



School Crossing Guard Program Update and Results of the Request for Proposal 9148-19-0114 for the Provision of School Crossing Guard Services

Date: May 22, 2019

To: Infrastructure and Environment Committee

From: General Manager, Transportation Services and Chief Purchasing Officer

Wards: All

SUMMARY

In November 2017, City Council approved the transfer of the School Crossing Guard Program from Toronto Police Service to Transportation Services, with long-term services to be provided through a third-party service provider starting August 1, 2019. During the transition for the 2018-2019 school year, Toronto Police Service continued to provide oversight of the program while Transportation Services provided short-term emergency backfill services (through vendors) to address absent school crossing guards. This has provided valuable operational knowledge for Transportation Services to better understand the resources needed to manage the program and how to best structure the upcoming solicitation to meet all the requirements of providing these services successfully in the long-term.

The transition from Toronto Police Service to Transportation Services represents an opportunity for more oversight of the School Crossing Guard Program, its reliability and its positioning within the realm of Vision Zero activities focused on the safety of children.

The purpose of this report is to:

- provide an overall progress update on the transition of the program,
- advise on the results of the RFP for the provision of School Crossing Guard Services,
- request authority to amend the 2019 Approved Operation Budget for Transportation Services to fund the 2019 requirements of the contracts, and
- request authority to award the contracts to the recommended bidders.

RECOMMENDATIONS

The General Manager, Transportation Services and Chief Purchasing Officer recommend that:

1. City Council authorize the General Manager, Transportation Services to negotiate, enter into, and execute an agreement with Carraway Inc., being the highest overall scoring proponent meeting the requirements of RFP 9148-19-0114 to provide School Crossing Guard Services at multiple locations in the City of Toronto for the South and East Zones for two (2) years from date of award to July 31, 2021 in the amount of \$28,326,240.00 net of all taxes and charges (\$28,824,781.82 net of HST recoveries) with an option to renew, on the sole discretion of the General Manager, Transportation Services, and subject to budget approval, for two (2) separate one-year periods in the amount of \$14,588,013.60 net of all taxes and charges (\$14,844,762.64 net of HST recoveries) in Option Year 1 and in the amount of \$15,025,654.01 net of all taxes and charges (\$15,290,105.52 net of HST recoveries) in Option Year 2, which includes an estimate of annual cost adjustments per year starting Option Year 1, with the potential total cost of \$57,939,907.61 net of all taxes and charges (\$58,959,649.98 net of HST recoveries), in accordance with terms and conditions as set out in the RFP and any other terms and conditions satisfactory to the General Manager, Transportation Services, and in a form satisfactory to the City Solicitor.
2. City Council authorize the General Manager, Transportation Services to negotiate, enter into, and execute an agreement with A.S.P. Inc., being the second highest overall scoring proponent meeting the requirements of RFP 9148-19-0114 to provide School Crossing Guard Services at multiple locations in the City of Toronto for the North and West Zones for two (2) years from date of award to July 31, 2021 in the amount of \$19,674,727.20 net of all taxes and charges (\$20,021,002.40 net of HST recoveries) with an option to renew, on the sole discretion of the General Manager, Transportation Services, and subject to budget approval, for two (2) separate one-year periods in the amount of \$10,132,484.51 net of all taxes and charges (\$10,310,816.24 net of HST recoveries) in Option Year 1 and in the amount of \$10,436,459.04 net of all taxes and charges (\$10,620,140.72 net of HST recoveries) in Option Year 2, which includes an estimate of annual cost adjustments per year starting Option Year 1, with the potential total cost of \$40,243,670.75 net of all taxes and charges (\$40,951,959.36 net of HST recoveries), in accordance with terms and conditions as set out in the RFP and any other terms and conditions satisfactory to the General Manager, Transportation Services, and in a form satisfactory to the City Solicitor.
3. City Council amend the 2019 Approved Operating Budget for Transportation Services by reallocating \$1,800,000 gross and net, from Right-of-Way Maintenance (\$200,000 gross and net) within the Road & Sidewalk Management Service, and Traffic Signs & Pavement Markings (\$1,600,000 gross and net) within the Transportation Safety & Operations Service, to the School Crossing Guard program within the Transportation Safety & Operations Service.

