



**STAFF REPORT  
ACTION REQUIRED  
Confidential Attachment**

**Update on City's 3-1-1 Project**

<b>Date:</b>	February 1, 2007
<b>To:</b>	General Government Committee
<b>From:</b>	Deputy City Manager Sue Corke Deputy City Manager and Chief Financial Officer Joseph Pennachetti
<b>Wards:</b>	All Wards
<b>Reason for Confidential Information:</b>	<ol style="list-style-type: none"><li>1. This report involves the security of property belonging to the City or one of its agencies, boards, and commissions. The negotiating position of the City could be severely weakened if the contents of this report were to be public at an inappropriate time and the contents cannot be discussed publicly without risk of deviating from statutory requirements, Council policy and risking potential legal action.</li><li>2. This report contains advice or communications that are subject to solicitor-client privilege. The Attachment contains advice and an opinion from Legal Services to Council.</li></ol>
<b>Reference Number:</b>	

**SUMMARY**

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The purpose of this report is to update the General Government Committee on the progress of the 3-1-1 Customer Service Strategy Initiative (3-1-1 Project) to date and to seek approval of the recommendation outlined herein such that the project can continue in a timely manner. The project is on schedule as of the date of this Report.

The City's 3-1-1 Evaluating Team has determined that the three proposals received as a result of the City's Request for Proposals (RFP) for the technology portion of the initiative are non compliant and has outlined the various options available to move forward on this project. The Fairness Monitor concurs that the three proposals are non compliant.

## **RECOMMENDATIONS**

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Deputy City Manager Sue Corke and Deputy City Manager and Chief Financial Officer Joseph Pennachetti recommend that:

1. Council adopt the confidential instructions to staff in Attachment 1.
2. Council authorize the public release of recommendations adopted by Council subject to the ongoing protection of City and Proponent interests and information per the City of Toronto Municipal Code, Chapter 27, Council Procedures, section 27-10, In-camera meetings.

## **IMPLEMENTATION POINTS**

Immediately upon a decision from Council, the Evaluation Team will commence with the required action. This will minimize delays in the process.

## **FINANCIAL IMPACT**

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There is no financial impact arising from the adoption of this report.

## **DECISION HISTORY**

Council has approved an overall capital budget of \$26.9 Million for the period 2005-2008 for the 3-1-1 Project. This \$26.9 Million capital budget includes the renovation and retrofit of Metro Hall, the project management and design costs as well as the 3-1-1 Technology Solution. A Request for Proposals (RFP) for the 3-1-1 Technology Solution required to implement the 3-1-1 Project was issued. Prior to the RFP being issued the following steps were taken by City staff:

1. Fairness Monitor was engaged to review the document, the project team and progress of the evaluation and selection process;
2. Costing sheets were revised prior to the April 28 release of the RFP to ensure that feedback and lessons learned from other, recent complex technology RFPs was taken into account;
3. The RFP document including technical specifications, terms and conditions and costing sheets were reviewed by an external technical expert and the Fairness Monitor to ensure clarity, fairness and accuracy.

The external technical expert found that the RFP was “sound and fit for purpose” and was in a “good, easy to follow, structure.” The Fairness Monitor approved the document from the perspective of fairness and transparency.

The RFP was released on April 27, 2006. Subsequently, a Proponents Pre-bid Site meeting was conducted on May 17, 2006. 43 potential participants registered to attend and of that number, representatives from 32 companies attended and received concise and clear instructions from Purchasing and the Contract Management Office staff on how to complete the costing sheets properly and avoid errors. Five (5) addenda were issued to

respond to questions/clarifications from proponents. All but four of the questions involved technical issues. The only costing questions received were four requests for the amount of the City's budget, information that at that time could not be released per Council policy. There were no requests for any clarification of or changes to the costing sheets. The RFP document itself repeatedly invites proponents to submit any questions or requests for clarification to the named contacts. Because of the complexity of the RFP, the proponents did request that the closing date for the RFP be extended and a two week extension was granted. On the closing date of July 17, 2006 a total of 3 proposals were submitted.

From August 1 to September 15 forty of the City's subject matter experts conducted an evaluation of the technical proposals. As stated, this is an extremely complex RFP and the proposals received contained an average of 2000 pages. Following this, throughout October and early November demonstrations were conducted and reference checks were made.

The careful due diligence exercised by the City as described above is reflective of the complexity and importance of the technology required to deliver the 3-1-1 Customer Service Strategy Initiative solution, and also of our past experience of a high number of non-compliant responses to complex information technology RFPs due to vendor error or oversight.

## **ISSUE BACKGROUND**

Of the three (3) proposals received, all were determined for different reasons to be non compliant. The Fairness Monitor provided his oversight throughout the process to date and has indicated, as per the attached correspondence, that the process has been conducted appropriately to date, was conducted using an open, fair and competitive process and concurs that all proposals are non compliant.

We, along with the 3-1-1 Steering Committee and the Evaluation Team, have considered all possible options to ensure a timely delivery for the 3-1-1 initiative. The options available and our recommendations are contained and summarized in the Confidential Attachment to this report.

## **COMMENTS**

As neither of the two finalist Proponents satisfied the Mandatory Requirements of the RFP for Stage 5 (Pricing), the evaluation of the proposals must cease. According to Council approved City procurement policy, the RFP has been cancelled.

We are very conscious that, as a major customer service initiative, it is important to have the 3-1-1 Contact Centre operational as soon as possible and we have considered all options to minimize delay. At this point in the process, all aspects of the 3-1-1 Project, including this RFP, are on or ahead of schedule.

We are also aware that any decision on moving forward with this contract award must be as fair and transparent as possible.

The options considered for this unique situation are described in the Confidential Attachment to this report and are presented to Council for guidance in accordance with Council's authority to direct the City's purchasing processes.

## **CONTACT**

Colleen Bell  
3-1-1 Project Director  
(416) 392-8374

Elaine Holt  
Legal Services  
(416) 397-5410

John Davies  
Executive Director, Information & Technology Division  
(416) 392-8421

Lou Pagano, P. Eng.  
Director, Purchasing Services  
(416) 392-7312

Stephen Wong  
Director, Information & Application Services  
(416) 397-9175

Cam Weldon  
City Treasurer  
(416) 392-8427

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Sue Corke  
Deputy City Manager  
(416) 338-7205

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J. Pennachetti  
Deputy City Manager & Chief Financial Officer  
(416) 392-8773