



**STAFF REPORT  
ACTION REQUIRED**

**Contract Award – Request for Proposal (RFP) 0612-08-0248  
Supply, Installation and Operation of Snack and Hot Drink  
Vending**

<b>Date:</b>	November 4, 2008
<b>To:</b>	Government Management Committee
<b>From:</b>	General Manager, Parks, Forestry and Recreation Acting Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:/2008/Internal Services/pmmd/gm08022pmmd (AFS 8845)

**SUMMARY**

---

The purpose of this report is to advise the Government Management Committee on the results of Request for Proposal (RFP) 0612-08-0248 for the Supply, Installation and Operation of Snack and Hot Drink Vending within the Parks, Forestry and Recreation (PFR) Division, and to request authority to enter into a two (2) year agreement with the recommended Proponent for the period January 1, 2009 to December 31, 2010 with an option to renew the agreement for an additional two (2) year term for the period January 1, 2011 to December 31, 2012.

**RECOMMENDATIONS**

---

**The General Manager of Parks, Forestry and Recreation and the Acting Director of Purchasing and Materials Management recommend that:**

1. City Council grant authority to enter into an agreement with Imperial Vending Services Inc. being the highest overall scoring Proponent meeting the requirements of the RFP for the Supply, Installation and Operation of Snack and Hot Drink Vending within the Parks, Forestry and Recreation (PFR) Division for the period from January 1, 2009 to December 31, 2010 with an option to renew the agreement for a two (2) year term for the period January 1, 2011 to December 31, 2012. Should the option to renew be exercised, the appropriate City Officials be authorized and directed to take the necessary action to give effect thereto.

## **Financial Impact**

The total potential revenue identified in this report is \$398,200.00. There are no costs that the City will incur with the implementation of the proposed agreement. Imperial Vending Services Inc. shall be responsible for all operating costs and all other related costs for the operation of the vending machines.

The recommended Proponent, Imperial Vending Services Inc., will provide guaranteed payments to the City totalling \$91,300.00 per year for the Supply, Installation and Operation of Snack and Hot Drink Vending Services from January 1, 2009 to December 31, 2010. Should the option to renew be exercised, the agreement will provide additional guaranteed payments of \$91,300.00 annually until the agreement expires on December 31, 2012.

Imperial Vending Services Inc. will also pay the City 25% of net hot drink vending sales estimated at a payment of \$2,000.00 annually to operate ten (10) hot drink vending machines.

A further one time payment of \$12,500.00 will be received for 2009 as a signing bonus to be paid by Imperial Vending Services Inc. for the two year agreement. Should the option to renew the agreement be exercised, an additional payment of \$12,500.00 will be received in 2011 as a signing bonus.

Due to the termination of the previous Snack and Hot Drink Vending Agreement unrealized revenue for 2008 will be \$185,000.00. A revenue target adjustment has been submitted for consideration with the 2009 Parks, Forestry and Recreation Operating Budget submission to reflect the actual expected revenues from the new contract.

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

After issuing a RFP for Snack and Hot Drink Vending in 2005, the City and the successful Proponent entered into a five (5) year Agreement beginning November 1, 2005 with a renewal option for an additional three (3) years. In March 2008 this Agreement was terminated by the City for failure to reconcile outstanding rent.

<http://www.toronto.ca/legdocs/2005/agendas/committees/edp/edp051017/it014.pdf>

<http://www.toronto.ca/legdocs/mmis/2008/gm/bgrd/backgroundfile-11977.pdf>

## ISSUE BACKGROUND

Since March 2008 Parks, Forestry and Recreation have been without an agreement for Snack and Hot Drink Vending service due to the termination of the previous agreement. In order to resume this service, RFP 0612-08-0248 was released on August 15, 2008.

At its meeting held in July 15, 2008, Council adopted several motions which are provided in the link below, to be included in the mandatory requirements of RFP 0612-08-0248. Council recommended that five (5) pilot PFR locations provide 100% healthy snack vending in each District. PFR will report back to Council on the success of the pilot locations after one year to determine whether future RFP's should include requirements for up to 100% healthy snack vending. Council also recommended that the successful Proponent be required to provide 20% healthy snack vending at all other PFR locations. The healthy food requirements are in accordance with recommendations made by the City's Medical Officer of Health.

<http://www.toronto.ca/legdocs/mmis/2008/cc/decisions/2008-07-15-cc23-dd.pdf>

Council also adopted motions requiring that the RFP include provisions for culturally diverse foods, that the successful Proponent provide a Performance Bond in the amount of 25% of the annual rent in the form of a Letter of Credit, that Proponents be permitted to submit bids on more than one district and that the Proponent with the highest ranking in each district be awarded that district.