4. City Council authorize that \$1,600,000 of the Traffic Signs & Pavement Markings program be transferred to the Transportation capital program, pending a 2019 Approved Capital Budget reallocation report for Transportation Services later in 2019 to accommodate funding required for the transfer.

5. City Council amend the 2019 Approved Operating Budget for Non-Program Expense by transferring \$450,000 gross and net, and \$3,393,694 Non-Program Capital and Corporate Financing gross and net budget to the School Crossing Guard program within the Transportation Safety & Operations Service for a total transfer of \$3,843,694 gross and net to the 2019 Approved Operating Budget for Transportation Services.

FINANCIAL IMPACT

The total cost to the City for the two (2) contract awards for the first two (2) school seasons (2019-2020 and 2020-2021), net of HST recoveries, is \$48,845,784.

Funding of \$9,556,534 (net of HST recoveries) is required for September 1 to December 31, 2019 for 710 locations. Due to higher than budgeted costs for short-term emergency backfill services, School Crossing Guard Program funding currently available in the 2019 Approved Operating Budget for Transportation Services is \$3,912,840, resulting in a budget shortfall of \$5,643,694.

The recommendations in this report address the Operating Budget shortfall in 2019 as follows: reallocate funding of \$1,800,000 gross and net to the School Crossing Guard program from within the 2019 Approved Operating Budget for Transportation Services; and transfer funding of \$3,843,694 gross and net to the School Crossing Guard program from the 2019 Approved Operating Budget for Non-Program. In addition, \$1,600,000 of the Traffic Signs & Pavement Markings program will be transferred to the Transportation capital program. A 2019 Approved Capital Budget reallocation report for Transportation Services will be considered later in 2019 to accommodate funding required for the transfer.

Similarly, funding of \$24,422,892 (net of HST recoveries) is required for January 1 to December 31, 2020. With the understanding that the Operating Budget reallocation/transfer recommendations in this report will be ongoing in the Base Operating Budget, and that the number of locations will remain at 710, School Crossing Guard Program funding that will be available in the 2020 Base Operating Budget for Transportation Services will be \$14,798,694, resulting in a budget shortfall of \$9,624,198. This additional funding requirement will be included as part of the Operating Budget submission for Transportation Services for consideration during the 2020 budget process.

Exercising Option Year 1 and Option Year 2 is at the sole discretion of the General Manager, Transportation Services. If exercised, funding requirements for Option Year 1 and Option Year 2 will be included as part of the Operating Budget submissions for Transportation Services for consideration during the respective future budget process.

Table 1. Operating Budget Funding Details - First School Season 2019-2020

Vendor	Description	Operating Account	Sep. 1 - Dec. 31 2019 (net of HST recoveries)	Jan. 1- Jun. 30 2020 (net of HST recoveries)	Jul. 1- Jul. 30 2020 (net of HST recoveries)	Total (net of HST)
Carroway Inc.	Zones 1 & 4 (South & East)	TP0327	5,644,093	8,654,276	114,022	14,412,391
A.S.P. Inc.	Zones 2 & 3 (North & West)	TP0327	3,912,441	5,999,076	98,984	10,010,501
Total – first school season			9,556,534	14,653,352	213,006	24,422,892

Table 2. Estimated Contractual Costs – Years 2-4

Year	Estimated Costs (net of HST recoveries)
2020–2021	24,422,892
2021–2022 (Option Year 1)	25,155,579
2022–2023 (Option Year 2)	25,910,246
Total Estimated Costs – Years 2-4 (2020–2021 to 2022–2023)	75,488,717

Table 3. Total Estimated Contractual Costs – Years 1-4

Years	Estimated Costs (net of HST recoveries)
2019-2020 to 2022-2023	99,911,609

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on July 12, 13, 14, 15, 2016, City Council directed the City Manager to report to the Executive Committee on the feasibility of, and a strategic path for, transferring the School Crossing Guard Program from the Toronto Police Service to Transportation Services. The council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.PW14.1>

At its meeting on November 7, 8 and 9, 2017, City Council directed the General Manager, Transportation Services to contract out the School Crossing Guard Program with a third-party service provider starting August 1, 2019. The council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX28.5>

At its meeting on January 31, 2018, City Council adopted the TO Prosperity: Toronto Poverty Reduction Strategy 2018 Annual Work Plan for implementation with approval to pilot-test standards in City contracts and procurement documents related to advance notice of scheduling. The council decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.EX29.12>

COMMENTS

School crossing guards help improve the safety and comfort of children and their parents who walk or bike to school. They help children safely cross the street and also remind drivers of the presence of pedestrians at key intersections. The School Crossing Guard Program is one of the many countermeasures identified in Toronto's Vision Zero Road Safety Plan to improve safety around schools.

