

Amendment to Blanket Contract Number 47023050 with the State Group Inc. for Maintenance and Repair of Electrical and Emergency Power Backup Systems

Date: October 27, 2023

To: General Government Committee

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

Wards: 6, 15 and 23

SUMMARY

The purpose of this report is to request the General Government Committee authority to amend Blanket Contract 47023050 issued to the State Group Inc. to continue providing the maintenance and repair of electrical and emergency power backup systems at three critical City properties for an additional amount of \$425,000 net of taxes and charges (\$432,480 net of Harmonized Sales Tax recoveries), increasing the overall contract value from \$999,137 to \$1,424,137 net of all taxes and charges (\$1,449,202 net of Harmonized Sales Tax Recoveries) and to extend the contract validity date for an additional four months from October 31, 2023 to February 29, 2024.

This amendment is required to ensure business continuity at three City properties that host critical services supporting Toronto Fire Services, Toronto Police Services, Toronto Paramedic Services, and Toronto Water. Corporate Real Estate Management, in collaboration with Purchasing and Materials Management, issued a competitive solicitation for the provision of Maintenance and Repair of the Electrical and Emergency Power Backup Systems at select City properties hosting critical services to replace the existing Blanket Contract 47023050 with the State Group Inc. which expires October 31, 2023 and is currently overspent by \$53,352. However, the lowest received bid materially exceeded the allocated budget amount, which has resulted in the need to cancel the solicitation, revisit the call package and results, and re-issue the competitive solicitation through Purchasing and Materials Management. The award of the reissued competitive contract is expected to be in the first quarter of 2024. This approach ensures Corporate Real Estate Management stays within the allocated funding amount for this contract while critical services are maintained.

City Council approval is required by Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Officer's authority of the cumulative five-year commitment for each supplier, 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 71-11A.

RECOMMENDATIONS

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

1. The General Government Committee by Section 71-11.1. C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law) grants authority to amend non-competitive contract number 47023050 issued to the State Group Inc. for Electrical and Emergency Power Backup Systems at select City properties hosting Critical Services in the amount of \$425,000 net of all taxes and charges (\$432,480 net of Harmonized Sales Tax recoveries), increasing the overall contract value from \$999,137 to \$1,424,137 net of all taxes and charges (\$1,449,202 net of Harmonized Sales Tax Recoveries).
2. Extending the validity date of non-competitive contract number 47034050 from October 31, 2023 to February 29, 2024.

FINANCIAL IMPACT

The value of the contract amendment identified in this report is \$425,000 net of all taxes and charges (\$432,480 net of Harmonized Sales Tax recoveries).

Funding for the requested contract amendment is included in the Corporate Real Estate Management 2023 Approved Operating Budget, and funding has also been included in the 2024 Operating Budget Submission. Further funding details follow in Table 1 below (net of Harmonized Sales Tax).

Table 1: Financial Impact Summary

Cost Centre	GL Code	Description	2023	2024	Total (Net of HST Recoveries)
FA100-30.S	4401, 4410, 4411, 4431	Emergency Power	\$332,480	\$100,000	\$ 432,480

The Interim Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information identified in the Financial Impact section.

DECISION HISTORY

Non-competitive contract 47023050 was issued on July 1, 2020, to the State Group Inc. in the amount of \$499,137 net of all taxes and charges for Electrical and Emergency Power Backup Systems at select City properties hosting critical services for the period ending June 30, 2021. This was amended on June 28, 2021 to extend the validity date to December 31, 2021.

On December 30, 2021 non-competitive contract 47023050 was amended to increase the target value by \$175,000 to \$674,137 net of all taxes and charges and the validity date was extended to April 30, 2022. This was amended on April 29, 2022 to increase the target value by \$325,000 to \$999,137 net of all taxes and charges and the validity date was extended to April 30, 2023. On May 1, 2023 the contract validity date was extended to October 31, 2023.

COMMENTS

Background

In July 2020, Non-Competitive Contract 47023050 was issued to replace Blanket Contract Number 47019406 (awarded as a result of Request for Quotation 1212-15-0111). The bridging contract was needed to ensure business continuity for operations at select City properties hosting critical services from July 1, 2020 to June 30, 2021 pending the issuance of a new competitive call and award of a new contract. The purpose of the first bridge contract was to provide enough time to complete the new competitive call document and replace the non-competitive contract by July 1, 2021.

Corporate Real Estate Management experienced a backlog of procurement requirements since the onset of the COVID-19 pandemic. Request for Quotation 1212-15-0111, previously used to award a competitive contract for these services, required extensive updates, revisions and enhanced contract and vendor performance management requirements in a new competitive solicitation. These enhancements include updated equipment information, expanded scope to ensure redundancies for business continuity, and standardized preventive maintenance plans based on industry practice.

This resulted in the need to amend and extend the Non-Competitive Contract 47023050 to allow for sufficient time to issue and award a competitive solicitation while also considering effective vendor transition or turnover activities upon award.

Rationale for Contract Extension and Addition of Funds

On August 18, 2023, Corporate Real Estate Management, and Purchasing and Materials Management issued a competitive solicitation with the intent to award a contract to replace Non-Competitive Contract 47023050. The lowest price bid

submission through this solicitation materially exceeded the allocated budget amount for these services.

Purchasing and Materials Management issued a cancellation letter to all participating vendors on October 4, 2023 and Corporate Real Estate Management is reviewing the cause of the unexpectedly high bids. A new competitive solicitation will be issued in the fourth quarter of 2023, with an expected award in the first quarter of 2024. Corporate Real Estate Management and Purchasing and Materials Management will consider the cause of the high bids, revisit the call package and make any necessary revisions before re-issuing the new competitive solicitation. This approach will ensure Corporate Real Estate Management stays within the allocated budget for these services while maintaining the most critical enhanced scope and requirements in the new call package.

In addition to the above, within the past week a one of the two generators that provide backup emergency power at one of these critical sites has failed and cannot be repaired. The Corporate Real Estate Management Division will need to replace this generator, and in the meantime put in place a temporary generator to ensure there is sufficient back-up power to ensure business continuity. This temporary solution will be procured through contract 47023050 with the State Group for an estimated period of six months. The recommended amendment in this report will ensure there is sufficient value within contract 47023050 to enable this temporary solution, until a replacement generator is in place.

Conclusion

The recommended contract amendment and extension are required for the continued maintenance and operations of critical emergency and electrical systems to ensure business continuity at three City properties that host critical services, including Toronto Fire Services, Toronto Police Services, Toronto Paramedic Services, and Toronto Water, until a new competitive contract award expected in the first quarter of 2024.

CONTACT

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SIGNATURE

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Chief Procurement Officer