

Toronto Community Housing



## Change Order: Contract Extension for the Appliance Program

Item 13

December 8, 2022

Board of Directors

**Report:** TCHC:2022-87

**To:** Board of Directors (the “Board”)

**From:** Chief Operating Officer (Acting)

**Date:** December 6, 2022

### **PURPOSE:**

The purpose of this report is to seek the Board’s approval of a change order to The Brick Warehouse LP, doing business as Midnorthern Appliances (“Midnorthern”) for up to \$577,000.00 (exclusive of taxes) for the supply and installation of appliances for up to seven months on an as-needed basis for all TCHC units.

The Board’s approval is required for this change order as the cumulative amount of all change orders is both greater than \$250K and greater than 20% of the original contract amount.

### **RECOMMENDATIONS:**

It is recommended that the Board of Directors:

1. Approve a change order to The Brick Warehouse LP, doing business as Midnorthern Appliances, for up to \$577,000.00 (exclusive of taxes) for the supply and installation of appliances for up to seven (7) months on an as-needed basis for all TCHC units; and
2. Authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**PROGRAM BACKGROUND:**

In December 2020, Midnorthern was issued a Direct Award, approved by the Procurement Award Committee on November 12, 2020 (VAC 20492) (the “Direct Award”), to address COVID-19 related supply chain issues as the sole incumbent for the supply of appliances at the time, Appliance Canada, Division of Leon’s Furniture Ltd. (“Appliance Canada”), could not provide sufficient stock for the entire TCHC portfolio. The Direct Award expired May 31, 2021.

In January 2021, TCHC issued RFP 20314, seeking two vendors, one to supply appliances for all units east of Yonge Street, and one to supply all units west of Yonge Street. RFP 20314 resulted in only one successful vendor, Canadian Appliance Recycling Enterprise (“CARE”), being awarded to supply units east of Yonge Street. This was approved by the Board of Directors at its June 15, 2021 meeting (Report TCHC:2021-31). There was no successful proponent to supply for units west of Yonge Street.

Since difficulties in acquiring appliances due to supply chain challenges became a key issue during the COVID-19 pandemic, Midnorthern and Appliance Canada were approved to supply appliances west of Yonge Street and act as the back-up to CARE for situations where CARE may not be able to complete orders. Midnorthern was approved through a change order to the Direct Award by the Building Investment, Finance and Audit Committee (“BIFAC”) on May 18, 2021 (Report BIFAC:2021-48). The services approved through these change orders with Midnorthern and Appliance Canada expired November 30, 2021.

In June 2021, RFP 21126 was issued to procure a single primary vendor and a backup vendor for the units west of Yonge Street. Appliance Canada, one of the incumbents, was the only qualified proponent from this RFP.

To ensure continuity of service, Midnorthern was awarded another change order, which expired July 31, 2022.

RFP 22091 was issued May 17, 2022 to seek a vendor for supply, delivery and installation of appliances for the west portfolio and a backup vendor for each of the east and west portfolios. There were no qualified bids and as a result the tender was cancelled. Operations and Strategic Procurement have been developing a new RFP and will be issuing a tender in January 2023 with a revised approach to hopefully successfully award the west portfolio and backup vendors.

Although the change order to Midnorthern expired July 31, 2022, the full amount of the awarded funds had not been utilized and Midnorthern's service has been maintained. The full amount of the awarded funds from the Direct Award and the two change orders was \$3,750,000.00. It is expected that the full amount will be used up in December 2022.

In order to provide services until the new RFP is awarded, a change order to cover an additional seven months is being recommended. The seven months represents the period from December 1, 2022 to June 30, 2023, which will allow time to issue and award the new RFP, and allow for a transition period should a vendor different than Midnorthern be approved. During this time, Midnorthern would also provide services as a backup vendor to CARE for the units east of Yonge Street, should there be any supply chain issues affecting CARE.

Midnorthern has been providing satisfactory performance and has been able to fulfill all orders issued directly to them, as well as all orders that Appliance Canada has not been able to meet.

TCHC will be able to terminate its contract with Midnorthern if the RFP is issued before the contract expiry date.

*Table 1: Change Order Summary*

CO No.	VAC #	Approval Date	Description	Reason	Individual CO Amount
1	20492B	November 12, 2020	Contract Extension – 6 months	Avoid service disruption for tenants	\$950,000.00
2	21130	August 13, 2021	Contract Extension – 6 months	Avoid service disruption for tenants	\$800,000.00
3	21434	October 22, 2021	Contract Extension for the Appliance Supply Program	Avoid service disruption for tenants	\$2,000,000.00
Cumulative approved change orders to date					\$2,800,000.00
<b>Total Cumulative change orders</b>					<b>\$3,777,000.00</b>

Original contract awarded (VAC 20492B)	\$950,000.00
<b>Revised total contract amount</b>	<b>\$4,327,000.00</b>
<b>Cumulative CO % of contract award/purchase order</b>	355.47%

**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 order is in accordance with TCHC's current Procurement Policy. The Procurement Award Committee has reviewed and recommends that the change orders be approved by the Board. Funding is confirmed within the 2022 Capital Budget as approved by the TCHC Board.

**SIGNATURE:**

*"Nadia Gouveia"*

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Nadia Gouveia  
Chief Operating Officer (Acting)

**STAFF CONTACTS:**

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