In Toronto, the School Crossing Guard Program has been operated by Toronto Police Service (TPS) since 1947. In January 2017, Toronto Police Service's Transformational Task Force released a report called, Action Plan: The Way Forward, which recommended that the School Crossing Guard program be transferred to the City of Toronto so that the police could focus on their core policing duties. Since this time, Transportation Services has been working with the TPS on the orderly transition and re-evaluation of this critical service.

The City of Toronto's School Crossing Guard Program is the largest in Canada, with 710 locations now being required by September 2019. The program is more than three times larger than the next largest program in the cities of Hamilton and Ottawa (roughly 200 school crossing guard locations each).

Phase 1: School Crossing Guard Emergency Backfill Program (September 2018 - June 2019)

During the first phase of the transition of the School Crossing Guard Program, TPS continued to manage the overall program while Transportation Services managed the emergency backfill of school crossing guards that were absent due to illness or vacation. Transportation Services retained the services of a contractor as a result of Request for Quotation (RFQ) No. 9148-18-0217 for the Backfill/Absent School Crossing Guard Program in June 2018. Based on previous historic records, the vendor was required to fill 20-40 locations per day for the 2018-2019 school year.

Upon implementation, however, there was a higher than expected demand for school crossing guard backfills with 90-100 crossing guard absences per day. Many of the daily absences were due to a large number of guards retiring as well as the addition of a number of newly approved locations that TPS experienced difficulties in filling. In order to manage this shortfall, Transportation Services hired two additional contractors in the winter of 2019 to help address the backlog of locations. Since the additional vendors have been hired, the daily backfill rate has improved from between 70 and 80 percent on a daily basis to between 90 and 100 percent.

Further, in operating the backfill program, guard retention and service level issues became apparent.

Phase 2: Preparing for the Assumption of Services

Through the operation of the backfill program, Transportation Services evaluated the existing program and determined how to best deliver it going forward. This would be achieved through an improved process and criteria for approving new school crossing guard locations and an updated cost model that accounts for improved operations.

Developing a New School Crossing Guard Location Request Approval Process

Prior to April 8, 2019, new school crossing guard location requests were assessed and approved by TPS. Since April 8, 2019, all new school crossing guard requests have been submitted to the City for review.

In consultation with the Toronto District and Toronto Catholic District School Boards, and the TPS, Transportation Services took this opportunity to review the existing approval process to ensure it included consultation and approval from the School Principal and local Councillor which resulted in the assignment of a school crossing guard where most appropriate.

The new process will limit the number of requests that staff must investigate and respond to and will ensure that requests are coordinated more effectively.

A new set of evaluation criteria is being developed for the approval process and will be reported in the Vision Zero 2.0 staff report, scheduled for July Council.

More details about the approval process can be found in Attachment 1.

Updated Cost Projections for the School Crossing Guard Program

The original estimate to operate the School Crossing Guard Program was \$10.383M (November 2017 Toronto Police Transformational Task Force staff report (EX28.5)) using a third-party service delivery model, while the in-house delivery was estimated to be \$10.2 M. Though the in-house delivery model was determined to be less expensive, it was anticipated there would not be enough time to scale up for full operation of the program using the in-house delivery model by September 2019. The third-party service delivery model was recommended to allow for full transfer of the program by August 1, 2019.

Table 4. Original Estimate: Contracted versus In-House Delivery Considerations

	Contracted Model	In-House Delivery
Number of School Crossing Guards Required	601 for permanent locations	601 for permanent locations, plus 50 guards on standby
City Staff Required	5 FTE to oversee and manage the contracts, and oversee and conduct new location request studies	16 FTEs to oversee and supervise all guards, which did not include the administrative, HR and payroll staff required to manage the hiring and payment to the guards
Estimated Cost	\$10.383M	\$10.2M

However, the City has since determined that these estimates were insufficient. There have been a number of changes over the past couple of years and lessons learned during the first phase of the transition that have had a significant impact on the estimated delivery costs. These include:

- TPS had approved an additional 110 school crossing guards in addition to the 601 guards from the original estimate that was developed,
- there were inconsistent levels of services throughout the city due to varying span of control under the TPS model,
- compensation for school crossing guards was under-estimated to be \$14.00/hour for 3 hours per day, leading to guard retention challenges, and
- it was extremely difficult to find people willing to work minimum wage for 3 hours when the time commitment is the full day.

