



Report to: General Committee

Meeting Date: September 19, 2023

SUBJECT: Request for Proposal 163-R-23 Citywide Building Mechanical and HVAC Systems Maintenance

PREPARED BY: Darius Chung, Senior Buyer, Ext. 2025
Michael Ryan, Facility Engineer, Ext. 2563

RECOMMENDATION:

1. That the report entitled “Request for Proposal 163-R-23 Citywide Building Mechanical and HVAC Systems Maintenance” be received; and,
2. That the contract for Request for Proposal 163-R-23 Citywide Building Mechanical and HVAC Systems Maintenance Services be awarded to the highest ranked bidder, S.I.G. Mechanical Services Limited, for a term of two (2) years in the total amount of \$1,629,485.08 inclusive of HST as per the following;
 - November 1, 2023 - October 31, 2024 - \$814,742.54
 - November 1, 2024 - October 31, 2025 - \$814,742.54

Total: \$1,629,485.08
3. That the contract include an option for the City (in its sole discretion) to extend the contract for up to four (4) additional one (1) year terms. Pricing will be firm for the first two years of the contract and prices in years three, four, five and six will be subject to Consumer Price Index (CPI) increase to a maximum of 2%; and,
4. That the Director of Sustainability & Asset Management and Senior Manager of Procurement & Accounts Payable be authorized to extend the contract for an additional four (4) one year periods subject to approval of the annual operating budget, vendor performance, and an increase based on the CPI to a maximum of 2%; and
5. That the award be funded from the accounts identified in the Financial Considerations section, subject to approval of the 2024-2029 operating budgets; and,
6. The annual shortfall of \$42,632.99 be captured as part of the 2024 contract escalations and adjusted accordingly, subject to approval of the 2024-2029 operating budgets.
7. That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to award the contract for full coverage mechanical maintenance services for thirty-one (31) facilities throughout the City and related services for fifty-five (55) other facilities on an as-required basis. The work includes but is not limited to, the maintenance of heating, ventilation, air conditioning and other mechanical equipment.

BACKGROUND:

Full Coverage mechanical maintenance is necessary to ensure the operational safety and reliability of City facilities on an ongoing basis. The City has approximately 86 facilities that are part of this contract that require labour, material, equipment, supervision and services necessary for the supply of emergency service, repairs, replacement parts and preventive maintenance. This contract is not for complete replacement of HVAC systems but replacement of component parts to maintain the operation of various mechanical units and/or subsystems.

The work includes routine and emergency maintenance of all heating, ventilation, air conditioning and other mechanical equipment such as:

1. Electric heating
2. Chilled water
3. Condenser cooling water
4. Air conditioning
5. Supply and return air systems
6. Exhaust air
7. Compressed air systems
8. Dehumidification and humidification systems
9. Environmental controls
10. Filter systems
11. Pumping systems related to air conditioning, ventilation and heating systems
12. Pumping systems related to other mechanical systems
13. Domestic hot water systems
14. Pneumatic and electric control systems

All work is to be completed by licensed technicians in good standing with the Technical Standards & Safety Authority and Ontario College of Trades.

BID INFORMATION:

Bid closed on	July 14, 2023
Number picking up bid document	10
Number responding to bid	4

PROPOSAL EVALUATION:

The Evaluation Team was comprised of staff from Sustainability & Asset Management and Recreation Services. Staff from the Procurement Department acted as the evaluation facilitator.

The evaluation was based on pre-established evaluation criteria as outlined in the Request for Proposal: Qualifications and Experience of the Bidder 30%, Experience and Qualification of the Personnel 20%, Project Management 20%, and price 30%, for a total of 100% with the resulting score as noted below.

Bidder	Total Score (100 points)
S.I.G. Mechanical Services Limited.	94

S.I.G. Mechanical Services Limited (SIG) is the incumbent and has been the city-wide building mechanical and HVAC systems maintenance contractor since being re-awarded in 2015. Since then they have proven to be reliable and staff are pleased with their performance and attention to detail. They also provide similar mechanical and building maintenance service for Metrolinx, Toronto District School Board and the Toronto Police Service, amongst several other private organizations.

