



Change Order for Additional Funds for Preventative Maintenance Services for Chiller Systems (VAC22065/RFP 16016) Ambient Mechanical Ltd.

Item 9F

April 8, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-41

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 a change order to Ambient Mechanical Ltd. (Ambient) for \$200,533.00 (exclusive of taxes) for additional demand maintenance services for chiller systems (RFP 16016) years 2016 to 2020.

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 Ambient for \$200,533.00 (exclusive of taxes) for additional preventative maintenance services for chiller systems (RFP 16016) and for the demand spend for years 2016 to 2020; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

PROJECT BACKGROUND:

Chiller systems provide cooling for the building. Preventative and demand maintenance services are required to ensure the chillers and cooling towers and related equipment are operating effectively and efficiently.

On April 15, 2016, the Bid Award Subcommittee approved the award for the delivery of preventative maintenance services for chiller systems to Ambient in the amount of \$1,924,697.40 (exclusive of taxes) for a term of up to seven (7) years (five (5) years, with the possibility of two (2) additional one-year extensions at TCHC management's discretion) as follows:

- \$1,626,135.04 for TCHC managed locations as follows:
 - \$643,265.05 (\$214,421.68 annually) for the first three (3) years of the contract;
 - \$917,420.00 (\$229,355.00 annually) for the remaining four (4) years (two (2) years plus additional two-year extensions);
 - \$65,450.00 for five (5) years overall of two (2) chiller systems, if required;
- \$298,562.36 for third party managed locations as follows:
 - \$111,504.36 (\$37,166.12 annually) for the first three (3) years of the contract;
 - \$159,006.00 (\$39,752.00 annually) for the remaining four (4) years (two (2) years plus additional two-year extensions);
 - \$28,500 for five (5) years overall if one (1) chiller system, if required.

During the year end program reconciliation process, it was discovered that while the total approved spend had not been exceeded, no specific approval amounts for demand maintenance were requested for years 2016 to 2020. This was corrected in 2021. Approval is required for the previous year's spends as per Table 1 below:

Table 1: Demand Maintenance Spend Reconciliation

Year	Approved Spend	Actual Spend	Difference
2016	\$0	\$31,611	(\$31,611)
2017	\$0	\$39,675	(\$39,675)
2018	\$0	\$23,812	(\$23,812)
2019	\$0	\$31,813	(\$31,813)
2020	\$0	\$73,573	(\$73,572)
2021	\$207,275	\$185,403	\$21,872*

*NOTE: 2021 underspend cannot be used to offset previous year spends

REASONS FOR RECOMMENDATIONS:

A change order of \$200,533.00 (exclusive of taxes) is being requested to reconcile the demand services spend for years 2016 to 2020.

To date, \$291,351.60 in change orders have been approved for this program. With approval of this request, total cumulative change orders equal \$491,844.60 and are equivalent to 26% of the original purchase order issued as shown in Table 2. The revised total contract amount is \$2,416,582.00.

Table 2: Change Order Summary

CO No.	Scope of Work	Reason for Change	Value
1	Addition of OUW locations 900, 910 Queens Plate and 30 Denarda to the contract	Transitioning from contract managed to direct managed	\$27,084.00
2	Addition of two locations 20 Zachary Court and 384 Mount Pleasant to the contract	New chiller locations added to TCHC portfolio	\$19,984.76
3	Addition of OUX locations 250 Davenport, 92 Carlton, 501 Adelaide, 261 Jarvis and Dan Leckie to the contract	Transitioning from contract managed to direct managed	\$244,282.84
4	Demand services spend for years 2016 to 2022	Adding demand services to the contract	\$200,533.00

Approved Change Orders to Date	\$291,351.60
Recommended Change Order	\$200,533.00
Total Cumulative Change Orders	\$491,844.60
Original contract awarded (VAC 16100)	\$1,924,697.40
Revised total contract amount	\$2,416,582.00
Cumulative Change Order %	26%

IMPLICATIONS AND RISKS:

This work was completed by the vendor of record for demand maintenance services. This change order is needed to reconcile the demand services between 2016 and 2020.

The program expires at the end of 2022 and based on forecasting, no further approvals will be required. This will be confirmed during the quarterly reconciliation process. 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 operating and demand capital budgets for the appropriate year.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

STAFF CONTACT:

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