

PERSONAL SERVICES CONTRACT SUMMARY ("PSC FORM 1")

Department: PUBLIC HEALTH -- DPH

Dept. Code: DPH

Type of Request:  Initial  Modification of an existing PSC (PSC # \_\_\_\_\_)

Type of Approval:  Expedited  Regular  Annual  Continuing  (Omit Posting)

Type of Service: Distribution, warehousing, inventory & analytical services, bulk & just in time supplies

Funding Source: General Fund, Federal and State funds

PSC Duration: 5 years

PSC Amount: \$10,000,000

**1. Description of Work**

**A. Scope of Work/Services to be Contracted Out:**

The contractor shall provide medical supplies, distribution services, and temporary warehousing services of essential City emergency supplies. The Department will contract for end-to-end distribution services for the bulk availability of commonly used supplies and just in time availability of less commonly used supplies. This will include maintenance of a required catalog of supplies SFDPH will order on a just in time and bulk basis, inventory management of those supplies while at Contractor's facility, analytical support in preparing and processing daily orders and maintaining the accuracy of the supplies catalog and daily delivery of ordered supplies to SFDPH facilities. SFDPH will also contract for the warehousing, inventory management and delivery of residual supplies, including personal protective equipment, ordered by the City in response to the COVID-19 emergency. The request only represents the cost of the distribution services, and the temporary warehousing services of emergency supplies. The request does not include the actual cost of the commodities procured through the distributor and its partners currently estimated at over 25 million dollars a year.

**B. Explain why this service is necessary and the consequence of denial:**

The services are necessary in order to provide patient care at Zuckerberg San Francisco General Hospital, Laguna Honda Hospital and Rehabilitation Center, a network of community and behavioral health clinics and in the county jails. The services will also include the warehousing and inventory management of residual City owned supplies ordered in response to COVID-19. SFDPH worked with the City's Real Estate Department to learn that no existing City owned facility was available to store this quantity of supplies for the term SFDPH requires. Denial of this request would require SFDPH to restructure the Department's entire materials management system, obtain significantly more warehousing capacity to store a long term back stock of supplies, enter into contractual relationships with every single individual manufacturer of supplies used by SFDPH, incur additional costs, and leave SFDPH with few options for the long term storage and accessibility of City owned COVID-19 supplies.

**C. Has this service been provided in the past? If so, how? If the service was provided under a previous PSC, attach copy of the most recently approved PSC.**

The Department has used the services of a prime vendor / distributor for many years. Previously the use of a distributor / prime vendor has been procured as a commodity services rather than a professional service as the bulk of the charges is for the actual commodities.

**D. Will the contract(s) be renewed?**

Yes

- E. If this is a request for a new PSC in excess of five years, or if your request is to extend (modify) an existing PSC by another five years, please explain why.  
SFDPH has used a prime vendor for distribution of medical/surgical supplies for a number of years. SFDPH anticipates this supplies procurement model to continue in perpetuity. Entering into a long term agreement allows SFDPH to obtain stability in distributor pricing and consistency in maintenance of available supplies catalog.

**2. Reason(s) for the Request**

- A. Indicate all that apply (be specific and attach any relevant supporting documents):

Services that require resources that the City lacks (e.g., office space, facilities or equipment with an operator).

- B. Explain the qualifying circumstances:

The City does not have the resources to fully staff a modern Just in Time supply distribution system

**3. Description of Required Skills/Expertise**

A. Specify required skills and/or expertise: Sourcing relationships with nearly every manufacturer of medical/surgical supplies. Experience providing end-to-end supplies distribution services to a complex health system, including a level 1 trauma center, long term care facility and community clinics, substantial warehouse availability and ability to maintain a broad catalog of just in time supplies available within 24 hours of order, the ability to provide daily deliveries to SFDPH facilities of all supplies ordered the previous day and the analytical knowledge of the healthcare industry to maintain supplies catalog, process daily supplies orders and provide suitable alternatives when certain requested supplies are not available.

