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City of Toronto
Toronto City Hall, 18th Floor W.
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Attention: Paul Johnson, City Manager

March 24, 2026

Dear Mr. Johnson,

Re: Investigation of Winter Maintenance Contracts

A. Overview

KPMG Forensic Inc. (“**KPMG**”) was retained on September 3, 2025 to assist the City of Toronto (the “**City**”) in performing a targeted forensic investigation (“**Investigation**”) to identify and examine the events and circumstances surrounding the procurement and award of winter snow removal contracts for 11 geographic regions of the City for the period from 2022 to 2029¹ (the “**Winter Maintenance Award**”). The Investigation was initiated to examine concerns raised by City Councillors, the public, and representatives of the City (the “**Concerns**”). As part of its mandate, KPMG was also asked to formulate recommendations of corrective actions and process improvements City management and members of City Council could consider.

This reporting letter summarizes our observations and recommendations resulting from the work completed. We have been instructed to exclude identifying references to individuals, legal advice given and the sources of the Concerns and statements made, for privacy and other reasons.

B. Background and Mandate

As part of efforts to update the City’s approach to the procurement of winter maintenance services, City management assembled a team primarily drawn from the Transportation Division (“**Transportation**”) and Category Management and Strategic Sourcing (“**CMSS**”) that is part of Purchasing and Materials Management (“**PMMD**”). This team was referred to as the joint sourcing

¹ The City has the right to extend the Winter Maintenance Award for up to a further 3 years for a total of 10 years.

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team (“**Development Team**”) and led what was referred to as the ‘winter maintenance strategic sourcing initiative’. By June 2020, the Development Team was meeting to develop the approach that would be taken to the next procurement of winter maintenance services. During this period, a review of the City’s winter maintenance contracts was underway, which resulted in recommendations for improvement, including consideration of a performance-based approach. Management committed to acting on these recommendations as part of its broader effort to modernize procurement practices.

The contracts already in place for winter maintenance were set to expire following the winter of 2021/2022. The City decided to use a Negotiated Request for Proposal (“**nRFP**”) approach for the new winter maintenance procurement to replace the previous contracts. This approach involved substantial changes including reducing the number of contract areas (“**Areas**”) to eleven (11) from forty-seven (47) and required proponents to deliver winter maintenance for multiple surfaces (e.g., roadways, sidewalks, bike lanes) which were significant changes from the prior approach taken by the City. The nRFP also required a performance-based contract that set out performance obligations and penalties and provided proponents with greater flexibility in terms of solutions that could be proposed. For example, proponents could determine the volume and mix of equipment they deployed to meet service expectations.

A market sounding brief for the City’s winter maintenance procurement process was conducted by CMSS through sessions with suppliers around July 2020. The objectives of the market sounding brief were broadly to gather information on, among other things, current services, winter maintenance challenges, leading practices, the procurement process and innovation.

The City elected to use the nRFP form of procurement as part of the updated process which was viewed to provide flexibility and benefits to the City.

The first nRFP² (“**nRFP #1**”) was opened to bidders on May 7, 2021. The City had projected that the new approach would broadly result in better winter maintenance outcomes at a lower cost. An information session was held with the bidders once nRFP#1 was opened. There were a total of seven stages including the contract award stage. A detailed outline can be found in **Appendix 3** summarized as follows:

- Stage 1 - Mandatory Submission Requirements (pass/fail)
- Stage 2 - Mandatory Financial Viability Requirements (pass/fail)
- Stage 3 - Technical Proposal Evaluation (70%) (scored out of 100)
- Stage 4 - Price Proposal Evaluation (30%)
- Stage 5 – Ranking
- Stage 6 – Contract Negotiation

² No. DOC2970598171

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➤ Stage 7 – Contract Award

The nRFP #1 did not provide the results the City expected, including:

- A significant number of proponents that had previously provided winter maintenance services to the City were eliminated due to low technical scores that fell below 70% of the available scoring points.
- No qualified bidders were identified in 6 of 11 Areas.
- No financial savings would have resulted if these proponents entered into contracts with the City since prices bid exceeded the City's financial estimates.

A decision was made to conduct a second nRFP process³ (“**nRFP #2**”) to identify proponents for the remaining Areas. The nRFP #2 was opened on September 2, 2021 following debriefings with proponents on the outcomes of nRFP#1. An information session was held with the bidders on September 13, 2021. The results of nRFP #2 also did not meet the City's expectations; after the nRFP#2, two Areas remained without contracts that could be awarded. Management decided to engage in a sole source Non-competitive Procurement (“**NCP**”) process with proponents that had won other Areas to award these remaining Areas.

In December 2021, the City Council awarded winter maintenance contracts to five proponents for the eleven Areas (“**Winter Maintenance Award**”): Infrastructure Maintenance Ltd. (“**IML**”), A&F Di Carlo Construction Inc. (“**A&F**”), Maple-Crete Inc. (“**Maple-Crete**”), Emcon Services Inc. (“**Emcon**”) and 2868415 Ontario Inc. (“**Joint Venture**”) (collectively the “**Suppliers**”), for a 10-year term, inclusive of a three-year extension at the City's option (the “**Contracts**”).

The City subsequently received numerous complaints and concerns expressed about the Winter Maintenance Award from the unsuccessful proponents and others (the “**Complaints**”). These complaints are discussed further below.

Auditor General

The City's Auditor General conducted a review of the procurement and award of Contracts with the objective of “*assess(ing) whether the City's NRFP procurement process for the provision of winter maintenance services was conducted in a fair, open and transparent manner*”.

The resulting report entitled “**A Review of the Procurement and Award of the Winter Maintenance Performance-Based Contracts**” was issued to the City's Audit Committee on June 22, 2023 (the “**AG 2023 Report**”). The AG 2023 report made sixteen (16) recommendations.

³ nRFP Doc3136860258

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Internal Audit Division

In 2025, the City's Internal Audit Division ("**Internal Audit Team**") conducted a *Fraud Risk Assessment* with respect to the Winter Maintenance Award. The assessment was completed on June 23, 2025 and key outcomes were shared with City management and the Executive Committee.

City Executive Committee

On March 19, 2025, following consideration by the City's Executive Committee, City Council adopted a number of actions in respect of the Winter Maintenance Program which included that the "*City Council request the City Manager to undertake a forensic audit of the procurement of nRFP-1 DOC2970598171 and nRFP -2 Doc3136860258 for the 2022-2029 winter snow removal contract, as part of his review of winter maintenance operations.*"

Mandate

On September 3, 2025, KPMG was retained to conduct an investigation into the Winter Maintenance Award. Our mandate required that we:

- Objectively investigate the Concerns; and
- Identify areas where the City's procurement process for Winter Maintenance and the City's potential control weaknesses may have exposed the City to potential fraud or other risks, and propose recommendations for improvement.

The City requested that KPMG address a number of areas of potential risk identified by the Internal Audit Team that included:

- Tailoring specifications to favour certain vendors;
- Bid scoring manipulation;
- Rejection of compliant bids; and
- Variations observed in cost estimations and bid results.

We also considered the Complaints and some additional common procurement fraud and misconduct risks that can undermine the fairness of the process including:

- Conflicts of interest
- Other corruption including the potential for:
 - City employees improperly providing information to proponents providing a competitive advantage

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- Bid rigging⁴
- Contract or operating concessions following the awards that were not in the interests of the City

Our mandate also included outlining recommendations identified during the course of the investigation for consideration by City management. However, we were not asked to examine concerns that had been raised with respect to the delivery of winter maintenance services. For example, we were not asked to examine concerns related to the timeliness and quality of snow removal services from the perspective of City residents.

C. Concerns

The City received a number of written complaints in December 2021 about the Winter Maintenance Award from unsuccessful bidders. The letters broadly allege that the City's winter maintenance nRFP and award process lacked fairness, transparency, violated City policies and was financially imprudent for the City. They also alleged the awards were being made to a small group of closely connected contractors and through the outcome, the City was exposed to concentration risk around the delivery of the services

The City also received a number of complaints from other sources. These complaints outlined a number of observations and specific concerns related to the procurement process and outcomes. Broadly they outlined many of the same risks and concerns as the written complaints although some were more specific. The concerns broadly included questions about process fairness, procurement design, non-compliance with City policies, service levels by the successful proponents, concessions around the use of cement trucks in terms of safety, concentration risk among limited suppliers, a failure to involve a fairness monitor, favouritism in terms of past treatment, close relationships between certain vendors and City staff, a scheme involving City staff and proponents to win many contracts while not providing service, non-commercial liquidated damages provisions and changes during the negotiations that were not provided to other proponents.

We observed that with some exceptions, few details were provided in the Complaints on the improper actions taken, what policies and processes were compromised and who was involved.

Further information on the Complaints is provided in **Appendix 5**.

D. Approach, Scope of Review and Limitations

Our investigative review primarily focused on the period from 2019 to 2022 prior to the start of the winter season. We gathered information regarding certain events⁵ that followed 2022 on the basis they may be potentially relevant to our mandate.

⁴ Enables proponents to submit non-competitive bids through corrupt activity. May involve undisclosed relationships or agreements among proponents.

⁵ For example, disputes arose in respect of the performance penalties following the first winter that remaining ongoing. This resulted in the City making changes to certain performance penalties reducing the financial impact on the Suppliers.

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Broadly, our approach involved gathering information from the following key sources:

- Complaints received by the City.
- Interviews with City staff and officials to understand their concerns or those they received from the public.
- Reports prepared by the Auditor General and Internal Audit Team focusing on the Winter Maintenance Award.
- Various documentation associated with the nRFP procurement process and the sole-source process. This included documentation associated with the nRFPs, negotiation and contracting process, equipment substitutions, liquidated damages and related disputes.
- Email communications that were reviewed on a targeted basis involving certain current and former City employees outlined in Appendix 1.
- Publicly available information gathered through research related to relevant individuals and organizations.

D.1. Scope

In preparing our reports, we have reviewed and relied upon documents or categories of documents listed in **Appendix 1**.

The individuals we interviewed or held discussions with are listed in **Appendix 2**.

Scope Limitations

Our reporting letter is subject to the following scope limitations, other limitations and assumptions:

- Our work was focused on investigating the events related to the Winter Maintenance Award. In completing our work, we provided recommendations for improvement to be considered by City management. We have not performed a comprehensive and structured internal control review and express no opinion on the overall design, implementation and operating effectiveness of the City's controls.
- We have not performed a technical assessment of the scope of work subject to the nRFPs. For example, we have not attempted to assess whether the plans and equipment put forward by proponents for completing the work are appropriate.
- We were provided with access to email data in accordance with the criteria in the City's Acceptable Use Policy, for seven current and former City employees. Six had email data and a significant volume of emails were reviewed. Our review included one member of the Development Team who, at different times was involved with the group engaging in developing the bidding process and conducted the subsequent evaluation, award and management of the Contracts. We did not review email data for other current and former City employees involved in the winter maintenance procurement process. For one individual, we identified their role late in the investigation so review of email data could not

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be completed. For all custodians, no mobile phone data was obtained, and Microsoft Teams messages were not available due the passage of time. Therefore, information that might be contained in these communications was not considered in formulating our findings.

- Where we have been provided with analyses, reports or other information by the City, we have assumed that these are accurate and complete except where specifically noted.
- We did not interview the unsuccessful proponents. Instead, we reviewed the concerns outlined in their communications with the City. We did not interview other external complainants.

We reserve the right to update this reporting letter and our observations and recommendations in response to further work performed, or should we be provided with additional documents and information.

E. Timeline

A timeline of key events associated with the award of the Contracts is set out in **Table 1**:

Date	Event	Period
Pre-Bid Period		
September 30, 2019	Winter Maintenance Kick-off call	nRFP Planning
June 20, 2020	The joint sourcing team started working on the winter maintenance strategic sourcing initiative	nRFP Planning
July 20, 2020	Winter Maintenance Market Sounding Information Brief	nRFP 2970598171
Bidding Period		
May 7, 2021	nRFP 171 issued	nRFP 2970598171
May 14, 2021	Information Session	nRFP 2970598171
June 16, 2021	nRFP closing date & Stage 1 - Mandatory Submission Requirements	nRFP 2970598171
August 13, 2021	Stage 3 - Technical Evaluations complete	nRFP 2970598171
September 2, 2021	nRFP 258 issued	nRFP 3136860258
September 13, 2021	Information Session	nRFP 3136860258
September 24, 2021	Stage 6 - Negotiation Letters sent	nRFP 2970598171
September 28, 2021	nRFP 258 closing date	nRFP 3136860258
October 28, 2021	Stage 3 - Technical Evaluations complete	nRFP 3136860258
November 5, 2021	nRFP 258 Non-Competitive Procurement ("NCP") issued	nRFP 3136860258 - NCP
November 8, 2021	nRFP 258 (NCP) submission deadline	nRFP 3136860258 - NCP
November 23, 2021	Recommendation of Award of nRFP's to IEC	nRFP 3136860258 - NCP
Post-Bidding Period		
December 2, 2021	IEC Reviews Recommendation of Award	Award
December 15-17, 2021	City Council approves the award of winter maintenance services contracts	Award
February 9, 2022	All contracts are signed	Award

F. Investigative Findings

F.1. Introduction

While many of the events described in the complaints and concerns did occur, no conclusive information has been identified to indicate that City employees or proponents engaged in a deliberate effort to improperly impact or circumvent the procurement process. None of the interviewees reported awareness of any improper conduct in the procurement process.

The procurement process that unfolded in respect of the Winter Maintenance Award was not what City staff had expected. It appears that decisions by City staff as well as internal and external factors led to many of the unusual and unexpected events. Some aspects of the process that took place remain points of concern.

