

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

Date: May 15, 2023

To: General Government Committee

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

Wards: All

SUMMARY

The purpose of this report is to seek authority to amend non-competitive blanket contract number 47023523 with Anronn Electric Motor Repair for electrical pump and motor services and repairs.

The initial non-competitive bridging contract was issued in March 2021 for Corporate Real Estate Management 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 that incorporates an updated and accurate equipment inventory and several enhanced controls and contract management tools the Division has implemented over the past few years. In addition, demand for services has increased as the City emerges from the pandemic and various City locations return to regular use. These factors have resulted in the need to further amend the contract to ensure continuity of service and to provide sufficient time to award the new competitive solicitation, anticipated in July 2023.

The total value of the amendment being requested is \$150,000 net of all taxes and charges (\$152,640 net of Harmonized Sales Tax recoveries), to the total amount of \$1,430,000 net of all taxes and charges (\$1,455,168 net of Harmonized Sales Tax recoveries).

RECOMMENDATIONS

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

1. The General Government Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), authorizes the amendment of non-competitive bridge contract number 47023523 with Anronn Electric Motor Repair, increasing the contract value by \$150,000 net of all taxes and charges (\$152,640 net of Harmonized Sales Tax recoveries), and revising the current contract value from \$1,280,000 net of all taxes and charges (\$1,302,528 net of Harmonized Sales Tax recoveries) to \$1,430,000 net of all taxes and charges (\$1,455,168 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

Funding for the requested amendment to contract 47023523 is included in the Corporate Real Estate Management 2023 Approved Operating Budget in cost centre FA100-30 under G/L Account 4424.

The total contract amendment identified in this report is \$150,000 net of all taxes and charges (\$152,640 net of Harmonized Sales Tax recoveries), which will increase the contract value from \$1,280,000 to \$1,430,000, net of all taxes and charges (\$1,455,168 net of Harmonized Sales Tax recoveries).

Table 1: Financial Impact Summary of Non-Competitive Amendments for Contract 47023523 (Net of Harmonized Sales Tax Recoveries)

Division and Contract Number	Cost Centre and GL Code	Contract Value as of May 2023	Amendment to Contract	Total
Corporate Real Estate Management, 47023523	FA100-30; Various	\$1,302,528	\$152,640	\$1,455,168

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section

DECISION HISTORY

At its meeting on March 3, 2023, the General Government Committee adopted item GG2.25, "Use of Temporary Delegated Authority Regarding Procurement-Related Activities During Council's 2022 Municipal Election Recess," which outlined the uses of delegated authority granted to City staff on a time-limited basis to ensure that City business could continue from the conclusion of the last City Council meeting of the 2018-2022 Council term until the start of the new Council term. An amendment to contract 47023523 with Anronn Electric Motor Repair in the amount of \$400,000 for continued services was reported within this report.

<https://secure.toronto.ca/council/agenda-item.do?item=2023.GG2.25>

At its meeting on July 4, 2022, the General Government Committee adopted item GL32.8, "Amendment to Non-Competitive Bridge Contracts Number 47023523 and 47023972 with Anronn Electric Motor Repair for Electrical Pump and Motor Services at City Facilities."

<https://secure.toronto.ca/council/agenda-item.do?item=2022.GL32.8>

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

In May 2016, 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. Both contracts were utilized for the full five (5)-year term, including option years, and expired on March 31, 2021. These services are primarily required on an on-demand basis, with service needs estimated based on past experience.

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 had focused resources on immediate operational demands. Consequently, a bridge contract for Corporate Real Estate Management (47023523) was awarded for the same services, valued at \$231,000 net of all taxes and charges, extending the services to the end of September 2021, and allowing for additional time to develop, issue and award a new competitive solicitation. The contract was subsequently amended and extended several times to ensure the continuation of critical services, with a recent extension until June 30, 2023.

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The need to modernize the solicitation documents for these services, Corporate Real Estate Management resource constraints, and unexpected operational demands have delayed the issuance of a new competitive solicitation and led to the need to increase the value of this contract. Part of the delay in finalizing the procurement was the need to ensure updated and accurate data in relation to the City's equipment inventory was available. This was a gap identified in the previous procurement documents, as the contract did not contain sufficient requirements to ensure an accurate and updated equipment list was maintained. Maintaining an accurate equipment inventory was included in the most recent solicitation, and is necessary to ensure the City receives accurate pricing, and that scope and service requirements are clear to bidders.

Furthermore, since the award of the non-competitive bridge contract, unexpected service demands have occurred that were not forecasted in the values included in the contract. This includes events that required immediate action at City Hall and Metro Hall, such as the emergency replacement of a failed sanitary pump to prevent the backup of waste, and the emergency replacement of a condensation system required for the continued safe operation of electrical equipment. This work was critical for the continued operation of the facilities and had to be addressed in a timely manner.

Amendment Details

Due to these issues and delays, an amendment is required to ensure the contract remains in compliance and there is sufficient value to meet service demands for the remaining months until the award of the new competitive solicitation. Corporate Real Estate Management and Purchasing and Materials Management Division are seeking authority to amend the bridge contract by a value of \$150,000 net of all taxes and charges (\$152,640 net of Harmonized Sales Tax recoveries), to ensure electrical pump and motor services can be provided at City facilities until the new contracts are awarded.

The requested increase in value of this contract 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 until the new competitive solicitation is awarded.

Status of the Request for Quotation for Electrical Pumps and Motors

Corporate Real Estate Management and Purchasing and Materials Management Division have worked closely to develop a new Request for Quotation for electrical motors and pumps to enhance the management of this category by ensuring industry best practices and standardized service models are implemented.

The new Request for Quotation Ariba Document Number 3866496418 for these services closed on April 18, 2023. Specific outcomes expected to be achieved from a newly awarded contract include:

- Standardized service delivery models, including asset-based maintenance requirements specifically outlined for in-scope equipment

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- Improved supplier performance measures and controls, including the use of electronic service reports and geo-location data to support work validation and invoice processing
- Maximized value for money across cost and service levels made possible in part from the above

The bid period has closed and bid submissions are currently being reviewed and evaluated with a contract award expected in July 2023.

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SIGNATURE

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