



STAFF REPORT ACTION REQUIRED

Provision of Exclusive Linen Laundry Services from K-Bro Laundry Services Inc.

Date:	January 16, 2013
To:	Community Development and Recreation Committee
From:	Chief, Emergency Medical Services and Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to request authority to enter into a Sole Source Contract with K-Bro Laundry Services Inc., being the vendor of record for laundry services to certain Toronto area hospitals (St. Michael's Hospital, Mount Sinai Hospital, Hospital for Sick Children, Toronto Grace Hospital and Bridgepoint Health Centre) in the total amount of \$200,000 net of HST and \$203,520 net of HST recoveries, to begin on July 1, 2013, for a period of four (4) years, ending June 30, 2017.

A short term Sole Source, Contract No 47017187, was set up with K-Bro Laundry Services Inc., as the vendor of record for the above mentioned Toronto area hospitals to ensure the continuity of linen services required for patient care and safety, and also to pay outstanding invoices for laundry services until City Council could consider this report.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request has exceeded the Chief Purchasing Official's authority of the cumulative five year commitment limit under Section 1 of the Purchasing By-Law.

RECOMMENDATIONS

The Chief, Emergency Medical Services and the Director, Purchasing and Materials Management Division recommend that:

1. City Council authorize the Chief, Emergency Medical Services to enter into a Sole Source Contract with K-Bro Laundry Services Inc. for the amount of

\$200,000 net of HST, and \$203,520 net of HST recoveries, to provide laundering services of EMS linen that is commingled with hospital linen, from July 1, 2013 to June 30, 2014, with an additional three (3) optional one (1) year renewals, on terms satisfactory to the Chief, Emergency Medical Services and in a form satisfactory to the City Solicitor.

Financial Impact

There is no financial impact beyond what is approved for the 2012 budget year. The total potential contract award including all years identified in this report is \$226,000 including HST and all applicable taxes and charges. The total potential cost to the City is \$203,520 net of HST recoveries. Funding in the amount of \$25,440 net of HST recoveries is included in the 2013 Proposed Operating Budget for Emergency Medical Services under Cost Centre B46700 and Cost Element 4419. The additional funding in the amounts detailed in the table below will be requested in the 2014 to 2017 Operating Budget submissions for Emergency Medical Services.

Year	Total Net Of All Taxes	Total Including HST And All Taxes	Total Net of HST Recoveries
June 2013 – Dec 2013	25,000	28,250	25,440
January 2014 – Dec 2014	50,000	56,500	50,880
January 2015 – Dec 2015	50,000	56,500	50,880
January 2016 – Dec 2016	50,000	56,500	50,880
January 2017 – June 2017	25,000	28,250	25,440
Totals	200,000	226,000	203,520

The annual amount (net HST and all taxes) includes an estimated average for 85,850 pounds of clean, dry linen and delivery charges.

Since K-Bro Laundry Services Inc. is the exclusive vendor of record, the competitive purchasing process for laundry services with these five (5) Toronto area hospitals is not possible.

ISSUE BACKGROUND

Toronto EMS owned linen that is used as part of caring for patients is considered to be contaminated once used. On average, Toronto EMS soils approximately 1,500 sheets and 800 blankets on a daily basis through the normal course of EMS pre-hospital care. When a patient is taken to a hospital, the linen remains with the patient upon arrival at the hospital and becomes commingled and collected by the hospital's centralized support services group, picked up by the contracted laundry services provider to that hospital, laundered, sorted and returned to their respective owners. For health and safety reasons, the linen cannot be separated prior to it being laundered by the hospital's contracted laundry service provider. Further it is not practical for EMS staff to wait with the patient at the hospital until the contaminated linen can be collected prior to it being commingled with the hospital linen. As a result, Sole Source Contracts have been put in place

between Toronto EMS and the various third party commercial laundry services that contract to Toronto area hospitals for a number of years.

When Toronto EMS treats patients that do not go to a hospital, the contaminated linen is cleaned by a contracted laundry service provider to the City that was secured through a competitive process.

COMMENTS

K-Bro Laundry Services Inc. is the contracted laundry service provider to St. Michael's Hospital, Mount Sinai Hospital, Hospital for Sick Children, Toronto Grace Hospital and Bridgepoint Health Centre. As the vendor of record for the aforementioned five Toronto hospitals, and due to the fact that Toronto EMS owned linen is contaminated with bio-hazardous materials after patient use, then is commingled with soiled hospital linen, Toronto EMS must sole source with K-Bro Laundry Services Inc., to pay for the cleaning services rendered.

Given the exclusive nature of this service and the fact that the vendor of record (K-Bro Linen Services) is contracted by the respective hospitals, pricing negotiation by Toronto EMS is not feasible. However, K-Bro Laundry Services Inc. has provided Toronto EMS with correspondence confirming that the pricing structure for this Sole Source Contract is very comparable to pricing for identical services provided to other healthcare facilities.

In order to ensure the continuity of the laundry service and effective patient care and safety, and an urgency to process outstanding invoices in 2012, a short term Sole Source Contract No 47017187 was approved. This short term Sole Source, Contract No 47017187, was approved by the Director of Purchasing and Materials Management for K-Bro Laundry Services Inc. on December 14, 2012, with the contingency that a joint staff report be prepared which would report on the requirement for the short term sole source contract and to seek approval to enter into a longer term contract for laundry services at those area hospitals. The value of the outstanding invoices in 2012 of \$2,927.36 net of HST (\$2,978.88 net of HST recoveries), plus the estimated value of invoices for the period January through June 2013 in the amount of \$25,000 have been factored into the total dollar value of the short term sole source request.

Toronto EMS is continuing to work with Purchasing and Materials Management Division to include the provision of hospital based linen laundry services for EMS owned linen left in hospitals under Chapter 71, Financial Control, Schedule A, which is currently under review.

CONTACT

Ric Rangel-Bron
Commander, Materials & Equipment
Services
Emergency Medical Services
Tel: (416) 392-2125
E-mail: rrangel@toronto.ca

Jacque Breen
Manager, Corporate Purchasing
Policy and Quality Assurance
Purchasing and Materials Management
Tel: (416) 392-0387
E-mail: jbreen@toronto.ca

SIGNATURE

Paul Raftis
Chief, Toronto Emergency Medical
Services

Michael Pacholok
Director, Purchasing and Materials
Management