

Amendment to Non-Competitive Blanket Contract Number 47023068 with Bio Nuclear Diagnostics Inc. for the Supply and Delivery of Various Personal Protective Equipment.

Date: March 15, 2021
To: General Government and Licensing Committee
From: Chief Procurement Officer, Purchasing and Materials Management
Division
Wards: All

SUMMARY

The purpose of this report is to seek General Government and Licensing Committee authority to amend and increase the value of Blanket Contract Number 47023068 with Bio Nuclear Diagnostics Inc. in the amount of \$790,000, net of Harmonized Sales Tax (\$803,904, net of Harmonized Sales Tax Recoveries) for the supply and delivery of various personal protective equipment (PPE) for the City of Toronto's Purchasing and Materials Management Division, Materials Management & Stores.

Due to the COVID-19 Pandemic, there has been a significant increase in the demand for medical grade masks, gloves and isolation gowns used by various City Divisions. The increase of \$790,000 is needed to procure an additional 5,200 cases (260,000 gowns) of large and extra large isolation gowns for use by various City Divisions in order to comply with COVID-19 protocols.

General Government and Licensing Committee approval is required in accordance with Municipal Code Chapter 195, Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five year commitment limit 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 the Toronto Municipal Code, Chapter 71, Financial Control, Section 71-11.1.

RECOMMENDATIONS

The Chief Procurement Officer, Purchasing and Materials Management Division recommends that:

1. The General Government and Licensing Committee, in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), grant authority to amend Blanket Contract Number 47023068 with Bio Nuclear Diagnostics Inc. for the non-exclusive supply and delivery of various PPE for the City of Toronto's Purchasing and Materials Management Division in the amount of \$790,000, net of Harmonized Sales Tax (\$803,904, net of Harmonized Sales Tax Recoveries), increasing the value of the contract from \$27,455,495.30 to \$28,245,495.30 net of Harmonized Sales Tax.

FINANCIAL IMPACT

An amendment is requested for Blanket Contract Number 47023068. The total amendment amount is \$790,000, net of Harmonized Sales Tax (\$803,904, net of Harmonized Sales Tax Recoveries). The amendment is needed to maintain continuity of products to cover the ongoing demands during the pandemic and reopening stages. Funding is included in the 2021 Approved Operating Budgets of City Divisions requiring the products to support their programs.

Table 1: Financial Impact Summary of Non-Competitive Amendments

Blanket Contract	Vendor	Accounts	\$ Amount (Net of all taxes and charges)	\$ Amount (Net of HST Recoveries)
Amendment to Blanket Contract 47023068	Bio Nuclear Diagnostics Inc.	160004, 160026, 160049, 160067, 160068, 160082, 160083, 160085, 160171	\$790,000	\$803,904

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

DECISION HISTORY

At its meeting held on September 30, October 1 and 2, 2020, City Council adopted Item GL15.5 to advise on the emergency non-competitive procurements of goods and services that are over \$500,000 in value that were processed by the Purchasing and Materials Management Division on behalf of various divisions relating to the City of

Toronto's response to the COVID-19 Pandemic Emergency (COVID-19). Section 195-7.4B of Chapter 195, Purchasing, requires that any emergency non-competitive over the value of \$500,000 must be reported to Council for information. Emergency Non-Competitive Blanket Contract 47023068 was part of this report.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL15.5>

COMMENTS

On March 23, 2019 the Mayor declared a state of emergency for the City of Toronto due to the COVID-19 pandemic. The Purchasing and Materials Management Division, Materials Management and Stores, is deemed a critical service for City Divisions to procure various warehoused goods. High volume of ear loop surgical masks and nitrile medical gloves were required during a time when minimal supply was available in the first few months of the pandemic.

At the beginning of the pandemic, surgical masks and gloves were deemed high priority on the list of personal protective equipment needed immediately by divisions to protect staff who were providing essential and critical services. In response to the emergency, PMMD had to enter into an emergency contract with Bio Nuclear Diagnostics Inc., (Blanket Contract 47023068) was issued in the amount of \$27,247,495.30, net of HST for various PPE including surgical masks and nitrile medical gloves.

During the summer of 2020, PMMD issued a competitive procurement for longer term contracts for various PPE in order to achieve an ongoing supply and inventory of 6 to 8 months for each critical PPE item. One of the items included in the RFP was a level 2 isolation gown. After reviewing the submissions in relation to isolation gowns, none of the submissions were able to meet the City's requirements.

Therefore, a subsequent amendment to Blanket Contract 47023068 was processed on December 30, 2020 (NCP 11401) to add an additional \$208,000, net of Harmonized Sales Tax, and the validity date was extended from August 31, 2020 to June 30, 2021 increasing the overall amount to \$27,455,495.30, net of HST.

At this point, the City has approximately 504,000 isolation gowns in inventory (as of the beginning of March 2021), and the current consumption rate is approximately 3,530 gowns per day. At the time of GGLC consideration of this report, there will be an estimated 113 day supply of isolation gowns. Outbreak precautions across various Divisions (LTHCS, SSHA, Paramedics) are implemented at the direction of Public Health which can result in an additional 3,000 plus gowns per facility per day for up to 10-14 days. Due to the uncertainty of the issuance of Public Health precautions, PMMD needs to procure the additional gowns to assist in achieving a 6-8 month on hand supply

Bio Nuclear Diagnostics Inc., provided another isolation gown for consideration, and the City confirmed that the gowns meet the City's requirements. As a result, PMMD is recommending to place an order with Bio Nuclear Diagnostics Inc., for 5200 cases (260,000 gowns exact size breakdown to be confirmed) at a total estimated cost of

\$786,800, of which a contract amendment to increase the value by \$790,000 is required to place the order. The order is expected to arrive the second week of April, and will increase the estimated supply of isolation gowns to 187 days.

PMMD is currently working with Mohawk Medbuy, a shared service procurement organization that has been working with the Province of Ontario on procuring PPE, on other sources of isolation gowns to ensure the City has an adequate ongoing supply. The City became a member of Mohawk Medbuy to be able use cooperative purchasing for other sources of PPE as may be required. Alternatively, if Mohawk Medbuy does not have another source for isolation gowns that meet the City's requirements, PMMD will issue a new competitive procurement for isolation gowns, in order to ensure we have an ongoing supply to meet our needs.

The Fair Wage Office has reported that Bio Nuclear Diagnostics Inc. has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

CONTACT

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SIGNATURE

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