## COMMENTS

The RFP was available for download in PDF on August 15, 2008, on the City's Internet website. This resulted in a total of three (3) submissions being received and opened from the following firms on September 3, 2008.

	<b>Firm Name</b>	<b>District included in Proposal</b>
<b>1.</b>	<b>Imperial Vending Services Inc.</b>	All Districts
<b>2.</b>	<b>1555184 Ontario Inc. / International Foods &amp; Snacks Corp.</b>	Etobicoke York District Scarborough District and North York District
<b>3.</b>	<b>Metro Supplies division of S.I.R. Investments Inc.</b>	Toronto East York District

The Selection Committee followed the prescribed three-stage evaluation process using the evaluation criteria specified in the RFP. The Selection Committee was comprised of staff from Parks, Forestry and Recreation, Corporate Finance and Public Health.

Stage one involved a review of each Proponent's proposal to ensure adherence to all the mandatory requirements as specified in the RFP. All three Proponents passed the mandatory requirements and advanced to Stage two in the evaluation process.

Stage two required a minimum score of 75% for Proponents to advance to Stage three in the evaluation process. Proponents were evaluated based on the Qualification/Experience, Level of Service to the Public and Financial Aspects of their proposal. The Financial Aspects included a guaranteed or commission payment to the City and other financial benefits such as sponsorship.

Stage two was scored out of 100 points with the scoring weighted as follows:

Qualifications/Experience	35%
Level of Service to the Public	35%
Financial Aspects	30%

Unlike the previous Snack and Hot Drink Vending RFP, the Financial Aspects section represented the lowest percentage of the weighted scores out of 100. This was to deter Proponents from inflating their financial bids in an effort to attain a high overall score.

Imperial Vending Services Inc. scored highest in all four Districts on Qualification/Experience and Level of Service to the Public. Imperial Vending Services Inc. also achieved the highest score on Financial Aspects in Etobicoke York District and Scarborough District. Metro Supplies division of S.I.R. Investment Inc. received the highest score on Financial Aspects for Toronto East York District. 1555184 Ontario Inc./International Foods & Snacks Corp. received the highest score on Financial Aspects in North York District.

The following Proponents advanced to Stage three achieving at least the minimum score of 75%:

District	Firm Name
Etobicoke York District	Imperial Vending Services Inc.
Scarborough District	Imperial Vending Services Inc.
North York District	Imperial Vending Services Inc. 1555184 Ontario Inc. / International Foods & Snacks Corp.
Toronto East York District	Imperial Vending Services Inc. Metro Supplies division of S.I.R. Investment Inc.

Stage three involved an interview with each proponent who was evaluated on their presentation and ability to answer the questions from the evaluation team. The interview scoring had a total value of 30 points. Imperial Vending Services Inc. achieved the highest score in Stage three with a very concise and professional presentation. After calculating the Stage two and Stage three scores, Imperial Vending Services Inc. was the highest scoring proponent for all four (4) Districts. The proponents' scores ranged from 95.3 to 115 out of a possible 130 points.

Imperial Vending Services Inc. achieved the highest scores for all four Districts resulting in their selection as the recommended Proponent.

The financial incentives offered by Imperial Vending Services Inc. provide the City with \$91,300.00 annually with an additional signing bonus of \$12,500.00. Should the option to renew the agreement for an additional two (2) year term be exercised, Imperial Vending Services Inc. will continue to pay the City \$91,300.00 annually as well as a signing bonus of \$12,500.00 in 2011.

Imperial Vending was particularly impressive in their understanding of the City's approach towards healthy vending. They presented a wide variety of healthy choice merchandising with the flexibility to work cooperatively with the City. Imperial Vending Services Inc. possesses the necessary knowledge, operational experience and financial resources to provide the required service to the City. This Proponent has their head office in Toronto, allowing them a great understanding of the communities they would be serving. The Proponent also offers the City an opportunity to partner with one of the most forward thinking vending companies in the Greater Toronto Area.

Proponents' scores by criteria, price comparison and a staff analysis of the evaluation results can be provided in an in-camera presentation if requested by Committee Members.

The Fair Wage Office has reported that the recommended proponent has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

## **CONTACT**

Doug McDonald,  
Manager,  
Business Services  
Tel: 416-392-8578  
Email: dmcdona0@toronto.ca

John McNamara  
Manager, Purchasing & Materials  
Management Division  
Tel: 416-392-7316  
Email: jmcnama@toronto.ca

## **SIGNATURES**

---

Brenda Patterson  
General Manager  
Parks, Forestry & Recreation

---

Victor Tryl  
Acting Director, Purchasing & Materials  
Management Division