



**STAFF REPORT  
INFORMATION ONLY**

**Amendment to Contract No. 47008074 for the Supply and Delivery of HVAC Services and Contract No. 47009183 for Minor Building Repairs**

<b>Date:</b>	April 6, 2010
<b>To:</b>	Community Development and Recreation Committee
<b>From:</b>	General Manager, Parks, Forestry and Recreation and Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:/2010/Internal Services/pmmd/CD10017pmmd (AFS #11970)

**SUMMARY**

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The purpose of this report is to advise on the over expenditure of Contract No. 47008074 issued to Superior Air Systems Ltd. for HVAC Services for various City of Toronto locations in the amount of \$607,313.29 bringing the total expenditure for this contract to \$637,313.29 net of GST and Contract No. 47009183 issued to Direct Construction Co. Ltd. for Minor Building Repairs for City of Toronto locations in the West District, in the amount of \$530,173.70 bringing the total expenditure for this contract to \$980,173.70 net of GST. These increases are a result of additional expenditures incurred by various divisions for work required under these contracts. The amendments are now required to correct the contract amounts and to reconcile the actual spending for the various expired contracts in the City's Financial Information System.

**Financial Impact**

No additional funding is being requested.

All invoices relating to Contract No. 47008074 and 47009183 have been paid and expenditures were absorbed within the Parks, Forestry and Recreation Operating Budgets during the 2003-2004 and 2004-2006 periods, respectively.

The Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **ISSUE BACKGROUND**

### Contract No. 47008074 – Superior Air Systems Ltd

Request for Quotation No. 4301-03-5115 for HVAC Services for various City of Toronto locations was awarded to Superior Air Systems Ltd. being the lowest bid meeting specifications. Contract No. 47008074 in the amount of \$30,000 was issued to Superior Air Systems Ltd. for the period July 28, 2003 to July 31, 2004. On September 19, 2003 Contract No. 47008074 was amended by \$200,000 due to an increase in the number of facilities requiring maintenance and replacement of obsolete heating and air conditioning systems, aging hot water tanks and boilers and the replacement of old and un-maintainable equipment. Due to environmental and health and safety requirements, various divisions used Contract No. 47008074 to meet the needs of critical and extensive repairs to aging HVAC systems which resulted in a total over expenditure of \$607,313.29 bringing the total revised contract value to \$637,313.29 net of GST.

### Contract No. 47009183– Direct Construction Co. Ltd.

Request for Quotation No. 3907-04-5016 for Minor Building Repairs for City of Toronto locations in the West District was awarded to Direct Construction Co. Ltd. being the lowest bid meeting specifications. Contract No. 47009183 in the amount of \$450,000 was issued to Direct Construction Co. Ltd. for the period May 29, 2004 to December 31, 2004. On November 23, 2006, Contract No. 47009183 was amended by \$450,000 for additional building repairs. Due to the tight timelines to have additional upgrades done to city buildings prior to year end, Contract No. 47009183 was used to complete the required work which resulted in a total over expenditure of \$530,173.70, bringing the total revised contract value to \$980,173.70 net of GST.

## **COMMENTS**

All payments have been made to Superior Air Systems Ltd and Direct Construction Co. Ltd. No additional purchases have been charged against these contracts.

These expenditures are being reported in order to amend the contracts before closing them out in the City's Financial Information System.

As a result of the contract expenditures by various divisions under these contracts, Parks, Forestry and Recreation staff has established contract management protocols to ensure that contracts are managed in accordance with Purchasing Procedures and the Purchasing By-law to avoid overspent contracts in the future.

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## SIGNATURE

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