



REPORT FOR ACTION

Amendments to Purchase Orders 6048571, 6045120, 6045121, and 6048213 for Emergency Hotel/Motel Accommodation and Recommendation to Award Request for Proposal No. 6815-18-7217 Short Term Hotel/Motel Accommodations for Shelter Clients

Date: June 11, 2019
To: Economic and Community Development Committee
From: General Manager (I), Shelter, Support and Housing Administration and Chief Purchasing Officer
Wards: All

SUMMARY

This report is to obtain City Council's authority to award Request for Proposal No. 6815-18-7217 for the provision of Short Term Accommodations for shelter clients through the use of hotel/motel services for operated shelters for the period of one (1) year from date of award with the option to renew the contract for an additional four (4) separate one (1) year periods for a total award of \$541.5 million net of all applicable taxes, \$611.9 million including HST and all applicable charges and \$551.0 million net of HST recoveries. Should the option(s) be exercised, then the General Manager of Shelter, Support and Housing Administration will request the Chief Purchasing Officer to process the renewals under the same terms and conditions.

Refer to Appendix A for the breakdown of the total value of award for each of the recommended six (6) proponents.

Further, this report advises City Council, pursuant to Chapter 195 of the Toronto Municipal Code (Purchasing By-Law Section 195-7.4), of the related emergency amendments that were processed on four (4) existing non-competitive Purchase Orders.

RECOMMENDATIONS

The General Manager, Shelter, Support and Housing Administration, and the Chief Purchasing Officer recommend the following:

1. City Council authorize the General Manager, Shelter, Support and Housing Administration, to negotiate and enter into six (6) agreements with the six (6) successful proponents having met all the requirements set out in Request for Proposal 6815-18-7217 for the Provision of Short Term Accommodations for Shelter Clients through the use of Hotel/motel Services for Operated Shelters, on terms and conditions set out in the RFP and satisfactory to the General Manager, Shelter, Support and Housing Administration, and in a form satisfactory with the City Solicitor, as follows:

(a) 73719 Newfoundland & Labrador Inc., for an initial term of one year from the date of award in the amount of \$8,600,000 excluding all taxes (\$8,751,360 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$8,600,000 excluding all taxes (\$8,751,360 net of Harmonized Sales Tax recoveries), for a total contract value of \$43,000,000 excluding all taxes (\$43,756,800 net of Harmonized Sales Tax recoveries);

(b) Om Tatsat Inc. (New Plaza Motel), for an initial term of one year from the date of award in the amount of \$2,700,000 excluding all taxes (\$2,747,520 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$2,700,000 excluding all taxes (\$2,747,520 net of Harmonized Sales Tax recoveries), for a total contract value of \$13,500,000 excluding all taxes (\$13,737,600 net of Harmonized Sales Tax recoveries);

(c) InnVest Hotels LP a/o Comfort Inn Pickering, for an initial term of one year from the date of award in the amount of \$13,500,000 excluding all taxes (\$13,737,600 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$13,500,000 excluding all taxes (\$13,737,600 net of Harmonized Sales Tax recoveries), for a total contract value of \$67,500,000 excluding all taxes (\$68,688,000 net of Harmonized Sales Tax recoveries);

(d) InnVest Hotels LP a/o Comfort Inn Newmarket, for an initial term of one year from the date of award in the amount of \$9,600,000 excluding all taxes (\$9,768,960 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$9,600,000 excluding all taxes (\$9,768,960 net of Harmonized Sales Tax recoveries), for a total contract value of \$48,000,000 excluding all taxes (\$48,844,800 net of Harmonized Sales Tax recoveries);

(e) 2361173 Ontario Inc. (Sunray Group of Hotels) for an initial term of one year from the date of award in the amount of \$53,800,000 excluding all taxes (\$54,746,880 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$53,800,000 excluding all taxes (\$54,746,880 net of Harmonized Sales Tax recoveries), for a total contract value of \$269,000,000 excluding all taxes (\$273,734,400 net of Harmonized Sales Tax recoveries); and

(f) 2656601 Ontario Inc. (Toronto Plaza Hotel & Conference Centre Toronto Airport), for an initial term of one year from the date of award in the amount of \$20,100,000 excluding all taxes (\$20,453,760 net of Harmonized Sales Tax recoveries), with the option to renew for four additional separate one-year periods in the amount of \$20,100,000 excluding all taxes (\$20,453,760 net of Harmonized Sales Tax recoveries),

for a total contract value of \$100,500,000 excluding all taxes (\$102,268,800 net of Harmonized Sales Tax recoveries).

FINANCIAL IMPACT

Purchase Order Amendments

Emergency amendments were processed on four (4) existing non-competitive Purchase Orders. The total amendment amount for the four contract is \$24,300,000, net of all taxes, \$24,727,680 net of HST recoveries. The amendments were needed to maintain continuity of services to cover the costs of food and lodging for refugee households until such time as the Request for Proposal No. 6815-18-7217 could be issued and awarded.

No further amendments will be processed against these purchase orders.