Given the issues identified above, Transportation Services re-evaluated the annual cost of operating the program through a contracted model versus in-house. The updated annual estimated cost for third-party service delivery is \$24.5M, while in-house delivery would be anticipated to cost \$25.1M.

Table 5. Updated Estimate: Contracted versus In-House Delivery Considerations

	Contracted Model	In-House Delivery
Number of School Crossing Guards Required	710 for permanent locations, plus vendor required to ensure all sites are staffed every day	710 for permanent locations, plus 100 guards on standby
City Staff Required	5 FTE to oversee and manage the contracts, and oversee and conduct new location request studies	50 FTE to oversee and supervise guards, and conduct new location request studies
Estimated Cost	\$24.5M	\$25.1M

It is anticipated that it would require 50 FTEs to oversee and supervise the guards in the in-house delivery model, considering:

- 20:1 ratio of crossing guards to field supervisors to provide daily management oversight, ensure backfill coverage in the event that staff are absent, and to conduct regular spot checks to ensure staff are following protocols and wearing appropriate safety gear,
- management staff to undertake field investigations in response to requests for additional guards,
- management staff to track and forecast program budget control measures,
- human resources staff dedicated to oversight of the constant cycle of hiring new guards, and
- payroll staff dedicated to the mailing out of pay and worker information.

Whereas the estimated costs to deliver the program in-house versus through third-party contractors are relatively commensurate, Transportation Services recommends proceeding with the contracted model as it allows for immediate scaling up to deliver the program in September 2019.

Mitigating measures to control the budget

Understanding the high demands for school crossing guards and the cost implications it will have on the budget, City staff have undertaken a number of measures to help control the cost of the contract such as:

- implementation of new crossing guard approval process,
- award of contract to multiple vendors to ensure there is more than one vendor able to deliver portions of the contract, or take over areas should a vendor be under-performing

- implement a contract management process that would require monthly usage/spend analysis reviews to ensure that the "new" criteria for the approval process is successful,
- limited contract duration with opportunities for extensions should a vendor either fail or be successful,
- annual review of the locations for traffic changes for a specific location that may no longer fit the criteria of the approval process, and
- annual review of the costing model contracted services vs in-house to determine whether or not the alternative should be considered.

Awarding the Contract for School Crossing Guard Services

The City conducted an extensive investigation of other Ontario municipalities' School Crossing Guard Programs and used this knowledge coupled with the lessons learned of the back-fill experience to develop a Request for Proposal (RFP) that would allow for effective delivery the program.

Procurement Process

In preparation of the RFP, a Fairness Monitor was retained through a competitive bidding process and awarded the contract to MNP Inc. to act as Fairness Monitor for the RFP. The Fairness Monitor's scope of work included the following:

- addressing any concerns relating to accountability/fairness (monitoring the level of openness, transparency and competitiveness of the procurement process),
- independent assurance of integrity of the procurement process with a signed attest statement for the RFP,
- preparing a Final Attestation Report for the City that may be provided to Council as part of any required staff report to Council on a particular procurement,
- presenting report findings to City Council members, if required, and
- providing evidence and testifying in relation to any legal claim that may arise from the procurement process, if required.

The Fairness Monitor's scope of work was to oversee the RFP process for the purpose of ensuring adherence to a high standard of, objectivity of evaluation, and transparency.

In addition, in 2018, Council directed staff to pilot test standards in City contracts and procurement documents related to advance notice of scheduling (hereinafter the workforce scheduling pilot) as action item of the Toronto Poverty Reduction Strategy's 2018 work plan (see the TO Prosperity: Toronto Poverty reduction Strategy 2019 Report and 2018 Work Plan staff report, EX29.12).

