



Award of Negotiable Request for Proposal Number 6907-19-0145 to Canada Clean Fuels Inc. for Supply of Various Fuels and Services

Date: October 25, 2019

To: General Government and Licensing Committee

From: General Manager, Fleet Services and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to advise on the results of Negotiable Request for Proposal (NRFP) Number 6907-19-0145 for the supply, delivery and off-loading of various fuels and services including bulk, mobile and emergency fuel for City of Toronto (City) Divisions, Agencies and Public Bodies, and to seek City Council authority for the General Manager, Fleet Services to enter into a contract with the top-ranked proponent meeting the requirements set out in the NRFP, Canada Clean Fuels Inc. for a period of five years, commencing on January 1, 2020 to December 31, 2024 with the option to renew the contract for one additional two-year period at the sole discretion of the General Manager, Fleet Services, and subject to annual Operating Budget approvals. The value of the award is \$82,952,275 net of HST recoveries (\$92,114,849 including all taxes and charges, \$81,517,566 net of HST) for the initial term of the contract based on daily fuel pricing; \$116,202,385 net of HST recoveries (\$129,037,633 including all taxes and charges, \$114,192,596 net of HST) for the full potential value of the contract, inclusive of option renewal years.

The NRFP was developed as a strategic sourcing initiative under the Purchasing and Materials Management Division's Category Management and Strategic Sourcing (CMSS) Unit. Strategic Sourcing for the supply of various fuels was a collaborative effort between various City Divisions (Fleet Services, Corporate Real Estate Management, Toronto Fire Services, Parks, Forestry and Recreation Toronto Water, Economic Development and Culture, and Shelter, Support and Housing Administration), the Toronto Transit Commission (TTC), the Toronto Police Service (TPS), the Toronto Zoo, the Toronto Community Housing Corporation (TCHC), the Toronto District School Board (TDSB), and York University.

As a result of this sourcing initiative, the City will benefit from a higher discount off rack pricing for fuel purchased; move to daily, as opposed to weekly, pricing mechanism to improve cost; receive standard rates across all fuel types supporting the City's Green Fleet initiative; enjoy competitive delivery rates; and obtain improved reporting, invoicing and tracking of deliveries for contract administration purposes.

Immediate benefits associated with the increased of fuel discount will result in annual cost savings of \$1.1M for the City and \$6.8M for other Agencies and Public Bodies throughout the term of the contract based on estimated annual volumes for the term of the contract.

Participating Agencies and Public Bodies named in this report will be seeking authority to award contracts to Canada Clean Fuels Inc. from their individual Boards and will manage the subsequent contracts independently from the City.

RECOMMENDATIONS

The General Manager, Fleet Services, and the Chief Purchasing Officer recommend that:

1. City Council, in accordance with Section 195-8.5B of the City of Toronto Municipal Code Chapter 195 (Purchasing By-law), authorize the General Manager, Fleet Services, to negotiate and enter into an agreement with Canada Clean Fuels Inc., who was the top-ranked proponent meeting the requirements set out in Negotiable Request for Proposal Number 6907-19-0145 for the supply of various fuels and services, based on the following terms and conditions:

a. the initial term of the contract will be for a period of five years, commencing on January 1, 2020 to December 31, 2024, with the option to renew the contract for one additional two-year period, subject to the exercise of the option period being at the sole discretion of the General Manager, Fleet Services, and subject to annual Operating Budget approvals;

b. the amount to award Negotiable Request for Proposal Number 6907-19-0145 is \$116,202,385 net of Harmonized Sales Tax recoveries (\$129,037,633 including all taxes and charges, \$114,192,596 net of Harmonized Sales Tax) based on daily fuel pricing for the duration of the contract, inclusive of option renewal years, based on the terms and conditions set out in the Negotiable Request for Proposal; and

c. on other terms and conditions satisfactory to the General Manager, Fleet Services, and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total potential contract award amount, inclusive of option years, is \$116,202,385 net of HST recoveries (\$129,037,633 including all taxes and charges, \$114,192,596 net of HST) based on daily fuel pricing for the contract term.

