



## REPORT FOR ACTION

# **Amendment to Contract No. 47019673 for Zoll Medical Canada Limited for the provision of Additional and Replacement Cardiac Monitor/Defibrillators including all Components, Accessories, Extended Warranty and Preventative Maintenance Plan**

Date: April 22, 2020

To: City Council

From: Acting Chief, Toronto Paramedic Services, and Chief Purchasing Officer

Wards: All

### **SUMMARY**

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The purpose of this joint report from Toronto Paramedic Services and Purchasing and Materials Management Division is to request approval to amend existing Contract No. 47019673, issued to Zoll Medical Canada Limited as result of Request for Proposal No. 0507-15-0113, to address expected growth in Toronto Paramedic Services service demand and enhancements in medical care as outlined in Toronto Paramedic Services' Multi-Year Staffing and Systems Plan adopted by Council in 2019, by a total amount of \$9,610,806 (excluding all taxes and charges) or \$9,779,956 (net of harmonized sales tax recoveries) over the remaining life of the contract, ending November 15, 2025.

The amendment is for the purchase of 60 additional cardiac monitors and the option of 40 replacement cardiac monitor/defibrillators with accessories, optional extended warranty, and preventative maintenance and repairs, by an additional amount of \$4,873,005 (excluding all taxes and charges), and to cover the purchase of accessories and consumables (e.g., disposable monitoring supplies, batteries, etc.), managed by City Stores to support Toronto Paramedic Services and other divisions, by an additional amount of \$4,737,801 (excluding all taxes and charges).

All additional units, supplies and consumables will be purchased under the same terms and conditions of the original Request for Proposal.

## RECOMMENDATIONS

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The Acting Chief, Toronto Paramedic Services, and the Chief Purchasing Officer recommend that:

1. City Council, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control Bylaw), grant authority to the Chief Purchasing Officer to amend Contract No. 47019673 for the provision of cardiac monitor/defibrillators with all components and accessories, and replacement of cardiac monitor/defibrillators including extended warranty and preventative maintenance plan, by an additional amount of \$9,610,806 excluding all taxes and charges (\$9,779,956 net of harmonized sales tax recoveries), increasing the current value from \$9,666,373 to \$19,277,179 excluding all taxes and charges (\$9,836,501 to \$19,616,457 net of harmonized sales tax recoveries).

## FINANCIAL IMPACT

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The total additional amount of \$9,610,806 excluding all taxes and charges (\$9,779,956 net of harmonized sales tax recoveries), increases the current contract value from \$9,666,373 to \$19,277,179 excluding all taxes and charges (\$9,836,501 to \$19,616,457 net of harmonized sales tax recoveries). The additional amount covers the current year and five (5) remaining optional years from Request for Proposal No. 0507-15-0113, ending November 15, 2025.

Funding of \$4,873,005 excluding all taxes and charges (\$4,958,770 net of harmonized sales tax recoveries) for this amendment is available in the 2020 Approved Operating and Capital Budgets for Toronto Paramedic Services, as per the details in Table 1. Funding for future years' expenditures will be included in subsequent years' Operating and Capital Budget Submissions for Toronto Paramedic Services for Council consideration.

The consumable materials managed by Purchasing and Materials Management Division Stores from this contract for \$4,737,801 excluding all taxes and charges (\$4,821,186 net of harmonized sales tax recoveries) will be purchased by Purchasing and Materials Management Division Stores for inventory purposes. The material value will be held in inventory holding Balance Sheet accounts (160004, 160026, 160049, 160067, 160068, 160082, 160083, 160085, 160171) until City Divisions require the material to support their work programs at which time the material value will be charged to the appropriate Divisions' approved operating budget. Funding is included in the appropriate Divisions' 2020 Operating Budgets; should the provisional requirements provided in the option years be exercised, additional funding will be included in the 2021-2025 budget submissions.

The original Request for Proposal was issued in 2015, providing 10 years pricing protection as a hedge to maximize cost savings. The contract provided a one-year term, with the option to renew for an additional nine (9) separate one-year periods, subject to annual budget approval. In the past years, Requests for Proposal have been used to support the purchase of the cardiac monitor/defibrillators, and Requests for Quote have

been used to support the purchase of consumables. By combining the purchase of both monitors and consumables, the City has locked in pricing for 10 years on monitors, consumables and accessories.

