



Contract Award: All-Inclusive Preventive Maintenance Services and Demand Repairs for Residential Furnaces, Domestic Hot Water (DHW), Tankless, and Combo Water Heaters at Various TCHC locations (RFP 21096)

Item 8C

November 3, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-109

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

From: Vice President, Facilities Management

Date: October 26, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's approval to award work to Firenza Plumbing & Heating Ltd. (Firenza) for up to \$6,909,440.00 (exclusive of taxes) for all-inclusive preventive maintenance services and demand repairs for residential furnaces, domestic hot water tanks, and tankless and combo water heaters at various TCHC townhouses, excluding Operating Units OUX and OUY. This request is based on the outcome of Request for Proposal (RFP 21096) for a term of five years as follows.

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

RECOMMENDATIONS:

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. Approve the award of work to Firenza Plumbing & Heating Ltd. for up to \$6,909,440.00 (exclusive of taxes) for all-inclusive preventive

maintenance services and demand repairs for residential furnaces, domestic hot water tanks, and tankless and combo water heaters at various TCHC townhouses, excluding Operating Units OUX and OUY, based on the outcome of Request for Proposal (RFP 21096) for a term of five years as follows:

- a) \$6,659,440.00 (exclusive of taxes) for preventive maintenance and demand services for the current direct managed portfolio:
 - i. \$3,995,664.00 for three years of the initial contract (\$1,331,888.00 annually); and
 - ii. \$2,663,776.00 for two additional optional one-year terms (\$1,331,888.00 annually) at TCHC management's discretion;
 - b) Up to \$250,000 for demand services for the direct managed portfolio for services not in scope as follows:
 - i. \$150,000 for three years of the initial contract (\$50,000 annually); and
 - ii. \$100,000.00 for two additional optional one-year terms (\$50,000.00 annually) at TCHC management's discretion;
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

PROGRAM BACKGROUND:

Preventive Maintenance services and demand repairs are required to maintain furnaces and domestic hot water (DHW) heaters in working order and to ensure they are operating properly and efficiently to provide heating and hot water to TCHC tenants.

Preventive Maintenance services include annual cleaning and inspections of furnaces and DHW heaters. Furnaces are maintained in accordance with the requirements of the Technical Safety & Standards Authority (TSSA). These services relate to the safe and healthy occupancy of TCHC buildings and are often tied to regulatory requirements. Demand Repairs are unplanned and drawn from an allowance.

REASONS FOR RECOMMENDATIONS:

The current five year contract for preventative maintenance and demand repairs is coming to a close at year end 2021.

In May 2021, RFP 21096 was issued to procure services for preventive maintenance and demand repair services of furnaces and DHW heaters for locations directly managed by TCHC (6,276 townhouses). Firenze, the incumbent vendor, was the successful proponent with a submitted bid of \$6,909,440.00 (excluding taxes) as the qualified and lowest priced submission.

OUX and OUY were not included in the original RFP as they continued to be managed through contract management companies at the time of issue. A change order for \$650,000 to include these properties (652 townhouses) has been submitted as a companion document under separate cover.

PROCUREMENT PROCESS:

An RFP was issued on May 12, 2021 and closed on June 17, 2021. Four submissions were received. The submissions were evaluated through a three stage process to determine qualified vendors based on rated criteria and pricing.

- **Stage 1** – Mandatory requirements: Strategic Procurement staff reviewed the submissions for mandatory requirements. 4 proponents met the mandatory requirements.
- **Stage 2** – Rated Criteria: On August 19, 2021, an evaluation team (FM-Construction and Preservation, and Operations) evaluated submissions based on the Rated Criteria in the RFP documents. Only those proponents who received a minimum score of 70 points were considered for further evaluation. Two proponents received the minimum score.
- **Stage 3** – Pricing: Submitted pricing was evaluated to determine the lowest price.

The tables below outline the outcomes of each stage of the evaluation process.

Table 1: Summary of Submissions for all inclusive Preventative Maintenance Services (PM):

FM- Construction and Preservation Plumbing Unit Estimate: Preventative Maintenance Service only				\$8,313,158.28
		Stage 1	Stage 2	Stage 3
	Proponents	Mandatory Requirements	Rated Criteria (70 points passing threshold)	Price Submitted (PM Service only)
1	Firenza Plumbing & Heating Ltd.	•	84.03	\$6,659,440.00
2	Richmond Mechanical Ltd.	•	78.04	\$9,291,008.43
3	2450419 Ontario Inc. o/a SNL Techlink	•	53.42	Did not pass Stage 2 of the evaluation process
4	1799541 Ontario Inc. o/a Climate Works Heating and Cooling	•	50.84	
Total		4	4	2

Table 2: Summary of Submission for Demand Services:

	Proponents	Demand Maintenance Service Hourly Rate Submission		
		Year 1-3	Year 4	Year 5
1	Firenza Plumbing & Heating Ltd.	\$50.00	\$50.00	\$50.00
2	Richmond Mechanical Ltd.	\$55.00	\$57.20	\$59.49

Demand services: The hourly rate of \$50.00 was submitted by the proponent on the bid form. This rate will be used when the proponent will be delivering services for any work that falls outside of the contract work. This pricing is reasonable as reviewed by the Plumbing Manager, Building, Mechanical, and Electrical (BME). An estimate of \$250,000 (\$50,000 annually per year of contract) for out of scope services is recommended to be included in the award.

IMPLICATIONS AND RISKS:

The scope of work is recommended to ensure the comfort, health and safety of our tenants. This work is required to maintain continued delivery of heat and hot water at various TCHC townhouses.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is 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 will be requested within the program budget of the 2022 BME Operating Budget (SLA.5272) operating budget. Funding for future years budgets will be requested in the 2023 and 2024 Operating Budgets.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

STAFF CONTACT:

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