



## **Vendor Award: Residential Packaged Terminal Air Conditioning (PTAC) Replacement Program (VAC 22015/RFP 21196)**

Item 6A

January 27, 2022

Building Investment, Finance and Audit Committee

**Report: BIFAC:2022-18**

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

**From:** Vice President, Facilities Management

**Date:** January 10, 2022

### **PURPOSE:**

The purpose of this report is to seek the BIFAC's approval to award work to 1799541 Ontario Inc. o/a Climate Works ("Climate Works") for the residential packaged terminal air conditioning (PTAC) replacement program at the rates established based on the outcome of Request for Proposal (RFP 21196) and approve a program budget for up to \$7,568,492.42 (exclusive of taxes).

BIFAC approval is required for this award as it exceeds the \$2.5 million financial approval limit of TCHC's Procurement Award Committee ("PAC"), and Board of Directors (the "Board") approval is required as it exceeds the \$5M financial approval limit of the BIFAC.

### **RECOMMENDATIONS:**

It is recommended that the BIFAC approve and recommend that the Board approve the following recommendations to:

- 1) approve a program budget for up to \$7,568,492.42 (exclusive of taxes) for replacement and demand services as follows:
  - a) \$7,344,261.32 (exclusive of taxes) for replacement services as follows:

- \$3,325,515.00 for three (3) years of initial contract (\$1,108,505.00 annually); and
  - \$1,274,780.75 for the first additional optional one-year term at TCHC management's discretion;
  - \$1,338,519.79 for the second additional optional one-year term; and \$1,405,445.78 for the third additional optional one-year term.
- b) Up to \$224,231.10 (exclusive of taxes) for demand services as follows as follows:
- \$111,000.00 for three years of the initial contract (\$37,000.00 annually); and
  - \$37,370.00 for the first additional optional one-year term at TCHC management's discretion at 1% increase over prior year for year 4;
  - \$37,930.55 for the second additional optional one-year term at TCHC management's discretion at 1.5% increase over prior year for year 5; and
  - \$37,930.55 for the third additional optional one-year term at TCHC management's discretion at 0% increase over prior year for year 6
- 2) authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

**PROJECT BACKGROUND:**

PTAC units provide heating and cooling to the units in various buildings across the portfolio. Due to age and condition, replacement of PTAC units is required on an as-needed basis. Supply and installation of PTAC units in various buildings across the portfolio is required when PTAC units are found to be beyond economical repair.

Pre-determined unit rates were established as part of RFP 21196 to ensure that replacement work is completed quickly and consistently to minimize disruption to tenants due to equipment breakdown. This contract covers replacements only, maintenance is performed by another vendor.

**REASONS FOR RECOMMENDATIONS:**

The recommendation is to award the work to Climate Works for 3 years of replacement and demand services with the option of three additional 1 year terms at TCHC management's discretion. Climate Works is the qualified and lowest priced submission and has performed services for other programs for TCHC. The recommended proponent has also performed PTAC replacement services for other organizations which was evaluated during the RFP evaluation process with satisfactory results.

**PROCUREMENT PROCESS:**

An RFP was issued on September 21, 2021 and closed on October 25, 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 3, 2021, an evaluation team (Asset Management and Facilities Management) 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.

See **Confidential Attachment 1: VAC 22015/RFP 21196 Summary of Submissions** for tables detailing the outcomes of each stage of the evaluation process.

Climate Works was one of two qualified bidders. They scored the highest on rated criteria and submitted a bid price lower than the estimate and lower than the next qualified bidder.

Strategic Procurement staff facilitated a confirmation meeting on December 8, 2021 with FM-Construction and Preservation staff and Climate Works in

attendance. The vendor has confirmed understanding, ability and pricing. The Plumbing Manager, in consultation with the Program Manager and the Facilities Manager, has determined that the pricing is reasonable and acceptable for the work.

As at the date of this report, the Procurement Award Committee (“PAC”) has not considered the recommendation to award the work to Climate Works. A PAC meeting will be scheduled to consider this matter, prior to the BIFAC meeting of January 27 and the outcome of PAC’s consideration of the matter will be reported to BIFAC in conjunction with this matter.

**IMPLICATIONS AND RISKS:**

A public RFP was issued and the recommendation is based on awarding the work as per the RFP requirements. Thus, the risk of a proponent challenging the awarding of the contract is minimized.

To mitigate risks, TCHC FM - Construction and Preservation Plumbing staff will continuously and rigorously monitor the performance of the recommended proponent during the course of the project. Performance will be evaluated in accordance with TCHC’s Vendor Compliance evaluation system. Results gathered through program reviews will be used to support decisions to remove underperforming vendors from TCHC’s programs and/or future bidding opportunities.

Funding for this award will be requested within the 2022-2025 Operating Budget Account 527200 and Capital Budget Account CO01.

**SIGNATURE:**

*“Allen Murray”*

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Allen Murray  
Vice President, Facilities Management

**STAFF CONTACT:**

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**ATTACHMENT:**

**Confidential Attachment 1: Summary of Submissions**

**Reason for Confidential Attachment:** Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests