SUBJECT: Award of Corporate Tender C12-16-09 Refrigeration and Maintenance Services (FCS09084) (City Wide)

RECOMMENDATION:

That the Corporate Tender, C12-16-09 for Refrigeration and Maintenance Services be awarded to the lowest compliant bidder, Ark-Tech Contracting Ltd.

EXECUTIVE SUMMARY:

This is a City Wide Contract for Refrigeration and Maintenance Services, at various City owned locations, which will be utilized by the City of Hamilton Departments requiring this service.

The initial term of the Contract is from the time of the award until September 30, 2010. Further terms may be approved, at the sole option of the City, of four additional one year terms to September 30, 2014, where the options shall be fully completed and ended.

As per Purchasing Policy, Section 4.4, Policy 4 - Approval Authority, item 4(b), approval is required for the award of Corporate Contracts.
BACKGROUND:

The Purchasing Section issued this Corporate Tender for Refrigeration and Maintenance Services on June 22, 2009, and closed on July 14, 2009. There were 17 Bidders who picked up the Request for Tenders document and nine compliant bid submissions were received. There were no disqualified bids for this Tender.

The following departments will be actively participating in this Request for Tenders: Community Services, Hamilton Entertainment and Convention Facilities Inc., and Hamilton Police Services.

ANALYSIS/RATIONALE:

Various types of refrigeration repairs and maintenance services are required throughout the year at various locations within the City of Hamilton. This Contract is to be awarded to one bidder with the lowest compliant bid to perform the above services. The work will be assigned with a maximum upset limit of $5,000 per repair assignment.

The Tender submission information (refer to the following Table) outlines the bid results. Only a regular hourly labour rate was requested on the Form of Tender for each term of the Contract. The Contract provided for overtime and holidays to be a set factor of the hourly rate bid. Due to the nature of the work, annual estimated hours could not be accurately provided. The Bidders were to provide a regular hourly labour rate based on a licensed refrigeration and air conditioning mechanic and, for the basis of the award, the Bidder with the lowest total regular hourly labour rate, for all five terms, would be awarded the Contract.

The following compliant submissions are listed in ascending order:

**Submission Results**

<table>
<thead>
<tr>
<th>BIDDER</th>
<th>TOTAL OF THE REGULAR HOURLY LABOUR RATE FOR A LICENCED REFRIGERATION AND AIR CONDITIONING MECHANIC FOR ALL FIVE TERMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ark-Tech Contracting Ltd.</td>
<td>$ 222</td>
</tr>
<tr>
<td>Chamberlain Home and Building Services Inc.</td>
<td>$ 338</td>
</tr>
<tr>
<td>L.J. Barton Mechanical Inc.</td>
<td>$ 345</td>
</tr>
<tr>
<td>Vicor Mechanical Ltd.</td>
<td>$ 350</td>
</tr>
<tr>
<td>Moore Environmental Systems Limited</td>
<td>$ 380</td>
</tr>
<tr>
<td>TESC Shewfelt Contracting Corporation</td>
<td>$ 390</td>
</tr>
<tr>
<td>Airon HVAC Service Ltd.</td>
<td>$ 404</td>
</tr>
<tr>
<td>Bogar-Paterson Ltd.</td>
<td>$ 411</td>
</tr>
<tr>
<td>Carmichael Engineering Ltd.</td>
<td>$ 460</td>
</tr>
</tbody>
</table>
Ark-Tech Contracting Ltd. was the lowest compliant Bidder and is being recommended for award of this Contract.

The Bid received from Ark-Tech Contracting Ltd., represents an overall blended savings of approximately 26 percent, as compared to the incumbent's current hourly rate. The savings range from an initial savings of 32 percent for the first two years, and diminish to a final savings of 23 percent due to the annual increases over the 5 year term of the Contract.

**ALTERNATIVES FOR CONSIDERATION:**

The alternative method would be to secure competitive bids for each department, which would result in the duplication of effort, and the City would not see any cost savings as is achieved by combining the required services for several departments.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial Implications**
The City benefits from discounted volume based pricing when a Corporate Contract is issued versus each individual department securing prices on their own for similar services. Management of the procurement of all of these services is vastly simpler when dealing with one vendor versus many vendors. Services are more uniform across the City.

**Staffing Implications**
None.

**Legal Implications**
None.

**POLICIES AFFECTING PROPOSAL:**

Purchasing Policy, Section 4.4, Policy 4 - Approval Authority item 4(b), requires Council approval when the Request for Quotations is a Corporate Contract.

**RELEVANT CONSULTATION:**

All relevant City of Hamilton Departments were consulted and provided input with this Request for Tender with respect to specifications and special provisions.
CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No

This ensures that the City has services of a qualified contractor for the various refrigeration and maintenance services required at various City locations.

Environmental Well-Being is enhanced. ☑ Yes ☐ No

Economic Well-Being is enhanced. ☑ Yes ☐ No

The issuance of this Corporate Contract enhances buying power and ensures that volume discounts are maximized for the City.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☐ Yes ☑ No