

Amendment to Purchase Order Number 6050693 with Ecosystem Energy for Comprehensive Energy Retrofit Project at Emergency Services Headquarters, 4330 Dufferin Street Toronto.

Date: December 20, 2023

To: General Government Committee

From: Executive Director, Environment and Climate and Chief Procurement Officer

Wards: 6

SUMMARY

The purpose of this report is to request authority to amend Purchase Order Number 6050693 issued to Ecosystem Energy for a Comprehensive Energy Retrofit Project at Emergency Services Headquarters, 4330 Dufferin Street Toronto.

The amendment is required due to the delay in building permit approval for the solar photovoltaic carport and unanticipated electrical issues at the site, resulting in an increase in the engineering, labour, and material costs.

The total value of the Purchase Order amendment being requested is \$600,000 net of all taxes and charges (\$610,560 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$6,614,145 to \$7,214,145 net of all taxes and charges (\$7,341,114 net of Harmonized Sales Tax recoveries) and to extend the Purchase Order validity date to December 31, 2026.

This project is funded by the City's Sustainable Energy Plan Financing program, and the overall increased purchase order amount will still meet the Sustainable Energy Plan Financing requirements of a positive Net Present Value and payback under 20 years.

RECOMMENDATIONS

The Executive Director, Environment and Climate and the Chief Procurement Officer recommend that:

The General Government Committee in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law), grant authority to amend Purchase Order Number 6050693 with Ecosystem Energy for the Comprehensive Energy Retrofit Project at Emergency Services Headquarters, 4330 Dufferin Street Toronto by an additional amount of \$600,000 net of all taxes and charges (\$610,560 net of Harmonized Sales Tax recoveries), revising the current purchase order value from \$6,614,145 to \$7,214,145 net of all taxes and charges (\$7,341,114 net of Harmonized Sales Tax recoveries) and to extend the Purchase Order delivery date to December 31, 2026.

FINANCIAL IMPACT

The total value of the Purchase Order amendment is \$600,000 net of all taxes and charges (\$610,560 net of Harmonized Sales Tax recoveries), which will increase the purchase order value from \$6,614,145 to \$7,214,145 net of all taxes and charges (\$7,341,114 net of Harmonized Sales Tax recoveries).

Funding is included in the Environment and Climate’s Sustainable Energy Plan Financing Approved 2023 Capital Budget and 2024-2032 Approved Capital Plan as shown in Table 1 below.

Table 1 - Financial Impact Summary of Recommend Purchase Order Amendment

Year	Cost Center	G/L Account	Amount (net of Harmonized Sales Tax Recoveries)
2024	CCA712-05	4199	\$610,560
Total			\$610,560

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

DECISION HISTORY

The Bid Award Panel adopted Item BA64.2, at its meeting held on January 29, 2020, authorizing the award of Request for Proposal 9118-19-5058 to Ecosystem Energy for the Comprehensive Energy Retrofit Project at Emergency Services Headquarters, 4330 Dufferin Street Toronto, in the amount of \$5,272,800 net of all taxes and charges.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.BA64.2>

On March 29, 2021, Purchase Order Number 6050693 was amended by \$500,000 from \$5,272,800 to \$5,772,800 net of all taxes and charges to provide additional

recommended measures to the scope of work, to help address asset renewal while also reducing greenhouse gas emissions.

On December 2, 2021, Purchase Order Number 6050693 was amended by an additional \$841,345 from \$5,772,800 to \$6,614,145 net of all taxes and charges to account for unanticipated COVID-19 related cost increases, mainly due to increase in the price of steel and other equipment.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.IE26.1>

COMMENTS

1. Comprehensive energy retrofit

This is one of the first comprehensive or "deep" retrofits undertaken at a City-owned building with the goal of meeting Council's Climate Change mandates and TransformTO Leading by Example targets. The 4330 Dufferin Street facility is the Toronto Emergency Services Headquarters, one of the most critical buildings in the City's portfolio. The building was in need of multiple asset renewals, as major Heating, Ventilation, and Air Conditioning equipment has been due for replacements.

The deep retrofit solution being implemented incorporates multiple energy efficiency measures and renewable energy systems, including a large solar photovoltaic carport, and a hybrid ground source and air source heat pump system. Proposed energy efficiency measures will also help address the pressing need of replacing aging Heating, Ventilation, and Air Conditioning equipment: chiller, cooling tower, a boiler, and several main rooftop units.

The deep retrofit is expected to result in an estimated 79% reduction in Green House Gas emissions, and 59% reduction in energy use, while having a positive Net Present Value and payback under 20 years.

The majority of the project cost is financed through the City's Sustainable Energy Plan Financing program, where future savings in utility and maintenance costs will repay the loan within 20 years for the initial project costs and interest.

2. Amendment of Purchase Order Number 6050693

Because of the outstanding building permit approval delay for the solar photovoltaic carport and the unanticipated electrical system issue at the site, the project has experienced construction cost increases mainly due to increased cost of engineering, labour, and materials. The solar photovoltaic carport is classified by the permit office as an additional floor and roof to the existing building, which was situated right on the property line. A pending Limited Distance Agreement with the neighbouring property is in progress to satisfy the 3m setback requirement for the new roof/floor. The site also experienced multiple unexplained electrical outages from the distribution system. This created delays and required additional investigation and engineering to the electrical connection of the solar photovoltaic power to the building, including additional labour and

materials for revision to the physical electrical connection point to the building.

However, to meet the project's greenhouse gas emissions and energy reduction goals, while simultaneously addressing the overdue asset renewal of major Heating, Ventilation, and Air Conditioning equipment, an increase in the value of the approved purchase order is required. It is important to note that Sustainable Energy Plan Financing requirements of positive Net Present Value and payback of 20 years or less will be not impacted.

To complete the work according to the new schedule, Purchase Order Number 6050693 must be amended by an additional \$600,000 net of all taxes and charges, revising the current total value from \$6,614,145 to \$7,214,145 net of all taxes and charges (\$7,341,114 net of Harmonized Sales Tax recoveries). In addition, the purchase order delivery date must also be amended to December 31, 2024 to include the two years of Monitoring and Verification and Training work that will happen post-construction.

CONTACT

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SIGNATURE

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