The 2019 Operating Budget for Fleet Services includes expenditures for the purchase of gasoline and diesel fuels for City vehicles, Agencies and Public Bodies. Expenditures

are recovered from user Divisions, Agencies and Public Bodies based on actual consumption from equipment stated below as well as fleet vehicles.

The 2019 Operating Budget for Corporate Real Estate Management, Toronto Fire Services, Parks, Forestry and Recreation, Toronto Water, Economic Development and Culture, and Shelter, Support and Housing Administration includes expenditures for fuel for other types of equipment such as standby generators, ferries, and other fuel consuming equipment that is managed by the respective Divisions.

Funding will be submitted in the 2020-2024 annual Operating Budgets for Fleet Services, Corporate Real Estate Management, Toronto Fire Services, Parks, Forestry and Recreation, Toronto Water, Economic Development and Culture, Shelter, Support and Housing Administration, the Toronto Transit Commission (TTC), the Toronto Police Service (TPS), the Toronto Zoo, the Toronto Community Housing Corporation (TCHC), the Toronto District School Board (TDSB), and York University. Attachment 1 provides additional funding details for the City Divisions.

Should the City choose to exercise its option to renew for an additional two-year period, then appropriate additional funding, will be included in the 2025-2026 annual Operating Budget submissions for each Division.

Estimated 2020-2026 funding, net of HST recoveries, for each City Division is provided in Table 1.

Table 1: Total Contract Award Summary of Recommended Contracts for All City Divisions

Total Amount of Recommended Contracts for All City Divisions	Total (Net of HST Recoveries)
Initial Term Year 1 from January 1, 2020 to December 31, 2020	\$16,578,247
Initial Term Year 2 from January 1, 2021 to December 31, 2021	\$16,578,247
Initial Term Year 3 from January 1, 2022 to December 31, 2022	\$16,588,286
Initial Term Year 4 from January 1, 2023 to December 31, 2023	\$16,598,525
Initial Term Year 5 from January 1, 2024 to December 31, 2024	\$16,608,969
Option Year Period from January 1, 2025 to December 31, 2025	\$16,619,622
Option Year Period from January 1, 2026 to December 31, 2026	\$16,630,488
Total Award from January 1, 2020 to December 31, 2026	\$116,202,385

The total expenditures shown in Table 1 above include Federal Excise Tax, Provincial Excise Tax and Carbon Tax, where applicable, as well as delivery cost. Fuel prices will be increased or decreased based on the Petro Canada Daily Terminal Daily Rack Prices. Discount off the daily rack prices will remain fixed for the contract term. Attachment 1 provides a breakdown of the total value of award for each City Division net of HST recoveries.

Through the NRFP process, it was identified that daily fuel pricing would yield an annual savings for the City in the amount of \$350,000 net of HST per year for the duration of the contract. In order to materialize the savings and overall benefits outlined in this report, Fleet Services requires one additional resource to conduct a daily validation of fuel deliveries and pricing, reconcile mobile fuel deliveries, and process more timely payment of fuel invoices. Fleet Services will seek City Council approval for one additional FTE resource through the 2020 Operating Budget submission for this purpose.

The cost calculations reflect fixed pricing for the first two years, and a 2 percent increase every year thereafter on fuel delivery costs.

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

DECISION HISTORY

The previous contract award for the supply, delivery and off-loading of various fuel products was awarded by the Government Management Committee at its meeting on November 9, 2015 and can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM8.23>

At its meeting of November 14, 2016, Government Management Committee received a report for information from the City Treasurer entitled Purchasing and Materials Management Review: Strategy for Category Management and Strategic Sourcing. A copy of the Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.GM16.5>

At its meeting of April 18, 2018, Bid Award Panel granted authority to the Chief Purchasing Officer to enter into an agreement with Ernst and Young LLP for Professional Services for Procurement Transformation, being the highest scoring proponent meeting the requirements of Request for Proposal No. 9101-17-7262. A copy of the Decision Document can be found at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA73.2>

