

## Report to Corporate Services Committee

**To:** Chair and Members,  
Corporate Services Committee

**From:** Anna Lisa Barbon, Deputy City Manager, Finance Supports

**Subject:** SS-2023-215 - Facilities Maintenance and Operations Single Source Refrigeration Services Provider

**Date:** September 11, 2023

## Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the single source procurement of a Refrigeration Service provider:

- a) in accordance with Section 14.4(g) of the Procurement of Goods and Services Policy, Civic Administration **BE AUTHORIZED** to enter negotiations with CIMCO Refrigeration for pricing for a single source contract for one (1) year with one (1) option year for renewal to provide refrigeration services for the City of London arenas.
- b) the approval in a) above, **BE CONDITIONAL** upon The Corporation of the City of London negotiating satisfactory prices, terms, conditions, and entering into a contract with CIMCO Refrigeration to provide preventive maintenance service and repairs to the City arena refrigeration plants.
- c) that Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with the authorization set out in parts a) and b) above.

## Executive Summary

This report requests authorization from Council for the immediate single source purchase of refrigeration services using the LAS Canoe Procurement Group of Canada (“Canoe”). The Canadian Standards Association (CSA) and the Technical Standards Safety Act (TSSA) have established guidelines for regulatory maintenance of refrigeration plants. To ensure compliance, regular inspections and maintenance are necessary for refrigeration equipment.

The scope of this contract includes provisions for repairs, troubleshooting and installation of various refrigeration equipment, components, rink controllers as well as preventive and predictive maintenance items. CIMCO refrigeration is an industry leader in commercial and industrial refrigeration and has successfully held the refrigeration services contract with the City of London for several terms.

Entering into this agreement will allow us to manage the impact of market increases as well as ensure that all arena refrigeration assets are operating safely and efficiently.

## Linkage to the Corporate Strategic Plan

The procurement of refrigeration maintenance services is aligned with the following strategic areas of focus, outcomes, expected results and strategy in the City of London Strategic Plan 2023-2027:

**Well-Run City:** The City of London is a leader in public service.

- The City of London has effective facilities and infrastructure management.
  - Build, maintain and operate facility assets to provide expected levels of service and optimize reliability and functionality.

# Analysis

## 1.0 Background Information

### 1.1 Previous Reports Related to this Matter

RFP18-40 Licensed Refrigeration Services Provider Irregular Result Corporate Services Committee Feb 5, 2019

### 1.2 Maintenance Requirements

Facilities Maintenance and Operations is responsible for the maintenance of ten (10) indoor arenas, and three (3) outdoor skating venues. Indoor arenas consist of three (3) single pad facilities, six (6) double pad facilities, and one (1) triple pad facility. Outdoor venues consist of Victoria Park and Covent Garden Market Skating pad, as well as the skating trail at Storybook Gardens.

Regulatory maintenance of refrigeration plants is outlined in a series of applicable standards. The Canadian Standards Association (CSA) and the Technical Standards Safety Act (TSSA) regulations define minimum requirements for inspection and maintenance as well as the design, construction, and installation of mechanical refrigeration systems.

The City's arenas are equipped with a variety of refrigeration equipment which use ammonia as the refrigerant. The characteristics of the refrigeration plants including their refrigerant type, cooling capacities and operating pressures are such that the TSSA requires that regular maintenance by specially licensed tradespeople be performed to ensure reliable, safe, and efficient operations for the public and employees.

The service scope of this contract includes the provision of repair, troubleshooting and installation services of various refrigeration equipment, components, and rink controllers. In addition, preventative and predictive maintenance services, performed on an annual basis, are included in the contract.

CIMCO Refrigeration is an established provider of licensed refrigeration services and has provided satisfactory services to the City of London under the current contract, which expired June 30, 2023.

