



## REPORT FOR ACTION

# Award of Request for Proposal 3016-18-0221 For: Tax & Utility Printing, Mailing & Design Services, eBilling Services, PDF Services, Support of ePost and Fillable Forms Services

**Date:** June 26, 2018

**To:** Government Management Committee

**From:** Treasurer and Chief Purchasing Officer

**Wards:** All

## SUMMARY

---

The purpose of this report is to advise on the results of the Request for Proposal ("RFP") 3016-18-0221 for the provision of Tax & Utility Printing, Mailing & Design Services, eBilling Services, PDF Services, Support of ePost and Fillable Forms Services for the Revenue Services Division. Staff are seeking authority to negotiate and to enter into an Agreement with the recommended proponent Formost Data Products Inc. for an initial term of five (5) years, with the option to renew for an additional five (5) separate one (1) year periods. The City's option to renew will be based on the annual review of the Vendor's performance level over the prior years and the availability of funds in the City's operating budget for the renewal term. Formost Data Products Inc. will provide Tax & Utility Printing, Mailing & Design Services related to property tax bills and utility bills. The agreement with the recommended proponent will also allow the City to expand billing services to include electronic billing options (eBilling Services), PDF Services, Support of ePost and Fillable Forms Services, as operational and systems readiness permits. New eBilling and PDF options will enable the fulfillment of Business Modernization programs over the next four (4) years, and support alignment with Enterprise eCity Solutions for channel and service integration.

## RECOMMENDATIONS

---

The Treasurer and the Chief Purchasing Officer recommend that:

1. City Council grant authority to the Treasurer to negotiate and enter into an agreement with Formost Data Products Inc., who was the highest scoring proponent meeting the requirements as set out in the Request for Proposal 3016-18-0221 for a fixed period of five (5) years from January 1, 2019 to December 31, 2023 in the amount of \$7,890,327 excluding all taxes (net of HST) with the option to renew for an additional five (5) separate one (1) year periods in the amount of

\$8,915,115 excluding all taxes (net of HST), based on the terms and conditions satisfactory to the Treasurer and in a form satisfactory to the City Solicitor.

## FINANCIAL IMPACT

---

The total potential value of the Tax & Utility Printing, Mailing & Design Services, eBilling Services, PDF Services, Support of ePost and Fillable Forms Services contract including all option years is \$16,805,442 net of HST (\$17,101,218 net of HST recoveries).

Funding details for the procurement cost net of HST recoveries is provided below.

Table 1 below illustrates the operating funding requirements and operating impacts for the fixed period of five (5) years from January 1, 2019 to December 31, 2023.

**Table 1: Funding and Operating Impacts (Fixed Period)**

|  | 2019                  | 2020                  | 2021*                 | 2022*                 | 2023*                 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries |
| Utility Billing Operating Cost Centre FS0166 Cost Element 4825 | \$937,156             | \$846,828             | \$872,233             | \$898,400             | \$925,352             |
| Tax Billing Operating Cost Centre FS0173 Cost Element 4825     | \$740,425             | \$671,380             | \$691,522             | \$712,267             | \$733,635             |
| <b>Total</b>   | <b>\$1,677,581</b>    | <b>\$1,518,208</b>    | <b>\$1,563,754</b>    | <b>\$1,610,667</b>    | <b>\$1,658,987</b>    |

\*Pricing for years 3, 4 & 5 are calculated by applying CPI as per Appendix D of RFP 3016-18-0221

Funding for 2019 will be included in the Office of the Treasurer's 2019 Operating Budget Submission and additional operating funding will be requested in the 2020-2023 Office of the Treasurer's Operating Budget Submissions.

Table 2 below illustrates the operating funding requirements and operating impacts for the additional five (5) separate one (1) year option periods.

