

# **BUILDING INVESTEMENT, FINANCE AND AUDIT COMMITTEE MEETING AGENDA**

## **PUBLIC SESSION**

**Date:** November 3, 2021

**Time:** 9:45 a.m. – 12:30 p.m.

**Location:** Virtual (NOT in person)

### **Agenda**

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
Public Agenda					
<b>9:45</b>	<b>1. Chair's Remarks</b>	Information	Verbal Report <i>5 minutes</i>	Chair	-
<b>9:50</b>	<b>2. Consent agenda</b>		<i>10 minutes</i>		
	a) Approval of Public Meeting Agenda	BIFAC Approval	Agenda	Chair	1
	b) Chair's Poll re: Conflict of Interest	Declaration	Agenda and Conflict of Interest Policy	Chair	-
	c) Confirmation of the Public Meeting Minutes of September 2, 2021	BIFAC Approval	Minutes	Chair	7
	d) Internal Audit Update: Q3 2021	Information	BIFAC:2021 -100	Manager, Internal Audit	24
	e) Q3 2021 Information Technology Services Divisional Update	Information	BIFAC:2021 -101	Vice President, ITS	29
	f) Q3 2021 PAC Awards and Revenue Contracts	Information	BIFAC:2021 -102	General Counsel & Corporate Secretary	32

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
	g) Q3 2021 Tenants First Update	Information	BIFAC:2021-103	Vice President, Strategic Planning and Communications	37
<b>10:00</b>	<b>3.</b> Business Arising from the Public Meeting Minutes and Action Items Update	Information	Action Item List <i>5 minutes</i>	Chair	44
<b>10:05</b>	<b>4. Auditor General, City of Toronto</b> a) Results of 2021 Follow-up of Previous Audit Recommendations on TCHC's Redevelopment and Revitalization Activities	Information	BIFAC:2021-104 <i>10 minutes</i>	Auditor General, City of Toronto	46
<b>10:15</b>	b) Toronto Community Housing Corporation – Embedding Accountability into Service Delivery: Lessons Learned from Contracted Property Management Services	Information	BIFAC:2021-122 <i>45 minutes</i>	Auditor General, City of Toronto	59
<b>11:00</b>	<b>5.</b> Q3 2021 HoMES Project Update	Information	BIFAC:2021-105 <i>15 minutes</i>	Vice President, ITS	132
<b>11:15</b>	<b>6.</b> Change Order: Quality Assurance Services for the HoMES Project	Approval	BIFAC:2021-120 <i>5 minutes</i>	Vice President, ITS	141

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
11:20	7. Change Order: Eight Month Contract Extension for Appliance Supply and Delivery	Approval	BIFAC:2021-106 <i>5 minutes</i>	Senior Director, Business Operations	145
11:25	<b>8. Facilities Management Reports</b>		<i>65 minutes</i>		
	a) Contract Award: Preventative Maintenance Services and Demand Repairs for Fire Alarm/Suppression Systems (RFP 21125 and RFQ 21247)	Approval	BIFAC:2021-107	Vice President, Facilities Management	149
	b) Change Order: Additional Funding for Preventive Maintenance Services and Demand Repairs for Fire Alarm/Suppression Systems (RFP 18349 and RFP 19390)	Approval	BIFAC:2021-108	Vice President, Facilities Management	155
	c) Contract Award: All-Inclusive Preventive Maintenance Services and Demand Repairs for Residential Furnaces, Domestic Hot Water (DHW), Tankless, and Combo Water Heaters at Various TCHC locations (RFP 21096)	Approval	BIFAC:2021-109	Vice President, Facilities Management	161

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
	d) Change Order: Additional Funds for the Transition of OUX and OUY into the All-Inclusive Preventive Maintenance Services and Demand Repairs for Residential Furnaces, Domestic Hot Water (DHW), Tankless, and Combo Water Heaters at Various TCHC locations (RFP 21096)	Approval	BIFAC:2021 -110	Vice President, Facilities Management	166
	e) Change Order: Additional Funds for Preventative Maintenance Services and Demand Repairs for Residential Furnaces and Domestic Hot Water (DHW) Heaters contract (RFP 16174)	Approval	BIFAC:2021 -111	Vice President, Facilities Management	171
	f) Contract Award: Demand Services Replacement of Residential Furnaces and Domestic Hot Water Heaters (DHW) on Demand at all TCHC Townhouses (RFP 21094)	Approval	BIFAC:2021 -112	Vice President, Facilities Management	176

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
	g) Change Order: Additional Funds for Domestic Furnace and Hot Water Heater Replacement – RFP 16176	Approval	BIFAC:2021 –113	Vice President, Facilities Management	181
	h) Change Order: Extension to the Preventive Maintenance Services and Demand Repairs for Residential Fan Coil Units and Packaged Terminal Air Conditioner (PTAC) units (RFP 16175)	Approval	BIFAC:2021 –114	Vice President, Facilities Management	186
	i) Change Order: Three Month Contract Extension from January 01, 2022 to March 31, 2022 for Replacement of PTAC Units in Various Buildings Throughout TCHC’s Portfolio (RFP 16177)	Approval	BIFAC:2021 –115	Vice President, Facilities Management	191
	j) Design Revisions and Enhanced Contract Administration at 4100, 4110 Lawrence Avenue East (Lawrence Galloway)	Approval	BIFAC:2021 –116	Vice President, Facilities Management	195
	k) Change Order: Addition to Contract as per Various Exterior and Interior	Approval	BIFAC:2021 –117	Vice President, Facilities Management	201

<b>Time</b>	<b>Description</b>	<b>Action</b>	<b>Pre-read</b>	<b>Presenter</b>	<b>Page #</b>
	Extra Work due to Unforeseeable Site Conditions and TCH Requests to the Re-Cladding Project at 1021 Birchmount Road (440949)				
	l) Change Order: Addition to Contract for Security Camera Updates, Improved Insulated Corner Detail, Constructor Role Cash Allowance, and Staircase Exterior Finishing for the Re-cladding Project at 110 Mornelle Court (441240)	Approval	BIFAC:2021-118	Vice President, Facilities Management	207
	m) Change Order: Additional Construction Costs associated with the CSU Station Renovation at 90 Wildcat Rd (fm-450034)	Approval	BIFAC:2021-119	Vice President, Facilities Management	211
	n) Change Order: Addition to Contract to Cover Reimbursable Expenses as per OAA-600 Contract Incurred by Hilditch Architect Inc. at 389 Church Street	Approval	BIFAC:2021-121	Vice President, Facilities Management	216

**TERMINATION**



## Building Investment, Finance and Audit Committee

931 Yonge Street,  
Toronto, M4W 2H2

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The Building Investment, Finance and Audit Committee (“BIFAC”) of the Toronto Community Housing Corporation (“TCHC”) held a virtual Public meeting on September 2, 2021, via WebEx, commencing at 10:06 a.m.

**BIFAC Directors Present:** Adele Imrie, Chair  
Deputy Mayor Ana Bailão (10:06 a.m. – 10:20 a.m.)  
Naram Mansour  
Brian Smith

**BIFAC Directors Absent:** Nick Macrae  
John Campbell

**Management Present:** Jag Sharma, President and Chief Executive Officer (“CEO”)  
John Angkaw, Senior Director, Business Operations  
Darragh Meagher, General Counsel & Corporate Secretary  
Nagesh Dinavahi, Corporate Controller  
Karim Jessani, Manager, Internal Audit  
Luisa Andrews, Vice President, Information Technology Services  
Allen Murray, Vice President, Facilities Management  
Paula Knight, Vice President, Strategic Planning & Communications  
Kelly Skeith, Acting Chief Development Officer  
Jill Bada, General Manager, Seniors Housing Unit  
Peter Zimmerman, Senior Development Director

A quorum being present, Ms. Imrie, serving as Chair, called the meeting to order, and Ms. Fung served as recording secretary.

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**ITEM 1 CHAIR'S REMARKS**

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The Chair welcomed everyone to the BIFAC meeting, noted the Acknowledgement of the Land and notified everyone that due to the need for social distancing to limit the spread of COVID-19, TCHC is holding this BIFAC meeting virtually.

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**ITEM 2A APPROVAL OF PUBLIC MEETING AGENDA**

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*Motion carried* **ON MOTION DULY MADE** by Mr. Naram, seconded by Deputy Mayor Bailão and carried, the BIFAC approved the Public meeting agenda for the BIFAC's September 2, 2021 meeting.

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**ITEM 2B CHAIR'S POLL RE: CONFLICT OF INTEREST**

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The Chair requested members of the BIFAC to indicate any agenda item in which they had a conflict of interest, together with the nature of the interest. **No conflicts were declared.**

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**ITEM 2C CONFIRMATION OF MINUTES OF THE PUBLIC BIFAC MEETING OF JULY 20, 2021**

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*Motion carried* **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC confirmed the above-captioned minutes without amendments.



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**ITEM 2D      INTERNAL AUDIT UPDATE: Q2 2021      BIFAC:2021-72**

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*Motion carried*      **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Internal Audit Update: Q2 2021 report as outlined in Report:BIFAC:2021-72 for its information.

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**STATUS                  UPDATE                  ON                  AUDIT  
RECOMMENDATIONS      FROM      INTERNAL  
ITEM 2E      AUDIT REPORTS AS OF JUNE 30, 2021      BIFAC:2021-73**

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*Motion carried*      **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Status Update on Audit Recommendations from Internal Audit Reports as of June 30, 2021 as outlined in Report:BIFAC:2021-73 for its information.

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**ITEM 2F      2021 INTERNAL AUDIT WORK PLAN REVISIONS      BIFAC:2021-74**

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The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Jessani was available to answer questions from BIFAC members. Highlights of the discussion include:

- Concerns were expressed regarding the delay of the budgetary process.
- BIFAC requested that the original schedule of the Budgeting and Monitoring Process Review to commence in Q3 2021 to be reinstated and the Learning and Organizational Development to be deferred to 2022.

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*Motion carried*      **ON MOTION DULY MADE** by Mr. Mansour, seconded by and Mr. Smith carried, the BIFAC approved the revisions to Internal Audit's 2021 Work Plan, as presented in Attachment 1 to Report

BIFAC:2021-74 subject to reinstating the original schedule of the Budgeting & Monitoring Process Review to commence in Q3 of 2021, deferring the Learning and Organizational Development to 2022.

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**ITEM 2G     Q2 2021 HoMES PROJECT UPDATE** BIFAC:2021-75

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The above-captioned report was circulated to BIFAC members prior to the meeting.

Ms. Andrews was available to answer questions of BIFAC members. Highlights of the discussion include:

- While the technical portion of the solution was expected to be ready for the October timeframe, the training of users was deferred until January and February 2022.
- Final financial review with a detailed analysis of the budget impact of that extension will be provided at the next update.
- Management anticipated that the project will be completed with approximately \$1.1M remaining as contingency. Approximately \$900K of that contingency will be used for training in January / February 2022.

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*Motion carried*     **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC received the Q2 2021 HoMES Project Update as outlined in Report:BIFAC:2021-75 for its information.

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**ITEM 2H     Q2 2021 INFORMATION TECNOLOGY SERVICES DIVISIONAL UPDATE** BIFAC:2021-76

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*Motion carried*     **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Q2 2021 Information Technology Services Divisional Update as outlined in Report:BIFAC:2021-76 for its information.

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<b>ITEM 2I</b>	<b>Q2 2021 PAC AWARDS AND REVENUE CONTRACTS</b>	<b>BIFAC:2021-77</b>
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*Motion carried*      **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Q2 2021 – PAC Awards and Revenue Contracts report as outlined in Report:BIFAC:2021-77 for its information.

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<b>ITEM 2J</b>	<b>Q2 2021TENANTS FIRST UDPATE</b>	<b>BIFAC:2021-78</b>
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*Motion carried*      **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Q2 2021 Tenants First Update as outlined in Report:BIFAC:2021 -78 for its information.

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<b>ITEM 2K</b>	<b>Q2 2021 UPDATE ON MABELLEARTS LONG TERM LEASE AND OPERATING AGREEMENT FOR PARTS OF MABELLE PARK</b>	<b>BIFAC:2021-79</b>
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*Motion carried*      **ON MOTION DULY MADE** by Deputy Mayor Bailão, seconded by Mr. Mansour and carried, the BIFAC received the Q2 2021 Update on MABELLEarts Long Term Lease and Operating Agreement for Parts of Mabelle Park report Report:BIFAC:2021-79 for its information.

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<b>ITEM 2L</b>	<b>DECEMBER 2021 MORTGAGE RENEWAL</b>	<b>BIFAC:2021-80</b>
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*Motion carried*      **ON MOTION DULY MADE** by Mr. Smith, seconded by Deputy Mayor Bailão and carried, the BIFAC approved and forwarded to the Board for its approval the recommendations, as outlined in

Report:BIFAC:2021-80, to:

1. Approve the transaction in the amount of \$3,314,313.61 with a lender selected by the Ministry of Municipal Affairs and Housing, in connection with the mortgage due for renewal on December 1, 2021; and
2. Authorize the President and Chief Executive Officer or the Chief Financial Officer & Treasurer to take all necessary actions, including negotiation and execution of such documentation as may be required, in order to give effect to the above recommendation.

**ITEM 3 BUSINESS ARISING FROM THE PUBLIC MEETING MINUTES AND ACTION ITEMS UPDATE**

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*Motion carried* **ON MOTION DULY MADE** by Mr. Mansour, seconded by Mr. Smith and carried, the BIFAC received the matters reported as Business Arising from the Public Meeting Minutes and Action Items Update as of July 20, 2021 for its information.

**ITEM 4 APPOINTMENT OF CITIZEN MEMBER(S) TO INVESTMENT ADVISORY COMMITTEE** BIFAC:2021-81

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The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Meagher was available to answer questions of the BIFAC. Highlights of the discussion include:

- Recruitment process was initiated to recruit new members for the Investment Advisory Committee.
- Notice of the vacant positions were posted at the TCHC web site, as well as at Mr. Macrae's (the IAC Chair) social media. Eight applications were received and two of these applicants were selected for an interview.

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- The interview panel was comprised of: Mr. Macrae (IAC Chair), Mrs. Imrie (BIFAC Chair), and Ms. Lee (TCHC Chief Financial Officer).
- Upon completion of the interview process, it was determined that membership of IAC should be increased by one, which is permissible within the IAC charter. Both interviewed candidates demonstrated a high level of business, financial investment acumen, and have experience and providing advice and direction on investment mandates and strategy.
- The Committee was to identify qualifications that included a high level of business and financial acumen, investment experience preferably with Canadian and global markets, understanding of various investment classes and money market, fixed income equities, knowledge of fiduciary responsibilities of managing trusts (preferred), experience in pension funds, and so on.
- Names of the applicants that are being recommended were included on the confidential attachments of Report:BIFAC:2021-81.
- BIFAC has authority to appoint new members to the subcommittee. Board approval is not required.

*Motion carried*      **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC unanimously approved the appointment of the following individuals to serve on the Investment Advisory Committee for a term of 2 years, renewable for an additional 2 years:

1. Jing Lu; and
2. Martha Tredgett.

**CHANGE ORDER: COSTS FOR  
ADDITIONAL CONSULTING SERVICES  
FOR REGENT PARK PHASE 2 SITE  
SERVICING**

**ITEM 5A**

BIFAC:2021-64

The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Skeith and Mr. Zimmerman were available to answer questions of the

BIFAC. Highlights of the discussion include:

- This change order covered additional engineering fees for Dylan Consulting Ltd. (“Dylan”) for all of the road work on the Phase 2 lands. Six roadways were involved in this space.
- The costs covered for
  - Assessment of damages to the Phase 2 roadways.
  - Observation and contract administration of top works.
  - Additional fees for construction delays.
  - Contingency.
- The total value of change orders issued to Dillon Consulting Ltd. to date is \$984,111 for a total current contract value of \$1,260,111. With approval of this request, the total cumulative value of change orders issued to Dillon will be \$1,108,388, equivalent to 401.6% of the original contract value, and the revised total contract amount will be \$1,384,388.
- The magnitude of the change in Dillon’s contract value is due to unpredictable changes in the project timeline and addition of scope.
- As per the contract with the City, TCHC is obligated to retain Dylan until the roads are assumed because they are the consulting engineer on the project.
- The process undertaken by the Development Team to review and scrutinize all the change orders was comprehensive.
- The contingency fee was included as it is difficult to understand the quantum of repair work that would be required over the course of a year.

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-64, to:

1. Approve fee increases for Dillon Consulting Ltd. totaling \$124,276.68 (exclusive of taxes) for civil engineering and contract administration work in Phase 2 of the Regent Park revitalization for additional civil engineering services associated with roadway repairs and top-works (asphalt paving) of the Phase 2 roads in Regent Park;

2. Approve a contingency of \$50,000.00 for anticipated additional costs to carry the project through the assumption of Phase 2 roads by the City; and
3. Authorize the appropriate TCHC staff to take the necessary actions to give effect to the above recommendations.

**ITEM 5B      REGENT PARK PHASES 4-5 PRE-DEVELOPMENT SPENDING AUTHORITY      BIFAC:2021-83**

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The above-captioned report was circulated to BIFAC members prior to the meeting.

Ms. Skeith and Mr. Zimmerman were available to answer questions of the BIFAC. Highlights of the discussion include:

- Since December the Development team has moved on to examining opportunities to increase the density on these lands, and to contemplate some of the new priorities that were not originally considered back in 2013 and 2014 when the phases 4, and 5 lands were zoned.
- Increased costs and transitional costs in phases 4 and 5 would be involved if TCHC goes through with rezoning that will delay the start of construction.
- In light of the changes to the project, engagement of tenants in the community will be maintained. Regular meetings were held throughout the year. Staff plan to create a working group as a sounding board to work through some of the issues. Staff will also be working with our counterparts at the City and CreateTO.
- There are four blocks in phases 4 and 5 (approximately 16 acres, about 50-60% of the lands) under this partnership. The partnership agreements which include cost sharing consideration for the work referred to in this report, are expected to be completed by end of 2021.

*Motion carried*      **ON MOTION DULY MADE** by Mr. Mansour, seconded by Mr. Smith and carried, the BIFAC unanimously approved and forward to the Board of Directors for approval the following recommendations as outlined in Report BIFAC:2021-83, to:

1. Authorize additional spending authority of \$2,649,200 to complete Phases 4-5 master planning, rezoning, and operational costs as described in this report;
2. Authorize the Acting Chief Development Officer to execute an Interim Cost Sharing Agreement whereby TCHC will contribute 75% and Tridel will contribute 25% of the total costs on an as-incurred basis, in form satisfactory to the General Counsel and Corporate Secretary and the Acting Chief Development Officer; and
3. Authorize the appropriate staff to take the necessary actions, incur capital commitments, and execute any and all documents as may be necessary, including negotiation and execution of such documents as may be required to give effect to the above recommendations.

**ALEXANDRA PARK PHASE 2  
REVITALIZATION: TRANSFER OF SITE 1  
DWWLOPMENT BLOCK TO  
PARTNERSHIP**

**ITEM 5C**

**BIFAC:2021-84**

The above-captioned report was circulated to BIFAC members prior to the meeting.

Ms. Skeith and Mr. Zimmerman were available to answer questions of the BIFAC. Highlights of the discussion include:

- TCHC is moving to the second phase of Alexander Park. Phase 1 was more or less complete. TCHC would transfer one of the market blocks in Phase 2 to Tridel, the development partner, by end of this year.
- TCHC will enter into reciprocal agreements with Tridel. These are shared facilities agreements that will ultimately be transferred to the future condo Corporation.
- The building that Tridel is building and the building TCHC is building comingled and share an underground parking lot and a number of other facilities. Integration of the buildings facilitated efficient use of land.

*Motion*      **ON MOTION DULY MADE** by Mr. Smith, seconded by Mr.



*carried*

Mansour and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-84, to:

1. Authorize the transfer of the Site 1 lands, substantially as shown on the plans prepared by CS&P Architects and SvN Architects + Planners, dated January 22, 2020 (Attachment 2), (the “Subject Lands”), from Toronto Community Housing to Dundas Alexandra Park Residences Inc.;
2. Authorize entering into reciprocal easements and a shared facilities agreement with the declarant or condominium corporation which acquires the Subject Lands to provide for the operation and management of the shared garage, loading and garbage areas, building facilities and shared outdoor areas;
3. Authorize any further retransfer of the Subject Lands required in order to correct the boundaries in accordance with any subsequent as-built stratified plan; and
4. Authorize the Chief Development Officer (or designate) to take such further actions to execute any and all agreements and documents as may be necessary to give effect to the above recommendations.

**CONTRACTOR AWARD: PORTABLE  
TERMINAL AIR CONDITIONING UNIT  
("PTAC") SYSTEM REPLACEMENT AND IN-  
SUITE VENTILATION UPGRADE AT 145**

**ITEM 6A MUTUAL STREET (RFP 21102-PP)**

**BIFAC:2021-85**

The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the

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discussion include:

- This proposed new system is highly energy efficient (reducing tenant utility bills), quieter, requires a far smaller penetration at the envelope (eliminating leaks and drafts), and will significantly improve tenant comfort.
- The tenants pay their own electricity bills at this building.

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-85, to:

1. Approve the award of the work to Martinway Contracting Ltd. for \$3,977,414,21 (exclusive of taxes) for PTAC replacement and in-suite ventilation upgrades at 145 Mutual Street based on the outcome of Request for Proposal (RFP) 21002-PP; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**CONTRACTOR AWARD:  
DECOMMISSIONING, ABATEMENT,  
DEMOLITION AND SITE GRADING  
SERVICES AT FIRGROVE CRESCENT (RFP  
21084-PP)**

**ITEM 6B**

**BIFAC:2021-86**

The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the discussion include:

- The recommended scope of work includes decommissioning, abatement, demolition and site grading services at Firgrove Crescent (Blocks A and B) in order to facilitate the Firgrove-Grassways Revitalization.

It was anticipated that the remaining tenants in the other building will be fully relocated around the end of September.

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- Completion of this work will provide an opportunity for the Development Team to move forward with their plan to replace the units.
- The RFP is required that 1.5% of the total bid be used to implement the community economic development plan which included employment opportunity for the tenants.

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Mansour, seconded by Mr. Smith and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-86, to:

1. Approve the award of the work to Budget Environmental Disposal Inc. for \$4,959,650.00 (exclusive of taxes) for decommissioning, abatement, demolition and site grading services at 5, 10 & 40 Turf Grassway, 4 & 17 Cane Grassway, 7 & 11 Blue Grassway, 1, 2 & 8 Dune Grassway, and 3 & 36 Marsh Grassway (Firgrove Crescent, Dev. 097) based on the outcome of Request for Proposal (“RFP”) 21084-PP; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**CHANGE ORDER: ADDITIONAL SCOPE TO  
RENOVATE TOWNHOUSE UNITS AT 275,  
285 AND 295 SHUTER STREET (MOSS  
PARK)**

**ITEM 6C**

**BIFAC:2021-87**

The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the discussion include:

- This was a \$4M project that was approved for replacement of sanitary, drainage and other plumbing including some interior work. The original intent was to have the tenants temporarily vacate their units on a one by one basis. It was later recommended that the tenants be completely

relocated so work could be done in completely vacant units.

- This change order was for additional scope of work that TCHC would be completing in the 41 units.
- This will be covered by the contingency funds.

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-87, to:

1. Approve the change order of the work up to \$1,031,270.54 (exclusive of taxes) to Martinway Contracting Ltd. for the extra cost to expand the interior renovation of 41 townhouse units at 275, 285 and 295 Shuter Street as follows:
  - a. \$941,270.54 for the extra cost to expand the interior renovation of 41 townhouse units; and
  - b. \$90,000 as an allowance to accommodate the potential increased cost of materials due to supply chain issues as a result of the COVID-19 pandemic; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**CONTRACTOR AWARD: BALCONY  
RESTORATION AND RAILING  
REPLACEMENT AT 200 WELLESLEY  
STREET EAST (RFPQ 21166)**

**ITEM 6D**

**BIFAC:2021-88**

The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Murray was available to answer questions of the BIFAC. Highlights of the discussion include:

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- The recommended scope of work includes full balcony suspended slab edge replacement, deteriorated concrete repair, waterproofing traffic coating applications, new rail guard and new bird net replacement, and structural repair of three canopies.
- This work will be inconvenient and noisy for the tenants. Facilities Management team will work with building staff and Capital Engagement team to ensure that we can work with and support our tenants as needed.
- Precaution will be taken to minimize disruption to the tenant of having their balcony closed off for safety reasons. Hearing protection will also be available for tenants should the need arises. A quiet room will be set up for tenants' use.

*Motion  
carried*

**ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Smith and carried, the BIFAC unanimously approved the following recommendations as outlined in Report BIFAC:2021-88, to:

1. Approve the award of the work to Adco Building Restoration Ltd. for \$3,653,235.00 (exclusive of taxes) for balcony restoration and railing replacement services at 200 Wellesley Street East based on the outcome of Request for Quotations (RFPQ) 21166-PP as follows:
  - a. \$210,045.00 for phase one in 2021;
  - b. \$1,544,250.00 for phase two in 2022;
  - c. \$1,898,940.00 for phase three in 2023; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**CONTRACTOR AWARD: ARCHITECTURAL  
AND MECHANICAL UPGRADES AT 40  
ITEM 6E ASQUITH AVENUE (RFQ 21154-PP) BIFAC:2021-89**

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The above-captioned report was circulated to BIFAC members prior to the meeting.

Mr. Murray and was available to answer questions of the BIFAC. Highlights of the discussion include:

- The scope of work covered replacement of portable terminal air conditioning (“PTAC”) units, lighting upgrades, boiler replacement, new doors and windows, and repairs to the exterior as required.
- Tenants pay their own electricity in this building.

*Motion carried* **ON MOTION DULY MADE** by Mr. Mansour, seconded by Mr. Smith and carried, the BIFAC unanimously approved and forward to the Board for approval the following recommendations as outlined in Report BIFAC:2021-89:

1. Approve the award of the work to Trinity Services Ltd. for \$12,104,223.00 (exclusive of taxes) for architectural envelope and mechanical HVAC services at 40 Asquith Avenue based on the outcome of Request for Quotations (“RFQ”) 21154-PP; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**TERMINATION**

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**ON MOTION DULY MADE** by Mr. Smith, seconded by Mr. Mansour and carried, the BIFAC unanimously approved that the Building Investment, Finance and Audit Committee conclude the public portion of its meeting and return to closed session in order to consider:

1. Matters related to employee and labour relations, personal matters about identifiable individuals and Solicitor Client advice;
2. Confidential matters related to a proposed or pending transaction with a third party;

**Building Investment, Finance and Audit Committee  
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3. Confidential matters related to proposed policies and processes; and
4. Financial information belonging to TCHC that has monetary or potential monetary value.

The public meeting terminated at 11:02 a.m.

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Secretary

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Chair, Building Investment,  
Finance & Audit Committee



## Internal Audit Update: Q3 2021

Item 2D

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-100**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Manager, Internal Audit

**Date:** October 19, 2021

### PURPOSE:

The purpose of this report is to provide the BIFAC with an update on the work conducted by the Internal Audit Department ("IAD") up to September 30, 2021.

### RECOMMENDATION:

It is recommended that the BIFAC receive this report for information.

### REASONS FOR RECOMMENDATION:

#### Background:

#### Q3-2021 Work Plan Update:

The Q3-2021 Work Plan Update is set out in Attachment 1 to this report. There are four tables, as follows:

- 1) **Table 1 - Status of 2021 Projects:** New engagements that will be completed or substantially completed in 2021;
- 2) **Table 2 - Status of Standing Items:** Engagements that are being completed every year;
- 3) **Table 3 - Status of 2020 Projects:** 2020 engagements that are in progress and/or completed in 2021; and



- 4) **Table 4 - Other Items:** Other IAD activities not categorized above.

**Resource Requirements**

We believe we have the resources available to complete all engagements as detailed in the Q3-2021 Work Plan Update.

**IMPLICATIONS AND RISKS:**

IAD will continue to provide BIFAC with quarterly updates on the status of our Work Plan.

**SIGNATURE:**

*“Karim Jessani”*

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Karim Jessani  
Manager, Internal Audit

**ATTACHMENT:**

1. September 30, 2021 Internal Audit Department Work Plan Update

**STAFF CONTACTS:**

Karim Jessani, Manager, Internal Audit  
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Amyr Bhayani, Internal Audit Analyst  
416-688-6767  
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Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	September 30, 2021 Update	% completion as of September 30th
<b>Table 1 - Status of 2021 Projects</b>						
Annual Unit Inspection Process Review	A review of the effectiveness of TCHC's process of annual inspection of residential units.	- Non-compliance with policies and procedures. - Health & Safety - Reputational Risk	4- Operational Processes 16- Health & Safety 20- Non-compliance with Legislations & Regulations	Operations	Completed. Final Audit Report with Management Action Plan was presented to BIFAC on September 02, 2021.	Completed
CSU Operations Review	An operational review of the effectiveness and efficiency of CSU core operations.	- Inadequate policies and procedures. - Non-compliance with policies & procedures and applicable legislation. - Inefficient use of available resources.	4- Operational Processes 5- Physical Safety 16- Health & Safety 20- Non-compliance with Legislations & Regulations	CSU	Fieldwork at final stage. Draft audit report in progress.	83%
Budgeting & Monitoring Process Review	A review of financial planning, budgeting and monitoring process.	- Inadequate policies and procedures to manage the budgeting process. - Inadequate or ineffective monitoring of the approved budget.	4- Operational Processes 8- Records Management	Finance	Initial planning completed and fieldwork started during Q3 2021.	12%
Capital Projects Close-out Process Review	A review of the inspection process that supports the issuance of the substantial completion certificate.	- Ineffective close-out process, resulting in financial loss to the company. - Criteria for substantial completion not adequately documented. - Non-compliance with laws & regulation.	4- Operational Processes 20- Non-compliance with Legislations & Regulations	FM	To be initiated in Q4 2021.	Not Started
Continuous Controls Monitoring (CCM)	Data analytics to identify unusual transactions/trends and identifying areas where internal controls can be strengthened.	IAD is a small team with 2 corporate audit analysts and one manager to audit all the risks in the organization. CCM provides an efficient and effective means to focus on high or medium risk areas.	4- Operational Process	Various	To be initiated in Q4 2021.	Not Started
Management requests	Due to the organizational restructuring, we expect assignments in various business areas. Corporate & RGI team members will carry-out special projects, analysis, regional/hub-level operational reviews and other Management requests.	Various	Various	Various	- Incorrect Annual Review Data Analysis for DM: To identify accounts where rent reviews were not done properly in HMS. Results and findings were finalized and sent to the Management for review. - Mileage and Fleet Cost Analysis: To evaluate reasonability of mileage claims and fleet costs. Preliminary findings were sent to the Management for review. - Arrears Analysis for CM and DM: To provide the trend of the Arrears' movement. Results and findings were sent to the Management for review. - Parking Analysis for DM: To identify low or no income RGI tenants with more parking spots than the number of family members in the household. Results and findings were sent to the Management for review.	Ongoing

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	September 30, 2021 Update	% completion as of September 30th
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<b>Table 2 - Status of Standing items</b>						
Follow Up on the Implementation of Recommendations from Previous Internal Audit Reports	This is the review of the status of recommendations made in previous Internal Audit reports including reviewing supporting audit evidence. BIFAC will be provided 2 status updates during the year.	The risks identified in the initial audits are now known but not adequately mitigated.	Various	Various	- Status update on open audit recommendations as of June 30, 2021 was presented to BIFAC on September 02, 2021. -Status update on open audit recommendations as of Dec. 31, 2021 will be presented to BIFAC in Q1 2022.	79%
RGI continuous auditing	This includes: > Support to KPMG for their RGI Review > Future Dated Review > Contract Management Review - New samples > Contract Management Review - Follow-up samples > Special requests such as from AG's office, etc.	- Inaccurate RGI rent calculation resulting in recording inaccurate revenue in the financial statements. - Overcharge to tenants resulting in reputational risk due to tenant complaints. - Inadequate documentation supporting rent calculation resulting in non-compliance with applicable legislation and regulations.	3- Brand and Reputation 4- Operational Process 8- Records Management 20- Non-Compliance with Legislation & Regulations	Operations	- Completed Contract Management RGI review for 2021 cycle and communicated our findings to the Management as well as to the contract management companies. Debrief sessions also held with them. - Future Dated Review was put on hold until the end of June 2021 due to COVID-19. This project has resumed in July 2021 and is continuing on a monthly basis. - Communicated with KPMG for the RGI Review support from Internal Audit. No RGI Review support is required by them for their 2021 audit.	71%
Information Technology and other Advisory Services	As and when requested, the Manager Internal Audit will participate on Committees for IT projects or procurement of various IT assets to provide independent and objective advisory services.	TCHC is going through a company-wide transformation by implementing an Enterprise Resource Planning system to replace more than 30 legacy systems. The risks are: change management; time, budget and scope creep.	4- Operational Process 7- Information Technology Systems	ITS	Participated in HoMES testing where requested and provided input to the HoMES Team.	Ongoing
Annual Audit Plan, Rolling Plan & Risk Assessment refresh	The Manager, Internal Audit will revisit operational risks and will update it to reflect current processes and other factors in the organization. This would be done in consultation with ERM and will be used to prepare the Annual Audit Plan for 2022 and to update the Rolling Plan for 2023-25.	IAD's workplan should align with the corporation's priorities. By performing this operational risk assessment refresh, IAD ensures that its services yield value to the Management.	22- Strategic Alignment	Various	To be initiated in Q4 2021.	Not Started

Audit Engagement	Description	Potential Risk	Alignment with ERM Priority Risks	Division	September 30, 2021 Update	% completion as of September 30th
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<b>Table 3 - Status of 2020 Projects</b>						
IT Asset Management Review	A review of ITS processes to manage IT assets.	> IT assets are inadequately inventoried and managed. > IT assets' lifecycle is not optimized.	1- Information Technology Systems 5- Operational Process	ITS	Completed. Final Audit Report with Management Action Plan to be presented to BIFAC.	Completed

<b>Table 4 - Other Items</b>						
BIFAC Status Reporting	Quarterly status update to BIFAC providing progress on Annual Audit Plan.				Ongoing	
Internal Audit Manual	To guide the Corporate & RGI Audit Teams.				Ongoing	
Internal Audit Charter	It is a formal document that defines Internal Audit Department's purpose, authority, responsibility and position within the organization.				Ongoing	
Document Standardization	To guide all IAD team members and promote audit efficiencies.				Ongoing	
Staffing, training, etc.	Ongoing.				Ongoing	
<b>Note: Time commitment for each of the above item varies depending upon the stage of completion, etc.</b>						



## Q3 2021 Information Technology Services Divisional Update

Item 2E

November 3, 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-101

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Information Technology Services ("ITS")

**Date:** October 17, 2021

### PURPOSE:

The purpose of this report is to provide the Building Investment, Finance and Audit Committee ("BIFAC") with the Q3 2021 Information Technology Services divisional update.

### RECOMMENDATION:

It is recommended that the BIFAC receive this report for information.

### SUMMARY:

This report covers the period of July 1 to September 30, 2021.

### Q3 ACTIVITY SUMMARY:

An overview of the team's activities in the third quarter of 2021 are outlined in the following three categories:

**1. Keep the Lights On ("KTLO"):** This category outlines all the activities required to ensure that the business remains up and running. These activities include actioning any issues impacting business operations as they arise or fulfilling standard requests from the business, such as setting up new shared folders or onboarding a new employee.

In Q3 2021, the ITS team responded to and resolved 2481 incidents. Approximately 45% of the incidents were issues under the category of Software and Applications. In Q2 2021, the ITS team also responded to and completed 4,483 requests.

**2. Information Technology Services-Led Initiatives:** Information Technology Services projects initiated in 2021 are part of the ITS long-term technology roadmap and include the modernization of many of TCHC's end of life technologies. Information Technology Services projects in 2021 are, for the most part, multi-year initiatives with specific milestones scheduled for completion in 2021.

Some accomplishments for Q3 include:

- Deployment of new VoIP solution to corporate offices;
- Technology deployment for new Tenant Service Hubs launched in Q3;
- Data Centre move
- Rollout of end-point security application to all employee laptops/desktops

**3. Business-Led Initiatives:** The ITS team supports the organization through the implementation or enhancement of technologies. In Q3, the ITS team focused on the following business initiatives:

- Deployment of online portal to capture employee vaccination status
- Implementation of Axis Device Manager to 172 sites for Smart Buildings and Energy Management team (SBEM)
- Completion of March Command Upgrade Project providing remote access of CCTV cameras to authorized building staff and CSU

**SIGNATURE:**

*"Luisa Andrews"*

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Luisa Andrews  
Vice President, Information Technology Services

**STAFF CONTACT:**

Luisa Andrews, VP IT Services

416-981-5012

Luisa.andrews@torontohousing.ca



## Q3 2021 – PAC Awards and Revenue Contracts

Item 2F

November 3, 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-102

**To:** Building Investment, Finance & Audit Committee (“BIFAC”)

**From:** General Counsel and Corporate Secretary

**Date:** October 15, 2021

### **PURPOSE:**

The purpose of this report is to notify the BIFAC of the Procurement Awards Committee (“PAC”) awards in Q3 2021 and revenue contracts between \$500,000 and \$5,000,000 entered into in Q3 2021.

### **RECOMMENDATIONS:**

It is recommended that the BIFAC receive this report for information.

### **REASONS FOR RECOMMENDATIONS:**

#### **PAC Awards**

According to the PAC Charter, PAC shall report all contract awards, approvals and change orders up to \$2.5 million (exclusive of taxes) to BIFAC. The contracts and change orders approved by PAC in Q3 2021 are listed in Attachment 1.

#### **Revenue Contracts**

Pursuant to Bylaw No. 3, revenue contracts between \$500,000 and \$5,000,000 shall be reported to the Board on a quarterly basis. TCHC has not entered into any revenue contracts between \$500,000 and \$5,000,000 in Q3 2021.



**IMPLICATIONS AND RISKS:**

Reporting of PAC awards and revenue contracts on a quarterly basis is in compliance with the PAC Charter and Bylaw No. 3, respectively.

**SIGNATURE:**

*“Darragh Meagher”*

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Darragh Meagher  
General Counsel and Corporate Secretary

**ATTACHMENT:**

1. Q3 2021 PAC Awards

**STAFF CONTACT:**

Darragh Meagher, General Counsel and Corporate Secretary  
416-981-4241  
Darragh.Meagher@torontohousing.ca

## Attachment 1: Q3 2021 Procurement Awards Committee Awards

Meeting Date	RFX #	# of Bids Submitted	# of Envelopes Opened	Total of Winning Bids (excl. taxes)	Procurement Category	Winning Vendor(s)	Contract Term	Location(s)	TCHC Division
July 8, 2021	RFQ 21107-PP	2	2	\$560,800.00	Landscape and Interior Renovations	Martinway Contracting Ltd.	November 2021	220 Oak Street	FM
July 16, 2021	RFP 21086	5	3	\$932,500.00	Building Retrofit Design Services	Enform Architects Inc.	May 2022	248 Simcoe Street and 127 St Patrick Street	FM
July 16, 2021	RFP 21023	7	3	\$789,900.00	Building Plumbing Retrofit	1246175 Ontario Limited o/a Active Mechanical	February 2022	3171 Eglinton Ave. E	FM
July 16, 2021	RFQ 21135-PP	7	6	\$654,577.40	Roof Replacement	Trinity Roofing Ltd.	June 2022	206 – 216 Duncanwoods Dr.	FM
July 27, 2021	RFQ 21147	3	3	\$543,046.39	License Agreement Subscription	Computacenter TeraMach Inc.	July 2024	n/a	Information Technology Services (ITS)
July 27, 2021	Change Order	n/a	n/a	\$881,008.00	Potential Labour Disruption Impact	G4S SECURE SOLUTIONS (Canada) Ltd.	Within 28 days of any potential labour disruption	n/a	Community Safety Unit (CSU)
August 5, 2021	RFQ 211-3-PP	6	6	\$777,868.00	Boiler Replacement	Bird Mechanical Ltd.	December 2021	91 Augusta Ave.	FM

*Note: This report only includes contract awards approved by the Procurement Award Committee where the PAC (PAC) has full delegated authority from the Board to award the contract, in line with the PAC Charter. PAC also approves contracts above their approval authority limit for recommendation to BIFAC for final approval. Those awards are not included in this table, as BIFAC is the final approving authority for those contracts.*

Meeting Date	RFX #	# of Bids Submitted	# of Envelopes Opened	Total of Winning Bids (excl. taxes)	Procurement Category	Winning Vendor(s)	Contract Term	Location(s)	TCHC Division
August 19, 2021	Change Order	n/a	n/a	\$26,800	Design Changes	CS&P Architects	Q3 2024	Alexandra Park Phase 2a Site 2	FM
August 19, 2021	RFQ 21202	4	4	\$867,834.18	Cisco SMARTnet Support Renewal	OnX Enterprise Solutions Limited	August 2024	n/a	ITS
August 19, 2021	RFP 21139 PP	6	5	\$722,925.00	Garage Dry Sprinkler Replacement	Eurotech Safety Inc.	April 2022	30 & 40 Teesdale Place	FM
August 19, 2021	RFP 21139 PP	6	5	\$576,260.00	Garage Dry Sprinkler Replacement	Greater Toronto Fire Protection Ltd.	April 2022	100 High Park Ave.	FM
Sept 2, 2021	RFP 21085	4	2	\$2,112,069.96	End-User Workstation Hardware and Services	Softchoice Canada Inc.	September 2024	n/a	ITS
Sept 2, 2021	RFQ 21163-PP	5	5	\$596,450.00	Common Area Renovations	Cypruss Contracting Inc.	May 2022	4301 Kingston Rd.	FM
Sept 2, 2021	RFP 21106 PP	12	4	\$591,710.00	Chiller Plant Retrofit	Bomben Plumbing & Heating Ltd.	December 2021	25-49 Henry Lane Terrace	FM
Sept 2, 2021	Change Order	n/a	n/a	\$383,833.33	Grounds and Winter Maintenance	Lomco Ltd.	April 2023	Group 4 (East)	FM

*Note: This report only includes contract awards approved by the Procurement Award Committee where the PAC (PAC) has full delegated authority from the Board to award the contract, in line with the PAC Charter. PAC also approves contracts above their approval authority limit for recommendation to BIFAC for final approval. Those awards are not included in this table, as BIFAC is the final approving authority for those contracts.*

Meeting Date	RFX #	# of Bids Submitted	# of Envelopes Opened	Total of Winning Bids (excl. taxes)	Procurement Category	Winning Vendor(s)	Contract Term	Location(s)	TCHC Division
Sept 30, 2021	RFP 21116-PP	4	4	\$1,850,377.00	Site Services Retrofit	Firenza Plumbing & Heating Ltd.	September 2022	Edgeley Village Driftwood	FM
Sept 30, 2021	RFP 21116-PP	4	4	\$525,482.50	Site Services Retrofit	Firenza Plumbing & Heating Ltd.	December 2021	200-374 Bay Mills Boulevard	FM
Sept 30, 2021	RFQ 21175-PP	8	8	\$638,604.80	Tenant Service Hub Construction	Green Leaf Contracting Inc.	June 2022	5005 Dundas Street W. and 57 Mabelle Ave.	FM
Sept 30, 2021	RFQ 21186-PP	6	6	\$2,498,825.00	Underground Parking Garage Repairs	Roma Building Restoration Ltd.	October 2023	4400 Jane Street	FM
Sept 30, 2021	Change Order	n/a	n/a	\$510,949.16	Mechanical and Electrical Retrofit	Alpeza General Contracting Inc.	September 2021	5 Needle Firway Tower and 2-14, and 22-36 Needle Firway Townhomes	FM
Sept 30, 2021	RFQ 21175-PP	8	8	\$593,470.00	Tenant Service Hub Construction	Cypruss Contracting Inc.	July 2022	720 Trethewey Dr.	FM
Sept 30, 2021	RFQ 21195	7	7	\$727,157.80	Security Hardware	V.S.I. Inc. o/a Vista Security & Investigations	November 2021	n/a	FM
<b>Q3 Total PAC Committee Awards Approved:</b>				<b>\$18,362,448.52</b>	<b>22 awards</b>				

*Note: This report only includes contract awards approved by the Procurement Award Committee where the PAC (PAC) has full delegated authority from the Board to award the contract, in line with the PAC Charter. PAC also approves contracts above their approval authority limit for recommendation to BIFAC for final approval. Those awards are not included in this table, as BIFAC is the final approving authority for those contracts.*



## Q3 2021 Tenants First Update

Item 2G

November 3 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-103

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Strategic Planning and Communications

**Date:** October 19, 2021

### **PURPOSE:**

The purpose of this report to provide the BIFAC with the Q3 2021 update on the City's Tenants First initiatives.

### **RECOMMENDATIONS:**

It is recommended that the BIFAC receive this report for information.

### **BACKGROUND:**

#### **Reporting History:**

In 2021, Management have submitted the following reports to the BIFAC providing an update on work that took place related to the Tenants First Initiative:

Management reported to the BIFAC at its January 25, 2021 meeting (BIFAC:2021-13) and provided the Committee with an update on the work that took place in Q4 2020 related to the Tenants First initiative.

Management reported to the BIFAC at its March 11 2021 meeting and provided the Committee with an update on implementation of the Development Transition as part of the Tenants First initiative.

[https://www.torontohousing.ca/events/Documents/BIFAC/2021%20BIFAC/March%2011/Item%204%20-%20Tenants%20First%20Development%20Transition\\_v2.pdf](https://www.torontohousing.ca/events/Documents/BIFAC/2021%20BIFAC/March%2011/Item%204%20-%20Tenants%20First%20Development%20Transition_v2.pdf)

Management reported to the BIFAC at its May 18 meeting and provided the Committee with an update on the work that took place in Q1, 2021 related to the Tenants First initiative.

<https://www.torontohousing.ca/events/Documents/BIFAC/2021%20BIFAC/May%2018%202021%20BIFAC/Item%202G%20-%20Q1%202021%20-%20Tenants%20First%20Update%20FINAL.pdf>

### **Overall TCHC-City Coordination Process**

Toronto Community Housing (“TCHC”) Management and the City’s Tenants First team continue to work closely together on this project. The Executive Oversight Table continues to meet monthly, chaired jointly by CEO Jag Sharma and City Manager Chris Murray. This table oversees progress and works with staff to remove barriers to project success. TCHC is working closely with the Transitional Lead for the Toronto Seniors Housing Corporation (“TSHC”) to ensure that all transition efforts are coordinated and that TCHC is providing all requested and required support to the TSHC.

### **UPDATES:**

#### Incorporation of TSHC

With adoption of EX23.4, “Implementing Tenants First: Creating a Seniors Housing Corporation” by City Council on May 5, 2021, Council directed City staff to take all necessary steps to incorporate the TSHC.

The TSHC was incorporated in late June and the TSHC Board of Directors have been meeting monthly.

Michael Sherar, the Transitional Lead and Chief Corporate Officer for the TSHC began on July 19, 2021. Since then the TSHC and its board has approved their preliminary work plan, and passed a resolution establishing the authority for the TSHC Board to select the executive search firm to support the recruitment of a permanent CEO. In addition, TSHC has been recruiting staff to support the implementation of the transition

deliverables. This team includes, a project manager, communications consultant, executive assistant, and CFO. The Board also approved recruitment for a permanent General Counsel to ensure the appropriate support required for a smooth transition of the 83 buildings.

### Joint Project Governance Structure

The City identified the need for a joint project governance structure. This structure is meant to support joint project work, and to ensure that staff from both corporations can benefit from advice and support from an executive advisory group made up of the City Manager and the CEOs of TCHC and TSHC. This structure also ensures that TCHC and TSHC are able to engage in negotiations between themselves, and that each individual corporation's project team is accountable to their respective executive teams and Boards.

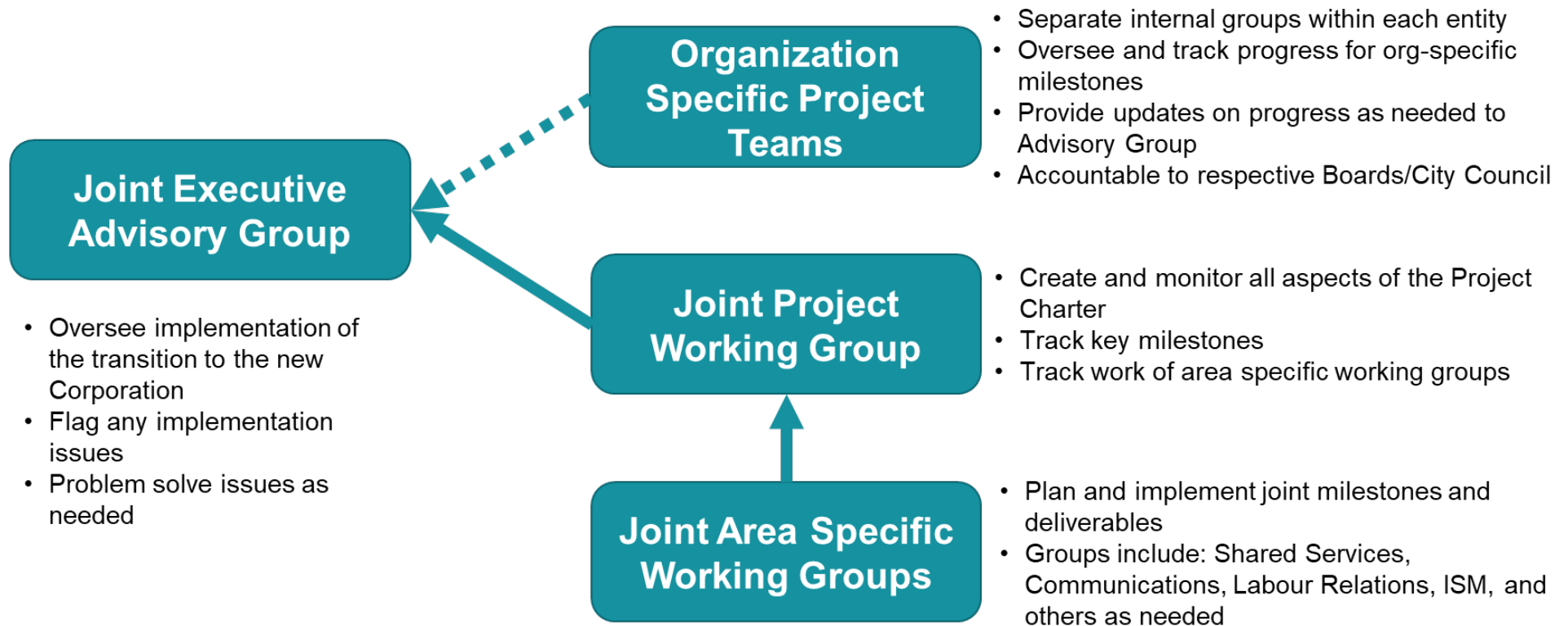
Progress on major milestones continues to be on track, with a target date for the transfer of the operational responsibility for the 83 Seniors-designated buildings to TSHC in mid-2022. The project governance structure is outlined below.

These timelines necessitate frequent and timely communication with the respective boards. TCHC and TSHC staff submitted to both board for approval the establishment of a joint Committee of Directors from TSCH and TCHC Boards. The intent of this Joint Committee is to facilitate information sharing in support of the Joint transition work-plan activities and is subject to each Board's approval to establish this entity. To date, the TSHC board has approved the request, with the decision to approve still pending.

Management from both corporations, in collaboration with City staff, have identified the following four work streams:

1. Shared Services between TCHC and TSHC;
2. The Lease agreement by which TSHC will lease the buildings from TCHC and thereby become the tenants' landlord;
3. The transfer of employees currently responsible for seniors tenants at TCHC to TSHC,
4. Subsidy and financial agreement between TCHC, City of Toronto and TSHC to identify the funding amounts and sources that will make up TSHC's post transition operating budget.

# Joint Project Governance Structure





Robust, collaborative and ongoing communication with tenants and staff is a cornerstone of this project and a successful transition will not be possible without it. Management from both corporations have begun planning engagement and communication touch points, with joint communication planned wherever possible. Most recently, TCHC's CEO and TSHC's Transition Lead met with the Seniors Tenant Advisory Committee to provide them with an overview of transition and timelines and to answer questions they had. Leveraging tenant leaders in this manner is a priority for Management from TCHC and TSHC.

TCHC is distributing a communications to all senior tenants within the 83 buildings by the end of October, 2021. This communication will include information on the respective roles of TCHC and TSHC throughout the transition, a Q&A document, timelines, and an overview of how additional information will be shared with all senior tenants going forward.

#### Shared Services Consultant

The successful consultants (MNP Consultants) started working on the project in early October. A weekly meeting with staff from TSHC, The City and TCHC has been organized to ensure that all materials to support them in delivering their recommendations in a timely matter will be provided to them to expedite their work.

#### Integrated Service Model ("ISM") Implementation

The ISM's key features include increased staff to tenant ratios, better coordinated access to health services and supports through the Local Health Integration Network, community partners, and seniors health and wellness hubs.

As part of Phase 1, in late 2020 the ISM rollout began in 18 buildings in the South East Region, and subsequent implementation across the remaining buildings in the Seniors Housing portfolio is scheduled to take place later in 2021 and 2022.

In early 2021, various roles, including the Seniors Services Coordinators and Tenant Service Administrators, were on-boarded and have begun to deliver an integrated approach to supporting senior tenants. As well, the

SHU continued their review of partnership agreements and partnerships to develop specific programs and services under the ISM.

Moving forward, ISM Phases 2 and 3 will be implemented across three additional regions of the City, for a total of four regions, which represents an adjustment from the original five region-model. The transition to the ISM in all four regions is expected to be completed in June 2022.

#### Updated Shareholder Direction for TCHC

City Council adopted the updated Shareholder Direction on July 14, 2021 (Report EX25.12). The updated Shareholder Direction (Attachment 2) better reflects TCHC's current work and was completed in close collaboration with the Tenants First Team, City Legal, Shelter Support and Housing Administration and the City Manager's Office.

#### Scattered Properties Request for Proposals ("RFP")

TCHC continues the 180 day due diligence period with the successful proponents, Circle Community LandTrust and Neighbourhood Land Trust. Neighbourhood Land Trust completed unit inspections in October, but due diligence efforts continue. Circle Community LandTrust, has begun inspections of vacant units and will move to inspect 20% of occupied homes, as well as all heritage status properties. Per the Agreement of Purchase and Sale, tenants were notified of inspections taking place and COVID-19 health and safety protocols continue to be followed.

Progress continues to be on track for closing all asset transfer transactions in 2022, beginning with the first transfer in March 2022. As part of due diligence, TCHC will ensure policies are in place to manage all tenancies effectively and support the development of such policies, if needed, by providing access to internal documents and subject matter experts at TCHC.

#### **IMPLICATIONS AND RISKS:**

Financial implications associated with implementing the Joint Work plan and the transition of the operations of the 83 seniors-designated buildings to the TSHC include a significant amount for hiring of external legal counsel to provide expert advice on key legal risks and implications to TCHC, given the aggressive timeline contemplated in the joint work plan. These costs and other items that arise will be incorporated into TCHC's 2022 budget.

The Seniors Housing Corporation transition is one of the largest projects of this nature that TCHC has ever been involved in and ongoing engagement with this Board will be a requirement. Management expects to engage with the Board on an ongoing basis, at every opportunity, as we prepare for the approval of all agreements and the transition date of June 1, 2022.

Ongoing collaboration with the TSHC Board and Transition team will also be extremely important and TCHC is committed doing everything possible to ensure this transition is successful and that TSHC is set up to move ahead as a strong corporation operating the 83 seniors-designated buildings.

**SIGNATURE:**

*“Paula Knight”*

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Paula Knight  
Vice President, Strategic Planning and Communications

**ATTACHMENTS:**

**STAFF CONTACTS:**

Lindsay Viets, Director Strategic Planning and Stakeholder Relations  
416-676-7155  
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**Report on Business Arising from Public Meeting Minutes**  
**BIFAC Action Item List**

<b>Report No. and Meeting Date</b>	<b>Description</b>	<b>Status</b>	<b>Target Date</b>	<b>Assigned To</b>
<b>1. BIFAC:2019-100</b> November 20 2019	<b>HoMES Project Update</b> Management to provide report outlining impact of new IT software on TCHC's business, on staff and tenants, and anticipated efficiencies to be created.	In progress	Q1, 2022	Vice President, Information Technology Services
<b>2. BIFAC:2019-102</b> November 20 2019	<b>Seniors Housing Unit</b> Management to provide a presentation, in conjunction with City staff, at a future BIFAC meeting as to the manner in which the implementation of the Seniors Housing Corporation ("SHC") will impact TCHC's staffing model and the services that are provided to impacted senior tenants.	In progress	To be reported after City completes review of services and staffing requirements for transfer of SHC to the City	Director, Strategic Planning & Stakeholder Relations
<b>3. TCHC:2021-51D</b> October 7, 021 Board Meeting	<b>Strategic Priorities – Progress Report</b> Management to provide more details to BIFAC on what business processes are under review, what changes are being made,	In progress  The information will be	Q1, 2022	Chief Operating Officer

Report No. and Meeting Date	Description	Status	Target Date	Assigned To
	and how progress is being measured.	provided as part of the Committee's In-Camera session.		
<b>4. TCHC:2021-54</b>  October 7, 2021 Board Meeting	<b>Regent Park Phases 4-5 Pre-Development Spending Authority</b>  The Board direct management to report to BIFAC further on the matters raised in this report.	Complete	November 3, 2021 (BIFAC:C2021-97)  The information is being provided as part of the Committee's In-Camera session.	Acting Chief Development Officer



## REPORT FOR ACTION

# Toronto Community Housing Corporation – Results of 2021 Follow-up of Previous Audit Recommendations

**Date:** June 23, 2021

**To:** Board of Directors of Toronto Community Housing Corporation

**From:** Auditor General

**Wards:** All

## SUMMARY

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The Auditor General regularly reviews the implementation status of recommendations made through her audit and investigation reports. The results of the review are reported to City Council through the Audit Committee.

This report provides the status of the implementation of the 23 audit recommendations included in the 2019 report entitled "Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations".

This is our first follow-up review of the recommendations contained in that report.

During our review, we verified management's assertions that Toronto Community Housing Corporation (TCHC) together with the City has fully implemented 11 recommendations. One recommendation was determined to be no longer relevant. These recommendations are listed in Attachment 1 and Attachment 2, respectively.

Subsequent to the completion of our follow-up work, management advised that three more recommendations (recommendations #2, #6 and #9) have been fully implemented. We have not yet verified management's assertions. There are eight remaining recommendations where implementation is in progress. These recommendations, together with management comments, are included in Attachment 3 and will be included in a subsequent follow-up review.

The results of this follow-up review will be included in our consolidated report on the status of outstanding recommendations to be presented at the November 2, 2021 City Audit Committee meeting.

We express our appreciation for the co-operation and assistance we received from TCHC and City management and staff in implementing the Auditor General's new recommendation tracking system and for providing regular updates on the status of recommendations.

## RECOMMENDATIONS

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The Auditor General recommends that:

1. The Board of Directors of Toronto Community Housing Corporation receive this report for information.

## FINANCIAL IMPACT

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The recommendation in this report has no financial impact.

## DECISION HISTORY

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The results of the Auditor General's audit of TCHC's redevelopment and revitalization activities were presented to the TCHC Board of Directors on April 29, 2019, to the City's Audit Committee on May 3, 2019, and to City Council at its meeting of May 14, 2019.

The audit report is available at:

<http://app.toronto.ca/tmmis/viewAgendaltemHistory.do?item=2019.AU2.1>

The follow-up of outstanding recommendations is required by Government Auditing Standards. The process is important as it helps to ensure that management has taken appropriate actions to implement the recommendations from previous audit reports. The follow-up review is part of the Auditor General's annual work plan. The Auditor General reports to the Board of Directors and the City's Audit Committee each year on the implementation status of outstanding recommendations.

The Auditor General's follow-up of outstanding recommendations does not constitute a performance audit conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). However, we believe that we have performed sufficient work to validate management's assertions on the implementation of recommendations.

## COMMENTS

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The Auditor General's follow-up work was impacted by the COVID-19 pandemic. In 2020, we deferred our follow-up work that was in progress to enable City divisions, agencies and corporations to focus on the delivery of essential services.

During this time, our Office implemented a new audit management technology solution. The new system allows management to provide updates on the implementation status of outstanding recommendations at any time throughout the year. With the new system in place, we can continuously track and report on management's assessment of implementation progress and their target completion date.

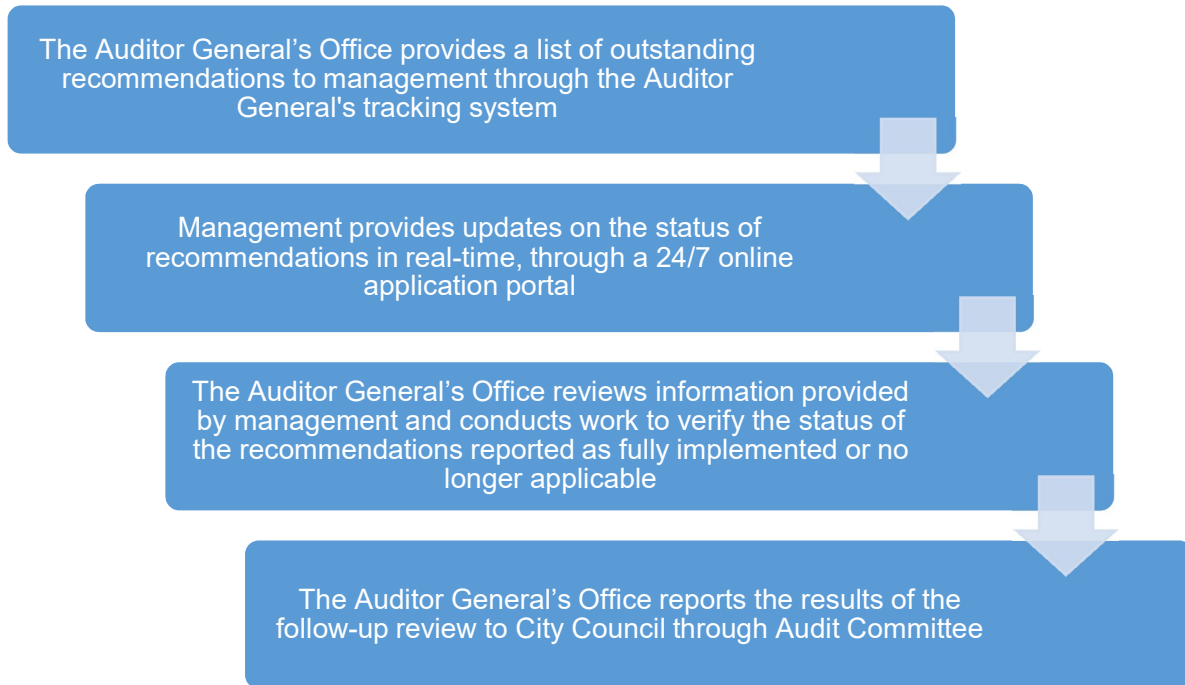
Our follow-up process, as summarized in Figure 1, requires management to review the outstanding audit recommendations and provide information on their implementation status.

Where management is continuing to take action to address recommendations and has reported the recommendation as not yet fully implemented, we do not conduct further work.

For recommendations management has reported as fully implemented or no longer applicable, management is required to explain why the recommendation is considered fully implemented or no longer applicable and provide sufficient and relevant supporting documentation. The Auditor General's Office conducts work to verify the status of these recommendations.

The Auditor General's Office is unable to validate management's assertions that recommendations are fully implemented if agencies and corporations do not provide sufficient evidence of actions taken.

**Figure 1: Key Steps in the Recommendation Follow-Up Process**



City divisions, agencies and corporations have been requested to update the recommendation tracking system with the current implementation status of outstanding recommendations on an ongoing basis.

Of the 23 recommendations included in the 2019 report entitled "Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations", we verified that 11 recommendations were fully implemented, and one recommendation



was no longer relevant. Three recommendations were reported as fully implemented after we completed our follow-up review; these recommendations will be verified in a subsequent follow-up review. Management continues to take action to address the eight remaining audit recommendations.

At its meeting on July 16, 17 and 18, 2019, as part of the Tenants First Implementation Plan, Council approved in principle the transfer of TCHC's real estate development functions to CreateTO and/or the City in alignment with the City-wide real estate model. We believe that the intent and spirit of the related recommendations from our audit report should still be considered in the planning and administration of any TCHC redevelopment projects regardless of whether they are moved forward by TCHC or transitioned to CreateTO.

### **Noteworthy 2021 Follow-Up Review Results**

In our April 2019 audit report, we highlighted that the City and TCHC need to strategically align their priorities and desired outcomes with an adequate funding support plan to more fully leverage revitalization opportunities. This will not only ensure that existing social housing is replaced, but can also more effectively address other city-building priorities, such as increasing the supply of affordable housing.

#### *Recommendation 1*

The Auditor General recommended that City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to make recommendations to City Council regarding city-building objectives that will be addressed through TCHC revitalizations, and the related funding requirements to achieve those objectives, prior to proceeding with future revitalizations and/or phases that have yet to obtain planning approvals and Shareholder consent.

In May 2019, City Council requested that the Executive Director, Housing Secretariat, in consultation with CreateTO, report to the Planning and Housing Committee on any options for city-building objectives that may be included in revitalizations that have yet to obtain planning approvals.<sup>1</sup>

In July 2019, City Council adopted a new approval framework for TCHC Revitalization Projects. The Staff Report indicated that by implementing the new approval framework, "redevelopment and revitalization projects will be carried through a stage gate process to ensure appropriate level of consultation, oversight and consistency in decision-making, while ensuring that City objectives, including affordable housing are achieved."<sup>2</sup>

Since that time, the Housing Secretariat has reported back to City Council on the progress or approval of TCHC revitalization projects. These reports indicate that from October 2019 to December 2020, TCHC has included an additional 337 affordable rental units in three revitalization projects: Don Summerville (100 units), Firgrove-

<sup>1</sup> <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.AU2.1>

<sup>2</sup> <https://www.toronto.ca/legdocs/mmis/2019/ph/bgrd/backgroundfile-135556.pdf>

Grassways (107 units) and Lawrence Heights Phases 2 & 3 (130 units). These affordable housing units are over and above what was originally planned for these developments at the time of our audit.

## High-Priority Open Recommendations

### *Recommendation 12*

During our 2019 audit, we found that City Council was informed almost three years after TCHC's Board, that there was a \$107.7 million funding shortfall for Phase 3 of the Regent Park revitalization and that capital funding from the City was needed. We noted that funding needs for planned revitalization projects should be promptly and transparently communicated so that the City can appropriately plan, prioritize, and allocate funding to meet capital needs across the City and its agencies and corporations within its debt targets.

The Auditor General recommended that City Council request the City's Chief Financial Officer to ensure the City's 10-Year Capital Plan includes Toronto Community Housing Corporation's building capital repair and revitalization projects and identify shortfalls to be included in the overall City unfunded projects list.

In November 2019, City Council adopted a permanent funding model for TCHC. The Social Development, Finance & Administration Division advised us that, in recommending the funding model, funding of TCHC revitalizations was contemplated; but, because the revitalizations were not considered part of TCHC's core mandate, funding for the revitalizations was not incorporated into the permanent funding model.

While TCHC provided the City's Financial Planning Division with information on the capital funding required for its (1) building capital repair, (2) in-flight revitalizations and (3) pending revitalization projects during the 2021 budget process, the City's 10-year Capital Plan only addresses funding required for TCHC's building capital repair and in-flight revitalizations. The City's 2021-2030 Capital Plan, presented to City Council for consideration in February 2021, did not include approximately \$470 million<sup>3</sup> (in unfunded capital requirements) that TCHC needs to complete the pending revitalization projects at Firgrove, Lawrence Heights Phases 2 and 3, and Regent Park Phases 4 and 5.

## CONTACT

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<sup>3</sup> Based on TCHC estimates as at October 2020

**SIGNATURE**

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*Beverly Romeo-Beehler*

Beverly Romeo-Beehler  
Auditor General

**ATTACHMENTS**

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Attachment 1: TCHC - Fully Implemented Audit Recommendations (verified by the Auditor General)

Attachment 2: TCHC - No Longer Relevant Audit Recommendation (verified by the Auditor General)

Attachment 3: TCHC - Not Fully Implemented Audit Recommendations

## TORONTO COMMUNITY HOUSING CORPORATION

### FULLY IMPLEMENTED AUDIT RECOMMENDATIONS (Verified by the Auditor General)

**Report Title: Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations**

**Report Date: 03/28/2019**

No.	Recommendation
1	City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to make recommendations to City Council regarding city-building objectives that will be addressed through TCHC revitalizations, and the related funding requirements to achieve those objectives, prior to proceeding with future revitalizations and/or phases that have yet to obtain planning approvals and Shareholder consent.
5	City Council request the Executive Director, Social Development, Finance & Administration, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to ensure that TCHC's long-term development capital and operating needs for revitalizations are considered as part of developing a long-term permanent funding model.
11	City Council request the Toronto Community Housing Corporation Board to report annually to City Council through the City Manager and the City's Chief Financial Officer on the long-term building repair and development capital plans, including funding sources and any unfunded amounts the City needs to include in its Capital Plan.
13	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that all likely capital and operating costs and cost avoidances, be reasonably estimated and reported all together when recommending the business case and anchor business plans (including amendments if there are significant changes) for new revitalizations. Where costs cannot be estimated, but the budget may be impacted, then at minimum, such costs should be discussed qualitatively.
14	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement regular status reporting for each revitalization project. At minimum, the frequency and extent of such reporting should be based on thresholds developed for the following elements: a. total cost; b. spending to date; c. total committed funding; d. total unfunded requirements; and e. timeline projections.
16	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that the significant negotiated terms, and the financial impacts, are fully described and compared when recommending a development partner for future projects.
17	The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to: a. ensure the financial terms of both initial and final offers are analyzed and evaluated on a discounted cash flow basis to reflect the timing of cash flows and TCHC's cost of capital; and b. ensure key assumptions and underlying estimates are documented and retained.
19	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to use certified appraisals to determine the fair market value of the land prior to marketing revitalization opportunities to potential proponents.
20	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure that terms of reference for market analyses and/or appraisals is documented and retained.
22	The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to retain sufficient and appropriate documentation in order to adequately support development related decisions.
23	City Council request the City Manager to forward this report to other major agencies and corporations for their review and consideration of the relevance of the recommendations to their respective organizations.

