

Award of Negotiated Request for Proposals to Various Suppliers for the Provision of Winter Maintenance Services

Date: November 23, 2021

To: Infrastructure and Environment Committee

From: General Manager, Transportation Services and Chief Procurement Officer,
Purchasing and Materials Management

Wards: All

SUMMARY

The purpose of this report is to advise on the results of the Negotiated Request for Proposals (nRFPs) Doc2970598171 and Doc3136860258, as well as a non-competitive procurement for the provision of winter maintenance services, for all roads, sidewalks and cycling infrastructure types including anti-icing, de-icing, plowing and snow removal, and to request authority for the General Manager, Transportation Services to enter into agreements commencing October 2022 to April 2029, with three (3) additional separate option years to April 2032, with the recommended Suppliers meeting the requirements set out in the nRFPs.

Transportation Services currently provides annual winter maintenance services on approximately 5,600 km of roads, 6,960 km of sidewalks, and 940 km of bike lanes/trails/routes, which makes up the transportation network. The majority of winter maintenance is delivered by private contractors. Presently, there are 47 contracts under a 7-year term, which the City manages on a seasonal basis and are due to expire at the end of the 2021/2022 season (April 2022). Winter maintenance contracts are expected to maintain a safe transportation network that is efficient for all road users during the winter months and ensure that the City meets its legislative requirements under the Provincial Maintenance Standards, in addition to City Council's mandated Level of Service.

Transportation Services embarked on a process to review the existing winter services contracts with an aim to consolidate, adjust and provide specific and measurable performance measures with enhancements. On October 27, 2020, City Council adopted the Auditor General's Report of the Winter Road Maintenance Program along with a set of recommendations focused on improving the design, management and adherence to service levels. These City Council approved directions informed this procurement for winter services contracts.

This procurement is intended to set the foundation for partnerships that leverage the industry and best practices, while increasing performance and quality of work delivered by winter service suppliers.

This nRFP was developed as a strategic sourcing initiative led by the Purchasing and Materials Management Division's Category Management and Strategic Sourcing (CMSS) unit working with Transportation Services staff and external consultant support.

As a result of this sourcing initiative, the City will benefit from better contract controls around GPS and key performance metrics to hold Suppliers accountable in terms of contract requirements. Other potential benefits include value added services provided by Suppliers such as access to dash camera footage to respond to claims, an insurance rebate, volume discounts, LiDAR (Light detection and ranging) technology to weigh salt quantities, leasing revenue in the off season to store equipment on site, and a pilot to reduce the number of vehicles required for plow teams on expressways.

RECOMMENDATIONS

The General Manager of Transportation Services and the Chief Procurement Officer recommends that:

1. City Council, in accordance with Section 195-8.5 of Toronto Municipal Code Chapter 195, Purchasing, authorize the General Manager, Transportation Services to negotiate, enter into, and execute an agreement based on the terms and conditions set out in nRFP Doc2970598171 and on such other terms and conditions satisfactory to the General Manager, Transportation Services and in a form satisfactory to the City Solicitor with:

a. Infrastructure Maintenance Ltd. for the provision of Winter Maintenance Services for Contract Area TOA 1-1, as defined in nRFP Doc2970598171, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$96,187,111 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation (\$97,880,004 net of HST recoveries), with the option to renew the agreement at the sole discretion of the General Manager Transportation Services for up to three (3) additional separate one (1) year periods at a total additional amount of \$47,719,300 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$48,559,160 net of HST recoveries) for a total potential maximum contract value of \$143,906,411 net of all applicable taxes and charges (\$146,439,164 net of HST recoveries).

b. A&F Di Carlo Construction Inc. for the provision of Winter Maintenance Services for Contract Areas TOA 1-4 and TOA 1-5, as defined in nRFP Doc2970598171, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$119,610,422 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$121,715,565 net of HST recoveries), with the option to renew the agreement at the sole discretion of the General Manager Transportation Services for up to three (3)

additional separate one (1) year periods at a total additional amount of \$59,339,817 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$60,384,198 net of HST recoveries) for a total potential maximum contract value of \$178,950,239 net of all applicable taxes and charges (\$182,099,763 net of HST recoveries).

