

Clause 17 in Report No. 12 of Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on September 21, 2017.

17

Standardizing Ambulance Fleet Procurement

Committee of the Whole recommends adoption of the following recommendations contained in the report dated August 10, 2017 from the Commissioner of Community and Health Services:

1. Council approve the direct purchase of:
 - a. Ambulances, at a total cost of \$12,653,000, excluding applicable taxes, for the 2018 to 2022 capital budget years plus increases up to the Paramedic Services annual approved capital budget and Capital Spending Authority for vehicles for a maximum of five years.
 - b. Parts, ancillary equipment and maintenance services for the ambulances listed in Attachment 1 of this report, at a total cost not to exceed \$9,850,000, excluding applicable taxes, for a maximum of five years.
2. The Commissioner of Community and Health Services be authorized to negotiate and execute agreements up to a five-year period, effective November 1, 2017 to:
 - a. Maintain a standardized ambulance fleet through contracting the purchase of ambulances from Demers, Ambulance Manufacturer Inc. (Demers Ambulances), up to the Paramedic Services annual approved capital budget and Capital Spending Authority for vehicles; and to
 - b. Purchase parts, ancillary equipment and maintenance services for Paramedic fleet vehicles directly from the original manufacturer or sole distributor listed in Attachment 1 to maintain a standardized fleet.

Report dated August 10, 2017 from the Commissioner of Community and Health Services now follows:

1. Recommendations

It is recommended that:

1. Council approve the direct purchase of:
 - a. Ambulances, at a total cost of \$12,653,000, excluding applicable taxes, for the 2018 to 2022 capital budget years plus increases up to the Paramedic Services annual approved capital budget and Capital Spending Authority for vehicles for a maximum of five years.
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2. Purpose

This report seeks Council approval to implement a standardized ambulance fleet procurement process for Paramedic Services to provide more cost-effective management of repairs and maintenance for the fleet by awarding direct purchase contracts to maintain compatibility with existing equipment and services. Approval is also sought for the Commissioner of Community and Health Services to negotiate and execute agreements with Demers Ambulances and original manufacturers or sole distributors listed in Attachment 1.

Section 10.1(a) of the Region's Purchasing Bylaw allows for direct purchase where the paramount consideration is compatibility of a purchase with an existing

equipment or service. Council approval is required to award contracts under section 10.1(a) where the total costs exceed \$150,000.

3. Background

Paramedic Services operates over 100 vehicles and equipment

The Paramedic Services fleet consists of 57 ambulances, 22 Paramedic Response Units (single units) and 25 support vehicles. Combined these vehicles travel over 3.8 million kilometres to respond to more than 77,000 calls annually.

Under the capital vehicle growth/replacement program, Paramedic Services requires approximately 14 new ambulances annually to meet growth-related operational requirements and to replace those that have reached or exceeded their service life. The decision to replace a vehicle is based on an analysis of vehicle age, engine hours, mileage, repair and maintenance costs and fuel efficiency. This analysis determines if the vehicle can continue to be maintained or should be decommissioned and sent to auction or traded in. The number of ambulances required will be matched to meet growth-related operational demand which has been forecasted in the Paramedic Services Ten-Year Resources and Facilities Master Plan.

A limited number of vendors are certified to provide ambulances for use by Ontario Paramedic Services

The Ministry of Health and Long-Term Care (MOHLTC) Emergency Health Services Branch (EHSB) establishes and maintains the standards for the conversion of vehicles to land ambulances. As part of their mandate, Canadian vendors are required to have their ambulance conversions certified under the Ontario Provincial Land Ambulance and Emergency Response Vehicle Standard. Table 1 lists the vendors that sell certified ambulances for use by Paramedic Services in Ontario.

