



## Change Order: Preventive Maintenance Services and Demand Repairs for Fire Alarm/Suppression Systems

Item 7F

September 8, 2023

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2023-96

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

**From:** Vice President, Facilities Management

**Date:** July 27, 2023

### PURPOSE:

The purpose of this report is to seek the BIFAC's and the Board of Directors' approval of a change order of \$1,200,000.00 (exclusive of taxes) to Eurotech Safety Inc. for preventive maintenance and demand repairs for fire alarm/suppression systems in Central Region and for Seniors West.

BIFAC approval is required for this change order, as the cumulative amount of all change orders is both greater than \$250K and greater than 20% of the original contract amounts. The Board's approval is required as the revised contract amount exceeds the \$5M financial approval limit of the BIFAC.

### RECOMMENDATIONS:

It is recommended that the BIFAC approve and recommend that the Board:

- a. approve a change order to Eurotech Safety Inc. for \$1,200,000.00 (exclusive of taxes) for preventive maintenance and demand repairs for fire alarm/suppression system from January 1, 2023 to December 31, 2023; and
- b. authorize the appropriate staff to take all other necessary actions to give effect to the above recommendation.

## REASONS FOR RECOMMENDATIONS:

### PROGRAM BACKGROUND:

TCHC is required to perform preventive maintenance (specific inspections and tests) on the fire alarm and suppressions system as per the Ontario Fire Code. Inspections and tests are performed by both site staff and contracted services.

On an annual basis, contracted certified services are required to inspect and test the following:

- Fire alarm, voice communication and interconnected systems;
- Suppression and sprinkler system, including fire hose cabinet, hoses and valve, and hydrostatic testing (three years);
- Portable fire extinguishers;
- Fire pumps including jockey pumps and air compressors;
- Emergency generators;
- Audible pull stations;
- Smoke control systems;
- Integration of HVAC, maglocks, smoke controls, elevator systems integration with the fire alarm/suppression systems;
- Emergency lighting and fire exits signage; and
- Monthly test and inspections while performing the annual test and inspection.

On a semi-annual basis, contracted services are required to inspect and test the following:

- Mechanical water flow alarm main supply and pressure switches, low pressure alarms, alarm signals at the fire alarm panel;
- Drip drums;
- Valves, system risers, and pressure; and
- Monthly test and inspections while performing the semi-annual test and inspection.

Contracted services are also required to perform demand repairs, which are repairs on an as-needed basis when there is equipment failure and/or based on the results of inspections.

In 2021, RFP 21125 was issued to prequalify vendors for a new Preventive Maintenance Services and Demand Repairs for Fire Alarm/Suppression

Systems Program. RFQ 21247 was subsequently issued to the prequalified vendors to obtain pricing. The new program was scheduled to commence January 1, 2022. However, the awards were deferred resulting in an extension of the former roster from January 1, 2022 to March 31, 2022.

The award for RFP 21125 and RFQ 21247 was approved at the March 8, 2022 BIFAC meeting. That contract expired on March 31, 2022 and the next TCHC Board of Directors meeting was held on April 25, 2022, resulting in Facilities Management ("FM") issuing a direct award to Eurotech Safety Inc. for the preventative maintenance and demand repairs service for the month of April 2022 to ensure uninterrupted service.

Approval of the awards for the new roster was further deferred for another month (April 1, 2022 to April 30, 2022). As such, a direct award to the new roster vendors (RFP 21125/RFQ 21247) was approved.

At the direction of the TCHC Board, the awards were deferred again, resulting in a further extension to the direct award by approving a change order for the remainder of the year (May 1, 2022 to December 31, 2022). As no decision has been made to date, a further extension is required, resulting in this change order for a further year (January 1, 2023 to December 31, 2023).

The original estimated upset limit of \$2.9 million for demand repairs was based on the historical spend. TCHC continues to experience an increase in the number of work orders being completed and the associated cost per work order.

Based on the reviews completed during the Q1 and Q2 reconciliation process, it was noted that the number of work orders have increased due to an increase in the volume of work being completed. The original estimated upset limit of \$2.9 million for demand repairs was based on the historical spend from May 2022 to December 2022. TCHC has and continues to experience an increase in the cost of material and labour. Based on a review, the average work order cost has increased by \$280.00 compared to last year. In 2022 the average work order cost was \$1,510.00 (2,251 work orders) compared to the current average of \$1,790.00 (1,374 work orders as at July 27, 2023), with a forecasted total of 2,355 work orders by December 2023. In addition to the increase, there are also unforeseen costs due to required five year obstruction testing and vandalism.

The additional approval of \$1,200,000.00 is anticipated to be required as follows:

- approximately \$800,000.00 of additional fees because of an increase in the average cost of 2023 work orders;
- approximately \$70,000.00 of five year obstruction testing repairs; and
- approximately \$330,000.00 due to an increase of missing equipment (extinguishers and hose connections).

To date, \$7,189,161.94 in change orders have been approved for this program due to the issues with the awarding of the RFP. With approval of this request, total cumulative change orders equal \$8,389,161.94 and are equivalent to 2593.98% of the original awarded amount issued as shown in Table 1. The revised total contract amount is \$8,712,569.94.

*Table 1: Purchase Order and Change Order Summary*

| <b>Description</b>                                   | <b>Reason for Change</b> | <b>Value</b>          |
|--|--------------------------|-----------------------|
| Direct Award – April 1, 2022 to April 30 2022        | TCHC Directed            | \$323,408.00          |
| Change Order – May 1, 2022 to December 31, 2022      | TCHC Directed            | \$3,239,161.94        |
| Change Order – January 1, 2023 to December 31, 2023  | TCHC Directed            | \$3,950,000.00        |
| Change Order – January 1, 2023 to December 31, 2023. | TCHC Directed            | \$1,200,000.00        |
| Approved change orders to date                       |                          | <b>\$7,189,161.94</b> |
| Change order as requested in this report             |                          | \$1,200,000.00        |
| Total Cumulative change orders                       |                          | <b>\$8,389,161.94</b> |
| Original contract awarded (VAC 22167)                |                          | \$323,408.00          |
| Revised total contract amount                        |                          | \$8,712,569.94        |
| <b>Cumulative Change Order %</b>                     |                          | <b>2593.98%</b>       |

### **IMPLICATIONS AND RISKS:**

This work is required to maintain fire safety and fire suppression systems, to ensure all codes are met, and to ensure the health and safety of our tenants. This change order is required to ensure funding for additional costs associated to the work as noted above and to compensate for ongoing increases in costs to materials and labour. Any significant delays in issuing

the change order will impact the preventive maintenance schedule and the ability to perform demand maintenance repairs and therefore affect being able to ensure the proper operation of fire alarm/suppression equipment. The recommended change order is in accordance with TCHC's current Procurement Policy.

To mitigate risks, staff continuously and rigorously monitor the performance of the vendor during the course of the program. Prior to demand repairs being completed, the work must be authorized by TCHC and then are subject to random inspections to ensure the work was completed satisfactory.

Funding for this award is within the program budget of the 2023 Operating Budget.

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray  
Vice President, Facilities Management

**STAFF CONTACT:**

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