c. Maple Crete Inc. for the provision of Winter Maintenance Services for Contract Area TOA 2-2, as defined in nRFP Doc2970598171, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$ 81,463,570 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$82,897,329 net of HST recoveries), with the option to renew the agreement at the sole discretion of the General Manager Transportation Services for up to three (3) additional separate one (1) year periods at a total additional amount of \$40,414,817 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$41,126,118 net of HST recoveries) for a total potential maximum contract value of \$121,878,387 net of all applicable taxes and charges (\$124,023,447 net of HST recoveries).

d. Emcon Services Inc. for the provision of Winter Maintenance Services for Contract Area Don Valley/Gardiner Expressway, as defined in nRFP Doc2970598171, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$39,425,336 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$40,119,222 net of HST recoveries), with the option to renew the agreement at the sole discretion of the General Manager Transportation Services for up to three (3) additional separate one (1) year periods at a total additional amount of \$19,547,361 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$19,891,394 net of HST recoveries) for a total potential maximum contract value of \$58,972,697 net of all applicable taxes and charges (\$60,010,616 net of HST recoveries).

2. City Council, in accordance with Section 195-8.5 of Toronto Municipal Code Chapter 195, Purchasing, authorize to the General Manager, Transportation Services to negotiate, enter into, and execute an agreement with 2868415 Ontario Inc. (Joint Venture) for the provision of Winter Maintenance Services in Contract Areas TOA 1-2, TOA 1-3, TOA 2-3, TOA 2-4, as defined in nRFP Doc3136860258, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$381,088,780 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$387,795,942 net of HST recoveries), with the option to renew at the sole discretion of the General Manager Transportation Services for up to three (3) additional separate one (1) year periods at a total additional amount of \$189,061,607 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$192,389,092 net of HST recoveries) for a total potential maximum contract value of \$570,150,387 net of all applicable taxes and charges (\$580,185,033 net of HST recoveries), based on the terms and conditions set out in nRFP Doc3136860258 and on such other terms and conditions satisfactory to the

General Manager, Transportation Services and in a form satisfactory to the City Solicitor.

3. City Council authorize the General Manager, Transportation Services to negotiate, enter into and execute a non-competitive agreement with 2868415 Ontario Inc. (Joint Venture) for the provision of Winter Maintenance Services in Contract Areas TOA 2-1 and TOA 2-5, as defined in nRFP Doc3136860258, for a contract term of seven (7) years from date of execution of the agreement in the amount of \$265,706,565 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$270,383,000 net of HST recoveries), with the option to renew the agreement at the sole discretion of the General Manager Transportation Services for up to three (3) additional separate one (1) year periods at a total additional amount of \$131,819,442 net of all applicable taxes and charges, including contingency and annual escalation adjustment of three (3) percent to account for CPI inflation adjustment (\$134,139,464 net of HST recoveries) for a total potential maximum contract value of \$397,526,007 net of taxes and charges (\$404,522,464 net of HST recoveries), on terms and conditions satisfactory to the General Manager, Transportation Services and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total amount of the award for nRFP Doc2970598171, nRFP Doc3136860258, and non-competitive procurement for the provision of Winter Maintenance Services, for all roads, sidewalks and cycling infrastructure types including anti-icing, de-icing, plowing and snow removal within the City of Toronto, for Area 1 (TOA1-1 through TOA1-5), and Area 2 (TOA2-1 through TOA2-5) & Don Valley/Gardiner Expressways is \$1,471,384,127 (\$1,497,280,488 net of HST recoveries) over the ten (10) year contract term (inclusive of the three option years and contingency). A detailed map of Area 1 and Area 2 has been outlined in Figure 1 of the Comments Section below.

Funding for these contracts will be included in the 2022 Operating Budget submission. Funding for future years that reflects the actual experience of the prior winter seasons will be included for consideration in the future years' budget processes along with all other funded and unfunded City priorities.

Table 1 – Transportation Services Forecasted Operating Budget for Area 1, 2 and Don Valley/Gardiner Expressways for 2022 (Net of HST Recoveries)

Cost Centre	Area	November 1, 2022 - December 31, 2022	Total (Net of HST recoveries)
TS6020 & TS6050	Area 1	16,814,607	16,814,607
TS6030 & TS6040	Area 2	20,797,526	20,797,526
TS6040 & TS6050	Don Valley/Gardiner Expressways	1,577,115	1,577,115
Total		39,189,248	39,189,248

Table 2 – Total Contract Value from 2022 – 2032 (Net of HST Recoveries)