OPTIONS AND DISCUSSIONS

From 2018-2023, the Pan Am Centre has been on preventative maintenance service and not on full coverage service due to the fact that the facility was only four years old in 2018. Staff recommend that given its age, that the Pan Am Centre be moved to full coverage service which is now the same as the other 30 facilities in this service agreement. Repairs outside of the preventative maintenance scope can easily exceed the cost of full coverage maintenance for a facility based on the equipment at Pan Am Centre.

Furthermore, Morgan Pool and the East Markham Operations Yard have been added to the preventative maintenance service. All other facilities, equipment, and service requirements remain unchanged from the previous contract. As Net Zero projects are implemented (e.g. installation of new high efficiency mechanical equipment) there will be the opportunity to change maintenance options as required.

As with the previous contract full coverage service will be provided for the remaining 30 sites. There was a 5% price escalation which was applied to each of these sites in comparison to the previous contract. Through negotiation the escalation was reduced to 4% which has a budget impact of \$10,189.28.

There was a significant reduction in the estimated cost for materials, equipment rentals and as-required services of \$9,686.14. This was due to the incumbent's familiarity with our facilities, knowledge of the project scope and competitive bidding.

FINANCIAL CONSIDERATIONS:

This contract has an increase of \$42,632.99 or 6% from the 2023 budget. The increase is a result of the following changes:

	Contract changes from previous contract	Impact (Incl. HST)
1	Pan Am Centre from preventative maintenance to full coverage service	\$ 45,312.51
2	Addition of Morgan Pool to preventative maintenance services	\$ 2,136.96
3	Addition of East Work Yard to preventative maintenance services	\$ 1,933.44
4	Increase to existing 30 sites	\$ 10,189.28
5	Estimated as-required, material and rental costs	\$ (9,686.14)
6	1% negotiated cost reduction to 33 sites	\$ (7,253.06)
	Total increase	\$ 42,632.99

In summary, the majority of the increase is due to service level changes to Pan Am Centre and the addition of Morgan Pool and East Markham Works Yard. It is worth noting that during the 2018-2023 contract, SIG agreed to a 0% increase in 2020 due to Covid-19 despite a contract escalation clause of 2%.

Staff negotiated with SIG and reduced the cost per year in 2023-2024 from \$821,995.60 to \$814,742.54 (\$7,253.06 or 1% reduction) without any modifications to scope. Over a period of 6 years, this represents \$43,518.36 in cost savings if all options to renew are exercised.

Line Item	Account #	Location	Annual Budget Available	Cost of Award	Budget Remaining
1	509-921-5314	Aaniin Community Centre and Library	\$ 100,028.62	\$ 89,735.29	\$ 10,293.33
2	504 921 5314	Angus Glen Community Centre and Library	\$ 61,348.51	\$ 62,373.65	\$ (1,025.13)
3	504 921 5314	Angus Glen Tennis Centre	\$ 12,769.58	\$ 12,983.08	\$ (213.50)
4	502-971-5314	Armada Community Centre	\$ 9,588.28	\$ 9,748.84	\$ (160.56)
5	503-921-5314	Centennial Community Centre	\$ 96,680.20	\$ 98,296.37	\$ (1,616.17)
6	502-922-5314	Crosby Memorial Community Centre	\$ 13,531.93	\$ 13,757.38	\$ (225.45)
7	505-921-5314	Cornell Community Centre	\$ 62,513.38	\$ 63,558.38	\$ (1,045.00)
8	750-750-5469	Fire Station 91	\$ 8,388.00	\$ 8,719.25	\$ (331.25)
9	750-750-5471	Fire Station 92	\$ 7,975.72	\$ 8,290.09	\$ (314.37)
10	750-750-5472	Fire Station 94	\$ 4,015.79	\$ 4,173.76	\$ (157.97)
11	750-750-5473	Fire Station 95	\$ 9,122.05	\$ 9,481.87	\$ (359.82)
12	750-750-5475	Fire Station 96	\$ 9,398.41	\$ 9,768.99	\$ (370.58)
13	750-750-5476	Fire Station 97	\$ 6,073.91	\$ 6,313.53	\$ (239.62)
14	750-750-5478	Fire Station 98	\$ 7,736.10	\$ 8,041.26	\$ (305.16)
15	750-750-5468	Fire Training Centre	\$ 732.01	\$ 760.61	\$ (28.60)
16	990-990-5414	Heintzman House	\$ 4,646.31	\$ 4,723.81	\$ (77.50)
17	503-923-5314	Markham Community Centre	\$ 5,550.14	\$ 5,642.58	\$ (92.44)
18	506-921-5314	Markham Pan Am Centre	\$ 19,396.67	\$ 64,062.09	\$ (44,665.42)
19	503-971-5314	Markham Senior Centre	\$ 4,113.08	\$ 4,181.82	\$ (68.74)
20	530-998-5410	Markham Theatre	\$ 16,264.79	\$ 16,906.59	\$ (641.80)
21	502 921 5314	Milliken Mills Community Centre	\$ 50,906.71	\$ 51,757.42	\$ (850.70)
22	503-922-5314	Mt.Joy Community Centre	\$ 5,208.81	\$ 5,295.02	\$ (86.21)
23	502-922-5314	Old Unionville Library Community Centre	\$ 1,112.20	\$ 1,130.33	\$ (18.13)
24	501-922-5314	R.J. Clatworthy Arena	\$ 1,539.75	\$ 4,130.44	\$ (2,590.69)
25	503-972-5314	Rouge River Community Centre	\$ 24,444.03	\$ 24,852.14	\$ (408.11)
26	501-921-5314	St. Roberts Soccer Dome	\$ 6,333.76	\$ 6,439.45	\$ (105.70)
27	502-923-5314	Milliken Mills Soccer Dome	\$ 2,556.10	\$ 2,598.15	\$ (42.04)

