

To:	Warden Milne and Members of Grey County Council
Committee Date:	March 14, 2024
Subject / Report No:	PSR-CW-05-24
Title:	Sole Source of Ambulance Purchase for 2024 and 2025
Prepared by:	Kevin McNab
Reviewed by:	Kim Wingrove, Mary Lou Spicer
Lower Tier(s) Affected:	
Status:	

Recommendation

1. That report PSR-CW-05-24, regarding the sole source of ambulance purchases for 2024 and 2025, be received; and
2. That the purchase of seven ambulances be sole sourced from Demers Ambulances; and
3. That staff be authorized to order the three budgeted ambulances in 2024 for the deployment enhancement and four ambulances that are scheduled for replacement in 2025 ahead of budget approval; and
4. That action be taken prior to council approval as per Section 26.6 b of Procedural By-law 5134-22.

Executive Summary

There is a single company approved by the Ministry of Health to supply ambulance conversions in Ontario. Staff are requesting approval to sole source vehicles from this vendor. Currently the time from order to delivery for ambulances is 20-24 months. Staff is requesting approval to order the four ambulances that would normally be ordered in 2025 now, in order to account for the significant wait time for delivery.

Background and Discussion

The Ministry of Health regulates who the approved vendors are for ambulance conversions and for many years there have only been two approved vendors within the Province of Ontario, Demers, and Crestline. In 2018, Demers and Crestline announced a merger which created one

of the largest ambulance manufacturing companies in the world. The merger created only one company that was approved to sell ambulances in the Province of Ontario which causes issues for purchasing ambulances according to the purchasing bylaw's requirement for competitive procurement. Since the merger and supply chain disruption, Grey County has seen the price of ambulances increase by \$118,800 or 67%, which represents an annualized increase of 10.82% over 5 years.

Demers and Crestline continue to design and build ambulances with their historic designs which provides a variety of features to the end user. Over the years, Grey County has standardized its fleet with Demers using the exact configuration for each ambulance. This configuration ensures that in an emergency paramedics have familiarity with the vehicle and where equipment is stored. The standardization of the fleet also aids our mechanics with repairs and maintenance.

The process of building an ambulance involves an approved manufacturer purchasing a GM, Ford or Mercedes chassis and then retrofitting the box (patient compartment) on top of that. When required to make an order for an ambulance, Paramedic Services selects the vehicle manufacturer and then the conversion company will attach the desired box. For many years Grey County has chosen the Demers design on a GM chassis.

Paramedic Services has a 10-year capital plan for the replacement of the 15 ambulances in their fleet. During the COVID-19 pandemic vehicle manufacturers had significant challenges with manufacturing vehicles including ambulances. As a result, many dealers require advance ordering of vehicles early in calendar years to secure delivery dates later in the year. Demers, Braun Crestline are continuing to advise customers that orders will take up to 20-24 months to receive an ambulance from when a purchase order is issued meaning that any ambulance ordered now would be received and included in the 2025 or potentially the 2026 capital budget.

The 2024-2033 10-year capital plan includes the addition of seven ambulances (five front line and two spares) to the fleet to accommodate the additional shifts being added over the next 10 years as part of the deployment enhancement plan. This results in three being added in 2024, one in 2025 and three in 2027, with subsequent replacement on a six-year cycle. The original enhancement plan included 11 ambulances (seven front line and four spares); however reductions were made to the plan during the 2024 budget process.

Demers has provided Grey County with a quote for replacement ambulances for the 2024 year at a cost of \$295,882.46. net of HST. This price is net of \$9,600 of savings from changing the specifications compared to the 2023 model. The 2024 budget includes seven ambulances, three to meet the needs of the deployment enhancement plan and four replacements ordered in April 2023 (staff now expect to receive two in October 2024 and two in March 2025). The 10-year capital plan includes the replacement of four ambulances in 2025 to maintain our fleet. Due to a delivery time of 20-24 months staff is requesting the four ambulances scheduled for replacement in 2025 be ordered now to ensure timely delivery.

Staff are proposing that the existing power load systems in three of the four ambulances due to be replaced in 2025 could be re-used in the new ambulances. This reduces the price net of HST to \$253,463.81, for a savings of \$42,418.66 per vehicle or \$127,255.97 total. These savings will be offset by reduced proceeds on disposal as the old ambulances will not have power load system installed.

The County has seen the price of ambulances increase significantly. Two ambulances were ordered in 2022 at a price of \$239,302.89 per vehicle net of HST; in comparison the cost for two ambulances in 2023 was \$261,386.84 per vehicle net of HST. The price has increased by \$34,495.62 or 13.20% since 2023 or \$56,579.64 or 23.64% since 2022. Staff are hopeful that by ordering the ambulances ahead of the 2025 budget process this should help protect against further price increases.

However, the price of the ambulances is not guaranteed as Demers, Braun Crestline maintains the right to increase the price of the vehicle based on external factors such as the industrial product price Index, as well as increased chassis and power load costs from their suppliers. The ambulances ordered in 2022 for \$239,302.89 were delivered in 2023 for a cost of \$245,697.48 net of HST.

Staffing Considerations

None

Legislated Requirements

Ambulances must be provided by an approved vendor and must meet the Ontario Provincial Land Ambulance and Emergency Response Vehicle Standard, Version 6.0.

Financial and Resource Implications

The 2024 approved budget provides funding at a cost per vehicle of \$261,400 net of HST. Based on the quoted price from Demers, a shortfall of \$34,482.46 is anticipated; given the ambulances will not arrive until 2025 this provides an opportunity to adjust the cost in the 2025 budget. The cost to acquire 2025 ambulances was previously estimated at \$270,500 net of HST, the 2025-2034 capital forecast will be updated to reflect the increase in pricing. This will result in an increase to the annual contribution to reserve to ensure there is adequate funds to maintain our fleet and equipment.

Relevant Consultation

- Internal: CAO, Finance
- External (list)

Appendices and Attachments

None.