

Report to Community and Protective Services Committee

To: Chair and Members
Community and Protective Services Committee

From: Cheryl Smith, Deputy City Manager, Neighbourhood and Community-Wide Services

Subject: SS-2023-151: London Fire Department Single Source Bunker Gear

Date: May 24, 2023

Recommendation

That, on the recommendation of the Deputy City Manager, Neighbourhood and Community-Wide Services, the following actions be taken with respect to the single source procurement of bunker gear:

- a) in accordance with Section 14.4(g) of the Procurement of Goods and Services Policy, Fire Administration **BE AUTHORIZED** to enter into negotiations with Innotex Inc., 275 Rue Gouin, Richmond, Quebec, J0B 2H0, for pricing for a single source contract for one (1) year with one (1) option year for the provision of bunker gear to the London Fire Department;
- b) the approval a) above, **BE CONDITIONAL** upon The Corporation of the City of London negotiating satisfactory prices, terms, conditions, and entering into a contract with Innotex Inc. to provide bunker gear to the London Fire Department;
- c) that Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the authorization set out in parts a) and b) above; and,
- d) that the funding for this procurement **BE APPROVED** as set out in the Source of Financing Report attached hereto as Appendix A.

Executive Summary

This report requests authorization from Council for the immediate single source purchase of bunker gear using the Canoe Procurement Group of Canada (“Canoe”) to manage the impact of sharp market pricing increases and to ensure that London firefighters have their gear replaced on schedule, as laid out in the Occupational Health and Safety Act.

Linkage to the Corporate Strategic Plan

The London Fire Department Single Source Bunker Gear Procurement is aligned with the following strategic areas of focus, outcomes and expected results from the City of London Strategic Plan 2023-2027:

Wellbeing and Safety: London has safe, vibrant, and healthy neighbourhoods and communities.

- Londoners feel safe across the city, in the core, and in their neighbourhoods and communities
- Improved emergency services response time and reporting

Well-Run City: Londoners experience good stewardship, exceptional and valued service.

- London’s finances are maintained in a transparent, sustainable, and well-planned manner, incorporating intergenerational equity, affordability, and environmental, social, and governance considerations

Analysis

1.0 Background Information

1.1 Previous Reports Related to this Matter

- [Request for Proposal 15-39 Supply & Delivery of Protective Coats & Trousers \(Bunker Gear\) for Structural Firefighting \(Community and Protective Services October 20, 2015\)](#)

1.2 Context

The London Fire Department (“LFD”) follows the Occupational Health and Safety Act [O. Reg. 714/94 \(Firefighters – Protective Equipment\)](#) and the [Section 21 Guidance Note 4-1](#) when outfitting its firefighters. As such, each employee of the LFD who has the potential to be involved in suppression, training, or investigation activities receives two sets of bunker gear. A set of bunker gear includes a coat, trousers, suspenders, and a balaclava. This gear serves as personal protective equipment and is designed to protect the user from heat, dangerous contaminants, and other hazards that LFD personnel face at emergency scenes. By standards, the life cycle of bunker gear is currently ten (10) years.

The LFD has standardized its bunker gear to the Innotex Energy model and had a direct contract in place with the manufacturer, Innotex Inc., since 2015 until its expiry in late 2022. Innotex Inc. no longer offers direct contracts but has a single, subcontracted dealer who provides this gear: AJ Stone Company Ltd. (“AJ Stone”).

2.0 Discussion and Considerations

2.1 Case for Single Source Procurement via Cooperative Purchasing

When the LFD began its previous bunker gear contract with Innotex Inc., pricing was offered well below market value. Since then, the market price of bunker gear has increased almost five-fold and annual contract increases did not reflect the rapid rise in this cost worldwide. For example, in 2015, the price of one set of gear was approximately \$1,700 (Manufacturer’s Suggested Retail Price - “MSRP”). This same set of gear is priced at \$7,715 (MSRP) today.

The LFD has approximately eight hundred (800) sets of bunker gear in use, and per the Occupational Health and Safety Act, this gear must be replaced every ten (10) years or as it gets decommissioned (if it does not pass biannual testing or is severely damaged). From 2024 to 2025, it is expected that approximately three hundred (300) sets of gear will be required for these replacements, as well as for new recruits. At current market pricing, this cost could be unexpectedly and unsustainably high.