**TORONTO COMMUNITY HOUSING CORPORATION**

**NO LONGER RELEVANT AUDIT RECOMMENDATION  
 (Verified by the Auditor General)**

**Report Title: Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations**  
**Report Date: 03/28/2019**

No.	Recommendation	Management Comments as of June 23, 2021
7	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to periodically review and benchmark its risk tolerance for development transactions with other relevant organizations including the City and CreateTO; and, recommend criteria for evaluating risk / return trade-off to ensure that future real estate transactions align with the City's risk appetite.</p>	<p>This recommendation is no longer applicable given the new Council approved Revitalization Approvals Framework outlined in <a href="#">Item PH7.4</a>. This new Revitalizations Framework includes a process which provides Council with critical information regarding the nature and scale of proposed revitalization projects, earlier in the process to enhance Council's oversight and support informed decision-making.</p> <p>Additionally, through the new Framework, TCHC works closely with CreateTO, the Housing Secretariat and other City divisions that are part of an interdivisional table to plan for revitalizations. Major issues and significant opportunities identified through consultation with the interdivisional table are included in the proposed Initial Development Proposal report for each proposed revitalization for Council consideration.</p> <p>The determination over risk/reward and city-wide benchmarking is made by City Council prior to projects being approved to proceed with procurement for a development partner.</p> <p>Since implementation of this new Revitalization Approvals Framework in 2019, revitalizations proposals from developers arising from the site procurement process are no longer evaluated solely by the TCHC Board of Directors.</p> <p>TCHC, CreateTO and the Housing Secretariat will collectively review submissions to ensure a full range of city-building objectives are achieved and that the City's risks are appropriately managed.</p>

**TORONTO COMMUNITY HOUSING CORPORATION**

**NOT FULLY IMPLEMENTED AUDIT RECOMMENDATIONS**

**Report Title: Moving Forward Together: Opportunities to Address Broader City Priorities in TCHC Revitalizations**  
**Report Date: 03/28/2019**

No.	Recommendation	Management Comments as of June 23, 2021
2	<p>City Council request the City Manager, in consultation with the Director, Affordable Housing Office, and the General Manager, Shelter, Support &amp; Housing Administration Division, as part of the City's strategy for addressing housing affordability, to:</p> <p>a. evaluate efficient and cost-effective ways to increase the supply of affordable housing units with adequate consideration of broader social factors and public policy objectives;</p> <p>b. make recommendations to City Council, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), on whether more affordable housing units should be required in future TCHC revitalizations based on a site-by-site evaluation of financial and social implications.</p>	<p><b>Note:</b> Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</p> <p>a. <b>Complete and will be ongoing for all future City-led or funded projects</b> - Each project will be assessed on an ongoing basis with consideration of social and public policy objectives, including how such projects contribute to the City's HousingTO 2020-2030 Action Plan objectives aimed at: a) delivering 40,000 new affordable rental homes by 2030; and b) increasing a range of housing options in all wards across the city.</p> <p>b. <b>Complete</b> – With the implementation of the New Approvals Framework for TCHC Revitalization, a site by site evaluation process for the integration of more affordable housing units is now imbedded in the City's planning and approvals process. This process looks at each revitalization opportunity from a City building built form, social and financial perspective in consultation with TCHC. The Housing Secretariat will continue to report to Council on the outcomes of that work on a site by site basis either through an Initial Development Proposal or through an Interim Update (if requested by Council). As an example, there will be a report back to Planning and Housing Committee in Q4 2021 for the next phase of Lawrence Heights.</p> <p>Firgrove-Grassway project  <a href="https://www.toronto.ca/legdocs/mmis/2020/ph/bgrd/backgr_oudfile-145691.pdf">https://www.toronto.ca/legdocs/mmis/2020/ph/bgrd/backgr_oudfile-145691.pdf</a></p> <p>Lawrence Heights Phases 2 and 3  <a href="http://app.toronto.ca/tmmis/viewAgendaItemDetails.do?function=getMinutesItemPreview&amp;agendaItemId=106638">http://app.toronto.ca/tmmis/viewAgendaItemDetails.do?function=getMinutesItemPreview&amp;agendaItemId=106638</a></p> <p>Don Summerville  <a href="https://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgr_oudfile-135993.pdf">https://www.toronto.ca/legdocs/mmis/2019/cc/bgrd/backgr_oudfile-135993.pdf</a></p>
3	<p>City Council request the Chief Planner and Executive Director, City Planning, to:</p> <p>a. review the Official Plan Policy 3.2.1.9(b) for appropriateness and practicality, and make recommendations to Council on any necessary amendments; and</p> <p>b. ensure that the Official Plan Policy 3.2.1.9(b) (or any subsequent amendment)</p>	<p>City Planning is currently advancing work on a citywide Official Plan and Zoning Amendment for inclusionary zoning, based on provincial amendments to the Planning Act and the Growth Plan.</p> <p>Additionally, there have been amendments to the Planning Act regarding the introduction of a Community Benefits Charge to be implemented by municipalities through the completion of a Community Benefits Strategy and By-law. That work is being initiated. The outcome of work on inclusionary zoning and a</p>

No.	Recommendation	Management Comments as of June 23, 2021
	<p>is applied consistently on all future large site development applications. Where applicants seek amendments from this policy, City Planning should clearly explain the rationale and analysis for the amendments, and provide alternatives for achieving new affordable housing in its reports.</p>	<p>community benefits charge is expected to result in a review of Policy 3.2.1.9 (Timeframe Q3, 2021).</p> <p>There were no final reports on development applications that were implementing the large site policy over the past year (i.e. through Zoning By-law Amendments). Staff continue to consistently advance Policy 3.2.1.9 for large sites through both planning studies and site-specific applications.</p>
4	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation and other relevant stakeholders, to evaluate the impacts of requiring that new affordable housing be provided by developers in any real estate development transactions. Such evaluation should consider the financial implications and/or trade-offs to the City as a whole, as well as potential incentives and strategies that can make providing affordable housing more attractive to potential developers.</p>	<p>In progress and will be ongoing for all future revitalization projects – The City and TCHC are evaluating the impacts of the use of various incentives and strategies to encourage developers to include affordable housing in future developments.</p> <p>The City and TCHC staff have established and implemented a process to evaluate cost impacts of adding net new affordable rental housing for in-flight and future revitalization projects. This includes:</p> <ul style="list-style-type: none"> <li>• Financial implications and/or trade-offs for the City</li> <li>• Identifying tools to reduce cost impacts including potential higher density; Open Door program incentives; and Canada Mortgage and Housing Corporation funding and/or financial programs</li> </ul>
6	<p>City Council request the City Manager to ask the Boards of CreateTO and Toronto Community Housing Corporation to ensure these organizations increase collaboration and consultation with a view to improving the function of each organization independently in the short-term. Such work should commence as soon as possible.</p>	<p><b>Note: Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</b></p> <p>Complete. A collaborative table was created to provide input and review on all future TCHC RFPs including the Lawrence Heights RFP in the short term. In addition, TCHC, CreateTO and the Housing Secretariat hold regular meetings related to the development of TCHC properties to further city building initiatives.</p> <ul style="list-style-type: none"> <li>• As part of the New Approvals Framework adopted on July 16, 2019 (2019.PH7.4), CreateTO is now involved in the initial planning and procurement phases of new revitalization projects.             <ol style="list-style-type: none"> <li>1. CreateTO will participate in the identification and prioritization of possible sites for revitalizations. This work will be undertaken once the transfer of TCHC development functions to CreateTO is complete.</li> <li>2. CreateTO is engaged in the identification of city-building opportunities, due diligence and initial project design to establish the potential scope and feasibility of revitalization.</li> <li>3. Initial Development Proposals for TCHC revitalization projects are presented to the joint CreateTO and City-led Strategic Program Management Committee, which is responsible for senior level program coordination, collaboration and input respecting real estate needs of Divisions, Agencies and Corporations (DAC). The</li> </ol> </li> </ul>

No.	Recommendation	Management Comments as of June 23, 2021
		<p>forum is leveraged by CreateTO to identify other City-building opportunities and City infrastructure that can be included in revitalization initial development proposals. Initial Development Proposals for several TCHC revitalization have already been brought to SPMC, including Don Summerville, Firgrove, Lawrence Height Phase 2 and 3.</p> <p>4. CreateTO is engaged in the definition of business terms that are used for TCHC's procurement of development partners. In addition, CreateTO will participate in the evaluation of bids along with City staff and TCHC.</p> <ul style="list-style-type: none"> <li>At its July 16, 2019 meeting, Council also adopted in principle the transfer of TCHC development function to CreateTO (2019.EX7.1). As part of the due diligence to prepare for the transfer (still pending), staff from CreateTO, TCHC, and the City have been engaged and collaborating on in flight revitalization projects (Lawrence Height Phase 2 and 3).</li> <li>CreateTO and TCHC are also collaborating with the Housing Secretariat on potential in-fill opportunities on TCHC lands. As part of this collaboration CreateTO is bringing a City-wide lens to the planning for these projects: city building opportunities with DACs and wider geographic lens with knowledge of other City properties in the vicinity that can be leveraged to achieve enhanced outcomes. This work is currently ongoing and staff from TCHC and CreateTO are meeting regularly to advance the work.</li> </ul>
8	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), in consultation with the City Manager, to formalize TCHC's Development Strategy and report to City Council through the City Manager to seek input and endorsement thereof. The Strategy should:</p> <p>a. include clear revitalization program objectives and performance measures for future developments;</p> <p>b. include short-, medium-, and long-term goals that are outcome-oriented; and</p> <p>c. support overall city-building priorities, where possible.</p>	<p>As part of Tenant's First and the Development function transfer to CreateTO, the portfolio strategy will be developed by CreateTO to ensure it fits in with the City's broader real estate strategy. This work will not begin until a final decision is made by City Council regarding the development function transfer.</p>
9	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to bring forth recommendations to clarify the Shareholder Direction to Toronto Community Housing Corporation with respect to the City's approval and ongoing oversight of revitalizations, specifically:</p>	<p><b>Note:</b> Management updated the status of the recommendation to report that it has been fully implemented after the Auditor General's Office had already completed the current follow-up review. Management's assertion will be verified in a subsequent follow-up.</p> <p>Complete. An updated Shareholder Direction to TCHC was approved by Council on July 14-16, 2021. The Shareholder Direction specifies that TCHC facilitates the development of its</p>



No.	Recommendation	Management Comments as of June 23, 2021
	<p>a. the timing and scope of approvals, including objectives and priorities for the revitalization; and</p> <p>b. the level of detailed reporting required annually on project progress, capital budget variances, updated forecasts and adherence with the Council-approved strategic direction and principles, including barriers and challenges.</p>	<p>lands and buildings utilizing a process led by the City and CreateTO as Directed by Council, and that approval of Council is required before facilitating any new development. The required approvals and reporting for new developments involving TCHC will be consistent with the New Approvals Framework adopted on July 16, 2019 (2019.PH7.4).</p>
10	<p>City Council request the City Manager, in consultation with the Chief Executive Officer, Toronto Community Housing Corporation, to report the outcomes (short, medium, and long-term) achieved at the completion of each phase of revitalization projects in order to demonstrate the overall financial and non-financial stakeholder impacts. Such reports be completed as soon as practicable following the completion of each phase of a project.</p>	<p>This reporting will begin at the final closeout of Phase 1 Alexandra Park by the end of 2022.</p>
12	<p>City Council request the City's Chief Financial Officer to ensure the City's 10-Year Capital Plan includes Toronto Community Housing Corporation's building capital repair and revitalization projects and identify shortfalls to be included in the overall city unfunded projects list. In addition, the City needs to identify any associated debt that needs to be included in the City's debt service targets.</p>	<p>The City has directed significant added capital funding towards the TCHC since the 2020 budget process (\$1.6 billion in added 10-Year capital last year and an added \$160 million this year). These funds were directed to the critical need to address the growing backlog of state of good repair needs within existing TCHC facilities. Steps and exploration of funding opportunities continue to be taken for revitalization projects. Finance will continue to work with TCHC to ensure 10-year capital shortfalls are included in the overall City unfunded projects list.</p> <p>As part of the annual budgeting process, TCHC has provided the 10-year revitalization projects capital plan to the City. However, the funding requirements were not included in the City's 10-year capital plan.</p>
15	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to:</p> <p>a. implement negotiation protocols for soliciting and evaluating clarifications and improvements to terms in development partner proposals in order to ensure TCHC is obtaining proponents' best and final offers during the final round of negotiations; and</p> <p>b. ensure protocols describe the documentation that needs to be prepared and retained.</p>	<p>This recommendation is in progress given the Development function transfer to CreateTO, who will now be overseeing the procurement process for a Developer Partner. The framework of what types of partnerships CreateTO will seek under the new model is yet to be determined and TCHC may not be involved in the negotiations process.</p> <p>Prior to the last TCHC-led RFP, the negotiation protocol was aligned with the recommendation to obtain proponents' best and final offer during the final round of negotiations.</p>
18	<p>The Board request the Chief Executive Officer, Toronto Community Housing Corporation (TCHC), to ensure that TCHC's final profit share reflects any necessary adjustments for construction costs of the retail space purchased by the development partner.</p>	<p>The recommendation is in progress, but will not be reflected until the final distribution of profit share in 2023 to show that the costs for retail spaces purchased by the developer partners have been adjusted.</p>
21	<p>The Board request the Chief Executive Officer, Toronto Community Housing</p>	<p>TCHC's focus has been on COVID-19 and resources have been allocated to such, along with resources allocated to the</p>

No.	Recommendation	Management Comments as of June 23, 2021
	<p>Corporation, to enhance the Procurement Policy to address the specific processes and procedures relevant to real estate transactions. Such policy enhancements should be implemented as soon as possible.</p>	<p>CreateTO transfer. Until Tenant's First and the Development Function transfer has been resolved, this recommendation cannot be fully implemented as it is unclear who will have oversight of procurement for real estate related matters moving forward.</p> <p>In the interim, the TCHC procurement team is working to update its procurement policy, procedures and protocols which is expected to be completed by the end of 2021 or early 2022.</p>



## REPORT FOR ACTION

# Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services

**Date:** November 1, 2021

**To:** Board of Directors of Toronto Community Housing Corporation

**From:** Auditor General

**Wards:** All

## SUMMARY

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The attached audit report presents the results of the Auditor General's audit of contracted property management services at the Toronto Community Housing Corporation (TCHC). The objective of this audit was to assess TCHC's oversight of contracted property management service delivery and performance.

In response to the Mayor's Task Force, TCHC is implementing its plan to restructure the organization to provide better services to tenants. TCHC is transitioning all properties in its family portfolio to be directly managed by TCHC using the Hub-Based Service Model. The plan includes changes to decentralize operations, add frontline resources, empower local decision-making and bring services closer to where tenants live.

However, we found that certain key changes and improvements that TCHC management committed to in response to the Mayor's Task Force findings regarding contracted property management service delivery and performance, did not fully materialize.

Our audit report includes recommendations to support TCHC's efforts going forward to make sure goals are achieved. As TCHC is working to bring property management duties for their residential buildings back under its direct management, it should consider, as part of its continuous improvement strategies, the lessons learned from this audit of contracted property management. Many of those strategies will help TCHC to provide assurance to the Board about the effectiveness of its progress towards implementing the recommendations from the Mayor's Task Force.

It is our view that the findings and recommendations will help to improve oversight, monitoring, and management of site staff and site work that are relevant for TCHC's entire portfolio of approximately 60,000 household rental units in 2,100 buildings.

In addition to residents receiving more consistent service the measures should better support the protection of TCHC building assets by being able to analyze higher quality, more reliable performance data. This, in turn, will help support TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.

In our audit report, we highlight three key lessons learned to support TCHC's success in managing its buildings under the new structure:

1. Setting up successful service delivery by embedding accountability into the design of service agreements
2. Monitoring performance to hold service providers accountable for making sure services are getting done correctly
3. Building trust and confidence through accurate and transparent reporting

## **RECOMMENDATIONS**

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The Auditor General recommends that:

1. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to
  - a. review property management service delivery expectations for the maintenance, operation and repair of buildings and identify where minimum mandatory standards, specifications, and requirements vary from building to building.
  - b. clarify to its service providers (be it internal TCHC staff, TCHC vendors, or contracted property managers and their subtrades) any additional expectations and requirements not captured in existing contracts and service-level agreements to ensure performance requirements are consistently defined for the entire TCHC portfolio.
  - c. implement a process to ensure updated versions of relevant TCHC standards, specifications, and requirements are applied to all service providers whenever TCHC revises its requirements to support consistent service delivery across all TCHC buildings.
2. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review and update how TCHC measures and evaluates performance against its objectives, expectations and/or priorities for day-to-day property management across its entire portfolio. In doing so, TCHC should:
  - a. develop additional methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's desired outcomes. Such methods and measures should address, among other

things, quality of completed property management work (e.g. preventative maintenance, routine repairs and maintenance work orders, cleaning, etc.).

b. develop ways to measure tenant satisfaction in order to decipher who is responsible for improving their performance (be it TCHC internal staff, TCHC vendors, or contracted service providers and their subtrades).

3. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure data used to assess, compare, and report on performance and outcomes is collected in a consistent manner across the TCHC portfolio, and that the data collected is accurate, complete and reliable.

4. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:

a. obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.

b. verify the services are delivered in accordance with the RFP/contracts before payment is made.

c. implement a process for periodic internal audits or other independent reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.

5. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review third-party contracts for the maintenance, operation and repair of buildings across TCHC's entire portfolio to:

a. ensure they do not exceed the costs of similar contracts for residential properties of a similar type, age and condition.

b. identify opportunities to achieve better value for money through economies of scale, by procuring and awarding contracts that enable all vendors to provide services to all its buildings regardless of whether they are directly managed or managed by contracted property managers.

6. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement robust monitoring processes to verify that property management (including operations and maintenance) service providers are meeting performance requirements, including the quality of workmanship and conformity to specifications and requirements. Such processes should include:

a. conducting, with sufficient frequency, site visits, inspections or reviews and documenting the results.

b. reviewing tenant complaints to identify trends in concerns with the conformity of specific categories of work.

- c. enhanced monitoring in areas where there is a higher prevalence of tenant complaints, lower tenant satisfaction ratings, and potential for health and safety risks.
  - d. documenting concerns raised and responses from service providers on any remedial action that has been taken.
7. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to strengthen how TCHC oversees the quality of subcontractors engaged to perform work in its buildings by:
- a. verifying that subcontractors engaged meet TCHC's qualification requirements for its own vendors.
  - b. ensuring TCHC has an up-to-date list of all the subcontractors engaged to work in its buildings.
8. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner. Such processes should include documenting results of actions that respond to:
- a. performance issues identified through inspections and review of records.
  - b. performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys.
  - c. performance issues identified in annual contractor performance evaluations.
  - d. performance issues identified in letters of non-compliance.
9. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, in consultation with legal counsel, to review incentive fee structures in contracts and supporting processes to be able to exercise contract clauses in order to support continuous improvement of performance by service providers.
10. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.
11. The Board forward this report to City Council for information through the City's Audit Committee.

## FINANCIAL IMPACT

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Implementing the recommendations contained in this report will assist TCHC to set up successful service delivery regardless of whether they are internally delivered by TCHC staff or through a contractor (and their subcontractors). The financial impacts resulting from implementing the recommendations in this report are not determinable at this time.

## DECISION HISTORY

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In 2015/16, the Mayor's Task Force on Toronto Community Housing was tasked with examining how TCHC served the people of Toronto and how it was governed. The ultimate goal of the Task Force was to recommend to the Mayor what adjustments to the governance and operation of TCHC were necessary to improve service to its residents. The Task Force issued an interim report "Improved Living at Toronto Community Housing: Priority Actions" and a final report "Transformative Change for TCHC".

The Mayor's Task Force report can be found at: [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)

The Task Force made a number of recommendations that were relevant to this audit including a focus on:

- developing and implementing an action plan to improve building conditions, address tenant satisfaction concerns and improve quality of service
- reviewing current private sector management contracts and adopting clear performance standards to ensure equity in tenant services
- effective performance measurement and establishing measures to track performance and to regularly monitor performance with metrics

In response, TCHC management brought forth action plans in the report, [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

The [Auditor General's Office 2020 Work Plan \(toronto.ca\)](#) included an audit of contracted property management at Toronto Community Housing Corporation. As part of our audit, we reviewed the Mayor's Task Force recommendations and TCHC management's action plan commitments that were relevant in the context of our audit of contracted property management to assess whether concerns identified by the Mayor's Task Force in 2015/16 had been addressed. Our findings are discussed throughout the attached report.

## COMMENTS

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The attached report presents the detailed results of the Auditor General's audit of contracted property management services. The report includes 10 recommendations together with management's response.

A high-level summary of the key audit findings are provided in the one-page Audit at-a-Glance.

## CONTACT

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## SIGNATURE

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Beverly Romeo-Beehler  
Auditor General

## ATTACHMENTS

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Attachment 1: Toronto Community Housing Corporation - Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services



# AUDITOR GENERAL TORONTO

## Toronto Community Housing Corporation *Embedding Accountability into Service Delivery:* **Lessons Learned from the Audit of Contracted Property Management Services AT A GLANCE**

### WHY THIS AUDIT MATTERS

TCHC management is accountable for achieving its core mission of providing clean, safe, well-maintained, affordable homes for residents.

The themes and lessons learned from our audit of contracted property management services can be applied to improve oversight, monitoring, and management of service delivery across TCHC's entire portfolio.

### BACKGROUND

TCHC has a long history of using a contracted property management service delivery model. TCHC transitioned some of its contract-managed (CM) units back to direct service delivery in 2020. The remainder will be transitioned back to direct management in 2022.

Regardless of who delivers services, TCHC management is ultimately accountable for consistently good service across its entire portfolio.

### BY THE NUMBERS

In 2019, there were:

- 2,100 buildings, with 60,000 rental units with 110,000 residents, of which 12,000 units (20%) are managed by 2 property management companies under contract
- \$6M in management fees paid to contracted property management companies in 2019
- \$22M in operating expenditures for contract-managed buildings – TCHC not sufficiently monitoring contractor performance and quality of services
- \$2M in "not-in-contract" and other expenditures
- 39 KPIs included in contract – many were not tracked and/or monitored by TCHC

### WHAT WE FOUND

Responding to the [Mayor's Task Force on Toronto Community Housing](#), TCHC management recognized it was vital that residents receive consistently good service. TCHC management committed to ensuring contracted property management service providers meet the same service standards as expected at direct-managed (DM) buildings, by:

- adopting stronger contracts with clear, well-defined and measurable performance expectations
- having a clear set of KPIs and accountabilities for the delivery of the work
- continuously and rigorously monitoring quality of work and vendor performance

**The audit found that many of the key changes and improvements did not fully materialize in practice.** Concerns continue to persist. For example, TCHC did not:

#### **A. Setup successful service delivery by providing clear, consistent specifications and incorporating better outcome measures**

- Contracts did not always clearly set out TCHC's technical specifications and service requirements - service expectations for DM buildings and CM buildings were not always consistent
- Contracts did not include relevant performance measures for areas where TCHC wanted to improve service delivery – in particular, quality of work and factors impacting tenant satisfaction
- TCHC did not always track, monitor or take action on KPIs in the contracts

#### **B. Monitor contractor performance sufficiently to ensure the work was getting done, and getting done right**

TCHC did not continuously and sufficiently:

- Monitor \$22M in annual operating expenditures
- Monitor contract performance and service quality
- Ensure performance issues were properly communicated, escalated when needed, and resolved in a timely manner

**Moving forward, it is critical that TCHC put in place the systems and monitoring processes it needs to provide reliable data to inform decision making and continuous improvements of service delivery and performance.**

### HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the 10 recommendations in this report will result in more consistent services for residents, protection of TCHC building assets, and higher quality, more reliable performance data that supports TCHC and its Board in decision making and in proactively identifying continuous improvement opportunities.



## Toronto Community Housing Corporation

### ***Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services***

**November 1, 2021**

Beverly Romeo-Beehler, FCPA, FCMA, CFF, ICD.D, JD, B.B.A.  
Auditor General

**AUDITOR  
GENERAL**  

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**TORONTO**

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## Executive Summary

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### **Audit of property management service delivery**

This report presents the results of our audit of property management at the Toronto Community Housing Corporation (TCHC) and highlights longstanding challenges TCHC has faced in managing its residential buildings. The purpose of the audit was to assess TCHC's oversight of contracted property management service delivery and performance.

TCHC is the largest social housing provider in Canada and the second largest in North America. TCHC is wholly owned by the City of Toronto and operates as a non-profit. It is a \$10 billion public asset that provides homes to nearly 110,000 residents in about 60,000 low and moderate-income households.

### **TCHC contracts out the property management of about 20% of its portfolio**

TCHC contracts with two private sector companies to take care of property management for about 20 per cent of its properties. These companies calculate and collect rents, clean and maintain buildings, and oversee and deliver routine repairs. In this report, we call these contract-managed properties "the CM portfolio".

### **TCHC directly manages 80% of buildings**

TCHC employees provide property management services for the remaining 80 per cent of TCHC properties. In this report, we call these TCHC directly managed properties "the DM portfolio". TCHC management also oversees the contracts and monitors the performance of the private sector property managers.

### **Audit focuses on property management of the contract-managed (CM) portfolio**

A full examination of the entire TCHC portfolio was beyond the scope of this audit. Instead, our approach was to review day-to-day property management services (including operations and maintenance) of the subset of TCHC buildings making up the CM portfolio.

Exhibit 1 provides further detail on the background and history of contracted property management of TCHC communities.

### **TCHC has ultimate accountability and responsibility for all services to its residents**

Regardless of whether buildings are managed directly by TCHC staff or through contracted service providers, TCHC management is ultimately responsible for the services provided to residents in its buildings in support of its core mission:

*"... to provide clean, safe, well-maintained, affordable homes for residents. Through collaboration and with residents' needs at the forefront, we connect residents to services and opportunities, and help foster great neighbourhoods where people can thrive."*

## Mayor's Task Force on Toronto Community Housing

**Mayor's Task Force looked at how to improve service to TCHC residents**

In 2015/16, the Mayor's Task Force on Toronto Community Housing was tasked with examining how TCHC served the people of Toronto and how it was governed. The ultimate goal of the Task Force was to recommend to the Mayor what adjustments to the governance and operation of TCHC were necessary to improve service to its residents. The Task Force issued an interim report "Improved Living at Toronto Community Housing: Priority Actions" and a final report "Transformative Change for TCHC"<sup>1</sup>.

**Task Force recommendations led to TCHC action plan to improve building condition, tenant satisfaction, and quality of service**

The Task Force made a number of recommendations that were relevant to this audit including a focus on:

- developing and implementing an action plan to improve building conditions, address tenant satisfaction concerns and improve quality of service
- reviewing current private sector management contracts and adopting clear performance standards to ensure equity in tenant services
- effective performance measurement and establishing measures to track performance and to regularly monitor performance with metrics

In response, TCHC management brought forth action plans for "Getting it Done"<sup>2</sup>.

We reviewed the recommendations and TCHC management's action plan commitments that were relevant in the context of our audit of contracted property management to assess whether concerns identified by the Mayor's Task Force in 2015/16 had been addressed. Our findings are discussed throughout this report.

### Report Highlights:

**Audit provides lessons relevant for TCHC's entire portfolio**

While we understand that TCHC is working to bring all of their residential buildings back under its direct management, many of our audit observations highlight lessons to apply as TCHC continues to move forward with ongoing transformation<sup>3</sup>.

It is our view that the findings and recommendations from our report can help to improve oversight, and management of site staff and site work that are relevant for TCHC's entire portfolio of over 2,100 buildings.

<sup>1</sup> [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)

<sup>2</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

<sup>3</sup> <https://www.torontohousing.ca/about/restructuring-plan/Pages/default.aspx>

### 3 key lessons learned

In this report, we highlight three key lessons learned from this audit to support TCHC's success in managing its buildings under the new structure:

1. Setting up successful service delivery by providing clear, consistent specifications and embedding accountability into the design of service agreements
2. Monitoring performance to hold service providers accountable for making sure services are getting done correctly
3. Building trust and confidence through accurate and transparent reporting that supports the Board in holding management accountable for improving outcomes

These themes are relevant for service delivery, regardless of whether they are internally delivered directly by TCHC staff or through a contractor (and their subcontractors).

#### **1. Setting Up Successful Service Delivery – Accountability by Design**

#### **Goal to provide all tenants the same level and standards of service**

TCHC's commitment has been to provide its tenants the same level and standards of service regardless of whether the building is operated by TCHC directly or through a contracted property management company. Regardless of the approach that is adopted for property management services, TCHC's objectives for its buildings are:

- Clean, well-maintained buildings
- High-quality service
- Seamless service (no variation in quality)
- Informed and engaged tenants
- Operational efficiency

#### **Service standards should be the same regardless of where TCHC residents live**

To achieve this goal, **TCHC needs to have the same service level expectations and clear, consistent performance requirements across its entire portfolio.** This expectation has been highlighted many times before.

For example, in its 2015 interim report, the Mayor's Task Force reported residents saying that:

*"Buildings that are operated by external property management companies **don't always have the same level of service** as those run by TCHC."*

**Consistent service through stronger contracts with clear, well-defined and measurable performance expectations**

TCHC's "Getting it Done" report<sup>4</sup> responded with an action plan to address the Task Force report, recognizing that:

*"It is vital that they meet the same service standards as Toronto Community Housing staff so that residents receive consistently good service no matter where they live. This has not always been the case...these benefits can only be realized through stronger contracts with clear, well-defined and measurable performance expectations."*

**Contract should support TCHC's goal for consistently good service at all TCHC buildings**

Therefore, we expected that TCHC would properly plan and design contracts for property management services:

- to effectively support its ability to achieve its desired outcomes, and
- to hold the contracted property management companies accountable for their performance.

Instead, we found:

**Service expectations were not always clear or consistent**

- TCHC's contracts did not always clearly set out TCHC technical specifications and service requirements. TCHC's expectations for its directly managed buildings and for buildings managed by contracted service providers were not always consistent.

**Better outcome measures for quality and tenant satisfaction are needed**

- TCHC's contracts needed better performance measures to effectively address the key areas where TCHC wanted to improve service delivery outcomes. In our view, the measures included in the contracts did not effectively support TCHC's ability to monitor quality of work and factors impacting tenant satisfaction.

**TCHC did not always collect reliable data to be able to effectively assess performance**

- TCHC did not always track, monitor and take action on key performance indicators (KPIs) included in the contracts. Where TCHC was tracking KPIs, the data being used was not fully reliable because TCHC and its contracted property managers were not consistently and completely tracking all relevant information. This means TCHC used data that was not fully reliable to report on and compare performance metrics across its portfolio.

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<sup>4</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**Set clear, consistent service standards for all buildings**

Accordingly, we have made recommendations to set clear and consistent requirements for all TCHC buildings. We also recommend establishing measures or key performance indicators that support desired outcomes.

**Clear service expectations are necessary for creating clear accountabilities**

Clear service expectations are necessary for creating clear accountabilities regardless of who is delivering the service. As TCHC moves forward with its transformation and decentralizes decision-making to local service hubs across the city, clear service expectations will need to be a fundamental aspect of the accountability framework for TCHC management, staff, and contracted service providers.

**Moving forward, collect reliable data to track performance, drive decisions and continuously improve**

As TCHC moves forward, management has indicated that accountability will be driven by service quality indicators. We recommended that TCHC ensure it collects reliable data to track performance related to these indicators, and enhance reporting that will drive decisions to continuously improve.

**2. Monitoring Performance – Accountability for "Getting it Done" Right**

TCHC committed to improved vendor performance management across its entire portfolio.

**Mayor's Task Force recommended TCHC better monitor and measure performance**

In 2015/16, the Mayor's Task Force<sup>5</sup> recommended that TCHC consider:

- *"How setting a basic and professional cleaning standard can be **consistently followed and monitored across the portfolio**"*
- *"How it could recast its contracts and relationships with third party property managers to **improve quality of service**"*
- *"How tenant satisfaction with **repairs and contract work can be measured**— possibly by rolling out the "Closing the Loop" program portfolio-wide"*

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<sup>5</sup> [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)



**TCHC management committed to enhancing performance management**

In TCHC's Action Plan, communicated through its "Getting it Done" report<sup>6</sup>, TCHC management responded that:

- *"Contract-managed buildings will be held to the new standards and will be required to provide service delivery plans that can be **monitored for compliance** ... **Well-defined service standards**, documented cleaning routines, staff training **and performance management** will ensure that changes and more consistency will be evident over the long-term."*
- *"We are **enhancing our contractor performance management team** in September 2015 as part of our work to manage vendors and contractors more closely. This will help outline clear expectations of service delivery to residents, **ensure high-quality work**, and **ensure that contractors are treating residents with respect and courtesy.**"*
- *"By October 2015, we will introduce enhancements to our **contractor/vendor management program to monitor quality of work and vendor performance.**"*

**TCHC management committed to continuously and rigorously monitoring performance**

When the current property management services contracts were awarded, TCHC Management advised the Board that:

*"staff will **continuously and rigorously monitor the performance** of the vendors during the course of the project."*

**Contract included mechanisms designed to monitor performance**

The contracts did include mechanisms for TCHC to regularly monitor contract performance, assess compliance with TCHC policies, procedures, guidelines and directives, and take action when performance does not meet expectations.

**In practice, TCHC's oversight and monitoring was not sufficient**

However, we found TCHC's oversight and monitoring of contracted property managers was not sufficient. TCHC did not continuously and rigorously:

- Monitor \$22 million in annual operating expenditures
- Monitor contract performance and service quality
- Ensure performance issues were properly communicated, escalated when needed, and resolved in a timely manner

**Records were not sufficient to show proper monitoring and inspection of work was occurring**

Furthermore, documents and records we reviewed were not sufficient to show that the contracted property management companies were properly and consistently monitoring and/or inspecting their third-party subcontractors' work. In addition, some site staff seemed to take a reactive rather than proactive approach to monitoring performance.

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<sup>6</sup> <https://www.torontohousing.ca/capital-initiatives/capital-repairs/capital-investment/Documents/12038.pdf>

Areas of note were that:

- multi-year subtrade contracts were often not competitively procured
- during our site visits, we observed some indicators of the need for better monitoring of the quality of workmanship and routine repairs or maintenance that needs to be done
- some CM site staff advised us that they signed off on service tickets without confirming work was completed properly

**TCHC has not leveraged incentive clauses to foster continuous improvement**

We also found that although the contracts included performance incentive clauses, there were no clear protocols for how these clauses would be implemented to incentivize the contracted property managers to improve the tenant experience. The clauses were never exercised.

**Monitor and verify that work completes is of good quality**

Accordingly, we have made recommendations for more robust processes to monitor and verify that expenses are valid, and that work is completed in accordance with specifications and is of sufficient quality.

**Escalation and accountability protocols should be in place moving forward**

As TCHC moves forward, sufficient performance monitoring at the local service hubs and organization-wide levels will be needed to make sure that work is getting done right and TCHC is delivering high-quality service to its residents. Escalation and accountability protocols should be in place where performance is not meeting service expectations.

**3. Building Trust and Confidence – Accountability Through Accurate and Transparent Reporting**

**Trust and confidence is built by consistently delivering services well**

When services are delivered well, they will result in higher public trust and higher confidence in TCHC by its residents and by members of the public.

**Oversight, monitoring, and management is critical to earning trust**

Critical to earning and improving trust and confidence is providing oversight, monitoring, and management. This starts with having reliable, transparent information on how well TCHC is doing on achieving its goals for transformative change.

We noted throughout this report that many issues we observed during our audit were not new. Although management committed to changes and improvement, many key changes and improvements did not fully materialize in practice and concerns continued to persist.

**Important that the Board is provided with information to support decision making and continuous improvement**

Moving forward, even as TCHC looks to bring property management back "in-house" (as described further in Exhibit 1), it is important that management monitor performance using the right KPIs and reliable data. TCHC's Board should be provided reliable, data-driven information on the state of affairs and areas that continue to need improvement. In turn, the Board should hold management accountable for delivering on improved outcomes.

**Conclusion**

**Long-standing issues**

For many years, TCHC has been aware that a key to better performance is through improved monitoring. This is what management committed to each time the contract for property management services was retendered. However, substantive changes in the contract-managed portfolio were not achieved.

**Recommendations designed to help TCHC attain its goals**

The recommendations in our report highlight that TCHC can set up successful service delivery by defining clear and consistent performance requirements, and by building accountability into its service agreements. Our recommendations also highlight that reliable data is needed to strengthen oversight and monitoring that services are performed well and work is completed with high quality.

The Auditor General will also continue to support TCHC's efforts to build trust and confidence by bringing independent and objective information to the Board, City Council, and residents of TCHC and Toronto, and by shining a light on areas that need strengthening. To this end, the Auditor General is considering including audits of TCHC vendor management and service delivery at buildings directly managed by TCHC, as well as an audit of TCHC's capital planning and delivery in a future Work Plan.

We express our appreciation for the co-operation and assistance we received from management and staff of the Toronto Community Housing Corporation, and their contracted property management companies.

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## Audit Results

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This section of the report contains the findings from our audit work followed by specific recommendations.

### A. Setting Up Successful Service Delivery – Accountability by Design

**Residents should receive consistently good service no matter where they live**

TCHC's 2015 "Getting it Done" report<sup>7</sup> responding to the Mayor's Task Force interim findings recognized that:

*"It is vital that they meet the same service standards as Toronto Community Housing staff so that residents receive consistently good service no matter where they live. This has not always been the case...these benefits can only be realized through stronger contracts with clear, well-defined and measurable performance expectations."*

**All parties need to have a consistent understanding of what the services requirements are, the standard of quality they must meet, and the consequences if expectations are not met**

To support successful service delivery, responsible parties need to be clear on what they are expected to do, how and when the work is to be completed, and how they will be held to account.

This means that regardless of whether property management services are performed by in-house staff (supported by TCHC's vendors) or contracted service providers, to ensure accountability, TCHC needs to have clear, well-defined and measurable performance expectations by establishing:

1. Clear and consistent requirements across all TCHC buildings, which specify the service expectations, standard or quality of service, and when the work is to be performed.
2. Outcome measures or key performance indicators (KPIs) that the service provider will be compared against.
3. Compliance monitoring and oversight mechanisms and the consequences if TCHC has identified that service requirements, performance outcomes, or KPIs are not met.

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<sup>7</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**TCHC management committed to a clear set of KPIs and accountabilities for the delivery of work**

Before awarding the current property management services contracts, TCHC management told the Board that the new contract structure had been revised to include:

- a clear set of KPIs and accountabilities for the delivery of the work
- realistic KPIs consistent with expectations on the directly managed properties, and tied to continuous improvement
- a management fee structure that includes incentives for satisfactory performance relative to KPIs
- requirements for monthly and quarterly reviews of KPI performance to standards
- more robust documentation and audit requirements to ensure proponents are using appropriate subtrades

**We expected contracts that addressed prior observations and risks**

Therefore, we expected TCHC's contracts for property management services to be set up in a manner that supported consistently good service across TCHC buildings.

We found that:

**Contracts did not clearly set out TCHC's service expectations**

1. Contract specifications were not always clearly defined and did not always clearly set out TCHC's expectations and performance measures related to property management services so that all TCHC properties received consistently good service.

**Contracts did not define all relevant performance measures**

2. Contracts did not define all relevant performance measures and expected outcomes to effectively address key areas where TCHC wanted to improve service delivery during the current contract term.

**Data to assess performance was not always reliable or collected**

3. For some performance measures, data was not collected. For other measures, TCHC and its contracted property managers were not consistently and completely tracking all relevant information in the system. This meant metrics and comparisons based on this data were not fully reliable.

These areas are discussed in further detail in the sections that follow.

