

Toronto Community
Housing Corporation
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Program
TCHC June 28, 2022 Board Meeting
Report #: TCHC:2022-33
Attachment #2



Briefing Note: For Information

To: Board of Directors (“Board”)

From: Allen Murray, VP Facilities Management

Date: June 20, 2022

Re: Kitchen Sanitary Drain Treatment and Cleaning Program

At the June 17, 2022 BIFAC meeting a contract award was presented for approval for a new Kitchen Sanitary Drain Treatment and Cleaning Program awarded under RFP 21312. Members of the BIFAC requested additional information on how the cost estimates of the program were arrived at. This briefing note is in response to that request.

Facilities Management (“FM”) staff have prepared a preventive maintenance program due to a history of flooding and backing up of kitchen drains from issues of excessive grease, food, and grime build-up inside the kitchen drains. FM staff reviewed work orders on kitchen backups for the last 2 years to estimate and project the amounts required for this new program.

Kitchen drain backups encompass other necessary work, such as clean up and remediation to the property (drywall repairs, painting) etc. These costs are not reflected in the plumbing work orders. Clean up and remediation costs for each backup incident vary, and depending on the damages, can be quite high.

The costs shown in Table 1 refer to plumbing costs from the past 2 years only and do not include remediation/restorative work performed after floods and backups. Clean up and remediation costs are not included as they are not recorded from our current plumbing cost data.

Knowing the annual costs of these types of repairs prompted staff to take a proactive approach and to establish a kitchen drains treatment and cleaning program.

Table 1 – Kitchen Drains Backups Work Orders

| Year | # of Work Orders issued (did not include restorative work) | Work Orders \$ |
|-------------|---|-----------------------|
| 2021 | 1241 | \$674,903 |
| 2020 | 1100 | \$569,416 |

Plumbing costs alone are averaging over \$622,159.50 per year (key holder, clean up and remediation costs not included). Key holder, clean up, remediation costs associated with sanitary drain incidents are typically between 40-50% in addition to the plumbing cost related to the incident. Based on the two year average noted above, total annual costs are estimated to be \$871,023.30.00 to \$933,239.25.00 per year.

The proposed preventive maintenance program recommends an average of \$827,068.00 per year for the first four years (including key holder costs). Implementation of this program is expected to result in cost savings per year of between \$45,000.00 and \$106,000.00 annually on plumbing costs alone.

The contract award of \$8,007,584.95 was requested for preventive maintenance costs and demand repairs to be distributed annually over a period of 8 years. The preventative component for each year is shown below including key holder cost.

Table 2: 8-year Program Cost Allocation

| PREVENTATIVE MAINTENANCE | | DEMAND REPAIR SERVICES |
|---------------------------------|--|---|
| YEAR | Annual Cost** Including Estimated Key holder Cost | Estimated Demand Repair Services |
| 1 | \$797,068.00 | \$100,000.00 |
| 2 | \$817,068.00 | \$100,000.00 |
| 3 | \$837,068.00 | \$100,000.00 |
| 4 | \$857,068.00 | \$100,000.00 |
| Sub-total | \$3,308,272.00 | \$400,000.00 |

| OPTIONAL YEAR* | | |
|---|-----------------------|---------------------|
| 5 | \$902,780.04 | \$100,000.00 |
| 6 | \$949,863.44 | \$100,000.00 |
| 7 | \$998,359.34 | \$100,000.00 |
| 8 | \$1,048,310.12 | \$100,000.00 |
| Sub-total | \$3,899,312.95 | \$400,000.00 |
| | | |
| PM total | \$7,207,584.95 | |
| Demand Repair Services total | \$800,000.00 | |
| VAC Total | \$8,007,584.95 | |

* Year 5 to 8:3% CPI increase per year

**Estimated Key holder cost has included a \$20,000 increase per year.

The Kitchen Sanitary Drain Treatment and Cleaning Program is a proactive approach to addressing known historical costs of these types of repairs and ensures that funding will be available on an on-going basis to address these issues as they arise.

In addition, savings in flooding claims are more difficult to track as the data does not include the cause of flooding, although kitchen drain backups constitute one of several sources of damage to elevators, water penetration into tenant roofs, basement etc. TCHC would expect to spend more than \$200,000.00 a year on clean up and remediation costs based on historical averages.

This new award is preventive, so we can expect a reduction in the total number of flood and back-up related claims and a reduction in clean up and remediation costs. The new program will realize cost savings across the portfolio as well as an expected reduction in our insurance flooding premiums.

This report has been supplied for your information.