



Change Order: Additional Funds for Preventative Maintenance Services and Demand Repairs for Residential Furnaces and Domestic Hot Water (DHW) Heaters contract (RFP 16174)

Item 8E

November 3, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-111

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: Vice President, Facilities Management

Date: October 26, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC approval for a change order to Firenza Plumbing & Heating Ltd. (Firenza) for up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters from January 1, 2021 to present, and work to be performed until December 31, 2021.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that the BIFAC approve and forward to the Board for approval the following recommendations:

1. approve a change order to Firenza for up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters from January 1, 2021 to present, and work to be performed until December 31, 2021; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

BACKGROUND

Preventive maintenance services and demand repairs are required in order to maintain furnaces and domestic hot water (DHW) heaters in working order and to ensure they are operating properly and efficiently. Preventive maintenance services include annual cleaning and inspections of furnaces and DHW heaters. Furnaces are maintained in accordance with the requirements of the Technical Safety & Standards Authority (TSSA).

In August 2016, a contract was awarded to Firenza Plumbing & Heating Ltd. totaling \$3,630,029.55 for preventive maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) tanks for a five-year term as follows:

- \$3,505,029.55 (\$701,005.91 annually) for preventive maintenance services; and
- up to \$125,000.00 (\$25,000.00 annually) for demand repairs at fixed hourly rates.

The RFP was issued for a term of five years (three years with the possibility of two one-year extensions). A contract was executed for a three-year term, expiring on December 31, 2019. TCHC exercised the option to renew the contract for two additional one-year terms. The current contract will expire on December 31, 2021.

REASONS FOR RECOMMENDATIONS

Since the commencement of the contract in 2017, the number of townhome furnaces have increased due to the addition of newly built developments

and, in 2020, the realignment of Operating Unit W (OUW) into the direct managed portfolio. The incoming townhomes also incurred additional repair costs due to poor existing conditions, incomplete historical maintenance records, and newly identified code violations.

Over the course of the contract, the number of hot water tanks (HWT) have also increased over the years due to a shift away from employing rental tanks in preference to TCHC owned.

As of 2018, key holder services were requested by all Operating Units in order to mitigate tenant concerns. Additional services provided by G4S Security Services began to be rolled into project costs and in 2021, TCHC approved a key holder hourly rate increase of \$1, from \$28.23 to \$29.23 due to the COVID-19 pandemic.

Expanded Scope of Work

A change order of up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters to accommodate the realignment of Operating Unit W (OUW) into the direct managed portfolio. The current contract runs until December 31, 2021.

Table 1 provides a summary of change orders to date, including the recommended change order.

Table 1: Purchase Order and Change Order summary

| CO No. | VAC # | Approval Date | Description | Reasons | CO Amount |
|--------|-------|---------------|-------------|--|-----------|
| 1 | 16253 | 2017 | Year 1 | TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks) | \$9,621 |
| 2 | COR | 2018 | Year 2 | TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks) Use of key holders for access | \$180,688 |

| | | | | | |
|---|-------|---------|-----------------|---|--------------|
| 3 | COR | 2019 | Year 3 | TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks) Use of key holders for access | \$239,691 |
| 4 | 20127 | 2020 | Year 4 & Year 5 | TCHC Directed Year 4: \$396,609 Addition of ERVs, A/C, and tankless equipment for the Allenbury new development Use of G4S key holder costs for access Year 5: Estimated cost: \$396,609 Additional domestic hot water tank (TCHC owned) Realignment of OUW Use of key holders for access: Allowance 100,000 | \$893,218.00 |
| 5 | | Pending | | Additional funding \$36,237.65 Demand Repair Allowance: \$50,000 | \$86,237.65 |

| | |
|---|-----------------------|
| Cumulative approved change orders to date | \$1,323,218.00 |
| Change order as requested in this report | \$86,237.65 |
| Total Cumulative change orders | \$1,409,456.65 |
| Original contract awarded (VAC 16253) | \$3,630,029.55 |
| Revised total contract amount | \$5,039,485.20 |
| Cumulative CO % of contract award | 39% |

IMPLICATIONS AND RISKS:

The change order is recommended to ensure tenants received ongoing and necessary preventative maintenance and demand repair services.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

SIGNATURE:

"Allen Murray"

Allen Murray

Vice President, Facilities Management

STAFF CONTACT:

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