Year	Area 1	Area 2	Don Valley/Gardiner Expressways	Annual Amount (Net of HST recoveries)
2022	16,814,607	20,797,526	1,577,115	39,189,248
2023	56,553,130	69,949,013	5,296,815	131,798,958
2024	58,249,724	72,047,484	5,438,111	135,735,319
2025	59,997,215	74,208,908	5,601,255	139,807,378
2026	61,797,132	76,435,175	5,769,292	144,001,600
2027	63,651,046	78,728,231	5,942,371	148,321,648
2028	65,560,577	81,090,078	6,120,642	152,771,297
2029	46,847,548	57,944,446	4,373,620	109,165,615
Total Base Contract	429,470,980	531,200,860	40,119,222	1,000,791,062
Option Year 1	68,932,821	85,261,113	6,435,470	160,629,404
Option Year 2	71,000,806	87,818,947	6,628,534	165,448,286
Option Year 3	73,130,830	90,453,515	6,827,390	170,411,735
Total Option years	213,064,457	263,533,575	19,891,394	496,489,426
Grand Total	642,535,437	794,734,435	60,010,616	1,497,280,488

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

Projected Benefit(s)

Through the Strategic Sourcing initiatives, the City's total spend across all eleven (11) contract areas over the ten (10) year term, inclusive of the three option is \$1,421,459,109 net all applicable taxes and charges (excluding contingency, provisions and potential financial benefits stemming from value added services). This results in a cost avoidance of \$401,297,702 (or \$40,129,770 average annual cost avoidance) as compared to the estimated baseline (pre-solicitation estimate adjusted for inflation and market conditions) determined by the City for this contract.

In addition to the cost avoidance benefit, the City secured multiple value added services that were identified through proposal submissions, where Suppliers were encouraged to

propose services that could enhance the winter maintenance contracts in areas such as management oversight, tracking, monitoring and/or delivering requirements outlined in the procurements. Some of the major value added services include, but are not limited to:

- **Insurance Rebates:** Based on historical slip and fall claims, Suppliers have built in the cost of insurance claims into the daily rate charged to the City. Through negotiations, the City and multiple Suppliers have agreed to annually review the settled insurance claims over the previous 12-months. For all claims that are settled below the cost forecasted by Suppliers at the timing of their proposal submission, the City will receive an insurance rebate.
- **Lease of City Depot for Parking Equipment:** The City and Suppliers have agreed to enter into a separate lease agreement that will allow Suppliers to park their equipment within the designated contract areas during the off-season months. Separate discussions to outline the details of the agreement will be conducted between the respective Suppliers and the appropriate City divisions.
- **Material Measurement Report through Lidar Technology:** As part of the contract deliverables, Suppliers are required to periodically weigh the salt stored in the depot(s) of their respective Contract Area(s). For the Gardiner Express Way – Don Valley Contract Area, the City collaborated with the Supplier to supply and utilize a Lidar Technology system in the ceiling of the salt dome located at 777 Bayview Avenue. This system will be used to scan salt material and perform volumetric calculations to periodically determine the volume and weight of salt. This system will regularly report, at a low cost to the City, details including volume of material, material density factor, and weight of salt stored within the structure. This will result in efficiencies related to time, labour and resources for the City.
- **Volume Discount:** In the technical proposal submission, multiple Suppliers had proposed volume discounts that would be applied based on the City's total spend in each Winter Season per spend ranges pre-defined by the City. Upon review, the City ultimately secured an agreement which included a volume discount for all Contract Areas. The percent discount agreed upon with each supplier will be calculated based on City's total spend at the end of each Winter Season and applied against the invoices of the following Winter Season.

DECISION HISTORY

On October 27, 2020, City Council adopted the Auditor General's Report of the Winter Road Maintenance Program with a set of recommendations focused on improving the design, management and adherence to service levels. The Committee decision can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.AU6.2>

COMMENTS

Background

There are currently 47 contracts for winter maintenance services, which commenced in October 2015, based on road classification and services type. These contracts will terminate in April 2022. In the past, these contracts were tendered as Request for Quotations (RFQs) whereby the successful Supplier was determined primarily based on the lowest price.

Based on Transportation's review of the existing contracts, the Auditor General's report of the Winter Road Maintenance Program and the resulting set of recommendations, and consulting with the industry through a market sounding exercise, there was a need to amend the procurement strategy of the previous winter services contracts. Transportation Services staff engaged Purchasing and Materials Management's Category Management and Strategic Sourcing Unit for support.

