

(Appendix 4)



RFP #9155-06-7380
for the Development of Affordable Housing

Final Report submitted by the
Fairness Monitor Consultant

March 2007



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1. INTRODUCTION

P1 Consulting acted as the Fairness Monitor Consultant to review and monitor the processes of communication, evaluation and decision-making associated with the Request for Proposals #9155-06-7380 for the Development of Affordable Housing, issued by the City of Toronto. Our role related to ensuring openness, fairness, consistency and transparency of the procurement process.

P1 Consulting hereby presents its final report to the City of Toronto at the conclusion of the procurement process to accompany the recommendation of the selected Proponents, describing how the procurement process has complied with openness, fairness and transparency requirements.

1.1 Background to the Fairness Monitor Consultant Role

Throughout Canada, at all levels of government, P1 Consulting is seeing significant, transformational changes in the design, delivery and organization of public services. In particular, innovative procurement options are being used increasingly to support new approaches to the delivery of programs and services while ensuring both fiduciary responsibilities and development accountabilities are maintained in procurement policies and practices. Concerns about fairness, openness and transparency in public sector procurement are now playing an integral part in all aspects of the arrangements for either innovative or traditional procurement processes. The engagement of a Fairness consultant is now being adopted more widely by the public sector to ensure that stakeholder confidence is maintained throughout the full procurement planning, implementation and contracting cycle. These stakeholders include political leaders, funding agencies, public auditors, executive management, the vendor community, special interest groups, and citizens.

In particular, in our role as Fairness Monitor Consultant for the City of Toronto, we made certain that the following steps were taken to ensure a fully transparent procurement process:

- Compliance with the requisite procurement policies and procedures, the accepted leading practices and the laws for the acquisition of services relating to public sector procurement
- Compliance of project participants with strict requirements of conflict of interest and confidentiality during the procurement and evaluation activities
- Adherence to the confidentiality of Proposals and the evaluation activities
- Proper definition and use of evaluation procedures and assessment tools in order to ensure that the process was unbiased and transparent
- Objectivity and diligence during the procurement process in order to ensure that it was conducted in an open, fair and transparent manner, and
- Oversight to provide a process where all Proponents were treated fairly, including the opportunity to contact the Fairness Monitor Consultant directly on a confidential basis

It is noted that the procurement process was initiated on 6 December 2006 with the issuance of the Request for Proposals (closing on 30 January 2007); and P1 Consulting was engaged as the Fairness Monitor Consultant earlier in 2006.

1.2 Project Background

The City of Toronto has capital funding and other financial assistance and benefits available, including three parcels of City-owned land, to contribute toward the development costs of approximately 600 units of Affordable Housing. The capital funding and other financial assistance and benefits are provided by the federal, provincial and City governments under the Canada-Ontario Affordable Housing Program (AHP).

The AHP requires that Supportive Housing targets be met. For this RFP, the City was seeking to achieve the following Supportive Housing units as part of the total of 600 units:

Persons Living with Mental Illness	68 units
Individuals with a Dual Diagnosis	10 units
Victims of Domestic Violence	<u>57 units</u>
Total	135 units

The purpose of this Request for Proposals (RFP) was to select Proponents who would enter a contract to build, maintain and operate 600 units of Affordable Housing for a term of 25 to 50 years less a day.

The City and the Province have entered into an Administration Agreement whereby the City will administer a housing supply program developed by both the federal and provincial government as outlined in the “Canada-Ontario Affordable Housing Program – Rental and Supportive Program Guidelines”.

The terms of the RFP reflected both provincial and City priorities in affordable housing development. Provincial priorities and program requirements were outlined in the RFP while City priorities, goals and incentives for this RFP were set out in the “2006 Action Plan for Affordable Housing Development”, adopted by Council in January 2006 and included as an appendix in the RFP.

