



REPORT FOR ACTION

Award of Request for Proposal (RFP) No. 0602-17-0316 for the non-exclusive supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products, Nutrition Supplements and Tube Feeding Formulas at various City of Toronto's Long-Term Care Homes & Services locations.

Date: December 29, 2017
To: Community Development and Recreation Committee
From: General Manager, Long-Term Care Homes & Services Division and Chief Purchasing Officer
Wards: All

SUMMARY

The purpose of this report is to provide information on the results of Request for Proposal (RFP) 0602-17-0316 for the non-exclusive supply and delivery of Groceries, Frozen Foods, Seafood, Meat and Meat Products, Nutrition Supplements, and Tube Feeding Formulas at various City of Toronto's Long-Term Care Homes & Services (LTCHS) locations and to request authority to negotiate and enter into a legal agreement with the recommended Proponent, Gordon Food Service Canada Ltd.

RECOMMENDATIONS

The General Manager, Long-Term Care Homes & Services and Chief Purchasing Officer recommend that:

1. Community Development and Recreation Committee grant authority to the General Manager, Long-Term Care Homes & Services Division to negotiate and enter into an agreement with Gordon Food Service Canada Ltd., being the highest scoring Proponent meeting the requirements of Request for Proposal (RFP) 0602-17-0316 based on the terms and conditions set out in the RFP 0602-17-0316, for a term of two (2) years commencing April 1, 2018 to March 31, 2020 with the option to renew for three (3) additional separate one (1) year option periods at the sole discretion of the General Manager, Long-Term Care Homes & Services, based on the terms and conditions set out in the RFP, any addenda, the Proposal submitted by Gordon Food Service Canada Ltd., and otherwise on such terms and conditions satisfactory to the General Manager, Long-Term Care Homes & Services Division and in a form satisfactory to the City

Solicitor, at a cost not to exceed a total of \$38,547,063 net of all taxes (\$38,570,954 net of HST recoveries) and \$38,573,593 inclusive of all applicable taxes.

FINANCIAL IMPACT

The total potential contract award identified in this report including all option periods is \$38,547,063 net of all taxes (\$38,570,954 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 & Services' annual operating budget submissions. Funding required for the first period of April 1, 2018 to December 31, 2018 in the amount of gross \$5,580,690 (zero net) net of HST recoveries has been included in the Long-Term Care Homes & Services 2018 Preliminary Operating Budget. Gross funding for the remainder of the initial contract period will be requested in the 2019 - 2020 Operating Budget Submissions for Long-Term Care Homes & Services, as noted in the table below:

Should the City choose to exercise its option to renew for three (3) separate one (1) year periods, then appropriate additional funding, if needed, will be included in the 2020 - 2022 annual Operating Budget Submissions for Long-Term Care Homes & Services, as noted in the table below:

Table 1: Financial Impact Summary of Recommended Contract – Costs to be Recovered (Net of HST Recoveries)

Division:	LTCHS
Cost Centre / Cost Element:	D3*032 / 2741, 2746 D3*144 / 2826
Contract Period April 1, 2018 to December 31, 2018	5,580,690
Contract Period January 1, 2019 to December 31, 2019	7,440,920
Contract Period January 1, 2020 to March 31, 2020	1,860,230
Option Year 1 April 1, 2020 to December 31, 2020	5,748,111
Option Year 1 January 1, 2021 to March 31, 2021	1,916,037
Option Year 2 April 1, 2021 to December 31, 2021	5,920,554
Option Year 2 January 1, 2022 to March 31, 2022	1,973,518
Option Year 3 April 1, 2022 to December 31, 2022	6,098,171
Option Year 3 January 1, 2023 to March 31, 2023	2,032,724
Grand Total	38,570,954

The RFP contains two separate cost components. The first component is for Groceries, Frozen Foods, Seafood, Meat, Meat Products, and Paper/Non-Food Products. This component is a "cost plus" contract where the Proponent's percentage mark-up over distributor cost is determined in the Proposal and remains fixed for the duration of the contract. The second component is for Nutrition Supplements and Tube Feeding Formulas and the proponent was required to specify the exact cost per product.

The above option years reflect a 3% 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.

