REPORT FOR ACTION

Amendment to Non-Competitive Bridge Contracts Number 47023523 and 47023972 with Anronn Electric Motor Repair for Electrical Pump and Motor Services at City Facilities

Date: June 20, 2022
To: General Government and Licensing Committee
From: Executive Director, Corporate Real Estate Management; General Manager, Parks, Forestry and Recreation; Acting Chief Procurement Officer, Purchasing and Materials Management Division
Wards: All

SUMMARY

The purpose of this report is to request authority from the General Government and Licensing Committee for the Executive Director, Corporate Real Estate Management and the General Manager, Parks Forestry and Recreation to amend two (2) non-competitive bridge contracts with Anronn Electric Motor Repair, by a total cumulative value of $250,000 net of all taxes and charges ($254,400 net of Harmonized Sales Tax (HST) recoveries), and to extend the contract end date to January 31, 2023 from September 30, 2022.

The request would increase the Corporate Real Estate Management contract (47023523) by $150,000, net of all taxes and charges ($152,640 net of HST recoveries), to the total amount of $880,000 net of all taxes and charges ($895,488 net of HST recoveries), and the Parks Forestry and Recreation contract (47023972) by $100,000, net of all taxes and charges ($101,760 net of HST recoveries), to the total amount of $220,000 net of all taxes and charges ($223,872 net of HST recoveries). These amendments are required to ensure the continuation of critical services involving the supply, installation and maintenance of electric pumps and motors at City facilities.

The initial non-competitive bridging contracts were issued in March 2021 for Corporate Real Estate Management and November 2021 for Parks, Forestry and Recreation to ensure the continuation of critical electrical pump and motor services and repairs, while allowing sufficient time for the development of a new competitive solicitation. Following the City reopening plan, the demand for services has increased as City locations return to regular use. These factors have resulted in the need to amend and extend the current contract to ensure continuity of service, and to provide sufficient time to award the new competitive solicitation, which is anticipated in October 2022.

The General Government and Licensing Committee approval is required in accordance with Municipal Code Chapter 195, Purchasing, where the current request exceeds the Chief Procurement 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 Toronto Municipal Code, Chapter 71, Financial Control, Section 71-11.1.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, the General Manager, Parks, Forestry and Recreation, and the Acting Chief Procurement Officer, Purchasing and Materials Management Division recommend that:

1. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to the Executive Director, Corporate Real Estate Management, to amend Non-Competitive bridge contract number 47023523, to extend the validity date to January 31, 2023 and add $150,000, net of all taxes and charges ($152,640 net of HST recoveries) to the contract, thereby increasing the contract value from $730,000 to $880,000, net of all taxes and charges ($895,488 net of HST recoveries).

2. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to the General Manager, Parks, Forestry and Recreation, to amend Non-Competitive bridge contract number 47023972, to extend the validity date to January 31, 2023 and add $100,000, net of all taxes and charges ($101,760 net of HST recoveries) to the contract, thereby increasing the contract value from $120,000 to $220,000, net of all taxes and charges ($223,872 net of HST recoveries).

3. The General Government and Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to the Executive Director, Corporate Real Estate Management and the General Manager, Parks, Forestry, and Recreation to enter into new or amend existing agreements, as required, to implement the authority granted in Recommendations 1 and 2.

FINANCIAL IMPACT

The cumulative value of the contract amendments identified in this report is $250,000 net of all taxes and charges ($254,400 net of HST recoveries). This amendment revises the contract managed by Corporate Real Estate Management (47023523) from $730,000 to $880,000, net of all taxes and charges ($895,488 net of HST recoveries) and revises the contract managed by Parks, Forestry and Recreation (47023972) from $120,000 to $220,000, net of all taxes and charges ($223,872 net of HST recoveries).

Funding for the requested amendment to contract 47023523 is included in the Corporate Real Estate Management 2022 Approved Operating Budget in cost centre FA100-30 under G/L Account 4424.

Funding for the requested amendment to contract 47023972 is included in the Parks, Forestry and Recreation 2022 Approved Operating Budget in cost centre and G/L Accounts summarized below.

