

Award of Request for Proposal No. 2110-16-3160 to BSM Technologies Ltd. for the Provision of Telematics Solution

Date: May 9, 2017
To: Government Management Committee
From: Deputy City Manager & Chief Financial Officer
Director, Purchasing and Materials Management
Wards: All

SUMMARY

The purpose of this report is to provide information on the results of the Request for Proposal (RFP) 2110-16-3160 for the provision of a Telematics Solution and Services and to seek authority to negotiate and enter into an Agreement with the recommended proponent, BSM Technologies Ltd., for a fixed period of four (4) years with the option to renew and extend the term of the Agreement for three (3) additional separate two (2) year periods.

Telematics refers to the use of wireless devices, Global Positioning Satellites (GPS), and information technologies to transmit vehicle engine and location data in near real time back to an organization. This technology provides an organization with specific data relating to vehicle location, utilization, and operation.

For the City fleet, a Telematics solution and services include, but are not limited to, automated vehicle tracking, monitoring of winter road maintenance operations such as snow ploughing and salting, integration with in-cab camera equipment and functionality to automate the pre-trip vehicle inspection and to retain electronic documentation. Pre-trip inspection and retention of inspection documents is a provincially legislated requirement for vehicles with a gross vehicle weight rating of over 4,500 Kilograms.

RECOMMENDATIONS

The Deputy City Manager & Chief Financial Officer and the Director, Purchasing and Materials Management recommend that:

1. City Council grant authority to the General Manager of Fleet Services to negotiate and enter into an Agreement with BSM Technologies Ltd. who was the highest scoring proponent meeting the requirements as set out in the Request for Proposal 2110-16-3160 for a period of four (4) years from August 1, 2017 to July 31, 2021 with

the option to renew and extend the term of the Agreement for three (3) additional separate two (2) year periods at the sole discretion of the General Manager, Fleet Services for an estimated total cost of \$15,298,922 (excluding all taxes and charges), based on the terms and conditions set out in the Request for Proposal and in a form satisfactory to the City Solicitor.

2 . City Council approve the reallocation of cash flow commitments of \$188,256 (all net of HST recoveries) from the 2017 Approved Solid Waste Management Services Capital Budget to each year in the amount of \$47,064 from 2018 to 2021, for the Solid Waste Management Services 2017-2026 Approved Capital Budget and Plan (CSW380-01) funded by Waste Management Reserve (XR1404) and recoverable debt as shown in Table 4.

3. City Council approve cash flow commitments of \$137,968 in 2018; \$79,040 in 2019; \$173,882 in 2020; and \$134,506 in 2021 (all net of HST recoveries) in the Fleet Services 2017-2026 Approved Capital Budget and Plan funded by the vehicle/equipment reserves as shown in Table 5.

4. City Council authorize the Chief Financial Officer and Deputy City Manager to make the necessary adjustments.

FINANCIAL IMPACT

The total potential contract award including all option years is \$15,568,183 net of HST recoveries.

Funding for the period of August 1, 2017 to December 31, 2017 in the initial contract period in the amount of \$804,499 is available in 2017 Approved Operating and Capital Budgets from various City Divisions/Agencies that use Telematics services. The operating funding for the period of January 1, 2018 to July 31, 2021 in the initial contract period will be funded from the various operating budgets for Divisions/Agencies. The capital funding for the period of January 1, 2018 to July 31, 2021 will be funded as per recommendation 2 and 3 which are subject to Council Approval.

Should the City decide to exercise its option to renew for an additional three (3) separate two (2) year periods, appropriate additional funding, as required, will be requested through the annual budget submissions for each Division and Agency for each option year.

Should additional City Divisions and Agencies choose to deploy Telematics during the contract term and any extensions of the contract term, the Divisions and Agencies will include appropriate funding in their annual budget submissions.

The funding requirement is estimated for the contract award period of ten (10) years. As per the RFP, there is no commitment for a minimum volume or dollar amount to the vendor. Funding summary for participating Divisions and Agencies for the initial four (4) years and the optional three (3) separate two (2) year periods is provided in Table 1.