Funding details are provided in the following table (net of harmonized sales tax recoveries):

**Table 1**

| <b>Net Harmonized Sales Tax Recovery</b>   | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>Total</b> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| Paramedic Services:<br>CAM059-01<br>C/E 3055<br>Medical Equipment  | \$ 245,700  | \$ 245,700  | \$ 245,700  | \$ 935,632  | \$ 245,700  | \$ 111,682  | \$2,030,114  |
| Paramedic Services:<br>B46700,<br>B46750-754<br>C/E 2820, 3055   | \$ 553,016  | \$ 475,128  | \$ 475,128  | \$ 475,128  | \$ 475,128  | \$ 475,128  | \$2,928,656  |
| City Stores Inventory:<br>Balance Sheet codes:<br>160004, 160026, 160049<br>160067, 160068<br>160082, 160083<br>160085, 160171 | \$ 867,228  | \$ 744,745  | \$ 767,087  | \$ 790,100  | \$ 813,803  | \$ 838,223  | \$4,821,186  |
| Funding Increase (Net Harmonized Sales Tax Recovery)   | \$1,665,944 | \$1,465,573 | \$1,487,915 | \$2,200,860 | \$1,534,631 | \$1,425,033 | \$9,779,956  |

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

## **DECISION HISTORY**

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On December 9 and 10, 2015, City Council adopted CD8.2 and authorized the Chief and General Manager, Toronto Paramedic Services to negotiate and enter into an agreement with Zoll Medical Canada Inc., being the highest overall scoring proponent meeting the requirements of Request for Proposal 0507-15-0113, for the provision of cardiac monitor/defibrillators with all components and accessories, and replacement of

cardiac monitor/defibrillators including extended warranty and preventative maintenance plan. The City Council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.CD8.2>

On November 20, 2017, Community Development and Recreation Committee adopted CD24.2, authorizing the Chief and General Manager, Toronto Paramedic Services, and the Director, Purchasing and Materials Management to amend Contract No. 47019673 issued to Zoll Medical Canada Limited, Request for Proposal No. 0507-15-0113, by an additional amount of \$1,382,294.40 excluding all taxes and charges or \$1,406,622.78, net of harmonized sales tax recoveries. The amendment was for an additional 40 cardiac monitor/defibrillators, their components and extended maintenance packages to address the increase of 113 Full-time Equivalents (FTEs) to Toronto Paramedic Services' complement, approved from 2015 to 2016 budgets, along with additional operation-ready ambulances. Contract No. 47019673 was issued to Zoll Medical Canada Limited in 2015, where the preparation of the Request for Proposal had started in 2014 when future quantities from increased approved budgets in Operations were not known. The Committee decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD24.2>

## **COMMENTS**

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The purpose of the contract amendment is to address expected growth in Toronto Paramedic Services' service demand and enhancements in medical care as outlined in Toronto Paramedic Services' Multi-Year Staffing and Systems Plan, adopted by Council in June 2019. The cardiac monitor/defibrillators are needed to support the increase in staffing and vehicles required to meet this expected service demand growth.

In 2019, City Council approved Toronto Paramedic Services' Multi-Year Staffing and Systems Plan, requesting the addition of 310 frontline full-time equivalent (FTE) positions over a period of five (5) years (subject to annual budget approval), including the Capital Fleet plan. Therefore, when this contract was awarded in 2015, Toronto Paramedic Services could not have determined the additional annual medical equipment, warranty, preventative maintenance and accessories that would be required to support the subsequent increase in staff and vehicles.

In addition, there have been enhancements in medical accessories required for use with the Zoll cardiac monitor/defibrillators to support Paramedics in providing better patient care. These include improved readings for monitoring both cardiac rhythms and the placement of breathing tubes. These enhancements were not available before the original Request for Proposal was awarded or at the time of the last Purchase Order Amendment in 2017.

Toronto Paramedic Services and Purchasing and Materials Management Division are requesting that the target value be increased by an additional \$9,610,806 excluding all taxes and charges (\$9,779,956 net of harmonized sales tax recoveries). This amendment covers the remaining life of the contract, ending November 15, 2025. All additional units, supplies and consumables will be purchased under the same terms and conditions of the original Request for Proposal.

Toronto Paramedic Services' dedicated share of this request, valued at \$4,873,005 excluding taxes, supports the Division's growth requirements as identified in Toronto Paramedic Services' Multi-Year Staffing and Systems Plan, for the purchase of 60 additional cardiac monitor/defibrillators and the option of 40 replacement cardiac monitor/defibrillators with accessories, optional extended warranty and preventative maintenance and repairs.

The remainder of the request covers additional requirements for accessories and consumables (e.g., disposable monitoring supplies, batteries, etc.) managed by City Stores to support Toronto Paramedic Services and other City divisions, valued at \$4,737,801 excluding all taxes and charges (\$4,821,186 net of harmonized sales tax recoveries). In 2017, Toronto Paramedic Services requested that City Stores manage the medical consumables and accessories portion of this contract as they do for other medical-based contracts on behalf of Toronto Paramedic Services. Since then, City Stores' management of this contract has evolved to consider the consumables needs of other divisions.

Toronto Paramedic Services is mandated by the Provincial Equipment Standards for Ontario Ambulance Services issued by Emergency Health Services Branch, Ministry of Health to have cardiac monitor/defibrillators on every emergency response vehicle.

## CONTACT

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## SIGNATURE

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