



## Change Order: Integrated Pest Management Services

Item 9C

July 17, 2023

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2023-81

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

**From:** Chief Operating Officer (Acting)

**Date:** July 11, 2023

### PURPOSE:

The purpose of this report is to seek the Building Investment, Finance and Audit Committee's ("BIFAC") approval of a change order to the existing Integrated Pest Management Services contract for up to 12 months.

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 TCHC's Procurement Award Committee ("PAC").

### RECOMMENDATIONS:

It is recommended that the BIFAC:

1. Approve a change order to the term and budget for the existing rosters for Integrated Pest Management ("IPM") services for up to \$4,017,381 (exclusive of taxes) for 12 months on an as-needed basis for all Toronto Community Housing Corporation ("TCHC") and Toronto Seniors Housing Corporation ("TSHC") units, common residential areas, and commercial areas;
2. Authorize the Chief Operating Officer to execute a contact amendment to extend the contract term with the following roster vendors:

- i. SVN Services Canada Ltd. o/a Terminix Canada;
  - ii. 24/7 Safeguard Inc.;
  - iii. 1613932 Ontario Ltd. o/a Pest Control Plus;
  - iv. Metro King Pest Control Inc.;
  - v. E-Safe Pest Control Inc.; and
3. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

### **REASONS FOR RECOMMENDATIONS:**

The provision of integrated pest management services is governed by municipal by-laws and federal regulations, and is a key responsibility of the landlord as set out in the *Residential Tenancies Act*. It is also an essential component of a broader clean buildings and maintenance strategy, which is intended to establish achievable service standards, sustainable service models, and enable consistent and cost-effective delivery of service geared to enhancing tenant satisfaction.

### **Decision History**

On July 31, 2018, the Board of Directors approved an award for integrated pest management services based on RFP 18037 (Report TCHC:C2018-31) in the amount of \$13.75M (exclusive of taxes) for a term of up to five years (three years with the possibility of two additional one-year extensions at TCHC management's discretion) as follows:

- up to \$8.25M for three years (\$2.75M annually); and
- up to \$5.5M for two additional one-year terms (\$2.75M annually) at TCHC management's discretion.

The intent of RFP 18037 was to assign one contractor per group (five geographical groups). An insufficient number of qualified contractors was secured through RFP 18037. As a result, it was necessary to adjust the manner in which contractors were assigned to geographical groups. At the same time, TCHC issued RFP 18442 to secure additional contractors to support this Program. RFP (18442) was issued in February 2019. The new RFP separated one of the geographical groups into three Operating Units (J, K and M) with the intent to award one contractor per Operating Unit. Additional funding approval was not required as the necessary funding was already approved through the Board's approval of Report TCHC:C2018-31.

On September 29, 2019, the President and Chief Executive Officer, through the Vendor Award Committee, approved a direct award for an additional

proponent to replace the proponent assigned to OUK who withdrew from the Program. The direct award was recommended for a proponent who had qualified, but remained on a waiting list should a vacancy occur. Additional funding approval was not required as the necessary funding was already approved through the Board's approval of Report TCHC:C2018-31.

On August 27, 2020, the President and Chief Executive Officer, through the Vendor Award Committee, approved a direct award to provide temporary services to OUW in the amount of \$217,630.00 (excluding taxes) for a term of 11 months to align the date with the original contract and allow time to run an RFP.

On August 27, 2021, the President and Chief Executive Officer, through the Vendor Award Committee, approved an award based on RFP 21059 in the amount of \$494,609.92 (exclusive of taxes) for an additional vendor for OUW for up to two years (one year with the possibility of one additional one-year extension at TCHC management's discretion) as follows:

- up to \$247,304.96 for year one (1); and
- up to \$247,304.96 for one (1) additional one-year term at TCHC management's discretion

On December 23, 2021 the Procurement Award Committee approved an award based on RFP 21291 in the amount of \$982,737.35 (exclusive of taxes) for an additional two vendors for Operating Units OUX and OUY for up to 20 months (eight months with the possibility of one additional one-year extension at TCHC management's discretion) as follows:

- up to \$393,094.94 for eight months; and
- up to \$589,642.41 for one additional one-year term at TCHC management's discretion.

A new RFP was initiated on March 7, 2023, well in advance of the expiration of the current roster, in order to refresh the entire integrated pest management program. This timeframe allowed for an appropriate allotment of time for the procurement process, approval, award and execution prior to the current contract expiry on August 31, 2023.

At the TSC meeting held on June 13, 2023, TCHC committed to refresh the pest management strategy and align it with our tenants' expectations. After thorough evaluation and careful consideration, it became evident that the scope and functional specifications outlined in RFP 23057 were insufficient

to meet our operational requirements and tenants' preferences. Additionally, it was identified that vendor administrative costs contributed significantly to cost increases without necessarily enhancing the tenant experience. Therefore, we are undertaking a reevaluation of the pest control service delivery and process, with a specific focus on items that will address the needs of tenants for both TCHC and TSHC, and address RFP requirements that do not directly benefit tenants but contribute to cost increases. Confidential Attachment 1 provides details of the RFP procedure and results.

