

<b>Date:</b>	September 15, 2016
<b>To:</b>	TAF Board of Directors
<b>From:</b>	Julia Langer, CEO
<b>Re:</b>	Purchase Contract Value Adjustment

**SUMMARY**

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In 2015, TAF conducted an RFP and selected Ecosystem to design and implement the retrofit of seven Toronto Community Housing Corporation (TCHC) buildings. The TAF Board authorized TAF staff to negotiate and enter into an agreement for the quoted value of the project, which is to remain confidential. Subsequently, TCHC secured funding for and added additional retrofit measures totalling \$1.3 million which are cost-effective to undertake in the context of the project. . Implementation of any TCHC-funded measures involves TAF paying Ecosystem Energy Inc. and being reimbursed by TCHC, since TAF is the purchaser of record. As such, the total value of the contract has increased, although at no incremental cost to TAF. Approval for increasing the total value of the contract with Ecosystem is requested.

**BACKGROUND**

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In December 2012, the TAF Board approved financing, structured as an ESPA, of up to \$3M for the energy efficiency retrofit of seven Toronto Community Housing (TCHC) buildings, with \$1 million guaranteed by a third party. In October, 2014, Purchasing and Materials Management Division (PMMD) issued RFP 9118-14-7106 Integrated Project Delivery of a Multi-Site Toronto Community Housing Resource Conservation and IEQ Improvement Project on behalf of TAF. In January, 2015, an evaluation committee of two TAF, two TCH and one City of Toronto staff evaluated proposals from four proponents bidding for the work involved in planning and performing the energy efficiency retrofits, and selected Ecosystem Energy Services Inc.

As per Section 6.5.6 of TAF's Relationship Framework with the City of Toronto , TAF's procurement of consulting and other goods and services is conducted through Purchasing and Material Management Division (PMMD) and in accordance with the City of Toronto's purchasing policies. Further, any policy that would normally require City of Toronto Council approval requires TAF Board approval instead. Since the City's purchasing policies require contracts with a value over \$500,000 be submitted to Bid Committee for recommendation to City of Toronto Council, and since the estimated cost of services submitted for RFP No. 9118-14-7106 was over \$500,000, authorization to negotiate a contract for this project with this proponent required TAF Board approval.

On February 27, 2015 the TAF Board approved selection of Ecosystem and authorized Toronto Atmospheric Fund staff to negotiate and enter into agreements for up to the quoted amount, which is to remain confidential.

In April 2016, TCHC approved \$1.3M worth of capital funding for measures that had synergy with other TAF-financed retrofit measures. Functionally, since TAF has contracted Ecosystem to implement the retrofit, TAF pays invoices relating to the additional \$1.3M of goods and services, and TCHC reimburses TAF for those costs. Ecosystem has the capacity to implement these additional measures with excellence in tandem with the previously-planned project.

## **RECOMMENDATION**

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It is recommended that the TAF Board of Directors:

1. Approve an increase in the total value of the contract awarded to Ecosystem Energy Inc. by \$1.3M cover additional measures relating to the retrofit of seven Toronto Community Housing buildings on condition that such costs will be reimbursed to TAF by TCHC within 15 days of payment.

## **FINANCIAL IMPACT**

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None

## **CONTACT**

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