To mitigate the financial impact to the City, the LFD has been working with the City’s Procurement and Supply Division to explore cooperative purchasing, *i.e.*, group buying. Benefits of using a cooperative purchasing program include:

- Cost savings: By pooling resources, a fire department can purchase goods and services at bulk prices;
- Improved purchasing power: Group buying gives a fire department more leverage in negotiations with suppliers, allowing them to secure better prices and terms;
- Streamlined purchasing process: Group buying can simplify the purchasing process, making it more efficient and reducing the workload for administrative staff while still complying with local by-laws, policies, and provincial legislation;
- Standardization: Group buying allows for standardization of equipment and supplies, which can improve operations and reduce costs in the long run; and,
- Improved quality: Group buying can help ensure that the fire department receives high-quality goods and services by leveraging the purchasing power of the group to negotiate better terms.

All offerings through Canoe have undergone a formal competitive bid process on behalf of Ontario's municipalities, ensuring full compliance with purchasing by-laws and trade agreements. Through Canoe, the current contract in place for Innotex gear is valid until August 7, 2024, after which one (1) option year can be negotiated until Canoe repeats the formal competitive bid process.

If this cooperative purchasing opportunity is leveraged, the City of London stands to save money. The standalone LFD contract value of one set of gear would currently be \$4,617; however, the Canoe contract with Innotex Inc. offers pricing at \$3,530 per set. This is reflective of a savings of 24%.

To pursue the advantages of this cooperative purchasing program, the LFD seeks to enter a contract with Innotex Inc. utilizing the single source procurement clause as outlined in section 14.4(g) of the Procurement of Goods and Services Policy below. Therefore, the Deputy City Manager, Neighbourhood and Community-Wide Services, seeks authorization to have this bunker gear procured from a single source.

Section 14.4(g) of the Procurement of Goods & Services Policy

14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

g. It is advantageous to the City to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body.

2.2 Details of Purchase

Innotex bunker gear is available for immediate purchase from Innotex Inc. via AJ Stone. The estimated price of the required sets of gear, assuming three hundred (300) sets are purchased during the term of this contract, is \$1,059,000 CAD (excluding HST). The current, immediate purchase is for ninety (90) sets of gear at \$3,530 per set for a total of \$317,700 (excluding HST).

3.0 Next Steps

When Canoe goes through its next formal competitive bid process for bunker gear, the LFD plans to continue pursuing the benefits of this method of purchasing. Given the success of negotiating sustainable pricing for gear, cooperative purchasing will be explored for other capital equipment required by the department as it becomes due for lifecycle replacement and contract renewal.

4.0 Financial Impact/Considerations

Per the Source of Financing Report attached as Appendix A, funding for the current purchase of 90 sets of bunker gear is available in the approved capital project FS112323 – Replace Firefighter Equipment. Future purchases can be funded from previously forecasted amounts in this capital project, subject to Council approval in the 2024 - 2027 Multi-Year Budget.

Conclusion

It is recommended that Council authorize the single source procurement of bunker gear as per Section 14.4(g) of the Procurement of Goods and Services Policy, allowing for a resource-saving cooperative purchasing agreement with Innotex Inc. using the Canoe Procurement Group of Canada.

Prepared by: Katerina Barton, Manager, Finance and Planning, Fire Services

Submitted by: Richard Hayes, Acting Fire Chief

Recommended by: Cheryl Smith, Deputy City Manager, Neighbourhood and Community-Wide Services

c: Jason Davies, Manager III, Financial Planning & Policy
Steve Mollon, Manager, Procurement and Supply, Finance Supports
Vanetia R, Solicitor I, Legal Services
Jason Wills, Manager III, Risk Management, Legal Services

Source of Finance Report

Appendix "A"

#23113

May 24, 2023

(Contract Award)

Chair and Members

Community and Protective Services Committee

RE: London Fire Department Single Source Bunker Gear

(Subledger GG230005)

Capital Project FS112323 - Replace Firefighter Equipment

Innotex Inc. - \$1,059,000.00 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Neighbourhood and Community-Wide Services, the detailed source of financing is:

Estimated Expenditures	Approved Budget	This Submission (Note 1)	Balance for Future Work
Vehicles and Equipment	713,600	323,292	390,308
Total Expenditures	\$713,600	\$323,292	\$390,308
Sources of Financing			
Drawdown from Fire Facilities, Vehicle and Equipment Renewal Reserve Fund	713,600	323,292	390,308
Total Financing	\$713,600	\$323,292	\$390,308

Financial Note:

Contract Price	\$317,700
Add: HST @13%	41,301
Total Contract Price Including Taxes	359,001
Less: HST Rebate	-35,709
Net Contract Price	\$323,292

Note 1: The amount included in this submission reflects the purchase of 90 units in 2023. The remaining 210 units purchased in this contract, totalling \$741,300, will be available from previously forecasted amounts in FS1123, subject to future Council approval in the 2024-2027 Multi-Year Budget.



Jason Davies

Manager of Financial Planning & Policy

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