**A. 1. Set Clear and Consistent Requirements for All TCHC Buildings**

**2016 Task Force highlighted need for equity in tenant services**

The January 2016 report from the Mayor's Task Force, "*Transformative Change for TCHC*"<sup>8</sup>, highlighted that questions were raised by some tenants about the level of service that they received. The Task Force went on to recommend TCHC review current private sector management contracts, adopting clear performance standards to ensure equity in tenant services.

To address these concerns, TCHC should have made sure property management agreements clearly reflected service expectations that were consistent across its entire portfolio.

**a) Property management contracts did not reflect all of TCHC's service expectations**

**Property management contracts should reflect consistent service requirements for all TCHC buildings**

TCHC should properly plan and define service level expectations for property management services to effectively support its ability to achieve desired outcomes and to hold the service providers (be it internal TCHC staff, TCHC vendors, or contracted property management companies) accountable for their performance.

For contracted property management companies ("CM companies"), this means making sure that contracts have consistent service requirements as would be expected for the directly managed properties.

**Contracts include varying levels of detail regarding requirements and expectations**

During our audit, we found that for some of the property management service areas<sup>9</sup> included in the contracted "Scope of Work", the service expectations, specifications, and requirements ranged from quite detailed to very little detail. For example, the cleaning requirements were quite detailed and matched standards set for buildings managed directly by TCHC.

**TCHC should provide up-to-date specifications and require consistent service across all properties**

However, there were a number of areas of work where the service standards in the property management contracts were not clearly defined or differed from the requirements used for TCHC's directly managed (DM) properties.

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<sup>8</sup> [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)

<sup>9</sup> Service areas include: cleaning and routine maintenance, preventative maintenance, remedial repairs, tracking and addressing Municipal Licensing & Standards (MLS) orders and Toronto Fire Services (TFS) notices of violations and orders, vacancy management and tenant placement, rent subsidy administration, rent collection, arrears management and eviction prevention, unit inspections, and finance and administration functions

For example, for buildings it directly manages, TCHC requires a three-step bed bug treatment process that includes an initial inspection and treatment, a second follow-up treatment, and a follow-up inspection. No such requirement was specified in the scope of work for pest management services included in the property management contracts for the contract-managed (CM) portfolio. Although TCHC subsequently shared with the CM companies the scope of work and requirements from its Integrated Pest Management RFP for its direct managed buildings in September 2018, the CM companies were only encouraged but not required to ensure consistent service at CM buildings. As a result, only one CM company adopted a three-step treatment process.

Painting and preventative maintenance are other examples where TCHC needs to clarify its expectations and requirements so that there is consistent service delivery expectations across all properties.

**b) Property managers' specifications for subtrades also need to be consistent with TCHC's requirements**

**Subtrade contracts are not always consistent with TCHC's requirements**

Contract terms between the CM companies and their subcontractors were not always consistent with TCHC's requirements and/or the standards used for similar services at the buildings directly managed by TCHC.

We reviewed a sample of quotes, subtrade contracts, and purchase orders and found that the agreed-upon scope of work between the CM companies and their subcontractors were not always clear and/or detailed. For example, we found:

- Some subcontracts did not incorporate some of TCHC's scope of work requirements from the RFP for property management services into the contract requirements for that type of service. This includes the contracts for HVAC preventative maintenance, landscaping, and snow removal.
- Where TCHC had not clearly defined its expectations for the CM companies, the CM companies in turn did not include more detailed specifications or requirements in contracts with their subtrades.

**Accountability stems from clear, well-defined requirements**

Without clearly defined performance requirements or specifications, deliverables and/or timelines, it is difficult to assess whether subcontractors are delivering what is required of them and to hold them accountable for their performance.

**c) TCHC should verify that agreements address all of its service expectations**

**TCHC should verify it has provided up-to-date specifications**

Where property management service providers are not meeting TCHC's performance expectations and/or the service provider is performing at a level that is less than would be expected, TCHC should review whether it has provided clear direction on its expectations.

More specifically, if TCHC expects service delivery to be consistent across all of its buildings, then it should make sure the same standards, specifications, and requirements have been included in the scope of work for their property management service providers and their vendors.

**TCHC should verify subcontracts reflect its expectations**

While the property management services contracts allowed TCHC to obtain copies of all agreements between the CM companies and their subcontractors, TCHC had not previously done so. Therefore, they could not have identified the discrepancies between the requirements and specifications included in the subcontracts and TCHC's standards and/or expectations.

**Recommendation:**

- 1. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to**
  - a. review property management service delivery expectations for the maintenance, operation and repair of buildings and identify where minimum mandatory standards, specifications, and requirements vary from building to building.**
  - b. clarify to its service providers (be it internal TCHC staff, TCHC vendors, or contracted property managers and their subtrades) any additional expectations and requirements not captured in existing contracts and service-level agreements to ensure performance requirements are consistently defined for the entire TCHC portfolio.**
  - c. implement a process to ensure updated versions of relevant TCHC standards, specifications, and requirements are applied to all service providers whenever TCHC revises its requirements to support consistent service delivery across all TCHC buildings.**



## A. 2. Establish Measures or Key Performance Indicators that Support Desired Outcomes

Consistent quality service has been a recurring theme when it comes to transformative change for TCHC.

**TCHC management committed to measuring contractor performance, timeliness, and quality**

In its 2015 "Getting it Done" report<sup>10</sup> responding to the Mayor's Task Force observations and recommendations, TCHC management committed to:

*"ensuring contractors and vendors provide quality service to residents. **We will be measuring contractor/vendor performance with a focus on: timeliness of response and getting the job done right the first time; quality of work** and ensuring it meets resident and Toronto Community Housing expectations; and respect for residents and staff."*

**TCHC management committed to continuously and rigorously monitor performance**

In recommending the award of the property management services contracts, TCHC management advised that:

*"The RFP outlined a **clear set of KPIs and accountabilities** for the delivery of the work" and that "Staff will continuously and rigorously monitor the performance of the vendors during the course of the project."*

**We expected TCHC to have meaningful measures to assess outcomes**

Therefore, we expected TCHC to have clearly defined KPIs to monitor and assess tenant satisfaction, building condition, cleanliness and quality of work at CM buildings, and that the outcome measures would be consistent across the entire TCHC portfolio.

**Performance measures can be improved**

We found that although TCHC had prescribed 39 key performance indicators (KPIs) in their property management agreement:

- a) KPIs focused mainly on timeliness not quality
- b) KPIs did not directly address tenant satisfaction concerns
- c) Many KPIs were not tracked or monitored

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<sup>10</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**a) KPIs focus mainly on timeliness not quality**

Many KPIs included in the contracts focused on assessing how promptly the contracted property manager completed required tasks. For example,

- % of routine maintenance work orders completed *within 5 business days*
- % of common space cleaning work orders completed *within 4 hours*
- % of capital expense quotes prepared *within 5 days* for TCHC approval
- % of required financial reports submitted *on-time*

**Measures needed to monitor quality of work**

These measures focused on outputs. TCHC should have established measures to support monitoring of outcomes like completion of work to the expected level of quality and in accordance with specifications. For example, TCHC did not include any KPIs to monitor:

- Quality of routine maintenance work (e.g., % of routine maintenance work orders, such as in-unit pest treatment requests or other in-unit work orders completed to TCHC's defined standards)
- Quality of remedial repair work (e.g., % of remedial repair projects completed to TCHC's specifications)
- Quality of unit turnover work (e.g., % of unit turnover work / in-suite repairs completed to TCHC's specifications)

**b) KPIs do not directly address tenant satisfaction concerns**

**Factors impacting tenant satisfaction need to be addressed**

Some of the key factors impacting tenant satisfaction (as assessed through the *Tenant Experience Survey*), were not areas where KPIs or service level targets were clearly set out in the contracts. For example, the 2018 *Tenant Experience Survey* gathered the tenant's perspective on whether:

- It was easy to request repairs
- Maintenance staff were respectful / helpful
- Repairs were done properly
- Repairs were done when you were told they would be done
- Maintenance staff cleaned up before leaving

These are all areas where TCHC management reported that contract-managed buildings received lower tenant satisfaction ratings than buildings directly managed by TCHC.

**Tenant satisfaction should inform performance gaps**

TCHC should develop ways to measure and improve outcomes in areas where there were performance gaps identified in tenant experience surveys, especially since one of TCHC's objectives was to improve tenants' experiences at the contract-managed buildings.

For example, there were no measures or assessments of how well the complaints were addressed, or whether the complaints were addressed to the tenant's satisfaction (e.g., % of work orders receiving satisfactory tenant satisfaction rating for "Closing the Loop"<sup>11</sup>).

**Better questions can help get to the root cause of tenant dissatisfaction**

Performance information should be gathered to help get to the root cause of tenant dissatisfaction so that concerns can be addressed and monitored, and outcomes can be improved.

For example, while the Tenant Experience Survey asks if "it was easy to request repairs", it is hard to distinguish who is responsible when there are lower ratings – the TCHC Client Care call centre who take tenant calls for repairs, or the local property manager.

Similarly, a Tenant Experience Survey question asking if "repairs were done properly" does not clarify if the responses are related to in-unit repairs, which are typically the responsibility of the property manager, or building repairs which could be the responsibility of TCHC or its property managers, depending on whether it is a small remedial repair, demand capital maintenance, or a large capital project.

**c) Many KPIs were not tracked or monitored**

**TCHC management committed to managing vendors more closely and holding contractors to account for quality of work**

In its 2015 "Getting it Done" report<sup>12</sup> responding to the Mayor's Task Force, management continued to emphasize their commitment that

*"Vendors and contractors carrying out work for Toronto Community Housing must be **held accountable for the quality of this work**. This not only directly benefits residents, but also maximizes the limited dollars available for maintenance and repairs ... Toronto Community Housing has been **managing vendors and contractors more closely** to ensure that contractors are performing high quality work and are treating residents with respect and courtesy."*

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<sup>11</sup> As part of the 2015 corporate plan, TCHC introduced the Closing the Loop pilot project to measure resident satisfaction with repairs – after a repair job is completed, residents receive a phone call and are asked to rate the quality of the work and the courteousness of the person doing the repairs

<sup>12</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**TCHC management considered the contracted property management difficult to administer and ensure compliance**

However, we noted that in November 2016 prior to awarding the current property management contracts, TCHC management raised concerns that the program was difficult to administer because it required significant management resources to ensure compliance with service-level performance expectations.

**TCHC does not regularly assess, track, and monitor KPIs that are outcome-oriented**

During our audit, TCHC management advised us that they did not track or monitor many of the 39 KPIs established in the property management contracts were not tracked or monitored, including KPIs for:

- % of Emergency Maintenance Work Orders attended within 4 Hours
- % of Preventative Maintenance Routines being completed at defined standards
- % of Building Condition Audits meeting defined standards.

More examples of the KPIs not tracked and monitored are detailed in Exhibit 2.

Measuring performance outcomes is key for improving service to tenants, monitoring the value of spending, and having the data to be able to make reasonable decisions.

**Mayor's Task Force highlighted measuring performance is an essential management tool as TCHC moves to a decentralized housing model**

The January 2016 Mayor's Task Force report, "*Transformative Change for TCHC*"<sup>13</sup>, highlighted that

*"Measuring performance is an essential management tool that will help ensure the decentralized housing model is working efficiently and effectively."*

*"As TCHC moves to a decentralized housing model and the transformative recommendations are implemented, they will need to develop performance measures or 'scorecards' to ensure greater accountability of local Operating Units."*

**Task Force recommended TCHC establish measures to track and regularly monitor performance**

The Task Force recommended that:

*"That TCHC/NewHome develop management agreements to clarify the authority of local Operating Units to make decisions, to establish measures to track performance and to regularly monitor performance with metrics."*

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<sup>13</sup> [Item 11 - Mayor's Task Force Final Report Update - Attachment 2.pdf \(torontohousing.ca\)](#)

**Recommendation:**

2. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review and update how TCHC measures and evaluates performance against its objectives, expectations and/or priorities for day-to-day property management across its entire portfolio. In doing so, TCHC should:
  - a. develop additional methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's desired outcomes. Such methods and measures should address, among other things, quality of completed property management work (e.g. preventative maintenance, routine repairs and maintenance work orders, cleaning, etc.).
  - b. develop ways to measure tenant satisfaction in order to decipher who is responsible for improving their performance (be it TCHC internal staff, TCHC vendors, or contracted service providers and their subtrades).

**A. 3. Gather Reliable Data to Track Performance, Drive Decisions, and Continuously Improve**

**Reliable data is needed to assess performance, build accountability, and make decisions**

Collecting high-quality performance data helps provide the information needed to drive future decisions and continuously improve. Key to this is making sure TCHC can rely on the data it is using to build accountability and help make the best decisions possible.

**TCHC relied on work order management system (EasyTrac) data**

TCHC relied on data and records from its work order management system (EasyTrac) to assess the CM companies' performance against KPIs. However, during our audit, we found that TCHC did not always collect reliable data to be able to effectively assess performance of its contracted property managers.

- For some performance measures, data was not collected.
- For other measures, TCHC and the CM companies were not consistently and completely tracking all relevant information in the system. This meant metrics and comparisons based on this data were not fully reliable.

**Some data cannot be verified as accurate, complete or reliable**

For example, the CM companies were required to complete 80 per cent of work orders for routine maintenance (business hours) within five business days or less. While TCHC did monitor and track this KPI, the KPI was determined based on work order data captured in EasyTrac. TCHC contract management staff did not regularly monitor or review the information recorded in the system.

For the sample of work order records we reviewed, we found that it was difficult to reconcile the information between work orders indicated as complete (in EasyTrac) and actual work performed. Often, CM site staff actions taken to respond to work orders were not adequately documented in EasyTrac. Therefore, we were unable to verify that the information in TCHC's work order management system was accurate, complete, and reliable.

**Data that is not fully reliable is used to compare performance**

Although the data from the TCHC work order management system was not fully reliable, we noted that TCHC used this routine maintenance data from EasyTrac to report to its Board and to compare performance of DM buildings and CM buildings – concluding superior performance at directly managed buildings.

**Data reliability concerns are not new**

Data reliability concerns are not new. In 2008, TCHC management identified the need to support uniform and documented responses to tenant requests for service. In 2016, TCHC management suggested that non-compliance with the work order process may be one of the reasons for lower scores in the contract-managed portfolio relative to direct-managed portfolio.

**Additional service quality indicators planned**

As TCHC moves forward with transformative change, TCHC management has indicated that accountability will be driven by Service Quality Indicators that will measure the performance of TCHC's service delivery model and systems from four pillars:

1. Safety and support
2. Cleaning
3. Maintenance
4. Tenancy management

TCHC needs to make sure that the data it uses to monitor these KPIs is accurate, complete, and reliable.

**Recommendation:**

3. **The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure data used to assess, compare, and report on performance and outcomes is collected in a consistent manner across the TCHC portfolio, and that the data collected is accurate, complete and reliable.**

## B. Monitoring Performance – Accountability for "Getting it Done" Right

Mayor's Task Force reported residents saying some work completed by staff and contractors is of poor quality

The need to monitor performance and quality of maintenance service is not new. For example, in its 2015 interim report, the Mayor's Task Force reported residents saying that:

*"Performance and quality of maintenance service at TCHC varies ... Some requests for repairs take a long time before the repair is complete ... Tenants are not routinely being asked for their feedback on whether the repair was performed properly or on time ... **Some work completed by staff and contractors is of poor quality. Tenants told us that staff or contractors sometimes make things worse than before the repair ... Buildings are not always kept clean.**"*

TCHC management acknowledged repairs not being done right the first time – and said this is not acceptable

TCHC's "Getting it Done" action plan<sup>14</sup> responding to the Mayor's Task Force Interim Report acknowledged:

*"When residents request a repair, it needs to be done quickly. The work should be high quality and the service respectful and courteous. In the past, **we have experienced repairs not being done right the first time or vendors not being on site when they were supposed to be. This is not acceptable.**"*

TCHC management committed to enhancing contractor performance management

In response, TCHC Management committed:

*"By October 2015, we will introduce enhancements to our contractor/vendor management program to **monitor quality of work and vendor performance** ... We will be measuring contractor/vendor performance with a focus on: **timeliness of response and getting the job done right the first time; quality of work and ensuring it meets resident and Toronto Community Housing expectations; and respect for residents and staff***

*The Contractor Performance Management team will manage relationships with contractors and vendors. They will be responsible for onboarding of contractors and vendors to Toronto Community Housing programs; **performance reviews and feedback; creation of vendor performance measures; and data collection.** Legal and Procurement staff will also be involved in developing **an escalation process to ensure that vendors who consistently deliver poor service can be removed from our vendor roster.**"*

TCHC management committed to continuously and rigorously monitor vendor performance

In turn, at the time the current property management services contracts were awarded, TCHC Management advised the Board that:

*"staff will **continuously and rigorously monitor the performance of the vendors during the course of the project**"*

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<sup>14</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**Contract included mechanisms for contract monitoring**

During our audit, we found the property management contracts did include mechanisms for TCHC to regularly monitor contract performance, assess compliance with TCHC policies, procedures, guidelines, directives, and take action when performance does not meet expectations.

**TCHC's oversight and monitoring of CM companies was not sufficient**

Based on all of these commitments, we expected TCHC to be effectively monitoring performance and making sure the CM companies were addressing performance concerns. Instead, we found TCHC's oversight and performance monitoring was not sufficient.

**Effective monitoring is critical for accountability**

As TCHC moves forward, effectively monitoring performance of any service provider is critical for accountability, regardless of whether service is delivered by internal TCHC staff, TCHC vendors, or other contracted service providers and their subcontractors. It is essential for TCHC to have effective monitoring processes to ensure it is responsibly using its resources to deliver value for money for its stakeholders.

**TCHC needs to strengthen its monitoring processes**

In the context of its contracted property management companies, we found TCHC needs to strengthen its monitoring processes by:

- a) More effectively monitoring expenditures
- b) Improving how it monitors contract performance and service quality
- c) Ensuring performance issues are properly communicated, escalated when needed, and resolved in a timely manner

Each of these are discussed in the sections that follow.

**B. 1. TCHC Needs to More Effectively Monitor Expenditures**

**\$22 million in operating expenditures annually for CM buildings**

Annually, TCHC paid about \$22 million for operating expenses<sup>15</sup> which are flow-through costs from the property managers to operate the buildings.

**TCHC did not obtain or retain detailed supporting documentation for these operating expenditures**

Although this is a significant amount of annual spending, we found TCHC's monitoring was generally limited to reviewing the income statement and performing variance analysis for reasonability and trending. TCHC did not ordinarily obtain and retain detailed supporting documentation for operating expenditures to monitor, review, or verify that the expenditures flowed through by the contracted property management companies were properly substantiated.

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<sup>15</sup> Aside from the annual management fees, TCHC paid the property managers' costs for direct routine maintenance, preventative maintenance and cleaning as well as wages and benefits of site staff.



**Contract allows access to CM companies' records**

While the contracts required the CM companies to give TCHC access to all documents, papers, and records related to the contract upon request, TCHC rarely exercised this access as part of regular and ongoing monitoring.

**TCHC relied on financial audits**

TCHC relied mainly on audits performed by its external financial statement auditors. However, the purpose of these external audits was to provide an opinion that the financial statements (for the group of CM properties) were prepared, in all material respects, in accordance with the noted basis of accounting.

Given the significant level of expenditures, TCHC should also have a process for periodic internal audits or other independent reviews to assess contract compliance and evaluate internal controls to ensure expenses are valid and work has been completed.

**TCHC did not obtain or review documentation to validate service delivery or value-for-money**

TCHC did not typically obtain and retain supporting documentation from its contracted property managers to validate service delivery or verify that the costs incurred represent value-for-money. In particular, TCHC did not obtain and review:

- Call documents, contracts, and purchase orders
- Evidence of the receipt of goods or services (e.g. service ticket, time sheets, site logs)
- Evidence of contracted property managers' inspection of work performance and quality
- Supporting invoices from subtrades

**TCHC relied on the CM companies to ensure work is meeting requirements**

TCHC instead relied mainly on the CM companies to ensure work was meeting requirements. The lack of scrutiny by TCHC of flow-through expenditures increases the risk that TCHC will not be able to identify when expenditures do not represent value for money, or where work has not been performed or has not been completed to the required level of quality.

**Majority of subcontracts were awarded through non-competitive procurement processes**

For example, the CM companies entered into third-party subcontracts for the maintenance, operation and repair of TCHC buildings within the CM portfolio. The majority of subcontracts for the maintenance, operation and repair of buildings within the CM portfolio were awarded through non-competitive procurement processes.

TCHC only required the CM companies to obtain three quotes for "not-in-contract" (NIC) expenditures greater than \$5,000. However, we found that in some cases TCHC contract management staff approving NIC work should have probed further and asked questions on the scope and reasonableness of costs when quotes provided by CM companies were not consistent or comparable or did not provide sufficient information to assess the price.

If TCHC wants service providers to more competitively award subcontracts, it needs to clarify that in its specifications.

**Concerns with procurement practices are not new**

Concerns with procurement practices are not new. In 2016, when evaluating the CM portfolio, TCHC management identified that there was no requirement under the 2012 RFP for proponents to establish or maintain procurement practices consistent with standards established by TCHC.

**Difficult to assess value for money when contracts are not competitively procured**

Where contracts are not competitively procured or the process to obtain quotes is not robust, it is much more difficult to determine whether or not the contracted services represented good value.

Although the property management contracts required that any subcontracts do not exceed the costs of similar contracts for residential properties of a similar type, age and condition, TCHC did not obtain the contract scope and pricing for each category of work and compare the scope and pricing to the cost of similar contracts within buildings it directly operates.

There was less incentive for the CM companies to obtain appropriate pricing and value for money when arranging for subcontracts for the maintenance, operation and repair of TCHC buildings because the costs related to these contracts are borne entirely by TCHC.

**Not possible to assess if TCHC is paying more for services in CM buildings**

It was difficult to assess if TCHC was paying more or less for maintenance, operation and repair work in CM buildings because, as described in section A, the scope of work, requirements, and technical specifications are not clearly defined in the CM companies' subcontracts. Even if the dollar spend per unit can be compared, it is not possible to tell if the same scope of work is being performed for that level of spending.

We did note that for cleaning, where the scope of work and requirements were more clearly defined and comparable, it appears that the hourly rate TCHC paid to its own vendors was lower than the hourly rates that CM companies paid their subcontractors.

**TCHC should analyze and monitor scope and pricing of subcontracts**

As part of its oversight of property management services, TCHC should analyze and monitor the scope and pricing of any subcontracts for the maintenance, operation and repair of buildings to assess value for money, reasonableness, and whether there are any price variances for different service providers used across its portfolio for similar scopes of work.

**Assess whether better pricing, quality, and value can be achieved by procuring services for its entire portfolio**

TCHC should analyze whether it can obtain better pricing, quality, and overall value for money through economies of scale by procuring and selecting common contractors / subcontracts for its entire portfolio.

**Recommendations:**

4. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:
  - a. obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.
  - b. verify the services are delivered in accordance with the RFP/contracts before payment is made.
  - c. implement a process for periodic internal audits or other independent reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.
  
5. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review third-party contracts for the maintenance, operation and repair of buildings across TCHC's entire portfolio to:
  - a. ensure they do not exceed the costs of similar contracts for residential properties of a similar type, age and condition.
  - b. identify opportunities to achieve better value for money through economies of scale, by procuring and awarding contracts that enable all vendors to provide services to all its buildings regardless of whether they are directly managed or managed by contracted property managers.

**B. 2. TCHC Needs to Monitor Contract Performance and Service Quality**

**We expected TCHC to monitor that services are actually performed and are of sufficient quality**

While the CM companies are responsible for making sure their staff and subcontractors are performing work in accordance with TCHC's requirements, TCHC still needs robust processes to monitor and verify that expenditures are valid, and work is completed in accordance with specifications and is of sufficient quality.

**TCHC relied heavily on CM companies' quality assurance processes**

Given the performance concerns and low tenant satisfaction scores of the past, TCHC did not monitor service delivery to the level we expected.

During our audit, we found TCHC relied heavily on the effectiveness of the CM companies' quality assurance processes. Yet, when we reviewed documents and records retained by the CM companies, the records we reviewed were not sufficient to show that CM companies properly and consistently monitored and/or inspected their subcontractors' work.

**TCHC needs better processes to monitor and verify work**

More specifically:

- a) TCHC needs to make sure site staff properly inspect subcontractors' work to identify and resolve quality and performance issues in a timely manner – During our site visits, we observed some indicators that there should be better monitoring of the quality of workmanship and routine repairs or maintenance that needs to be done.
- b) TCHC needs to make sure site staff obtain and review proper documentation as evidence that work was performed as contracted and as invoiced.
- c) We identified other measures to strengthen how TCHC oversees the quality of subcontractors engaged to perform work.

These findings are discussed in greater detail in the sections that follow.

Monitoring of service delivery is a key management responsibility, regardless of whether the work or service is delivered internally by TCHC staff, TCHC's vendors, or contracted service providers and their subcontractors. TCHC needs to ensure it has robust processes to monitor and verify work performed by its vendors and contractors.

**a) TCHC needs to make sure site staff properly inspect subcontractors' work to identify and resolve quality and performance issues**

**Tenant complaints about quality of work**

Quality concerns were readily identifiable by reviewing tenant complaints in TCHC's work order management system and when we conducted site visits.

For example, tenant complaints logged in TCHC's work order tracking system included cases where tenants indicated contractors did not complete work orders properly. Some examples of work order tickets indicated:

*"Tenant reporting pest control - serviceman attended her unit and spent only 10 mins and didn't spray the area that needed to be sprayed"*

*"I'm concerned what treatment was done, how it was performed and repeating it without addressing these concerns, particularly with the pest control company, would be a waste of time, money, ineffective and risk resistance to future treatments."*

*"tenant reporting contractors improperly replaced tiles. The contractors did not remove baseboards, left wide gaps between tiles/baseboards, used an excessive amount of glue and broke toilet flush. Tenant reports that the repair is incomplete"*

*"tenant reporting landscaping contractors who use leaf blowers scatter leaves all over the place and leave it without picking them up; these leaves get blown on to tenant door steps. Tenant indicating that when they attend it always looks as if nothing has been done"*

Some tickets were closed but EasyTrac did not indicate that tenant concerns were addressed. Other tickets continued to remain open for several months. There is no indication that TCHC staff monitoring performance and service quality of the CM portfolio identified and followed up on these.

**Quality of workmanship is observable through site visits and inspections**

During our audit, while visiting some buildings in the CM portfolio, we also observed indicators that there should be better monitoring of the quality of workmanship and of the need for routine repairs or maintenance work. Examples we observed included cleaning, repairs at common areas, and painting as illustrated in the photographs that follow. We expected TCHC staff overseeing the CM portfolio to be identifying and addressing the quality of workmanship and monitoring work completed.



Photograph 1: Staircase not properly cleaned



Photograph 2: Paint over electrical outlet at vacant unit



Photograph 3: Peeling paint approximately a year after painting job



Photograph 4: Uneven painting on unit door



Photograph 5: Underground garage not properly cleaned



Photograph 6: Damaged hallway ceiling was not repaired

**TCHC should monitor that CM companies have properly inspected work**

TCHC should have monitored that quality concerns had been identified and addressed by the CM companies – CM companies were responsible for arranging and supervising the work.

Based on documents and records obtained and retained by TCHC and the CM companies, it is our view that TCHC staff were not exercising sufficient oversight to make sure that the CM companies had adequately supervised, regularly monitored, and/or inspected the work performed by their subcontractors.

**CM companies advised they followed up on subcontractor no-shows but no documentation to demonstrate**

For example, for pre-scheduled cleaning, snow removal, landscaping services and pest management services, the CM companies advised us that if there were no-shows or if site staff found deficiencies in the quality of work, they would contact the subcontractor to follow up. However, the companies were unable to provide sufficient evidence (e.g. completed inspection reports or checklists, deficiency reports, site logs, attendance logs, etc.) that site staff consistently inspected subcontractors' work for quality and completeness or tracked attendance at the sites.

**Some CM site staff advised us that they sign off on service tickets without inspecting work**

As another example, we found that six of 45 service tickets supporting repair and maintenance work we reviewed were not signed off by the CM companies' staff. Even where the service tickets were signed off, we could not rely on this as evidence that adequate supervision and/or inspections of the work performed because multiple CM staff advised us that site staff signatures or initials on service tickets did not mean that they had inspected the work conducted or that work was performed satisfactorily. They advised that sign-offs were merely an acknowledgement that the subcontractor had attended the site to perform work.

**Reactive rather than proactive approach taken to monitoring**

Different CM site managers advised us that they relied on tenant complaints to identify when services were not satisfactory or when maintenance requests were not fulfilled. This means they are reactive rather than proactive in monitoring, questioning and addressing performance and quality concerns. A reactive approach may impact tenant satisfaction.

**TCHC should have been monitoring CM inspections and conducting its own reviews**

A key monitoring control TCHC included in its RFP / contracts was a requirement for property management staff to perform, at monthly intervals, physical inspections to confirm conformity to normal maintenance standards. TCHC staff did not monitor that CM inspections had occurred; they had not requested, obtained, or reviewed reports of such inspections from the CM companies.

Had TCHC been exercising the appropriate level of contract oversight and monitoring of property management service delivery, concerns with the quality or performance should have been promptly raised and questioned by TCHC staff responsible for oversight and monitoring contract compliance.

**b) TCHC needs to make sure site staff obtain and review documentation to evidence that work was performed as contracted**

**TCHC monitoring should include review of records supporting completion of work**

Supporting documentation retained by the CM companies should be obtained and reviewed by TCHC

Had TCHC been exercising the appropriate level of contract oversight and monitoring of property management service delivery, it is our view that the following matters should have been questioned by TCHC staff and promptly escalated through the contracted process for managing performance concerns.

For example,



**TCHC did not regularly monitor compliance of preventative maintenance**

- i. **Preventative maintenance** – TCHC should be regularly monitoring for compliance with required preventative maintenance routines. Where proper preventative maintenance does not occur, it may result in service interruptions and cost TCHC more in the long-run because poorly maintained building systems often have shorter lifespans.

**Preventative maintenance KPIs were included in the contracts but TCHC did not regularly assess and monitor the measures**

Although the property management contracts included a requirement to complete 95 per cent of preventative maintenance routines<sup>16</sup> to defined standards and a KPI to monitor this requirement, we found TCHC did not monitor compliance on a regular basis.

TCHC staff overseeing CM companies ordinarily only asked for preventative maintenance reports when the CM companies requested additional funds for capital expenditures to repair and/or replace building systems, parts, or equipment.

**HVAC (heating, ventilation, and air conditioning) preventative maintenance is an area of significant concern.**

**HVAC maintenance records should have been promptly reviewed by CM company and regularly reviewed by TCHC**

We reviewed HVAC preventative maintenance records retained at a sample of seven buildings managed by one of the CM companies. We found documents at four of the buildings that in our view, should have been regularly reviewed by the CM company and by TCHC staff overseeing the CM company. Illustrative examples of these documents are shown in Figures 1 and 2.

We expected that TCHC staff overseeing CM companies would periodically request to see preventative maintenance reports or service records to verify that work was being performed in accordance with the contract. If TCHC staff were effectively monitoring performance throughout the contract period, they should have asked questions about the site records.

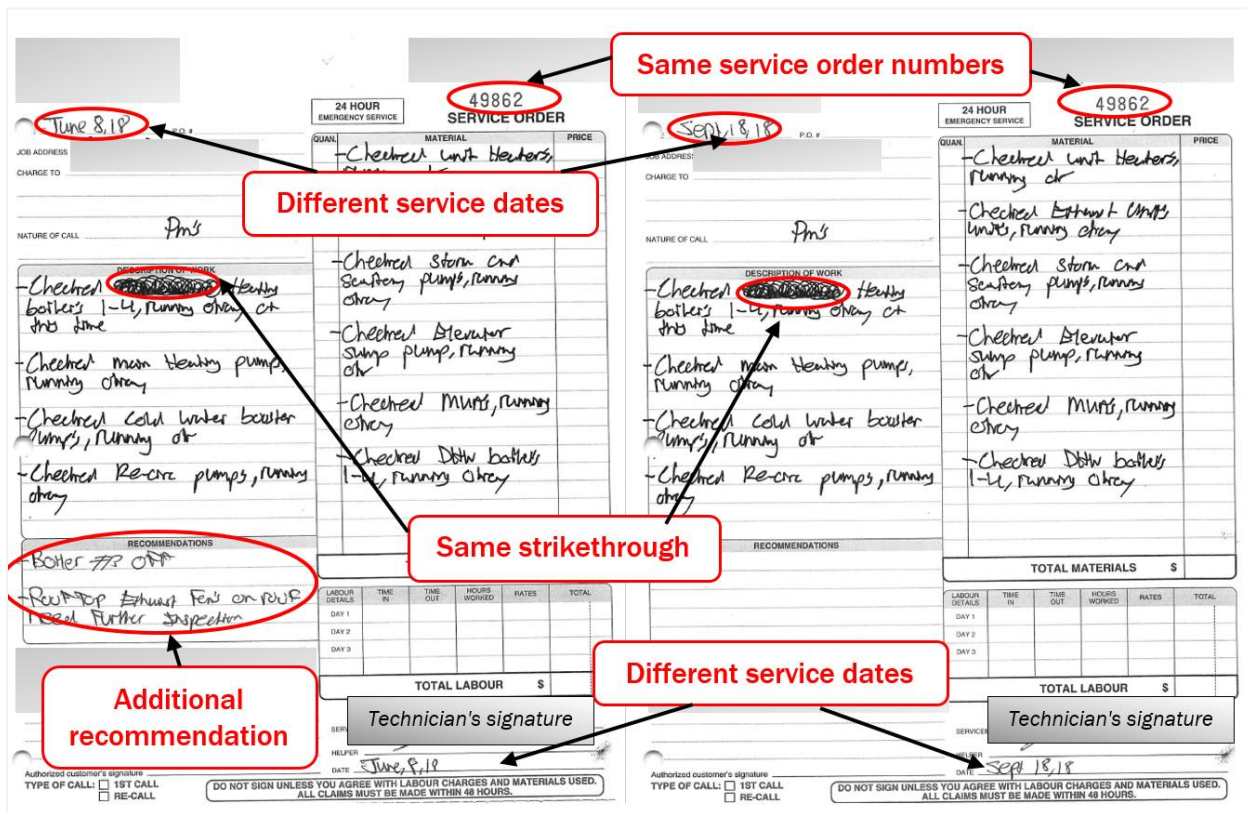
**Examples of documents kept on site that appear to be duplicates or copies with only the dates of service changed**

The documents in Figures 1 and 2 are service tickets submitted by subcontractors. The documents are nearly identical copies except that the dates on the service tickets have been altered. We expected that staff overseeing and monitoring service delivery would have asked questions about the service tickets and performed additional inspections to make sure the required preventative maintenance activities were performed. During our audit, we did not find documentation to indicate that these specific records were questioned and additional inspections performed.

