



## REPORT FOR ACTION

### **Non-competitive Contract with Siemens Canada Limited for Building Automation System Upgrades at Metro Hall (55 John Street)**

**Date:** September 20, 2019

**To:** General Government and Licensing Committee

**From:** Executive Director, Corporate Real Estate Management and Chief Purchasing Officer

**Wards:** Ward 10 – Spadina-Fort York

#### **SUMMARY**

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The purpose of this report is to request authorization for Corporate Real Estate Management to negotiate and enter into a non-competitive contract with Siemens Canada Limited (Siemens) to furnish all labour, materials, equipment and supervision for the upgrades of the existing Apogee building automation system at Metro Hall, located at 55 John Street, in the amount of \$988,553 net of Harmonized Sales Tax (\$1,005,952 net of Harmonized Sales Tax recoveries). A building automation system is a centralized, networked system of electronic hardware and software that controls and monitors a building's facility systems, including but not limited to heating, ventilation and air-conditioning, and lighting.

Siemens is the sole authorized manufacturer, supplier and service provider of the Apogee building automation system. Siemens also does not license intellectual property such as software diagnostics and diagnostic tools used in the maintenance, service and troubleshooting of the Apogee building automation system to other parties.

City Council approval is required in accordance with the City of Toronto Municipal Code Chapter 195, Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five year commitment limit for each vendor under Article 7, Section 195-7.3(D) of the Purchasing By-law or exceeds the threshold of \$500,000 net of Harmonized Sales Tax allowed under staff authority as per the City of Toronto Municipal Code Chapter 71, Financial Control, Section 71-11A.

#### **RECOMMENDATIONS**

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The Executive Director, Corporate Real Estate Management, and the Chief Purchasing Officer recommend that:

1. City Council authorize the Executive Director, Corporate Real Estate Management, to negotiate and execute a non-competitive contract with Siemens Canada Limited to furnish all labour, materials, equipment, and supervision for the upgrades of the existing Apogee building automation system at Metro Hall, located at 55 John Street, in the amount of \$988,553 net of Harmonized Sales Tax (\$1,005,952 net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the Executive Director, Corporate Real Estate Management, and in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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The total value of the contract identified in this report is \$988,553 net of Harmonized Sales Tax. The cost to the City is \$1,005,952 net of Harmonized Sales Tax recoveries. Funds in the amount of \$1,005,952 net of Harmonized Sales Tax recoveries, are available in the approved 2019 Facilities, Real Estate, Environment and Energy Capital Budget and 2020-2028 Capital Plan under work breakdown structure elements CCA-225-22 and CCA-247-27, Cost Element General Ledger 4420.

Year	Cost Centre / Work Breakdown Structure Element	Cost Element General Ledger	Cost net of Harmonized Sales Tax Recoveries
2019	CCA225-22	4420	\$130,000
	CCA247-27	4420	\$71,190
2020	CCA225-22	4420	\$520,000
	CCA247-27	4420	\$284,762
Grand Total (Net of Harmonized Sales Tax Recoveries)			\$1,005,952

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

## **DECISION HISTORY**

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At its meeting on February 29, 2012, the Bid Committee adopted BD63.1, item No. 8 and granted the authority to award contract No. 6034713 for Request for Quotation 4302-12-7047 to Siemens Canada Limited for the non-exclusive replacement of existing pneumatic actuators thermostats and reheat control valves with direct digital control for variable air volume boxes and fan-coil units at the Metro Hall - 55 John St, Toronto, in the amount of \$515,609 net of Harmonized Sales Tax. The report is available online at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD63.1>

On July 22, 2011, the Chief Purchasing Officer granted the authority to award contract No. 6033250 for Request for Quotation 4302-11-7145 to Siemens Canada Limited for the replacement of existing pneumatic actuators and thermostats with direct digital control for variable air volume boxes at Metro Hall - 55 John St, Toronto, in the amount of \$208,374 net of Harmonized Sales Tax.

## COMMENTS

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In an ongoing effort to conserve energy, maintain environmental comfort, facilitate interoperability, provide remote monitoring and control of heating, ventilation and air-conditioning systems, and prolong equipment life, this project will upgrade the controls for the existing tower compartment units at Metro Hall - 55 John Street, Toronto, from the aging energy-intensive pneumatic (or compressed air) control system to a modern energy-efficient direct digital control system. The new direct digital control system will be integrated into the existing Siemens Apogee system.

This project is part of Corporate Real Estate Management's capital state of good repair program. It also supports the City's TransformTO climate change action plan under the Leadership by Example strategy.

This project is expected to result in the following savings and co-benefits:

1. Estimated tower compartment unit annual electrical energy savings of 12 to 15 percent, or annual cost savings of \$30,000 to \$34,000,
2. Estimated annual operations and maintenance cost savings of \$20,000 to \$25,000,
3. Prolonged equipment life as a result of a better, more optimized control system,
4. Improved indoor air quality, and
5. Improved occupant temperature and humidity comfort.

Because of existing system requirements, only Siemens Canada Limited is qualified to perform the proposed scope of work. Siemens Canada Limited also confirmed that they are the sole authorized manufacturer, supplier and service provider of the Apogee building automation system

On July 30, 2019, Corporate Real Estate Management staff received a quote from Siemens Canada Limited in the amount of \$988,553 net of Harmonized Sales Tax to furnish all labour, materials, equipment and supervision for building automation system upgrades of the tower compartment units at Metro Hall - 55 John Street, Toronto. Siemens Canada Limited also confirmed that their prices are based on their government and educational pricing policy, fair and in line with industry rates. Corporate Real Estate Management staff performed a fair price assessment in collaboration with the consultant and determined that the prices provided by Siemens are in line with previous prices they and other building automation system vendors have provided to the City of Toronto for similar services.

The existing proprietary Siemens Apogee building automation system at Metro Hall was installed in 1992 but since 2011, about 80 percent of it has been upgraded to direct digital control. The estimated cost to completely replace it with a non-proprietary system

is \$4,244,000 net of Harmonized Sales Tax, which is currently not justifiable. The next and final phase of the project, which will upgrade the existing pneumatic controls on the central heating and cooling plants to direct digital control, is planned to start in 2021 and will be provided by Siemens Canada Limited through a non-competitive procurement process. After the final phase and at the end of the two year warranty period, the upgraded system will also be maintained by Siemens Canada Limited through a non-competitive procurement process. With regular preventive maintenance, the upgraded building automation system is expected to last another ten years from the end of the final phase of the project, at which point Corporate Real Estate Management staff will plan to completely replace this proprietary system with an open, non-proprietary building automation system that can be installed and serviced by multiple vendors through a competitive procurement process.

The Fair Wage Office has reported that Siemens has indicated that it has reviewed and understood the City of Toronto's Fair Wage Policy and Labour Trades requirements, and has agreed to comply fully.

## **CONTACT**

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## **SIGNATURE**

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Patrick Matozzo  
Executive Director, Corporate Real Estate Management

Michael Pacholok  
Chief Purchasing Officer, Purchasing and Materials Management