It is important to note that the integrated pest management services are provided, by TCHC to TSHC, as a shared service. TSHC is releasing its Quality Improvement Report ("QIR") on July 10, 2023. The Pest Management Refresh will undertake a comprehensive review of the QIR and use the findings from the report to shape the scope and delivery of pest services.

As a result, Business Operations believes it is in the best interest of both TCHC and TCHC tenants to terminate the current RFP and instead issue a change order to the existing contract at the current pricing, with an additional increase built into the request in the event of potential operational cost increases. TCHC is committed to undertaking a comprehensive review of its pest control strategy and scope of contract during the period to which the change order would apply.

*Table 1: Annual Contract Budget - 2018 to 2023 including Change Order Requested*

Approval Date	RFP	Reason	Annual Contract Budget
31-Jul-18	RFP 18037/18442	Initial RFP	\$2,750,000.00
27-Aug-21	RFP 21059	service for addition of OUW	\$247,304.96
14-Dec-21	RFP 21291	service for addition of OUX & OUY	\$589,642.41
Total Annual Contract Budgeted			\$3,586,947.00
12% contingency (for potential operational cost increases)			\$430,433.68
Total Cumulative change orders requested:			\$4,017,381.00

*Table 2: Alignment of Timelines for Extension to Current Contracts and Issuance of New RFP:*

Anticipated change order approval	31-Jul-2023
Meetings with current vendors for change order acceptance	1-Aug to 4-Aug-2023
Re-alignment of geographical service areas (contingency if needed) if vendors remove themselves from roster	7-Aug to 15-Aug-2023
Meetings with vendors (if needed) for newly aligned service areas and scope	16-Aug to 18-Aug-2023
Communications to all TCHC site staff (if needed) on new vendor alignments for sites	21-Aug-2023
Implementation of change order for current contracts for 12 Months	1-Sep-2023
Evaluation of current pest control scope of work (identify measures for cost savings), service delivery contract and RFP process	1-Oct to 30-Nov-2023
Consultations and engagement with stakeholders for new pest control scope and service delivery	1-Dec-2023 to 31-Jan-2024
Completion of new scope for pest control with review	30-Mar-2024
Issue documents for RFP on Bonfire	15-Apr-2024
Information session held	22-Apr-2024
RFP closed	3-May-2024
A rectification period of three business days followed the closing	4-May to 7-May-2024
Consensus meeting – 4 evaluators	27-May-2024
Meeting with successful vendors	10-Jun to 13-Jun-2024
Onboarding with vendors for new scope (1 week)	17-Jun-2024
Transition and preparation period for vendors to new scope	1-Jul to 3- Jul-2023
Presentation to site staff, regional Operations management and tenants on new scope and service delivery	1-Jul to 15-Aug-2024
Implementation of new pest control contract	1-Sep-2024

**IMPLICATIONS AND RISKS:**

The Operations division has developed a contingency plan to address a situation where a proponent fails to commit to the next twelve months. This plan includes:

- 1) Realigning geographical service areas to allow vendors with a larger capacity to service high volume sites;
- 2) Redistributing sites serviced by current vendors who do not commit to extension, to vendors with capacity to service extra buildings;
- 3) Changing service schedules for low volume sites with minimal pest issues from weekly to bi-weekly, allowing vendors to service additional sites on the available extra days; and
- 4) Scheduling vendors to complete common area and exterior site service on same day as in-unit treatments, thereby eliminating the need for additional visits to sites. This will require extension of service time access to sites.

Pest issues within TCHC buildings can significantly impact the well-being and satisfaction of our residents, compromising their living conditions. Failing to implement a robust and sustainable pest management program puts TCHC at risk of facing various consequences associated with perceived mismanagement, including potential rent abatement rulings by the Landlord and Tenant Board, orders from Municipal Licensing and Standards ("MLS") for failure to maintain a "pest-free" environment, and Health Protection orders issued by Toronto Public Health.

As a responsible landlord, TCHC is obligated to provide effective pest control services to its buildings, both through preventive measures and responsive scheduling.

By not allocating sufficient resources to adequately address the pest management, we run the risk of prolonged pest issues, resident dissatisfaction, and potential legal ramifications. It is crucial to prioritize the implementation of a comprehensive pest management program to safeguard the comfort and well-being of our residents, as well as to protect the reputation and compliance standing of TCHC.

**SIGNATURE:**

*“Nadia Gouveia”*

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Nadia Gouveia  
Chief Operating Officer (Acting)

**ATTACHMENT:**

**Confidential Attachment 1:** RFP 23056 Procedure & Results - Integrated Pest Management Services

**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.

**STAFF CONTACT:**

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