



**STAFF REPORT
ACTION REQUIRED**

**Sole Source Purchase Order Amendment to Contract
47010203, for the Supply and Delivery of MSA Breathing
Apparatus Components**

Date:	April 9, 2010
To:	Community Development and Recreation Committee
From:	Fire Chief & General Manager Director, Purchasing and Materials Management
Wards:	All
Reference Number:	p:\2010\ClusterB\FIR\cd1017.doc

SUMMARY

The purpose of this report is to request Council approval for Toronto Fire Services ("TFS") to amend and increase sole source contract 47010203 with MSA Canada Inc. to provide parts and service for Fire Services' Self Contained Breathing Apparatus (SCBA) until 2013, at which time Fire Services will issue a competitive call for a vendor to replace the existing equipment.

Self Contained Breathing Apparatus is crucial fire fighting equipment that allows the fire fighter to enter into a burning building and face fire, toxic smoke, and hazardous chemicals and is used in confined space rescues and Hazmat calls. As a result, the equipment is subject to strenuous tests in emergency operations, resulting in excessive wear and damage caused by fires, leading to accelerated deterioration and must be maintained or replaced.

RECOMMENDATIONS

The Fire Chief and General Manager, and the Director, Purchasing and Materials Management recommend that:

1. City Council authorize the Fire Chief and General Manager to exercise the previous annual increment in the contract of \$200,000.00 net of GST not exercised in 2008.

2. City Council grant authority to amend and increase Sole Source Contract 47010203 to MSA Canada Inc. up to a value of \$1,659,300.00 net of GST and to extend the contract expiry date to December 31, 2013, with annual expenditures as required, based on projected spending of \$850,000.00 net of GST from the beginning of 2010 to the end of 2013, representing an increase of \$59,300.00 net of GST over the currently approved authorization to the end of 2012 approved in 2005.

Financial Impact

Self-contained breathing apparatus (SCBA) units that were acquired at the time of amalgamation through a capital program were upgraded in a further capital expenditure in 2005 and were maintained for a number of years under a warranty agreement which expired in 2008. Annual maintenance costs have escalated as a result of the equipment being exposed to extreme fire, heat and chemical elements, leading to the deterioration of the equipment. Existing units must be maintained and items replaced as they fail. MSA Canada is the only company authorized to provide MSA breathing apparatus, components and high pressure air cylinders that are not interchangeable with other manufacturers.

In 2005, the company was awarded a sole source maintenance contract with annual increments of \$200,000.00 net of GST for each year from 2005 to the end of 2012 under contract 47010203. However, because of the maintenance cost escalation, the contract is inadequate to meet the projected expenditures for repairs for the period 2010 to 2013. Therefore, this request is being made to amend the target contract value and expiry date to meet the expected need.

The table below indicates the projected annual values required:

MSA Contract Reconciliation (\$000's)	2005 to 2009	Projected 2010	Projected 2011	Projected 2012	Projected 2013 *	Total
Original Contract Requirements		200.00	200.00	200.00	200.00	800.00
Total Cumulative Contract Requirements	800.00	1,000.00	1,200.00	1,400.00	1,600.00	1,600.00
Projected Life-to-Date MSA Expenditures		280.00	250.00	220.00	100.00	850.00
Cumulative Revised Contract Value	809.30	1,089.30	1,339.30	1,559.30	1,659.30	1,659.30
Yearly Contract Requirements Change	9.30	80.00	50.00	20.00	(100.00)	59.30

* Original Contract Requirements for 2013 represents reclaiming unused contract amendment from 2008

The table above shows the original planned expenditures, the history of expenditures on the MSA contract to the end of 2009 and the revised projected expenditures to 2013. Based on projected spending for the next three years beginning in 2010, the contract spending requirement will be \$750,000 net of GST; moreover, since spending on existing equipment may proceed into the first half of 2013, before transferring over to the new

equipment, an additional \$100,000 net of GST provision should be included for a total requirement of \$850,000 net of GST. Under the previously Council-approved contract amendment, there were further annual increments of \$200,000.00 net of GST provided for in each of 2010, 2011 and 2012. In addition, it is recommended that Fire exercise the unused increment of \$200,000.00 net of GST from 2008, meaning that the overall additional requirement in the current request is \$59,300 net of GST.