Highlights of New Winter Services Contracts

The new set of procurements for winter services contracts provides a unique opportunity to consolidate all winter maintenance services for all road classifications and sidewalks, within the same geographic region achieving a more efficient and cooperative method to delivering services. A reduction from the current 47 winter contracts to 11 contracts is a strategic decision that will allow existing staff resources to better focus and support collaboration with suppliers to improve the quality and performance with an aim to cover all modes of transportation in an equitable and consistent manner.

The decision to utilize a negotiated Request for Proposal (nRFP) procurement process provided the City with an opportunity to leverage the industry's expertise by requesting Suppliers to submit a proposal with potential innovative solutions and volume discounts. One of the significant differences was not stipulating mandatory equipment and snow removal procedures. This allowed Suppliers the opportunity to combine best practices, creativity and new technology in their proposals that will set the standard for years to come.

More than half of the recommendations in the Auditor General's report focused on clarity of the contract language and terms for both parties. In consultation with Legal Services, Transportation Services has revised and improved the contract language to better ensure it is clear and consistent for all Service Areas.

Other notable modifications to the new winter services contracts include:

- Leveraging technology where possible,
- Claims and customer service delivery focus,
- Consolidation and reduction of facilities,
- Metrics to hold Suppliers accountable to contract requirements, and

- Flexibility to modify the contractual Winter Season where feasible to realize cost savings

Strategic Sourcing for Winter Maintenance Services

A team comprised of staff from Purchasing and Materials Management Division, Operations and Maintenance in the Transportation Services Division, HDR Inc. (consultants), Ernst & Young, with support from Legal Services and Accounting Services, and Transportation Services Business Support, developed the nRFP.

The team utilized several different inputs to understand trends, challenges, innovation, including market soundings with winter services Suppliers and public organizations, with the goal of increasing value for money, improving quality of service, productivity, and meeting the City's service level expectations.

The main components of the strategy that led to the benefits of this procurement explained below were:

1) To consolidate all related winter maintenance services work by activity and infrastructure type and the number of existing contracts to 11 geographical regions. This allows the City to leverage its volume of scope to support a competitive process and reduce City staff time and efforts to manage a reduced number of contracts so it may be used on other urgent City needs. Another resulting benefit is eliminating existing potential conflicts between multiple suppliers providing different winter maintenance services in a similar area. Under the aforementioned consolidated approach a single supplier will be accountable for executing all the winter maintenance services within their awarded zone, thus arranging a coordinated implementation.

2) Utilizing a nRFP to increase the ability to collaborate with Suppliers during the procurement process. The previous procurement process used for this scope such as RFQs (Request for Quotation) limited this ability. As such, the City was able to: (i) develop an opportunity to recognize the Suppliers' difference in experience and quality of delivery through technical proposal evaluations (including evaluation of innovation or value added services); and (ii) facilitate engagement with Suppliers in a collaborative way during the procurement process through direct negotiations with the highest scoring Suppliers for the 11 specific Contract Areas.

3) Leveraged an outcome based system inclusive of service levels with associated key performance indicators (KPIs) to improve overall quality and timeliness of performance and ensure City service levels are being met for each of the Contract Areas. This also fosters a collaborative working relationship with Suppliers as both parties will review the results of the KPIs regularly as defined in the nRFP to ensure service levels are being met.

4) Leverage GPS technology as the primary tool to support contract and supplier management including but not limited to payment validation, location tracking, material usage, inspection and contractor and supplier management.

5) Use of a standardized annual price adjustment mechanism to account for inflation, commodity and infrastructure and activity changes over the term of the contracts.

Procurement of Winter Maintenance Services

In order to strategically source the provision of winter maintenance services for all road, sidewalk and cycling infrastructure types including anti-icing, de-icing, plowing and snow removal services, across eleven (11) Contract Areas, the City conducted (2) separate Negotiated Request for Proposals (nRFP) and one (1) Non-Competitive Procurement as outlined below:

- Negotiated Request for Proposal: Doc2970598171 (nRFP-1)
- Negotiated Request for Proposal Doc3136860258 (nRFP-2):
- Non-Competitive Procurement

The sections below outline the evaluation, supplier selection, negotiation, and decision making process that led to all three (3) executed procurements.

