



## Vendor Award: Comprehensive Deep Energy Retrofit at 575 Danforth Road

Item 8E

December 6, 2023

Board of Directors

**Report:** TCHC:2023-69

**To:** Board of Directors (the “Board”)

**From:** Building Investment, Finance and Audit Committee (“BIFAC”)

**Date:** November 2, 2023

### PURPOSE:

The purpose of this report is to seek 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.

Board approval is required as it exceeds the \$5 million financial approval limit of the Building Investment, Finance and Audit Committee (“BIFAC”).

### RECOMMENDATIONS:

It is recommended 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.

**BIFAC:**

This report was approved by the BIFAC on November 2, 2023.

**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”*

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Allen Murray  
Vice President, Facilities Management

**PUBLIC ATTACHMENT:**

- 1. Briefing Note in response to Public Action Item #8

**CONFIDENTIAL 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

Item 8E – Vendor Award: Comprehensive Deep Energy Retrofit at 575 Danforth Road  
Public Board of Directors Meeting – December 6, 2023  
Report #: TCHC:2023-69

**Attachment 1**

Toronto Community Housing Corporation  
931 Yonge Street  
Toronto, ON  
M4W 2H2



**Briefing Note:** For Information

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**To:** The Board of Directors (the “Board”)

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**From:** Allen Murray, Vice President of Facilities Management

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**Date:** November 24, 2023

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**Re:** Building Investment, Finance and Audit Committee (“BIFAC”) Meeting of November 2, 2023 – Vendor Award: Comprehensive Deep Energy Retrofit at 575 Danforth Road [Report BIFAC:2023-117] (Public Action Item #8 re: Heating Costs and Energy Savings)

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**PURPOSE:**

This attachment is being provided in response to the supplementary information requested at the Building Investment, Finance and Audit Committee meeting held on November 2, 2023 in relation to the Vendor Award for a Comprehensive Deep Energy Retrofit at 575 Danforth Road.

**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.

### **ENERGY EFFICIENCY**

A major part of the TCHC Energy Efficiency Action Plan is capital investment in energy conservation measures. TCHC is committed to reducing energy consumption across its portfolio by 25% by December 31, 2028. The reduction in energy consumption is a requirement of the funding agreement TCHC has with Canada Mortgage and Housing Corporation (“CMHC”) and the National Housing Co-Investment (“NHCI”) Fund. The capital repair work required at 575 Danforth Road provides an opportunity for TCHC to progress towards achieving our energy efficiency goals. TCHC elected to undertake a comparison of converting the building to an electric ground-source heat pump (“GSHP”) heating system versus a like-for-like replacement of the existing heating plant. This analysis identified an opportunity for TCHC to upgrade to a low-carbon heat pump system capable of meeting the City of Toronto’s Net Zero (Emissions) Strategy while providing both heating and cooling to tenant units. The building will use no natural gas when the project is completed.

Based on the anticipated energy and greenhouse gas emissions reductions of this capital project, TCHC was also successful in securing \$500,000 of grant funding from the Federation of Canadian Municipalities (“FCM”) Green Municipal Fund Sustainable Affordable Housing program (pilot project grant).

This project is intended to act as a demonstration project due to the GSHP system and pre-fabricated construction methods that are being incorporated to reduce tenant disruption. Demonstration projects such as 575 Danforth are necessary to understand whether a proof of concept is successful on a smaller scale before it is ever considered to be adopted on a larger scale within TCHC’s portfolio. This demonstration will have a far-reaching impact and will help inform and shape TCHC’s future retrofit work.

This project will also positively impact tenants by providing improved indoor environment quality with the elimination of drafts/infiltration and the addition of dedicated in-suite ventilation. The improved building envelope will allow for passive survivability during the winter in the case of utility interruption (power outage). As temperatures increase due to climate change, the addition of cooling will provide tenants with a livable residence during extreme heat in the summer months.

To support the assessment of this demonstration project, TCHC has partnered with The Atmospheric Fund (“TAF”). TAF will conduct measurement and verification, pre-retrofit and post-retrofit tenant surveys, and in-suite indoor air quality monitoring to gain a better understanding of the project metrics and document project successes and lessons learned. TAF is also contributing \$25,000 to support the project and will work with TCHC to produce a professionally designed case study highlighting outcomes and learnings from the project.

### Summary of Energy and Greenhouse Gas Emissions Reductions

The analysis uses energy consumption and greenhouse gas emissions from 2020 as a baseline for comparison. The data has been weather normalized.

Annual Energy Consumption Baseline	Anticipated Annual Energy Consumption of Retrofit	Anticipated Annual Energy Savings of Retrofit
246,886 ekWh*	84,490 ekWh*	162,396 ekWh* 66% savings

\*equivalent kilowatt hours

Annual Greenhouse Gas Emissions Baseline	Anticipated Annual Greenhouse Gas Emissions of Retrofit	Anticipated Annual Greenhouse Gas Emissions Savings of Retrofit
40.4 tons	11.3 tons	29.1 tons 72% savings

### Summary of Utility Cost Savings

The summary below represents the total anticipated building utility cost reduction.



<b>Annual Utility Cost Baseline*</b>	<b>Anticipated Annual Utility Cost of Retrofit</b>	<b>Anticipated Annual Utility Cost Savings of Retrofit</b>
\$17,061	\$10,139	<b>41% savings</b>

\*The initial utility costs are based on the average blended rates from the 2020 baseline study and include carbon pricing:

- Natural Gas: \$0.35/m<sup>3</sup>
- Electricity: \$0.12/kWh

Utility rates are subject to change and the estimated cost savings for 575 Danforth are underestimated given the increases to utility rates since the 2020 baseline study.