

Amendment to Blanket Contracts 47023917 for Corporate Real Estate Management and 47023914 for Seniors Services and Long-Term Care with Ainsworth Inc. for HVAC Maintenance and Repairs

Date: January 30, 2024

To: General Government Committee

From: Executive Director, Corporate Real Estate Management, General Manager, Seniors Services and Long-Term Care, and the Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend blanket contracts 47023917 for Corporate Real Estate Management ("CREM") and 47023914 for Seniors Services and Long-Term Care ("SSLTC") with Ainsworth Inc. This amendment is required to ensure the continuity of critical Heating, Ventilation, and Air Conditioning ("HVAC") maintenance and repair services at various properties across the City. The request is to increase the current target value of two (2) blanket contracts by a total of \$5,235,000 net of all taxes and charges (\$5,327,136 net of Harmonized Sales Tax recoveries).

The contract was awarded in 2021 as part of a Negotiated Request for Proposal Document Number 2738470765.

Higher than expected demand for HVAC system repairs and equipment replacement resulting from the age of the existing HVAC systems, coupled with the significant price inflation of manufactured HVAC parts, equipment, and supplies since 2021, are key factors driving this request for additional contract value for both CREM and SSLTC. Specific to SSLTC, long-term care homes are subject to updated legislation requiring critical building systems to be maintained and operational, resulting in additional maintenance and repair work, and equipment replacement. As a result of the aforementioned reasons, an amendment is requested to ensure service continuity for the duration of the contract term.

General Government Committee approval is required in accordance with 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 Toronto Municipal Code, Chapter 71, Financial Control, Section 71-11.1.

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, General Manager, Seniors Services and Long-Term Care, and the Chief Procurement Officer, Purchasing and Materials Management 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), grants authority to the Executive Director, Corporate Real Estate Management, to amend contract number 47023917 by increasing its value by \$3,735,000, net of all taxes and charges (\$3,800,736 net of Harmonized Sales Tax recoveries) from \$9,230,655 to \$12,965,655 net of all taxes and charges (\$13,193,851 net of Harmonized Sales Tax recoveries).

- 2. The General Government 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, Seniors Services and Long-Term Care to amend contract number 47023914 by increasing its value by \$1,500,000, net of all taxes and charges (\$1,526,400 net of Harmonized Sales Tax recoveries) increasing the contract value from \$3,234,589 to \$4,734,589, net of all taxes and charges (\$4,817,918 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

The total value of the contract amendments identified in this report is \$5,327,136 net of Harmonized Sales Tax recoveries. This revises the CREM contract value from \$9,393,115 net of Harmonized Sales Tax recoveries to \$13,193,851 net of Harmonized Sales Tax recoveries and the SSLTC contract value from \$3,291,518 net of Harmonized Sales Tax recoveries to \$4,817,918 net of Harmonized Sales Tax recoveries.

Funding for the requested amendment to the contract is included in the 2024 Staff Prepared Operating Budget submissions of CREM and SSLTC, and detailed in Table 1 below.

Table 1: Financial Impact Summary (net of Harmonized Sales Tax recoveries).

Division	Contract Number	Cost Center and General Ledger Code	2024 Increase in Contract Values
Corporate Real Estate Management	47023917	FA100-30, 4424	\$3,800,736

Division	Contract Number	Cost Center and General Ledger Code	2024 Increase in Contract Values
Seniors Services and Long-Term Care	47023914	Various, 4411	\$1,526,400
Total 2024 Increase in Contract Values			\$5,327,136

The Chief Financial Officer and Treasurer has been advised of the financial impacts associated with this amendment to be considered along with other priorities in future budget processes.

DECISION HISTORY

At its meeting on September 15, 2021 the General Government and Licencing Committee adopted item GL25.6, "Award of Negotiated Request for Proposal Ariba Document Number 2738470765 to Various Suppliers for the Provision of Heating Ventilation and Air Conditioning and Building Automation Systems Maintenance Services at various City of Toronto locations". granting authority to award the Negotiated Request for Proposal for the provision of Heating Ventilation and Air Conditioning and Building Automation Systems maintenance services for various locations throughout the City of Toronto, and to request authority for the General Manager Parks Forestry and Recreation, General Manager, Children's Services, Executive Director, Corporate Real Estate Management, General Manager, Seniors Services and Long-Term Care, General Manager, Economic Development and Culture, Chief Operating Officer - Development and General Manager, Solid Waste Management Services to enter into agreements with the top-ranked Suppliers meeting the requirements set out in the Negotiated Request for Proposal.

<https://secure.toronto.ca/council/agenda-item.do?item=2021.GL25.6>

COMMENTS

Background

In 2021, Ainsworth Inc. was awarded the CREM contract (47023917) for a base term of three (3) years at a value of \$9,230,655 net of all taxes and charges (\$9,393,115 net of Harmonized Sales Tax recoveries) and the SSLTC contract (47023914) for a base term of three (3) years at a value of \$2,984,588 net of all taxes and charges (\$3,037,117 net of Harmonized Sales Tax recoveries) to provide HVAC preventative maintenance and repair services at various City locations, along with contracts to other suppliers for HVAC maintenance services.

Currently, CREM is implementing an enhanced asset management program, commencing with comprehensive asset tagging, which will capture building and building

systems level data such as age, condition, and other relevant details. This initiative began with the procurement and award of the current HVAC contracts. The continuous collection of data on the health of building systems will enable CREM to better forecast needed HVAC system upgrades and equipment replacements, as well as the expected cost of this work. This information will be leveraged in preparing future solicitations for services to ensure accurate reflection of requirements.

Factors Impacting Annual Spend

Due to the age of existing HVAC systems, coupled with the significant escalation in the price of manufactured HVAC parts, equipment, and supplies since 2021, CREM and SSLTC have incurred higher than expected costs for HVAC system repairs and equipment replacement. The Industrial Product Price Index [has shown an over 25% increase in the cost of associated manufacturing components since 2021.](#) The higher number of service requests related to the HVAC system, combined with the higher costs associated with these requests, have led to a faster than expected depletion of the original HVAC service contract value. This request for contract value amendment is to ensure that the City is able to continue to support its aging HVAC systems.

SSLTC has also experienced higher than anticipated depletion of its contract due to maintaining aging equipment to ensure compliance with updated legislation, which requires additional inspection and testing of the HVAC equipment. Vital building systems, including domestic hot water, cold water, HVAC, and emergency power, must be maintained operational under the *Fixing Long Term Care Act, 2021* and other requirements as per the Province's Ministry of Health and Long-Term Care.

Contract and Amendment Details

The request to amend the Ainsworth Inc. contract would increase the CREM contract (47023917) value by \$3,735,000 net of all taxes and charges (\$3,800,736 net of Harmonized Sales Tax recoveries) to a total amount of \$12,965,655 net of all taxes and charges (\$13,193,851 net of Harmonized Sales Tax recoveries), and the SSLTC contract (47023914) value by \$1,500,000, net of all taxes and charges (\$1,526,400 net of Harmonized Sales Tax recoveries), to the total amount of \$4,734,589 net of all taxes and charges (\$4,817,918 net of Harmonized Sales Tax recoveries).

The existing term of the contract expires in September 2024, with options at the City's discretion to extend on an annual basis until 2026. CREM, as the lead in the management of the service contract, will continue to monitor supplier performance and contract standing while working with partner Divisions to determine if it is in the City's interest to release a new competitive procurement call or to exercise option year terms when appropriate.

Compliance with City Policies

The Fair Wage Office confirmed 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 agreed to comply fully with the City's Fair Wage Policy.

CONTACT

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SIGNATURE

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