



Vendor Award: Comprehensive Deep Energy Retrofit at 575 Danforth Road

Item 9B

November 2, 2023

Building Investment, Finance and Audit Committee

Report: BIFAC:2023-117

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

From: Vice President, Facilities Management

Date: October 12, 2023

PURPOSE:

The purpose of this report is to seek the BIFAC's and the Board of Directors' (the "Board") approval to award work to Joe Pace and Sons Contracting Inc. for \$6,517,386.00 (exclusive of taxes) for comprehensive deep energy retrofit construction at 575 Danforth Road.

BIFAC approval is required for this award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC"), and Board approval is required as it exceeds the \$5 million financial approval limit of the BIFAC.

RECOMMENDATIONS:

It is recommended that the BIFAC approve and recommend that the Board:

1. approve the award of work to Joe Pace and Sons Contracting Inc. for \$6,517,386.00 (exclusive of taxes) for comprehensive deep energy retrofit construction at 575 Danforth Road based on the outcome of Request for Proposal ("RFP") 22352-PP; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

REASONS FOR RECOMMENDATIONS:

PROJECT BACKGROUND:

575 Danforth Road consists of a 2-storey walk-up apartment totaling 16 units and was built in 1958.

Through review by Facilities Management and Building Condition Assessment information, 575 Danforth Road has been identified as requiring comprehensive retrofits due to high capital need and high energy consumption. There also has been staff concerns with respect to water infiltration from the roof, making it difficult to maintain through repairs and is in urgent need of replacement.

The project will be receiving \$500,000 of grant funding from the Federation of Canadian Municipalities ("FCM") Green Municipal Fund Sustainable Affordable Housing program (pilot project grant) and will act as a demonstration project for other buildings within the TCHC portfolio due to the geo-exchange system and pre-fabricated construction methods to reduce tenant disruption.

The project is expected to take approximately 15 months, weather permitting and assuming no delays due to COVID-19. Work will not commence until this award has been approved, a contract has been executed and the purchase order issued. Any significant delays in issuing the purchase order will impact the construction schedule.

PROCUREMENT PROCESS:

An RFP was issued on January 17, 2023 and closed on March 13, 2023. Four submissions were received. Submissions were evaluated through a three stage process to determine qualified vendors and pricing. Joe Pace and Sons Contracting Inc. submitted the only qualified submission.

A vendor bid confirmation meeting was held with Joe Pace and Sons Contracting Inc. on September 1, 2023, facilitated by Strategic Procurement, and attended by the Design Manager, O'Keefe & Associates, Workshop Architecture, and representatives from the Facilities Management Construction and Preservation team to confirm their submitted pricing, capacity, timeline and understanding of the scope of work.

The proponent's bid was higher than the estimate. A line by line review of the pricing form was conducted with an emphasis on the items where a large

discrepancy from the estimate occurred. The variances are associated with the pre-fabricated cladding system, brick replacement, windows, and mechanical systems. The proponent clarified that they received quotations from multiple mechanical sub-contractors and observed minimal variance between the quotations.

This project is acting as a demonstration project. Some of the proposed products, systems and techniques are not yet commonplace in the market and are reflected in the cost of construction.

Joe Pace and Sons Contracting Inc. confirmed their understanding of the scope of work, ability and pricing at a confirmation meeting held on September 1, 2023, and September 22, 2023 and via confirmation email received on Tuesday, September 26, 2023.

The Design Manager, in consultation with other Facilities Management staff, and O'Keefe & Associates agree that the pricing is reasonable and acceptable for the work given that it is a demonstration project.

Confidential Attachment 1 provides details on pricing and rated criteria.

IMPLICATIONS AND RISKS:

A public RFP was issued and the recommendation is based on awarding the work as per the RFP requirements. Thus, the risk of a proponent challenging the awarding of the contract is minimized.

Entry into tenant units is required. Key holder services will be engaged, and timely and appropriate notification will be provided to tenants to notify them of planned entry, and any disruptions and restrictions.

As the scope of work includes some renovation of staff spaces, there will be some disruption to staff and temporary work areas may need to be set up. Timely and appropriate notification will be provided to building staff to notify them of planned disruptions and restrictions.

Workshop Architecture Inc. will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, 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.

Funding for this award is within the program budget of the 2023-2026 Capital Budget. A portion of the project (\$500,000.00) is being funded by the FCM Green Municipal Fund Sustainable Affordable Housing program.

Confidential Attachment 2 provides information on the Source and Use of Funds.

SIGNATURE:

“Allen Murray”

Allen Murray
Vice President, Facilities Management

ATTACHMENTS:

Confidential Summary of Submissions

Attachment 1:

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 Source and Use of Funds/Budget Allocation

Attachment 2:

Reason for Confidential Attachment: Information related to the security of the property of TCHC and commercial and financial information of TCHC that has monetary value or potential monetary value.

STAFF CONTACT:

Allen Murray, Vice President, Facilities Management
416-981-6955
Allen.Murray@torontohousing.ca