At its meeting of April 2, 2019, Infrastructure and Environment Committee received a report for information from the General Manager, Fleet Services entitled Status Update of Biodiesel Strategy for the City of Toronto.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.IE3.1>

COMMENTS

Background

Fleet Services Division (FSD) currently manages the dispensing of fuel at twenty-one (21) City fuel sites offering 87 Octane gasoline, Clear Diesel and Dyed Diesel to City Divisions, Agencies and Public Bodies to refuel their vehicles and off-road equipment. Fleet Services charges back its clients for fuel dispensed in accordance with existing service level agreements.

Corporate Real Estate Management, Fire Services, Parks, Forestry and Recreation, Toronto Water, Economic Development and Culture, Shelter, Support and Housing Administration combined operate standby generators that require Dyed Diesel on an as and when required basis.

Category Management and Strategic Sourcing

The City's Purchasing and Materials Management Division (PMMD) has introduced a Category Management and Strategic Sourcing Approach to securing the best value for the City on identified categories of spend.

Category Management is a systemic and disciplined approach to procurement whereby an organization segments its spending into discrete groups or categories, depending on the functions or uses of the goods and services. Category Management involves developing strategic projects that produce improved business results that are constantly re-evaluated to optimize value to the organization.

Strategic Sourcing is part of the category management approach to procurement. It relies on analyzing information about the supplier market, anticipated volumes and dollar value of purchases. Negotiation with suppliers and periodic assessments of supply transactions are hallmarks of effective Strategic Sourcing. Applied to the City, Strategic Sourcing is intended to leverage the City's purchasing power to find the best possible values in the marketplace.

PMMD retained the services of Ernst and Young LLP (EY) to provide consultation services to assist PMMD to implement Category Management and Strategic Sourcing and to provide support to PMMD and City Divisions to develop and execute specific strategic sourcing initiatives.

Strategic Sourcing for Supply of Various Fuel Products

In moving forward with the Strategic Sourcing approach for supply of various fuels, a team comprising of staff from PMMD, EY, Fleet Services, TTC, and Toronto Police Services with support from Legal Services, developed a Negotiable Request for Proposal (NRFP) on behalf of City Divisions, Agencies and Public Bodies named in this report to maximize potential savings and efficiencies.

The NRFP approach used offers both the City and proponents with a number of advantages including the:

- flexibility in the process to minimize ways that proponents could be disqualified by providing opportunities for the proponents to rectify issues;
- opportunity to discuss the City's specific requirements with short listed proponents through Commercial Confidential Meetings with proponents.
- ability to engage in negotiations with the top ranking proponent. If negotiations with the top ranked proponent failed or the timeframe specified expired, the City could immediately proceed to the next highest scoring proponent. In conventional Requests for Quotation, negotiations are not permitted, and in conventional RFP's, negotiations are limited as compared to a NRFP.

Before issuing the NRFP, the City engaged fuel suppliers in market sounding sessions to obtain insights about the current market place, new technologies, trends, as well as suggestions on how to increase efficiencies with an aim to reduce costs.

With this input, the team developed a sourcing strategy that focused on increasing competition, allowing flexible pricing mechanisms (e.g. Proponents could propose rack fuel price index), innovation and value added services. The strategy provided vendors with the flexibility to include daily and weekly fuel price mechanisms, discounts for different payment terms and different contract terms (five years versus five plus two optional years). In addition the NRFP contained language to facilitate supply of different biodiesel blends in support of the City's green fleet initiatives.

Looking for a partnership with the successful fuel supplier, the City also asked proponents to suggest solutions to some of the administrative challenges to manage the contract.

Negotiable Request for Proposal (NRFP) 6907-19-0145 Procurement Process

A Fairness Monitor was retained through a separate competitive process to support the procurement process. The consulting firm of JD Campbell & Associates was retained to act as a Fairness Monitor for this NRFP. The Fairness Monitor's scope of work was to oversee the procurement process for the purpose of ensuring adherence to objectivity of the evaluation, and transparency of the process. The scope included monitoring the level of openness and competitiveness, addressing any concerns related to accountability and fairness, and providing independent assurance of the integrity of the procurement process.

