



**STAFF REPORT  
ACTION REQUIRED**

**Purchase Order Amendment for the Over-Expenditure of Contract No.'s 47013460, 47014182 and 47015236 and the Sole Source Contract for the Purchase and Maintenance of Resident Lift Systems**

Date:	January 20, 2011
To:	Government Management Committee
From:	General Manager, Long-Term Care Homes and Services Division Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	P:/2011/Internal Services/pmmd/GM11005pmmd (AFS #13180)

**SUMMARY**

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This report seeks City Council approval for the issuance of a Sole Source contract to Arjohuntleigh Canada Inc. to match the existing requirements for both the purchase of new resident lift systems and the maintenance, testing, repairs of existing resident lift systems in the amount of \$3,800,000.00 net of taxes for a five (5) year period from April 1, 2011 to March 31, 2016.

This report also advises City Council regarding the history of purchases of resident lift systems from BHM Medical Inc. (now Arjohuntleigh Canada Inc.) and previous Sole Source contracts for Arjohuntleigh Canada Inc. that have been overspent.

**RECOMMENDATIONS**

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The General Manager, Long-Term Care Homes and Services Division and the Director of Purchasing and Materials Management Division recommend that:

1. City Council grant authority to award a Sole Source contract for the purchase, maintenance, testing and repair of resident lifts to Arjohuntleigh Canada Inc. in an amount not to exceed \$3,800,000. net of all taxes and charges for a period of 5 years from April 1, 2011 to March 31, 2016.

## **Financial Impact**

The total potential contract award identified in this report is \$3,800,000 net of all taxes, \$3,866,880 net of HST recoveries. Annual funding in the amount of \$773,376 net of HST recoveries has been requested in the 2011 Long-Term Care Homes and Services Operating Budget submission, Accounts D3Z990 3055, D3\*144 2823, D3\*144 4403, D3\*144 4699 and D3\*061 4407, and will be included in future year operating budget requests.

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

## **DECISION HISTORY**

In late 2004, the Long-Term Care Homes and Services Division (LTCHS) initiated a Request for Quotations (RFQ) No. 0508-05-0021 for the supply and delivery of mechanical lifts, based on new funding available from the Ministry of Health and Long-Term Care (MOHLTC) under a specific initiative intended to enhance resident safety and to reduce musculoskeletal disorders (MSDs) of healthcare workers related to lifting/transferring residents. The RFQ invited quotations for three (3) different types of lifts that are used in different rooms and for different therapeutic purposes: (i) mobile mechanical lifts, to transfer and lift residents in a variety of circumstances; (ii) sit-to-stand lifts; and (iii) ceiling lifts, to transfer residents to and from bed.

BHM Medical Inc. was awarded the contract for mobile mechanical lifts. Waverley Glenn was awarded the contract for sit-to-stand lifts. There was no successful bidder through the competitive process for ceiling lifts. The Ministry of Health and Long-Term Care required that the funds available for this purchase be fully expended and the lifts delivered by end-March 2005, or the City would lose provincial funding directed to this initiative. As a result on the time-sensitive nature of this funding, a Sole Source contract for ceiling lifts was awarded to Arjohuntleigh Canada Inc. since their product met specifications and they were able to guarantee delivery by the required target date.

In early 2005, the MOHLTC repeated this targeted initiative and announced a second round of funding for the purchase of mechanical lifts in long-term care homes. For this round of funding, the MOHLTC directly issued a Request for Proposals (RFP) and negotiated a bulk purchasing agreement for the supply and delivery of mechanical lifts with the successful proponent BHM Medical Inc.

Both rounds of MOHLTC funding required long-term care homes procuring the lifts under these funding agreements to make arrangement for the maintenance and servicing of the lifts, at a level that meets the manufacturer's specifications.

BHM Medical Inc. was purchased by Arjohuntleigh Canada Inc. in late 2005. Therefore, procurements originally intended by LTCHS to be completed through BHM Medical Inc. and Arjohuntleigh Canada Inc. were consolidated under one (1) vendor, namely Arjohuntleigh Canada Inc.

Multiple Sole Source Contracts and Purchase Orders have been issued since that date to Arjohuntleigh Canada Inc. for both the purchase of new resident lifts and for the maintenance and servicing of existing resident lifts.

The total value of sole source Contracts and Purchase Orders for the purchase of new resident lifts is \$807,451.00 net of taxes, which exceed the \$500,000.00 staff approval authority by \$307,451.00 net of taxes.

The total value of Sole Source Contracts and Purchase Orders for the maintenance and services of Arjohuntleigh Canada Inc. resident lifts is \$497,602.00, net of taxes. Sole Source Contract No.'s 47013460, 47014182 and 47015236 for the maintenance of resident lifts have all expired and are overspent by the cumulative total of \$104,884.44 net of taxes, resulting in a total spend of \$602,486.44, net of taxes and require amendments to reconcile the overspent amounts. The total spent on the maintenance and servicing contracts exceeds the \$500,000.00 staff approval authority by \$102,482.44 net of taxes, due to consolidation to one vendor and a higher than anticipated number of repairs that occurred during the contracts periods.