Financial Incentives

The RFP allowed for Proponents to provide details of cost incentive programs and any other programs that would benefit the City. As a result, the Proponent has offered a financial incentive to benefit the City and it has been taken into consideration for the evaluation of the pricing component of the RFP. The details of the financial incentives offered will be outlined in the in-camera presentation if requested by Committee Members.

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

DECISION HISTORY

At its meeting on November 27, 28, and 29, 2012, City Council adopted Report No.18.3 of the Community Development and Recreation Committee and authorized the City to enter into a legal agreement with Gordon Food Service Canada Ltd. as the successful Proponent of the RFP 0602-12-0113 for Long-Term Care Homes & Services for a two (2) year period commencing April 1, 2013 to March 31, 2015, with an option to renew for three (3) additional one (1) year periods at the sole discretion of the General Manager, Long-Term Care Homes & Services; and City Council direct the General Manager to report to the Community Development and Recreation Committee prior to the end of the first option year to request authorization to renew for two (2) additional and separate one (1) year options 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 & Services, 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).

Following is a link to the decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM18.13>

COMMENTS

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. Ten (10) long-term care homes

will be without access to groceries, frozen foods, seafood, meat and meat products, nutrition supplements, and tube feeding formulas as of April 1, 2018.

On October 6, 2017, the City issued RFP 0602-17-0316 with a closing date of October 27, 2017 for the supply and delivery of groceries, frozen foods, seafood, meat and meat products, nutrition supplements, and tube feeding formulas for the City's ten (10) long-term care homes.

The RFP was structured with 3 stages. In stage 1, it was mandatory for the Proponent(s) to comply with the mandatory submission requirements. In stage 2, the Proponent(s) were evaluated on the technical component and were required to meet the minimum threshold of 65% (or 48.75 out of 75 points). As part of the RFP, there was an option for Proponents who met the threshold to be invited to an interview as part of Stage 2B, however, this was not conducted. As a result, Proponents that passed the technical component were evaluated in Stage 3 on the cost of services component (up to a maximum of 25 points).

The RFP allowed for Proponents to submit Proposals for the non-exclusive supply and delivery of groceries, frozen foods, seafood, meat and meat products, nutrition supplements, and tube feeding formulas for the City's ten (10) long-term care homes. The RFP also stipulated that the resulting legal agreement would be for a two (2) year period commencing April 1, 2018 to March 31, 2020, with an option to renew for three (3) additional one (1) year periods.

The Evaluation Team was comprised of three (3) members from the Long-Term Care Homes & Services Division representing Food & Dietetic Services, Program Administration, and Financial Services.

The RFP was advertised on the City of Toronto's Internet website. Five (5) firms downloaded the document from the PMMD website. This resulted in a total of two (2) submissions being received and opened on October 27, 2017, from the following Proponents:

Gordon Food Service Canada Ltd.
Sysco Toronto

Stage One Evaluation – Mandatory Submission Requirements

The first stage of the evaluation was a "pass/fail" analysis based on whether mandatory submission requirements were met. The two (2) Proposals submitted by Gordon Food Service Canada Ltd. and Sysco Toronto met the mandatory submission requirements and advanced to Stage Two.

Stage Two Evaluation – Detailed Evaluation (Technical Proposal Evaluation)

The second stage required a minimum threshold of 65% (or 48.75 out of 75 points) on the technical proposal in order for the Proponent(s) to be considered further. Upon evaluation, both Proponents met the minimum threshold and proceeded to Stage three.

Stage Three Evaluation – Financial

The Financial Proposal portion was considered and evaluated as a part of the Proponent's overall score (out of 100) for ranking purposes. This stage of the evaluation was scored out of 25 points. Following an analysis of the two (2) Proposals, the committee members determined the final scores and determined that Gordon Food Service Canada Ltd. was the highest scoring Proponent.

Recommended Proponent

It is recommended that the highest scoring Proponent, Gordon Food Service Canada Ltd. be awarded a contract for the non-exclusive supply and delivery of groceries, frozen foods, seafood, meat and meat products, nutrition supplements, and tube feeding formulas to Long-Term Care Homes & Services for an initial term of two (2) years commencing April 1, 2018 to March 31, 2020, with an option to renew for three additional one (1) year periods.

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.

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

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SIGNATURE

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