Table 1: Financial Impact Summary of Non-Competitive Amendments for Contracts 47023523 and 47023972

Division and Contract Number	**Cost Centre & GL Code**	**Contract Value as of July 2022**	**Amendment to Contract (2022 Budget)**	**Total (Net of HST Recoveries)**
CREM, 47023523	FA100-30; Various	$742,848	$152,640	$895,488
PF&R, 47023972	South P12081 / P06885 / P00483 West P12783 / P12786 / P08627 East P00833 / P03651 North P00859 / P00853 2535 4420, 4424	$122,112	$101,760	$223,872
Total Cost		$864,960	$254,400	$1,119,360

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

DECISION HISTORY

At its meeting on May 11, 2016, the Bid Committee adopted item BD 82.5, "Award of Request for Quotation No. 1217-16-0042 to Anronn Electric Motor Repair for Pumps and Electric Motors," granting authority to award the request for quotation for the non-exclusive supply, delivery, installation, warranty, and service of Pumps and Electric Motors for the City of Toronto.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.BD82.5

COMMENTS

Contract Details

In May 2016, following the completion of Request for Quotation 1217-16-0042, the City awarded two (2) blanket contracts on behalf of Facilities Management (47019909) and Parks, Forestry, and Recreation (47019910) to Anronn Electric Motor Repair for the supply, installation and maintenance of electric pumps and motors at various City facilities. As contract 47019909 was set to expire on March 31, 2021, Corporate Real Estate Management and Purchasing and Materials Management Division extended the contract to September 2021, with no additional funds added. The initial plan was to have a competitive contract in place by September 2021.

Due to prioritization of the COVID-19 response efforts and addressing the backlog of procurement requirements created since the onset of the pandemic, Corporate Real Estate Management and Purchasing and Materials Management Division had to focus resources on immediate operational demands. Consequently, a bridge contract for Corporate Real Estate Management (47023523) was awarded for the same services, valued at $269,000, and extending the contract to the end of December 2021. The contract was then extended to February 28, 2022, with a further extension up until September 30, 2022 and an additional value of $230,000 to account for the time needed to develop a competitive solicitation. Similarly, Parks, Forestry and Recreation also extended their contract following the expiration of contract 47019910 in March 31, 2021. Bridge contract 47023972 was then issued in November 2021 to Parks, Forestry and Recreation in the amount of $120,000, and later extended to September 30, 2022.

Although the amendments to these bridge contracts provided for emergency and critical services, the continued impact of the pandemic on resources, along with the City's reopening plans and the need to restore normal service levels, have delayed the issuance of a new competitive solicitation. Preparation for the release of the competitive solicitation remains underway, with its expected release date to be October 2022 and the expected award date to be in conjunction with the Council resumption date in January 2023. As such, there is a need to amend and extend the existing bridge contract.

Therefore, Corporate Real Estate Management, Parks, Forestry and Recreation and Purchasing and Materials Management Division are seeking Council authority to amend the bridge contracts by a cumulative value of $250,000, net of all taxes and charges

($254,400 net of HST recoveries), to ensure electrical pump and motor services can be provided at City facilities until the new contracts are awarded. The request would increase the Corporate Real Estate Management contract (47023523) by $150,000, net of all taxes and charges ($152,640 net of HST recoveries), to the total amount of $880,000 net of all taxes and charges ($895,488 net of HST recoveries), and the Parks, Forestry and Recreation contract (47023972) by $100,000, net of all taxes and charges ($101,760 net of HST recoveries), to the total amount of $220,000 net of all taxes and charges ($223,872 net of HST recoveries), and extend the contract by a period of four (4) months.

The requested increase in value of both contracts is consistent with historical contract values and requirements for electrical maintenance services, represents upset limits, and is expected to be sufficient to meet service demands.

Anronn Electric Motor Repair is familiar with the scope of work and City facilities within this bridging contract and was the low bid meeting the specifications when the initial competitive contract was awarded in 2016. Therefore, at this time it is in the best interest of the City to further amend the existing bridge contract to ensure continuity of this critical service.

Status of Upcoming Request for Quotation for Electrical Pumps and Motors

Corporate Real Estate Management, Parks, Forestry and Recreation and Purchasing and Materials Management Division have been working closely on developing a new Request for Quotation for electrical motors and pumps with the goal to enhance the management of this category by ensuring industry best practices and standardized service models are implemented.

Specific outcomes expected to be achieved from this Request for Quotation include:

- Standardized service delivery models
- Maximized value for money across cost and service levels
- Improved supplier performance measures

The Request for Quotation is currently under development, and is expected to be issued in October 2022. The necessary posting and evaluation periods will then occur, followed by an award recommendation anticipated by January 2023, with a new contract being awarded before the end of the amended agreement.

Compliance with City Policies

The Fair Wage Office has reported that all the vendors included in this report have reviewed and understood the Fair Wage Policy and labour trades requirements at the commencement of the original bridge period and have agreed to comply fully with the City's Fair Wage Policy.

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SIGNATURE

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