**Table 2: Funding and Operating Impacts (Optional Periods)**

|  | 2024**                | 2025**                | 2026**                | 2027**                | 2028**                |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries | Net of HST recoveries |
| Utility Billing Operating Cost Centre FS0166 Cost Element 4825 | \$953,112             | \$981,706             | \$1,011,157           | \$1,041,491           | \$1,072,736           |
| Tax Billing Operating Cost Centre FS0173 Cost Element 4825     | \$755,644             | \$778,314             | \$801,663             | \$825,713             | \$850,484             |
| <b>Total</b>   | <b>\$1,708,757</b>    | <b>\$1,760,019</b>    | <b>\$1,812,820</b>    | <b>\$1,867,204</b>    | <b>\$1,923,221</b>    |

\*\*Pricing for all option years calculated by applying CPI per section 5.3 (7) of RFP 3016-18-0221

Funding for the five (5) annual optional one (1) year renewals will be included in 2024-2028 Office of the Treasurer's Operating Budget Submissions.

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

## COMMENTS

---

### Background

Annually, Revenue Services generates approximately \$6.0B in Tax revenue (including education), and \$1.2B in Utilities in billings.

With the wide scale acceptance and use of computer and mobile devices, changing customer preferences for billing methods and payments, and advances in electronic billing technology, the opportunity exists through this RFP to continue to offer traditional billing/mailling options, while expanding billing options to include electronic billings, expanded electronic payment options, and to offer electronic forms submission and communications and notifications.

### Vision

Being the 4th largest City in North America, with a population of 2.8 million residents, the City of Toronto strives to continue to evolve to meet ever changing customer demands and to deliver consistent and high quality service.

In an effort to enhance our customer experience through convenience and flexibility, Revenue Services is seeking to offer Tax and Utility customers with a comprehensive bill notification and eBilling option and expand available on-line services as a viable alternative to traditional print and mail delivery.

In order to accomplish this, Revenue Services is looking for a single Proponent to working in partnership in delivering an integrated solution for the City of Toronto.

Revenue Services is also actively working to ensure that all printed and web content meet the requirements of Accessibility Guidelines (WCAG) 2.0, Level AA in accordance with the AODA's Integrated Accessibility Standards Regulation. One of the key requirements of this call was to secure a proponent that could provide a web based eBilling service that can integrate with the City of Toronto's master portal and Tax and Utility systems, are MFIPPA and AODA-compliant, scalable, flexible and open to accommodate future functionalities as additional requirements emerge.

This strategy is an integral part of the Tax and Utility Billing Modernization Project and supports the City of Toronto's Strategic Actions to improve customer service, as well as the Mayor's cost saving mandate.

### **Procurement Process**

RFP No. 3016-18-0221 for the provision of Tax & Utility Printing, Mailing & Design Services, eBilling Services, PDF Services, Support of ePost and Fillable Forms Services for the Revenue Services Division was issued by the Purchasing and Materials Management Division (PMMD) on April 20, 2018 and was made available to download on the City's internet website. Six addenda were issued and the call closed on June 8th, 2018. Three firms submitted a proposal.

The RFP was seeking a qualified Proponent to work with Revenue Services to provide the City of Toronto's with an integration solution to support the following:

- a full set of services to design, print, maintain and mail both the tax and utility bills and supporting materials today and future,
- an integrated service to allow Revenue Services customers and CoT staff access to PDF versions of all bills and supporting materials,
- an integrated eBilling service that will provide Revenue Services customers with access to service capabilities that will allow them to receive their CoT Tax and/or Utility bills electronically,
- support of Revenue Services ePost customers and support for online Tax and Utility fillable forms.

The RFP evaluation process was conducted as a two envelope system whereby the proponents were required to submit two separate envelopes. Envelope one (1) contained the proposal submission and envelope two (2) contained the cost of services. The cost of services envelope were opened for the proponents who met the threshold of 75% in each category of Stage 2a.

## Evaluation of the Request for Proposal (RFP) No. 3405-17-0350 Submissions

A formal Selection Committee was comprised of seven (7) staff members, five (5) from Revenue Services, one (1) from Information & Technology (I&T), and one (1) from City Manager's Office, with on-going support from Purchasing and Materials Management Division (PMMD). All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement to Purchasing and Materials Management Division (PMMD) and evaluated the proposals in compliance with the criteria set out in the RFP as follows:

### Stage 1: Initial Evaluation Mandatory Requirements

Proposals were reviewed by Purchasing and Materials Management Division (PMMD) to assess compliance with the mandatory requirements. All proposals complied with these requirements.

