

Report to Corporate Services Committee

To: Chair and Members,
Corporate Services Committee

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

Subject: Single Source SS-2024-032 Argyle Arena Refrigeration
Condensing Unit Replacement

Date: February 5, 2024

Recommendation

That, on the recommendation of the Deputy City Manager, Finance Supports, the following actions be taken with respect to the procurement of a refrigeration condensing unit:

- a) in accordance with Section 14.4(g) of the Procurement of Goods and Services Policy, Civic Administration **BE AUTHORIZED** to single source the supply and installation of a refrigeration condensing unit at Argyle Arena from CIMCO Refrigeration, valued at \$330,000, including contingency, excluding HST.
- b) the approval a) above, **BE CONDITIONAL** upon The Corporation of the City of London's satisfactory review and confirmation of quoted pricing, terms, conditions, and entering a contract with CIMCO Refrigeration to supply and install the required condensing unit.
- c) The financing for this procurement **BE APPROVED** as set out in the Sources of Financing Report attached hereto as Appendix A;
- d) 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 seeks the Council's approval for the single-source procurement of the supply and installation of the refrigeration condensing unit at Argyle Arena. The procurement will be conducted through the LAS Canoe Procurement Group of Canada ("Canoe").

The condensing unit for the refrigeration plant at Argyle Arena has reached the end of life. CIMCO Refrigeration is the current refrigeration services provider for the City of London. Entering into this agreement will allow them to replace the condenser in conjunction with previously scheduled work. This creates cost efficiencies and will help to minimize facility downtime and avoid any potential conflicts with different contractors doing work. The LAS Canoe Procurement Group of Canada provides a cooperative purchasing program that creates savings and allows us to manage the impact of market increases. This work will ensure that the arena refrigeration assets continue to operate in a reliable, safe and efficient manner, while reducing our environmental impacts.

Linkage to the Corporate Strategic Plan

Well-Run City

The City of London is a leader in public service.

3.3 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

- Corporate Services Committee – September 11, 2023 - SS-2023-215 – Facilities Maintenance and Operations Single Source Refrigeration Services Provider.

1.2 Argyle Arena Condensing Unit Background

Argyle Arena has been in operation since 1973 and offers Londoners seasonal access to two refrigerated ice pads. The refrigeration system was originally installed in 1973 and previous rehabilitation work was completed in 1997. The two major components of a refrigeration system include the condensing unit and the compressors.

CIMCO Refrigeration is the largest industrial refrigeration contractor in North America. With a company history of over a hundred years, CIMCO has played a pivotal role in the industry, constructing more than half of the world's ice rinks. Serving the City of London for several years, CIMCO has successfully maintained the Refrigeration Services contract. As part of our current contract (C23-081) CIMCO is scheduled to perform significant work on the Argyle Arena refrigeration system, including the rebuilding of three refrigeration screw compressors in the summer of 2024.

The Argyle Arena condensing unit was installed during the 1997 arena upgrades and has come to end of life expectancy and needs replacement. Replacing the refrigeration condensing unit concurrently with the refrigeration compressor rebuilds offers several advantages for an efficient and cost-effective system upgrade.

This work aligns with the direction received from Council regarding the Climate Emergency Action Plan; specifically in accordance with Area of Focus 7, 6b. It involves the implementation of incremental energy efficient upgrades and resiliency measures.

These include increased thermal transfer capabilities provided by the new coils, as well as upgrading to premium efficiency motors that will reduce energy consumption and enhance the overall system's performance and longevity. Aligning this work ensures a streamlined installation process, reducing downtime and minimizes the impact to the facility. Furthermore, it establishes compatibility between the condensing unit and compressors, optimizing both performance and efficiency. Coordinating this work will ensure comprehensive system testing and commissioning for the seamless operation of the new condensing unit.

Ultimately, the simultaneous replacement of the condensing unit and compressor rebuilds not only maximizes the long-term advantages of the investment but also optimizes the functionality and energy efficiency of the refrigeration system.

