



Change Order: Extension to the Preventive Maintenance Services and Demand Repairs for Residential Fan Coil Units and Packaged Terminal Air Conditioner (PTAC) units (RFP 16175)

Item 8H

November 3, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-114

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 Midsteel Mechanical Ltd. (Midsteel) for \$1,434,790.00 (exclusive of taxes) for a one year extension to RFP 16175 for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC) from January 01, 2022 to the end of December 31, 2022. This is for locations throughout TCHC's portfolio including Operating Unit OUX which will be transitioning from contract management starting January 18, 2022.

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 recommend that the Board approve the following recommendations to:

1. approve a change order to Midsteel Mechanical Ltd. for \$1,434,790.00 (exclusive of taxes) for a one year extension to RFP 16175 for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC) from January 01, 2022 to the end of December 31, 2022 for locations throughout TCHC's portfolio including Operating Unit OUX which will be transitioning from contract management starting January 18, 2022:
 - a) An amount of \$1,384,790.00 is requested for a one-year extension of the current contract;
 - b) Up to \$50,000.00 for demand services;
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

BACKGROUND

Fan coil units and packaged terminal air conditioner (PTAC) units provide heating and cooling in various buildings across the portfolio. The fan coil units and PTAC units are located within tenant units. Preventive maintenance services and demand repairs are required to maintain this equipment in working order and to ensure they are operating properly and efficiently.

In October 2016, a contract was awarded to Midsteel Mechanical Ltd. (Midsteel) totaling \$4,264,220.00 (exclusive of taxes) for preventive maintenance services and demand repairs for fan coil units and PTAC units for a five-year term as follows:

- Preventive maintenance \$4,139,220.00 (\$803,194.00 annually); 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

As of September 2021, the RFP for the next period of preventative maintenance and demand repair is ready for issuance. The process, from issuance to award, is expected to take approximately six months. As such, the RFP will not close prior to the end of the current contract's date of expiry at the end of December 2021.

TCHC staff are recommending the contract to be extended for one additional year as this maintenance and repair work is critical to the safe and healthy occupancy of the buildings. By extending the existing contract at frozen rates, TCHC is able to ready the next 5 year term of delivery without interruption to existing services and without incurring the additional expense of attempting to bridge the gap with an individual, piecemeal approach to repairs.

A new preventive maintenance services and demand repairs contract for residential fan coil units and packaged terminal air conditioner units (PTAC) is planned to commence on January 1, 2023.

Expanded Scope of Work

The change order includes:

- One additional year of preventative maintenance services and demand repairs for 9,902 units;
- Addition of OUX (six (6) developments), an increase of 1,401 units (from 9,902 to 11,303 units);
- Key holder costs; and
- Allowance of \$50,000.00 to address immediate demand repairs requests following the transition of OUX.

CHANGE ORDER SUMMARY

A change order for \$1,434,790.00 (exclusive of taxes) is requested for a one year extension for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC). The change order includes the addition of OUX to the direct managed portfolio. The extension will run from January 01, 2022 to December 31, 2022.

Table 1: Purchase Order and Change Order Summary

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	n/a	2017	Year 1	TCHC Directed Addition of fan coil and PTAC units	\$37,297.00
2	n/a	2018	Year 2	TCHC Directed Addition of fan coil and PTAC units Use of key holders for access	\$55,526.00
3	n/a	2019	Year 3	TCHC Directed Addition of fan coil and PTAC units Use of key holders for access	\$126,810.00
4	20129	2020 & 2021	Year 4 & Year 5	TCHC Directed Year 4 & 5: Addition of fan coil and PTAC units Addition of OUW Use of key holders for access Contingency - \$100,000	\$615,126
5		Pending	Year 6 & Contingency (for OUX)	TCHC Directed Extension of RFP contract including addition of OUX Use of key holders for access Contingency - \$50,000	\$1,434,790.00
Cumulative approved change orders to date					\$834,759.00
Change order as requested in this report					\$1,434,790.00

Total Cumulative change orders	\$2,269,549.00
Original contract awarded (VAC 16251)	\$4,264,220.00
Revised total contract amount	\$6,533,769.00
Cumulative CO % of contract award	53.22%

IMPLICATIONS AND RISKS:

The change order is recommended to ensure continued delivery of preventative maintenance program/demand repairs vital to the health and safety of our tenants.

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 for the Change Order award is within the program budget of the 2022 Operating Budget (SLA.5272).

SIGNATURE:

"Allen Murray"

Allen Murray

Vice President, Facilities Management

STAFF CONTACT:

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