The Negotiable Request for Proposal (NRFP) No. 6907-19-0145 for the supply of various fuels for City Divisions (Fleet Services, Corporate Real Estate Management, Toronto Fire Services, Parks, Forestry and Recreation, Toronto Water, Economic Development and Culture, and Shelter, Support and Housing) and participating Agencies and Public Bodies was issued by PMMD on May 15, 2019 and made available to download on the City's internet website. In total, five (5) addenda were issued. The closing date for the proposals was June 21, 2019.

At the time of closing, proposals were received from the following four (4) firms:

- Canada Clean Fuels Inc.
- Mansfield of Canada, ULC
- Suncor Energy Products Partnership
- 4Refuel Canada LP

Evaluation of the Request for Proposal (RFP) No. 6907-19-0145 Submissions

A formal Evaluation Committee was established for the purpose of reviewing the responses received from the four (4) proponents. All staff involved in the evaluation process signed and submitted a Non-Disclosure and Declaration of Conflict of Interest Agreement prior to the proposals being received. Under the supervision of PMMD and the Fairness Monitor, the proposals were evaluated in compliance with the criteria set out in the NRFP.

The evaluation process described in the NRFP consisted of five (5) stages and each of the proposal were evaluated against the criteria as follows:

Stage 1: Mandatory Submission Requirements

Stage 2: Rated Criteria Evaluation

Stage 3: Total Supply Cost Evaluation

Stage 4: Concurrent Negotiations and BAFO

Stage 5: Contract Negotiations

Stage 1: Mandatory Submission Requirements

In accordance with the NRFP, each of the proponents were required to submit responses to a list of mandatory requirements. As a result of this compliance review, all four (4) firms met the mandatory requirements and advanced to Stage 2 of the evaluation process.

Stage 2: Rated Criteria Evaluation

In Stage 2, the Evaluation Committee reviewed each proposal to evaluate non-price related criteria. Proponents were required to achieve an overall minimum score of 70% at the end of Stage 2 to be considered further. Three (3) of the four (4) proponents successfully exceeded all of the threshold scores and moved on to the Total Supply Cost Evaluation. These proponents were:

- Canada Clean Fuels Inc.
- Suncor Energy Partnership Products
- 4Refuel Canada LP

Stage 3: Total Supply Cost Evaluation

Due to the volatility of fuel prices, the pricing section in the NRFP was structured to allow, within each fuel type, daily/weekly pricing as well as alternative pricing options. The NRFP allowed the City to evaluate each pricing option to determine the best value for the City and its Agencies and Corporations. The NRFP requested pricing for the mandatory and alternative fuel types listed Tables 9-10 in Attachment 2.

Cost was evaluated based on the best pricing structure and agreement term that would drive the lowest total cost of supply to the City. The methodology for calculating total supply cost was based on the following criteria set out in the call document.

Item	Evaluation Area	Evaluation Criteria
A	Fuel supply cost (including discount from daily/weekly terminal rack price)	(Proposed fuel price – discount) x estimated quantity
B	Delivery cost	Proposed delivery cost x estimated quantity
C	Benefits from value-added services	Proponent's proposed benefits of value-added service (e.g. early payment discounts)

$$\text{Total Cost of Supply} = A + B - C \times (\text{Operational Capabilities Score}/40)$$

The Operational Capabilities score was based on the evaluation from Stage 2 – Rated Criteria Evaluation. Each proponent's score was divided by 40 since the total score of Operational Capabilities in that section was 40 points and considered the proponents' proposed approach to delivering fuel, managing administrative tasks, strategies to address current pain-points, risks and transition plan. Based on the results from Stage 3, the City ranked the three (3) proponents based on the lowest total cost of supply.