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<sup>16</sup> Preventative maintenance includes HVAC preventative maintenance, monthly pest management of common areas, landscaping, snow removal services

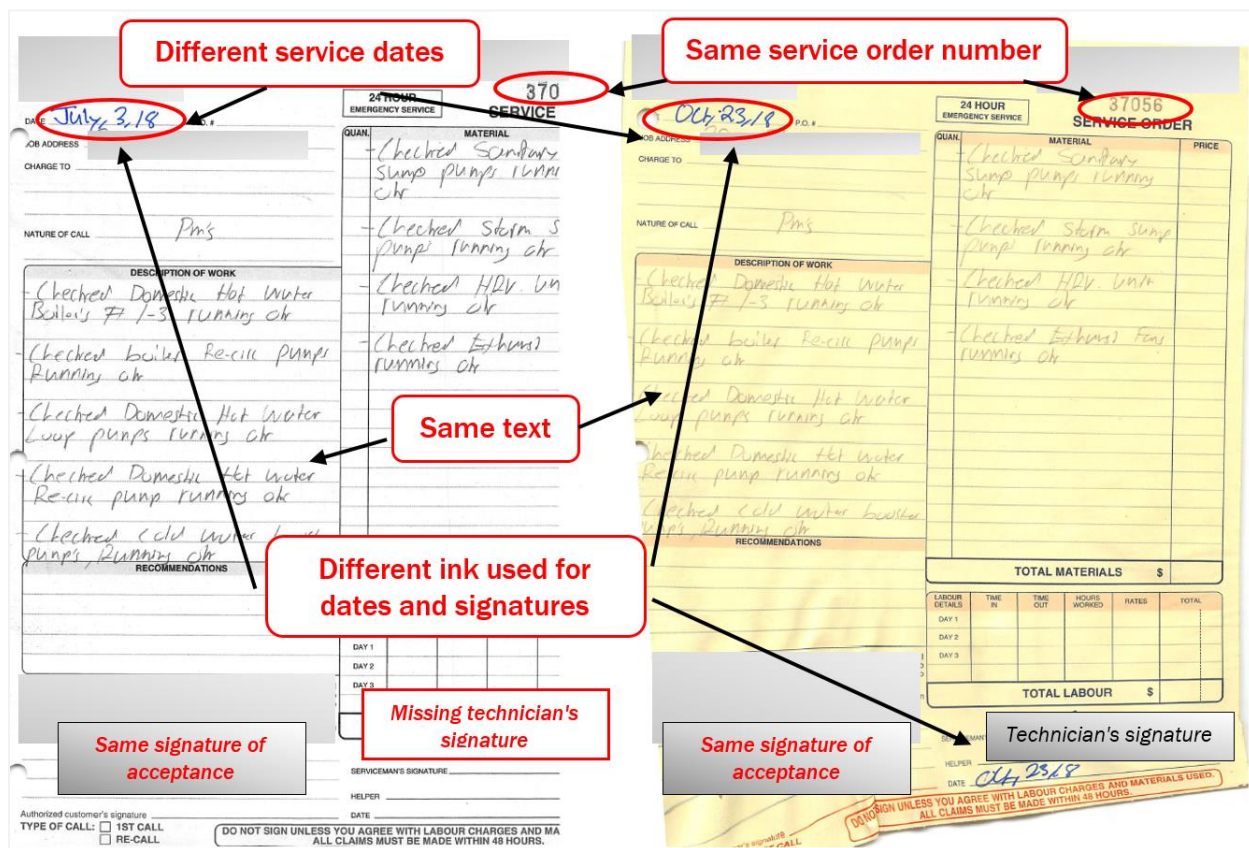
Figure 1: Illustrative Examples of Documents Retained On-Site



Notes:

- The example documents show the same service order receipt (#49862) issued on two separate dates (June 8, 2018 and Sept 18, 2018).
- Much of the service order description of services provided appear to be a copy, including the strikethrough.
- The only difference being the June 8, 2018 service order appears to have "recommendations" made as a result of the service performed.
- The CM company advised that as staff reviewed the maintenance log books, missing service orders were noted, and a request was made for the subcontractor to provide the appropriate documentation. The CM company further advised that it appears that the technician decided to copy their last report and adjust where required for the dates the paperwork was missed and to update any notable items and that the technician should have properly prepared individual service orders to reflect each visit.

Figure 2: Illustrative Examples of Documents Retained On-Site



Notes:

- The example documents show the same service order receipt (#37056<sup>17</sup>) issued on two separate dates (July 3, 2018 and Oct 23, 2018).
- The service order description of services provided appears to be an exact copy.
- Ink used to sign and date July 3 and Oct 23 service orders is different than the ink on the base service order.
- The signature of acceptance appears to be an exact copy.
- The CM company advised that as staff reviewed the maintenance log books, missing service orders were noted, and a request was made for the subcontractor to provide the appropriate documentation. The CM company further advised that it appears that the technician decided to copy their last report and adjust where required for the dates the paperwork was missed and to update any notable items and that the technician should have properly prepared individual service orders to reflect each visit.

<sup>17</sup> Service order number was inadvertently cut off when the copy of site documents was scanned by the Auditor General's staff, but was physically observed to be 37056 when Auditor General's staff attended at the site.

**Significant deficiencies in record keeping were observed at some sites**

Additionally, for the sample of seven CM buildings we reviewed, out of a total of 224 service records we expected to find retained on site to support the work performed, we could not find 123 (55%) of those records. At two buildings, 90 per cent of the service records were not retained on site. The CM company provided copies of records after we requested them. They advised that depending on the site staff and technician, service orders may be completed while in attendance or completed later and delivered to the site. However, given the issues with documents present at other buildings, documents not obtained and retained at the time work was actually performed causes concern as to the degree the CM company and TCHC were providing oversight of these subcontractors.

**One CM company retained better records than the other**

The same subcontractor was used by the other CM company as well. However, we found this other CM company maintained better records.

**TCHC concerns with HVAC preventative maintenance**

An internal TCHC management report indicates that due to an increasing number of issues raised by tenants and TCHC staff with respect to the mechanical equipment at some properties, TCHC conducted an audit to determine the level of preventive maintenance that was being performed. TCHC hired a consultant to review preventative maintenance at a sample of TCHC buildings in late 2018.

**TCHC's consultant found CM buildings were "overwhelmingly not in full compliance with contract requirements"**

As part of the review of one of the CM companies, conducted between December 2018 and January 2019, the consultant assessed compliance against 168 items included in TCHC's scope of work for preventative maintenance of mechanical-electrical systems, including HVAC. The consultant's March 2019 report indicated that the 12 sampled buildings were "overwhelmingly (87 per cent) not in full compliance with contract requirements with respect to required preventive maintenance. Major equipment is not being kept in working order".

TCHC subsequently expanded the review to the other CM company and at TCHC's direct-managed buildings. The consultant reported:

- Overall compliance scores for a sample of four buildings in the other CM company's portfolio were in the range of 20% to 40%, with an average of 28% (based on the observations made during the audit visits and on the available preventative records).
- In a sample of 12 buildings managed directly by TCHC, the overall compliance assessed by the consultant was better - in the range of 50% to 75%, with an average of 64%.

**Better, but not full compliance in DM buildings**

The results of these reviews are consistent with our findings and indicate that strengthened monitoring of compliance with TCHC's required preventative maintenance routines is needed across the entire TCHC portfolio.

**Building condition assessments set the baseline for holding preventative maintenance service providers accountable**

It also should be noted that, to properly hold service providers accountable for completing expected preventative maintenance, it is important to have a proper baseline of the condition of building systems at the beginning of each new contract term because many TCHC buildings are considered to be in poor or critical condition (as noted in Exhibit 1).

Establishing the baseline as close as possible to the contract initiation date helps TCHC to demonstrate, where necessary, the adverse impact on building condition as a result of failures to properly perform contracted preventative maintenance. We found that the majority of building condition assessments for CM buildings were five or more years old at the end of 2019 – with 70 per cent of assessments completed in 2013 and 2014<sup>18</sup>.

**Fire and life safety preventative maintenance records are incomplete**

**Records for fire and life safety equipment preventative maintenance retained at sites were also incomplete.** For example, we examined the monthly inspection records (service ticket or inspection report) for 15 buildings from May 2017 to December 2019. We found the completeness of records varied greatly from site to site, with anywhere from three to 88 per cent of monthly fire alarm system inspection records missing.

It is important that service and inspection records, including monthly service ticket or inspection reports be properly retained as supporting documentation for the proper completion of preventative maintenance work and to show compliance with regulatory requirements.

**We expected TCHC to be closely monitoring violation notices and orders**

- ii. **Violation notices and orders** – We expected TCHC to be closely monitoring the timely resolution of violation notices and orders because matters identified may impact the health and safety of residents.

We noted that the property management contracts include requirements and KPIs that all violation notices or orders issued by Toronto Fire Services (TFS) and Municipal Licensing & Standards (MLS) be resolved within 30 days.

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<sup>18</sup> Based on data TCHC provided in July 2020

**Resolving Toronto Fire Services notices of violation**

Yet, we found that out of nearly 170 violation notices or orders issued by TFS from May 2017 to December 2019, only 40 per cent were resolved within 30 days and over 15 per cent were outstanding for over 90 days including three notices of violations from May/June 2019 that were still being addressed as of February 2020<sup>19</sup>.

**Resolving open MLS orders – oldest order dates back to 2013**

For MLS orders, we found that while TCHC sends weekly exception reports listing outstanding orders to the contracted property managers, TCHC does not always make sure the orders have been resolved in a timely manner. For example, an exception report from November 2019 included nearly 50 outstanding MLS orders related to the CM portfolio. Nearly all had been outstanding for over 30 days, with the oldest originating in January 2013.

**Central monitoring of compliance issues across entire TCHC portfolio is needed**

TCHC has established a Corporate Fire Life Safety Unit to help keep buildings in compliance with fire regulations. There does not appear to be a similar unit for MLS orders or other regulatory compliance issues. Centralized monitoring and reporting can increase accountability for timely resolution of compliance issues.

**Cleanliness of buildings is an area of tenant concern**

- iii. **Cleaning** – In TCHC's "Getting it Done"<sup>20</sup> report responding to the findings from the Mayor's Task Force, TCHC management committed to addressing cleaning service quality at CM buildings and indicated:

**TCHC advised, in 2015, that it was already addressing issues with cleaning service quality**

*"We are already **addressing resource challenges and issues with consistency in cleaning service quality**, and have introduced an improved service delivery model with the flexibility to redeploy cleaning resources to other buildings as they are needed. We are also developing a new model for weekend and evening cleaning that will be introduced by the end of 2015.*

***Contract-managed buildings will be held to the new standards and will be required to provide service delivery plans that can be monitored for compliance.** We anticipate that these changes will result in a noticeable difference in building cleanliness."*

Therefore, we expected TCHC's monitoring of the CM companies' performance would be focused on improving outcomes for CM buildings.

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<sup>19</sup> We excluded 14 Notices of Violation from our analysis that required TCHC to deliver capital improvement.

<sup>20</sup> [Getting it done: Real change at Toronto Community Housing](#), Response to the Interim Report of the Mayor's Task Force, September 10, 2015

**TCHC staff advise they do not have capacity to regularly monitor cleanliness**

Instead, we found that TCHC's oversight of cleaning was limited. TCHC staff did not review checklists/logs to confirm daily, weekly and/or monthly cleaning routines were completed on-schedule in accordance to the requirements. Also, during site visits we performed during our audit, we observed examples of poor cleaning, as illustrated previously in Photographs 1 and 5 in Section B.2.

TCHC staff advised us that they did not have the capacity to proactively perform monthly "clean building" inspections to monitor the cleanliness of all the buildings within the CM portfolio. Instead, TCHC contract management staff inspected each building once quarterly. TCHC staff reported results for CM buildings ranging from 80 to 97 per cent compliant based on their assessment of the cleanliness at sampled areas/floors within the buildings on the inspection dates, even though the 2018 Tenant Experience Survey indicates less than half of tenants were satisfied with the cleanliness of their buildings.

**TCHC has not adopted risk-based approach to monitoring performance**

Of note is that TCHC staff did not adjust the frequency and nature of inspections to proactively focus on improving performance at higher-risk buildings based on findings from previous inspections, or where there was a higher rate of tenant complaints. TCHC staff advised that it was mainly due to workload and capacity limits.

**TCHC should monitor timeliness and quality of routine repairs**

- iv. **Routine repairs and maintenance requests** - TCHC should be regularly monitoring timeliness and quality of completed work orders or service calls for repairs and maintenance including: in-unit pest treatment, in-unit repairs of kitchens and/or washrooms, and other operating repair needs identified by site staff and/or tenants.

**Service tickets missing for 47% of maintenance calls**

While we found the CM companies' subcontractors sometimes left a copy of a service ticket after they attended to a work order, these documents were not consistently obtained or retained in an organized manner. Nearly half of the 69 repairs and maintenance calls we reviewed were not supported by service tickets. Missing records are an indication that site staff were not regularly checking for completeness of records to show work was performed.

**TCHC relies on tenant complaints to identify service issues**

Rather than proactive monitoring, both TCHC and the CM companies rely on tenant complaints to identify that a service has not been completed properly.

**Record retention issues noted for other services**

- v. **Other services** - Similar to our findings for repairs and maintenance, Table 1 summarizes our findings that records retained for other categories of work were also incomplete and that TCHC's RFP / contract for property management services did not clearly specify the records it expected the CM companies to obtain and retain from their subtrades.

**Table 1: Records Retained for Other Categories of Operating Expenditures**

Areas of Services	Contracted record retention requirements	Review Results
Cleaning	<u>No requirement</u> for the CM companies to retain documents for cleaning services performed.	Both CM companies did not retain service tickets or logs of cleaning services performed.
Plaster and Painting	<u>No requirement</u> for the CM companies to retain service tickets for plaster and painting services.	<ul style="list-style-type: none"> <li>• One CM company tracked the service requests and delivery monthly on a spreadsheet.</li> <li>• The other CM company did not track service requests to ensure they were fulfilled as per contract terms.</li> </ul>
Snow Removal Services	RFP <u>requires the CM companies to record snow and ice log</u> on a daily basis (October – April).	<ul style="list-style-type: none"> <li>• One CM company does not keep any records.</li> <li>• The other CM company kept some records. Based on our review at 7 buildings, the retention of snow logs varied from 3%- 59%, with an average of 33%, during the period from May 2017 to December 2019.</li> </ul>
Landscaping	<u>No requirement</u> for the CM companies to retain documents for landscaping services performed.	Both CM companies did not retain service tickets or logs of landscaping services performed.
Monthly Pest Treatment	RFP <u>requires the CM companies to retain service tickets</u> for pest management services.	Based on sample testing, <ul style="list-style-type: none"> <li>• one CM company retained 32% of the service tickets</li> <li>• the other CM company only retained approximately 21% of service tickets.</li> </ul>

**c) Other improvements to strengthen how TCHC oversees the quality of subtrades engaged to perform work in its buildings**

When the property management contracts were awarded, TCHC management reported to the Board that the RFP included more robust documentation and audit requirements to ensure proponents used appropriate subtrades.

Instead, we found that TCHC was not:

**TCHC does not verify subcontractors' qualifications**

- Verifying that subcontractors engaged by CM companies met TCHC's qualification requirements for its own vendors

**TCHC does not have current list of subcontractors**

- Ensuring it had an up-to-date list of all the subcontractors engaged to work in its contract-managed buildings



**Recommendations:**

- 6. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement robust monitoring processes to verify that property management (including operations and maintenance) service providers are meeting performance requirements, including the quality of workmanship and conformity to specifications and requirements. Such processes should include:**
  - a. conducting, with sufficient frequency, site visits, inspections or reviews and documenting the results.**
  - b. reviewing tenant complaints to identify trends in concerns with the conformity of specific categories of work.**
  - c. enhanced monitoring in areas where there is a higher prevalence of tenant complaints, lower tenant satisfaction ratings, and potential for health and safety risks.**
  - d. documenting concerns raised and responses from service providers on any remedial action that has been taken.**
  
- 7. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to strengthen how TCHC oversees the quality of subcontractors engaged to perform work in its buildings by:**
  - a. verifying that subcontractors engaged meet TCHC's qualification requirements for its own vendors.**
  - b. ensuring TCHC has an up-to-date list of all the subcontractors engaged to work in its buildings.**

### **B. 3. Performance Issues Need to be Communicated, Escalated, Tracked and Continuously Improved**

**TCHC management reported performance would be assessed through monthly and quarterly reviews**

When the CM contracts were awarded, TCHC management reported to its Board that the RFP included requirements for monthly and quarterly reviews of KPI performance to standards.

The property management contracts indicated that TCHC would monitor contract performance on an ongoing basis and complete an annual contract evaluation and then discuss the results with the CM companies. The RFP also indicated evaluations would be based on regular and informal site inspections, audit of records, performance to KPI, variance to budget analysis, tenant complaints, and tenant satisfaction surveys.

**TCHC management did not retain proper records to show they sufficiently managed contract performance issues**

However, we found that records related to monitoring of contract performance and communication of performance issues by TCHC management were not always retained centrally. The challenges arising from a lack of central performance records is further exacerbated by turnover in TCHC management responsible for overseeing and managing CM companies. Specifically, we found

**TCHC did not centrally track performance issues**

- TCHC's staff communicated issues verbally or through emails to site management. However, these performance concerns were not logged and/or tracked centrally. According to TCHC management, systemic performance issues were communicated during regular meetings with management from the CM companies; however, TCHC did not retain meeting minutes.

**No annual performance evaluations**

- TCHC management did not complete annual performance evaluations for either of the CM companies.

**Non-compliance letters took many days to resolve**

- From May 2017 to August 2020, TCHC sent eight letters to CM management outlining contract non-compliance. These letters related to a variety of issues, including outstanding deficiencies from fire inspections and audits, inadequate snow/ice clearing at the properties, non-compliance of HVAC preventative maintenance and violations of building codes. Based on the records provided by TCHC, seven non-compliance letters have been resolved. It took from 10 to 402 days before the issues were resolved.

**Staff turnover and lack of documentation make it difficult to verify concerns were properly addressed**

As a result of significant staffing changes at TCHC, there were questions that current TCHC staff could not answer. Based on documentation retained and made available during the audit, it was difficult to verify whether TCHC's concerns with contractor performance were properly identified, monitored, communicated and escalated for action. Where performance concerns are not adequately documented and reported, it is difficult for TCHC to demonstrate that any issues that needed to be addressed were brought forward to the CM companies' attention.

**Better tracking of performance issues and record retention is needed**

Better tracking of performance issues and record retention is needed to support TCHC's ability to enforce contract provisions related to performance, should it be warranted.

**Contract included incentive fee structure – but TCHC has not leveraged these terms to improve performance**

When the CM contracts were awarded, TCHC management reported to the Board that the structure of the RFP was revised to include a management fee structure that included incentives for satisfactory performance relative to KPIs. To date, TCHC has not leveraged these financial terms to foster continuous performance improvement by the CM companies. More specifically,

- TCHC has not exercised its right to withhold monthly management fee payments where a CM company is not fulfilling the terms of the contract, even when TCHC issued letters of non-compliance and such non-compliance was not rectified within 30 days.
- TCHC also has not paid a performance incentive fee to CM managers. Although the current property management contracts include a clause that enables TCHC to pay a performance incentive fee where the contracted property managers achieve key performance indicator targets, the contracts are not clear on which specific KPI would be used to evaluate performance for the purposes of paying a performance incentive fee.

**Moving forward, monitoring of decentralized tenant service hubs will be very important**

As TCHC moves forward with its transformation, sufficient performance monitoring of service delivery – at the local Tenant Service Hub level as well as across the entire TCHC portfolio – will be needed to make sure that work is getting done right and TCHC is delivering high-quality service to its residents. Escalation and accountability protocols should be in place where performance is not meeting service expectations.

**Recommendations:**

8. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner. Such processes should include documenting results of actions that respond to:
  - a. performance issues identified through inspections and review of records.
  - b. performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys.
  - c. performance issues identified in annual contractor performance evaluations.
  - d. performance issues identified in letters of non-compliance.
  
9. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, in consultation with legal counsel, to review incentive fee structures in contracts and supporting processes to be able to exercise contract clauses in order to support continuous improvement of performance by service providers.

**C. Building Trust and Confidence – Accountability Through Accurate and Transparent Reporting**

<b>Trust and confidence is built by consistently delivering services well</b>	When services are delivered well, they will result in higher public trust and higher confidence in TCHC by its residents and by members of the public.
<b>Oversight, monitoring, and management is critical to earning trust</b>	Critical to earning and improving trust and confidence is providing oversight, monitoring, and management when work is performed by others. It is something TCHC management must work at and demonstrate through their actions.
<b>Providing accurate, complete and transparent information leads to increased confidence</b>	Trust and confidence can be built by providing accurate, complete and transparent information about where TCHC is with its action plans for implementing transformative change. The Board needs accurate, data-driven information to make key continuous improvement decisions. Residents need information they can rely on.

**Trust is eroded when commitments aren't followed through in practice**

But public trust and confidence can be eroded when the commitments and actions TCHC management reports to the Board, its residents, and the public aren't proven in practice.

We noted throughout this report that many issues we observed during our audit are not new, even though in the past TCHC made commitments to change in each area. For example,

**TCHC committed to making changes**

In 2008, TCHC management advised the Board that they would:

- develop an **accountability framework** that tenants in each building may use to hold management accountable for cleanliness, repairs and courtesy
- **monitor performance** of property management companies to **ensure that performance standards, as stated in the contract, are fulfilled**
- interpret and **administer performance-based contracts**

In the 2015 report, "Getting it done: Real change at Toronto Community Housing, Response to the interim Report of the Mayor's Task Force", TCHC management advised the Board that they would improve residents' satisfaction with the state of the buildings they live in across the city with an action plan that would:

1. Improve cleaning services
2. Improve elevator reliability and performance
3. Increase resident satisfaction with repairs
4. Improve the service provided by contract-management companies
5. Reduce electricity costs and improve energy conservation
6. Enhance pest management

**Examples of past commitments that did not fully materialize:**

- **monitoring quality of work and vendor performance**

**Specific actions committed by management** included:

- **holding vendors and contractors more accountable** by enhancing contractor/vendor management program to **monitor quality of work and vendor performance**
- **measuring contractor/vendor performance** with a focus on: timeliness of response and getting the job done right the first time; **quality of work** and ensuring it meets resident and Toronto Community Housing expectations; and respect for residents and staff

- **contracts that include clear expectations that supported consistent service delivery to all buildings**
- **improving service in contract-managed communities through stronger contracts with clear, well-defined and measurable performance expectations**, so that they meet the same service standards as Toronto Community Housing staff and so that residents receive **consistently good service no matter where they live**
- **monitoring cleaning in a manner focused on improving service delivery**
- **improving cleaning services** where contract-managed buildings will be held to the new well-defined service standards and documented cleaning routines and will be required to provide service delivery plans that can be **monitored for compliance**
- **an escalation process for performance concerns**
- developing an **escalation process** to ensure that vendors who consistently deliver poor service can be removed from our vendor roster

And in 2016/17 when evaluating the contract-managed properties and recommending the award of new property management contracts, Management advised the Board of improvements to the contract structure, including:

- **continuously and rigorously monitoring performance and KPIs**
- A clear set of **KPIs and accountabilities for the delivery of the work**. Staff will **continuously and rigorously monitor the performance** of the vendors during the course of the project
- **established KPIs tied to continuous improvement**
- Realistic **KPIs consistent with expectations on the direct-managed properties and tied to continuous improvement** rather than an arbitrarily assigned value. Specific **year-over-year improvements** are expected for maintenance work order completion rates, administrative service request completion rates, building condition audit compliance, vacancy management, arrears management, and annual rent review compliance.
- **applying incentives for satisfactory performance**
- A management fee structure that includes **incentives for satisfactory performance** relative to KPIs.
- **regularly reviewing KPI performance**
- Requirements for monthly and quarterly **reviews of both financial performance to budget and KPI performance to standards** with variance analysis.
- **auditing of subtrades**
- More robust documentation and audit requirements to ensure **proponents are using appropriate subtrades**.

**Many issues and concerns persist**

These changes and improvements reported by TCHC management did not fully materialize in practice. The lack of follow-through, especially relating to performance evaluation and accountability, resulted in many of the issues and concerns, raised many times before, that continue to persist.

When TCHC management makes the same commitments to the Board, residents, and members of the public, over and over again, and then those commitments are found not to have been implemented, it erodes trust and confidence in the organization.

**Moving forward, the Board should have data-driven information to hold management accountable**






Moving forward, even as TCHC looks to bring property management back "in-house" and continues to transform service delivery, it is paramount that management ensures that reliable information systems are in place and that it brings forward accurate and transparent information on the state of affairs and areas that continue to need improvement.

As circled on Figure 3 includes TCHC's 2020-2021 Strategic Priorities to once again:

- Establish Key Performance Indicators that measure success and provide a clear understanding of performance, with measurable outcomes
- Improve service delivery through the analysis of tenant complaint and tenant experience data

As TCHC moves forward with its transformation, and has again committed to taking action through its 2020-2021 Strategic Priorities, it is important that TCHC management provide accurate, data-driven information and transparently communicate to the Board its progress on the strategic actions it has committed to. In turn, the Board should hold management accountable for delivering on outcomes.

Figure 3: TCHC 2020-2021 Strategic Priorities

 					
Goal 1	Goal 2	Goal 3	Goal 4	Goal 5	Goal 6
 <b>Support the rights of every tenant to have reasonable enjoyment of their homes.</b>	<b>Build high performing teams that bring to life a culture of tenant service.</b>	<b>Empower and support frontline leadership and employees in resolving issues and challenges locally in support of tenant needs.</b>	<b>Develop a business intelligence foundation that enables timely decision making and identifies tenant service success measures.</b>	<b>Transform the way we work through the implementation of effective and efficient tenant service processes, systems and tools.</b>	<b>Work with the City of Toronto to expeditiously deliver on Tenants First directives and commitments.</b>
 <b>By the end of 2021...</b>	<b>By the end of 2021...</b>	<b>By the end of 2021...</b>	<b>By the end of 2021...</b>	<b>By the end of 2021...</b>	<b>By the end of 2021...</b>
<p>Tenants' homes will be well-maintained and made accessible by TCHC.</p> <p>We will deliver \$1.56b of the 2017 to 2026 10 year capital plan repairs for tenants' homes.</p> <p>We will achieve an FCI of 15.9% (tracking to an FCI of 10% by the end of 2026).</p> <p>We will know what needs and supports are required for new and existing tenants and will be able to address needs as defined within our mandate.</p> <p>Tenants will feel supported and be connected to the services they need.</p> <p>We will have accurate and appropriate information that enables the delivery of quality service and support to tenants.</p>	<p>TCHC's Culture Model will be embedded in the way every employee works to support tenants.</p> <p>We will be on the path to having a diverse and inclusive work environment where employees feel safe, valued, empowered and inspired to deliver high quality service.</p> <p>Our culture will be one that inspires employee trust in the organization and supports employees to make tenant-focused decisions at every level of the organization.</p>	<p>Frontline leadership and employees will be engaged and equipped with a common understanding of TCHC's obligations and rights as a landlord and provider of services to tenants.</p> <p>We will have processes and tools in place that empower frontline leadership and employees to make tenant-focused decisions locally.</p>	<p>There will be trusted sources of data and governance in place that enable TCHC to collect and analyze data to make informed and timely business decisions.</p> <p>We will have begun the process to collect socio-economic and race-based data to enable a greater understanding of tenants and their experiences.</p> <p>We will have standardized performance measurement and will engage tenants locally in assessing the quality of service they receive.</p>	<p>HoMES will be fully operational, providing integrated housing and tenancy management services.</p> <p>All business processes will be clearly defined and aligned to the new decentralized tenant-facing organizational structure.</p> <p>We will be an agile service-oriented organization that provides a flexible work environment for staff.</p>	<p>We will have progressed on the transition of the Seniors Housing Unit into the City's new Seniors Housing Corporation in accordance with the City of Toronto timelines.</p> <p>We will have operationalized the Integrated Service Model across the Seniors Housing Unit portfolio.</p> <p>In collaboration with the City of Toronto, we will have issued purchase agreements for the transfer of 623 standalone homes.</p> <p>We will have clarity on the future of the Development team within TCHC.</p> <p>We will have concluded discussions with the City about the TCHC Mandate Agreement to form part of the new Shareholder Direction.</p>
 <b>How we plan to do it</b>	<b>How we plan to do it</b>	<b>How we plan to do it</b>	<b>How we plan to do it</b>	<b>How we plan to do it</b>	<b>How we plan to do it</b>
<p>Support tenants through partnerships with key social services, setting them up for success and fostering reasonable enjoyment for the entire community.</p> <p>Collaborate with tenants on the design of tenant engagement systems.</p> <p>Engage and educate tenants to share appropriate information with TCHC and understand how this information will be used.</p> <p>Confront anti-Black racism experienced by Black tenants.</p> <p>Deliver the \$350 million 2021 capital repair program.</p> <p>Revitalize TCHC communities.</p>	<p>Develop a TCHC Confronting Anti-Black Racism Strategy for staff and tenants.</p> <p>Develop a Diversity and Inclusion Strategy for recruitment and training that is reflective of the tenant populations we serve.</p> <p>Complete tenant-focused leadership development training for every people manager at TCHC.</p> <p>Develop a tenant service excellence curriculum to be taken by every employee.</p> <p>Build tenant service orientation competencies into employee performance management systems.</p>	<p>Identify barriers to positive tenant experiences and empower employees to act and drive improvements.</p> <p>Launch and operationalize tenant service hubs in 107 communities.</p>	<p>Define data requirements and best practices and implement data governance practices, forming a centre of excellence for the organization.</p> <p>Develop a data and analytics framework and integrated platform that will inform tenant-focused resource allocation decisions.</p> <p>Establish Key Performance Indicators that measure success and provide a clear understanding of performance, with measurable outcomes.</p> <p>Improve service delivery through the analysis of tenant complaint and tenant experience data.</p>	<p>Review and map all operational business processes and accompanying roles and responsibilities, to identify opportunities for the improvement of service to tenants.</p> <p>Identify efficiency measures that demonstrate the impact of improved processes in service to tenants.</p> <p>Develop robust and equitable flexible work policies for employees.</p>	<p>Implement the Integrated Service Model for the Seniors Housing Unit.</p> <p>Negotiate a Shared Service Agreement with the City's new Seniors Housing Corporation (pending Council direction).</p> <p>Facilitate the due diligence process with non-profit agencies for purchasing the standalone homes.</p>

Source: <https://www.torontohousing.ca/about/our-strategic-plan/Documents/2020-2021-Strategic-Priorities.pdf>

**Recommendation:**

- 10. The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.**



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## Conclusion

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**Long-standing issues**

For many years, TCHC has been aware that a key to better performance is through improved monitoring. This was made evident each time the contract for property management services was retendered. However, substantive changes were never made.

**Recommendations designed to help TCHC attain its goals**

TCHC needs to set up successful service delivery by defining clear and consistent performance requirements and building accountability into its service agreements. TCHC also needs to strengthen oversight and monitoring so that services are performed and work is completed with quality. Our recommendations are designed to assist TCHC in attaining this goal.

The Auditor General will also continue to support TCHC's efforts to build trust and confidence by bringing accountability through independent and objective information to the Board, City Council, and residents of TCHC and Toronto, and by shining a light on areas that need strengthening.

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## Audit Objectives, Scope and Methodology

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### **Audit included in the 2019 Work Plan**

The Auditor General's 2019 Audit Work Plan included an audit of contracted property management services to assess TCHC's oversight of the property managers' service delivery and performance.

### **Audit focus is on the administration of contracted property management services**

The objectives of this audit were to:

- evaluate the adequacy and effectiveness of TCHC's oversight and monitoring of contracted property management services
- assess the extent to which key performance targets and efficiencies have been achieved
- determine whether the expected outcomes of contracting out the property management services have been realized.

### **Scope**

This audit focused on activities related to TCHC's oversight of contracted property management services<sup>21</sup> during the period from May 1, 2017 to April 30, 2020.

Regardless of whether buildings are managed directly by TCHC staff or through contracted service providers, TCHC management is ultimately responsible for the services provided to residents in its buildings.

We reviewed the procurement processes for the contracted property management services including tender documents, bid proposals and related contracts. We identified areas where TCHC can enhance and better document its procurement processes. The Auditor General will issue a separate letter to management providing more details and recommendations regarding these less significant issues that came to our attention during this audit.

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<sup>21</sup> The following property management services were not included in the scope of this audit: Arrears Collection Process, Tenant and Visitor Parking Program, Vacancy Management, Tenant Placement Services, Health and Safety, Mould Management

We also reviewed the billing and collection of current and outstanding rents and the remittance of revenue to TCHC for a sample of 60 files, as well as reporting of vacancies and occupancies for the entire contract-managed portfolio in a sampled month. Our findings were generally consistent with our 2019 audit, "Safeguarding Rent-Geared-to-Income Assistance: Ensure Only Eligible People Benefit"<sup>22</sup>. TCHC's contract-managed portfolio was included in that audit and our file reviews in the current audit cover a similar period as the 2019 RGI audit; therefore, no additional findings or recommendations are included in this report.

**Areas not covered within the scope of this audit**

TCHC is directly responsible for capital planning and budgeting, capital investment and repairs, elevator maintenance, community safety, and revitalizations across its entire portfolio of units, buildings, and communities. A review of these areas, that are the direct responsibility of TCHC staff but have an impact on service delivery and tenant satisfaction for the CM portfolio, was not included within the scope of this audit.

**Methodology**

Our audit methodology included the following:

- review and analysis of 2017 tender documents including bid proposals and related contracts
- review of board and committee reports and financial budgets relevant to contracted property management
- review of policy requirements, procedures and guidelines relevant to contracted property management
- interviews with staff from TCHC
  - Asset Management (Environmental Health Unit)
  - Facilities management (Elevator & Fire life safety)
  - Resident and Community Services (Community Safety Unit)
  - Procurement
  - Finance
- interviews with staff from contracted property management companies
- site visits of nine contract-managed TCHC developments

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<sup>22</sup> <https://www.torontoauditor.ca/report/safeguarding-rent-geared-to-income-assistance-ensuring-only-eligible-people-benefit/>

- review of documentation retained by TCHC and contracted property management companies at head office and a selection of site locations
- review of a sample of contracts between contracted property management companies and their subcontractors covering the following categories of work:
  - Cleaning
  - Pest Control
  - Fire life safety preventative maintenance
  - HVAC preventative maintenance
  - Painting
  - Ground services (landscaping and snow removal)
- review of a sample of tenant files
- other procedures as considered appropriate

#### **Limitations to our audit**

Our findings and conclusions were based on the information available at the time the audit was completed. In some cases,

- contracted property management companies could not locate the information we requested
- staff turnover limited TCHC management's ability to answer our questions

#### **Compliance with generally accepted government auditing standards**

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Exhibit 1: Background and History of Contracted Property Management at TCHC Buildings

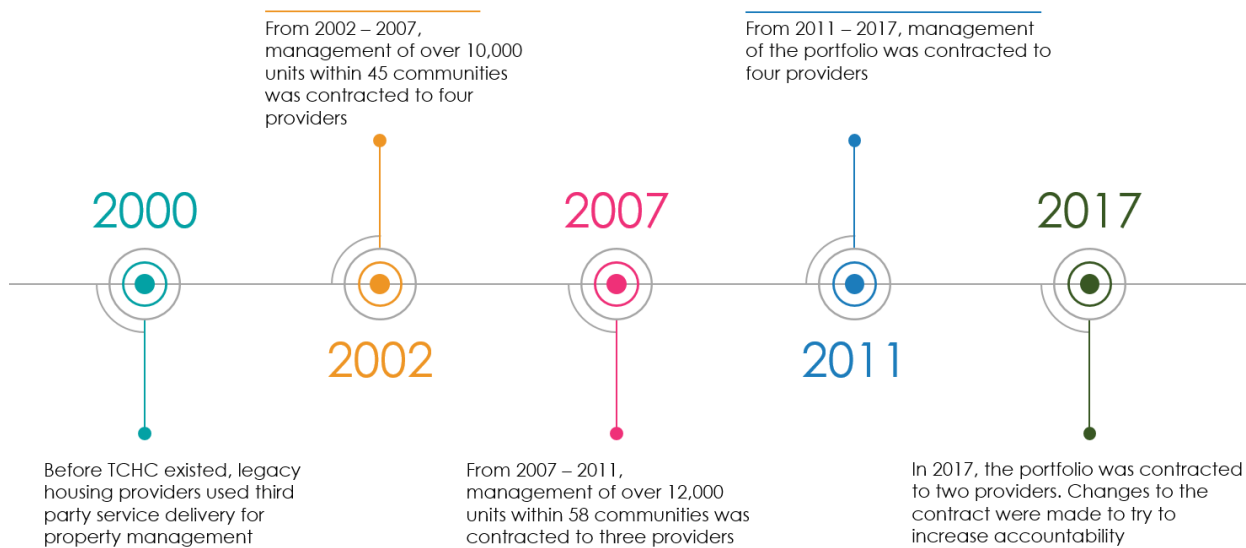
<b>TCHC owned by City of Toronto</b>	Toronto Community Housing (TCHC) is the largest social housing provider in Canada and the second largest in North America. TCHC is wholly owned by the City of Toronto and operates as a non-profit. It has 2,100 buildings, 50 million square feet of residential space and represents a \$10 billion public asset.
<b>110,000 residents from diverse backgrounds</b>	TCHC provides homes to nearly 110,000 residents in about 60,000 low and moderate-income households. Residents come from many different backgrounds with a diversity in age, education, language, mental and physical disability, religion, ethnicity and race.
<b>Most household rent is geared to 30% of gross income</b>	<p>According to TCHC's 2019 Annual Report:</p> <ul style="list-style-type: none"> <li>• 35% of residents are children and youth, 37% are adults, and 28% are seniors</li> <li>• 89% of households pay rent-geared-to-income (RGI), with most RGI rent assessed at 30% of gross income</li> <li>• 26% of households are single parent families</li> <li>• 43% of RGI households report living with a member with a disability</li> <li>• 40% of residents live with mental health issues</li> </ul>
<b>TCHC funded by rent it collects and subsidies from City of Toronto</b>	TCHC also reported that it receives operating funding from rent paid by residents (58%) and from City of Toronto subsidies (39%). The remaining operating funding (3%) comes from rental of commercial spaces, parking, laundry and cable fees, and income from investments.
<b>TCHC contracts out the property management of 20% of its portfolio</b>	TCHC has contracts with two private sector companies to take care of property management for about 20 per cent of its properties – about 12,000 households. In this report, we call contract-managed buildings "the CM portfolio". These companies are required under contract to do the same property management functions that TCHC employees do: they calculate and collect rents, clean and maintain buildings, and make or oversee some non-capital repairs.
<b>TCHC manages 80% of buildings and monitors CM contract performance</b>	TCHC employees provide property management services for the remaining 80 per cent of TCHC properties. In this report, we call direct-managed properties "the DM portfolio". As well, TCHC is responsible to monitor contract performance of the CM portfolio.
<b>TCHC responsible for services to all TCHC residents regardless of who manages properties</b>	Regardless of whether buildings are managed directly by TCHC staff or through contracted service providers, TCHC management is ultimately responsible for the services provided to residents in its buildings.