1.3 Scope of our Engagement

We performed the following tasks in our role as the Fairness Monitor Consultant:

- Review of Procurement Documents: we reviewed, prior to their release, the RFP documents and, as required, other documents, including all addenda, related to the procurement process to ensure that the requirements were met
- Review of Evaluation Criteria and Procedures: we reviewed the evaluation criteria and procedures to ensure that the requirements were met, with specific reference to fairness and objectivity. (We also subsequently reviewed the consensus results for the three evaluation teams and their selection recommendations.)
- Evaluation Team Training and Advice on Best Practices: we provided all Project team members with briefings on best practices including the principles and duties of fairness, care and protection of confidential information, avoidance and disclosure of conflict of interest, bias and undue influence, scoring procedures and sign-off on individual scoring sheets, preparation, treatment and retention of evaluation documents
- Meetings: we attended Project Team planning sessions, all evaluation sessions, and final consensus sessions for the purposes of observing, providing guidance on processes related to the Project, and verifying our findings. We also will attend the presentation of the recommendations for selection to the Affordable Housing Committee and Council, as required

- RFP Response Period: we provided verbal and written comments with respect to fairness, objectivity and consistency of process to ensure strict accordance with the specifications and criteria set out in the documents. This included responses to inquiries from prospective Proponents on matters of fairness
- Information Sessions: we attended and monitored an initial Information Session (31 October 2006) that addressed the Affordable Housing Action Plan, including the forthcoming RFP, and two Proponent Information Meetings (12 & 14 December 2006) that dealt specifically with the RFP
- Senior Management and Councillor Briefings: we attended and participated in all briefings with senior management to verify the procurement process and to respond to questions related to fairness. If requested, we also will attend briefings with local Councillors that may be scheduled after this report is tabled with the Affordable Housing Committee.

1.4 Code of Conduct and Confidentiality Obligations

Each evaluator, advisor and observer involved in the evaluation process signed a declaration committing to preserve the confidentiality of the proposals and the evaluation process and to declare any potential, actual or perceived Conflict of Interest. It was confirmed that no participant had any conflict of interest that would preclude their involvement in the procurement process.

2. REQUEST FOR PROPOSAL PROCESS

2.1 Review of Solicitation Documents

The Fairness Monitor Consultant was provided with and reviewed copies of the Draft procurement documents and the final procurement documents prior to their release. As addenda were issued, we also received copies of those addenda documents and reviewed them from a fairness perspective.

2.2 Proposal Period

P1 Consulting participated in an information session and presentation to ensure that members, advisors and observers involved in the evaluation process were aware of good procurement practice and the role of the Fairness Monitor Consultant. A Code of Conduct form (included as Appendix 5 of the Council Report) was provided to all evaluation participants to ensure that conflicts of interest could be avoided and that credibility and objectivity would be preserved throughout the process. Each participant was informed within the document of the Conflict of Interest provisions and Conduct provisions; it contained a signed and witnessed declaration. Copies of the Proposals were not released to the evaluators or the advisors until they had signed the declaration.

The Fairness Consultant also monitored communications with the Proponents to ensure consistency and transparency up to the date of this report. In addition, we ensured that there was adequate documentation of the process.

We provided guidance and review to the project team in developing the detailed scoring template as well as assessment templates for use by the evaluators and a scoring calculation spreadsheet to record the consensus results.

2.3 Evaluation of the Proposals

Twenty seven (27) submissions were received. Purchasing & Materials Management staff received the Proposals at Closing and performed the review of mandatory requirements. Two of the Proponents failed to meet the mandatory requirements, which led to the disqualification of their proposals from further consideration. The remaining twenty five (25) submissions were compliant with the RFP submission requirements and were forwarded for detailed evaluation.

The qualified submissions were distributed among three separate evaluation teams. The members reviewed each of their assigned submissions independently and completed a preliminary evaluation with scores. Each team then met for a full day evaluation session to review each submission and to reach a consensus score for Stage 2 criteria. The Fairness Monitor Consultant attended and observed all three day-long evaluation sessions, provided guidance regarding consistency and fairness, and documented the preliminary consensus scores and explanatory notes for all 25 Proposals according to the evaluation template, which was developed in advance of opening the submissions.

It was determined that 13 submissions achieved the minimum score required in the RFP (75 points) and would proceed to the Stage 3 evaluation. In addition, two submissions scored above the “Meets Expectations” level and were carried forward to Stage 3 evaluation. In total 15 submissions were “short listed” for further evaluation.