Stage 4: Concurrent Negotiations and BAFO

The top three (3) ranked proponents were invited to enter into concurrent Commercial and Confidential meetings. All proponents that were invited to this stage were required to execute a non-disclosure agreement prior to participation. During the concurrent sessions, the City provided each proponent with a gap analysis in order to seek proposal improvements and clarifications in each proponent's best and final offer submission.

Through this process it was determined that daily pricing was the industry best practice that provided the greatest opportunity for savings.

The Evaluation Committee evaluated BAFO proposals submitted by Canada Clean Fuels Inc., Suncor Energy Partnership Products and 4Refuel Canada LP. Canada Clean Fuels Inc. was identified as the top ranked proponent based on their BAFO submission and therefore proceeded to Stage 5 Contract Negotiations.

Stage 5: Contract Negotiations

Contract negotiations with Canada Clean Fuels Inc. were conducted as a non-binding procurement process as set out in the solicitation. As a direct result of these negotiations the City was able to improve delivery costs from the proponent's initial submission by 9% for its bulk locations and decide upon pricing for a term of five (5) years plus one additional two (2) year period. The terms and conditions of the NRFP process do not form a legally binding agreement until such time the agreement is fully executed after obtaining approval from City Council to award the contract. As a result of this solicitation, City staff are seeking authority to award and enter into an agreement with the recommended proponent, Canada Clean Fuels Inc.

Summary of Potential Benefits

Through this strategic sourcing approach, including market sounding and negotiable RFP process, the City, participating Agencies and Public Bodies are positioned to realize the following benefits through the contract term:

- Achieved improvement on the fuel price discount off published fuel rack rate resulting in a 3% cost reduction of contract value (equating to annual improvement of approx. \$0.4M for the City and \$1.9M for other Agencies and Public Bodies).
- Negotiated competitive delivery rates based on the method of fuel delivery.
- Means to adjust pricing mechanisms periodically depending on observed market pricing trends.

Over and above these immediate benefits, over the term of the contract the City will also have the opportunity to take advantage of the following:

- Offer allowing the City to move from a weekly to a daily price mechanism. The City will achieve 3% reduction of contract value (equating to annual improvement of approx. \$0.35M for the City and \$2M for other Agencies and Public Bodies).
- Collaborative relationship to work toward improved payment terms over the duration of the contract as the City is able to take advantage of online reporting, customized invoice formats, and accuracy of delivery records. Taking advantage of early payment discounts could result in future additional savings of 0.5% (equating to annual improvement of approximately \$70K for the City and \$310K for other Agencies and Public Bodies).

- Reduced premium for higher grade biofuel, with no incremental cost per litre for B5, B10 and B20 blends. As the City continues to increase the use of biofuel as the Green Fleet Initiative is deployed, the City may achieve up to an additional 4% cost reduction of contract value (equating to annual improvement of up to approx.\$0.4M for the City and \$2.9M for other Agencies and Public Bodies).

Estimated annual values are based on fuel consumption quantity volumes provided in the RFP. Cost avoidance and actual savings from the above initiatives will be included in future year budget submissions.

At the commencement of the strategic sourcing exercise the Category Management team estimated a target of approximately 4% in total benefits based on current contract spend of annual \$130M through strategic sourcing.

Immediate benefits associated with the increased fuel discount will result in annual cost improvement of 3% (equating to annual savings of approx. \$0.4M for the City and \$1.9M for other Agencies and Public Bodies), however, through the term of the contract the City and its Agencies may be able to take advantage of further offered price improvements and efficiencies as outlined above, equating to a total potential benefit of up to 10.5% (equating to annual price improvements of up to approx. \$1.1M for the City and \$6.8M for other Agencies and Public Bodies).

Transition

The existing contract with Suncor Energy Products Partnership expires on December 31, 2019. Due to the timing of the new contract award and benefits to be gained by moving to the new contract, the City is currently working with Canada Clean Fuels Inc. to prepare for the transition post-award to ensure there will be no interruption in fuel supply to City Divisions in January 2020. Canada Clean Fuels Inc. has confirmed in writing that all transition work is being undertaken at the vendor's sole risk and expense and that the City will not be responsible for any costs associated with the transition or in the event the award is not authorized.