The School Crossing Guard RFP met the criteria to be included in the pilot and will assess the impact of the provision of advance notice of scheduling on key stakeholders, including City Divisions, Vendors and Workers of City-contracted services

Request for Proposal (RFP) 9148-19-0114

A Request for Proposal (RFP) was prepared by Transportation Services, in consultation with Legal Services, Internal Audit, Fair Wage Office and in conjunction with the Purchasing and Materials Management Division, to provide School Crossing Guard Services at multiple locations in the City of Toronto for a period of two (2) years with the option to renew the contract for two (2) separate one-year periods.

The RFP process was conducted as a two envelope system whereby the proponents were required to submit two separate envelopes. Envelope one (1) was the technical proposal submission and envelope two (2) contained the cost of services. The cost of services envelopes were only opened for those proponents who met the 70% threshold (52.5 out of 75 points).

The RFP was structured to award separate vendors to each of the four (4) zones as outlined in Attachment 2. The intention was to award a contract to up to four (4) separate vendors, one (1) vendor per zone as a result of this RFP. The RFP was advertised on the City's internet website and four (4) proposals (Carraway Inc., A.S.P. Inc., Guild Electric Ltd., and Neptune Security Services Inc.) were received on closing date of March 29, 2019.

RFP Evaluation

A formal Selection Committee consisted of five (5) members, three (3) Transportation Services staff, one (1) Toronto Catholic School Board Staff, and one (1) Fair Wage staff, with on-going support from PMMD and the Fairness Monitor.

All staff involved in the preparation and the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement, and under the supervision of PMMD, evaluated the technical proposals in compliance with the criteria set out in Appendix E Proposal Evaluation Table contained in the RFP as follows:

- **Stage 1: Mandatory Submission Requirements:** In compliance with the RFP, a list of mandatory requirements had to be met in order to advance to Stage 2A. As a result of this compliance review, all four (4) proponents advanced to Stage 2A of the evaluation process.
- **Stage 2-A: Detailed Technical Evaluation (Proposal Content):** In Stage 2-A proponents were evaluated on their Technical proposal and a minimum threshold score of 67% (50 out of 75 points) had to be met in order to advance to Stage 2-B which was the Presentation/Demonstration Stage. Out of the four (4) firms that were evaluated, only three (3) proponents (Carraway Inc., A.S.P. Inc., and Guild Electric Ltd.) met the minimum threshold score of 67% (50 out of 75 points) and advanced to Stage 2B of the evaluation process.
- **Stage 2-B: Presentation/Demonstration:** The proponents were invited to provide a demonstration of their Reporting System functionalities and clarified questions that the selection committee had regarding their technical proposal. The presentation/demonstration was used by the selection committee as a mechanism to revisit, revise, confirm and finalize each proponent's scoring of technical proposal in

Stage 2-A. The scoring for this Stage was done by the same Selection Committee with PMMD and the Fairness Monitor present. All three (3) proponents passed the minimum threshold score for Stage 2-B of 70% (52.5 of 75 points).

- Stage 3: Cost of Services: In Stage 3, the cost of services envelope were opened for the three (3) proponents by PMMD. The costs of services submission were reviewed and the calculations of the total annual costs and price scores were reviewed and validated by PMMD and Corporate Finance. It was determined that one proponent's proposed price was over the City's budget envelope. Due to the City's budget constraints, the City was not able to consider this proponent and the vendor did not move forward within the RFP process for award. The technical scores and the cost of service scores were then added together with the total representing the final score for each of the remaining two (2) proponents.

Recommended Vendors

Based on the RFP final score and the cost of services, the City is recommending to award contracts to the two (2) highest scoring proponents identified in the evaluation process of this RFP that have met the specifications for this RFP, using the Alternative Award Scenario 2 (process for awarding to two different vendors):

- Award 1 (South and East Zones) is to be awarded to Carraway Inc. as the highest scoring proponent, and
- Award 2 (North and West Zones) is to be awarded to A.S.P Inc. as the second highest scoring proponent.

The Fairness Monitor concluded that the RFP process satisfied the principles of openness, fairness, consistency and transparency. The Attestation Report from the Fairness Monitor on the RFP Evaluation Process is included as Attachment 3.

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

Staff are seeking authority to enter into two separate agreements with each of the recommended proponents all in accordance with the terms set out in the RFP.

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ATTACHMENTS

Attachment 1: New School Crossing Guard Location Request Approval Process
Attachment 2: School Crossing Guard Zone Map
Attachment 3: Attestation Report from the Fairness Monitor