

LOS ANGELES FIRE DEPARTMENT



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FIRE CHIEF

May 17, 2023

BOARD OF FIRE COMMISSIONERS
FILE NO. 23-051

TO: Board of Fire Commissioners

FROM: *KC* Kristin M. Crowley, Fire Chief

SUBJECT: SUPPLY AND MAINTENANCE DIVISION REPORT ON THE SUPPLY CHAIN ISSUES

FINAL ACTION:	<input type="checkbox"/> Approved	<input type="checkbox"/> Approved w/Corrections	<input type="checkbox"/> Withdrawn
	<input type="checkbox"/> Denied	<input type="checkbox"/> Received & Filed	<input type="checkbox"/> Other

SUMMARY

The Los Angeles City Fire Department's Supply and Maintenance Division (S&M) is in charge of all supply procurement and distribution, apparatus/equipment maintenance and contracts of the Department.

The Covid-19 pandemic created unprecedented disruptions and realignment in the global supply chain and manufacturing systems. As the impacts of the pandemic have recently receded and global demand for supplies have substantially increased, additional strains are felt in the supply chain affecting S&M. Supply shocks and shortages, rapid increase costs for supplies and labor shortages continue to affect S&M's ability to maintain certain items at appropriate levels in order to support the field with the needed and at times, required items.

Though all operations at the S&M are affected by this phenomenon, this report will focus mainly on the disruptions affecting the medical supplies as procured by S&M.

RECOMMENDATION

That the Board:
Receive and file.

FISCAL IMPACT

The Department expects that there will be significant costs as a result of the supply chain disruptions and inflationary pressures. The Department is actively working on quantifying these costs at this time.

DISCUSSION

The Covid-19 pandemic had a seismic impact on the national and the global supply chain and manufacturing systems. Prior to the pandemic, most manufacturing and

supply lines operated on the concept of Just In Time (JIT) or Lean systems. This allowed companies to operate at minimal inventories with maximum output and manufacturing. This operating system was in place in the US and the major producing countries for over 20 years. The Covid-19 pandemic shocked and paralyzed this operating system and process with no full recovery to this day.

The disruption and interruption to manufacturing during the pandemic had a domino effect. Manufacturing rapidly shifted to needed supplies to fight the pandemic and the normal demand levels for other items reduced dramatically and created uneven supply in the manufacturing processes. This began a trickle effect downstream and to the end users, including Government agencies.

As the effects of the pandemic began to recede in mid-2022, the manufacturing world faced additional pressures. Demand spiked on many pre-pandemic items which created shortages in materials and manufacturers did not have enough time to shift into their pre-pandemic business operations. Given that most were based on Lean systems, many companies became insolvent and some went out of business further creating pressures as well as driving up costs of materials and supplies.

Specific to medical supplies, most global medical supplies and medications are manufactured outside the US. The pandemic disrupted the global manufacturers at a greater scale than national ones given the travel and import/export restrictions early in the pandemic. In addition, manufacturers began to focus on supplies and medications that were more profitable and stopped producing commodity priced medications. This further strangled the medical supplies necessary to operate efficiently.

S&M's relationship with our vendors has been key to sailing these stormy conditions pre and post pandemic. Though the Los Angeles Fire Department (LAFD) has been placed on allocation on some of the items, we have mostly been able to procure our medical supplies, however, not at the levels needed nor at the pre-pandemic levels.

Though many of these supply chain challenges have been resolved upstream, we still see disruptions appear without any notice. The recent shortage of the medication Albuterol is an example of this phenomenon. S&M's continued work and our partnership with the Fire Chief's Office will be critical in stabilizing our medical supply inventory and establish a minimum of 3 months cache should further disruptions occur.

CONCLUSION

The LAFD is confident that with ongoing shifts and improvements in the supply chain systems, relationships with our vendors, and current plan in place, we will be able to reach inventory levels that will create resiliency and allow S&M to distribute needed medical supplies and prevent shortages experienced by the field.

Board report prepared by Amir R. Caspian, Assistant Chief, Supply and Maintenance Division.