The Fairness Monitor has concluded that the RFP process satisfied the principles of openness, fairness, consistency and transparency. The Attestation Report from the Fairness Monitor is included as Attachment 3.

The Fair Wage Office has reported that Canada Clean Fuels Inc. has 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

Lloyd Brierley
General Manager, Fleet Services

Michael Pacholok
Chief Purchasing Officer, Purchasing and Materials Management Division

ATTACHMENTS

Attachment 1 – Financial Impact Summary by City Division
Attachment 2 – Mandatory and Alternative Fuel Types Included in NRFP
Attachment 3 – Fairness Monitor Attestation Report

Attachment 1 – Financial Impact Summary by City Division

Table 2: Financial Impact Summary of Recommended Contract for Fleet Services Division

Fleet Services Division Cost Centre/WBS Element (Group): FL200 Cost Element: 2280, 2260, 2281	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$16,107,059
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$16,107,059
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$16,116,840
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$16,126,818
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$16,136,993
Option Year Period From January 1, 2025 to December 31, 2025	\$16,147,373
Option Year Period From January 1, 2026 to December 31, 2026	\$16,157,960
Total Award from January 1, 2020 to December 31, 2026	\$112,900,103

Table 3: Financial Impact Summary of Recommended Contract for Corporate Real Estate Management Division

Corporate Real Estate Management Division Cost Centre/WBS Element (Group): FA100-30 Cost Element: 2281	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$26,730
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$26,730
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$26,745
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$26,760
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$26,775
Option Year Period From January 1, 2025 to December 31, 2025	\$26,791
Option Year Period From January 1, 2026 to December 31, 2026	\$26,806
Total Award from January 1, 2020 to December 31, 2026	\$187,337

Table 4: Financial Impact Summary of Recommended Contract for Toronto Fire Services Division

Toronto Fire Services Division Cost Centre/WBS Element: FR0025 Cost Element: 2280	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$44,736
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$44,736
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$44,760
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$44,785
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$44,810
Option Year Period From January 1, 2025 to December 31, 2025	\$44,836
Option Year Period From January 1, 2026 to December 31, 2026	\$44,863
Total Award from January 1, 2020 to December 31, 2026	\$313,526

Table 5: Financial Impact Summary of Recommended Contract for Parks, Forestry and Recreation Division

Parks, Forestry and Recreation Division Cost Centre/WBS Element: PR010 Cost Element: 2281, 2240	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$298,523
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$298,523
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$298,686
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$298,852
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$299,022
Option Year Period From January 1, 2025 to December 31, 2025	\$299,195
Option Year Period From January 1, 2026 to December 31, 2026	\$299,371
Total Award from January 1, 2020 to December 31, 2026	\$2,092,173

Table 6: Financial Impact Summary of Recommended Contract for Toronto Water Division

Toronto Water Division Cost Centre/WBS Element: TW4022, TW4036, TW4070, TW4100, TW4105 Cost Element: 2281, 2401	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$92,081
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$92,081
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$92,131
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$92,183
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$92,235
Option Year Period From January 1, 2025 to December 31, 2025	\$92,288
Option Year Period From January 1, 2026 to December 31, 2026	\$92,343
Total Award from January 1, 2020 to December 31, 2026	\$645,342

Table 7: Financial Impact Summary of Recommended Contract for Economic Development and Culture Division

Economic Development and Culture Division Cost Centre/WBS Element: AH0022 Cost Element: 2240	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$3,419
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$3,419
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$3,421
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$3,423
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$3,425
Option Year Period From January 1, 2025 to December 31, 2025	\$3,427
Option Year Period From January 1, 2026 to December 31, 2026	\$3,429
Total Award from January 1, 2020 to December 31, 2026	\$23,964