### History of Contracted Property Management

**TCHC has a long history of using a contracted property management service delivery model**

Prior to the creation of TCHC on January 1, 2002, the predecessor housing agencies used third-party service delivery for property management. Since the time it was formed, TCHC has continued to contract out property management services for a portion of its portfolio. Figure 4 below illustrates how contracted property management evolved through the years.

**Figure 4: History of TCHC's Contracting of Property Management Services**



**High proportion of buildings in CM portfolio were in a "poor" or "critical" state of good repair**

In 2017, when the current property management contracts were awarded, approximately 75 per cent of the CM portfolio was considered to be in poor or critical condition, based on TCHC Facility Condition Index<sup>23</sup> (FCI) data. Buildings with higher FCI, and in particular a "critical" FCI rating, can experience:

- Increased risk of failure to components
- Greater maintenance and operating costs
- Negative impacts on personnel and residents

<sup>23</sup> The Facility Condition Index (FCI) is the ratio of capital liability (the value of capital renewal needs) to the replacement value of the building. FCI provides a sense of the condition of the portfolio of properties. For example, an FCI of 5% is considered "good"; an FCI over 30% is classified as "critical".

**TCHC paid two property management companies about \$30M in 2019**

In 2019, TCHC paid two property management companies approximately \$6 million in management fees to manage the 12,000 household units in the CM portfolio. TCHC also paid approximately \$22 million to the same companies for operating expenditures the companies made related to the maintenance, operation and non-capital repair of CM properties and an additional \$2 million for "not-in-contract" expenditures. TCHC, as the property owner, is responsible for managing capital repairs. Table 2 summarizes these expenditures.

**Table 2: Annual Expenditures Paid to/through Contracted Property Management Companies, 2019**

Region	# of Units	Property Management Fees	Operating Expenditures	Additional "Not-in-Contract" and Other Expenditures	Total
West	3,830	\$1,925,000	\$8,195,000	\$952,000	\$11,072,000
Central	2,500	\$1,235,000	\$4,354,000	\$589,000	\$6,178,000
East	5,870	\$2,946,000	\$9,008,000	\$844,000	\$12,798,000
<b>Total</b>	<b>12,200</b>	<b>\$6,106,000</b>	<b>\$21,557,000</b>	<b>\$2,385,000</b>	<b>\$30,048,000</b>

TCHC management advised that during the three-year period from 2017 to 2019, \$12.7 million was spent on demand capital maintenance for buildings in the CM portfolio<sup>24</sup>.

**Transitioning contract-managed buildings back under TCHC's direct management**

**City Council motion to transition property management of buildings**

On April 16 and 17, 2019, City Council adopted a motion<sup>25</sup> to

*"direct the President and Chief Executive Officer, Toronto Community Housing Corporation to work in partnership with City Staff to develop a plan to transition contract managed buildings to direct-managed buildings or any other options as outlined in the Tenants First or the Shareholder Agreement itself, to improve service to tenants, and report jointly to the Board of Directors of the Toronto Community Housing Corporation and the appropriate City committee in time to give any notice required to the property management companies."*

**TCHC transitioned some of its contract-managed units back to direct service delivery**

Subsequent to our audit, TCHC transitioned all 24 developments and more than 3,800 CM units in the West region to a TCHC direct-management service delivery (DM) model in late 2020.

<sup>24</sup> TCHC's total expense for demand capital maintenance during the same period was \$153.7 million

<sup>25</sup> <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.MM6.14>

TCHC recently advised that they will be transitioning the rest of the CM portfolio back to direct management, in four stages, starting from January 2022. Once the process is completed in April 2022, all properties in TCHC's family portfolio will be directly managed by TCHC using the Hub-Based Service Model and all TCHC seniors-designated buildings will be managed by the Senior Housing Unit using the Integrated Service Model.



## Exhibit 2: Key Performance Indicators (KPI)

<b>Maintenance and Cleaning</b>					
#	Key Performance Indicator	Target	Frequency	Measurement	Monitored?
1	% of Routine Maintenance Work Orders completed within 5 Business Days	80%	Monthly	Easytrac	Yes, but data is not complete / reliable
2	% of Emergency Maintenance Work Orders attended within 4 Hours	90%	Monthly	Easytrac	No
3	% of Common Space Cleaning Work Orders completed within 4 Hours	90%	Monthly	Easytrac	No
4	% of Cleaning Routines completed on-schedule / at defined standard	90%	Monthly	Building Inspection	"on-schedule": No  "at defined standard": Yes, but quarterly and do not cover parking garage
5	% of Work Order records meeting Documentation Standards	95%	Quarterly	Administrative Audit	No
<b>Building Condition Audit / Preventative Maintenance</b>					
#	Key Performance Indicator	Target	Frequency	Measurement	Monitored?
6	% of Building Condition Audits meeting defined standards – Interiors	95%	Bi-Annual	Building Inspection	No
7	% of Building Condition Audits meeting defined standards – Exterior	95%	Bi-Annual	Building Inspection	No
8	% of Preventative Maintenance Routines being completed at defined standards	95%	Bi-Annual	Building Inspection	No
9	% of Fire Notice of Violations / MLS Orders resolved within 30 days	100%	On-Going	TCH Life Safety	Yes, weekly exception reports but not resolving timely
10	% of required Fire Alarms System Tests conducted compliantly (Monthly / Annually)	100%	On-Going	TCH Life Safety	Yes, through fire life safety audits and / or part of quarterly clean building inspection
11	% of Capital Expense Quotes prepared within 5 days for TCH Approval	90%	On-Going	TCH Asset Mgmt.	No
<b>Tenancy Administration</b>					
#	Key Performance Indicator	Target	Frequency	Measurement	Monitored?
12	% of Administrative Service Requests resolved within 2 Business days	90%	Monthly	Easytrac	Yes, but data is not complete / reliable
13	% of Complaints resolved within 3 Business days 90%	90%	Monthly	Easytrac	No
14	% of Service Request records meeting Documentation Standards	95%	Quarterly	Administrative Audit	No
<b>Vacancy Management (7 KPI)*</b>					
<b>Arrears Management (10 KPI)*</b>					
<b>Rent Subsidy Administration (4 KPI)*</b>					
<b>Health and Safety (2 KPI)*</b>					
<b>Finance and Administration</b>					

#	Key Performance Indicator	Target	Frequency	Measurement	Monitored?
38	% of Required Financial Reports submitted on-time	100%	As defined	TCH Finance	Yes
39	% of Required Tenancy Administration Reports submitted on-time	100%	Monthly	TCH Asset Mgmt.	Yes

*\*Note: These areas were not included within the scope of our audit; however, we were advised by the (former) TCHC Senior Director responsible for oversight of the property management contracts that some KPI were not tracked and monitored*

## Appendix 1: Management's Response to the Auditor General's Report Entitled: "Toronto Community Housing Corporation – *Embedding Accountability into Service Delivery: Lessons Learned from the Audit of Contracted Property Management Services*"

**Recommendation 1:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:

- a. review property management service delivery expectations for the maintenance, operation and repair of buildings and identify where minimum mandatory standards, specifications, and requirements vary from building to building.
- b. clarify to its service providers (be it internal TCHC staff, TCHC vendors, or contracted property managers and their sub trades) any additional expectations and requirements not captured in existing contracts and service-level agreements to ensure performance requirements are consistently defined for the entire TCHC portfolio.
- c. implement a process to ensure updated versions of relevant TCHC standards, specifications, and requirements are applied to all service providers whenever TCHC revises its requirements to support consistent service delivery across all TCHC buildings

<p><b>Management Response:</b> <input checked="" type="checkbox"/> Agree      <input type="checkbox"/> Disagree</p>
<p><b>Comments/Action Plan/Time Frame:</b></p> <p>The Auditor General’s audit of TCHC’s contracted property managed services was completed between 2017 and 2020. During this same period, TCHC undertook a strategic restructuring of its operations with the goal of improving service to tenants. TCHC welcomes the findings and recommendations of the Auditor General as they reflect the changes that we have begun to implement as part of our restructuring efforts, which include service standards and measures that are being implemented across the organization. Through the establishment of 88 tenant service hubs, we are bringing service closer to tenants and each hub will have direct accountability for the achievement of service delivery targets. Although we have more work to do, early service and quality measures suggest the improvements underway are well aligned with the recommendations of the audit and early indicators.</p> <p>In the summer of 2020, TCHC brought contract managed properties in the West region back under the direct management of TCHC. In September of 2021, TCHC provided its remaining contracted property managers with notice of its intention not to renew their contracts, which are scheduled to expire in April of 2022. As a consequence, the recommendations arising from this Audit may have limited application to the contracted work that informed the audit exercise. Although we will no longer have contract managed properties going forward, TCHC welcomes the findings of the Auditor General and will consider the application of the Audit findings in the context of other contracts with third party suppliers of goods and services in contexts other than those that were the subject of this audit exercise As well, TCHC will also take this opportunity to consider the application of the Audit findings to our internal processes across the organization.</p> <p>1a In the context of its direct managed properties, TCHC will continue to implement Service Standards across the four service pillars established as part of TCHC’s broader restructuring efforts and commitment to tenant service excellence which are maintenance, cleaning, tenancy management, and community safety and support. Through our focus on tenant service excellence, TCHC’s Chief Operating Officer will continue to establish measurable service delivery expectations across all buildings.</p>

<p>Service Standards are being implemented to:</p> <ul style="list-style-type: none"> <li>• Outline the tasks to be completed to achieve the service standard;</li> <li>• Outline the time and frequency to complete the tasks; and</li> <li>• Monitor against Key Performance Indicators for cleaning, maintenance, safety, customer service and communication, tenancy management, and engagement to be established by the Chief Operating Officer.</li> </ul> <p>The Chief Operating Officer and the Vice President of Human Resources will develop and implement training for frontline staff regarding those service delivery expectations. Staff training will be reinforced through Standard Operating Procedures to be established by the Chief Operating Officer and incorporated into TCHC's Hub Playbook.</p>		
Target:	Establish Service Standards (underway).	Q4 2021
	Establish training for frontline staff.	Q1 2022
	Establish Key Performance Indicators based on Service Standards.	Q4 2022
	Establish Standard Operating Procedures based Service Standards.	Q4 2022
<p>1b TCHC will provide clarity on expectations and requirements for its staff through the new Service Standards and Key Performance Indicators. The Chief Operating Officer will ensure that Operations staff receive training regarding required tasks, frequency, and time necessary to achieving the established standards. In addition, TCHC's Chief Financial Officer and General Counsel will review and revise vendor contracts, governing the procurement of goods and services, to ensure that all agreements incorporate performance monitoring provisions, based on Service Standards and Key Performance Indicators established by the Chief Operating Officer, across the TCHC portfolio.</p>		
Target:	Establish Service Standards (underway).	Q4 2021
	Review and revision of vendor contracts.	Q3 2022
<p>1c TCHC is transitioning all contract-managed properties to a direct-management by May 2022. All buildings under direct-management will be required to comply with the Service Standards, across all the service pillars. In the event of future revisions to the Service Standards, TCHC will develop and implement staff training, as well review and modify existing Standard Operating Procedures in order to reflect the amended Service Standards in order to ensure consistent service delivery across all TCHC buildings</p>		
Target:	Transition to Direct Management of all TCHC properties.	Q2 2022
	Implement Semi-Annual review of service standards.	Q2 2022

**Recommendation 2:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review and update how TCHC measures and evaluates performance against its objectives, expectations and/or priorities for day-to-day property management across its entire portfolio. In doing so, TCHC should:

- a. develop additional methods of measuring performance, including additional key performance indicators to monitor and measure performance against TCHC's desired outcomes. Such methods and measures should address, among other things, quality of completed property management work (e.g. preventative maintenance, routine repairs and maintenance work orders, cleaning, etc.).
- b. develop ways to measure tenant satisfaction in order to decipher who is responsible for improving their performance (be it TCHC internal staff, TCHC vendors, or contracted service providers and their subtrades).



**Recommendation 3:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to ensure data used to assess, compare, and report on performance and outcomes is collected in a consistent manner across the TCHC portfolio, and that the data collected is accurate, complete and reliable.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree		
<b>Comments/Action Plan/Time Frame:</b>		
<p>3 During the period of the audit on contract managed properties and as part of TCHC's transformation efforts, the HoMES tenancy management solution was developed and is in the process of being implemented at TCHC.</p> <p>This will enable TCHC to continue to undertake a comprehensive review of its data used to report on performance and outcomes. The HoMES system is a key management tool that will be a key enabler in achieving business efficiencies and goals. Through this work, a series of data validation and process reviews have been undertaken to ensure that all data used to assess, compare, and report on performance and outcomes are accurate, complete, and reliable. As well, an audit functionality will be built into the HoMES system, which will be a key management tool to providing management assurance.</p>		
Target:	Conduct data validation and process reviews (underway)	Q2 2022
	Establish the HoMES management solution.	Q2 2022

**Recommendation 4:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to:

- a. obtain and retain key supporting documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other records to support expenditures charged to TCHC by its service providers.
- b. verify the services are delivered in accordance with the RFP/contracts before payment is made
- c. implement a process for periodic internal audits or other independent reviews to confirm that internal controls to ensure expenses are valid and work has been completed, are consistently implemented in practice.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree		
<b>Comments/Action Plan/Time Frame:</b>		
<p>4a TCHC's Chief Financial Officer, with the support of the Chief Operating Officer, will conduct a review across the Demand General Repair, Component Capital, and Capital Programs to identify existing procedures governing the delivery/receipt and validation of documents, including site sign-in/sign-out logs, service tickets, preventative maintenance reports, and other reports that support TCHC expenditures. Based on findings from that review, the Chief Operating Officer will develop and implement, where required, Standard Operating Procedures governing a centralized mechanism to track performance against the requirements related to documentation.</p>		
Target:	Conduct review of existing documentation requirements.	Q2 2022
	Develop and Implement new SOP's.	Q4 2022.
<p>4b TCHC's Chief Financial Officer will conduct a review to ensure that the appropriate and standardized management controls and oversight mechanisms are in-place to verify the delivery of services in accordance with RFPs/contracts before a payment is made.</p>		

Target:	Conduct review of existing payment procedures and implement any absent control mechanisms identified through the review.	Q4 2022
4c	TCHC's Chief Operating Officer, Chief Financial Officer and General Counsel will establish a procedure through which audit rights that are incorporated into third party contracts are exercised on a regular and periodic basis. In addition, the Chief Financial Officer will review internal procedures, based upon the findings arising from the exercise of those audit rights, to ensure that TCHC can assure the validity of expenses, without relying on the audit process, using its existing internal financial control procedures, and revise and implement revised procedures where those procedures do not facilitate its ability to do so.	
Target:	Create and Implement Formal Contract Audit Process	Q3 2022

**Recommendation 5:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to review third-party contracts for the maintenance, operation and repair of buildings across TCHC's entire portfolio to:

- a. ensure they do not exceed the costs of similar contracts for residential properties of a similar type, age and condition.
- b. identify opportunities to achieve better value for money through economies of scale, by procuring and awarding contracts that enable all vendors to provide services to all its buildings regardless of whether they are directly managed or managed by contracted property managers

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree		
<b>Comments/Action Plan/Time Frame:</b>		
5a	TCHC's Chief Financial Officer will conduct a review of vendor contracts for the delivery of maintenance, operation, and repairs of buildings across the portfolio and ensure that they demonstrate value for money and do not exceed the costs of similar contracts for properties of similar type, age, and condition.	
Target:	Conduct Review of Third Party Contracts to ensure value for money. Q4 2022	
5b	As it transitions its buildings from contract management to direct management, TCHC is expanding the scope of existing contracts governing maintenance, operation and repair of buildings across TCHC's entire portfolio to its existing third party vendors already serving its direct managed portfolio. As those vendors were secured through a competitive procurement process, TCHC believes that the contracts governing this work achieve value for money. At the same time, TCHC's competitive procurement process incorporates evaluation criteria that compares proponents based on the quality of goods and services to be provided and, in this manner ensures that vendors secured to provide goods and services, are not selected solely on the basis of price. This transition will be completed in Q2 of 2022.	
Target:	Transition Third Party Contracts to Existing Vendors. Q2 2022	

**Recommendation 6:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement robust monitoring processes to verify that property management (including operations and maintenance) service providers are meeting performance requirements, including the quality of workmanship and conformity to specifications and requirements. Such processes should include:





Target:	Conduct Review of Existing Vendor Compliance Policy and Procedures.	Q3 2022
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**Recommendation 7:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to strengthen how TCHC oversees the quality of subcontractors engaged to perform work in its buildings by:

- a. verifying that subcontractors engaged meet TCHC's qualification requirements for its own vendors.
- b. ensuring TCHC has an up-to-date list of all the subcontractors engaged to work in its buildings

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree		
<b>Comments/Action Plan/Time Frame:</b>		
7	The Chief Financial Officer, with the support of the Chief Operating Officer and Legal Services, will develop and implement terms in the contract with the vendor that requires the approval of TCHC for any subcontractors used. The Chief Financial Officer, with the support of the Chief Operating Officer and Legal Services, will include terms in the contract with TCHC vendors. In accordance with those contractual provisions, the Chief Operating Officer will ensure that an oversight mechanism is in-place so that TCHC has an up-to-date list of all sub-contractors engaged in the delivery of work and services in its buildings and mechanisms to prevent the use of anyone not on the approved list. Procurement will maintain the list of approved vendors and sub-contractors.	
	Target: Conduct Review of Contract Provisions and Maintain List of Approved Vendors and Sub-Contractors	Q3 2022
	Ensure Oversight Mechanisms Identify Existing Subcontractors and Ensure Adherence to the Subcontractor List.	Q3 2022

**Recommendation 8:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to implement a process for documenting, escalating, and following up on service provider performance issues to ensure corrections are made in a timely manner. Such processes should include documenting results of actions that respond to:

- a. performance issues identified through inspections and review of records.
- b. performance issues identified through comparison of performance to KPI, tenant complaints, and tenant satisfaction surveys.
- c. performance issues identified in annual contractor performance evaluations.
- d. performance issues identified in letters of non-compliance.

<b>Management Response:</b> <input checked="" type="checkbox"/> Agree <input type="checkbox"/> Disagree		
<b>Comments/Action Plan/Time Frame:</b>		
8	TCHC has established an Operations Compliance department, within its Operations Division, that works closely with Strategic Procurement and Vendor Management to strengthen compliance oversight in the delivery of services and work across all buildings. TCHC's Chief Operating Officer and Chief Financial Officer will develop an Integrated Performance Management program to ensure that issues are escalated and rectified in a timely manner and that vendor's perform in accordance with performance requirements established in contract documents.	

The Integrated Performance Management program will incorporate a standardized process to identify and escalate issues, review performance issues against performance requirements, appropriately document performance issues and issue non-compliance letters.

Target: Develop and Implement Integrated Performance Management Program Q3 2022

**Recommendation 9:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, in consultation with legal counsel, to review incentive fee structures in contracts and supporting processes to be able to exercise contract clauses in order to support continuous improvement of performance by service providers.

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

9 TCHC's Chief Financial Officer and General Counsel will review the potential to incorporate incentive fee structures into contracts and supporting processes to support continuous improvement of performance by service providers.

Target: Consider Incorporation of Incentive Fees into Vendor Contracts. Q4 2022

**Recommendation 10:** The Board request the Chief Executive Officer, Toronto Community Housing Corporation, to provide data-driven reporting that supports the Board's decision making and ability to hold management accountable for continuous improvement and better outcomes.

**Management Response:**  Agree  Disagree

**Comments/Action Plan/Time Frame:**

10 TCHC's Chief Executive Officer and its current leadership are committed to frank and data-driven engagement with the TCHC Board of Directors and will continue to ensure staff reports provided to the Board contain comprehensive, data-driven information needed to enhance accountability of the organization and to drive future decisions and continuous improvement. As previously noted, TCHC's adoption of the HoMES system has facilitated a series of data validation and process reviews that have been undertaken to ensure that all data used to assess, compare, and report on performance and outcomes are accurate, complete, and reliable. As well, an audit functionality will be built into the HoMES system, which will be a key management tool to providing management assurance.

Target: Immediate

**AUDITOR  
GENERAL**  

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**TORONTO**



### Q3 2021 HoMES Project Update

Item 5

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-105**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Information Technology Services

**Date:** October 19, 2021

#### **PURPOSE:**

The purpose of this report is to provide the BIFAC with an update on the status of the HoMES Project.

#### **RECOMMENDATION:**

It is recommended that the BIFAC receive this report for information.

#### **REASONS FOR RECOMMENDATIONS:**

TCHC has committed to continuing to provide the following level of reporting to the BIFAC and the Board of Directors:

- Quarterly project updates to BIFAC; and
- Yearly, and as required, project updates to the Board.

#### **STATUS:**

This report covers the period of July 1 to September 30, 2021.

The HoMES Project Management Office ("PMO") completed a review of the impact to staff for the final phase of the project to determine the appropriate training and rollout schedule and feasibility for a final October 2021 Go

Live. It was determined that it was not feasible to implement the full final phase in October. A portion of the original Track 2B implementation, Exclusive and Non-Exclusive Use of Space, will Go Live in October 2021. The remainder of Track 2B of the HoMES project is now scheduled to Go Live by the end of Q1 2022.

In September 2021, TCHC announced that properties under contract management would revert to direct management in 2022. The HoMES project original scope of work included 6 months of effort to onboard contract managed providers onto the HoMES solution. This decision results in the need to revise the project plan, resource plan and budget.

The HoMES project budget remains with the board approved amount.

### **TRACK 2B DELAY:**

The HoMES project was approved on February 27, 2019 by TCHC's Board of Directors and was launched in May 2019 to replace 30+ legacy applications with one integrated housing management solution. The first and second rollouts under Track 1 were completed in July 2020 and January 2021 respectively. Track 2 was split into two rollouts, with 2A planned for June 2021 and 2B planned for October 2021. The 2A rollout was completed in June 2021 as planned, leaving the largest rollout, 2B, remaining. Track 2B contains the space bookings and maintenance and tenant support business functions.

During the third quarter of 2021, the HoMES Project Management Office met to review the status of the project and to determine the feasibility to launch the full Track 2B scope as planned in October 2021.

The following details were taken into consideration during this review:

- The results of the project's second test cycle confirmed that the space booking solutions meet business requirements. This HoMES solution provide the ability of the organization to book exclusive and non-exclusive spaces within TCHC buildings.
- Modules which support maintenance and tenant support functions such as Demand Maintenance and Client Care do not adequately meet

business requirements and require further solution refinement. This functionality supports the superintendents and building staff. Yardi has committed to delivering TCHC-specific enhancements to their core product, which requires additional time to ensure the necessary quality is achieved.

- The COVID situation was not factored in at the time the project schedule was developed in early 2019, and is not expected to improve in the near future to allow the project team to return to being co-located. This has impacted all project activities (testing, training, change management etc.). The impact to the project is more pronounced for Track 2B as greater organizational participation is required, and this is a challenge to coordinate while still obtaining the necessary level of quality.
- The HoMES project understood that there would be significant impact to Track 2B roles. The functions of Demand Maintenance/Client Care will face a greater degree of change in their roles thus requiring greater change management effort.
- Lessons learned from the Track 2A rollout have indicated that Track 2B requires sufficient runway after User Acceptance Testing has been completed to make corrections to business process documentation and training content. Furthermore, a minimum of 8 weeks of end user training is required. If the solution is not fully developed, training materials cannot be completed in time to start training.
- While a small part of Track 2B training will be conducted virtually, training for the majority of impacted employees needs to be conducted in person.

Upon completion of this review and after discussions with key project resources, Yardi and KPMG LLP (“KPMG”), the HoMES Project Management Office (“PMO”) brought forward a proposal to the HoMES Steering Committee to consider postponing the final Track 2B launch to go live by the end of Q1 2022.

The space bookings solution is recommended to go live as planned in October 2021. This will involve a smaller number of users. All activities such as testing and training for this portion of Track 2 will remain on schedule.

The maintenance and tenant support areas will complete User Acceptance Testing along with testing of the majority of new Yardi solution enhancements by end of October 2021. Delaying the Go Live of the remaining Yardi modules to the February timeframe allows for additional focus to be placed on change management and training activities, to ensure a robust and comprehensive transition for this large group of users.

The proposal to postpone the final rollout was endorsed by the HoMES Steering Committee and approved by the Executive Sponsor.

## **PROGRESS UPDATE:**

### **Track 2B (Demand Maintenance and Call Centre):**

The HoMES project continues to move forward towards completion of the final phase, now scheduled for Q1 2022

Activities completed in Q3 include:

- Launch of User Acceptance Testing for Track 2B on September 20, continuing until October 22
- Preparation for the Go Live of Space Booking scheduled for October 25, 2021
- Continued development of Training materials
- The Change Management Working Group continued to work with Subject Matter Experts to build a plan for user adoption for building staff impacted by Track 2B; and
- Continued working with the HoMES team and Yardi on solution development for Move Outs, Unit Turnover, Inspections, and Inventory.

### **Track 3 (Onboarding Contract Managed Providers):**

This track has been descoped. Track 3 reporting will be removed from subsequent BIFAC quarterly updates, and the overall HoMES budget has been updated to reflect this change.

### **Stage of Completion:**

The HoMES project had been in progress for twenty-nine months, with five months remaining in the revised schedule. The percentage of project activities completed for each Track are shown in Table 1.

*Table 1: Percentage of Project Activities Completed*

<b>Track</b>	<b>% of Project Activities Completed</b>
Track 1A	100
Track 1B	100
Track 2A	100
Track 2B	75
<b>Overall Project</b>	<b>90</b>

### **Budget Status Update:**

The overall HoMES project forecast was revised to factor in two significant decisions made in Q3 2021.

1. Postponing rollout of Track 2B to employees Q1 2022; and
2. Descoping Track 3 due to TCHC's decision to revert contract managed properties to direct management along with reducing the overall HoMES budget from \$55.3M to \$54.4M

The total budget impact of these two decisions has resulted in an overall increase of approximately \$695K on the Estimated Spend to Completion for the HoMES project.

Some of the more significant factors impacting the HoMES Estimated Spend to Completion are:

- Increase of Yardi implementation costs to accommodate the delayed roll out was significantly offset by the descoping of Track 3;
- Additional budget required to retain internal business and external technical resources for three to four months;
- Reduction in overall travel and expenses due to continued remote working for the remainder of 2021;
- Increased budget required for Quality Assurance, internal Project Management and testing resources; and
- Increase costs in training resources partially offset by reduction in Yardi eLearning content required for Track 2B.



The difference between the Estimated Spend to Completion reported in Q3 as compared to Q2 is shown in Table 2.

Table 2: Comparison of Estimated Spend to Completion Q3 vs Q2

<b>(Amounts in \$000s)</b>	<b>Revised Q3 Est Spend to Completion</b>	<b>Previous Q2 Est Spend to Completion</b>	<b>Difference</b>
Yardi Software Subscription	5,603	5,603	
Yardi Implementation Services	19,487	19,840	(353)
External Consultants/Vendors	10,597	10,010	587
Internal Resources/Expenses	16,728	16,267	461
<b>Total HoMES</b>	<b>52,415</b>	<b>51,720</b>	<b>695</b>

The total spend to date on the HoMES project is shown in Table 3.

Table 3: Total Project Budget Spend Summary as of September, 2021

<b>Total Spend as of September 30, 2021 (Amounts in \$000s)</b>	
External Contracts	25,773
Internal Resources/Expenses	11,062
<b>Total HoMES spend as of September 30, 2021</b>	<b>36,835</b>

Detailed budget information, including contract awards and change orders, is provided in Confidential Attachment 1. The HoMES estimated spend at completion remains within the reduced approved budget amount of \$54.4M and is provided in Confidential Attachment 2.

### **BUSINESS BENEFIT REALIZATION REPORT:**

The HoMES project has committed to delivering a detailed report to BIFAC on the business benefits that will be realized from the HoMES project. The delivery of this report has been delayed to allow for:

- Continued work with Yardi to improve efficiency of some solution components to be delivered for Track 2B; and

- Further engagement with business and IT stakeholders to capture all benefits and measures.

The HoMES project will deliver the report on the first committee meeting scheduled in 2022.

### **IMPLICATIONS AND RISKS:**

The HoMES project continues to monitor and mitigate the risks due to the COVID-19 pandemic.

The HoMES project management office and QA advisor KPMG continue to monitor the project closely in this final phase. The final phase onboards the greatest number of employees onto the HoMES solution and ensuring that employees can adapt to the change is paramount to the success of this phase.

### **SIGNATURE:**

*“Luisa Andrews”*

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Luisa Andrews  
Vice President, Information Technology Services

### **STAFF CONTACT:**

Luisa Andrews, Vice President, Information Technology Services  
416-981-5012  
Luisa.Andrews@torontohousing.ca

### **CONFIDENTIAL ATTACHMENTS:**

**Confidential Attachment 1:** HoMES Detailed Budget Information

**Reason for Confidential Attachment:** Matters that are not required to be disclosed under the *Municipal Freedom of Information and Protection of Privacy Act*,

including financial information belonging to TCHC that has monetary or potential monetary value.

**Attachment 2:**

HoMES Summary Budget Information

**Attachment 2**

**Confidential Attachment 2: HoMES Summary Budget Information**

9/30/2021

(Amounts in \$000s)	Actuals 2021	Total Spend Sep-21	Forecast 2021	Budget 2022	Est. Spend at Completion	Approved Budget	Variance to Budget	Remaining \$	% Spent of Budget
Yardi Software Subscription	796	3,678	2,721	-	5,603	7,700	2,097	4,022	48%
Yardi Implementation Services	2,433	12,177	5,295	4,447	19,487	18,710	(777)	6,532	65%
External Consultants/ Vendors	2,301	9,919	2,535	445	10,597	12,460	1,863	2,541	80%
Internal Resources & Other Expenses	2,935	11,062	6,656	1,945	16,728	13,545	(3,183)	2,483	82%
<b>Total Homes</b>	<b>8,465</b>	<b>36,836</b>	<b>17,207</b>	<b>6,837</b>	<b>52,415</b>	<b>52,415</b>	<b>0</b>	<b>15,579</b>	
Implementation Contingency			-	1,993		1,993		1,993	
<b>Total</b>	<b>8,465</b>	<b>36,836</b>	<b>17,207</b>	<b>8,830</b>	<b>52,415</b>	<b>54,408</b>	<b>1,993</b>	<b>17,572</b>	<b>68%</b>

\*\*Overall budget decreased due to Track 3 descope



## Change Order: Quality Assurance Services for the HoMES Project

Item 6

November 3, 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-120

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Information Technology Services

**Date:** October 17, 2021

### PURPOSE:

The purpose of this report is to seek the BIFAC's approval for a change order for Quality Assurance Management services provided by KPMG LLP for TCHC's Business Transformation project now known as the HoMES Project.

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders exceeds 20% of the original award and exceeds the financial approval limit of Toronto Community Housing's ("TCHC") Procurement Award Committee ("PAC").

### RECOMMENDATIONS:

It is recommended that BIFAC approve the following recommendations:

1. Approve a change order to **KPMG LLP** for \$90,000 (exclusive of taxes) to add three (3) months of Quality Assurance Management Services at the current negotiated rates to accommodate an extended Track 2B rollout as outlined in Project Background

- a. Monthly QA Management Services to be billed at a fixed rate of \$30,000/month from January 1 to March 31, 2022.
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**REASONS FOR RECOMMENDATIONS:**

The HoMES project was approved on February 27, 2019 by TCHC's Board of Directors and was launched in May 2019 to replace 30+ legacy applications with one integrated housing management solution. The first and second rollouts under Track 1 were completed in July 2020 and January 2021 respectively. Track 2 was split into two rollouts, with 2A planned for June 2021 and 2B planned for October 2021. The 2A rollout was completed in June 2021 as planned, leaving the largest rollout, 2B, remaining. Track 2B contains the space bookings and maintenance and tenant support business functions.

During the third quarter of 2021, the HoMES Project Management Office met to review the status of the project and to determine the feasibility to launch the full Track 2B scope as planned in October 2021.

Upon completion of this review and after discussions with key project resources, the HoMES Project Management Office ("PMO") brought forward a proposal to the HoMES Steering Committee to consider postponing the final Track 2B launch to go live at the end of February 2022.

The proposal to postpone the final rollout was endorsed by the HoMES Steering Committee and approved by the Executive Sponsor will be brought forward to the Building Investment, Finance and Audit Committee in November 2021 for information.

As outlined in the HoMES Integrated Project Plan, an additional three (3) months of Quality Assurance Management Services at a rate of \$30,000 per month, which is a reduction of 24%, relative to the existing rate of \$39,226 per month, is required to accommodate the decoupled rollout as initiated by TCHC.

**Table 1: Purchase Order and Change Order Summary**

<b>CO No.</b>	<b>VAC #</b>	<b>Approval Date</b>	<b>Description</b>	<b>Reason</b>	<b>Individual CO Amount</b>
0	18584	November 5, 2018	Quality Assurance Management Services RFP: 18042	Original Contract	
1	BIFAC	November 12, 2019	Change Order #1	Expansion of Scope and Timeline	\$507,140
2	21064	March 14, 2021	Change Order #2	Decouple Track 2 and Delay Second Rollout	\$196,130
Cumulative approved change orders to date					\$703,270
Change order as requested in this report					\$90,000
<b>Total Cumulative change orders</b>					<b>\$793,270</b>
Original contract awarded (VAC 18584)					\$546,720
<b>Revised total contract amount</b>					<b>\$1,339,990</b>
<b>Cumulative CO % of contract award/purchase order</b>					145.1%

**PROCUREMENT PROCESS:**

This change order is recommended under the following justification under section 4.3(a) of TCHC's Procurement Policy:

- v. To ensure compatibility with goods and services previously acquired where there are no reasonable alternatives or substitutes.

**IMPLICATIONS AND RISKS:**

KPMG has been providing Quality Assurance management services for the past 28 months (RFP 18042). KPMG has developed in-depth knowledge and understanding of TCHC's business operations, project plan, project risks and the organization's culture. It developed the Quality Assurance Management Strategy and the Quality Assurance Management Plan that is governing the provision of this work. This knowledge is critical to provide effective quality assurance management services for this project.

The Vice-President, Information Technology Services has reviewed the pricing and determined it to be reasonable and acceptable for the work. The calculation of the change order is based on the extension of resources for 3 months with a reduction of 24% in billable hours to reflect the reduced effort required in the last months of the HoMES project. The rates for the resources are aligned with the original agreement.

**SIGNATURE:**

*"Luisa Andrews"*

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Luisa Andrews  
Vice President, Information Technology Services

**STAFF CONTACT:**

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## Change Order: Eight Month Contract Extension for Appliance Supply and Delivery

Item 7

November 3, 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-106

**To:** Building Investment, Finance and Audit Committee (BIFAC)

**From:** Senior Director, Business Operations

**Date:** October 18, 2021

### PURPOSE:

The purpose of this report is to seek the BIFAC's approval for a change order to The Brick Warehouse LP, doing business as Midnorthern Appliances ("Midnorthern") for an eight-month extension of services related to appliance supply and delivery from December 1, 2021 to July 31, 2022.

BIFAC approval is required for the recommended change order, as the cumulative amount of all change orders exceeds the \$2.5 million financial approval limit of Toronto Community Housing's ("TCHC") Procurement Award Committee ("PAC")

### RECOMMENDATIONS:

It is recommended that the BIFAC approve the following recommendations:

1. Approve a change order to The Brick Warehouse LP, doing business as Midnorthern Appliances ("Midnorthern") for up to \$2,000,000 (exclusive of taxes) for the supply and installation of appliances for an eight-month period on an as needed basis for units west of Yonge

Street and act as a secondary vendor for the units east of Yonge Street; and

2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

### **REASONS FOR RECOMMENDATIONS:**

As part of tenancy agreements, TCHC provides all tenants with a refrigerator and stove. In some instances, microwaves (for tenant-specific needs) and washers and dryers (for standalone homes and some townhouse communities) may also be provided. When appliances break down and are deemed to be beyond economical repair, a new appliance is ordered.

In January 2021, RFP 20314 was issued to seek a primary vendor(s) to deliver, supply and install appliances for both the west and east groups, plus a backup vendor for both groups. Through the evaluation of the RFP submissions, Canadian Appliance Recycling Enterprise (“CARE”) was the lone successful proponent; they opted to supply all units east of Yonge St. At the time, Midnorthern and Appliance Canada were to continue to supply all units west of Yonge St. and act as a backup to CARE; both agreements with Midnorthern and Appliance Canada expires as of November 30, 2021.

