

**Change Order: Commercial Laundry (Sparkle Solutions Corporation)**

Item 8A

May 18, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-46****To:** Building Investment, Finance and Audit Committee (“BIFAC”)**From:** Acting Chief Operating Officer**Date:** May 18, 2021**PURPOSE:**

The purpose of this report is to seek approval from the BIFAC to approve a change order to Sparkle Solutions Corporation (“Sparkle Solutions”) for the continued provision of commercial laundry services at Toronto Community Housing (“TCHC”).

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders exceeds the \$2.5 million financial approval limit of Toronto Community Housing’s (“TCHC”) 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:

1. Approve a change order to Sparkle Solutions Corporation for up to \$1,870,029.00 (exclusive of taxes) on a month-to-month basis at \$178,098 per month (with a declining value for the final four months of transition) for continued commercial laundry services at TCHC buildings and townhouses for up to a 12 month term, expiring June 30, 2022. This will:
  - Allow for the continued provision of laundry equipment currently existing in TCHC buildings;

- Avoid disruption of service while a request for proposal (“RFP”) award process continues; and
  - Allow appropriate transition to a new proponent based on the outcome of the RFP, if applicable; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**BACKGROUND:**

At TCHC, the scope of the commercial laundry services contract includes the provision of washers and dryers, as well the provision of maintenance services to the equipment located in TCHC buildings and townhouses. Currently, Sparkle Solutions supplies and provides maintenance services to 4,885 laundry appliances (2445 washers and 2440 dryer units).

On October 25, 2005, TCHC entered into a 10 year commercial laundry services contract with Sparkle Solutions. In 2010, the contract was extended until October 24, 2020.

At its September 14, 2020 meeting, the BIFAC approved a change order in the amount of \$1,098,590.85 (exclusive of taxes) to extend services another six months, expiring April 24, 2021.

While TCHC established the Operations Compliance business unit, delays were encountered in recruiting the business unit manager, who would lead the development of the Request for Proposal (“RFP”) for commercial laundry services. Additional delays were experienced as the development of the RFP required extensive research and external consultation to inform the development of the RFP requirements. The RFP for commercial laundry services was eventually posted in February 2021, which required a subsequent change order to the existing contract to accommodate the close-out of the RFP in the amount of \$356,196, which was approved by the Acting Chief Executive Officer (“CEO”) on April 24, 2021 for two months, expiring June 24, 2021.

**UPDATE:**

To accommodate for the approval and awarding of the RFP contract (see Table 1), a change order to Sparkle Solutions is recommended on a month-to-month basis for up to a twelve month term, expiring June 30, 2022. The extension will allow TCHC to conclude the RFP process and allow time to transition to the successful proponent, should the successful proponent not be the incumbent.

*Table 1: RFP Timeline for Award*

<b>Milestone</b>	<b>Date</b>
<b>RFP Closing Date</b>	May 7, 2021
<b>Confirm Successful Proponent</b>	June 15, 2021
<b>Board of Directors Approval</b>	July 22, 2021
<b>Effective Date of New Contract</b>	September 1, 2021
<b>Installation of Laundry Appliances*</b>	September 1, 2021 to June 30, 2022

\* Note: Only required if incumbent vendor is not the successful proponent. If incumbent vendor is successful, this phase is not required.

It should be noted that the change order will not result in net new costs, as it is an extension of the current contract of the incumbent.

**RISK AND IMPLICATIONS:**

With the change order extension, an additional timeline buffer was included to account for the following identified risks and their implications:

- 1. Supply chain during COVID-19 pandemic:** As the COVID-19 pandemic has impacted the appliance supply chain market, the extended timeline accounts for the successful proponent, should the successful proponent not be the incumbent, to have a longer lead time to receive the required laundry appliances to install in the TCHC portfolio; and
- 2. Installation of Laundry Appliances:** As the commercial laundry appliances are located throughout the TCHC portfolio, the extended timeline accounts for the transition for the successful proponent,

should the successful proponent not be the incumbent, to install their commercial laundry appliances

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (Report TCHC:2020-88).

**SIGNATURE:**

*"John P. Angkaw"*

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John P. Angkaw  
Acting Chief Operating Officer

**ATTACHMENT:**

1. Appliance Program Primary and Backup Vendors by Regions – **NEW**

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**Attachment 1: RFP for Commercial Laundry Program Overview**

		<b>Month</b>		<b>RFP – Commercial Laundry</b>
2021	May	BIFAC Approval – Change Order (Sparkle Solutions) RFP Closing Date - RFP Commercial Laundry		
	June	Confirm Successful Proponent BIFAC Approval – RFP Commercial Laundry Board of Directors Approval – Change Order (Sparkle Solutions)		
	July	Board of Directors Approval – RFP Commercial Laundry		
		If <b>Sparkle Solutions</b> is successful, the following actions occur.	If a <b>New Proponent</b> is successful, the following actions occur.	
	September	September 1 <sup>st</sup> – New Contract	September 1 <sup>st</sup> – New Contract	
	October	Install 25% of Laundry Appliances	Organizing and Ordering of New Appliances	
	November	Install 50% of Laundry Appliances		
	December	Install 75% of Laundry Appliances		
January	Install 100% of Laundry Appliances			
2022	February			
	March*		Install 25% of Laundry Appliances**	
	April*		Install 50% of Laundry Appliances**	
	May*		Install 75% of Laundry Appliances**	
	June*		Install 100% of Laundry Appliances**	

\*Note: Only required if incumbent vendor (Sparkle Solutions) is not successful vendor. If incumbent vendor is successful vendor, this phase is not required as they can implement the program initially and change it over to new appliances in the following months.

\*\*Note: As new laundry appliances are installed by the new proponent, incumbent vendor (Sparkle Solutions) will remove the corresponding % of laundry appliances.