There is sufficient funding in the 2019 Operating Budget for Shelter, Support and Housing Administration to fund these amendments. The following table outlines the financial details of the amendments.

Table 1: Financial Impact Summary of Non-Competitive Amendments for January 1 to July 31, 2019

Purchase Order	Vendor	\$ Amount (Net of All Taxes and Charges)	\$ Amount (Net of HST Recoveries)
6048571 (Cost Centre F01527)	265601 Ontario Inc. o/a Toronto Plaza Hotel	\$9,000,000	\$9,158,400
6045120* (Cost Centre F00053)	Radisson Hotel	\$6,000,000	\$6,105,600
6045121* (Cost Centre F00053)	Radisson Hotel	\$7,300,000	\$7,428,480
6048213 (Cost Centre F00054)	Comfort Hotel Airport North	\$2,000,000	\$2,035,200
Total		\$24,300,000	\$24,727,680

*6045120 is for food, 6045121 is for accommodation

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The total potential award for all recommended proponents including all option years, August 1, 2019 to July 31, 2024, is \$541.5 million net of all applicable taxes, \$611.9 million including HST and all applicable charges and \$551.0 million net of HST recoveries. See Appendix A for details.

The 2019 Operating Budget for Shelter, Support and Housing Administration includes a budget of \$46.4 million that can be used for the purposes of hotel/motel accommodation. The City will use multiple hotel/motel locations up to a value that does not exceed the budget. It is operationally important to have multiple purchase orders in place because the City does not have exclusive rights to the hotel/motel rooms. Rooms are reserved when and if available which means a hotel/motel room at one location may not be readily available for shelter use. Multiple purchase orders provide the flexibility needed to switch to another provider when the hotel/motel operator has previous commitments to another party (i.e. conferences, vacationers).

Table 2 details the timing of the commitments for each budget year if all options were exercised to their fullest. It is important to note that, in this case, the commitment does not mean a certain expenditure will take place. The commitment is a purchase order target limit. The total maximum dollars spent between any of the proponents recommended will be to a maximum of available dollars.

Table 2:

Period	Cost Centre (Various - F01527, F00052, F00053, F48031, F48131, F00058)	Total (Net of HST Recoveries)
Date of award – December 31, 2019	\$45,919,200	
January 1, 2020 – July 31, 2020	\$64,286,880	
Total: Contract Period	\$110,206,080	\$110,206,080
Total: 2019 Budget Year	\$45,919,200	
August 1, 2020 – December 31, 2020	\$45,919,200	
January 1, 2021 – July 31, 2021	\$64,286,880	
Total: Option Year 1	\$110,206,080	\$110,206,080
Total: 2020 Budget Year	\$110,206,080	
August 1, 2021 – December 31, 2021	\$45,919,200	
January 1, 2022 – July 31, 2022	\$64,286,880	
Total: Option Year 2	\$110,206,080	\$110,206,080
Total: 2021 Budget Year	\$110,206,080	
August 1, 2022 – December 31, 2022	\$45,919,200	
January 1, 2023 – July 31, 2023	\$64,286,880	
Total: Option Year 3	\$110,206,080	\$110,206,080
Total: 2022 Budget Year	\$110,206,080	
August 1, 2023 – December 31, 2023	\$45,919,200	
January 1, 2024 – July 31, 2024	\$64,286,880	
Total: Option Year 4	\$110,206,080	\$110,206,080
Total: 2023 Budget Year	\$110,206,080	
Total: 2024 Budget Year	\$64,286,880	
Grand Total	\$551,030,400	\$551,030,400

Should the options for the four (4) additional one (1) year periods be exercised, funds will be included in the 2020-2024 Shelter, Support and Housing Administration Division's Operating Budget submissions.

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

DECISION HISTORY

Council first approved the use of non-procurement hotel/motel purchase orders on May 24, 25 and 26, 2017, report CD20.6, "2017 Funding Allocations for Shelter and Related Services." The purchase orders were extended to the end of 2017:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD20.6>

As the refugee population persisted, and in fact increased, Council approved extensions and increases to the hotel/motel purchase orders on November 7, 8 and 9, 2017, report CD23.12, "Managing Refugee Flows." The purchase orders were once again extended, this time until the end of December 2018

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.CD23.12>

COMMENTS

Shelter, Support and Housing Administration Division (SSHA) operates an emergency shelter system for families and it is near capacity. SSHA continues to accommodate a high level of refugee families in need of emergency shelter in Toronto. In response to the additional refugee need, SSHA has opened up more hotel/motel space. On May 31st, 2019, over 2,000 refugee clients were accommodated in the hotel/motel program. SSHA has always used hotels as a supplement to the base amount of shelter beds available in the system. Hotels/motels are helpful in that they can help provide additional surge capacity when required.

Additional space has been needed to ensure SSHA can maintain its service level commitment to provide emergency shelter to those in need. Our shelter system occupancy continues to operate above 90%. As per Council directive, the General Manager must respond on an urgent basis whenever occupancy rises above the 90% mark of capacity. The non-procurement purchase orders provided the necessary assistance to ensure continuity of service.