In June 2021, RFP 21126 was issued to seek a primary vendor(s) to deliver, supply and install appliances for units west of Yonge St. and a backup vendor. Unfortunately, this RFP did not result in any successful proponent.

As Midnorthern’s current agreement is set to expire as of November 30, 2021, a contract extension for an eight-month period is required to be issued for Midnorthern to continue to provide the services west of Yonge St. and to enable enough time to issue a new RFP. With the change order, the eight-month period represents the estimated time that would be required to issue and award the work to another vendor. During this time, Midnorthern would also act as a back-up vendor to CARE for the units east of Yonge St.

**IMPLICATIONS AND RISKS:**

Midnorthern is currently successfully delivering appliance supply and delivery services. The requested contract extension will ensure that tenants do not experience disruption in the supply, delivery, installation and removal of old appliances. The recommended change orders are in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change orders be approved by BIFAC. Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (Report TCHC: 2021-88).

**ATTACHMENT:**

1. Appliance Program Primary and Backup Vendors by Regions

**SIGNATURE:**

*"John P. Angkaw"*

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John P. Angkaw  
Senior Director, Business Operations

**STAFF CONTACT:**

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Item 7 – Eight Month Contract Extension for Appliance Supply and Delivery

BIFAC Meeting – November 3, 2021 Report#: BIFAC:2021-106

**Attachment 1: Appliance Program Primary and Backup Vendors by Regions**

		Month	West of Yonge St.	East of Yonge St.	
2021	August	New Agreement In-Effect – Appliance Program (CARE)			
	August	Primary Vendors:	<ul style="list-style-type: none"> <li>• Appliance Canada (1/2 West Region)</li> <li>• Midnorthern (1/2 of West Region)</li> </ul> Backup Vendors: <ul style="list-style-type: none"> <li>• CARE</li> </ul>	Primary Vendor:	
	September			<ul style="list-style-type: none"> <li>• CARE</li> </ul>	
	October			Backup Vendors:	<ul style="list-style-type: none"> <li>• Appliance Canada</li> <li>• Midnorthern</li> </ul>
	November			<ul style="list-style-type: none"> <li>• CARE</li> </ul>	
	November	Issue New RFP for Supply, Delivery, and Installation of Appliances			
	December	Primary Vendors:	<ul style="list-style-type: none"> <li>• Midnorthern</li> </ul> Backup Vendors: <ul style="list-style-type: none"> <li>• CARE</li> </ul>	Primary Vendor:	
January		<ul style="list-style-type: none"> <li>• CARE</li> </ul>			
February		Backup Vendors:		<ul style="list-style-type: none"> <li>• Midnorthern</li> </ul>	
March					
April					
May					
June					
2022	July	Primary Vendor:	<ul style="list-style-type: none"> <li>• Successful RFP Proponent</li> </ul> Backup Vendor <ul style="list-style-type: none"> <li>• CARE</li> </ul>	Primary Vendor:	
		<ul style="list-style-type: none"> <li>• Successful RFP Proponent</li> </ul> Backup Vendor <ul style="list-style-type: none"> <li>• CARE</li> </ul>		<ul style="list-style-type: none"> <li>• CARE</li> </ul> Backup Vendor <ul style="list-style-type: none"> <li>• Successful RFP Proponent</li> </ul>	



## **Contract Award: Preventative Maintenance Services and Demand Repairs for Fire Alarm/Suppression Systems (RFP 21125 and RFQ 21247)**

Item 8A

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-107**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

### **PURPOSE:**

The purpose of this report is to seek the BIFAC's approval to award work totaling up to \$50,569,759.75 (exclusive of taxes) to Oak Ridge Building Solutions Inc., Greater Toronto Fire Protection, and Eurotech Safety Inc. for preventative maintenance services and demand repairs for fire alarm/suppression systems at various locations of the TCHC portfolio. The work applies to all TCHC direct managed buildings that have fire alarm suppression systems. The contract is for a five (5) year term based on the outcome of Request for Proposals (RFP 21125) and Request for Quotations (RFQ 21247).

BIFAC approval is required for this contractor award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC").

### **RECOMMENDATIONS:**

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. approve the award of the work totaling up to \$50,569,759.75 (exclusive of taxes) to Oak Ridge Building Solutions Inc., Greater Toronto Fire

Protection, and Eurotech Safety Inc. for preventative maintenance services and demand repairs for fire alarm/suppression systems at various locations of the TCHC portfolio for a five (5) year term based on the outcome of Request for Proposals (RFP 21125) and Request for Quotations (RFQ 21247);

Preventative Maintenance (annual and semiannual costs):

- a) up to \$6,341,855.85 (\$2,113,951.95 annually) (exclusive of taxes) for three (3) years of the initial contract;
- b) up to \$4,227,903.90 (\$2,113,951.95 annually) (exclusive of taxes) for two additional one-year terms at TCHC management's discretion;

Demand Services:

- c) up to \$24,000,000.00 (\$8,000,000.00 annually) (exclusive of taxes) for three (3) years of the initial contract;
- d) up to \$16,000,000.00 (\$8,000,000.00 annually) (exclusive of taxes) for two additional one-year terms at TCHC management's discretion;

2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **PROJECT BACKGROUND:**

TCHC is required to perform preventive maintenance (specific inspections and tests) on fire alarm and suppressions systems as per the Ontario Fire Code (OFC). Annual and bi-annual inspections and tests are performed by both site staff and contracted services. Monthly inspections and tests will be performed by site staff.

On an **annual basis**, contracted services are required by code to inspect and test the following:

- Fire alarm, voice communication and interconnected systems;
- Sprinkler systems including fire hose cabinets, hoses and valves, and hydrostatic testing (three years);
- Portable fire extinguishers;
- Fire pumps including jockey pumps and air compressors;

- Emergency generators;
- Audible pull stations;
- HVAC, maglocks, smoke control, elevator system integration with the fire alarm/suppression systems;
- Emergency lighting and fire exit signage; and
- Open isolators and grounds are required to be tested on every input and output zone.

On a **semi-annual basis**, contracted services are required by code to inspect and test the following:

- Mechanical waterflow alarm main supply and pressure switches, low pressure alarms, alarm signals at the fire alarm panel;
- Valves, system risers, and pressure; and
- Drip drums

Contracted services are also required to perform demand repairs which are repairs on an as-needed basis when there is equipment failure and/or based on the results of inspections.

### **REASONS FOR RECOMMENDATIONS:**

The existing contract commenced in January of 2019 and was awarded to a group of qualifying vendors for a 5-year term based on the outcome of Request for Proposals (RFP) 18349 for the amount of \$34,839,376.00 for a term of up to five years (three-years, with the possibility of two additional one-year extensions at TCHC management's discretion).

Due to a significant addition of scope of over the years, including new industry regulation requirements, TCHC is electing to tender anew rather than exercise the option to extend the existing contract.

### **PROCUREMENT PROCESS:**

An RFP was issued on June 29, 2021 and closed on July 27<sup>th</sup>. Four submissions were received. The submissions were evaluated through a five stage process to determine qualified vendors based on rated criteria and pricing. The table below outlines the cumulative ranking and score attained for each vendor during the procurement process.

<b>Cumulative Ranking and Score</b>					
		Total weighted scores of Rated Criteria and Pricing (calculated on the cumulative pricing for all five groups using a relative pricing formula) to determine Final Rank Per Proponent Per Group			
Item	Proponents	Oak Ridge Building Solutions Inc.	T.B.R. Mechanical/ Electrical Inc.	Greater Toronto Fire Protection	Eurotech Safety Inc.
1	OU (G,H,I)	87.45	68.95	71.66	83.98
2	OU (J,K,L,M)	87.45	72.59	74.68	86.62
3	OU (C,D,E,F)	87.45	70.91	73.71	84.75
4	SENIORS EAST OU (A,N)	87.45	69.02	74.11	83.59
5	SENIORS WEST OU (B)	87.45	70.59	73.76	84.39
Total	5	5	5	5	5

<sup>1</sup> T.B.R Mechanical/Electrical Inc. is not awarded any primary or back up groups due to low rank per group, and that the pricing submitted for award is not financially advantageous in comparison to the other bids and ranking scores.

<b>Stage 5: Final Distribution of <u>Primary Vendors</u></b>					
Item	Proponents	Oak Ridge Building Solutions Inc.	T.B.R. Mechanical/ Electrical Inc. <sup>1</sup>	Greater Toronto Fire Protection	Eurotech Safety Inc.
1	OU (G,H,I)	\$6,668,005.60	\$10,519,939.40	\$9,382,309.09	\$7,174,662.01
2	OU (J,K,L,M)	\$11,704,531.12	\$16,145,214.11	\$14,884,442.07	\$11,756,574.54
3	OU (C,D,E,F)	\$9,181,413.53	\$13,443,758.93	\$12,047,144.60	\$9,677,598.72
4	SENIORS EAST OU (A,N)	\$2,885,297.47	\$4,540,231.05	\$3,737,245.17	\$3,137,217.73
5	SENIORS WEST OU (B)	\$2,774,615.61	\$4,111,001.53	\$3,635,623.31	\$2,952,254.27



<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
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<b>Stage 5: Final Distribution of <u>Back Up Vendors</u></b>					
Item	Proponents	Oak Ridge Building Solutions Inc.	T.B.R. Mechanical/ Electrical Inc. <sup>1</sup>	Greater Toronto Fire Protection	Eurotech Safety Inc.
1	OU (G,H,I)	<b>\$6,668,005.60</b>	<b>\$10,519,939.40</b>	<b>\$9,382,309.09</b>	\$7,174,662.01
2	OU (J,K,L,M)	\$11,704,531.12	<b>\$16,145,214.11</b>	<b>\$14,884,442.07</b>	<b>\$11,756,574.54</b>
3	OU (C,D,E,F)	<b>\$9,181,413.53</b>	<b>\$13,443,758.93</b>	<b>\$12,047,144.60</b>	\$9,677,598.72
4	SENIORS EAST OU (A,N)	\$2,885,297.47	<b>\$4,540,231.05</b>	<b>\$3,737,245.17</b>	<b>\$3,137,217.73</b>
5	SENIORS WEST OU (B)	<b>\$2,774,615.61</b>	<b>\$4,111,001.53</b>	\$3,635,623.31	<b>\$2,952,254.27</b>
<b>Total</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

The recommendation is to award the work to the following vendors based on a combination of rank, what is most financially advantageous to TCHC, and based on vendor capacity (confirmed via vendor confirmation meeting):

#### **Primary Vendors:**

- Oak Ridge Building Solutions Inc. → Group 1: OU (G,H,I) and Group 3: OU (C,D,E,F)
- Greater Toronto Fire Protection → Group 4: Seniors East OU (A,N)
- Eurotech Safety Inc. → Group 2: OU (J,K,L,M) and Group 5: Seniors West OU (B)

\*Please note that Oak Ridge Building Solutions Inc. is a new vendor to TCHC and staff have checked their references.

#### **Back Up Vendors:**

- Oak Ridge Building Solutions Inc. → Group 2: OU (J,K,L,M) and Group 4: Seniors East OU (A,N)
- Greater Toronto Fire Protection → Group 5: Seniors West OU (B)
- Eurotech Safety Inc. → Group 1: OU (G,H,I) and Group 3: OU (C,D,E,F)

**IMPLICATIONS AND RISKS:**

The scope of work is recommended to ensure the health and safety of our tenants. This work is required to maintain fire safety and fire suppression systems and ensure all codes are met.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. A third-party health and safety monitoring agent will also be retained to conduct health and safety site inspections during construction. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for this award will be requested within the program budget of the 2022 Capital Budget. Funding for this award is within the program budget of the 2022 Operating Budget (SLA.5291 and OU Budgets) and 2022 Capital Budget (CO04). Funding beyond 2022 will be included in the annual budget submissions.

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray  
Vice President, Facilities Management

**STAFF CONTACT:**

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Allen.Murray



**Change Order: Additional Funding for Preventive Maintenance Services and Demand Repairs for Fire Alarm/Suppression Systems (RFP 18349 and RFP 19390)**

Item 8B

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-108**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for additional funds to contracts awarded under RFP 18349 and RFP 19390 to Eurotech Safety Inc., Greater Toronto Fire Protection, and TBR Mechanical/Electrical Inc. A change order of \$5,268,907.64 (exclusive of taxes) is requested based on the anticipated spend for the last three months of the contract for preventative maintenance and demand repairs.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. approve a change order to Eurotech Safety Inc., Greater Toronto Fire Protection, and TBR Mechanical/Electrical Inc. for \$5,268,907.64 (exclusive of taxes) for the preventive maintenance services and demand repairs for fire alarm/suppression systems (RFP 18349 and RFP 19390); seek the approval of the Building Investment, Finance and Audit Committee to award the work in line with financial spending authorities, as the total value of the contract is beyond the approved spending limit of the Chief Executive Officer; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **BACKGROUND**

TCHC is required to perform preventive maintenance (specific inspections and tests) on fire alarm and suppressions systems as per the Ontario Fire Code (OFC). Inspections and tests are performed by both site staff and contracted services. Monthly inspections and tests will be performed by site staff.

On an annual basis, contracted services are required to inspect and test the following:

- Fire alarm, voice communication and interconnected systems;
- Sprinkler systems including fire hose cabinets, hoses and valves, and hydrostatic testing (three years);
- Portable fire extinguishers;
- Fire pumps including jockey pumps and air compressors;
- Emergency generators;
- Audible pull stations;
- HVAC, maglocks, smoke control, elevator system integration with the fire alarm/ suppression systems; and
- Emergency lighting and fire exit signage.

On a semi-annual basis, contracted services are required to inspect and test the following:

- Mechanical waterflow alarm main supply and pressure switches, low pressure alarms, alarm signals at the fire alarm panel;
- Valves, system risers, and pressure; and
- Drip drums.

On December 6, 2018, the Board of Directors approved the award for the delivery of work preventive maintenance and demand repairs for fire alarm/suppression systems for a 5-year term based on the outcome of Request for Proposals (RFP) 18349 for the amount of \$34,839,376.00 for a term of up to five years (three-years, with the possibility of two additional one-year extensions at TCHC management's discretion).

The original award approved under VAC 18610 (RFP 18349) was awarded to EPI Fire Protection Inc. (EPI), Eurotech Safety Inc. (Eurotech), and Greater Toronto Fire Protection. Five groups of buildings were awarded under RFP 18349 based on best price and capacity. Due to vendor performance issues, Group 5 (consisting of former Operating Units F, L and M) was retendered to the open market under RFP 19390.

In December 2019, TBR Mechanical/Electrical Inc. (TBR) was awarded the work for a term of up to four years (two-years, with the possibility of two additional one-year extensions at TCHC management's discretion) starting in January 2020 under VAC 19705 for OU F, VAC 19706 for OU L for and VAC 19707 for OU M.

Due to the significant addition of scope of over the years, TCHC is electing to tender anew rather than exercise the option to extend the existing contract.

## REASONS FOR RECOMMENDATIONS

The program has incurred additional costs over the course of the multi-year contract and is now reaching the approved accumulated limit of the original award with three months left on the contract.

Since the award of this contract six (6) new developments (21 Tubman Avenue, 110 River Street, 150 River Street, 20 Zachary Court, 30 Okra Tomar Crescent and 170 Fairview Mall Drive) were added to LSS portfolio. This resulted in an additional cost of \$163,489.23 over the three years. In September 2020 LSS also inherited 24 developments as result of the transfer of OUW from Contract Managed to Direct Managed sites. This contributed to an additional cost incurred in 2020/2021 (to date) of \$1,669,393.20. In total an unforeseen additional cost of \$1,832,822.43 was added to the contact to date.

Since March 2020, the Covid-19 pandemic caused an increase in costs due to multiple variables. For instance there have been added costs due to the requirement for increased personal protective equipment as well as keyholder costs. The LSS team has also documented an increase in material costs for required demand work as a result of increasingly scarce materials and labour associated with the work.

As a result of the above unforeseen additions, costs have escalated over the course of the contract. This change order is being requested to ensure there is an allowance for anticipated costs during the remaining months of the contract leading up to December 31, 2021.

**Table 1: Purchase Order and Change Order summary**

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
Direct Award	19193	June 5, 2019	DA to Tyco for repair services following a vendor performance issue resulting in another vendor's contract termination.	Vendor Performance	\$563,086.86

Direct Award	19547	Oct 4, 2019	DA to Eurotech for repair services following a vendor performance issue resulting in another vendor's contract termination.	Vendor Performance	\$55,543.80
CO-1	20400	Sept 18, 2020	CO to Eurotech for inclusion of 6 additional OUW sites	OUW – Additional Sites	\$42,886.00
CO-2	20399	Sept 18, 2020	CO to Eurotech for inclusion of 20 additional OUW sites	OUW – Additional Sites	\$190,950.60
RFP - 19390	19705	Dec 24, 2020	Retender of OUF	Vendor Performance	\$250,356.00
	19706		Retender of OUL	Vendor Performance	\$384,088.00
	19707		Retender of OUM	Vendor Performance	\$181,440.00
Current Contract Amount – <b>PM</b> PO adjustment (EPI 2020 & 2021)					\$6,825,949.26
Current Contract Amount – <b>Demand</b>					\$15,000,000
Cumulative approved change orders to date					\$1,668,351.26
Change order as requested in this report					\$5,268,907.64
<b>Total Cumulative change orders</b>					\$6,937,258.90
Original contract awarded (VAC 18610)					\$20,868,092.00
<b>Revised total contract amount</b>					<b>\$27,805,350.90</b>
<b>Cumulative CO % of contract award/purchase order</b>					33.24%

**IMPLICATIONS AND RISKS:**

The change order is recommended for the delivery of the project, addressing unforeseen site conditions and to ensure continued delivery of preventive maintenance (specific inspections and tests) on fire alarm and suppressions systems.

Prior to this item being presented to BIFAC, the Procurement Award Committee will consider the change order that is recommended in this report.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

**STAFF CONTACT:**

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**Contract Award: All-Inclusive Preventive Maintenance Services and Demand Repairs for Residential Furnaces, Domestic Hot Water (DHW), Tankless, and Combo Water Heaters at Various TCHC locations (RFP 21096)**

Item 8C

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-109**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC's approval to award work to Firenza Plumbing & Heating Ltd. (Firenza) for up to \$6,909,440.00 (exclusive of taxes) for all-inclusive preventive maintenance services and demand repairs for residential furnaces, domestic hot water tanks, and tankless and combo water heaters at various TCHC townhouses, excluding Operating Units OUX and OUY. This request is based on the outcome of Request for Proposal (RFP 21096) for a term of five years as follows.

BIFAC approval is required for this contractor award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC").

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. Approve the award of work to Firenza Plumbing & Heating Ltd. for up to \$6,909,440.00 (exclusive of taxes) for all-inclusive preventive

maintenance services and demand repairs for residential furnaces, domestic hot water tanks, and tankless and combo water heaters at various TCHC townhouses, excluding Operating Units OUX and OUY, based on the outcome of Request for Proposal (RFP 21096) for a term of five years as follows:

- a) \$6,659,440.00 (exclusive of taxes) for preventive maintenance and demand services for the current direct managed portfolio:
    - i. \$3,995,664.00 for three years of the initial contract (\$1,331,888.00 annually); and
    - ii. \$2,663,776.00 for two additional optional one-year terms (\$1,331,888.00 annually) at TCHC management's discretion;
  - b) Up to \$250,000 for demand services for the direct managed portfolio for services not in scope as follows:
    - i. \$150,000 for three years of the initial contract (\$50,000 annually); and
    - ii. \$100,000.00 for two additional optional one-year terms (\$50,000.00 annually) at TCHC management's discretion;
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

#### **PROGRAM BACKGROUND:**

Preventive Maintenance services and demand repairs are required to maintain furnaces and domestic hot water (DHW) heaters in working order and to ensure they are operating properly and efficiently to provide heating and hot water to TCHC tenants.

Preventive Maintenance services include annual cleaning and inspections of furnaces and DHW heaters. Furnaces are maintained in accordance with the requirements of the Technical Safety & Standards Authority (TSSA). These services relate to the safe and healthy occupancy of TCHC buildings and are often tied to regulatory requirements. Demand Repairs are unplanned and drawn from an allowance.

#### **REASONS FOR RECOMMENDATIONS:**

The current five year contract for preventative maintenance and demand repairs is coming to a close at year end 2021.

In May 2021, RFP 21096 was issued to procure services for preventive maintenance and demand repair services of furnaces and DHW heaters for locations directly managed by TCHC (6,276 townhouses). Firenze, the incumbent vendor, was the successful proponent with a submitted bid of \$6,909,440.00 (excluding taxes) as the qualified and lowest priced submission.

OUX and OUY were not included in the original RFP as they continued to be managed through contract management companies at the time of issue. A change order for \$650,000 to include these properties (652 townhouses) has been submitted as a companion document under separate cover.

### **PROCUREMENT PROCESS:**

An RFP was issued on May 12, 2021 and closed on June 17, 2021. Four submissions were received. The submissions were evaluated through a three stage process to determine qualified vendors based on rated criteria and pricing.

- **Stage 1** – Mandatory requirements: Strategic Procurement staff reviewed the submissions for mandatory requirements. 4 proponents met the mandatory requirements.
- **Stage 2** – Rated Criteria: On August 19, 2021, an evaluation team (FM-Construction and Preservation, and Operations) evaluated submissions based on the Rated Criteria in the RFP documents. Only those proponents who received a minimum score of 70 points were considered for further evaluation. Two proponents received the minimum score.
- **Stage 3** – Pricing: Submitted pricing was evaluated to determine the lowest price.

The tables below outline the outcomes of each stage of the evaluation process.

**Table 1: Summary of Submissions for all inclusive Preventative Maintenance Services (PM):**

FM- Construction and Preservation Plumbing Unit Estimate: Preventative Maintenance Service only				\$8,313,158.28
		Stage 1	Stage 2	Stage 3
	Proponents	Mandatory Requirements	Rated Criteria (70 points passing threshold)	Price Submitted (PM Service only)
1	<b>Firenza Plumbing &amp; Heating Ltd.</b>	•	<b>84.03</b>	<b>\$6,659,440.00</b>
2	Richmond Mechanical Ltd.	•	78.04	\$9,291,008.43
3	2450419 Ontario Inc. o/a SNL Techlink	•	53.42	Did not pass Stage 2 of the evaluation process
4	1799541 Ontario Inc. o/a Climate Works Heating and Cooling	•	50.84	
Total		4	4	2

**Table 2: Summary of Submission for Demand Services:**

	Proponents	Demand Maintenance Service Hourly Rate Submission		
		Year 1-3	Year 4	Year 5
1	Firenza Plumbing & Heating Ltd.	\$50.00	\$50.00	\$50.00
2	Richmond Mechanical Ltd.	\$55.00	\$57.20	\$59.49

Demand services: The hourly rate of \$50.00 was submitted by the proponent on the bid form. This rate will be used when the proponent will be delivering services for any work that falls outside of the contract work. This pricing is reasonable as reviewed by the Plumbing Manager, Building, Mechanical, and Electrical (BME). An estimate of \$250,000 (\$50,000 annually per year of contract) for out of scope services is recommended to be included in the award.

**IMPLICATIONS AND RISKS:**

The scope of work is recommended to ensure the comfort, health and safety of our tenants. This work is required to maintain continued delivery of heat and hot water at various TCHC townhouses.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. A third-party health and safety monitoring agent will also be retained to conduct health and safety site inspections during construction. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for this award will be requested within the program budget of the 2022 BME Operating Budget (SLA.5272) operating budget. Funding for future years budgets will be requested in the 2023 and 2024 Operating Budgets.

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray  
Vice President, Facilities Management

**STAFF CONTACT:**

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**Change Order: Additional Funds for the Transition of OUX and OUY into the All-Inclusive Preventive Maintenance Services and Demand Repairs for Residential Furnaces, Domestic Hot Water (DHW), Tankless, and Combo Water Heaters at Various TCHC locations (RFP 21096)**

Item 8D

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-110**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for a change order to Firenza Plumbing & Heating Ltd. (Firenza) for up to \$650,000.00 (exclusive of taxes) for the addition of Operating Units OUX and OUY starting on January 18, 2022. These funds are in addition to the current RFP 21096 for all-inclusive preventive maintenance services and demand repairs for residential furnaces, domestic hot water (DHW), tankless, and combo water heaters at various TCHC locations

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

## RECOMMENDATIONS:

It is recommended that the BIFAC approve and forward to the Board for approval the following recommendations:

1. approve a change order to Firenza for up to \$650,000.00 (exclusive of taxes) for the addition of Operating Units OUX and OUY starting on January 18, 2022 to the current RFP 21096 all-inclusive preventive maintenance services and demand repairs for residential furnaces, domestic hot water (DHW), tankless, and combo water heaters at various TCHC locations:
  - a) Up to \$525,000 for the preventive and demand services for the addition of OUX and OUY starting on January 18, 2022 as follows:
    - i. \$315,000 for three years of the initial contract (\$105,000 annually); and
    - ii. \$210,000 for an addition of two optional one-year terms (\$105,000 annually) at TCHC's management discretion;
  - b) Up to \$125,000 for demand services for OUX and OUY for work not included in the scope services as follows:
    - iii. \$75,000 for three years of initial contract (\$25,000 annually); and
    - iv. \$50,000 for two additional two-one year options (\$25,000 annually) at TCHC management's discretion;
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## BACKGROUND

The current five year contract for preventative maintenance and demand repairs will end at year's end 2021.

In May 2021, RFP 21096 was issued to procure services for preventive maintenance and demand repair services of furnaces and DHW heaters only for locations directly managed by TCHC (6,276 townhouses).

OUX and OUY were not included in the original RFP as they continued to be managed through contract management companies at the time that the RFP was issued. This change order is being issued to include these

properties (652 townhouses) within the new contract set to commence in January 2022.

## **REASONS FOR RECOMMENDATIONS**

Preventive Maintenance services and demand repairs are required to maintain furnaces and domestic hot water (DHW) heaters in working order and to ensure they are operating properly and efficiently.

Preventive Maintenance services include annual cleaning and inspections of furnaces and DHW heaters. Furnaces are maintained in accordance with the requirements of the Technical Safety & Standards Authority (TSSA). These services relate to the safe and healthy occupancy of TCHC buildings and are often tied to regulatory requirements. Demand Repairs are unplanned and drawn from an allowance.

Under advisement from Strategic Procurement and Legal, the additional scope is being put forward as a change order to this award, submitted separately for approval. The inclusion of the townhouses from OUX and OUY represents a 9.4% increase in scope.

### Expanded Scope of Work

This change order seeks to expand the scope of work awarded to Firenza to include the additions of the townhouses in OUX and OUY to the recent award for preventative maintenance services and demand repairs.

As such, FM-Construction and Preservation Plumbing staff are requesting a change order to include for an allowance of up to \$650,000.00 for work in order to perform preventative and demand repair services for furnaces and DWH tanks at 652 townhouses from OUX and OUY for a term of up to five years. To date, no change orders have been incurred for this program.



**Table 1: Change order summary**

<b>CO No.</b>	<b>VAC #</b>	<b>Approval Date</b>	<b>Description</b>	<b>Reason</b>	<b>Individual CO Amount</b>
1		Pending		Addition of : Preventative Maintenance OUX and OUY - \$525,000.00 Demand Repair OUX and OUY - \$125,000.00	\$650,000.00
Cumulative approved change orders to date					\$ 0
Change order as requested in this report					\$650,000.00
<b>Total Cumulative change orders</b>					<b>\$650,000.00</b>
Original contract awarded (VAC pending)					\$6,909,440.00
<b>Revised total contract amount</b>					<b>\$7,559,440.00</b>
<b>Cumulative CO % of contract award</b>					8.59%

**IMPLICATIONS AND RISKS:**

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

**SIGNATURE:**

*“Allen Murray”*

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Allen Murray

Vice President, Facilities Management

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**Change Order: Additional Funds for Preventative Maintenance Services and Demand Repairs for Residential Furnaces and Domestic Hot Water (DHW) Heaters contract (RFP 16174)**

Item 8E

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-111**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for a change order to Firenza Plumbing & Heating Ltd. (Firenza) for up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters from January 1, 2021 to present, and work to be performed until December 31, 2021.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve and forward to the Board for approval the following recommendations:

1. approve a change order to Firenza for up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters from January 1, 2021 to present, and work to be performed until December 31, 2021; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **BACKGROUND**

Preventive maintenance services and demand repairs are required in order to maintain furnaces and domestic hot water (DHW) heaters in working order and to ensure they are operating properly and efficiently. Preventive maintenance services include annual cleaning and inspections of furnaces and DHW heaters. Furnaces are maintained in accordance with the requirements of the Technical Safety & Standards Authority (TSSA).

In August 2016, a contract was awarded to Firenza Plumbing & Heating Ltd. totaling \$3,630,029.55 for preventive maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) tanks for a five-year term as follows:

- \$3,505,029.55 (\$701,005.91 annually) for preventive maintenance services; and
- up to \$125,000.00 (\$25,000.00 annually) for demand repairs at fixed hourly rates.

The RFP was issued for a term of five years (three years with the possibility of two one-year extensions). A contract was executed for a three-year term, expiring on December 31, 2019. TCHC exercised the option to renew the contract for two additional one-year terms. The current contract will expire on December 31, 2021.

## **REASONS FOR RECOMMENDATIONS**

Since the commencement of the contract in 2017, the number of townhome furnaces have increased due to the addition of newly built developments

and, in 2020, the realignment of Operating Unit W (OUW) into the direct managed portfolio. The incoming townhomes also incurred additional repair costs due to poor existing conditions, incomplete historical maintenance records, and newly identified code violations.

Over the course of the contract, the number of hot water tanks (HWT) have also increased over the years due to a shift away from employing rental tanks in preference to TCHC owned.

As of 2018, key holder services were requested by all Operating Units in order to mitigate tenant concerns. Additional services provided by G4S Security Services began to be rolled into project costs and in 2021, TCHC approved a key holder hourly rate increase of \$1, from \$28.23 to \$29.23 due to the COVID-19 pandemic.

### **Expanded Scope of Work**

A change order of up to \$86,237.65 (exclusive of taxes) for additional funding to the current contract RFP 16174 preventative maintenance services and demand repairs for residential furnaces and domestic hot water (DHW) heaters to accommodate the realignment of Operating Unit W (OUW) into the direct managed portfolio. The current contract runs until December 31, 2021.

Table 1 provides a summary of change orders to date, including the recommended change order.

**Table 1: Purchase Order and Change Order summary**

CO No.	VAC #	Approval Date	Description	Reasons	CO Amount
1	16253	2017	Year 1	TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks)	\$9,621
2	COR	2018	Year 2	TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks) Use of key holders for access	\$180,688

3	COR	2019	Year 3	TCHC Directed Addition of DHW tanks at various townhouse units (rental tanks replaced with TCHC-owned tanks) Use of key holders for access	\$239,691
4	20127	2020	Year 4 & Year 5	TCHC Directed Year 4: \$396,609 Addition of ERVs, A/C, and tankless equipment for the Allenbury new development Use of G4S key holder costs for access Year 5: Estimated cost: \$396,609 Additional domestic hot water tank (TCHC owned) Realignment of OUW Use of key holders for access: Allowance 100,000	\$893,218.00
5		Pending		Additional funding \$36,237.65 Demand Repair Allowance: \$50,000	\$86,237.65

Cumulative approved change orders to date	\$1,323,218.00
Change order as requested in this report	\$86,237.65
<b>Total Cumulative change orders</b>	<b>\$1,409,456.65</b>
Original contract awarded (VAC 16253)	\$3,630,029.55
<b>Revised total contract amount</b>	<b>\$5,039,485.20</b>
<b>Cumulative CO % of contract award</b>	39%

### IMPLICATIONS AND RISKS:

The change order is recommended to ensure tenants received ongoing and necessary preventative maintenance and demand repair services.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

**STAFF CONTACT:**

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## **Contract Award: Demand Services Replacement of Residential Furnaces and Domestic Hot Water Heaters (DHW) on Demand at all TCHC Townhouses (RFP 21094)**

Item 8F

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-112**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

### **PURPOSE:**

The purpose of this report is to seek the BIFAC's approval to award work to Richmond Mechanical Ltd. (Richmond) for up to \$9,533,600.00 (exclusive of taxes) for the replacement of residential furnaces and domestic hot water heaters (DHW) on demand at various TCHC townhouse locations at the rates established based on the outcome of Request for Proposal (RFP 21094) for a term of five years.

BIFAC approval is required for this contractor award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC").

### **RECOMMENDATIONS:**

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. approve the award of work to Richmond Mechanical Ltd. for up to \$9,533,600.00 (exclusive of taxes) for the replacement of residential furnaces and domestic hot water heaters (DHW) on demand at various TCHC townhouse locations at the rates established based on the



outcome of Request for Proposal (RFP 21094) for a term of five years as follows:

a) Replacement services: \$8,858,600.00 (exclusive of taxes) for replacement services as follows:

- i. \$5,315,160.00 for three years of initial contract (\$1,771,720.00 approx. annually); and
- ii. \$3,543,440.00 for two additional one-year terms (\$1,771,720.00 approx. annually) at TCHC management's discretion;

b) Demand services: Up to \$675,000.00 (exclusive of taxes for demand services as follows:

- i. \$185,000.00 for initial contract of year 1;
- ii. \$185,000.00 for initial contract of year 2;
- iii. \$135,000.00 for initial contract of year 3;
- iv. \$85,000.00 for the first additional optional one-year term; and
- v. \$85,000.00 for the second additional optional one-year term; and

2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **PROGRAM BACKGROUND:**

Residential furnaces and domestic hot water (DHW) tanks provide heating and hot water to townhouse units. As a preventative maintenance measure, all furnaces and DHW tanks in TCHC townhouses are inspected and serviced annually. Due to age and condition, where a furnace or a tank is found to be beyond the point of economic repair, replacement is on an as needed basis. Demand Repairs, like these, are unplanned and drawn from an allowance. The RFP established fixed unit rates for work.

### **REASONS FOR RECOMMENDATIONS:**

The current five year contract for preventative maintenance and demand repairs is coming to a close at year end 2021.

In May 2021, RFQ 21094 was issued to procure services for preventive maintenance and demand repair services. Following a three stage procurement process, Richmond ranked highest in rated criteria and submitted the lowest bid. Richmond submitted a bid price of \$8,858,600.00

for replacement services as described in the scope of work of RFP (21094); 7.63% lower than the business unit's estimate.

Richmond also submitted an hourly rate of \$40.00 for demand services work. This rate will be used when the proponent will be delivering services for any work that falls outside of the contract work. The vendor has performed similar program work for TCHC and has confirmed understanding, ability and pricing. The Plumbing Manager, in consultation with the Program Manager and the Facilities Manager, have determined that the pricing is reasonable and acceptable for the work.

### **PROCUREMENT PROCESS:**

An RFP was issued on May 12, 2021 and closed on June 17, 2021. Three submissions were received. The submissions were evaluated through a three stage process to determine qualified vendors based on rated criteria and pricing.

- **Stage 1** – Mandatory requirements: Strategic Procurement staff reviewed the submissions for mandatory requirements. 3 proponents met the mandatory requirements.
- **Stage 2** – Rated Criteria: On August 20, 2021, an evaluation team (FM-Construction and Preservation and Operations) evaluated submissions based on the Rated Criteria in the RFP documents. Only those proponents who received a minimum score of 70 points were considered for further evaluation. One of the three proponents received the minimum score.
- **Stage 3** – Pricing: Submitted pricing was evaluated to determine the lowest price.

