



Change Order for Additional Funds for Tightening, Lubrication and Thermography of Electrical Mains and Switchgears (VAC22064/RFP16297)

Item 4G

March 8, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-40

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

From: Vice President, Facilities Management

Date: February 23, 2022

PURPOSE:

The purpose of this report is to seek the BIFAC’s approval of the change order to Pegasus Electric Company Ltd. (Pegasus) for \$100,000.00 (exclusive of taxes) for preventative maintenance and demand maintenance repairs.

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders is both greater than \$250K and greater than 20% of the original contract amounts.

RECOMMENDATIONS:

It is recommended that the BIFAC approve following recommendations to:

1. approve a change order to Pegasus for \$100,000.00 (exclusive of taxes) for preventative maintenance and demand maintenance repairs for tightening, lubrication and thermography of electrical mains and switchgears (RFP 16297); and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

PROJECT BACKGROUND:

Preventive and demand maintenance of the electrical systems in buildings is required to ensure the systems are operating properly.

In November 2016, a contract was approved by the Bid Award Subcommittee to Pegasus Electric Company Ltd. totaling \$1,448,840.00 (exclusive of taxes) for preventative maintenance for tightening, lubrication and thermography of electrical mains and switchgears and associated demand maintenance repairs based on the outcome of Request for Proposals (RFP) 16297 for a term of six (6) years (two (2) consecutive three-year terms at TCHC management's discretion) as follows:

- \$998,840.00 (\$166,473.33 annually) for preventative maintenance services;
- Up to \$450,000.00 (\$100,000.00 annually for years 1-3 and \$50,000.00 annually for years 4-6) for demand maintenance repairs at fixed hourly rates.

A three-year contract was executed with Pegasus Electric Company Ltd. on January 1, 2017. The three-year term expired on December 31, 2019 and Facilities Management elected to exercise the second three-year extension which will expire on December 31, 2022.

During the first three (3) years of the contract, there was an increase to the portfolio which impacted the yearly spend. Change orders were issued to reflect these increases and demand maintenance repairs were minimal during the first three (3) years.

In September 2020, the sites of OUW were transitioned from contract managed to direct managed and were added to the demand maintenance program under VAC CO 20376 to provide services for 27 months to the 24 developments of OUW for \$107,800.00.

In December 2021, a CO VAC 21551 was approved for \$0 to provide services for one (1) year to the 33 developments in Operating Units OUX and OUY, which will be transitioning from contract management to direct management starting on January 18, 2022 to December 31, 2022. The revised approved VAC amount, including previously approved change orders is \$1,836,180.00.

During the year end program reconciliation process, it was determined that while the total approved spend had not been exceeded, demand maintenance requirements exceeded the approved 2021 spend by \$52,359. Part of the reconciliation process also included forecasting requirements and it was determined that for 2022, \$27,641 additional was required for demand repairs and \$20,000 for preventive maintenance to account for additional buildings.

REASONS FOR RECOMMENDATIONS:

A change order of up to \$100,000.00 (exclusive of taxes) is being requested for tightening, lubrication and thermography of electrical mains and switchgears for the 2021 reconciliation on demand maintenance repairs and 2022 forecasted preventative maintenance and demand maintenance repairs due to the addition of TCHC direct managed sites.

To date, \$387,340.00 in change orders have been approved for this program. With approval of this request, total cumulative change orders equal \$487,340.00 and are equivalent to 33.64% of the original purchase order issued as shown in Table 1. The revised total contract amount is \$1,936,180.00.

Table 1: Change Order Summary

CO No.	Scope of Work	Reason for Change	Value
1	For preventive maintenance services for tightening, lubrication and thermography of electrical mains and switchgears	To increase the funding of the program in order to be in line with the updated building count.	\$279,540.00
2	For the Tightening, Lubrication and Thermography of Electrical Mains and Switchgears (RFP 16297), to provide services for 27 months to the 24 developments currently in Operating Unit W ("OUW")	Starting on September 30, 2020, these developments transitioned to TCHC (West Region) direct managed	\$107,800.00

3	Provide services for one (1) year to the 33 developments in Operating Units OUX and OUY, which will be transitioning from contract management to direct management starting on January 18, 2022	Starting on January 18, 2022 these developments were transitioned to TCHC direct managed.	\$0.00
4	Preventive maintenance and demand maintenance repairs for tightening, lubrication and thermography of electrical mains and switchgears	2021 over spend on demand maintenance repairs and forecasted 2022 for preventative maintenance demand maintenance repairs	\$100,000.00
Approved Change Orders to Date			\$387,340.00
Recommended Change Order			\$100,00.00
Total Cumulative change orders			\$487,340.00
Original contract awarded (VAC 16393)			\$1,448,840.00
Revised total contract amount			\$1,936,180.00
Cumulative Change Order %			33.64%

IMPLICATIONS AND RISKS:

The 2021 work was completed by the vendor of record and it is recommended that the current vendor complete the program to the expiration of the program at the end of 2022.

A Request for Proposals (RFP) will be issued in 2022 for a new contract to commence on January 1, 2023.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractors during the course of the contract.

Funding for the Change Order award was within the 2021 operating and demand capital budgets and is within the 2022 operating and demand capital budgets.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

STAFF CONTACT:

Allen Murray, Vice President, Facilities Management
(416) 981-6955
Allen.Murray@torontohousing.ca