Funding for this contract was approved within the 2010 Operating Budget for the Fire Services in cost centre FR0024 Mechanical Maintenance-Equipment Maintenance, cost elements 2120 - Machinery & Equipment Parts, 2590 – Emergency Services Supply and 4424-Contracted Services General.

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

ISSUE BACKGROUND

In 1999, MSA Canada Inc. was selected through a competitive call process to supply new breathing apparatus for the Fire Services through a Capital Transition Project to standardize breathing apparatus across the former six fire departments. As a result, MSA Canada Inc. is now the sole provider of components and supplies for this proprietary equipment, which must be maintained on an annual basis. In 2005, the breathing apparatus obtained upgrades to meet new standards mandated by the National Fire Protection Association for CBRN (Chemical, Biological, Radiological, and Nuclear) compliance.

The original approval of 2005 authorizes contract spending to the end of 2012. This report is to obtain authority to revise the contract expiry date to the end of 2013, and to provide a moderate increase of \$59,300.00 net of GST over the existing spending approval and identifies revised cash flows for the period 2010 to 2013 to account for variability in actual spending in order to maintain this essential equipment fully operational until the complete replacement of all Self Contained Breathing Apparatus in 2013 by means of the capital project. At its meeting of September 28, 29, and 30, 2005, City Council authorized the Fire Services to enter into a sole source annual contract with MSA Canada Inc. for the supply and delivery of MSA breathing apparatus components, maintenance and related supplies, high pressure air cylinders, and carbon monoxide gas detectors, in the amount of approximately \$200,000 net of GST per year until 2012, the expected replacement year of the breathing apparatus.

The 2005 approved staff report can be viewed at:

<http://www.toronto.ca/legdocs/2005/agendas/council/cc050928/cms7rpt/cl001.pdf>

This mandatory protective equipment is crucial for fire fighters to perform rescues in structures and emergency situations that would be impossible to face without self-contained breathing apparatus. The equipment is subject on a regular basis to extreme

elements of heat, cold, water and chemicals, leading to the deterioration of the equipment. The examples of self-contained breathing apparatus that need replacement are straps, face piece that covers the fire fighter's face, and the components of the breathing apparatus that regulate the air flow to fire fighters.

COMMENTS

Fire Services has 762 self-contained breathing apparatus that are used by fire fighters when entering into a fire scene or dealing with hazardous smoke or chemicals. MSA breathing apparatus replacement parts and associated equipment such as high pressure air cylinders are not interchangeable with any other breathing apparatus produced by manufacturers currently available on the market. The original life expectancy of this equipment is approximately twelve (12) years. The scheduled end-of-life replacement for all units is in 2013, by means of a capital project with a value of \$5,824,000.00, which was approved in Fire's 2010 Ten-Year Capital program. The two-year cash flow in 2012 and 2013 allows for all units to be purchased at approximately the same time and placed in service concurrently in 2013.

There is a health and safety basis for the timing of replacement units since all fire fighters are to be equipped and trained on one uniform piece of equipment to ensure familiarity with the equipment used in emergency situations. The sole source contract with MSA Canada allows for the standardization of equipment that will be shared by fire fighters across the City when they move to a different assigned fire apparatus.

This current contract amendment will ensure continued essential maintenance of existing units until all units can be replaced in 2012/2013. The SCBA unit is a complex piece of equipment that must be maintained in perfect working order; any deficiency in its operation is not an option, since it could lead to devastating health and safety consequences for firefighters.

CONTACT

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SIGNATURE

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