Table 1
Certified Ambulance Manufacturers

Ambulance Manufacturer	Location	Estimated Ontario Market Share
Demers Ambulances	Beloeil, Quebec	70%
Crestline Coach Inc.	Saskatoon, Saskatchewan	30%
Malley Industries Inc.	Dieppe, New Brunswick	0%

Demers Ambulances is one of the largest ambulance manufacturers in North America and is a leader in Canadian ambulance design, manufacturing and distribution. Demers Ambulances shares almost the entire Ontario market second to Crestline Coach Inc. The majority of agencies in Ontario procure ambulances from either Demers Ambulances or Crestline Coach. Malley Industries Inc. offers only a single model van type chassis certified for use in Ontario. There are currently no other ambulance manufacturers other than those listed above, that sell certified ambulances for use by Paramedic Services in Ontario.

Through past competitive procurement processes, Paramedic Services has purchased 57 ambulances from Demers

In 2005, the Ministry of Health and Long-Term Care publically advertised *Request for Proposal 2005-24* to establish competitive pricing for the broader public sector to purchase ambulances from vendors that met established standards for supplying ambulances in Ontario. Vendors that met the necessary standards were offered a Vendor of Record agreement. Through this arrangement, York Region Paramedic Services purchased ambulances from Demers Ambulances.

By 2013, more conversion options became available and pricing was no longer established by the Province. In response to this change, Paramedic Services issued a formal Request for Tender and awarded a five-year contract to Demers Ambulances, which submitted the lowest bid that met specifications. As a result of the historical purchases made through the Ministry of Health and Long-Term Care Vendor of Record process and the Region's tender process, the Region's current fleet of 57 ambulances were all purchased from Demers Ambulances.

4. Analysis and Implications

Using a consistent ambulance manufacturer has produced service efficiencies

Having Demers Ambulances provide the entire fleet of ambulances has produced several advantages:

- Faster and more efficient repairs due to technician familiarization, training and experience with a single ambulance type. Fleet Technicians can interchange parts between vehicle models to maintain serviceability.
- Efficient management of warranties and provision of technical support across the entire fleet. Fleet Technicians only require one set of special tools, manuals, schematics used for diagnostics and repairs.

Standardizing Ambulance Fleet Procurement

- Reduced inventory carrying costs and storage space by eliminating the need for different vendor parts to perform repairs and maintenance. Larger quantities of common parts can be purchased at lower unit prices.
- Simplified training required for paramedics and logistics staff as they only need to learn about operating one type of ambulance conversion.
- Efficient standard practices for locating ancillary equipment, restocking, cleaning and disinfecting.
- Standardized location of ancillary equipment in the patient compartment in each ambulance which allows paramedics to easily locate emergency supplies and ancillary equipment when treating a patient.

In addition, anti-idling technologies are being tested in support of the Council endorsed Energy Conservation and Demand Management Plan. Early results from York Region's current pilot have been very encouraging but are specific to the technology that is designed specifically for, and tested on, Demers Ambulances. Differences in wiring configuration and software between manufacturers would require the purchase and testing of other manufacturer specific technologies. A standardized vehicle manufacturer simplifies pilots and the implementation of successful ambulance efficiency technologies.

Continuing to use Demers Ambulances as the fleet supplier will maintain compatibility with the existing fleet and leverage advantageous pricing

Demers Ambulances provides extensive safety, security, electrical, patient comfort and patient care delivery features in their Ontario model, with some features exclusive to Demers Ambulances. These features improve operating reliability of the vehicle, support safe ergonomics and ease in delivering patient care and enhance paramedic and patient safety.

5. Financial Considerations

Ambulances are most effectively maintained through parts and service from original ancillary equipment providers

Availability of replacement parts and services are typically limited to the original manufacturer or exclusive dealerships operating as sole distributors. Attachment 1 provides details for service providers that currently fall under this category, including description of services and estimated total costs.

Standardizing Ambulance Fleet Procurement

Purchasing from alternative vendors may lead to increased costs for repairs, inventory, training, maintenance and software upgrades and may result in end user dissatisfaction, compatibility issues and health and safety concerns.

Paramedic Services is seeking Council approval to maintain a standardized fleet with Demers Ambulances for the next five years

The extended delegated authority for direct purchases of parts, ancillary equipment and maintenance services from the original manufacturer or sole distributor will enable the Region to leverage advantageous pricing to ensure that vehicle and ancillary equipment warranties are not jeopardized.

Paramedic Services will continue to reassess the market conditions every five years to ensure it is purchasing the vehicle that currently meets service delivery needs.

Extending agreement for five years represents the best value for the Region

Demers Ambulances has expressed a willingness to execute a Preferred Vendor Program to York Region for up to a five year contract term that will include:

- Fixed pricing on the ambulance conversion for three years
- Additional two years with cost increases limited to Consumer Price Index (CPI)
- Early payment rebates
- Twenty per cent discount on replacement parts
- Trade-in option for decommissioned ambulances that will provide values that are 40 to 50 per cent higher than historical net proceeds from auction

Purchases with Demers Ambulances would be made annually up to the approved Capital Spending Authority. Growth-related ambulance purchases are funded through a combination of Development Charges (90%) and the Vehicle Replacement Reserve (10%) through the tax levy. Ambulances that are purchased as replacements for those that have reached or exceeded their service life are funded totally through the Vehicle Replacement Reserve through the tax levy. All ambulances purchased are amortized based on a five year useful life. The Province provides 50 percent funding for the amortization of ambulances based on the previous years approved budget. All costs would be managed within the annual approved Paramedic and Seniors Services capital vehicle budget for the next five years.

Standardizing Ambulance Fleet Procurement

The authority to purchase parts and service directly from the original manufacturer or sole distributor will be limited to the service providers listed in Attachment 1 and will be managed annually within Paramedic Services capital and operating budgets.

6. Local Municipal Impact

There is no impact to local municipalities as a result of the procurement process proposed in this report.

7. Conclusion

The standardization model for fleet procurement ensures that Paramedics are able to consistently and effectively locate patient care ancillary equipment and supplies in all ambulances especially in critical and potentially life-threatening patient care situations. The deployment of a consistent ambulance conversion platform also allows for inventory, maintenance and repair efficiencies and expertise.

The Purchasing Bylaw provides for Council to approve procurement processes that may not involve a public procurement process where to do so would be in the best interests of the Region. Staff recommend for Council to approve this direct purchase procurement process to maintain efficiencies and cost-effective management of repairs and maintenance for the Paramedic Services fleet.

For more information on this report, please contact Norm Barrette, Chief and General Manager, Paramedic and Seniors Services at 1-877-464-9675 ext. 74709.

The Senior Management Group has reviewed this report.

August 10, 2017

Attachment (1)

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Accessible formats or communication supports are available upon request

Original Manufacturer / Sole Source Distributor List

Service Provider	Service Provided	Category for Purchase	Rationale	Estimated Total Cost for 2018	Estimated Total Cost for 2019	Estimated Total Cost for 2020	Estimated Total Cost for 2021	Estimated Total Cost for 2022	Estimated Total 5 Year Cost
Rowland Emergency Vehicle Products Inc.	Supply of power cots, cot loading systems, maintenance and repairs	Equipment/ Maintenance	Sole Distributor for Ontario	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$2,500,000
Rowland Emergency Vehicle Products Inc.	Supply of anti-idle technology for ambulances	Parts	Original Manufacturer	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Physio-Control	Supply of cardiac monitors, accessories, maintenance and repairs	Equipment	Original Manufacturer	\$700,000	\$700,000	\$900,000	\$900,000	\$900,000	\$4,100,000
PRAN Systems Inc.	Supply of interfaces and multiplex technology for Paramedic fleet vehicles	Equipment	Original Manufacturer	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Demers Ambulances	Supply of hybrid electric powertrain technology for ambulances to reduce carbon emissions	Equipment	Compatibility	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000
Demers Ambulances	Supply of replacement parts, maintenance and repairs	Parts/ Maintenance	Original Manufacturer	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Goodyear Canada Inc.	Supply of "winter rated" all season tires	Maintenance	Original Manufacturer	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$500,000
Column Totals				\$1,850,000	\$1,850,000	\$2,050,000	\$2,050,000	\$2,050,000	\$9,850,000