This work will commence during summer 2024, with the work being completed prior to the 2024 season.

2.0 Key Issues and Considerations

2.1 Case for Single Source Procurement via Cooperative Purchasing

The Canoe Procurement Group is a cooperative purchasing program that helps municipalities purchase products and services they regularly use. By combining forces under the Canoe Procurement Group, municipalities can access high-quality, competitively priced goods and services, and free up staff time.

Local Authority Services (LAS) is a preferred provider of innovative and creative programs 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 under the laws of Canada and is mandated to work with Ontario

municipalities, as well as organizations from the broader public sector, 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.

The 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/arena 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 for the supply and installation of a new refrigeration condensing unit, utilizing the single 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);

2.2 Market and Industry Conditions

Parts and materials used in the refrigeration industry continue to be affected by supply chain disruptions. Refrigeration systems and components, including condensing units and compressors, have long lead times for delivery, up to six months.

Utilizing the purchasing influence of the Canoe Procurement Group and tapping into the services provided by CIMCO, the largest supplier of recreational refrigeration services in North America, allows us to minimize supply-related risks. This approach ensures the operational readiness of the facility for the upcoming Fall 2024 arena season.

3.0 Financial Impact/Considerations

The project budget for the replacement of the condensing unit is \$330,000 including contingency and is accommodated within the existing approved Recreation Facilities Life

Cycle Capital Plan. Funding for the project is confirmed in the attached Appendix A – Sources of Financing Report.

Conclusion

The condensing unit for the Argyle Arena refrigeration plant has reached the end of life. Entering into this agreement will allow the condensing unit replacement to be completed together with preventative maintenance work scheduled this summer. This creates cost efficiencies and will help to minimize facility downtime and avoid any potential constructor issues. This work will ensure that the arena refrigeration assets continue to operate in a reliable, safe, and efficient manner. Work will commence summer 2024, completion prior to the 2024 season.

In adherence to Section 14.4(g) of the Procurement of Goods and Services Policy, opting for an efficient cooperative purchasing agreement with CIMCO Refrigeration aligns with the City of London's commitment to obtaining good financial value. This choice leverages the services of a reputable refrigeration contractor that has held the Refrigeration Services contract for maintaining City of London arena assets for years.

Prepared by: Val Morgado, Senior Manager Facilities, Finance Supports

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

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

Appendix "A"

#24018

February 5, 2024

(Award Contract)

Chair and Members
Corporate Services Committee

RE: SS-2024-032 Argyle Arena Refrigeration Condensing Unit Replacement
(Work Order 2592011)
Capital Project RC220121 - Recreation Facilities
CIMCO Refrigeration - \$330,000.00 (excluding HST)

Finance Supports Report on the Sources of Financing:

Finance Supports confirms that the cost of this project can be accommodated within the financing available for it in the Capital Budget and that, subject to the approval of the recommendation of the Deputy City Manager, Finance Supports, the detailed source of financing is:

Estimated Expenditures	Approved Budget	Committed to Date	This Submission	Balance for Future Work
Engineering	195,093	195,093	0	0
Construction	4,030,920	812,133	330,000	2,888,787
City Related Expenses	1,375	1,375	0	0
Contingency	237,806	17,408	0	220,398
Total Expenditures	\$4,465,194	\$1,026,009	\$330,000	\$3,109,185

Sources of Financing

Capital Levy	2,129,855	1,026,009	330,000	773,846
Drawdown from City Facilities Renewal Reserve Fund	808,283	0	0	808,283
Drawdown from Capital Infrastructure Gap Reserve Fund	1,527,056	0	0	1,527,056
Total Financing	\$4,465,194	\$1,026,009	\$330,000	\$3,109,185

Financial Note:

Contract Price	330,000
Add: HST @13%	42,900
Total Contract Price Including Taxes	372,900
Less: HST Rebate	-42,900
Net Contract Price	\$330,000

Jason Davies
Manager of Financial Planning & Policy

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