28	501 921 5314	Thornhill Community Centre	\$ 68,052.16	\$ 69,189.88	\$ (1,137.72)
29	501-911-5399	Thornlea Pool/Gym	\$ 26,463.12	\$ 26,905.27	\$ (442.16)
30	998-600-5310	Unionville Library	\$ 3,797.50	\$ 3,987.38	\$ (189.88)
31	750-753-5310	Works Yard- Main Building and Sign Shop	\$ 15,446.21	\$ 16,218.52	\$ (772.31)
32	503-912-5314	Morgan Pool	\$ 0.00	\$ 2,115.59	\$ (2,115.59)
33	700-606-5410	East Work Yard	\$ 0.00	\$ 1,914.11	\$ (1,914.11)
34	Various	Estimated On-Call Services	\$ 11,345.83	\$ 12,025.28	\$ (679.45)
35	Various	Estimated Material and Rental Costs	\$ 95,029.90	\$ 84,664.32	\$ 10,365.58
			\$ 772,109.56	\$ 814,742.54	\$ (42,632.99)

By awarding this contract, the City will be able to maintain service levels and fixed pricing from 2023-2025 and avoid any potential for large market increases from 2025-2029 seeing a maximum of 2% if each optional extension period is exercised.

OPERATING BUDGET AND LIFE CYCLE IMPACT

The annual operating shortfall of (\$42,632.99) in 2024 will be reflected as part of the 2024 results of operations and annual incremental operating budget impact will be adjusted as part of the 2024 operating budget subject to approval. Each year starting in year 3, there will be an adjustment in accordance with the consumer price index (CPI) Canada all-items not to exceed a 2% increase and will be reflected as part of the operating budget process subject to approval. There is no impact to the Life Cycle Replacement and Capital Reserve.

ENVIRONMENTAL CONSIDERATIONS

Routine maintenance of mechanical equipment will maintain and/or improve energy efficiency of the facilities.

HUMAN RESOURCES CONSIDERATIONS

Not Applicable.

ALIGNMENT WITH STRATEGIC PRIORITIES:

Goal	Examples – How the Solution can Help Achieve the Goal
Exceptional Services by Exceptional People	SIG has been providing excellent and reliable City facility maintenance service for over 10 years.
Engaged, Diverse & Thriving City	Supports operational and safe facilities for users of Markham facilities.
Safe & Sustainable Community	Continuous mechanical maintenance including routine inspections are imperative to operating safe and sustainable facilities for users.
Stewardship of Money & Resources	This initiative supports long lasting relationships with local business providers who support the community.

BUSINESS UNITS CONSULTED AND AFFECTED:

Comments from Recreation, Sustainability and Asset Management and Finance have been incorporated into this report.

RECOMMENDED BY:

Graham Seaman,
Director, Sustainability and
Asset Management

Mary Creighton,
Director, Recreation Services

Trinela Cane,
Commissioner, Corporate Services

Morgan Jones,
Commissioner, Community Services