## 2.0 Discussion and Considerations

### 2.1 Case for Single Source Procurement via Cooperative Purchasing

Local Authority Services (LAS) is a provider of programs and services for Ontario municipalities and the broader public sector. LAS was created in 1992 by the Association of Municipalities of Ontario (AMO). LAS is incorporated as a not-for-profit organization and is mandated to work with Ontario public sector organizations to help realize lower costs, higher revenues, and enhanced staff capacity, through co-operative procurement efforts and innovative training, programs, and services. LAS is a founding partner in the Canoe Procurement Group. By combining forces under the Canoe Procurement Group, municipalities can access high-quality, competitively priced goods and services, and free up staff time.

The cost of refrigeration services has increased significantly over the past 3 years since the start of the term of the previous contract. Replacement parts and materials for arena refrigeration has increased 50% on average and labour for highly skilled refrigeration contractors has increased 15% over the last 3 years.

By purchasing parts and materials with CIMCO through Canoe we can reduce the increase to about 30% on average. The proposed labour cost increase within this agreement will increase 5% from our current labour cost instead of 15% if we were to explore a traditional competitive procurement process.

To mitigate the financial impact to the City, Facilities staff have been working with Procurement and Supply staff to explore cooperative purchasing, *i.e.*, group buying. Benefits of using a cooperative procurement program include:

- Cost savings: By pooling resources, goods and services can be purchased at bulk prices.
- Improved purchasing power: Group buying provides more leverage in negotiations with suppliers, allowing them to secure better prices and terms.
- Streamlined procurement process: Group buying can simplify the procurement process, making it more efficient and reducing the workload for administrative staff while still complying with local by-laws, policies, and provincial legislation.
- Standardization: Group buying allows for standardization of equipment and supplies, which can improve operations and reduce costs overall; and,
- Improved quality: Group buying can help ensure that the vendor provides high-quality goods and services by leveraging the purchasing power of the group to negotiate better terms.

All offerings through Canoe have undergone a formal competitive bid process ensuring full compliance with procurement by-laws and trade agreements. Through Canoe, the current contract in place for refrigeration services is valid until January 8, 2025, after which one (1) option year can be negotiated until Canoe repeats the formal competitive bid process.

To pursue the advantages of this cooperative purchasing program, Civic Administration seeks to enter a contract with CIMCO refrigeration utilizing the sole source procurement clause as outlined in section 14.4(g) of the Procurement of Goods and Services Policy.

#### Section 14.4(g) of the Procurement of Goods & Services Policy

##### 14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications. The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier.

g) It is advantageous to the City to acquire the goods or services from a supplier pursuant to the procurement process conducted by another public body or a Group Procurement Organization (GPO);

In this case, the following reasons apply:

- It is advantageous to the City to acquire the goods or services from a supplier that is a member of the Canoe Group Procurement Organization.
- CIMCO is the industry leader in refrigeration service maintenance and construction in North America
- CIMCO has a highly trained work force and the staffing requirement that meet our service needs.

### **3.0 Financial Impact/Considerations**

Annual costs for refrigeration services and materials are estimated to be \$325,000. This estimate covers regulatory inspections, replacement of safety devices, along with a best practice maintenance schedule and fixed pricing for compressor rebuilds.

The estimated annual cost of \$325,000 is available within the existing approved operating budget for this type of service.

## **Conclusion**

The procurement of Refrigeration Services as per Section 14.4(g) of the Procurement of Goods and Services Policy, allowing for a resource-saving cooperative purchasing agreement with CIMCO Refrigeration represents good financial value for the City of London. Using a reputable refrigeration services contractor that is familiar with City of London arena assets will help to ensure the reliability and availability of the arenas for public enjoyment.

**Prepared by:** Courtney Brereton, Manager Facilities Maintenance and Operations, Finance supports.

**Submitted by:** Lynda Stewart, Director Fleet and Facilities, Finance Supports.

**Recommended by:** Anna Lisa Barbon, Deputy City Manager, Finance supports.