



Change Order: Fire Alarm Monitoring Services

Item 5

January 27, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-21

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

From: Senior Director, Business Operations

Date: January 12, 2022

PURPOSE:

The purpose of this report is to seek the approval of the Building Investment, Finance and Audit Committee (“BIFAC”) for a change order to the contract with API Alarm Inc. for the continued provision of fire alarm monitoring equipment and services and integrated key box equipment from January 1 to July 31, 2022.

BIFAC approval is required for the recommended change order, as the cumulative value of change orders issued to API Alarm Inc. exceeds twenty (20%) percent of the original contract award.

RECOMMENDATIONS:

It is recommended that the BIFAC:

1. Approve a change order to the contract with API Alarm Inc. in the global amount of **\$743,948.00** (exclusive of taxes) which includes:
 - (a) \$372,948.00 (exclusive of taxes) for services rendered from March 1 to December 31, 2021 for fire alarm monitoring equipment and services and integrated key box equipment across the Toronto Community Housing (TCHC) building portfolio;
 - (b) \$159,000.00 (exclusive of taxes) for services to be delivered from January 1 to March 31, 2022, which includes addressing previous unforeseen issues associated with the delivery of fire alarm

monitoring equipment and services and integrated key box equipment; and

(c) \$212,000.00 (exclusive of taxes) for a contract extension from April 1 to July 31, 2022 for the continued provision of fire alarm monitoring equipment and services and integrated key box equipment and will allow sufficient time to issue an RFP and award a new contract; and

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

REASONS FOR RECOMMENDATIONS:

In August 2014, a public Request for Proposal (RFP) 111/14 was issued for fire alarm monitoring services at TCHC. Specifically, it required a vendor to deliver the following:

- Replacement of existing fire alarm monitoring equipment (e.g. transmitter, modem);
- Replacement of key box equipment with integrated equipment (e.g. vendor key box); and
- Provision of 24/7 monitoring and dispatching in response to fire alarms.

In April 2015, an award was approved to API Alarm Inc. for \$3.52M (exclusive of taxes) for fire alarm monitoring systems and services for a term of 7 years; comprised of an initial five (5) year term, with the option of two one-year contract extensions.

Currently, API Alarm Inc. continues to provide fire alarm monitoring equipment and services; a critical activity that keeps buildings and tenants safe. As a result of a budget reconciliation process, TCHC identified the need for a change order in the amount of \$372,948 for services rendered from March 1 to December 31, 2021, as services provided by API Alarm Inc. exceeded the \$3.5M that had been previously approved. While TCHC has directed API Alarm Inc. to continue to provide fire alarm monitoring equipment and services, pending approval of the required change order, it has accrued invoices from API Alarm Inc. that exceed the approved amount and no payments have been issued for the excess amount, pending approval of the change order. Additionally, an additional \$371,000 has been identified as required to cover services through July 31, 2022. This sum is composed \$159,000, which is identified as required to continue services to March 31,

2022, being the end of the current contract term, and \$212,000, which is identified as required to cover the cost of services that will be required during an extension period from April 1 to July 31, 2022 (See Attachment 1).

On January 20, 2022, the Procurement Award Committee approved the proposed change order, subject to BIFAC approval. Approval of the change order requires BIFAC approval, as the cumulative value of change orders now exceeds 20% of the original contract award. The total approved budget is sufficient to cover the contract amount in total (see Attachment 1).

The recommended change order will ensure the continued provision of fire alarm monitoring equipment and services and will allow TCHC enough time to issue an RFP and award a new contract. The requested change order will address:

- Costs to be incurred through the provision of equipment and services that were not included in the original scope of the contract due to unforeseen issues, which include:
 - Service calls to repair damages to vandalized equipment;
 - Relocation of fire alarm monitoring and key box equipment;
 - Installation of new phone lines, as per new ULC requirements; and
 - Installation of new equipment at new buildings across the portfolio.
- Costs for an additional 4 months of monitoring charges from April 1, to July 31, 2022, which will allow sufficient time for TCHC to issue an RFP and award a new contract.

The recommended change order is in accordance with TCHC's current Procurement Policy.

IMPLICATIONS AND RISKS:

The circumstances that give rise to these COs highlights the need to further focus on the following key areas to ensure that this situation does not recur:

- Business unit oversight: Ensure that the business unit assign a dedicated staff to oversee the program and to conduct diligent review of invoices as they are received from the vendor;
- Regular budget review: Ensure that the business unit conducts regular budget reconciliation (e.g. monthly, quarterly), which include a review of actual, budgeted, and forecasted figures;

- Inclusion of comprehensive RFP requirements: Ensure the inclusion of a comprehensive list of requirements into the RFP for the new contract; and
- Contracts database: Ensure that the business unit utilize the recently launched TCHC contract repository to track contract renewals.

API Alarm Inc. is currently delivering fire alarm monitoring equipment and services and integrated key box equipment across the TCHC building portfolio. The requested contract extension will ensure service continuity of service and will provide TCHC with enough time to issue a new RFP and award a new contract.

SIGNATURE:

“John P. Angkaw”

John P. Angkaw
Senior Director, Business Operations

STAFF CONTACT:

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ATTACHMENTS:

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| Attachment 1: | Change Order Summary |
| Confidential Attachment 2: | Briefing Note re: Public Agenda - Item 5
Change Order: Fire Alarm Monitoring Services |
| Reason for Confidential Attachment: | Matters that are not required to be disclosed under the Municipal Freedom of Information and Protection of Privacy Act, including but not limited to the security of the property of TCHC and commercial and financial information of TCHC that has monetary value or potential monetary value. |

Attachment 1: Change Order Summary

VAC No.	PO No.	Approval Date	Description	Individual CO (\$)	Cumulative CO (\$)	Cumulative CO % of Original Contract
15028	C45116	March 2015	Funding adjustment for fire alarm monitoring and keybox installations at new building sites.	\$28,465	\$28,465	0.81%
15028	E1 1744	April 2016	Funding adjustment for installation of primary and back up phone lines, as per ULC requirements.	\$81,399	\$109,864	3.12%
15028	E1 24838/330 #1	March 2020	Funding adjustment for service calls for all sites and installation of additional equipment at new building sites.	\$29,206	\$139,070	3.95%
21137	E1 24838/330 #4	March 2021	Funding adjustment for service calls for all sites and, installation of additional equipment at new building sites, and movement of key boxes.	\$149,997	\$289,067	8.20%
22021	E1 24838/330 #5	January 2022	Funding adjustment for service calls for all sites and, installation of additional equipment at new building sites, and movement of	\$372, 948	\$662,015	19%

VAC No.	PO No.	Approval Date	Description	Individual CO (\$)	Cumulative CO (\$)	Cumulative CO % of Original Contract
			key boxes. Period covered is from March 1 to December 31, 2021.			
22021	E1 24838/330 #5	Pending	Funding adjustment for service calls for all sites, installation of additional equipment at new building sites, and additional 4 months of monitoring services. Period covered is from January 1 to March 31, 2022 (\$159,000) and April 1 to July 31, 2022 (\$212,000).	\$371,000	\$1,033,015	29%