



Change Order: Additional Funding for Demand Maintenance Services – Plumbing (VAC22063/RFP 19267)

Item 9B

April 8, 2022

Building Investment, Finance and Audit Committee

Report: BIFAC:2022-35

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

From: Vice President, Facilities Management

Date: March 1, 2022

PURPOSE:

The purpose of this report is to seek the BIFAC's approval of a change order of up to \$23,555,426.55 (exclusive of taxes) to multiple vendors for additional funding for plumbing related demand maintenance services (RFP 19267) for years 2020 to 2022 at all locations of the TCHC portfolio.

BIFAC approval is required for this change order 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 \$5 million 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 change order of up to \$23,555,426.55 (exclusive of taxes) for additional funding for demand plumbing maintenance services for additional spend for years:
 - a. 2020 – previous spend in the amount of: \$5,282,613.55
 - b. 2021 – previous spend in the amount of: \$6,972,813.00
 - c. 2022 – forecasted spend in the amount up to: \$11,300,000.00

- to the following pre-qualified vendors;
- Bomben Plumbing & Heating Ltd.
 - Carmar Mechanical Inc.
 - Firenza Plumbing & Heating Ltd.
 - Midsteel Mechanical Ltd.; and
2. authorize the appropriate staff to take the necessary actions to give effect to the above recommendation.

PROGRAM BACKGROUND:

Demand plumbing maintenance services are unplanned work required on an as-needed basis. The demand plumbing service program is a shared program that is currently utilized by multiple business units throughout TCHC with work orders being issued by Client Care, Maintenance Dispatch, Risk and Insurance and Facilities Management.

Work orders \$1,500.00 and up are assigned to Facilities Management for review and approval with random inspections being completed prior to payment being issued. Work orders under \$1500.00 are handled through site staff and prior to any payment being issued, site staff are required to confirm that the work was completed satisfactorily.

On December 12, 2019 the Board of Directors approved the award for work to Bomben Plumbing & Heating Ltd., Carmar Mechanical Inc., Firenza Plumbing & Heating Ltd. and Midsteel Mechanical Ltd. for \$26,500,00.00 (exclusive of taxes) to provide demand plumbing maintenance services. The term of the contract is for a three year term running from January 1, 2020 to December 31, 2022 with the possibility of two additional one year extensions at TCHC management's discretion.

Although the total program approved spend has not been exceeded, it was discovered during the year end reconciliation of the program that the original award only contemplated work delivered through Facilities Management. However, since the program is used by other business units, it should have included approval for work completed by all business units.

The reconciliation completed (see Attachment 1: Plumbing Demand Spend Reconciliation Details) has identified the approval required for work completed by all business units for previous years' spend and also forecasted the additional approval required for 2022.

Facilities Management will be retendering the program in 2022 to reset the approvals for this program.

It is important to note that budget was available to cover the previous spends and is included in the approved 2022 budget submission.

REASONS FOR RECOMMENDATIONS:

A change order is being requested to reconcile the demand services spend from 2020 and 2021 and the forecasted requirement to end of the contract, December 31, 2022.

The forecast for 2022 is based on information obtained from a review of the historical work order data from 2017 to 2021 (see Attachment 2: Plumbing Work Orders Review) and Facilities Management knowledge of the industry.

The analysis of the work orders demonstrated a 30% increase in the number of work orders which is consistent with the increased focus on maintenance as well as the increase in the net number of units being serviced. From 2017 to 2021, there were approximately 1,060 units added through new developments along with an additional 3,831 units being added towards the end of 2020 when the units in former contract managed OUW became direct managed units.

In addition to the number of work orders increasing, the average cost per work order demonstrated an upward trend which is consistent with price increases that have been occurring.

The 2022 forecast takes into account the previous cost increases as well as more recent cost increases being seen as a result of Covid-19 as well as the known increase of 8,365 units from the migration of OUX and OUY to direct managed in 2022.

A change order for the award of the work to the existing pre-qualified vendors is recommended to deliver the services as listed in the program's statement of work for the remainder of the program. Through RFP 19267, hourly rates were approved and a demand protocol framework was put in place. It is not feasible for another vendor to take over the demand repairs services.

To date, \$350,000.00 in change orders have been approved for this program to reflect the increased number of units from OUW. With approval of this request, total cumulative change orders equal \$23,905,426.55 and are equivalent to 90.21% of the original purchase order issued as shown in Table 1. The revised total contract amount is \$50,405,426.55.

Table 1: Change Order Summary

Scope of Work		Reason for Change	Value
1	Addition of 24 OUW developments	Transitioned from contract managed to direct managed (Sep 2020 – Jan 2022)	\$350,000.00
2	Addition of 33 OUX and OUY developments and 24 OUW developments (as the CO VAC 20373 for OUW was until Jan 31 2022)	Transitioning from contract managed to direct managed (12 months Feb. 1 2022 – Jan. 31, 2023)	\$0.00
Approved Change Orders to Date			\$350,000.00
Recommended Change Order			\$23,555,426.55
Total Cumulative Change Orders			\$23,905,426.55
Original contract awarded (VAC 19573)			\$26,500,000.00
Revised contract amount			\$50,405,426.55
Cumulative Change Order %			90.21%

IMPLICATIONS AND RISKS:

TCHC is obligated to complete this work to ensure its buildings are properly maintained. Properly maintained buildings preserve TCHC assets, help achieve a state of good repair for the portfolio and help provide a healthy, comfortable and safe home for our tenants.

The work orders under Facilities Management's purview was within the approved spend of the program however the approved spend was exceeded when work orders issued by all TCHC departments were taken into consideration.

TCHC staff will continuously and rigorously monitor the performance of the contractors during the program.

Funding for the change order is within TCHC's operating and capital budgets.

SIGNATURE:

"Allen Murray"

Allen Murray
Vice President, Facilities Management

ATTACHMENTS:

1. Plumbing Demand Spend Reconciliation Details
2. Plumbing Work order Review

STAFF CONTACT:

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Attachment 1 – Plumbing Demand Spend Reconciliation Details

Year	VAC Approved Amounts	Other Departments Spend	FM Spend	Total TCHC Spend	Difference
2020	\$5,300,000.00	\$6,120,613.22	\$4,462,000.33	\$10,582,613.55	(\$5,282,613.55)
2021	\$5,650,000.00	\$7,004,916.50	\$5,617,896.50	\$12,622,813.00	(\$6,972,813.00)
2022 <i>(Forecast)</i>	\$5,300,000.00	\$11,300,000.00	\$5,300,000.00	\$16,600,000.00	(\$11,300,000.00)
2023: 1-year renewal option	\$5,300,000.00	\$0 A new RFP will be issued in 2022.	\$0 A new RFP will be issued in 2022.	\$0 A new RFP will be issued in 2022.	N/A
2024: 1-year Renewal option	\$5,300,000.00	\$0 A new RFP will be issued in 2022.	\$0 A new RFP will be issued in 2022.	\$0 A new RFP will be issued in 2022.	N/A
Total	\$26,850,000	\$24,425,530	\$15,379,897	\$39,805,427	(\$23,555,426.55)

Attachment 2 – Plumbing Work Orders Review

Year	# of Work orders	Total Cost of Work orders	Average Cost / Work order
2021	17,197	\$12,632,813.00	\$735.00
2020	16,332	\$10,582,613.00	\$648.00
2019	14,281	\$7,468,248.00	\$523.00
2018	14,122	\$6,937,796.00	\$491.00
2017	13,261	\$9,642,554.00	\$727.00