



Committee Report

To:	Warden Hicks and Members of Grey County Council
Committee Date:	February 11, 2021
Subject / Report No:	PSR-CW-05-21
Title:	Purchase of Three New Ambulances for 2021 and sale of Ambulances, Power load units and Stretchers to Grey Bruce Health Services
Prepared by:	Kevin McNab
Reviewed by:	Kim Wingrove, Kevin Weppler
Lower Tier(s) Affected:	None
Status:	<i>Recommendation adopted by Committee as presented per Resolution CW43-21; Endorsed by County Council February 25, 2021 per Resolution CC24-21</i>

Recommendation

1. That Report PSR-CW-05-21 regarding ambulance purchases be received and that the purchase of three ambulances be awarded to Demers Ambulances in the amount of \$469,610.19 plus HST; and
2. That ambulance units 1053, 1054 and 1055 be exempt from the disposal of goods process as outlined in section 11.2 of the purchasing policy and the vehicles be offered to Grey Bruce Health Services (GBHS) for \$10,700 per vehicle plus HST; and
3. That staff also offer GBHS three previously utilized Stryker power load units and power stretchers with the price to be negotiated; and
4. That as a result of disposing of three power load units and two stretchers earlier than anticipated, staff be authorized to procure replacement equipment with funding from the Paramedic Services Equipment and General Reserve; and
5. That should GBHS decline the purchase, the three ambulances will be disposed of in accordance with the purchasing policy and the three power load units and two stretchers will not be purchased.

Executive Summary

Grey County's 2021 approved budget includes the replacement of three ambulances that have a six year lifespan (\$540,000 for 3 or \$180,000 each) and one stretcher with a ten year lifespan (\$23,400).

This is the fifth of a five-year contract with Demers Ambulances with annual rate increases based on the Canadian Consumer Price Index ('All Items') as ended on December 31st of the previous year. The rate increase for 2021 purchases is 1.0% and there is also an increase of \$1,270 per vehicle as the chassis Demers based their tendered price on is no longer available. The price received for three ambulances totals \$469,610.19 plus HST (\$156,536.73 plus HST per ambulance). After considering the HST rebate, the net expense is \$477,875.33 which is \$62,124.67 less than the budgeted amount; this will not result in surplus as capital purchases are funded from the Paramedic Services Equipment and General Reserve.

End of lifecycle ambulances are normally disposed of as per the Section 11.2 of the County's Purchasing Policy; however, Grey Bruce Health Services has expressed interest in acquiring these vehicles. Staff recommends that Council make an exception to the policy and sell the vehicles to GBHS instead of by public process. If recent sale data is used to determine a valuation, in the most recent three years that ambulances have been sold, the average sale price was \$10,700 plus HST.

GBHS has also expressed interest in purchasing three Stryker power load units and three power stretchers that are currently being utilized in the paramedic system for use in these ambulances; only one stretcher is scheduled for disposal in 2021. Staff recommends that the sale price be negotiated with GBHS and will ensure that the reserve is not disadvantaged by acquiring equipment earlier than planned. Paramedic Services would need to replace the three power load units and two stretchers that are not included in the 2021 approved budget at an estimated cost of \$126,000 - \$131,000. The purchases would be funded from the Paramedic Services Equipment and General Reserve; this reserve is anticipated to have a balance at year-end of \$1,318,612. Should GBHS decline to purchase the ambulances, these purchases would not be required until the end of their lifecycle.

GBHS is also interested in the provision of vehicle, stretcher and oxygen/suction system maintenance by our Transportation Services mechanics. This would be part of further discussions should the sale of ambulances to GBHS occur.

Background and Discussion

Ambulance Purchase

Paramedic Services has a fleet of 15 ambulances with two or three replaced annually. Ambulances are on a six-year replacement schedule and at the time of replacement, typically have mileage exceeding 275,000 kilometers.

In May 2017, The County of Grey tendered a five-year contract for new ambulance purchases which was awarded to Demers Ambulances.

On March 23rd, 2017, County Council endorsed the following recommendation per report PSR-CW-07-17 – Resolution CC24-17;

That Paramedic Services proceed with a tender for new ambulance purchases with a provision for a five-year contract with the successful bidder for the years 2017 through 2021.

On May 25th, 2017, County Council endorsed the following recommendation per report PSR-CW-07-17 - Resolution CC25-17;

That the County enter into a five-year contract with Demers Ambulances based on the Canadian Consumer Price Index (All Items).

Under the terms of the tender, annual rate increases are based on the Canadian Consumer Price Index ('All Items') as of December 31st of the previous year (1% for 2021 purchases). The chassis supplied by General Motors (GM) that was included in the original tender is no longer available for 2021 and the new chassis (also provided by GM) has an increase in cost of \$1,270 plus HST. As a result, the price received from Demers shows the portion for the conversion with a 1% CPI increase and a \$1,270 increase for the chassis. The cost for three ambulance totals \$469,610.19 plus HST (\$156,536.73 plus HST per ambulance).