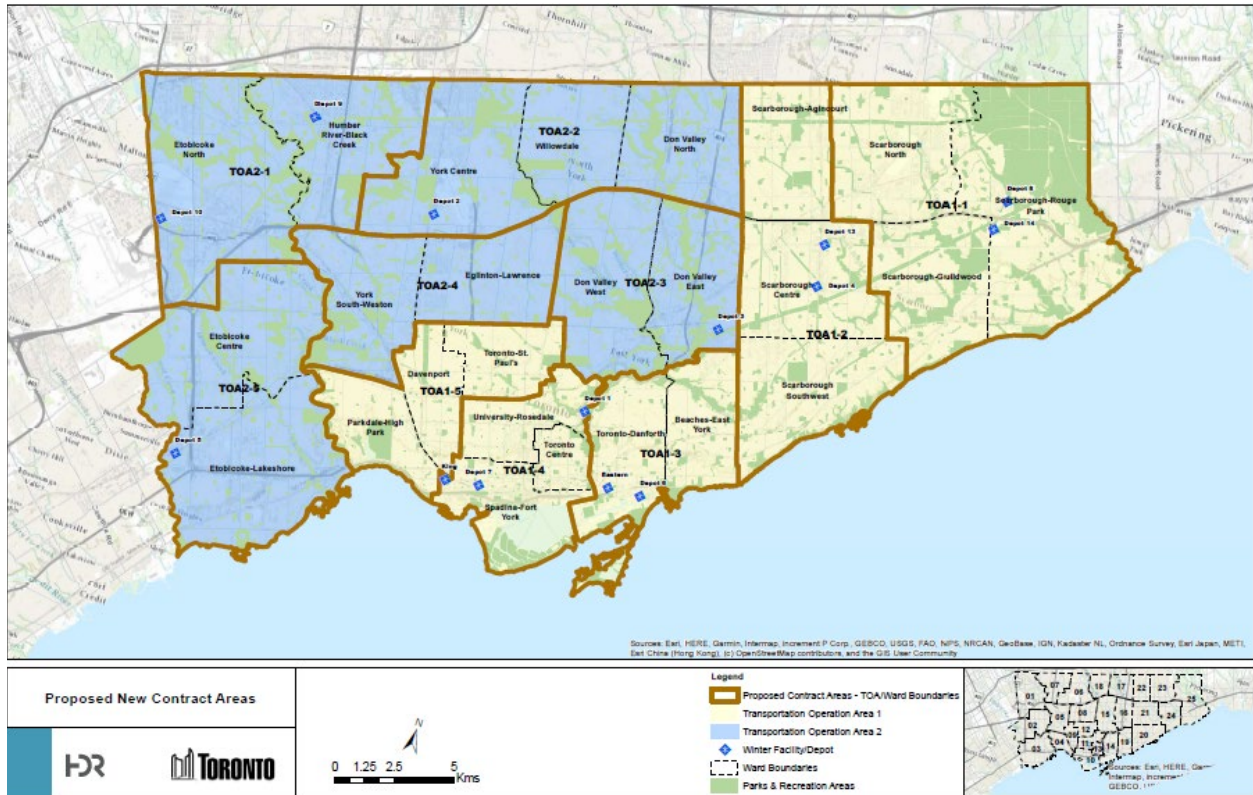
Negotiated Request for Proposal Doc2970598171 (nRFP-1):

The City issued nRFP-1 on May 7, 2021, with a closing date for submissions of June 16, 2021. One (1) Supplier Information Session was conducted to inform the Supplier market of the objective and process of this procurement. In total, seven (7) addenda were issued during the posting period of this nRFP.

The selected procurement format was a non-binding procurement process and as such, the terms and conditions of the nRFP do not form a legally binding agreement until such time as the agreement is fully executed following the award made by the Infrastructure and Environment Committee & City Council.

The nRFP-1 identified eleven (11) separate and unique geographical Contract Areas with a consistent scope of work.

Figure 1 - Eleven New Contract Areas



Suppliers were invited to submit proposals to be considered for up to eleven (11) Contract Areas. Each Supplier was required to submit one (1) response that included their proposed solution for the respective Contract Areas they wish to be considered for. Suppliers were required to submit proposals that demonstrated they had sufficient capacity to service the Contract Areas they wished to be considered for. They were required to meet or exceed minimum experiential and technical requirements while also offering high quality service at their best price. The Supplier who scored highest on the combination of both technical and pricing criteria for each of the Contract Areas would be invited to enter into direct contract negotiations with the City. The City did not limit the number of Contract Areas that a Supplier could be awarded if, through the evaluation process, the Supplier was able to demonstrate the organizational, financial and operational capabilities required to fulfill the deliverables of all Contract Areas it submitted a proposal for.

