



Contractor Award: Commercial Laundry Appliances (RFP 21010)

Item 7C

June 23, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-61

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

From: Acting Chief Operating Officer

Date: June 9, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval to award a contract to Coinamatic Canada Inc. ("Coinamatic") for the provision and maintenance of commercial laundry appliances, based on the outcome of Request for Proposal ("RFP") 21010.

BIFAC approval is required for this contract award as it exceeds the \$2.5M financial approval limit of TCHC's Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that the BIFAC approve and forward to the Board of Directors (the "Board") for approval the following recommendations:

- (a) Approve the award of the work to Coinamatic Canada Inc. for \$26,292,435.00 (exclusive of taxes) for the provision and maintenance of commercial laundry appliances based on the outcome of RFP 21010 for a term of ten (10) years as follows;
 - Up to \$12,746,873 for five (5) years including:
 - \$11,846,025 for license fees (\$2,369,205 annually);

- \$151,800 for card reader license fees (\$30,360 annually); and
 - \$749,048 for revenue to Coinamatic (\$149,810 annually).
- Up to \$13,545,562 for one additional five (5) year term at TCHC management's discretion including:
 - \$12,718,125 for license fees (\$2,543,625 annually);
 - \$165,600 for card reader license fees (\$33,120 annually); and
 - \$661,838 for revenue to Coinamatic (\$132,368 annually).
- (b) Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

The commercial laundry services program provides laundry appliances (e.g. washers and dryers) at all TCHC buildings and selected townhomes.

The commercial laundry services program is currently serviced by Sparkle Solutions Corporation ("Sparkle") and involves the provision and maintenance of approximately 4,485 washers and dryers across TCHC apartment buildings and townhouse complexes. Through this program, tenants have access to commercial laundry appliances in designated laundry rooms and pay for laundry services with cash or through the card reader system.

Coinamatic will need to transition to become the new vendor for Commercial Laundry services. Coinamatic has equipment already in stock and has pre-ordered the remainder of machines required for transition, which can be delivered within a month. The initial transition period submitted to BIFAC at its May 18, 2021 meeting, as part of the report seeking approval of a contract extension for Sparkle for up to 12 months (Report BIFAC:2021-46), will be reduced based on the readiness and deployment strategy provided by Coinamatic (see Confidential Attachment 1). In addition, there will also be a reduction in the amount allotted and approved for the Sparkle change order approved by the BIFAC, as new laundry appliances are installed by Coinamatic and old laundry appliances are removed by Sparkle.

PROCUREMENT PROCESS:

RFP 21010 was issued on February 23, 2021 and closed on May 10, 2021. In total, two (2) submissions were received and were evaluated to determine

the best price and vendor capacity to perform the services. Based on industry research and consultations, it was determined that there were only two (2) vendors within the Greater Toronto Area that would be able to deliver the requirements of the RFP; these two (2) vendors provided the submissions to the RFP.

As a result, Coinamatic submitted all required materials and demonstrated capacity to perform the services and is recommended for the work. The recommendation is based on awarding the work as per the RFP requirements.

Overall, Coinamatic's submission satisfied all mandatory requirements and surpassed the standard required to permit its pricing proposal to be considered. Specifically, Coinamatic submitted pricing as it relates to the following below:

- License Fees: monthly license fee payable to TCHC and Coinamatic for each laundry appliance installed;
- Card Reader Fees: monthly license fee payable to Coinamatic for each card reader machine installed; and
- After-Cost Revenue: percentage from the after-cost revenue payable to TCHC and the difference would be payable to Coinamatic.

Based on the pricing submission, Coinamatic would have a ten (10) year total of \$26,292,435 based on licensing and card reader fees and 10% after-cost revenue split. Conversely, TCHC would generate a ten (10) year revenue total of \$44,674,965 (see Confidential Attachment 2).

The Procurement Award Committee ("PAC") approved the recommendation to award the work to the Vendors at its meeting on June 15, 2021, subject to BIFAC and Board approval. At that time, the PAC took note of the following considerations:

- The award is within reasonable and acceptable range for the scope of work;
- The recommended proponent has performed similar work with satisfactory results previous to 2005 and prior to amalgamation and creation to TCHC. Coinamatic Canada Inc. was the Commercial Laundry service provider for Metropolitan Toronto

Housing Authority (“MTHA”) prior to the direct award to Sparkle Solutions.

- The recommended proponent has confirmed they have the capability and capacity to deliver the scope of work.

IMPLICATIONS AND RISKS:

To ensure the delivery of high-quality services and mitigate any risks, regional staff will continuously and rigorously monitor the performance of the vendor during the course of service delivery and ensure the work is delivered in accordance with the scope and specifications. In addition, the Operations Compliance team will monitor performance, establish points of contact, and schedule quarterly meetings to discuss any issues with service delivery. Performance will be evaluated in accordance with TCHC’s Vendor Compliance evaluation system.

Results gathered through the vendor performance reviews can be used to support decisions to remove underperforming vendors from TCHC’s rosters and/or future bidding opportunities.

SIGNATURE:

“John Angkaw”

John Angkaw
Acting Chief Operating Officer

PUBLIC ATTACHMENT:

1. Commercial Laundry Appliances - Program Overview

Confidential Attachment 1:

Commercial Laundry Appliances - RFP Overview

Reason for Confidential Attachment:

Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests.

Confidential Attachment 2 Commercial Laundry Appliances - Revenue Overview

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 a proposed or pending transaction with a third party.

STAFF CONTACT:

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Public Attachment 1: Commercial Laundry Appliances – Program Overview

		Month	RFP – Commercial Laundry
2021		May	RFP 21010 Closing Date: Commercial Laundry Appliance
		June	Confirm Successful Proponent BIFAC Approval: RFP 21010 - Commercial Laundry Appliance
		July	Board of Directors Approval: RFP 21010 - Commercial Laundry Appliance
		August	If Coinamatic is approved as the new vendor, the following will be actioned:
		September	Initiate Site Assessments
		October*	Install 20% of Laundry Appliances + Continue Assessments
		November*	Install 40% of Laundry Appliances+ Continue Assessments
		December*	Install 60% of Laundry Appliances + Complete Assessments
		January*	Install 80% of Laundry Appliances
		February*	Install 100% of Laundry Appliance
2022		March	Excess transition buffer that was originally built into the change order agreement with the incumbent vendor (Sparkle Solutions). This buffer will not be required if Coinmatic completes the accelerated installations by February 2022.
		April	
		May	
		June	

- * Note: Coinmatic has confirmed they have acquired a significant inventory of laundry appliances that would accelerate the installation timelines, with a projected completion by February 2022. At that point, the month-to-month agreement with the incumbent vendor (Sparkle Solutions) would terminate.
- * Note: As new laundry appliances are installed by Coinamatic, the incumbent vendor (Sparkle Solutions) will remove the corresponding percentage of laundry appliances.