The net expense to Paramedic Services after HST rebate totals \$477,875.33 as compared to a budget of \$540,000, resulting in \$62,124.67 less required from the reserve than budgeted. An annual transfer to the Paramedic Services Equipment and General Reserve is made to ensure sufficient funds are available for vehicle and equipment purchases; when the 2021 budget was prepared it was anticipated that this reserve would have a balance of \$1,318,612 at December 31, 2021.

Disposal of Ambulances and Equipment

GBHS has approached Paramedic Services and is interested in purchasing the three ambulances that are scheduled for replacement in 2021. Additionally, they are also interested in acquiring three used power load units and stretchers to outfit the vehicles. The Purchasing Policy outlines the process for disposal of surplus goods as follows:

11.2 Disposal of Surplus Goods

c. Purchasing, with the assistance of the owning group, shall ascertain whether items falling into their respective authorities can be of use to another municipality or Department rather than disposed of. This may be by way of an email informing of the availability or some other way of ascertaining interest.

d. Items that are not of interest to another municipality or Department may be disposed of using a public process that will take into consideration the type of materials being disposed of and the cost-benefit to the municipality. An example of this is a public auction website. Trade-in options may also be considered as a form of disposal.

Staff recommends that the process for disposal of the three ambulances, power load units and stretchers be exempt from the Purchasing Policy with the sale price to GBHS based upon negotiation. Staff will ensure that the Paramedic Services Equipment and General Reserve is not disadvantaged by disposing of equipment earlier than planned.

Acquisition of Replacement Power Load Units and Stretchers

If GBHS moves forward with the purchase of three used power load units and stretchers, Paramedic Services will need to purchase replacement equipment; only one stretcher was scheduled for replacement in the 2021 approved budget. Staff requests approval for the unbudgeted purchases with the cost estimate of \$126,000 - \$131,000 funded from the Paramedic Services Equipment and General Reserve. As mentioned above, when the budget was prepared it was anticipated that this reserve would have a balance of \$1,318,612 at December 31, 2021. If GBHS does not purchase the equipment, staff would purchase one budgeted stretcher.

GBHS is also interested in the provision of vehicle, stretcher and oxygen/suction system maintenance by our Transportation Services' mechanics. Transportation Services staff have all the required training and certifications to test, maintain and repair this specialized equipment.

Legal and Legislated Requirements

All ambulances purchased for use in the department must be certified compliant with the current Ontario Provincial Land Ambulance and Emergency Response Vehicle Standard (Version 5.0, September 28, 2012).

Financial and Resource Implications

The net expense for three ambulances totals \$477,875.33 as compared to the budget of \$540,000; purchases are funded from the Paramedic Services Equipment and General Reserve and therefore does not result in surplus but rather a lower transfer from reserve. When the 2021 budget was prepared, it was anticipated that this reserve would have a balance of \$1,318,612 at the end of this year. By offering GBHS the option to purchase power load units and two stretchers that were not scheduled for replacement in 2021, this will result in an unbudgeted purchase of \$126,000 - \$131,000 that will be required to be funded from the Paramedic Services General and Equipment Reserve.

End of lifecycle ambulances are normally disposed of as per Section 11.2 of the County's Purchasing Policy; however, staff recommends that Council authorize an exemption to the policy and sell the vehicles to GBHS instead of by public process. If recent sale data is used to determine a valuation, in the most recent three years that ambulances have been sold, the average sale price was \$10,700 plus HST.

GBHS is also interested in purchasing three Stryker power load units and power stretchers that are currently being utilized in the paramedic system for use in these ambulances as well as provision of vehicle, stretcher and oxygen/suction system maintenance by our Transportation Services' mechanics. Transportation Services staff have all the required training and certifications to test, maintain and repair this specialized equipment.

Stryker power load units are utilized over two ambulance replacement cycles for a total of twelve years. The current power load units mounted on these ambulances will have just completed the first six-year cycle. The 2021 budget includes the replacement of one Stryker power stretcher with two stretchers scheduled for replacement in 2022. This would advance the replacement schedule for the two stretchers originally scheduled for replacement in 2022

and the three power load units scheduled for 2027. Staff will negotiate a sale price with GBHS that ensures that the disposal of equipment earlier than planned will not have a financial impact on the Paramedic Services Equipment and General Reserve. If GBHS declines the offer to purchase vehicles and equipment, the three ambulances will be disposed of as per the County's Purchasing Policy.

GBHS has also expressed interest in establishing ongoing replacement cycles for vehicles, power load units and stretchers

Relevant Consultation

External:

Internal: CAO, Finance

Appendices and Attachments

None