At the time of closing for Doc2970598171, proposals were received from the following Suppliers for each Contract Area:

	TOA Contract Area:										
Supplier	1-1	1-2	1-3	1-4	1-5	2-1	2-2	2-3	2-4	2-5	DV GE
A&F Di Carlo Construction Inc.				X	X						
Coco Paving Inc.	X	X	X	X	X	X	X	X	X	X	X
D. Crupi & Sons Ltd.	X	X						X			
Emcon Services Inc.											X
Gazzola Paving Ltd.											X
Infrastructure Maintenance Ltd.	X										
Maple Crete Inc.							X				
Pave-Tar Construction Ltd.						X					
ROA Inc.						X	X				
Steed and Evans Ltd.										X	
Total # of Proposals Per Contract Area	3	2	1	2	2	3	3	2	1	2	3

DVGE = Don Valley - Gardiner Expressways

Evaluation, Supplier Selection & Negotiation Process

A formal Evaluation Committee was convened for the purpose of reviewing and evaluating the proposals received in response to nRFP-1. The evaluation process described in nRFP-1 consisted of six (6) stages.

Stage 1: Mandatory Submission Requirements
Stage 2: Mandatory Financial Viability Requirements
Stage 3: Technical Proposal Evaluation
Stage 4: Pricing Proposal Evaluation
Stage 5: Ranking (Combined prorated score)
Stage 6: Contract Negotiations

Stage 1: Mandatory Submission Requirements

In Stage 1 Mandatory Submission Requirements, each of the Suppliers were required to submit responses to a list of mandatory requirements. This stage was evaluated on a pass/fail basis. As a result of this compliance review, all ten (10) Suppliers met the mandatory requirements and advanced to Stage 2 of the evaluation process for all Contract Areas.

Stage 2: Mandatory Financial Viability Requirements

In Stage 2, Proposals were evaluated on a pass/fail basis, to determine whether Suppliers met the necessary financial requirements outlined by the City. Submission requirements included financial statements, capital requirements, cash flow assessments and credit facilities. In addition, the City's review of financial requirements evaluated Proposals to determine if a Supplier had the necessary financial capacity to service all Contract Areas they submitted a proposal. Stage 2 and Stage 3 of the evaluation process took place concurrently. If a Proposal failed to meet the mandatory financial requirements of Stage 2, it was excluded from further consideration and further evaluation of their proposal in Stage 3 would cease.

All ten (10) Suppliers met the mandatory financial requirements to advance to Stage 3 - Technical Proposal Evaluation.

Stage 3: Technical Proposal Evaluation

Stage 3 was worth 70% of the overall proposal score. The evaluation team reviewed each Supplier's technical proposals against non-price related criteria. Scores from both the general and Contract Area specific responses made up a total technical score for each Contract Area and were summed to arrive at a total score out of 100. Only Suppliers that achieved the minimum threshold of 12 points on the operational capability criteria and met or exceeded the overall Stage 3 - Technical Proposal minimum threshold of 70 points out of 100, would proceed to Stage 4 - Pricing Evaluation.

Upon completion of Stage 3 evaluations, it was determined that five (5) of the eleven (11) Contract Areas (Contract Area TOA 1-1, TOA 1-4, TOA 1-5, TOA 2-2 & Don Valley/Gardiner Express Way) had at least one (1) supplier that met the minimum thresholds to advance to Stage 4 - Pricing Evaluation.

- Contract Area TOA 1-1: Infrastructure Maintenance Ltd.:
- Contract Area TOA 1-4: A&F Di Carlo Construction Inc
- Contract Area TOA 1-5: A&F Di Carlo Construction Inc
- Contract Area TOA 2-2: Maple Crete Inc.

- Don Valley/Gardiner Expressway: Emcon Services Inc., Gazzola Paving Ltd.

The remaining six (6) Contract Areas did not have a Supplier who met the minimum scoring thresholds and as a result would need to be procured through an alternative method.

Stage 4: Pricing Proposal Evaluation

In Stage 4, worth 30% of the overall total proposal score, the Supplier pricing proposals evaluated in accordance with the methodology set out in the nRFP.

Upon completion of the pricing evaluation, all five (5) Suppliers advanced to Stage 5 - Ranking of Suppliers per Contract Area.