B. Which, if any, civil service class(es) normally perform(s) this work? 1822, Administrative Analyst; 1823, Senior Administrative Analyst; 1824, Pr Administrative Analyst; 1922, Senior Inventory Clerk; 1932, Assistant Storekeeper; 1934, Storekeeper; 1936, Senior Storekeeper; 1938, Stores & Equip Asst Sprv; 1944, Materials Coordinator;

C. Will contractor provide facilities and/or equipment not currently possessed by the City? If so, explain:  
Yes. Yes for the everyday distribution of supplies the vendor will provide a modern robust logistic platform consisting of all of the required infrastructure such as warehousing, all of the equipment needed to distribute Just in Time inventory to a healthcare facility. In addition, in the City's response to COVID-19 the market conditions for procurement of certain supplies, such as personal protective equipment, as well as guidance developed in consultation between the City's COVID Command Center, City Administrator's Office and SFDPH, was to procure a minimum of one year of supply for all categories of personal protective equipment, which is now stored in multiple temporary facilities. SFDPH requires long term storage and inventory management of these supplies. SFDPH worked with the SF Real Estate Department to determine there is no City owned viable solution. Given these facts SFDPH will contract for the warehousing and inventory management of these residual supplies until such time as those supplies are exhausted.

**4. If applicable, what efforts has the department made to obtain these services through available resources within the City?**

Not Applicable

**5. Why Civil Service Employees Cannot Perform the Services to be Contracted Out**

- A. Explain why civil service classes are not applicable.

Since the services require that an entity maintain a robust logistics infrastructure it would not be practical or feasible for the City to take on that work which would require the City to procure the needed space, relationships with suppliers, and all the equipment to distribute supplies in a Just in Time nature.

B. If there is no civil service class that could perform the work, would it be practical and/or feasible to adopt a new civil service class to perform this work? Explain. No. SFDPH will be using City staff to receive daily deliveries, break down deliveries and distribute them to each area of the Department that placed the specific order, as well as interact with Contractor staff to process and approve final orders and troubleshoot any issues. SFDPH anticipates the need for warehousing, inventory management and distribution of residual COVID-19 supplies to be a temporary need, only until the previously purchased supplies are exhausted.

**6. Additional Information**

A. Will the contractor directly supervise City and County employee? If so, please include an explanation.  
No.

B. Will the contractor train City and County employees and/or is there a transfer of knowledge component that will be included in the contact? If so, please explain what that will entail; if not, explain why not.  
No. There is no dedicated training component in the proposed contacts. Rather, City employees will have the opportunity to gain knowledge through transfers and interactions with the contractor in the area of modern day logistic / supply chain management techniques and procedures which may include access to online tools to facilitate order / inventory management if provided by the contractor.

C. Are there legal mandates requiring the use of contractual services?  
No.

D. Are there federal or state grant requirements regarding the use of contractual services? If so, please explain and include an excerpt or copy of any such applicable requirement.  
No.

E. Has a board or commission determined that contracting is the most effective way to provide this service? If so, please explain and include a copy of the board or commission action.  
No.

F. Will the proposed work be completed by a contractor that has a current PSC contract with your department? If so, please explain.  
No.

**7. Union Notification:** On 02/19/2021, the Department notified the following employee organizations of this PSC/RFP request:  
Prof & Tech Eng, Local 21; Professional & Tech Engrs, Local 21; SEIU 1021 Miscellaneous

I CERTIFY ON BEHALF OF THE DEPARTMENT THAT THE INFORMATION CONTAINED IN AND ATTACHED TO THIS FORM IS COMPLETE AND ACCURATE:

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**FOR DEPARTMENT OF HUMAN RESOURCES USE**

PSC# 43503 - 20/21

DHR Analysis/Recommendation:

action date: 05/17/2021

Commission Approval Required

Approved by Civil Service Commission

05/17/2021 DHR Approved for 05/17/2021