Table 1: Costs Summary for Divisions and Agencies (net of HST recoveries)

Division / Agency	Initial Contract (4 years)	Option Period 1 (2 years)	Option Period 2 (2 years)	Option Period 3 (2 years)	Total Contract Value
Transportation Services	3,989,187	1,778,833	1,778,833	1,777,409	9,324,262
Solid Waste Management	894,102	482,833	512,954	509,792	2,399,681
Toronto Water	317,019	108,830	108,830	191,083	725,762
Engineering & Construction	97,583	41,549	36,832	44,693	220,656
Municipal Licensing & Standards	413,221	151,228	151,228	267,102	982,778
Toronto Public Library	164,346	107,609	58,203	58,203	388,361
Corporate Security	30,483	14,193	21,398	14,193	80,268
Fleet Services	554,866	265,083	341,437	285,028	1,446,414
Total	6,460,807	2,950,159	3,009,715	3,147,502	15,568,183

Table 2 provides the costs summary for the initial four (4) years for the participating Divisions and Agencies.

Table 2: Costs Summary for Initial Contract Period for Divisions and Agencies (net of HST recoveries)

Division / Agency	Aug 01, 2017 - Dec 31, 2017	Jan 01, 2018 - Dec 31, 2018	Jan 01, 2019 - Dec 31, 2019	Jan 01, 2020 - Dec 31, 2020	Jan 01, 2021 - July 31, 2021	Total
Transportation Services	499,244	979,261	947,236	947,236	616,209	3,989,187
Solid Waste Management	235,692	157,232	167,466	190,057	143,655	894,102
Toronto Water	21,609	79,184	51,861	51,861	112,505	317,019
Engineering & Construction	12,466	23,741	24,890	20,174	16,312	97,583
Municipal Licensing & Standards	30,442	78,168	73,060	188,934	42,618	413,221
Toronto Public Library	0	95,766	26,547	26,547	15,486	164,346
Corporate Security	1,893	14,454	4,543	4,543	5,051	30,483
Fleet Services	3,155	138,873	161,918	145,603	105,317	554,866
Total	804,499	1,566,679	1,457,521	1,574,955	1,057,154	6,460,807

Costs Summary for the three (3) separate two (2) year periods is provided in Table 3.

**Table 3: Costs Summary for Optional Years for Divisions and Agencies
(net of HST recoveries)**

Division / Agency	Aug 01, 2021 - Jul 31, 2023	Aug 01, 2023 - Jul 31, 2025	Aug 01, 2025 - Jul 31, 2027	Total
Transportation Services	1,778,833	1,778,833	1,777,409	5,335,075
Solid Waste Management	482,833	512,954	509,792	1,505,579
Toronto Water	108,830	108,830	191,083	408,743
Engineering & Construction	41,549	36,832	44,693	123,074
Municipal Licensing & Standards	151,228	151,228	267,102	569,557
Toronto Public Library	107,609	58,203	58,203	224,014
Corporate Security	14,193	21,398	14,193	49,785
Fleet Services	265,083	341,437	285,028	891,548
Total	2,950,159	3,009,715	3,147,502	9,107,376

The Solid Waste Management adjustment as per recommendation 2 is shown in Table 4.

Table 4: Solid Waste Management Adjustment

Division / Agency	Funding	2018	2019	2020	2021	Total
Solid Waste Management Services	CSW380-01	47,064	47,064	47,064	47,064	188,256

As per recommendation 3, the costs for the period from 2018 to 2021 (net of HST recoveries) that required adjustments are shown in Table 5. These amounts have been included in the approved 10 years plan for the respective programs.

Table 5: Divisions and Agency Adjustments

Division / Agency	Funding	2018	2019	2020	2021	Total
Transportation Services	CFL010	26,254	26,254	26,254	15,315	94,077
Toronto Water	CFL038	22,214	-	-	82,253	104,467
Engineering and Construction	CFL009	4,813	6,452	1,735	4,518	17,518
Municipal Licensing & Standards	CFL007	-	-	115,874	-	115,874
Toronto Public Library	CFL003	49,864	-	-	-	49,864
Corporate Security	CFL036	4,803	-	-	2,402	7,205
Fleet Services	CFL035	30,019	46,334	30,019	30,019	136,392
Total		137,968	79,040	173,882	134,506	525,397

The capital and operating funding breakdown along with funding source details by Cost Centre/WBS Account and Cost Element used by Divisions and Agency are provided in Attachment 1. The capital costs are for the initial purchase and installation of the equipment; and the operating costs are for monthly service charges for maintenance and repairs.