Stage 5: Ranking (Combined prorated score)

In Stage 5, all scores from Stage 3 (70% of the total score) and Stage 4 (30% of the total score) were weighted and combined for each Contract Area as per the methodology set out in the nRFP. The Supplier submissions were then ranked based on the total score for each Contract Area. Based on the requirements of Stage 5, the following highest ranked proponent for each of the five (5) Contract Areas were selected to advance to Stage 6 - Contract Negotiations:

- Contract Area TOA 1-1: Infrastructure Maintenance Ltd.
- Contract Area TOA 1-4: A&F Di Carlo Construction Inc
- Contract Area TOA 1-5: A&F Di Carlo Construction Inc
- Contract Area TOA 2-2: Maple Crete Inc
- Don Valley/Gardiner Expressway: Emcon Services Inc

Stage 6: Contract Negotiations

In Stage 6 - Contract Negotiations, the City individually met with the four (4) top-ranked Suppliers (outlined above) for the purposes of entering into direct Contract negotiations for their corresponding Contract Area. Negotiations were conducted from September 30, 2021 to November 4, 2021 and focused on various topics including but not limited to:

- A Review and adjustment of proposed equipment levels;
- Clarification of scope assumptions;
- Alignment on terms and conditions for proposed value added services;
- Reduction of risk to both contractor and the City and;
- Identifying opportunities to reduce total cost of ownership to the City.

Upon conclusion of negotiations, Transportation Services staff reviewed the final agreed upon proposal including pricing and terms and conditions and confirmed their acceptance.

Negotiated Request for Proposal: Doc3136860258 (nRFP-2):

Through the evaluation and selection process of nRFP-1: Doc2970598171, the City was unable to identify qualified Suppliers for six (6) out of the City's eleven (11) Contract Areas. Upon review, the City developed a second Negotiated Request for Proposal (nRFP-2: Doc 3136860258) which incorporated enhancements to nRFP-1: Doc2970598171, including but not limited to, integration of feedback from the supplier community, internal lessons learnt, and an offer to provide feedback through formal debriefing sessions to proponents that had previously failed to meet the minimum threshold requirements of nRFP-1.

The second Negotiated Request for Proposal, soliciting submission for the six (6) remaining Contract Areas, was issued on September 2, 2021 and closed on September 28, 2021. One (1) Supplier Information Session was conducted to inform the Supplier market of the objective and process of this procurement. In total, there was five (5) addenda issued during the posting period of this second nRFP.

Similar to nRFP-1, Suppliers were invited to submit proposals for up to six (6) of the remaining Contract Areas and the City did not limit the number Contract Areas that a Supplier could be awarded if, through the evaluation process, the Supplier was able to demonstrate the organizational, financial and operational capabilities required to fulfill the deliverables of all Contract Areas it submitted a proposal for.

At the time of closing, proposals were received from the following Suppliers for each Contract Area:

Supplier	TOA 1-2	TOA 1-3	TOA 2-1	TOA 2-3	TOA 2-4	TOA 2-5
2868415 Ontario Inc. (Joint Venture)	X	X		X	X	
Coco Paving Inc.	X	X	X	X	X	X
D. Crupi & Sons Ltd.	X			X		
MVD Winter Services Inc. (Joint Venture)					X	
Pave-Tar Construction Ltd.					X	
ROA Inc. (Joint Venture)			X			

Supplier	TOA 1-2	TOA 1-3	TOA 2-1	TOA 2-3	TOA 2-4	TOA 2-5
Steed and Evans Ltd.						X
Total # of Proposals Per Contract Area	3	2	2	3	4	2

Evaluation, Supplier Selection & Negotiation Process

A formal Evaluation Committee was convened for the purpose of reviewing and evaluating the proposals received in response to the nRFP-2. As this procurement consisted of similar criteria and a six (6)-stage evaluation process identical to the first Negotiated Request for Proposal (nRFP-1), the following sections will only highlight the results of each of the six (6) stages.

Stage 1: Mandatory Submission Requirements

As a result of the compliance review conducted in Stage 1: Mandatory Submission Requirements, all seven (7) Suppliers met the mandatory requirements and advanced to Stage 2 - Mandatory Financial Viability Requirements.

