



Contract Assignment: Operation and Maintenance for Combined Heat and Power (“CHP”) Systems at 24 Locations (RFP 19062)

Item 2G

February 26, 2021

Board of Directors

Report: TCHC:2021-12

To: Board of Directors (the “Board”)

From: Vice President, Facilities Management

Date: February 19, 2021

PURPOSE:

The purpose of this report is to seek the Board’s approval to assign the project contracts from Ecosystem Energy Services Inc. (“Ecosystem”) to Oshawa PUC Energy Services Inc. (“OPUC”) for CHP systems at 24 locations, based on the outcome of Request for Proposals (“RFP”) 19062.

RECOMMENDATIONS:

It is recommended that the Board approve the following recommendations:

- a. Approve the contract assignments to Oshawa PUC Energy Services Inc. totaling \$10,716,877.07 (exclusive of taxes) for operation and maintenance of CHP and emergency generator systems for Group 2 (8 locations) in keeping with the requirements of RFP 19062 as follows:
 - \$3,028,684.99 for operations and maintenance for a term of seven years;
 - \$3,781,869.36 for an additional seven years of operations and maintenance at TCHC management's discretion;

- \$3,906,322.72 for an additional six years of operations and maintenance at TCHC management's discretion;
- b. Approve the contract assignments to Oshawa PUC Energy Services Inc. totaling \$9,923,883.96 (exclusive of taxes) for operation and maintenance of CHP and emergency generator systems for Group 4 (8 locations) in keeping with the requirements of RFP 19062 as follows:
 - \$2,810,541.92 for operations and maintenance for a term of seven years;
 - \$3,504,330.46 for an additional seven years of operations and maintenance at TCHC management's discretion;
 - \$3,609,011.58 for an additional six years of operations and maintenance at TCHC management's discretion;
- c. Approve the contract assignments to Oshawa PUC Energy Services Inc. totaling \$10,006,215.66 (exclusive of taxes) for operation and maintenance of CHP and emergency generator systems for Group 5 (8 locations) in keeping with the requirements of RFP 19062 as follows:
 - \$2,845,211.87 for operations and maintenance for a term of seven years;
 - \$3,529,076.20 for an additional seven years of operations and maintenance at TCHC management's discretion;
 - \$3,631,927.59 for an additional six years of operations and maintenance at TCHC management's discretion; and
- d. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

At the September 12, 2019 meeting, the Board approved the award to Ecosystem for the design, build, operation and maintenance of CHP and emergency generator systems at 24 locations, based on the outcome of RFP 19062 (TCHC:C2019-46). Upon approval, TCHC executed the Design, Build, Operation and Maintenance Agreements (“DBOMA”) with Ecosystem for the CHP and emergency generator systems at each location. To date, Ecosystem has only been issued purchase orders for the value of the design and build costs.

TCHC's Procurement Policy does not permit joint venture bids, as entering into contracts with a single entity ensures clear accountability and liability. In name, Ecosystem was the successful proponent in the RFP 19062, and submitted a single lead bid to design, build, operate and maintain the CHP and emergency generator systems. Because Ecosystem was not permitted to submit a joint venture bid under TCHC's Procurement Policy, Ecosystem identified OPUC as its subcontractor in its proposal. The RFP submission was evaluated and awarded to Ecosystem with the intention that OPUC would assume the operations and maintenance portion of the DBOMAs, upon completion of the design and build phases.

Note, it is stated in the executed DBOMAs with Ecosystem that TCHC acknowledges Ecosystem's intention to seek TCHC's approval to assign operation and maintenance to OPUC upon completion of the design and build phases.

It is recommended that the Board approve the contract assignments to OPUC for the operation and maintenance portion of the DBOMAs, in keeping with the requirements of RFP 19062. The 24 locations are approaching the end of the design and build phases, and OPUC is now prepared to assume operations. OPUC is a public utility and is currently performing satisfactory work on two other similar projects with TCHC.

IMPLICATIONS AND RISKS:

As the current party to the DBOMAs, Ecosystem is liable for all operations and maintenance requirements, and will remain liable until the contract assignments are executed. All bonds remain in place, as per the original agreement, leaving no risk to TCHC.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the agreement. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

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