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SSHA regularly uses hotel/motel operators to supplement the City's shelter system. Most recently, additional motel/hotel providers were added to assist with the higher volume of refugee arrivals.

The Request for Proposal creates open purchase orders that allow SSHA to call upon the Vendors to provide hotel/motel services for emergency shelter services as and

when required. The roster of hotels and /or motels is established through the evaluation of proposals and by the geographic locations of the facilities and amenities that meet our operational needs. Hotel/motel availability is dependent upon vacancy.

A Request for Proposal (RFP) 6815-18-7217 was prepared by SSHA in conjunction with the Purchasing and Materials Management Division (PMMD), for the provision of Short Term Accommodations for shelter clients with multiple motel/hotel providers in the GTA. The RFP was advertised on the City's internet website on December 10, 2018 and closed February 13, 2019. Four (4) firms downloaded the document and 4 firms submitted a total of six (6) proposals for evaluation. Two (2) firms provided two (2) separate proposals each based on location.

The RFP evaluation process was conducted as a one envelope system. A maximum of 75 points was allocated for the Technical Proposal and 25 points for the Cost of Services. Each technical proposal had to meet a minimum score of 52.5 points (70%) in order to be further considered for evaluation.

A selection committee comprised of three individuals from the Shelter, Support and Housing Administration Division; two (2) from the Homelessness Initiatives & Prevention Services, and one (1) from Program Support, Shelter, Support and Housing Administration evaluated six (6) proposals.

All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement to PMMD prior to the proposals being received. The Selection Committee evaluated the proposals in compliance with the criteria set out in the RFP.

The technical submission and cost of services was evaluated and scored independently by each member of the selection committee, and in accordance with a set of pre-established criteria set out for the evaluation process.

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.

CONTACT

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SIGNATURE

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General Manager (I)
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Michael Pacholok
Chief Purchasing Officer

ATTACHMENT

Appendix A: RFP No. 6815-18-7217

Appendix A

RFP No. 6815-18-7217

Recommended Proponent	August 1, 2019 to July 31, 2020		August 1, 2020 to July 31, 2021		August 1, 2021 to July 31, 2022		August 1, 2022 to July 31, 2023		August 1, 2023 to July 31, 2024		Potential contract with all options				
	Contract Award Value		Option Year 1		Option Year 2		Option Year 3		Option Year 4		net of all applicable taxes and charges	including HST and all applicable charges	net of HST recoveries	including HST and all applicable charges	net of HST recoveries
	net of all applicable taxes and charges	including HST and all applicable charges	net of all applicable taxes and charges	including HST and all applicable charges	net of all applicable taxes and charges	including HST and all applicable charges	net of all applicable taxes and charges	including HST and all applicable charges	net of all applicable taxes and charges	including HST and all applicable charges	net of all applicable taxes and charges	including HST and all applicable charges	net of HST recoveries	including HST and all applicable charges	net of HST recoveries
73719 Newfoundland & Labrador Inc.	8,600,000	9,718,000	8,751,360	9,718,000	8,600,000	9,718,000	8,751,360	9,718,000	8,600,000	9,718,000	8,600,000	9,718,000	8,751,360	48,590,000	43,756,800
Om Taisat Inc. o/a New Plaza Motel	2,700,000	3,051,000	2,747,520	3,051,000	2,700,000	3,051,000	2,747,520	3,051,000	2,700,000	3,051,000	2,700,000	3,051,000	2,747,520	13,500,000	13,737,600
Invest Hotels LP o/a Comfort Inn Pickering	13,500,000	15,255,000	13,737,600	15,255,000	13,500,000	15,255,000	13,737,600	15,255,000	13,500,000	15,255,000	13,500,000	15,255,000	13,737,600	67,500,000	68,688,000
Invest Hotels LP o/a Comfort Inn Newmarket	9,600,000	10,848,000	9,768,960	10,848,000	9,600,000	10,848,000	9,768,960	10,848,000	9,600,000	10,848,000	9,600,000	10,848,000	9,768,960	48,000,000	48,844,800
2361173 Ontario Inc. (Sunray Group of Hotels)	53,800,000	60,794,000	54,746,880	60,794,000	53,800,000	60,794,000	54,746,880	60,794,000	53,800,000	60,794,000	53,800,000	60,794,000	54,746,880	269,000,000	273,734,400
2656601 Ontario Inc. (Toronto Plaza Hotel & Conference Centre Toronto Airport)	20,100,000	22,713,000	20,453,760	22,713,000	20,100,000	22,713,000	20,453,760	22,713,000	20,100,000	22,713,000	20,100,000	22,713,000	20,453,760	100,500,000	102,268,800
Total	108,300,000	122,379,000	110,206,080	122,379,000	108,300,000	122,379,000	110,206,080	122,379,000	108,300,000	122,379,000	108,300,000	122,379,000	110,206,080	541,500,000	551,030,400