



STAFF REPORT ACTION REQUIRED

Sole Source Purchase Order Amendments to Contracts for supplies and repairs for monitor/defibrillator equipment with Zoll Medical Canada Inc.

Date:	December 15, 2009
To:	Government Management Committee
From:	Chief and General Manager, Toronto EMS Director of Purchasing and Materials Management
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to obtain Council approval to amend two (2) sole source contracts with Zoll Medical Canada Inc. Contract number 47012986 for proprietary cardiac monitor/defibrillator consumable supplies and operating accessories and contract number 47012798 for proprietary cardiac monitor/defibrillator maintenance, service and repairs for a total combined amendment of \$1,725,000, net of GST (\$1,747,770 net of GST and HST Recoveries) and extend the contract validity period from December 31, 2009 through to December 31, 2011.

RECOMMENDATIONS

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

1. City Council authority be granted to staff to amend contract number 47012986 with Zoll Medical Canada Inc. for proprietary cardiac monitor/defibrillator consumable supplies and operating accessories currently in the amount of \$2,132,000.00 net of GST by \$1,500,000.00 net of GST to \$3,632,000.00 net of GST and extend the contract validity period from December 31, 2009 through to December 31, 2011; and
2. City Council authority be granted to staff to amend contract number 47012798 with Zoll Medical Canada Inc. for proprietary cardiac monitor/defibrillator maintenance service and repairs currently in the amount of \$214,000.00 net of GST by \$225,000.00 net of

GST to \$439,000.00 net of GST and extend the contract validity period from December 31, 2009 through to December 31, 2011; and

3. City Council forward this report to the Budget Committee for consideration.

Financial Impact

This report identifies a total contract amendment of \$1,811,250.00 including all taxes and charges. The cost to the City net of GST is \$1,725,000.00. The cost to the City net of GST and HST Recoveries is \$1,747,700.00. The Emergency Medical Services (EMS)'s 2010 Operating Budget submission includes funds in the amount of \$862,500.00 net of GST for the period from January 1, 2010 to December 31, 2010. EMS will include \$862,500.00 net of GST in its 2011 Operating Budget submission for the remainder of the contract from January 1, 2011 to December 31, 2011.

The consumable supplies and operating accessories in the consumable 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.

Type of Funding	Cost Center/WBS	Cost Centre Description	Jan 1, 2010 – Dec 31, 2010	Jan 1, 2011 – Dec 31, 2011	Amount
Operating	AM410		\$862,500.00	\$862,500.00	\$1,725,000.00
			\$870,090.00	\$877,680.00	
Total Net of GST:					\$1,725,000.00
Total Net of GST and HST Recoveries					\$1,747,770.00

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 sole source contracts was granted by Council at its meetings of:

June 19, 20 and 22, 2007. The link to this document is:

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-4170.pdf> ;and

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 existing contracts with Zoll Medical Canada Inc. for consumable supplies, operating accessories, maintenance, service and repairs for Toronto EMS cardiac monitor/defibrillators expire on December 31, 2009. To ensure continuity of service, two sole source contracts are

being recommended for amendment with Zoll Medical Canada Inc. for 2010 – 2011 to continue the provision of both supplies and services for the cardiac monitor/defibrillators.

Separate contracts are required to distinguish between goods and services, whereby the Materials Management Section of Purchasing and Materials Management Division is responsible for 'consumables' contracts, while EMS is responsible for the service contract. Therefore, approval for two separate contract amendments 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 amount of the amendments to the two contracts being recommended is \$1,725,000, net of GST.

COMMENTS

Toronto EMS have been using cardiac monitor-defibrillators since 1984. Specifically, products manufactured by Zoll Medical Canada, Inc., 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 Zoll Medical Canada, Inc. for both compatibility and warranty purposes. However, Toronto EMS have compared the prices for similar product items used by other cardiac monitor/defibrillator suppliers and found that the prices for Zoll Medical Canada Inc products are typically less expensive. In addition, Zoll Medical Canada Inc has provided Toronto EMS with correspondence which declares that it will meet or beat any price for any non-disposable product item that EMS or Materials Management can find at a lower price. EMS has also conferred with other Zoll Medical Canada Inc. users in the GTA, and confirmed 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, Materials Management 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 Medical Canada, Inc. 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 Medical Canada, Inc. 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 requests the amendment of the 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 Medical Canada, Inc. 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, 2011.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirement and has agreed to comply fully.

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SIGNATURE

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