**Table 1: Summary of Submissions for all inclusive Preventative Maintenance Services (PM):**

<b>FM-Construction and Preservation Plumbing Unit Estimate: Replacement Service only</b>				<b>\$9,590,198.00</b>
		<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>
	<b>Proponents</b>	<b>Mandatory Requirements</b>	<b>Rated Criteria</b>	<b>Price Submitted</b>

			(70 points passing threshold)	
1	<b>Richmond Mechanical Ltd.</b>	●	<b>85.65</b>	\$8,858,600.00
2	Firenza Plumbing & Heating Ltd.	●	65.85	Did not pass Stage 2 of the evaluation process
3	2450419 Ontario Inc. o/a SNL Techlink	●	53.43	
Total		3	3	1

**Table 2: Demand Services for Work Outside of the Scope of Work:**

	Proponents	Demand Maintenance Service Hourly Rate Submission		
		Year 1-3	Year 4	Year 5
1	Richmond Mechanical Ltd.	\$40.00	\$40.00	\$40.00

### **IMPLICATIONS AND RISKS:**

The scope of work is recommended to ensure the comfort, health and safety of our tenants. This work is required to maintain continued delivery of heat and hot water at various TCHC townhouses.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the project. The engineering firm will provide contract administrative services to ensure the work is delivered in accordance with the design and specifications, and is on budget and on time. A third-party health and safety monitoring agent will also be retained to conduct health and safety site inspections during construction. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

**SIGNATURE:**

*“Allen Murray”*

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Allen Murray  
Vice President, Facilities Management

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## Change Order: Additional Funds for Domestic Furnace and Hot Water Heater Replacement – RFP 16176

Item 8G

November 3, 2021

Building Investment, Finance and Audit Committee

**Report:** BIFAC:2021-113

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

### PURPOSE:

The purpose of this report is to seek the BIFAC approval for a change order to Richmond Mechanical Ltd. (Richmond) for up to \$1,350,000.00 (exclusive of taxes) for additional funding under the current RFP 16176 domestic furnace and hot water heater replacement contract from January 1, 2021 to December 31, 2021.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

### RECOMMENDATIONS:

It is recommended that the BIFAC approve the following recommendations to:

1. approve a change order to Richmond Mechanical Ltd. for up to \$1,350,000.00 (exclusive of taxes) for additional funding under the

current RFP 16176 domestic furnace and hot water heater replacement contract from January 1, 2021 to December 31, 2021; and

2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **BACKGROUND**

Residential furnaces and domestic hot water (DHW) tanks provide heating and hot water to townhouse units. As a preventative maintenance measure, all furnaces and DHW tanks in TCHC townhouses are inspected and serviced annually. Due to age and condition, where a furnace or a DHW tank is found to be beyond the point of economic repair, replacement occurs on an as needed basis. A pricing submission was included in the RFP to obtain pre-determined unit rates.

On January 1, 2017, a contract was awarded to Richmond for the replacement of residential furnaces and DHW heaters on demand at various townhouse units, for a five-year term in the amount of \$2,050,600.00 (\$410,120.00 annually approx.). The RFP was issued for a term of five years (three years with the possibility of two one-year extensions). A contract was executed for a three-year term, expiring on December 31, 2019. TCHC exercised the option to renew the contract for two additional one-year terms. The current contract will expire on December 31, 2021.

## **REASONS FOR RECOMMENDATIONS**

Since the commencement of the contract, the replacement number of furnaces and DHW tanks have increased due to:

- Addition of Operating Unit W (OUW) developments in 2020 to the direct managed portfolio.
- An increase in failure rate of rental hot water tanks lead to an increase in replacements from rental hot water tanks to TCHC owned units.
- In March 2020 the Natural Resources Canada (NRCan) issued new regulations to revise furnace standards, which contributed to an overall cost increase from \$1,865.00 to \$2,315.00 (an increase of \$450.00 per furnace).

- September 2020 to December 2020: increase in cost due to a severe shortage in equipment supply during the COVID-19 pandemic. In addition, an alternate, more readily available model of tank was specified for use in order to keep up with needs at the cost of an additional \$145.00 per tank (8-10% increase).
- The incoming OUW townhomes also incurred additional repair costs due to poor existing conditions, incomplete historical maintenance records, and newly identified code violations.
- The change order also includes for anticipated furnace and DHW tanks replacement and demand repair costs for the remainder of the year up until the contract's expiration and new contract agreements will commence.

Additional funds are being requested to bridge the time remaining on the contract (approx. 3 months) with the commencement of the new contract in January 2022.

### **CHANGE ORDER SUMMARY**

A change order for up to \$1,350,000.00 (exclusive of taxes) for additional funding is being requested to accommodate the addition of OUW to the direct managed portfolio and address the cost increases and supply shortages as noted above. The current contract runs to December 31, 2021.

**Table 1: Purchase Order and Change Order summary**

<b>CO No.</b>	<b>VAC #</b>	<b>Approval Date</b>	<b>Description</b>	<b>Reason</b>	<b>Individual CO Amount</b>
1	20032	Jan 2020	Additional Funding	TCHC directed Increased replacements of furnaces and hot water tanks beyond staff estimates.	\$438,700.00
2	20458	Oct 2020	Additional Funding	New regulations Increased costs due to DHW tank change/price increase	\$355,357.00
3		Pending	Additional Funding	TCHC directed	\$1,350,000.00

				Increased costs due to furnaces and DHW price increase More furnaces and DHW tanks replaced. Realignment of OUW	
Cumulative approved change orders to date					\$794,057.00
Change order as requested in this report					\$1,350,000.00
<b>Total Cumulative change orders</b>					<b>\$2,144,057.00</b>
Original contract awarded (VAC 16252)					\$2,050,600.00
<b>Revised total contract amount</b>					<b>\$4,194,657.00</b>
<b>Cumulative CO % of contract award</b>					104.55%

### IMPLICATIONS AND RISKS:

The change order is recommended to ensure tenants received ongoing and necessary preventative maintenance and demand repair services.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).



**SIGNATURE:**

*“Allen Murray”*

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Allen Murray  
Vice President, Facilities Management

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**Change Order: Extension to the Preventive Maintenance Services and Demand Repairs for Residential Fan Coil Units and Packaged Terminal Air Conditioner (PTAC) units (RFP 16175)**

Item 8H

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-114**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for a change order to Midsteel Mechanical Ltd. (Midsteel) for \$1,434,790.00 (exclusive of taxes) for a one year extension to RFP 16175 for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC) from January 01, 2022 to the end of December 31, 2022. This is for locations throughout TCHC's portfolio including Operating Unit OUX which will be transitioning from contract management starting January 18, 2022.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

## RECOMMENDATIONS:

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

1. approve a change order to Midsteel Mechanical Ltd. for \$1,434,790.00 (exclusive of taxes) for a one year extension to RFP 16175 for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC) from January 01, 2022 to the end of December 31, 2022 for locations throughout TCHC's portfolio including Operating Unit OUX which will be transitioning from contract management starting January 18, 2022:
  - a) An amount of \$1,384,790.00 is requested for a one-year extension of the current contract;
  - b) Up to \$50,000.00 for demand services;
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## BACKGROUND

Fan coil units and packaged terminal air conditioner (PTAC) units provide heating and cooling in various buildings across the portfolio. The fan coil units and PTAC units are located within tenant units. Preventive maintenance services and demand repairs are required to maintain this equipment in working order and to ensure they are operating properly and efficiently.

In October 2016, a contract was awarded to Midsteel Mechanical Ltd. (Midsteel) totaling \$4,264,220.00 (exclusive of taxes) for preventive maintenance services and demand repairs for fan coil units and PTAC units for a five-year term as follows:

- Preventive maintenance \$4,139,220.00 (\$803,194.00 annually); and
- Up to \$125,000.00 (\$25,000.00 annually) for demand repairs at fixed hourly rates.

The RFP was issued for a term of five years (three years with the possibility of two one-year extensions). A contract was executed for a three-year term, expiring on December 31, 2019. TCHC exercised the option to renew the contract for two additional one-year terms. The current contract will expire on December 31, 2021

## **REASONS FOR RECOMMENDATIONS**

As of September 2021, the RFP for the next period of preventative maintenance and demand repair is ready for issuance. The process, from issuance to award, is expected to take approximately six months. As such, the RFP will not close prior to the end of the current contract's date of expiry at the end of December 2021.

TCHC staff are recommending the contract to be extended for one additional year as this maintenance and repair work is critical to the safe and healthy occupancy of the buildings. By extending the existing contract at frozen rates, TCHC is able to ready the next 5 year term of delivery without interruption to existing services and without incurring the additional expense of attempting to bridge the gap with an individual, piecemeal approach to repairs.

A new preventive maintenance services and demand repairs contract for residential fan coil units and packaged terminal air conditioner units (PTAC) is planned to commence on January 1, 2023.

### **Expanded Scope of Work**

The change order includes:

- One additional year of preventative maintenance services and demand repairs for 9,902 units;
- Addition of OUX (six (6) developments), an increase of 1,401 units (from 9,902 to 11,303 units);
- Key holder costs; and
- Allowance of \$50,000.00 to address immediate demand repairs requests following the transition of OUX.

## CHANGE ORDER SUMMARY

A change order for \$1,434,790.00 (exclusive of taxes) is requested for a one year extension for preventive maintenance service and demand repairs for residential fan coil units and packaged terminal air conditioner units (PTAC). The change order includes the addition of OUX to the direct managed portfolio. The extension will run from January 01, 2022 to December 31, 2022.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	n/a	2017	Year 1	TCHC Directed Addition of fan coil and PTAC units	\$37,297.00
2	n/a	2018	Year 2	TCHC Directed Addition of fan coil and PTAC units Use of key holders for access	\$55,526.00
3	n/a	2019	Year 3	TCHC Directed Addition of fan coil and PTAC units Use of key holders for access	\$126,810.00
4	20129	2020 & 2021	Year 4 & Year 5	TCHC Directed Year 4 & 5: Addition of fan coil and PTAC units Addition of OUW Use of key holders for access Contingency - \$100,000	\$615,126
5		Pending	Year 6 & Contingency (for OUX)	TCHC Directed Extension of RFP contract including addition of OUX Use of key holders for access Contingency - \$50,000	\$1,434,790.00
Cumulative approved change orders to date					\$834,759.00
Change order as requested in this report					\$1,434,790.00

<b>Total Cumulative change orders</b>	<b>\$2,269,549.00</b>
Original contract awarded (VAC 16251)	\$4,264,220.00
<b>Revised total contract amount</b>	<b>\$6,533,769.00</b>
<b>Cumulative CO % of contract award</b>	53.22%

**IMPLICATIONS AND RISKS:**

**The change order is recommended to** ensure continued delivery of preventative maintenance program/demand repairs vital to the health and safety of our tenants.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for the Change Order award is within the program budget of the 2022 Operating Budget (SLA.5272).

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

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**Change Order: Three Month Contract Extension from January 01, 2022 to March 31, 2022 for Replacement of PTAC Units in Various Buildings Throughout TCHC's Portfolio (RFP 16177)**

Item 8I

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-115**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for a change order to Gordon R. Williams Corp. (GRW) for up to \$240,000.00 (exclusive of taxes) for a three month extension to the current contract (RFP 16177) for the replacement of PTAC units from January 01, 2022 to March 31, 2022. This change order will extend the current contract to include locations throughout TCHC's portfolio including in Operating Unit X (OUX) which will be transitioning from contract management starting January 18, 2022.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. approve a change order to GRW for up to \$240,000.00 (exclusive of taxes) for a three month extension to the current contract (RFP 16177) for the replacement of PTAC units from January 01, 2022 to March 31, 2022 to locations throughout TCHC's portfolio including locations in Operating Unit X (OUX) which will be transitioning from contract management starting January 18, 2022; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **BACKGROUND**

Packaged terminal air conditioners (PTAC) units provide heating and cooling in various buildings across the portfolio. The PTAC units are located within tenant units. Due to age and condition, replacement of PTAC units is completed on an as-needed basis. GRW was awarded the contract for work as a result of RFP 16177 with pre-determined unit rates established. This contract covers replacements only, maintenance is performed by another vendor.

In July 2016, a contract was awarded to GRW totaling \$913,250.00 (exclusive of taxes) for replacement of PTAC units for a five-year term of \$182,650.00 annually. The RFP was issued for a term of five years (three years with the possibility of two one-year extensions). TCHC exercised the option to renew the contract for two additional one-year terms. The current contract will expire on December 31, 2021

## **REASONS FOR RECOMMENDATIONS**

The RFP for the next five year period of preventative maintenance and demand repair services was issued on September 21, 2021. The process, from issuance to award, is expected to take approximately six months. As such, the RFP will not close prior to the end of the current contract's date of expiry at the end of December 2021.

The continued delivery of these preventative maintenance program/demand repairs is critical to ensure the ongoing safe operation



and occupancy of our buildings. This work is largely tied to legislative compliance and is vital to the health and safety of our tenants.

### **Expanded Scope of Work**

A change order allowance of up to \$240,000.00 is being requested by FM-Construction and Preservation Plumbing staff for a contract extension for three months, from January 1, 2022 to March 31, 2022. The estimate is based on the existing unit rate which GRW has agreed to maintain during the extension. The scope during those three months will include OUX as those developments transition into direct management. Note that there are no PTAC units in OUY.

The requested amount of \$240,000 is based on historical spends for direct managed communities plus an additional cushion since, although the current condition of the PTACs in OUX are unknown and there are no complete historical maintenance records, it is anticipated that the majority of PTAC units in OUX (30 PTAC units) will require replacement during the winter months based on the assumption that preventative maintenance for the PTACs will have been poor.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	21118	2021	Year 5 – 2021	To address the variance to date between the approved amount and actual to date	\$1,535,278.65
2		Pending	Year 6 (3 months) – 2022	Extension of RFP contract including addition of OUX	\$240,000
Cumulative approved change orders to date					\$1,535,278.65
Change order as requested in this report					\$240,000
<b>Total Cumulative change orders</b>					<b>\$1,775,278.65</b>
Original contract awarded (VAC 16254)					\$913,250.00
<b>Revised total contract amount</b>					<b>\$2,688,528.65</b>

<b>Cumulative CO % of contract award</b>	194.0%
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**IMPLICATIONS AND RISKS:**

The change order is recommended to ensure continued delivery of preventative maintenance and demand repairs vital to the health and safety of our tenants.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for the change order award will be requested within the program budget of the 2022 Operating Budget (SLA.5272).

**SIGNATURE:**

*"Allen Murray"*

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Allen Murray

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Toronto Community Housing



**Design Revisions and Enhanced Contract Administration at 4100,  
4110 Lawrence Avenue East (Lawrence Galloway)**

Item 8J

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-116**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval to LGA Architectural Partners ("LGA") for \$607,519.64 (exclusive of taxes) for design revisions and enhanced contract administration services at 4100 and 4110 Lawrence Avenue East (Lawrence Galloway; Dev. 23). The change order is being requested to reconcile the percentage based architectural design fees to reflect the increase in cost between the initial cost estimate and the construction bid value per the agreement under RFP 18364. The change order also includes enhanced contract administration services.

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's (TCHC's) Procurement Award Committee (PAC).

### **RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. approve LGA Architectural Partners ("LGA") for \$607,519.64 (exclusive of taxes) in order to reconcile the consultant's percentage based fee and for the provision of enhanced contract administration services at 4100 and 4110 Lawrence Avenue East (Lawrence Galloway; Dev. 23).; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

### **REASONS FOR RECOMMENDATIONS:**

#### Background

Lawrence Galloway consists of 2 multi-unit residential buildings. 4100 and 4110 Lawrence Avenue East are 11 storey buildings built in 1972 with 185 residential units in each. The envelope and associated elements (walls, windows, balcony doors, balcony slabs) at the buildings were observed to be in poor condition and in need of upgrading due to extensive water penetration into tenant units. LGA was initially retained (RFP 18364/VAC 18687) to investigate, provide recommendations, prepare design, specifications, scope of work and RFx documents, and provide contract administration services.

Mechanical and electrical systems were also reviewed by the consultant team as part of the initial investigation. Many mechanical and electrical systems were identified to be nearing end of life and in need of repair. As the project has since been identified as a potential holistic project, TCHC decided to add select mechanical and electrical scope as part of the envelope project. Trinity Services Ltd. was awarded the construction work

under RFQ 20317/VAC 21159 (job number fm-443619) for the holistic project at 4100 Lawrence Ave. E and under RFQ 20317/VAC 21158 (job number fm-443618).

### Change Order Recommendation

Change order amount and scope: \$607,519.64 for design revisions and enhanced contract administration services at Lawrence Galloway. Services are described below:

#### Contract revisions:

- \$94,569.64: Fee reconciliation of architectural services based on the construction bid value and design rate fee of 4.7% established as part of RFP 18364.
- Additional design services:
  - \$10,900.00: Revisions to the community room, exercise room, and Del Property Management Inc. (Del) office:
  - \$5,700.00: Additional cost estimate update.
  - \$2,420.00: Code review of stairwell doors.
  - \$3,650: Additional tenant engagement sessions.
  - \$4,100: Splitting of tender preparation and permit revisions for two separate submissions.
- \$185,100.00: Reconciliation of contract administration services based on the actual construction schedule.
  - The significant additional interior, mechanical and electrical scope of work that was added during the design phase has resulted in additional weeks of construction requiring more on-site meetings and a longer contract administration phase than originally accounted for.
- \$301,080.00: Enhanced contract administration services:
  - Requested by TCHC, this includes additional services to maintain rigorous oversight of the work quality delivered by the contractor and to maintain the proposed construction schedule.
  - The additional services are requested as a risk mitigation measure due to business unit concerns over the significantly low contractor bid.

- The fee includes for 50 full day site reviews by the building envelope sub-consultant and weekly site reviews by an architect for the duration of project.
- The fee also includes for enhanced construction project management services; monthly reviews of schedule, review of projected vs. actual cash flow, and other corresponding reporting to ensure contractor adherence to schedule and budget.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	n/a	01/27/2020	Mechanical riser and swing stage investigation (fm-440803)	Design Revision	\$12,535
2	n/a	07/20/2020	Addition of mechanical and electrical design scope and corresponding architectural coordination, arborist report (fm- 440803)	Design Revision	\$102,498
3	n/a	09/14/2020	Reimbursement of building permit fees (fm-440803)	TCHC Directed	\$14,436.58
4	n/a	02/11/2021	Incorporate mechanical items raised by retro-commissioning process into design scope. (fm- 440803)	TCHC Directed	\$8,000
5	Pending	Pending	Design revisions and enhanced contract administration services (to be split between fm-440803, fm-443618, fm-443619)	TCHC Directed	\$607,519.64
Cumulative approved change orders to date					\$137,469.58
Change order as requested in this report					\$607,519.64
<b>Total Cumulative change orders</b>					<b>\$744,989.22</b>

Original contract awarded (VAC 18687)	\$564,000
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### **IMPLICATIONS AND RISKS:**

The change order is being requested to reconcile the percentage based architectural design fees to reflect the increase in cost between the initial cost estimate and the construction bid value. The change order also includes enhanced contract administration services. This change order is recommended as it allows TCHC to mitigate potential risks presented by the contractors significantly low bid by providing additional oversight, support and quality control on site.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by the BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

### **SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

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**Change Order: Addition to Contract as per Various Exterior and Interior Extra Work due to Unforeseeable Site Conditions and TCH Requests to the Re-Cladding Project at 1021 Birchmount Road (440949)**

Item 8K

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-117**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval of a change order to Tritan Inc. for \$547,245.04 (exclusive of taxes) for 1021 Birchmount Road (Birchmount Eglinton; Dev. 096).

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's ("TCHC's") Procurement Award Committee ("PAC").

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. Approve the change order to Tritan Inc. for \$547,245.04 (exclusive of taxes) for additional costs associated with unforeseen conditions, expanded project scope, and the inclusion of project allowances; and

2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

## **REASONS FOR RECOMMENDATIONS:**

### Background

Birchmount Eglinton (1021 Birchmount Road) is an 11-storey apartment building with 236 residential units and was built in 1976. The building project was funded under the Social Housing Apartment Improvement Program (SHAIP) on the basis of its deteriorating building envelope conditions and the opportunity to realize significant operational energy savings.

In October 2018, a contract was awarded to Tritan Inc. for \$12,045,520.00 (exclusive of taxes) based on the outcome of RFQ 18273, VAC 18469. The specified scope of service included building envelope work; windows, balcony doors, and balcony railings replacement for the entire building. The construction scope of work includes:

- Structural rehabilitation to the existing building envelope including masonry and mortar repairs, installation of structural elements including shelf angles, masonry ties and stabilization measures
- Preparation of existing envelope to receive over cladding including the installation of new air/vapour barrier materials and structural girt systems
- Installation of new insulation and over cladding systems to the exterior of the existing buildings. New cladding include rain screen Exterior Insulation Finishing System (EIFS) and panel systems
- Removal of existing windows and replacement with new thermally broken aluminum window systems, flashing, sills and associated tie-ins
- Removal of existing exterior balcony doors and guard rails and replacement with new systems

### Change Order Recommendation

This change order can be broken down into three categories; unforeseen conditions, expanded project scope, and the inclusion of project allowances.

#### 1. Unforeseen Conditions unknown during the projects design phase

- \$45,753.95: Masonry Wall Repairs at ground level and second floor due to extensive, undetected deterioration.
- \$69,882.17: Drywall repairs at damaged interior unit walls.
- \$91,228.80: Additional tenant moving and accommodation services.
- \$23,334.51: COVID safety protocols and measures.
- \$6,510.00: Revisions to new exterior cable tray detail in order to accommodate requirements by the telecom service provider.
- \$13,545.00: Coordination of gas pipe relocation at laundry room.

#### 2. Expanded Project Scope including TCHC additional elective work.

- \$83,130.02: Reconfiguration of exterior cladding to coordinate with an upcoming accessibility project. This ensures continuity of installation and keeps warranties intact.
- \$98,372.24: Retrofit work associated with the safe operation of the building's garbage room. This is scope was not included in the original bid documents as it was brought forward by staff during the construction phase.
- \$31,738.35: Additional security system costs in order to meet recently updated standards.
- -\$63,000.00: A savings to the project through the use of an alternate panel design.

#### 3. Project Allowances including items that were anticipated at the time of tender and now need to be formally included in the project costs.

- \$59,000.00: Bird netting. Pricing for this item was submitted at the time of tender as an optional price.

- \$87,750.00: Constructor fees for the purposes of administration and enforcement of health and safety requirements. The rate for these fees were established at the time of tender.

Based on the latest additional work the project, which was originally scheduled to be completed on December 30, 2020, is now scheduled to be completed on October 30, 2021.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC no. / Approval Date	Description	Reason	Individual CO Amount
1	VAC 19381/ Jul. 21, 2019	Abatement work prior to window replacement.	Design Change	\$509,525.00
2	VAC 20025/ Jan. 20, 2020	Credit on deleted work items: exterior raceway, extruded aluminum, gas pipe repairs, reduced EPS thickness. Extras on masonry repairs and parapet wall extensions	TCHC Directed and Design Change	\$378,426.69
3	VAC 20099/ Feb. 2020	Constructor fee, camera relocation, moving services, and additional concrete repairs	TCHC Directed and Unforeseeable site condition	\$1,011,848.05
4	VAC 20115/ Mar. 2020	Extra cost to cover the labor, material, and other associated construction cost increase with the use of Exterior Insulation and Finish Systems ("EIFS") for re-cladding per additional compliance measures identified through collaboration with TCHC and Toronto Fire Service	TCHC Directed for additional compliance measures to TFS and Fire Safety Plan	\$546,500.00
5	TBD/Jul. 2021	Additional costs associated with unforeseen conditions, expanded project scope, and the inclusion of project allowances.	TCHC Directed and Unforeseeable site condition	\$547,245.04
Cumulative approved change orders to date				\$2,446,299.74
Change order as requested in this report				\$547,245.04
<b>Total Cumulative change orders</b>				<b>\$2,993,544.78</b>

Original contract awarded (VAC 18469)	\$12,045,520.00
<b>Cumulative CO % of contract award/purchase order</b>	24.85%

### **IMPLICATIONS AND RISKS:**

The change order is recommended for the delivery of the project, addressing unforeseen site conditions at the building. It is also recommended for risk management by extending constructor services, as multiple contractors will be onsite for the duration of the project

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

### **SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

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Toronto Community Housing



**Change Order: Addition to Contract for security camera updates, improved insulated corner detail, Constructor Role Cash Allowance, and Staircase exterior finishing for the re-cladding project at 110 Mornelle Court (441240)**

Item 8L

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-118**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval of a change order to Tritan Inc. for \$180,013.47 (exclusive of taxes) for 110 Mornelle Court (Dev 6). BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's (TCHC's) Procurement Award Committee (PAC).

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. Approve a change order to Tritan Inc. for \$180,013.47 (exclusive of taxes) for 110 Mornelle Court (Dev 6); and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **REASONS FOR RECOMMENDATIONS:**

### Background

110 Mornelle Court (Dev. 6, Mornelle/Ellesmere), is located north of Ellesmere Road, west of Morningside Avenue in Scarborough. This development was constructed in 1971 and is made up of one 15-storey apartment building. The units within this high rise consist of one, two, and three bedroom apartments, totaling 145 units.

In response to staff concerns regarding the condition of the exterior envelope, Design and Engineering (D&E) staff inspected the site and the following issues were observed:

- Spalling and cracking at exterior masonry walls;
- Masonry wall assembly is un-drained;
- Significant mortar deterioration, efflorescence and water stains inside the units were visible.

In October 2019, a contract was awarded to Tritan Inc. for \$2,440,960.00 (exclusive of taxes) based on the outcome of RFP 19303. The specified scope of services included: Concrete repairs, brick replacement, repoint deteriorated mortar joints, new helical anchors, new soft joints, new over clad on the exterior masonry walls, new balcony railings and new waterproofing, new ground floor perimeter doors at the ground floor, and hazardous material (HAZMAT) abatement.

### Change Order Recommendation

A change order of \$180,013.47 is being requested as an addition to the contract for the following items:

- \$101,167.50: to upgrade the Security/Camera System to meet current TCHC standards. Standards have been updated since the original tender of this project.
- \$53,845.97 for revisions to the recladding/insulation design in order to address significant thermal bridge at the building's concrete shear exterior detail.



- \$25,000.00: Repair of a detached staircase structure, identified during the construction process.
- \$45,753.95: Masonry Wall Repairs at ground level and second floor due to extensive deterioration revealed during the course of construction.

The project is now slated to be completed by end of year rather than October 31, 2021.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC no. / Approval Date	Description	Reason	Individual CO Amount
1	Feb. 19, 2020 via COR	Constructor Role Cash Allowance	TCHC Directed	\$ 60,000.00
2	May 26, 2020 via COR	Extra cost to cover the labor, material, and other associated construction cost increase with the use of Exterior Insulation and Finish Systems (“EIFS”) for re-cladding per additional compliance measures identified through collaboration with TCHC and TFS Extras on masonry repairs and parapet wall extensions	TCHC Directed and Design Change	\$ 189,150.00
3	Feb. 5, 2021 VAC #20532B	<ul style="list-style-type: none"> <li>• Increase to Constructor Role Cash Allowance (\$50,000)</li> <li>• Unforeseeable site conditions with regards to balcony guard safety compliance, Telecommunications Costs, Structural Reinforcement at Balcony Slab Edges, and Window Recesses (\$428,607.79)</li> </ul>	TCHC Directed and Unforeseen Conditions	\$ 478,607.79
4	Pending - TBD	<ul style="list-style-type: none"> <li>• Security System Replacement (\$101,167.50)</li> <li>• Improved corner insulation detail (\$53,845.97)</li> <li>• Detached staircase exterior finishing (\$25,000)</li> </ul>	TCHC Directed and Unforeseen Conditions	\$ 180,013.47

Cumulative approved change orders to date	\$ 727,757.79
Change order as requested in this report	\$ 180,013.47
<b>Total Cumulative change orders</b>	<b>\$ 907,771.26</b>
Original contract awarded (VAC 19583 – attached)	\$ 2,440,960.00
<b>Cumulative CO % of contract award/purchase order</b>	37.19%

### **IMPLICATIONS AND RISKS:**

The change order is recommended for the delivery of the project, addressing unforeseen site conditions at the building. It is also recommended for risk management by extending constructor services, as multiple contractors will be onsite for the duration of the project.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

### **SIGNATURE:**

*"Allen Murray"*

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Allen Murray

Vice President, Facilities Management

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**Change Order: Additional Construction Costs associated with the CSU Station Renovation at 90 Wildcat Rd (fm-450034)**

Item 8M

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-119**

**To:** Building Investment, Finance and Audit Committee  
("BIFAC")

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approve a change order to 2462304 Ontario Inc. o/a Joe Pace & Sons Contracting Inc. (Joe Pace) for \$487,345.18 (exclusive of taxes) for additional costs associated with the Community Safety Unit (CSU) Station renovation performed by the landlord at 90 Wildcat Road (Dev. ao90w).

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing's (TCHC's) Procurement Award Committee (PAC).

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. approve a change order to 2462304 Ontario Inc. o/a Joe Pace & Sons Contracting Inc. for \$487,346.18 (exclusive of taxes) for

additional costs associated with the CSU Station renovation performed by the landlord at 90 Wildcat Road (Dev. ao90w); and

2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

## **REASONS FOR RECOMMENDATIONS:**

### Background

90 Wildcat Road is a commercial building leased by TCHC from 2462304 Ontario Inc. o/a Joe Pace & Sons Contracting Inc. It is located near the intersection of Steeles and Keele and is approximately 19,346 Sq. F. This property forms a part of TCHC's northern campus and serves as CSU's headquarters with accommodations for 150 staff including training facilities.

CSU has traditionally occupied satellite spaces at various locations across the TCHC portfolio. A number of these locations had been the subject of frequent staff complaints including capacity and health and safety concerns.

To this end, the board approved the lease of 90 Wildcat in July of 2020. The space is leased for five years and, in addition to CSU headquarters, serves as the corporation's COVID 19 supply outpost and distribution point for PPE and provides large, flexible meeting space able to accommodate corporate wide meeting and training requirements.

As part of the leasing agreement, the landlord delivered the fit out renovation work and contributed 15% of established costs.

### Change Order Recommendation

The space at 90 Wildcat Rd. was contributing to a less productive working environment. The CSU Station requires renovations to accommodate growing staff numbers and changing operational needs A change order is

requested for additional costs associated with the CSU Station renovation performed by the landlord at 90 Wildcat Rd, that includes:

- **Business Unit Requests: \$75,456.00**  
Additional project requirements from Business Unit (CSU) not identified during initial design sign off.
- **Emergency Generator: \$237,186.90**  
Although allowances were carried in the project budget for items whose costs were not yet known, the budget did not include for a new emergency generator. The generator is a requirement in order to house the unit's Canadian Police Information Centre (CPIC) crime database station and dispatch unit.
- **Unforeseen Costs: \$22,236.14**  
Due to the water demand caused by the significant amount of showers, change rooms and washrooms in the facility, an upgrade to the municipal water connection was required. An additional set of doors were also required at the new washrooms due to an unintended sightline issue.
- **Budgeted Costs Requiring Inclusion: \$152,466.14**  
IT and Communications costs were excluded from the landlord's deliverables. These costs were anticipated and allowances for these items were carried as part of the global project budget. These costs now need to be included formally into the project expenses.

**Table 1: Purchase Order and Change Order Summary**

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	21066	03/24/2021	Additional Construction Costs at 90 Wildcat per Fully Executed Signed lease Pg 49, Schedule D, signed November 30th, 2020:  Remainder of CSU Renovation portion added after Board Report: \$53,030.44 Cost of warehouse renovation to be covered by TCHC: \$244,760	TCHC Directed	\$297,790.44
2		Pending	Business Unit Requests: Window Coverings/Blinds:19,369.85 Acrovyn/Dry Erase: \$35,076.15 Ceiling height adjustment in the dispatch room: \$5,100.00 RCMP Rooms: \$15,910.00  Back Up Emergency Generator, UPS: \$237,186.90  Unforeseen Costs: Water line upgrade: \$18,036.14 Washroom doors added: \$4,200.00  Budgeted Costs, Requiring Inclusion: Bell Connections: \$49,215.54 Permit Fee: \$9,052.62 CCTV Cameras and Access Control: \$94,197.98	TCHC Directed	\$487,346.18
Cumulative approved change orders to date					\$297,790.44
Change order as requested in this report					\$487,345.18
<b>Total Cumulative change orders</b>					<b>\$785,135.62</b>
Original contract awarded (Board Report TCHC 2020:54)					\$2,128,500
<b>Revised total contract amount</b>					<b>\$2,913,635.62</b>
<b>Cumulative CO % of contract award/purchase order</b>					<b>36.89%</b>

**IMPLICATIONS AND RISKS:**

The change order is recommended for the delivery of the project, addressing additional costs associated with the renovation. The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Performance will continue to be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding is confirmed within the 2021 Capital Budget as approved by the TCHC Board (TCHC:2020-88).

**SIGNATURE:**

*"Allen Murray"*

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Vice President, Facilities Management

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Toronto Community Housing



**Change Order: Addition to Contract to Cover Reimbursable Expenses as per OAA-600 Contract Incurred by Hilditch Architect Inc. at 389 Church Street**

Item 8N

November 3, 2021

Building Investment, Finance and Audit Committee

**Report: BIFAC:2021-121**

**To:** Building Investment, Finance and Audit Committee (“BIFAC”)

**From:** Vice President, Facilities Management

**Date:** October 26, 2021

**PURPOSE:**

The purpose of this report is to seek the BIFAC approval for the change order to Hilditch Architect Inc. (“Hilditch”) for reimbursable expenses incurred as administrative costs during the contract administration phase of the project at 389 Church Street (Church/Granby; Dev. 214).

BIFAC approval is required for the recommended change order, as the cumulative amount exceeds the financial approval limit of Toronto Community Housing’s (TCHC’s) Procurement Award Committee (PAC).

**RECOMMENDATIONS:**

It is recommended that the BIFAC approve the following recommendations to:

1. approve a change order to Hilditch Architect Inc. for \$2,026.38 (exclusive of taxes) for reimbursable administrative costs pursuant to



the OAA-600 contract at 389 Church Street during the contract administration phase (Church/Granby; Dev. 214); and

2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

## **REASONS FOR RECOMMENDATIONS:**

### Background

The original contract awarded to Hilditch was to convert the vacant building at 389 Church St. into transitional housing. The entire funding for this project including construction costs as well as consultants fee are being provided by the City of Toronto.

Hilditch was retained in 2015 and 2016 for preliminary design work by TCHC and the City of Toronto (RFQ 15085) and was subsequently retained to provide full design scope from 2017-2020. Each phase of the design scope was direct awarded to Hilditch as funding was confirmed, from 2017 to 2020. The agreement between Hilditch and TCH was governed by an OAA-600 contract.

The scope of work for Hilditch that is the subject of this change order is to seek approval for reimbursable expenses that were incurred by Hilditch during the contract administration phase of the project. Hilditch has provided the necessary receipts and supporting documentation. The Program Manager, Multi-disciplinary Projects has reviewed these and found them to be eligible and acceptable under the OAA-600 contract.

### Change Order Recommendation

A change order of \$2,026.38 (exclusive of taxes) is recommended for reimbursable administrative costs pursuant to the OAA-600 contract at 389 Church St. during the contract administration phase (Church/Granby; Dev. 214). The work has been completed. The work was completed without a full approval because the OAA-600 contract the vendor has with TCHC allows the vendor to incur costs that are reimbursable and submit the receipts and supporting documentation at the time of invoice to obtain payment. This approval is required to reconcile the cost as per the final invoice and to close out the project.

Table 1 provides a summary of change orders to date, including the recommended change order.

**Table 1: Purchase Order and Change Order Summary**

<b>Date</b>	<b>Design Work Description</b>	<b>CMS</b>	<b>Procurement</b>	<b>Amount</b>
April 2015	Schematic design for transitional housing and child care centre	435918	RFQ 15085	\$15,000
April 2016	Design for Red Door Shelter temporary location	437840	Single Quotation	\$8,200
July 2017	Design brief that included developing project scope (architectural, mechanical and electrical outline specifications), schematic architectural floor plans, and costing to support the City's application for funding under the "Home for Good" program.	439221	Direct Award VAC 17266	\$26,600
August 2017	Schematic Design Phase – Approvals were sought for each phase as funding was confirmed	439221	Direct Award VAC 17314	\$220,350
December 2018	Design Development Phase – Approvals were sought for each phase as funding was confirmed	439221	Direct Award VAC 18104	\$367,250
<b>Total of Previous Work</b>				<b>\$637,400</b>
December 2018	<b>Original Award - Contract Documents and Contract Administration - Approvals were sought for each phase as funding was confirmed</b>	439221	Direct Award VAC 18716	<b>\$881,400</b>

March 2019	Schematic and Design Development Fee Adjustment, Contract Documents and Contract Administration Phase	439221	CO VAC 19078	\$571,428
September 2020	Contract Admin Phase - Additional	439221	CO VAC 20456	\$169,485
June 2021	Contract Admin Phase – Reimbursable Expenses	439221	Pending	\$2,026.38
<b>Total Cumulative Change Orders Including CO Requested under this VAC</b>				<b>\$742,939.38</b>
<b>Original Award - Direct Award VAC 18716</b>				<b>\$881,400</b>
<b>Cumulative CO % Based on Direct Award for Contract Administration VAC 18716</b>				<b>84%</b>

### IMPLICATIONS AND RISKS:

This approval is required to reconcile the cost as per the final invoice and to close out the project. The Program Manager, Multi-Disciplinary Projects, has reviewed the submitted supporting documents from Hilditch Architect Inc. The submitted price and breakdown were found to be acceptable for the work.

The recommended change order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change order be approved by BIFAC.

Funding for the Change Order award is within the program budget of the 2021 Capital Budget.

**SIGNATURE:**

*“Allen Murray”*

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Allen Murray  
Vice President, Facilities Management

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