In the fleet industry, a Telematics solution enables benefits in the areas of driver and vehicle safety, compliance monitoring for legislative requirements, fleet right sizing with vehicle utilization facts, fuel consumption and cost and driving route optimization. While these benefits cannot be quantified at this time any savings as a result of Telematics will be included in future years' budget submissions.

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

DECISION HISTORY

On March 4, 2011, Fleet Services Division issued RFQ 3401-11-3035 for the non-exclusive supply, delivery, and warranty of an Automated Vehicle Location (AVL) system. At its meeting on June 15, 2011, Bid Committee awarded the contract to InterFleet Inc. (Contract No. 47015982) in the amount of \$479,280 (excluding all taxes and charges) for an initial period of one (1) year and with the option to exercise four (4) additional separate one (1) year terms. Total extended contract value, including all option year renewals was \$975,814 (excluding all taxes and charges).

[\(Link to the Decision document\)](#)

At its meeting on March 31, and April 1, 2016, City Council authorized the General Manager, Fleet Services to amend the existing Contract No. 47015982 with InterFleet Inc. to increase the contract value by an additional \$80,000 (excluding all taxes and charges), revising the current total contract value to \$1,055,814 (excluding all taxes and charges) and to extend the term of the contract for an additional one (1) year period from April 1, 2016 to March 31, 2017, and otherwise under the same pricing, terms, and conditions as set out in the original contract (GM10.16).

[\(Link to the decision document\)](#)

At its meeting on June 13, 2016, the Government Management Committee authorized the General Manager, Fleet Services to amend the existing Contract No. 47015982 with InterFleet Inc. to increase the contract value by an additional \$380,000 (excluding all taxes and charges) revising the current total contract value to \$1,435,814 (excluding all taxes and charges) otherwise under the same pricing, terms, and conditions as set out in the original contract (GM13.17).

[\(Link to the decision document\)](#)

A non-competitive contract was initiated under the authority of General Manager, Fleet Services Division to allow Fleet Services to continue obtaining services with minimal disruption to services until such time as the RFP was issued and awarded in the amount of \$135,000 (excluding all taxes and charges).

COMMENTS

As of December 2016, there were over four hundred and seventy five (475) City vehicles and over fourteen hundred (1,400) Transportation Services contracted vehicles equipped with Telematics. Fleet Services provides overall vendor and contract management including issue resolution and process development on behalf of the City Divisions and Agencies for Telematics.

The Telematics industry in Canada continues to evolve as it recognizes the importance of providing solutions and services along with the complex technology products.

The City of Toronto has approximately 5,200 vehicles and specialized equipment. The Telematics solution utilizes the Global Positioning Systems (GPS), the vehicle Electronic Control Module (ECM), sensors from specialized vehicles and equipment, and the wireless network to provide information on the vehicle location and utilization, ploughing and salting for winter road maintenance, and ECM derived information such as speed, harsh braking, and distance travelled. It is envisioned that peripheral devices will be integrated with Telematics to automate work such as pre-trip inspections and electronic record keeping.

The fleet industry uses Telematics for improving fleet safety. An in-cab camera solution integrated with the Telematics solution facilitates accident reconstruction and driver coaching that are based on video recordings of the incident. The use of the in-cab camera solution has resulted in significant reduction in accidents in other organizations and is used to have fact based discussions with the operator and the authorities.

Currently, Transportation Services pays for Telematics charges as a part of their total contracted services invoice. To gain efficiencies, going forward Transportation Services will pay for the Telematics services directly to the Telematics vendor under the Fleet Services contract award.

There are diverse uses of Telematics depending on the Division and Agency and their business requirements. Table 6 below provides a summary of the business requirements that are enabled with the use of Telematics by the various Divisions and Agencies.

Table 6: Summary of Business Requirements for Telematics by Division and Agency

Division / Agency	Business Requirements for Telematics
Transportation Services	Vehicles location and tracking, Sensor services for winter road maintenance, Pre-trip inspection automation
Solid Waste Management Services	Vehicle location and tracking, In-cab camera, Pre-trip inspection automation
Toronto Water	Vehicle location and tracking, Finding the nearest vehicle for dispatching to an emergent situation, Pre-trip inspection automation
Engineering and Construction Services	Vehicle location and tracking, Sensor services for safety lights and flashers, Management reporting for exceptions
Municipal Licensing and Standards	Vehicle location and tracking, Finding the nearest vehicle for dispatching to an emergent situation, Last known location of the vehicle
Corporate Security	24/7 operation driver safety, Vehicle location and tracking, Finding the nearest vehicle for dispatching to an emergent situation, Hard braking, fast acceleration and fast turns
Public Library	Vehicle location and tracking, Finding the nearest vehicle for pick-up and delivery, Last known location of the vehicle, Optimizing pick-up and delivery service, Pre-trip inspection automation
Fleet Services	Vehicle safety, Compliance monitoring for legislation related to vehicles over 4,500 Kilogram, Fleet size optimization, Fuel reduction