The three evaluation teams met again in separate sessions to conduct the Stage 3 evaluation taking into their consideration comments from City Planning, Social Housing and the external financial consultant (N. Barry Lyon Consultants Limited). Each “short listed” submission was evaluated and scored against the Stage 3 criteria. The numeric scores from Stage 2 and Stage 3 were added to provide total scores and an overall ranking of the short listed submissions.

Finally, senior members of the Affordable Housing Office who had participated in the evaluation teams met in a special session to prioritise the overall short list and to determine the list of proposals that would be recommended to the Affordable Housing Committee by:

- a. Drawing only from the “short listed” proposals evaluated in Stage 3
- b. Applying the numeric scores obtained in Stage 3
- c. Adding predetermined “meta criteria” drawn from the RFP including:
 - i. Value for money to the City
 - ii. Operational viability against City benchmarks
 - iii. Affordability to the tenants
 - iv. Readiness to proceed (start date)
- d. Achieving appropriate unit mix and geographic distribution overall
- e. Fitting the available funding (600 units x \$70k = \$42 million) overall

This wrap-up evaluation session confirmed the consensus scores and identified the Proposals to be recommended for selection. All consensus score sheets (at Stage 2, Stage 3 and final priority list) with brief explanatory notes to support high and low scores were signed by the evaluators.

2.4 Senior Management Briefing

The Fairness Monitor Consultant attended two senior management briefings where the evaluation team presented the recommended Proposals. We provided support to verify the diligence of the evaluators and the fair treatment of all Proponents throughout the procurement process, as well as guidance in response to specific questions.

We agreed to attend the subsequent meetings of the Affordable Housing Committee and Council.

The senior managers as well as the project staff expressed support for the participation of the Fairness Monitor Consultant in this procurement effort.

3. CONCLUSION

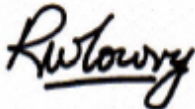
As the Fairness Monitor Consultant for the RFP #9155-06-7380 for the Development of Affordable Housing, issued by the City of Toronto, we certify that the principles of openness, fairness, consistency and transparency have been, in our opinion, properly established and maintained throughout procurement process. Furthermore, we were not made aware of any issues that emerged during the process that would impair the fairness of this initiative.

The following table summarises this conclusion with regard to the principles of openness, fairness and transparency:

Procurement Principle	Measures Taken in this Procurement Initiative
Openness	<ul style="list-style-type: none"> • Initial public Information Session held 31 October 2006 • RFP documents contained no barriers to prospective Proponents • RFP posted on City of Toronto website • Notifications were sent to entire Affordable Housing mailing list • E-mail notifications were sent to all non-profit organisations with an interest in housing • Two public Information Sessions open to all prospective Proponents • Proposal period allowed sufficient preparation time for Proponents
Fairness	<ul style="list-style-type: none"> • Submission and technical requirements contained no bias to any prospective Proponent • All Proponents were treated equitably with regard to access and response to questions • Evaluation criteria and process matched to RFP requirements • Evaluation training provided to all evaluators, advisors and observers • Evaluation team efforts were diligent and consistent to all Proponents • Consensus evaluation and scoring was based only on written submissions • Stage 3 evaluation was conducted for Proposals that met or exceeded expectations • Final prioritization of the short listed Proposals followed predetermined and objective selection criteria

Procurement Principle	Measures Taken in this Procurement Initiative
Transparency	<ul style="list-style-type: none"> • Evaluation criteria and process were documented clearly in the RFP • Sample Agreement was included in the RFP • Public information sessions encouraged questions and discussion • Addendum issued with summary of questions and responses • Proponents had direct access to submit questions related to the RFP – both administrative and technical • Proponents had confidential access to the Fairness Monitor Consultant • Each evaluator, advisor and observer involved in the evaluation process signed a Code of Conduct to preserve confidentiality and avoid conflict of interest • Consensus evaluations and scoring were documented in official records and signed-off by all evaluators • Recommendations for selection will be presented at Affordable Housing Committee • Debriefings will be available to all Proponents upon request • Fairness Process Monitor will be available to attend all briefings, committee meetings and debriefings to verify the procurement process and results

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