

MEETING DATE: July 18, 2001

SUBJECT: Procurement Authorization - Installation Of Greenwood Yard Steam Boilers

RECOMMENDATION

It is recommended that the Commission approve the acceptance of the tender submitted by RAM Mechanical Contractors Limited (RAM) in the amount of \$454,400.00 for the installation of Greenwood Yard steam boilers.

FUNDING

Sufficient funds for this expenditure have been included in Project 3.2 Equipment, under Greenwood Yard Boilers Replacement of the 2001-2005 Capital Program, (set out on pages 425-428) as approved by City of Toronto Council on April 30, 2001.

BACKGROUND

Currently, all buildings within the Greenwood Yard are heated by three gas-fired steam boilers. High-pressure steam generated from the boilers is distributed via overhead and underground steam lines to various buildings throughout the Greenwood Yard. The existing steam heating system including piping, boilers, pumps and ancillary equipment was originally installed in 1963. The steam boilers and the heating system are now 38 years old and have exceeded their normal life expectancy of 25 years as recommended by the American Society of Heating, Refrigeration and Air-conditioning Engineers. As a result, operational difficulties are more frequent and replacement parts for the original equipment are no longer available. In addition, the original design and installation no longer meet the present codes and engineering standards.

Furthermore, the existing boilers require the dedicated attendance of a full-time operating engineer under the current legislation, while the new boilers will only require daily routine maintenance under the current Operating Engineers Act. Consequently, the replacement boilers will be more efficient and will enable better utilization of existing resources and result in operating savings (labour and material) as committed to in the Capital Program.

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DISCUSSION

The replacement of the existing steam boiler heating system is necessary in order to ensure that all buildings within Greenwood Yard are heated by a more efficient, reliable and safe system. This project will involve complete replacement of the three boilers and associated ancillary equipment. This work is scheduled to commence in 2001 and must be finished for the 2001/2002 heating season. The scope of the work involves demolition, removal and replacement of the three existing steam boilers and ancillary equipment, and the supply and installation of mechanical/electrical related equipment. The contract for pre-purchase of the three boilers and ancillary equipment was previously awarded and the delivery of the equipment is underway. The procurement of this installation contract is essential for a timely completion of the boilers' replacement project.

Drawings and specifications were prepared for the installation of Greenwood Yard steam boilers, which were advertised in the Daily Commercial News on May 14, 2001. Twelve companies requested copies of the tender documents, out of which five submitted tenders as summarized in the attached Appendix "A".

AC Mechanical Contractors submitted the lowest bid, but was considered to be commercially unacceptable because they submitted a Bid Bond and Agreement to Bond, which is different than the Commission's standard form which included material differences. RAM Mechanical Contractors Ltd. (RAM) submitted the second lowest bid and did not state any exceptions or qualifications. RAM's submission was reviewed by the Plant Maintenance Department and is considered technically acceptable. As they have not recently worked for the Commission, reference checks were completed, which indicate that they have satisfactorily performed work of similar size and nature in the past. RAM will also be required to execute a Performance Bond and Material Payment Bond, each in the amount of 50% of the contract value.

JUSTIFICATION

It is essential to complete the steam boilers replacement project at the Greenwood Yard in order to provide an efficient, reliable and safe heating system and to be compliant with the current codes and engineering standards.

June 22, 2001

**PROCUREMENT AUTHORIZATION – INSTALLATION OF
GREENWOOD YARD STEAM BOILERS
TENDER NO. T31J01789**

COMPANY NAME	TOTAL TENDER PRICE	NOTES
AC Mechanical Contractors	\$428,605.00	Bidder did not submit the required Bid Bond and Agreement Bond in the Commission's Form.
RAM Mechanical Contractors	\$454,400.00	Considered commercially compliant.
Black & MacDonald Limited	\$538,500.00	Bidder did not acknowledge receipt of Addendum 1 and therefore are not considered commercially compliant.
W.A. Stephenson	\$573,500.00	Considered commercially compliant.
Kvaerner Constructors	\$599,872.00	

Engineer's Estimate: \$400,000.00

Plant Maintenance Department

June 22, 2001