

D. CRUPI & SONS LIMITED

December 2, 2021

Presentation to the Committee on the Award of Negotiated Request for Proposals to Various Suppliers for the Provision of Winter Maintenance Services, item# IE26.4. Doc2970598171 and Doc3136860258

Good morning, ladies and gentlemen of the committee. My name is Domenic Passalacqua, and I am the General Manager of D. Crupi & Sons Limited. We would like to thank you for allowing us to speak to you regarding Item IE26.4, the Award of Negotiated Request for Proposals to Various Suppliers for the Provision of Winter Maintenance Services. We would like to ask that this document be circulated to all committee members, along with the remaining members of City council and the Mayor.

The main issue that we wish to bring forward is that the City did not give more clarity to bidders regarding the technical portion of the contract. The fact that so many companies, with decades of experience clearing snow in Toronto, failed to meet the 70% nRFP contract's technical criteria should be of great concern to this committee.

Even more concerning is the fact that, of the eleven contracts being awarded, ten are going to companies with close working relationships and, possibly, even corporate ties and eight of the eleven are going to just two companies.

To add to all this, the terms and conditions set out in the nRFP, especially the liquidated damages, were so prohibitive as to eliminate qualified reliable contractors, while the City is proposing that six of the contract areas be awarded to a company that was incorporated less than two months before the contracts were given out.

One contract was awarded to a company which has had significant penalties levied against them, penalties which we have been advised were forgiven without penalty. These contracts are of such magnitude and importance to the City that we think it only wise that the selected contractors be investigated for past performance and how well they adhered to the terms, conditions and specifications in their previous contract. The City should take all necessary steps to ensure that their contractors will abide by the rules.

The City advised that they intended to receive competitive pricing for this project. Instead an nRFP was sent out with 70% based on technical criteria, with no examples and very minimal guidelines, on how the City wanted the submissions made.

The City claims there is a huge savings following this process, but I would like to bring to your attention some other details. The nRFP outlined drastic penalties which would be difficult to avoid and were reflected in the pricing. An example of this would be - In a given depot, there could be up to 190 pieces of equipment waiting on standby to receive a work order. However, if a single piece of equipment from that depot was so much as a minute late to a callout, the entire depot would lose the standby rate for the day. This could equate to a \$100,000 penalty per day for the entire depot.

If in awarding the contracts, the callout times were relaxed and penalties reduced, as has been suggested, there would have been changes in pricing from all bidding contractors. We feel that more effort should have been made to negotiate rates with the contractors to ensure the best chance for the City to have a fair and proper comparison.

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Did the City consider, that in this round there is a provision for compounded Consumer Price Index (CPI) increases of 3% per year? In the past, there have been contracts awarded where we received either minimal CPI increases or none at all, and I have been advised that there was one year where there was a negative CPI. Considering a 1.4 billion dollar contract at 3% compounded for 10 years, this is going to cost the City upwards of 40 million dollars extra.

We also see that the City is going to allow the equipment to remain on the properties for half of the year. We hope the City is going to lease the lands to the awarded companies for the use according to market rates. That would be up to \$12,000 per acre, per month for 6 months; this would equate to an estimated \$360,000 per site. Anything short of that would be benefitting the current contractors that are being proposed for this nRFP. None of the other contractors were given this opportunity.

Finally, there was a clause in the nRFP that states that no more than 25% of these contracts could be subcontracted out. We strongly believe that this provision cannot be met without manipulation. The reality is that once you award these contracts, these issues will be objected to if uncovered, but will largely be accepted by the City. We are relying on this committee to see these pit falls and not allow Toronto taxpayers to be taken advantage of.

In closing on my part, how confident is the City in allowing two companies to dominate the snow clearing for the next 7 to 10 years? Think of what will happen if this initiative overwhelms everyone. Once the award goes out and then there are issues of noncompliance or inferior execution and the 311 calls escalate, what is the City going to do? Please try and figure out how to address this now, or the City of Toronto will suffer for a long time.

Thank you all for your time.

Domenic Passalacqua

cc. Mayor John Tory
cc. City Councillors
cc. Infrastructure and Environment Committee

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