

## **Amendment to Non-Competitive Purchase Order 6050151 with Natus Canada Corp. for the Supply and Delivery of the Madsen AccuScreen and Related Products and Maintenance Services to Administer Hearing Screens for the Infant Hearing Program**

Date: September 8, 2021  
To: Economic and Community Development Committee  
From: Medical Officer of Health and Chief Procurement Officer  
Wards: All

### **SUMMARY**

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The purpose of this report is to seek City Council authority to amend existing non-competitive Purchase Order 6050151 with Natus Canada Corp. for the Madsen AccuScreen and related supplies and maintenance services used for the administration of hearing screens, for a period of five (5) years from November 1, 2021 to October 31, 2026, for the total amount of \$1,250,000 net of Harmonized Sales Tax (\$1,272,000 net of Harmonized Sales Tax recoveries) revising the current Purchase Order from \$650,000 net of all taxes (\$661,440 net of Harmonized Sales Tax recoveries) to \$1,900,000 net of all taxes (\$1,933,440 net of Harmonized Sales Tax recoveries).

Toronto Public Health uses the above-noted goods and services to administer hearing screens as part of the Infant Hearing Program. The Ministry of Children, Community and Social Services (MCCSS) mandates the use of the Madsen AccuScreen for this purpose. As Natus Canada Corp. is the single authorized distributor of the Madsen AccuScreen and related products and services, this non-competitive procurement provides an appropriate means of ensuring service continuity.

City Council approval is required in accordance with Toronto Municipal Code Chapter 195 - Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five year commitment for each vendor, under Article 7, Section 195-7.3(D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per Toronto Municipal Code Chapter 71, Financial Control, Section 71-11A.

## RECOMMENDATIONS

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The Medical Officer of Health and the Chief Procurement Officer recommend that:

1. City Council grant authority to the Medical Officer of Health to negotiate and enter into an agreement with Natus Canada Corp., on terms and conditions satisfactory to the Medical Officer of Health and in a form satisfactory to the City Solicitor, for the supply and delivery of Otometrics products including the Madsen AccuScreen, for a five (5) year period from November 1, 2021 to October 31, 2026, in the total amount of \$1,250,000 net of Harmonized Sales Tax (\$1,272,000 net of Harmonized Sales Tax recoveries), revising the current Purchase Order from \$650,000 net of all taxes (\$661,440 net of Harmonized Sales Tax recoveries) to \$1,900,000 net of all taxes (\$1,933,440 net of Harmonized Sales Tax recoveries).

## FINANCIAL IMPACT

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The requested amount of \$1,272,000, net of Harmonized Sales Tax recoveries, is needed to maintain continuity of services to support the Infant Hearing Program, which is a universal newborn hearing screening service that is 100 percent (%) funded by the MCCSS. To provide this mandated service, funding has been allocated in the budget annually and will continue based on MCCSS funding.

Funding is included in the 2021 Approved Operating Budget for Toronto Public Health. Additional funding will be included in the 2022-2025 Operating Budget Submissions for Toronto Public Health, as shown in Table 1.

Table 1: Financial Impact Summary for period ending December 31, 2026.

Period	Cost Centre	Net of Harmonized Sales Tax Recoveries
Nov 1, 2021 to December 31, 2021	PH3101	\$42,400
Jan 1, 2022 to October 31, 2022		\$212,000
Nov 1, 2022 to October 31, 2023		\$254,400
Nov 1, 2023 to October 31, 2024		\$254,400
Nov 1, 2024 to October 31, 2025		\$254,400
Nov 1, 2025 to October 31, 2026		\$254,400
Total		\$1,272,000

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

## DECISION HISTORY

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This item has not previously been considered by City Council.

## COMMENTS

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Hearing loss can develop during early childhood. It is important to pay close attention to an infant's speech and language development, as any issues may be a sign of hearing loss. Accordingly, all newborns in hospital and community settings receive hearing screening as part of the Infant Hearing Program. Hearing screening offered through the Infant Hearing program (IHP) identifies infants who should receive in-depth testing for hearing loss as early as possible. Through the Hearing Screening Protocol, the MCCSS requires the use of the Madsen AccuScreen device for this purpose throughout the province.

All babies born in Toronto are eligible for a hearing screen. Toronto Public Health delivers approximately 40,000 screens annually, both directly and through agreements with local hospitals. To ensure that all infants have access to this service, Toronto Public Health must maintain an adequate supply of the Madsen AccuScreen device, as well as the necessary single-use supplies and equipment maintenance services.

### **Procurement of supplies for infant hearing screening**

Natus Canada Corp. is the manufacturer and the sole supplier of the Madsen AccuScreen, including related supplies (for example, single-use ear tips) and maintenance services. Prior to 2019, the MCCSS had a contract with Natus Canada Corp. for the supply and delivery of the necessary equipment and supplies, which the City of Toronto leveraged through the Schedule A process (Toronto Municipal Code, Chapter 71 Financial Control By-Law, Section 71-21-Schedule A process). In 2019, Toronto Public Health was informed that the MCCSS now requires all lead agencies responsible for administering the Infant Hearing Program in Ontario, including Toronto Public Health, to purchase the equipment and supplies directly from Natus Canada Corp. Despite this change, the MCCSS still fully funds these purchases through transfer payment agreements with the lead agencies.

Given the time-sensitive requirement to transition away from using the MCCSS contract, in February 2020 the City of Toronto issued non-competitive divisional purchase order number 6050151 was issued in the total amount of \$150,000, net of all taxes, to ensure continuity of service until June 30, 2020. In June 2020, the purchase order was amended under delegated authority to increase the target value by \$500,000 from \$150,000 to \$650,000, net of all taxes, and to extend the validity end date from June 30, 2020 to October 31, 2021.

This staff report requests authority to amend the purchase order to ensure that Toronto Public Health can continue to provide this critical service over the next five years. The requested amendment would revise the current Purchase Order from \$650,000 net of all taxes (\$661,440 net of Harmonized Sales Tax recoveries) to \$1,900,000 net of all taxes (\$1,933,440 net of Harmonized Sales Tax recoveries) and extend its validity until October 31, 2026. Table 2 (below) outlines the completed and requested amendments.

Table 2 – Purchase order number 6050151: Original amount and amendments (net of Harmonized Sales Tax)

	<b>Date</b>	<b>Amount</b>	<b>Total contract value</b>
<b>Original purchase order</b>	February 1, 2020	\$150,000	\$150,000
<b>Amendment 1</b>	June 25, 2020	\$500,000	\$650,000
<b>Requested amendment 2</b>	Pending City Council approval	\$1,250,000	\$1,900,000

The Fair Wage Office has reported that Natus Canada Corp. has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

**CONTACT**

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**SIGNATURE**

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Dr. Eileen de Villa  
 Medical Officer of Health

Michael Pacholok  
 Chief Procurement Officer