



Working together with our community

Council-In-Committee Meeting – November 15, 2023

Subject: Demers Ambulance Budget Schedule
Report Number: CAO-23-123
Division: Office of the Chief Administrative Officer
Department: Paramedic Services
Purpose: For Decision

Recommendation(s):

THAT the Approved Capital Budget be amended to include \$988,000, with funding provided from the Fleet Reserve, for ambulance replacement projects 7532506, 7532507, 7532605, and 7532606 scheduled in 2025 and 2026 of the 2024-2033 Capital Plan to allow staff to initiate spending as outlined in this report;

AND THAT staff be directed to order 2025 ambulances (2 in total) immediately upon resolution at end of 2023, and that 2026 ambulances (2 in total) be ordered in December 2024;

AND FURTHER THAT Council permit a sole source procurement as outlined in Norfolk County Purchasing Policy CS-02, section 4.8.5 with Demers Ambulance as the sole certified provider of ambulances in Ontario.

Executive Summary:

Due to ongoing delays for vehicle components, ambulance procurement processes have changed, resulting in early order requirements and mandatory deposits. As such, Paramedic Services is requesting amendments to capital project ambulance replacements for 2025 and 2026 to address the situation in order to ensure that safe vehicles for emergency response are procured in a timely fashion. Deposits for these vehicles will be made 18 to 24 months in advance of replacement to secure chassis for conversion.

Discussion:

Demers Ambulance is the sole certified provider of ambulances in Ontario. Due to extensive microchip and electrical system delays, ambulance chassis ordering processes changed in late 2021 across the entire province. Paramedic Services are now required to provide the vendor a thirty percent (30%) deposit on the vehicles

expected, prior to ordering the chassis. In addition, the procurement and supply delays may result in 18 to 24 month waiting periods for ambulance provision after order.

The two ambulances required for replacement in 2024 were ordered in late 2022 and are expected by fall of 2024, so this upcoming year is not affected. Staff are recommending that the ambulances for replacement in 2025 (two in total) and 2026 (two in total) should be ordered in 2023 and 2024 respectively, so that these significant delays have a lesser impact to operations in Paramedic Services. Ordering requires the mandatory deposit (approximately 30% of total cost) only. Ambulance vehicles in Norfolk County are currently on a seven (7) year replacement schedule, whereas most of the province is on a five (5) year replacement. Delaying these replacements further will increase maintenance costs and has the potential to cause significant safety risks to paramedics and patients.

Financial Services Comments:

The 2024-2033 Capital Plan contains allocations in 2025 and 2026 for the planned replacement of four (4) ambulance vehicles totaling \$988,000. Based on the details provided within this report, a 30% deposit on the vehicle chassis' for the 2025 and 2026 vehicles would potentially be required before the end of 2024, totaling \$297,000.

The funding source for all four projects is recommended to be the Fleet Reserve, therefore moving these projects forward will have an impact on projected reserve balances.

A revised 10-year forecast of the Fleet Reserve has been included in Appendix A. In 2024, the effect of this amendment is expected to lower the Fleet Reserve to a projected balance of \$19,300.

As signaled in Report *CS-23-153 Proposed 2024-2033 Capital Plan* and the accompanying presentation at Budget Committee on October 25th, 2023, staff's funding strategy using as much reserve funding as possible in the short-term to avoid the need for issuing more debt. As such, any amendments to the Capital Plan would present a high likelihood of additional projects needing to be funded by debt, as otherwise it could cause projected reserve balances to decline below \$0 into a negative state.

In this case, because the four projects had at least been planned in future years, the effect of accelerating them is not as detrimental, but the projected balance of the reserve will now near a negative state for 2024 as anticipated.

If the recommendations within this report are approved as proposed, the recommendation of report CS-23-153 that was passed on the October 25th, 2023 Budget Committee Meeting that read “AND THAT the 2024 Capital Budget totaling \$166,528,000 be Approved” will effectively be changed to \$167,516,000, and “AND THAT the Capital Forecast for the years 2025 to 2033 be received as information, in the amount of \$855,955,000” will be changed to \$854,967,000. If approved, these changes will be incorporated into the resulting by-law for the 2024 Capital Budget.

Overall, the amendment can be accommodated while keeping projected reserve balances positive, however staff stress the County’s financial flexibility remains limited and if additional vehicle amendments arise over the next year, the Fleet Reserve’s projected balance could decline into a negative state, and staff will have to adjust the recommended funding strategy in next year’s 10-Year Capital Plan, which could include funding more vehicle replacements from debt than previously planned.

Interdepartmental Implications:

Purchasing Services has reviewed the report and advise that Norfolk County Policy CS- 02, Section 4.8.5 requires all sole source procurements to be authorized prior to the purchase through resolution of Council. Sole source supply is defined where there is only one available Supplier for the required goods or services and Paramedic Services staff have indicated that Demers Ambulance is the sole provider in Ontario.

Consultation(s):

Meeting was held with finance and Paramedic Services in the past to determine process moving forward.

Strategic Plan Linkage:

This report aligns with the 2022-2026 Council Strategic Priority Empowering Norfolk - Putting the tools and resources in place to ensure our businesses' and residents' success.

Explanation: Ensuring emergency vehicles are replaced in a timely manner to ensure safe, effective and efficient medical response across our community.

Conclusion:

In order to address significant delays in ambulance chassis and equipment manufacturing, ordering annual capital vehicle ambulances early for 2025 (December 2023) and 2026 (December 2024) are necessary steps in order to

facilitate replacement of these emergency vehicles in a timely fashion. The initiation of a mandatory deposit for placing ambulance chassis order requires the opening of capital budget projects early for these projects.

Attachment(s):

- Appendix A: 10-Year Forecast of Projected Fleet Reserve Balance

Approval:

Approved By:
Al Meneses, CAO

Reviewed By:
Mike Oxley,
Commander, Logistics and Operations, Paramedic Services.

Prepared By:
Sarah Page,
Chief, Paramedic Services