Table 8: Financial Impact Summary of Recommended Contract for Shelter, Support and Housing Administration Division

Shelter, Support and Housing Administration Division Cost Centre/WBS Element: F03523 Cost Element: 2240	Total (net of HST recoveries)
Initial Term Year 1 January 1, 2020 to December 31, 2020	\$5,699
Initial Term Year 2 January 1, 2021 to December 31, 2021	\$5,699
Initial Term Year 3 January 1, 2022 to December 31, 2022	\$5,702
Initial Term Year 4 January 1, 2023 to December 31, 2023	\$5,705
Initial Term Year 5 January 1, 2024 to December 31, 2024	\$5,706
Option Year Period From January 1, 2025 to December 31, 2025	\$5,712
Option Year Period From January 1, 2026 to December 31, 2026	\$5,716
Total Award from January 1, 2020 to December 31, 2026	\$39,940

Attachment 2 – Mandatory and Alternative Fuel Types Included in NRFP

Table 9 – Mandatory Fuel Types

Mandatory Fuel Types
No. 2 Ultra Low Sulphur (ULS) S15 Diesel (Required for compliance with Ontario greener diesel regulation)
No. 2 Ultra Low Sulphur (ULS) S15 Red Dyed Diesel – Seasonally Blended (Off-road equipment)
No. 2 Ultra Low Sulphur (ULS) B04 S15 Clear Diesel – Seasonally Blended
87 Octane E5 Gasoline – Seasonally Blended
91 Octane No Ethanol Premium Unleaded Gasoline (Marine Application)
Furnace Oil, Seasonal

Table 10 – Alternative Fuel Types

Alternative Fuel Types
No. 2 Ultra Low Sulphur (ULS) B05 S15 Clear (Biodiesel)
No. 2 Ultra Low Sulphur (ULS) B05 S15 Red Dyed (Biodiesel) (Off-road equipment)
No. 2 Ultra Low Sulphur (ULS) B10 S15 Clear (Biodiesel)
No. 2 Ultra Low Sulphur (ULS) B20 S15 Clear (Biodiesel)
Other types of Ultra Low Sulphur (ULS) S15 No 2. Biodiesel (Clear and Red Dyed) with various bio-diesel blending percentages
Hydrogenation-Derived Renewable Diesel (HDRD)
87 Octane E10 Gasoline – Seasonally Blended
91 Octane E10 Gasoline – Seasonally Blended

Attachment 3 – Fairness Monitor Attestation Report

JD Campbell & Associates

September 16, 2019

RFP. NO. 6907-19-0145

Supply and Delivery of Various Fuels and Services

Fairness Monitor's Statement and Report

JD Campbell & Associates was engaged by the City of Toronto as Fairness Monitor to provide independent oversight throughout this procurement process. In this role, we participated in the review of procurement documents and provided oversight throughout reviewing:

- Openness – The opportunity available to all vendors;
- Transparency – Rules of engagement and selection published in the RFP;
- Consistency – Proponents treated in the same manner.

This Request for Proposals (the “RFP”) was an invitation by the City of Toronto (the “City”) to prospective Proponents to submit Proposals for the supply, delivery and off-loading of various types of fuel products, including mobile and emergency fuel at various locations. Participating divisions, agencies, and public bodies included but not limited to the Fleet Services, Parks, Forestry & Recreation, Shelter, Support & Housing Administration, Economic Development & Culture, Facilities Management, Toronto Water, Toronto Fire Services, Toronto District School Board, Toronto Police Services, Toronto Transit Commission, Toronto Zoo, and York University.

The term of the contract was to be for a fixed period of 5 years or a fixed period of five years with an option to renew for an additional 2 years.