Stage 2: Mandatory Financial Viability Requirements

The City's review of each Supplier's financials viability determined if a Supplier had capacity to service all Contract Areas in their submission. Similar to the first nRFP, Stage 2 and Stage 3 of the evaluation process took place concurrently. If a Supplier failed to meet the minimum requirements in either stage(s), their Proposal would be excluded from further consideration and evaluation of all other concurrent stages would cease.

Mandatory financial evaluations for six (6) out of the seven (7) Suppliers were completed in this stage, all of which met the minimum requirements to advance to Stage 3 - Technical Proposal Evaluation. One (1) Supplier, however, failed to meet the minimum scoring thresholds for Stage 3 - Technical Proposal Evaluations and as such, the City ceased Stage 2 - Mandatory Financial Viability evaluation for this Supplier and excluded the proposal from further consideration.

Stage 3: Technical Proposal Evaluation

Stage 3 - Technical Proposal Evaluations was worth 70% of the overall proposal score. As seen below, upon completion of Stage 3 evaluations, five (5) of the remaining six (6) Contract Areas (Area TOA 1-2, TOA 1-3, TOA 2-3, TOA 2-4 and TOA 2-5) had at least one (1) Supplier that met the minimum thresholds to advance to Stage 4 - Pricing Evaluation.

- Contract Area TOA 1-2: 2868415 Ontario Inc. (Joint Venture)

- Contract Area TOA 1-3: 2868415 Ontario Inc. (Joint Venture)
- Contract Area TOA 2-3: 2868415 Ontario Inc. (Joint Venture)
- Contract Area TOA 2-4: 2868415 Ontario Inc. (Joint Venture), MVD Winter Services Inc (JV), & Pave-Tar Construction Ltd.
- Contract Area TOA 2-5: Steed & Evans Ltd.

Evaluations for Contract Area TOA 2-1 identified no Suppliers that met the minimum scoring requirements, and as such the City formally notified all Suppliers that this Contract Area would not be awarded through nRFP-2: Doc3136860258.

Stage 4: Pricing Proposal Evaluation

Stage 4 - Pricing Proposal Evaluation was worth 30% of the overall proposal score. Upon completion of the pricing evaluation, the following three (3) suppliers proceeded to Stage 5 - Ranking.

- 2868415 Ontario Inc.(Joint Venture)
- MVD Winter Services Inc.
- Pave-Tar Construction Ltd.

In reviewing the pricing proposal submitted for Contract Area TOA2-5, the City determined that the proposal did not meet the requirements outlined in the nRFP. Staff concluded there was no viable option for Stage 6 - Negotiations that would result in an acceptable financial outcome for the City. As a result, the City cancelled the award for the Contract Area and would be seeking alternative sourcing options for the provision of these services.

Stage 5: Ranking (Combined Prorated Score)

Based on the final prorated ranking, 2868415 Ontario Inc. (Joint Venture) was identified as the highest ranked Supplier for all four (4) of the remaining Contract Areas, and as such, was selected to advance to Stage 6 - Contract Negotiations.

Stage 6: Contract Negotiations

The City conducted negotiations with 2868415 Ontario Inc. (Joint Venture) from November 9, 2021 to November 10, 2021 and focused on similar topics as outlined in the negotiation stage for nRFP-1: Doc 2970598171.

Upon conclusion of negotiations, Transportation Services staff reviewed the final agreed upon proposal including pricing and terms and conditions and confirmed their acceptance.

Non-Competitive Procurement (Contract Area TOA2-1 and TOA2-5)

As the City was unable to award Contract Area TOA2-1 and TOA2-5 through the two (2) Negotiated Request for Proposals described above, Transportation Services elected to procure the provision of winter maintenance services for these areas through a Non-

Competitive Procurement, in accordance with Section 195-7.1 of Toronto Municipal Code Chapter 195, Purchasing.

The City solicited a proposal from 2868415 Ontario Inc. (Joint Venture), the highest ranked Supplier identified in the evaluation process of the nRFP 2: Doc3136860258. In this previous solicitation, 2868415 Ontario Inc. (Joint Venture) had demonstrated the operational and financial capacity to be awarded additional Contract Areas beyond what it had been awarded. Upon reviewing the proposal submitted in response to this Non-Competitive Procurement, the City conducted negotiations for these two (2) Contract Areas, which were concurrently held with negotiations for nRFP-2: Doc3136860258.

Conclusion

Upon Committee and Council approval, Suppliers will be notified of the approval and will be sent their respective agreements for execution.

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

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ATTACHMENTS
