



STAFF REPORT ACTION REQUIRED

Contract Award for Supply and Delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products – Request for Proposal No. 0602-12-0113

Date:	November 1, 2012
To:	Government Management Committee
From:	General Manager, Long-Term Care Homes and Services Division Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	

SUMMARY

The purpose of this report is to provide information on the results of Request for Proposal No. 0602-12-0113 for the supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products to various Homes as and when required by the Long-Term Care Homes and Services Division and to request authority to negotiate and enter into a legal agreement with the recommended proponent, Gordon Food Service, being the highest scoring proponent.

This contract award is within the delegated authority of the Government Management Committee pursuant to Toronto Municipal Code Chapter 195, Purchasing, Section 195-14C.

RECOMMENDATIONS

The General Manager of Long-Term Care Homes and Services Division and the Director of Purchasing and Materials Management recommend that:

1. Government Management Committee authorize the General Manager, Long-Term Care Homes and Services Division, to negotiate and enter into an agreement with Gordon Food Service, being the highest overall scoring proponent meeting the requirements of Request for Proposal No. 0602-12-0113 for the supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products to various Long-Term Care Homes for a term of two (2) years commencing April 1, 2013 to March 31, 2015, with the option to renew for three (3) additional and separate one (1) year option periods at the sole discretion of

the General Manager, Long-Term Care Homes and Services Division, based on the terms and conditions set out in the Request for Proposal, any addenda, the Proposal submitted by Gordon Food Service, and otherwise on terms and conditions satisfactory to the General Manager, Long-Term Care Homes and Services Division and in a form satisfactory to the City Solicitor, at a cost not to exceed a total amount of \$37,370,563.07 net of all taxes (\$38,028,284.98 net of HST recoveries).

Financial Impact

The total potential contract award identified in this report including all option periods is \$37,370,563.07 net of all taxes (\$38,028,284.98 net of HST recoveries), the entire amount of which is provided by the Ministry of Health and Long-Term Care through Local Health Integration Networks as per diem funding to LTCHS. As a result there is no net financial impact to the City. Annual funding required for the contract will be included in Long-Term Homes and Services' annual operating budget submissions. Funding required for the first period of April 1, 2013 to December 31, 2013 in the amount of gross \$5,436,273.60 (zero net) net of HST recoveries has been included the Long-Term Care Homes and Service's 2013 Operating Budget submission. Gross funding for the remainder of the contract period, as needed, will be requested annually in the 2014, through to 2018 Operating Budget Submissions for Long-Term Care Homes and Services, as noted in the table below:

Cost Centre	Initial Term (net of HST recoveries)			Option Period (net of HST recoveries)			Grand Total (net of HST recoveries)
	April 1, 2013 to December 31, 2013	January 1, 2014 to December 31, 2014	January 1, 2015 to March 31, 2015	April 1, 2015 to March 31, 2016	April 1, 2016 to March 31, 2017	April 1, 2017 to March 31, 2018	
HA700 D3A032 D3B032 D3C032 D3D032 D3E032 D3F032 D3G032 D3J032 D3K032 D3L032	\$5,436,273.60	\$7,248,364.80	\$1,812,091.20	\$7,538,299.39	\$7,839,831.37	\$8,153,424.62	\$38,028,284.98

This is a "cost plus" contract where the proponent's percentage mark-up over distributor cost is determined in the proposal and remains the same for the duration of the contract. Price increases relate to anticipated increases in the distributor's food costs. The above option years reflect a 4% per year increase in the Consumer Price Index (CPI) which is consistent with recent Consumer Price Index increases for food and related goods. The CPI increases will be incorporated into the per diem funding by the Ministry of Health and Long-Term Care through Local Health Integration Networks (LHINs) with no net financial impact to the City.

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

DECISION HISTORY

At its meeting held on March 2, 2011, Bid Committee granted authority to award Request for Proposal to Sysco Food Service of Toronto Inc. for the supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products for a two (2) year term. Contract 47015711 was issued to Sysco Food Service of Toronto which expires on March 31, 2013.

The following is the link to the Bid Committee approval:

<http://app.toronto.ca/tmmis/viewPublishedReport.do?function=getMinutesReport&meetingId=4632>

The Homes are legislated under the Long-Term Care Homes Act, 2007, S.O. 2007, c.8 and Ontario Regulation 79/10, which requires the Long-Term Care Home to provide a Nutrition Care and Hydration Program. Meal Service to residents in Long-Term Care Homes throughout Ontario is closely controlled by the Ministry of Health and Long-Term Care (MOHLTC) and the food costs are 100% recoverable by the City as part of the level of care funding. Failure to meet these requirements would result in homes receiving MOHLTC orders to meet compliance with regulatory requirements and as a consequence, a reduction in MOHLTC/LHIN funding.

COMMENTS

The Request for Proposal

Request for Proposal No. 0602-12-0113 for the supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products to various Long-Term Care Homes and Services locations was issued by the Purchasing and Materials Management Division (PMMD) on August 29, 2012 and made available for download on the City's internet website. The closing date for the submission was September 21, 2012. Three (3) firms either downloaded the document from the PMMD website or purchased a hard copy of the RFP document.

Evaluation of Request for Proposal

A total of three (3) proposal submissions were received prior to the closing deadline:

1. Flanagan Food Service
2. Gordon Food Service
3. Sysco Food Service

A formal Selection Committee comprised of three (3) members from the Long-Term Care Homes and Services Division evaluated the technical proposals in compliance with the criteria set out in the Request for Proposal.

The Request for Proposal was divided into four (4) stages and evaluated on the following:

- Stage 1: Detailed Technical Evaluation

- Stage 2: Financial Evaluation
- Stage 3: Interview
- Stage 4: Proponent Site Inspection (if required)

The technical submissions were evaluated by members of the Selection Committee in accordance with a set of pre-established criteria. In compliance with the Request for Proposal, a list of mandatory requirements had to be passed and all three (3) Proposals met the mandatory requirements and advanced to Stage 1, Detailed Technical Evaluation. A threshold score of 75% or 60 points in Stage 1 had to be met by each technical proposal as a minimum requirement in order to advance and be considered further.

The technical proposals were evaluated by the Selection Committee and two (2) of the three (3) proposals submitted passed the Detailed Technical Evaluation. Flanagan Food Service was not successful and was not further evaluated. Sysco Food Service and Gordon Food Service exceeded the minimum technical evaluation in Stage 1 and advanced to Stage 2 - Cost. Sysco Food Service and Gordon Food Service passed Stage 2 and both proponents were invited to an interview (Stage 3 - Interview) for clarification purposes.

On completion of the Stage 3 interview process, the pre-interview evaluation and the post-interview evaluation score remained unchanged. The proposal from Gordon Food Service was ranked first with the highest overall point score and the lowest cost of services. The selection committee concluded that the proposal submitted by Gordon Food Service satisfies the overall requirements being the highest scoring proponent providing while providing the lowest overall cost.

Proponent's scores and staff analysis of the evaluation results of the Request for Proposal can be provided to Councillors in an in-camera presentation if requested by members of Council.

The Fair Wage Office has reported that the recommended firm has indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and that both firms have agreed to comply fully.

CONTACT

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SIGNATURE

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