The following chart summarizes our involvement and findings:

Stage	Task	Consistent Practices
1	Reviewed the Request for Proposals (RFP) documentation	√
2	Ensured that the procurement process, communication with the City and the basis for selection were clearly stated in the RFP	√
3	Reviewed addenda and confirmed appropriateness from a fairness perspective	√
4	Reviewed the evaluation criteria to ensure consistency with the RFP	√
5	Ensured that Selection Committee members (evaluators) were briefed concerning best practice	√
6	Ensured that due regard was given to security and confidentiality of documentation and that steps were taken to protect against conflict of interest	√
7	Obtained confirmation that mandatory requirements check was performed appropriately	√
8	Attended Committee consensus evaluation sessions	√
9	Reviewed questions of clarification and Proponent responses guarding against bid repair	√
11	Monitored and reported any deviations from planned practice	√
12	Ensured pricing submitted and evaluated appropriately	√

The City of Toronto's Purchasing and Materials Management Division (PMMD), and program staff managed the RFP. They prepared the draft and final RFP documentation and addenda, responded to Proponent questions and consulted with the Fairness Monitor.

The process as described in the RFP provided for a debriefing of unsuccessful Proponents and for Pre and Post Award Bid Dispute provisions.

This procurement was a non-binding RFP with a Best and Final Offer (BAFO) component. It identified all evaluation steps to be followed. In my role as Fairness Monitor, I reviewed each step and can attest to the fact that the City staff processes and evaluation were consistent with that outlined in the RFP.

The RFP was issued on May 15, 2019 with a closing date of June 17th which was later amended via Addendum to June 21, 2019. An optional Pre-Bid Meeting was held to better acquaint Proponents with the RFP. In accordance with the RFP, all communications with the City during the open period were conducted in writing with the RFP's Official Point of Contact and a deadline for questions was established. Five Addenda were issued to make formal amendments to the RFP and to answer Proponent questions. A sixth Addendum was also issued to qualified Proponents as a part of the BAFO process.

The first step in the evaluation consisted of a review of the Submission Mandatory Criteria. The criteria were stated in an objective and measurable manner. If errors or omissions were identified, the Proponent could be given an opportunity for correction within 3 days. The Mandatory criteria included the requirement to include a Submission Form completed and signed and Pricing Form. Also required was a proof of compliance to Standard. The Proponent needed to indicate that all types of fuel proposed met or exceeded standard requirements as per Part 9 Technical Requirement. Each proposal needed to include certifications and testing reports to demonstrate compliance with mandatory technical requirements for each type of fuel.

The Rated evaluation was based on published criteria and weighting.

- Previous Experience
 - Reference 1 - 20%,
 - Reference 2 – 20%
- Operational Capabilities
 - Proposed approach in delivering fuel – 10%,
 - Managing Administrative tasks – 15%,
 - Strategies to address current pain -points and risks – 10%,
 - Transition plan – 5%
- Quality Control Plan
 - Plan – 10%,
 - Safety and environmental – 10%

Proponents needed to receive a rating of at least 70% to proceed to the next phase of evaluation. The RFP also contained provisions to deal with situations in which less than three Proponents did not qualify at this level, Note that there was no carry over of scores from the rated evaluation to the pricing portion of the evaluation.

The pricing evaluation was conducted on a formula basis.

Three Proponents were identified as qualifying for the BAFO process by: having submitted bids that met both the RFP's mandatory submission requirements and having received a score of at least 70% in the technical evaluation.

The BAFO process consisted of:

- feedback to Proponents on areas in which their initial proposal could be clarified or improved;
- a confidential meeting with each Proponent to discuss this feedback and to provide opportunity for the Proponents to ask questions;
- the sharing of answers to Proponent questions with all qualified Proponents;
- the opportunity for qualified Proponents to resubmit their proposal; and,
- the evaluation of their final proposals based on published evaluation criteria for this final evaluation stage.

The final evaluation was based on: Fuel supply cost (including discount), Delivery cost and Benefits from value-added services.

Based on this process, City evaluators were able to select a preferred Proponent to be invited to enter into final negotiations based on a Form of Agreement previously supplied as a part of the RFP.

JD Campbell & Associates

A handwritten signature in black ink, appearing to read "JD Campbell". The signature is written in a cursive style with a large initial "J" and "C".