



Report to: General Committee

Date Report Authored: June 9, 2014

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**SUBJECT:** Award of RFP 037-R-14 Building Operations and Maintenance (Mechanical and Electrical Systems) at Seven Locations throughout the City

**PREPARED BY:** Leanne Lee, Senior Buyer, Purchasing  
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**RECOMMENDATION:**

- 1) THAT the report entitled “Award of RFP 037-R-14 Building Operation and Maintenance at Seven Locations throughout the City” be received;
- 2) AND THAT the contract (037-R-14) for Building Operations and Maintenance at seven (7) locations throughout the City be awarded to the highest ranked and only successful proponent “Angus Consulting Management Limited;”
- 3) AND THAT the term of the contract be for two (2) years with an option to renew for two (2) additional years commencing on July 1, 2014 in the total amount of \$1,256,482.96 inclusive of HST;
- 4) AND THAT the contract be funded from various City Department’s Operating budgets as identified within the Financial Consideration Section;
- 5) AND THAT the Director of Asset Management and Senior Manager of Purchasing and Accounts Payable be authorized to exercise the option to renew the contract in year 3 and 4 subject to a price escalation, performance and budget approval;
- 6) AND 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 seek Council approval to award RFP 037-R-14 Building Operations and Maintenance (Mechanical and Electrical Systems) at Seven Locations throughout the City for a term of two (2) years with a two (2) year renewal option.

**BACKGROUND:**

This request for proposal (RFP) was issued for the services of building operations and maintenance for the Markham Civic Centre, 8100 Warden Avenue, Fred Varley Art Gallery, Markham Museum Collections Buildings, Markham Village Library, Fire Station No. 93, and Fire Station No. 99.

The contract includes three (3) full-time building operators and a dedicated emergency on-call service (24x7) where a site trained operator will be on-call at all times. This provides for management and support at all times in the event of an emergency outside of normal working hours.

The service exceeds simple maintenance to include considerable engineering resources and support services for the building systems and technically sophisticated Heating, Ventilation, Air Conditioning (HVAC) systems.

**BID INFORMATION**

Advertised	Electronic Tendering Network
Bids closed on	March 11, 2014
Number picking up bid documents	10
Number of companies responding to bid	4

**PROPOSAL EVALUATION**

The RFP was released with a two-stage evaluation approach whereby Bidders were required to submit a technical proposal in envelope 1 and a price proposal in envelope 2. The technical proposal (Stage 1) was evaluated out of 70 points and the price proposal (Stage 2) was evaluated out of 30 points.

The proposals were evaluated by an evaluation team (Team) comprising of 3 staff members from the Asset Management Department with Purchasing staff acting as the facilitator.

Evaluation of Stage 1 – Technical Proposal (Envelope 1)

The Stage 1 Technical Proposals were evaluated against the pre-established evaluation criteria as outlined in the RFP: 30 points for Experience of Firm; 20 points for Qualifications of the proposed team; and, 20 points for Project Management and Facility Operating Methodology. Bidders, who scored a minimum of 75%, or 52.5 points out of 70, continued on to Stage 2 – Price Proposal (Envelope 2).

The results of the Stage 1 evaluation are outlined below:

Evaluation of Stage 1 – Scores

Bidders	Score (out of 70)	Rank Results
Angus Consulting Management Limited	60	1
Black and Macdonald	39	2
DTZ	24	4
Ainsworth	23	3

Note: The low technical scores of Black and McDonald, Ainsworth and DTZ reflects the lack of experience of these firms and their staff in Facility Operation and Maintenance.

Evaluation of Stage 2 – Pricing

The sealed price proposal envelopes (envelope 2) provided by the bidders were opened and evaluated (exclusive of HST) out of 30 points, based on the criteria outlined in the RFP.

Bidders	Score (out of 30)	Rank Results
Angus Consulting Management Limited	30	1

Stage 1 & 2 – Combined Overall Scoring

The scores from the Stage 1 and 2 evaluations were combined to formulate final overall scoring, as summarized below:

Bidders	Score (out of 100)	Rank Results
Angus Consulting Management Limited	90	1

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**OPTIONS / DISCUSSIONS**

Angus Consultant Management Ltd. (ACML) has operated the Markham Civic Centre since 1991. They provided a proposal which included an experienced team with an understanding of the project objectives and a good methodology to undertake this project.

ACML as part of this contract will analyze the Civic Centre's other specialized service scopes and costs (such as electrical, mechanical and plumbing works that require licensed technicians and are excluded of this Contract), to bring cost efficiency. ACML proposed to perform the analysis at their own cost and submit a framework to staff after their analysis. ACML believes that they would be able to provide these licensed trade services through their truck-based service technicians in a more cost effective way.

