the cost and time ARMC would devote to self-management by distributing product from a single source and delivering customized product carts directly to each hospital department on a daily basis. The services also increase stock efficiency by monitoring and cycling through near-expired stock and avoiding bulk storage of rarely used items on ARMC property.

The products distributed through Medline are procured via the County's Group Purchasing Organization (GPO) agreement with the majority being the result of a competitive bid. Non-GPO products are supplemented by Medline's private label products as well as other proprietary specialty products.

The contract period is for a term of eight years. County Policy 11-04 requires that contracts exceeding a five-year term must be approved by the Board. It is common for ARMC to have contracts that exceed five years due to the nature of ARMC's business and operations. The non-standard term listed in Recommendation No. 1 will allow the County to take advantage of higher discounts offered by Medline in their proposal.

Continued use of these services are vital to ARMC's operations as they allow the hospital access to expert inventory oversight and consultation. Medline's market presence, particularly during the Covid-19 pandemic, allows them to identify potential supply issues for heavily used products (such as personal protective equipment) and provide alternate sources to ensure ARMC's supply chain is not impacted.

### **PROCUREMENT**

On January 15, 2021, Purchasing released a Request for Proposals (RFP AGENCY21-PURC-4091) for medical/surgical supply distribution and JIT services. The purpose of the RFP was to select a supply distributor capable of managing stock levels for ARMC through the use of the County's GPO membership.

Purchasing received proposals from three vendors prior to the proposal due date on March 5, 2021.

<b>Proposer</b>	<b>Location</b>
Medline	Northfield, IL
Cardinal Health	Dublin, OH
Owens and Minor	Richmond, VA

An evaluation committee comprised of representatives from ARMC and the Auditor-Controller/Treasurer/Tax Collector evaluated the proposals and attended virtual presentations from all vendors. The evaluation criteria for the RFP included a comprehensive review of qualifications and experience, technical specifications, cost, financials, and presentations. The evaluation committee determined, based on their proposal and presentation, that Medline Industries, LP best met the needs of the County.

### **REVIEW BY OTHERS**

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel; and Bonnie Uphold, Deputy County Counsel, 387-5455) on September 22, 2021; Finance (Sofia Almeida, Administrative Analyst, 387-4378 and Yael Verduzco, Administrative Analyst, 387-5258) on September 28, 2021; County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on September 28, 2021.