The total cumulative value of all Sole Source purchases with Arjohuntleigh Canada Inc. for both the purchase of resident lifts and also the maintenance and servicing of resident lifts has exceeded the staff approval authority of \$500,000.00 due to the on-going requirements.

## **ISSUE BACKGROUND**

With procurement in both 2004 and 2005 being from BHM Medical Inc., LTCHS was able to begin to standardize the type of mobile mechanical lifts and lift accessories used within the long-term care homes as a strategy to improve safety for residents and staff. Each different mobile mechanical lift has slightly different components and technique in usage. Evidence demonstrates that risk of injury to residents and staff is heightened when various lifts and accessories are used within the same workplace.

The prevention of MSDs is a priority for both the MOHLTC and the Ministry of Labour, both whom have conducted inspections and safety blitzes from their varying perspectives (i.e. resident safety and worker safety) to ensure that resident lift systems are available and are being properly tested and maintained. Failure to properly test and maintain resident lift systems places residents and staff at risk of injury, and could result in the issuance of MOHLTC and/or Ministry of Labour orders to comply.

As noted in the "Decision History", once Arjohuntleigh Canada Inc. acquired BHM Medical Inc. in late 2005, all LTCHS purchases, maintenance and servicing were consolidated under one (1) vendor, namely Arjohuntleigh Canada Inc.

It is financially beneficial to the City to repair and maintain the existing lifts previously purchased with MOHLTC funding, versus purchasing new lift systems before the life cycle of the existing resident lifts is complete. The life expectancy of this product averages between seven and ten years depending on the usage. Following the use of Arjohuntleigh Lift Systems for a period of ten years, a new RFP process will be initiated to select a resident lift system to be used by Long-Term Care Homes in the future.

Past maintenance, repair, load testing and replacement have been accomplished through Sole Source requests. The total cumulative value of all sole source purchases with Arjohuntleigh Canada Inc. has exceeded the staff approval authority of \$500,000.00 due to the on-going requirements. LTCHS is seeking a long term contract to ensure service continuity and the safety of residents and staff using this equipment.

The prices quoted by Arjohuntleigh Canada Inc. have been reviewed by LTCHS and are considered to be fair and reasonable.

## **COMMENTS**

Arjohuntleigh Canada Inc. is the sole proprietary distributor of Arjohuntleigh resident lift systems and is the original equipment manufacturer. Resident lifting equipment requires specific accessories (including lifting slings) as well as specialized staff training to ensure proper and safe use of the specific equipment. The sling accessories are unique to the Arjo lift systems and can not be interchanged with other vendor "look alike" products as this would create a high risk of injury for both residents and staff. In-depth staff knowledge of the equipment and accessories leads to safer practice in using the devices and safely completing lifts and transfers. It is crucial that mechanical lifts be considered as a resident safety system, i.e. the lift and compatible sling accessories, which must be manufactured by the same manufacturer as well as product training, and ongoing preventative repair and maintenance.

Arjohuntleigh Canada Inc. has provided a letter confirming that they are the original equipment manufacturer and the only authorized service provider in Canada for Arjohuntleigh products used in institutional care.

The use of mechanical lifts improves resident safety by reducing chance of injury while being moved and also reduces the risk of injury to long-term care workers. The Long-Term Care Homes Act and Regulation 79/10 (Section 36) states that "every licensee of a long-term care home shall ensure that staff use safe transferring and positioning devices or techniques when assisting residents". Further Section 90 (2) (a) requires the licensee to ensure that procedures are developed and implemented "to ensure that mechanical lifts are kept in good state of repair and maintained at a level that meets the manufacturer's specifications". Failure to repair and maintain or replace unsafe equipment will put both residents and staff at risk and is in violation of both the Long-Term Care Home Act and the Occupational Health and Safety Act.

Due to the ongoing immediate requirement for the maintenance and servicing of existing Arjohuntleigh Canada Inc. resident lifts, a Sole Source bridging contract in the amount of \$48,500 net of taxes has been processed for the period from January 1, 2011 to March 31, 2011. This amount is in excess of the \$500,000 authority limit for maintenance and servicing of resident lifts. The Sole Source contract was issued to ensure the continuity of safe resident care services within LTCHS pending the approval of a new contract in 2011.

Sole Source Purchase Order No. 6031865 in the amount of \$183,013.56 net of taxes was issued in November 2010 to cover the immediate purchase of new resident lifts. This purchase further

increased the cumulative spend beyond the \$500,000 level of authority for the purchase of resident lifts.

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 requirements and has agreed and complies fully.

**CONTACT**

Margaret Evans  
Manager,  
Nursing and Compliance  
Long-Term Care Homes and Services  
Division  
Telephone: 416-392-8910  
Fax: 416-392-4180  
E-mail: [mevans@toronto.ca](mailto:mevans@toronto.ca)

Jacquie Breen  
Manager, Corporate Purchasing  
Policy and Quality Assurance  
Purchasing and Materials  
Management Division  
Telephone: 416-392-0387  
Fax: 416-392-7470  
Email: [jbreen@toronto.ca](mailto:jbreen@toronto.ca)

**SIGNATURE**

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Sandra Pitters, General Manager  
Long-Term Care Homes & Services

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Lou Pagano, Director  
Purchasing and Materials Management