Request for Proposal (RFP) 2110-16-3160 Procurement Process

Fairness Monitor

The firm of Knowles Consultancy Services Inc. was retained through a competitive bidding process to act as Fairness Monitor for the RFP. The Fairness Monitor's scope of work was to oversee the RFP process for the provision of the Telematics solution from draft stages to execution which included oversight on the procurement process for the purpose of ensuring adherence to high standard, objectivity of evaluation, and transparency. The scope also included addressing any concerns relating to accountability/fairness (monitoring the level of openness and competitiveness of the procurement process), independent assurance of the integrity of the procurement process with a signed attestation statement, and preparing a Final Attestation Report for the City.

RFP Process

Request for Proposal (RFP) 2110-16-3160 for the provision of a Telematics Solution and Services was issued by Purchasing and Materials Management Division (PMMD) on December 9, 2016 and made available to download on the City's internet website. The closing date for submissions was January 23, 2017. As a result eleven (11) firms downloaded the document and four (4) firms including BSM Technologies Ltd., Telus Communications Company, International Road Dynamics, and GoFleet submitted a Proposal.

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 75% threshold or 56.25 points out of 75 points.

Evaluation of the Request for Proposal (RFP) 2110-16-3160 Submissions

A formal Selection Committee consisted of four (4) staff members, two (2) from Fleet Services, one (1) from Transportation Services and one (1) from Corporate Security, with on-going support from PMMD and the Fairness Monitor. All staff involved in 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

Stage 2: Detailed Technical Evaluation (Proposal Content)

(A) Proposal Content

(B) Interview and Demonstration

Stage 3: Cost of Services

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, BSM Technologies Ltd. and GoFleet advanced to Stage 2A of the evaluation process. Telus Communications Company and International Road Dynamics did not meet the Mandatory submission requirements and did not advance to Stage 2A.

Stage 2A: Detailed Technical Evaluation (Proposal Content)

In Stage 2A proponents were evaluated on their Technical proposal and a minimum threshold score of 75% or 48.7 out of 65 points had to be met in order to advance to Stage 2B which was the Interview and Demonstration Stage. Out of the two (2) firms that were evaluated, only one (1) met the minimum threshold score of 75% or 48.7 points out of 65 points and advanced to Stage 2B of the evaluation process.

Stage 2B: Interview and Demonstration

Fleet Services provided the required areas for presentation and for demonstration to PMMD who then communicated with the proponent to outline these requirements. The proponent provided a demonstration of their pre-trip inspection and in-cab camera functionalities. In the presentation the proponent provided their client-facing process and methods. The scoring for this Stage was done by the same Selection Committee with PMMD and the Fairness Monitor present. The minimum threshold score for combined Stages 2A and 2B was 75% or 56.25 points out of 75 points.

Stage 3: Cost of Services

In Stage 3 the cost of services envelope was opened for BSM Technologies Ltd. that met the 75% threshold or 56.25 points out of 75 points. The costs of services submission was reviewed and the calculations of the total annual costs and price scores were validated by PMMD and Corporate Finance.

Knowles Consultancy Services Inc. concluded that the procurement process satisfied the principles of openness, fairness, consistency, and transparency. The Attestation Report from the Fairness Monitor is included as Attachment 2.

Proponent's scores and staff analysis of the evaluation results 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 it has reviewed and understands the Fair Wage Policy and labour Trades requirements and has agreed to comply fully.

Fleet Services will continue to have the overall vendor and contract management and process oversight responsibility. The Divisions and Agencies will continue with their current responsibility of day-to-day operational use and management of the Telematics services.

CONTACT

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SIGNATURE

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Michael Pacholok
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ATTACHMENTS

Attachment 1: Funding Breakdown and Source Details by Cost Centre/WBS Account and Cost Element

Attachment 2: Attestation Report from the Fairness Monitor