### Stage 2A – Detailed Evaluation

The evaluators scored the requirements based on the scale described in the table 3 below through consensus meetings.

Table 3 – Scoring Scale

| Score | Rating                               | Detailed Description  |
|-------|--------------------------------------|---|
| 100%  | <b>Fully meets the requirement</b>   | The description provided by the Proponent provides enough detail to allow the CoT staff to fully understand how the Proponent can meet the requirements         |
| 50%   | <b>Meets part of the requirement</b> | The description provided by the Proponent does not provide enough detail to allow the CoT staff to fully understand how the Proponent can meet the requirements |
| 0%    | <b>Does not meet requirement</b>     | The description provided by the Proponent does not meet the requirements  |

Table 4 below describes the percentage allocated to each evaluation criteria group, the total points assigned to the evaluation criteria and the threshold that had to be met to move on to the next stage.

Table 4 – Evaluation matrix

| <b>Weight</b> | <b>Requirement</b>                                       | <b>Description/Threshold</b> |
|---------------|--|------------------------------|
| 10%           | General  | Points 2000, Threshold 1500  |
| 20%           | Printing, Mailing and Design                             | Points 4000, Threshold 3000  |
| 10%           | eBilling   | Points 2000, Threshold 1500  |
| 5%            | PDF, Archival and Retrieval                              | Points 1000, Threshold 750   |
| 5%            | ePost  | Points 1000, Threshold 750   |
| 5%            | Fillable Forms   | Points 1000, Threshold 750   |
| 5%            | Innovation   | Points 1000, Threshold 750   |
| 10%           | Proponent Contents                                       | Points 2000, Threshold 1500  |
| 20%           | Cost   | Points 4000                  |
| 10%           | Interviews, Site Visits and Demonstrations (if required) | Points 2000, Threshold 1500  |

After the evaluation of Stage 2A was complete, two (2) proposals did not meet the threshold score. The final proposal moved onto Stage 2B.

**Stage 2B: Cost of Services**

Purchasing and Materials Management Division (PMMD) completed the Cost of Service evaluation. The costs of services submission was reviewed and the calculations of the total annual costs and price scores were validated by Selection Committee and Corporate Finance and one (1) proposal moved to stage 3.

**Stage 3: Interviews, Site Visits and Demonstrations**

At the end of stage 3 Formost Data Products Inc. was the highest scoring proponent.

At the conclusion of the evaluation process, staff are seeking authority to negotiate and to enter into an Agreement with the recommended proponent Formost Data Products Inc. for an initial term of five (5) years, with the option to renew for an additional five (5) separate one (1) year periods. Formost Data Products Inc. will provide Tax & Utility Printing, Mailing & Design Services related to property tax bills and utility bills. The agreement with the recommended proponent will also allow the City to expand billing services to include electronic billing options (eBilling Services), PDF Services, Support of ePost and Fillable Forms Services, as operational and systems readiness permits. New eBilling and PDF options will enable the fulfillment of Business Modernization programs over the next four (4) years, and support alignment with Enterprise eCity Solutions for channel and service integration.

The Fair Wage Office has reported that the recommended proponent has indicated that it has reviewed and understands the Fair Wage Policy and labour Trades requirements and has agreed to comply fully.

Proponent's scores and staff analysis of the evaluation results can be provided to Councillors in an in camera presentation, upon request.

## **CONTACT**

---

Elena Caruso, Manager, Goods and Services,  
Purchasing and Materials Management, Tel. 416-392-7316  
[Elena.Caruso@toronto.ca](mailto:Elena.Caruso@toronto.ca)

Casey Brendon, Director, Revenue Services, Tel. 416-392-8065  
[casey.brendon@toronto.ca](mailto:casey.brendon@toronto.ca)

## **SIGNATURE**

---

Mike St. Amant  
Treasurer

Mike Pacholok  
Chief Purchasing Officer