In 2007, Markham awarded a contract which was 7.5% lower than the 2001-2006 contract. Staff continued to negotiate reductions to these rates as new locations have been added (i.e. 8100 Warden Avenue, Markham Museum Collections Buildings). In 2013, Staff received a further 2.7% price reduction which has been maintained until the expiration of the existing contract (June 30, 2014). The 8% increase (excluding on-call service and the addition of the 2 fire stations) for the 2014/15 contract is below the rate Markham paid in 2006.

Asset Management will be initiating a review of current facility operating practices, includes evaluation of existing procedures and service delivery methods. This facility management review will result in a recommended service delivery method that is efficient, fiscally prudent and enhances customer satisfaction. The recommendations will be implemented prior to expiry of the Building operations and maintenance contract in year 2. The year 3 and 4 of this Contract will be exercised if, upon the outcome of the review, this option is deemed as the preferred option, or additional time is required to put the new delivery method in place.

**FINANCIAL CONSIDERATIONS AND TEMPLATE: (external link)**

The contract award for the Building operations and maintenance at seven (7) locations across the City totals \$1,217,687.08 inclusive of HST over a four (4) year term (two (2) year initial term with an option to renew for one additional two (2) year term);

➤ Year 1 - \$	304,852.61 *
➤ Year 2 - \$	310,949.66
➤ Year 3 - \$	317,168.66
➤ Year 4 - \$	323,512.03
Total	\$ 1,256,482.96

There is an annual price increase of 2% after year 1 and each year thereafter.

\*The price has increased 8% (excluding from the previous contract term). This is due to ACML no longer able to maintain discount pricing based on their current operations. In addition, Fire Stations 93 and 99 have been added to this contract due to their sophisticated mechanical and HVAC systems. Fire Stations 93 and 99 are equipped with sophisticated building systems such as Ground Source Heat Pumps, District Energy Systems, Radiant Heating /Cooling systems and Building Automation Systems (BAS). Therefore, operation and maintenance of these facilities are to be performed by skilled building operators.

Director of Asset Management and Senior Manager of Purchasing and Accounts Payable are authorized to exercise the option to renew the contract in year 3 and 4 subject to a price escalation of 2%, performance and subject to Council approval of the 2015, 2016 and 2017 Operating Budgets.

Account Name	Account Number	Budget Available	Award from July to Dec	Balance Remaining	Annualized Amount of Award
Markham Civic Centre	750-751-5310	90,507	97,650	(7,143)	195,299
Varley Art Gallery	540-540-5314	10,824	3,861	6,963	7,722
Fire Station No. 93	750-750-5465	(672)	4,795	(5,467)	9,591
Fire Station No. 99	750-750-5463	6,951	4,795	2,156	9,591
8100 Warden Ave	750-757-5310	23,843	11,646	12,197	23,291
Markham Museum Collections Building	520-520-5414	15,313	8,968	6,345	17,936
Markham Village Library	998-300-5310	24,988	16,005	8,983	32,010
Additional On-Call Services	various		4,706	(4,706)	9,413
<b>TOTAL</b>		<b>171,754</b>	<b>152,426</b>	<b>19,327</b>	<b>304,853</b>

Additional on-call services are required outside regular service calls on an as-needed-basis. On-call visits during working hours are at a rate of \$55/hour (before HST) and estimated at 100 hours based on historical occurrence for the year for a total cost of \$5,500. On-call visits that are after-hours are at a rate of \$75/hour (before HST) and are estimated at 50 hours based on historical occurrence for the year for a total cost of \$3,750.

The price increase and the costs associated with FS 93 and FS99 will be considered as part of the 2015 Operating budget process.

#### HUMAN RESOURCES CONSIDERATIONS

Not applicable

#### ALIGNMENT WITH STRATEGIC PRIORITIES:


Not Applicable

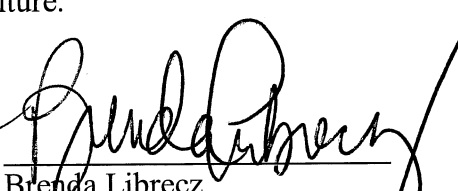
#### BUSINESS UNITS CONSULTED AND AFFECTED:

Consultation was undertaken with the Library, Fire, and Culture.

#### RECOMMENDED

BY:

  
Phoebe Fu  
Director, Asset Management

  
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Commissioner, Community and Fire Services