



**STAFF REPORT  
ACTION REQUIRED**

**Sole source contract for proprietary consumable supplies, operating accessories and service with Zoll Medical Canada Inc. for monitor/defibrillator equipment**

<b>Date:</b>	May 16, 2007
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief and General Manager, Toronto EMS Director of Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2007\Internal Services\pmmd\gm07022pmmd (AFS #4719)

**SUMMARY**

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The purpose of this report is to request Council authority to issue two sole source contracts to Zoll Medical Canada Inc. for (1) proprietary cardiac monitor/defibrillator consumable supplies and operating accessories, and (2) cardiac monitor/defibrillator maintenance service and repairs for a total combined contracts amount of \$2,346,000, net of GST, for the period July 29, 2007 – December 31, 2009.

## **RECOMMENDATIONS**

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**The Chief and General Manager, Emergency Medical Services and the Director of Purchasing and Materials Management, recommend that:**

1. City Council grant authority to:
  - (a) award a sole source contract to Zoll Medical Canada Inc. for proprietary cardiac monitor/defibrillator consumable supplies and operating accessories in the amount of \$2,132,000, net of GST, for the period July 29, 2007 to December 31, 2009; and
  - (b) award a sole source contract to Zoll Medical Canada Inc. for cardiac monitor/defibrillator maintenance service and repairs in the amount of \$214,000, net of GST, for the period July 29, 2007 to December 31, 2009.

## **FINANCIAL IMPACT**

The total contract award identified in this report is \$2,476,333.33, including all applicable taxes and charges. The cost to the City net of GST is \$2,346,000. Funds are available in the Toronto Emergency Medical Services' 2007 Approved Operating Budget. Account No. B46700 includes \$782,000 for consumable supplies, operating accessories and maintenance and repair services. The balance of the contract of \$1,564,000 will be included in EMS' 2008 and 2009 operating budget submissions.

The consumable materials in the consumables contract will be purchased by the Materials Management Section of the Purchasing and Materials Management Division for EMS stores inventory purposes. The consumable material value will be held in an inventory holding Balance Sheet Account (160108) until EMS operations staff require the material to support their work programs at which time the material value will be charged to EMS' operating budget.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

Previous approval for the same type of sole source contracts was granted by Council at its meeting of April 14, 15 and 16, 2003. The link to this document is:  
<http://www.toronto.ca/legdocs/2003/agendas/committees/cms/cms030327/it005.pdf>



## **ISSUE BACKGROUND**

The last contract with Zoll for consumable supplies, operating accessories, maintenance service and repairs for Toronto EMS cardiac monitor/defibrillators expired on December 31, 2006. As a result, a bridging contract was established through the Purchasing and Materials Management Division (PMMD) to cover the period from January 1, 2007 through to July 29, 2007. To ensure continuity of service, two sole source contracts are being recommended for Zoll Medical Inc. for 2007 – 2009 to continue the provision of both supplies and services for the cardiac monitor/defibrillators..

The previous contract with Zoll Medical Canada, Inc. was a single combined contract which covered both supplies and services. Separate contracts which distinguish between goods and services, and divisional oversight for maintaining the contracts, is now required (as part of the Warehouse/Stores Rationalization Study, PMMD is now responsible for ‘consumables’ contracts, while user Divisions are responsible for service contracts). Therefore, approval for two separate contracts is included in this single report, since the contracts are with the same company, and are for goods and services which relate to the same medical device. The total amounts of the two contracts being recommended is \$2,346,000, net of GST.

## **COMMENTS**

Toronto EMS has used cardiac monitor-defibrillators since 1984, and products manufactured by Zoll Medical Canada, Inc. specifically for well over a decade. Cardiac monitor/defibrillators are highly technical medical devices that can assess the presence of electrical activity within cardiac muscle. They can determine the type and strength of cardiac electrical waveform and conduction, and display it to medical responders for analysis. In many cases, a patient suffering from a heart attack or cardiac arrest or other life threatening condition may experience a cardiac rhythm which is irregular and unable to support effective circulation of oxygen throughout the body. In these cases, the defibrillator can then be activated to deliver either automatic or manual electrical charges to heart muscle, in an attempt to therapeutically correct the abnormal electrical rhythm and restore proper circulation.

Today’s cardiac monitor/defibrillators include many advanced features such as: up to twelve different views of the heart’s electrical function; automatic or manual defibrillation; cardiac pacing (assisting a heart which is beating abnormally slow); non-invasive blood pressure monitoring; oxygen saturation monitoring; end-tidal carbon dioxide monitoring; and wireless technology to expedite transmission of the condition of a patient’s heart directly to a hospital emergency department.

There are a number of consumable supplies and operating accessories which must be used in conjunction with cardiac monitor/defibrillators. These include electrocardiogram (ECG) electrodes; ECG recording paper; internal data cards; ECG patient cables; batteries; oxygen sensor cables (adult and paediatric); neonatal sensors; blood pressure

hoses; and carbon dioxide sensors and cables. These items range in price from \$41.00 up to several hundred dollars, depending on the item.

All of the 'hard' reusable supplies and accessories are proprietary to Zoll Medical Canada, Inc. and must be purchased from them for both compatibility and warranty purposes. However, EMS has compared the prices for similar product items used by other cardiac monitor/defibrillator suppliers and finds that the prices for Zoll Medical Canada products are typically less expensive. In addition, Zoll Medical Canada has provided Toronto EMS with correspondence which declares that it will meet or beat any price for any non-disposable product item that EMS can find at a lower price. EMS has also conferred with other Zoll users in the GTA, and confirms that the prices for products and services offered to Toronto EMS are consistent with those being offered to the other 'user services'.

Certain disposable items are not Zoll-specific (non-proprietary) and, where possible, Toronto EMS purchases these items from the lowest bidder as determined through a competitive bidding process (e.g. ECG electrodes, blood pressures cuffs).

Zoll Medical Canada, Inc. honours a warranty on all of its cardiac monitor/defibrillators. This covers repairs due to manufacturer defects. However, repairs as a result of damage, or investigation of malfunctions not equipment-related, require a separate service arrangement. In addition, EMS maintains a service agreement for routine preventive maintenance and certification. Included in this agreement is cleaning and disinfecting cardiac/monitor defibrillators of blood borne pathogens; performance of diagnostic checks; testing of component features functions; and the performance of testing of operational system level functions. Built into the cost of this agreement is the use of replacement, and freight transportation costs.

Nearly all the consumable supplies and operating accessories are proprietary to Zoll and cannot be substituted. As indicated, generic supplies and accessories that can be substituted are used where the cost is competitive. All repair and preventative maintenance services are strictly proprietary to Zoll Medical Canada, Inc. and cannot be substituted as the Zoll warranties would be voided. More critical than this, a significant potential liability would be placed on Toronto EMS and the City in the event of equipment failure or malfunction. Therefore, this report request the award of two sole source contracts with Zoll Medical Canada, Inc. since alternate suppliers or service providers are not viable options.

Toronto EMS paramedics are knowledgeable and proficient in the use of the Zoll cardiac/monitor defibrillator, its accessories, supplies and service. Training is standardized and is based on the Zoll product, which facilitates ease of use, repair and maintenance.

In order to allow all interested manufacturers the opportunity to be considered as a supplier for the City's defibrillator products and service requirements in the future, Toronto EMS will evaluate the feasibility of issuing a competitive call to the marketplace prior to the contracts' expiry date of December 31, 2009.

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## **SIGNATURE**

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