SUMMARY OF CONTRACT REQUEST TO THE HEALTH COMMISSION

Contractor: Omnicell Technologies, Inc.  Division/Section: SFHN/ SFGH & LHH

Address: 1201 Charleston Rd  Director SFHN: Roland Pickens

Mountain View, CA 94043  DPH Administrators  David Woods

Contact: Felisa Orozco, System Sales Director  Baljeet S. Sangha

Program Manager (Pharmacy / Supplies)  Elena Tinloy  Phone: 206-6251

Contract Analyst:  Daisy Aguullo  Phone: 206-5688

Jonathan Lyens  Phone: 554-2886

Request for approval of two equipment leases with software licensing addendums, and corresponding equipment maintenance agreements, for pharmacy and supply cabinets for San Francisco General Hospital and Laguna Honda Hospital, of the San Francisco Health Network, of the Department of Public Health in the amount of $9,807,573 for the pharmacy lease agreement, $1,356,690 for the supply lease agreement, and $1,596,014 for the corresponding pharmacy equipment maintenance agreement, $215,044 for the corresponding supply maintenance agreement. Both leases and maintenance agreements will be coterminal, with a term of 60 months (5 years), and will commence once all equipment is delivered, installed and accepted by hospital staff (anticipated to be complete in October 2015).

profit  ■ Non-Profit  ■ LBE  ■ RFQ – Number:  Date:

■ New  ■ Renewal  ■ Mod  ■ UHC / Novation  10+

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

CONTRACT INFORMATION:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Proposed</th>
<th>Annualized</th>
</tr>
</thead>
<tbody>
<tr>
<td>(new)</td>
<td>10/1/2015 – 9/30/2020</td>
<td></td>
</tr>
</tbody>
</table>

Note: Calculations are based on a 60 month lease commencing on or about October 1, 2015 using the discounted pricing. See page 2 for a comparison of the discounted pricing vs the standard pricing. Due to the structure of the leases and potential amortization issues of on-boarding new equipment in the middle of a lease, contingency was not included.

Funding Sources (Pharmacy Lease):
General Funds and Rebuild

TOTAL DPH REVENUES  CONTRACT TOTAL $9,807,573  $9,807,573

Funding Sources (Supply Lease):
General Funds and Rebuild

TOTAL DPH REVENUES  CONTRACT TOTAL $1,356,690  $1,356,690

Funding Sources (Pharmacy Maintenance):
General Funds Rebuild

TOTAL DPH REVENUES  CONTRACT TOTAL $1,596,014  $1,596,014

Funding Sources (Supply Maintenance):
General Funds and Rebuild

TOTAL DPH REVENUES  CONTRACT TOTAL $215,044  $215,044

ANNUAL AMOUNT OF CONTRACT (estimate; Pharmacy Lease) $1,961,515 $1,961,515

ANNUAL AMOUNT OF CONTRACT (estimate; Supply Lease) $271,338 $271,338

ANNUAL AMOUNT OF CONTRACT (estimate; Pharmacy Maintenance) $319,203 $319,203

ANNUAL AMOUNT OF CONTRACT (estimate; Supply Maintenance) $43,009 $43,009

Agency Funds -$0- -$0-

Contract FTE N/A N/A
**PROPOSED:**

<table>
<thead>
<tr>
<th>Mode(s) of Service &amp; Unit of Service Definition</th>
<th>No. of Clients</th>
<th>Number of Units</th>
<th>Unit Cost (avg.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Lease</td>
<td>N/A Duplicated</td>
<td>60 months</td>
<td>$163,459</td>
</tr>
<tr>
<td>Supplies Lease</td>
<td>N/A Unduplicated</td>
<td>60 months</td>
<td>$22,611</td>
</tr>
<tr>
<td>Equipment Maintenance</td>
<td>Pharmacy Maintenance Agreement</td>
<td>60 months</td>
<td>$26,600</td>
</tr>
<tr>
<td>Supplies Maintenance Agreement</td>
<td></td>
<td>60 months</td>
<td>$3,584</td>
</tr>
</tbody>
</table>

**Explanation of Service Change and Variances:**

These are new contracts.

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

The contracts will be monitored in accordance with all applicable Departmental procedures.

**Nondiscrimination and Cultural Competency:**

The Contractor will participate in applicable cultural competency requirements for the upcoming year.

**Other Significant Issues:**

Omnicell provides the latest in technology in automated medication management and supply dispensing systems. An integrated system of products spanning the controlled substance vault in the central pharmacy to the operating rooms, nursing units and ultimately to the patient’s bedside. It is interfaced with the hospital’s information technology systems. Omnicell provides tools that improves patient safety, manages costs, captures charges accurately, creates efficient workflows and builds relationships between all disciplines.

The Department has agreed that Omnicell will be the exclusive supplier of pharmacy and supplies cabinets for San Francisco General Hospital and Laguna Honda Hospital. The exclusivity agreement shall be in effect from contract certification through February 28, 2018. Upon the expiration of this exclusivity period the Department will still continue to receive discounted pricing. In agreeing to this exclusivity the Department has achieved a significant discount in the cost of the products under this lease.

<table>
<thead>
<tr>
<th>Discounted Price</th>
<th>GPO Price</th>
<th>Savings from the GPO Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy Lease</td>
<td>$8,473,796</td>
<td>$9,807,573</td>
</tr>
<tr>
<td>Supply Lease</td>
<td>$1,299,377</td>
<td>$1,356,690</td>
</tr>
</tbody>
</table>

**Total Savings (Both Leases)**

$1,391,130

The total not to exceed amount of the contracts are based on the standard Group Purchasing Pricing (GPO; UHC Novation) actual expenditures under the contract will be based on the discounted pricing. The GPO pricing would only be applicable if the Department breaches the terms of the exclusivity agreement, and then the GPO price shall only be applicable to any remaining payments of the lease.

Omnicell is recognized as a leading provider of comprehensive, technologically advanced automation that enables health care facilities to acquire, manage, dispense, and deliver medications and supplies more effectively. Omnicell automation is used from the point of entry into the hospital through the central pharmacy, nursing units, operating room, procedural areas, and patient bedsides – as well as in long-term care sites.

Omnicell was selected under the authority of section 21.43 of the Administrative Code through the Departments membership in the University HealthSystems Consortium and the University HealthSystems Consortium Services Corporation Purchasing Program (Novation) program.
Listing of Board of Directors, Owners of 10% or More of the Firm, and Executive Director:

**Board of Directors**
- Vance B. Moore
- Mark W. Parrish
- Gary S. Petersmeyer
- Bruce D. Smith
- Sara J. White

Omnicell is a publicly traded company, therefore the mix of stockholders changes on a daily basis. Based on filings made with the Securities and Exchange Commission, BlackRock, Inc. appears to be the only current holder of 10% or more of Omnicell's common stock.

There are nine members of the Omnicell Board. There are no vacancies on the Omnicell Board. Each director is elected to hold a three-year term under the charter document. If a director (who is not an Omnicell employee) has served for three three-year terms, that director is required to submit a letter of resignation that the Omnicell Board may accept or reject.

**Recommendations:**
The Department recommends approval of this contract.