



Exhibition Place

Item No. 20

June 8, 2011

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young, Chief Executive Officer

Subject: **HVAC Contractor Services & Related Works Agreement – 2011 to 2015**

Summary:

This report recommends the Board enter into an agreement with Direct Energy Business Services commencing July 1, 2011 to June 30, 2012, with an option to renew for an additional three-year periods, for the supply of all labour, equipment and material necessary for HVAC Contractor Services and related works at Exhibition Place.

A Request for Quotation (RFQ) process was issued through the City of Toronto, Finance Department, Purchasing and Materials Management Division (PMMD) for the supply all labour, equipment and material necessary for HVAC Contractor Services and related works on an as and when required basis.

Recommendation:

It is recommended that the Board enter into an agreement with Direct Energy Business Services for a period of one (1) year with the option to extend for an additional three (3) one-year periods, on the terms and conditions outlined in this report and other such terms and conditions satisfactory to the Chief Executive Officer of the Board and the City Solicitor.

Financial Impact:

The projected annual expenditure for the supply of all labour, equipment and material necessary for HVAC Contractor Services and related works at Exhibition Place is \$64,476.81, and is provided for in the 2011 Operating Budget, and applicable expenditures will be provided for in the 2012, 2013 and 2014 Operating Budgets.

Decision History:

On June 4, 2009 the City's PMMD issued RFQ 4301-09-5102 for HVAC Contractor Services, with the same terms and conditions as requested for in the current RFQ. This agreement will expire on June 30, 2011.

Issue Background:

The Operations Department's HVAC section is a full service shop that maintains the Exhibition Place environmental systems, and at certain times of the year or when special projects arise, it supplements its work force with outside contractors for the provision of HVAC Contractor services to various HVAC and refrigeration equipment.

Comments:

On May 9, 2011, Exhibition Place through the City of Toronto Finance Department, Purchasing and Materials Management Division (PMMD), issued an RFQ for HVAC Contractor Services for on-demand repairs and servicing to various HVAC and refrigeration equipment at Exhibition Place. The RFQ closed on May 25, 2011 with five (5) bids received from Direct Energy Business Services Ltd., Main Air Systems Inc., Servocraft Ltd., Johnson Controls and Ainsworth Electric.

For comparative and evaluation purposes the RFQ listed projected hours of service and required bidders to apply rates. All bidders were also required to provide percentage mark-up over invoice costs for repair parts and were asked to also indicate if their bid offered products/services with environmental benefits outside of any specifications called for in the RFQ. Based on the pricing received and financial analysis, the one-year evaluated bid total price, along with the option year prices, excluding HST were as follows:

	Bid Price (excluding HST)	Optional	Optional	Optional	Material
		1 YEAR	2 YEAR	3 YEAR	Mark-up
		% Increase	% Increase	% Increase	%
1.Main Air Systems Inc.	\$58,200.30	0%	0%	0%	10%
2. Ainsworth Inc.	\$59,500.00	3%	3%	3%	15%
3.Direct Energy Business Services	\$61,269.00	2%	2%	2%	15%
4.Servocraft Ltd	\$63,438.30	2%	2%	2%	40%
5.Johnson Controls	\$79,490.00	3%	3%	3%	35%

In compliance with the Board's naming sponsorship agreement with Direct Energy Marketing Ltd. and in accordance with special provisions within the Terms & Conditions of the RFQ, Direct Energy Business Services was offered the opportunity to alter their bid to match the lower bid from Main Air Systems Inc., which was the overall lowest bid received compliant with all requirements. Direct Energy Business Services accepted this offer and altered its bid to match the lowest qualified quotation received. The City of Toronto Fair Wage and Labour Trades Office confirms that Direct Energy Business Services is in compliance with the Fair Wage and Labour Trades requirements for this work.

The substantial terms of the agreement will be as follows:

- (a) Term: One year commencing July 1, 2011 with the option to extend for an additional three (3) one-year periods subject to satisfactory performance review and budget availability.
- (b) Pricing: Pricing be fixed during the term of the Agreement.
- (c) Assignment: The agreement between the Board and Direct Energy Business Services shall not be assigned to Direct Energy Business Services without the consent of the Board.
- (d) Insurance/Indemnity: Direct Energy Business Services shall provide proof of insurance in a form and amount satisfactory to the Board and containing provisions including the Board, the CNEA and the City of Toronto as additional insured with a cross liability/severability of interest clause of standard wording. Insurance shall be primary before any insurance held by the additional insured and the Board shall be entitled to thirty days notice of any intention to cancel or not to renew the policy. Direct Energy Business Services shall indemnify the Board, the CNEA and the City of Toronto with respect to any and all liability arising from any damage or injury as a result of the negligent acts or omissions of Direct Energy Business

Services, or its employees or any other person for whom it is in law responsible, in the supply and quality of the equipment.

- (e) Union Obligations: Direct Energy Business Services shall comply with all agreements in force between the Board and any union or association with respect to Exhibition Place.
- (f) Other Commercial Terms: Such other terms and conditions as contained in the Request for Quotations or as required by the General Manager Operations & CEO and the City Solicitor.

Direct Energy Business Services is one of North America's largest competitive energy suppliers of electricity, natural gas, energy efficient solutions and related services. Direct Energy Business Services source, generate, trade, service and supply energy to meet current and future energy needs. Direct Energy Business Services is the current supplier of HVAC services and repairs to Exhibition Place. Their references include Sears Canada and Woodbine Entertainment.

Contact

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Submitted by:

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