



Contract Award: Demand Services Replacement of Residential Furnaces and Domestic Hot Water Heaters (DHW) on Demand at all TCHC Townhouses (RFP 21094)

Item 2M

December 9, 2021

Board of Directors

Report: TCHC:2021-70

To: Board of Directors (the “Board”)

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

Date: November 15, 2021

PURPOSE:

The purpose of this report is to seek the Board’s approval to award work to Richmond Mechanical Ltd. (Richmond) for up to \$9,533,600.00 (exclusive of taxes) for the replacement of residential furnaces and domestic hot water heaters (DHW) on demand at various TCHC townhouse locations at the rates established based on the outcome of Request for Proposal (RFP 21094) for a term of five years.

Board approval is required for this contractor award as it exceeds the \$2.5 million financial approval limit of TCHC’s Procurement Award Committee (“PAC”) and the \$5 million financial approval limit of the Building Investment, Finance and Audit Committee (“BIFAC”).

RECOMMENDATIONS:

It is recommended that the Board approve the following recommendations to:

1. Approve the award of work to Richmond Mechanical Ltd. for up to \$9,533,600.00 (exclusive of taxes) for the replacement of residential furnaces and domestic hot water heaters (DHW) on demand at various TCHC townhouse locations at the rates established based on

the outcome of Request for Proposal (RFP 21094) for a term of five years as follows:

- a) Replacement services: \$8,858,600.00 (exclusive of taxes) for replacement services as follows:
 - i. \$5,315,160.00 for three years of initial contract (\$1,771,720.00 approx. annually); and
 - ii. \$3,543,440.00 for two additional one-year terms (\$1,771,720.00 approx. annually) at TCHC management's discretion;
- b) Demand services: Up to \$675,000.00 (exclusive of taxes for demand services as follows:
 - i. \$185,000.00 for initial contract of year 1;
 - ii. \$185,000.00 for initial contract of year 2;
 - iii. \$135,000.00 for initial contract of year 3;
 - iv. \$85,000.00 for the first additional optional one-year term; and
 - v. \$85,000.00 for the second additional optional one-year term; and

- 2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

BIFAC:

This report was received by the BIFAC on November 3, 2021.

PROGRAM BACKGROUND:

Residential furnaces and domestic hot water (DHW) tanks provide heating and hot water to townhouse units. As a preventative maintenance measure, all furnaces and DHW tanks in TCHC townhouses are inspected and serviced annually. Due to age and condition, where a furnace or a tank is found to be beyond the point of economic repair, replacement is on an as needed basis. Demand Repairs, like these, are unplanned and drawn from an allowance. The RFP established fixed unit rates for work.

REASONS FOR RECOMMENDATIONS:

The current five year contract for preventative maintenance and demand repairs is coming to a close at year end 2021.

In May 2021, RFQ 21094 was issued to procure services for preventive maintenance and demand repair services. Following a three stage procurement process, Richmond ranked highest in rated criteria and submitted the lowest bid. Richmond submitted a bid price of \$8,858,600.00 for replacement services as described in the scope of work of RFP (21094); 7.63% lower than the business unit's estimate.

Richmond also submitted an hourly rate of \$40.00 for demand services work. This rate will be used when the proponent will be delivering services for any work that falls outside of the contract work. The vendor has performed similar program work for TCHC and has confirmed understanding, ability and pricing. The Plumbing Manager, in consultation with the Program Manager and the Facilities Manager, have determined that the pricing is reasonable and acceptable for the work.

PROCUREMENT PROCESS:

An RFP was issued on May 12, 2021 and closed on June 17, 2021. Three submissions were received. The submissions were evaluated through a three stage process to determine qualified vendors based on rated criteria and pricing.

- **Stage 1** – Mandatory requirements: Strategic Procurement staff reviewed the submissions for mandatory requirements. 3 proponents met the mandatory requirements.
- **Stage 2** – Rated Criteria: On August 20, 2021, an evaluation team (FM-Construction and Preservation and Operations) evaluated submissions based on the Rated Criteria in the RFP documents. Only those proponents who received a minimum score of 70 points were considered for further evaluation. One of the three proponents received the minimum score.
- **Stage 3** – Pricing: Submitted pricing was evaluated to determine the lowest price.

See **Confidential Attachment 1: RFP 21094 Procurement Process** for tables detailing the outcomes of each stage of the evaluation process.

Three bids were received. Only Richmond received a score above the minimum for rated criteria. The recommendation is to award the work to Richmond as the qualified and lowest priced submission.

IMPLICATIONS AND RISKS:

The scope of work is recommended to ensure the comfort, health and safety of our tenants. This work is required to maintain continued delivery of heat and hot water at various TCHC townhouses.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. A third-party health and safety monitoring agent will also be retained to conduct health and safety site inspections during construction. Performance will 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.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

ATTACHMENT:

Confidential Attachment 1: RFP 21094 Procurement Process

Reason for Confidential Attachment:

Matters that are not required to be disclosed under the *Municipal Freedom of Information and Protection of Privacy Act*, including financial information belonging to TCHC that has monetary or potential monetary value.

STAFF CONTACT:

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