



City of Richmond

Report to Committee

To: Public Works and Transportation Committee **Date:** March 15, 2021
From: Jim V. Young, P. Eng. **File:** 02-0775-50-7020/Vol 01
Director, Facilities and Project Development
Re: **Award of Contract 7020Q – Supply and Delivery of HVAC Air Filters**

Staff Recommendation

1. That Contract 7020Q – Supply and Delivery of HVAC Air Filters be awarded to Dafco Filtration Group Corp., in the amount of \$734,874 for a three-year term as described in the March 15, 2021 report titled “Award of Contract 7020Q – Supply and Delivery of HVAC Air Filters” from the Director, Facilities and Project Development;
2. That the Chief Administrative Officer and General Manager, Engineering and Public Works be authorized to extend the initial three-year term, up to the maximum total term of five years for the amount of \$1,254,576, as described in the March 15, 2021 report titled “Award of Contract 7020Q – Supply and Delivery of HVAC Air Filters” from the Director, Facilities and Project Development; and
3. That the Chief Administrative Officer and General Manager, Engineering and Public Works be authorized to execute the contract and all related documentation with Dafco Filtration Group Corp.

Jim V. Young, P. Eng.
Director, Facilities and Project Development
(604-247-4610)

REPORT CONCURRENCE		
ROUTED TO: Purchasing	CONCURRENCE <input checked="" type="checkbox"/>	CONCURRENCE OF GENERAL MANAGER
SENIOR STAFF REPORT REVIEW	INITIALS: 	APPROVED BY CAO

Staff Report

Origin

The City has 173 facilities with HVAC (Heating, Ventilation and Air Conditioning) equipment that provides air filtration to protect and maximize equipment life expectancy. These systems require air filters in varying degrees of filtration standards and sizing based on manufacturers' recommendations and warranties.

The City's previous contract for air filter supply and delivery with Dafco Filtration Group Corp. (Dafco Filtration) expired on October 26, 2020. The original contract has been extended on a month to month basis to enable a procurement process to be undertaken.

This report summarizes the public tendering process and provides a recommendation for award of Contract 7020Q.

This report supports Council's Strategic Plan 2018-2022 Strategy #1 A Safe and Resilient City:

Enhance and protect the safety and well-being of Richmond.

1.2 Future-proof and maintain city infrastructure to keep the community safe.

1.4 Foster a safe, caring and resilient environment.

Analysis

Scope of Work

The scope of work for this contract includes supply and delivery of approximately 6,000 HVAC air filters annually, which are replaced by the City's selected contractor according to a quarterly preventative maintenance schedule.

Air filters trap and filter out dust, debris and contaminants from incoming air supply into facilities through the HVAC system. Filters also provide protection and extend the life of the HVAC equipment.

Public Tendering

A Request for Quotation (RFQ) 7020Q was posted to BC Bid on September 3, 2020, which resulted in two bids being received by the closing date of October 2, 2020.

The bid summary results of the RFQ are summarized in Table 1 below.

Table 1: Bid Summary Results

Company	Estimated Annual Contract Value based on historical usage (excluding GST)
Dafco Filtration Group Corp.	\$213,007.16
BGE Indoor Air Quality Solutions Ltd.	\$325,935.84

The City’s designated representatives reviewed the submitted bids to confirm:

- Each bidder’s understanding of objectives and outcomes;
- Capacity to complete the work;
- Inventory and availability of supplies;
- Ability to meet required deadlines;
- Previous experience;
- Quality of references; and
- Pricing.

Bidders were requested to provide unit pricing based on the City’s historical annual usage of specific air filters currently in use at all City facilities. In addition, bidders were required to provide fixed pricing for optional MERV-13 and MERV-14 hospital-grade filters over the initial three-year term should a higher standard of filtration be required in response to the COVID-19 pandemic.

Dafco Filtration Group Corp., was the low bid and were found to be responsible and responsive to the City’s requirements.

Award Recommendation

Through the RFQ review process, Dafco Filtration demonstrated the ability to provide the required level of supply and delivery as well as best value to the City. Dafco Filtration has significant experience supplying similar products to other organizations including the City and provided strong, relevant references.

Their main office is located in Richmond and they have demonstrated the ability to supply and deliver in a timely manner. In addition, Dafco Filtration will pick up and recycle all products supplied.

The award of this contract assures long term supply of air filters to the City. The proposed contract is for a three-year fixed term, with two additional one-year optional terms.

Financial Impact

Based on historical expenditures for the work under this contract, it is estimated that the total value of the proposed contract over a three-year term will be approximately \$639,021 plus contingency as summarized below. A 15 per cent contingency is required to accommodate potential changes in historical usage of filters at City facilities and in particular in response to the COVID-19 pandemic.

Continuation of the supply contract in 2022 and 2023 is subject to approval by Council of the annual Facility Services operating budget.

Year 2021	\$213,007
Year 2022	\$213,007
Year 2023	<u>\$213,007</u>
Subtotal	\$639,021
Contingency (15%)	<u>\$ 95,853</u>
Total (3 Years)	<u>\$734,874</u>

The City, with mutual agreement with Dafco Filtration, has the option to extend the proposed contract by an additional two years. The estimated cost associated with this extension is summarized below.

Year 2024	\$221,527
Year 2025	<u>\$230,388</u>
Subtotal	\$451,915
Contingency (15%)	<u>\$ 67,787</u>
Total (2 Years)	<u>\$519,702</u>

The total amount for a five-year term is \$1,254,576. The decision to extend the contract by an additional two years would be based on Dafco Filtration’s performance over the period Year 2021 to Year 2023.

Conclusion

The City has 173 facilities with HVAC equipment that provides ventilation to its occupants and visitors. As part of the HVAC system, air filters protect and maximize equipment life expectancy, as well as filter and improve indoor air quality. The previous contract for supply and delivery of HVAC filters has expired and a new contract is required. Staff recommend that contract 7020Q be awarded to the lowest responsive and responsible bidder, Dafco Filtration Group Corp., for a three-year fixed term.


 Jeff Lee, CEM, RPA, FMA
 Manager, Facility Services
 (604-276-4027)

JL:gj