Some of the unusual and unexpected events identified include:

- Two nRFP processes and an NCP process were used to award all eleven Areas. There was time pressure on City officials to complete the process, which increased further after nRFP #1 unexpectedly failed to award over half of the Areas.
- A significant number of historical providers of winter maintenance services were disqualified because their submissions failed to meet the minimum score required under the technical evaluation (part 3).
- The pricing offered by proponents for the same Area often varied significantly and was far greater than the costs the City had previously estimated. The process was different and the Areas were newly formulated. This meant that it was unclear what the cost should be and whether bids were competitive. Overall, the cost to the City was approximately \$56 million (over 100%) higher than originally estimated⁶. Savings projected as a result of the new procurement approach did not materialize.
- One group of proponents, who are allegedly connected to each other through prior business and working relationships, were awarded a majority of the Areas.
- Following the Contracts being awarded and the first winter season, a key component of the liquidated damages clauses (essentially performance consequences) which had been questioned during the nRFP process in terms of their commercial reasonableness was substantially reduced, thereby lowering the financial impact on the Suppliers after the unsuccessful proponents were gone. While the explanation we were provided suggested this issue was caused by human error and these charges were determined to be legally unenforceable, proponents would presumably have considered the impact in their bid submissions. This change reduced the amount of the liquidated damages calculated by several million dollars.

⁶ This amount excludes costs related to TOA 2-1, which was awarded for \$15,243,178, as the City's estimate for that contract area was not available.

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- In 2024, the subcontracting limits were increased from 25% to 50%, providing the suppliers with greater operational flexibility than was previously stipulated in the nRFPs. This change was attributed to aligning to the normal subcontracting percentage offered by the City in other situations.

In addition, although over half the Areas had no qualified proponent after the first nRFP, management made the decision to continue the new procurement process. We asked a number of interviewees why the decision to continue to proceed was taken instead of pausing and pursuing another approach⁷. Some of the key reasons provided by interviewees were:

- Management had committed to updating the procurement approach and was reluctant to change course as they had been under pressure to modernize the winter maintenance approach in response to public concerns, City concerns and Council.
- Extending the current contracts would have taken substantial administrative effort which was not available. Consultations occurred and options were considered and rejected.
- One of the providers was getting out of the business and so that contract likely could not be extended.

In the sections below, we discuss our findings in terms of the areas of risk, the concerns and the events.

F.2. Development Of nRFPs

The Development Team was tasked with updating the historical approach to the procurement of winter maintenance services. There was a kick-off call in the fall of 2019, and the team appears to have begun its work in June 2020. The results prompted the move to a performance-based procurement approach.

The Development Team was comprised of representatives of PMMD and Transportation, and received assistance from two external firms. Ernst & Young (“EY”) had been retained by PMMD to provide advisory support to CMSS in relation to the procurement strategy and design (i.e., including spend analysis, development of category strategies and governance frameworks, execution of strategic sourcing initiatives, and assistance in achieving and validating targeted cost savings). HDR Inc. was engaged to conduct an independent, end-to-end review of the City’s winter maintenance program and existing contracts, including market analysis, cost and risk assessment, and evaluation of alternative contracting models. The Development Team also received support from the City’s accounting group for the financial evaluation, as well as from at least two members of the City’s legal team in reviewing procurement documents, contract terms, and related risk considerations.

Early in the development in the summer of 2020, the Development Team conducted a Winter Maintenance Market Sounding process to engage industry participants and obtain feedback on the proposed procurement approach and contract model prior to issuing the nRFP. In an interview, we

⁷ For example, reinstating the prior approach, extending contracts.

were told that the market sounding brief indicated general industry support for the proposed procurement model, and that the City incorporated certain feedback received from proponents.

Risk - Specifications are tailored to favour certain vendors;

Concern - the City tender read more like preparing a paper and did not focus on identifying the most qualified contractor

The structure of the nRFP involved seven stages including a stage related to negotiation and to the award. **Appendix 3** outlines each stage of the winter maintenance procurement process as it was designed.

We examined each stage of the nRFP process, the scoring criteria, and available “ideal response” guidance to assess whether the procurement specifications or technical questions and scoring appeared to be structured in a manner that would favour a particular proponent or group of proponents. As a result of our review of the design, our review of a subset of email communications and the interviews, we did not identify information to suggest the specifications had been deliberately ‘tailored’ to favour a certain bidder or group of bidders or that the ideal responses had been shared.

However, we observed that the general technical evaluation part of Stage 3 (see **Appendix 4** for details) contained a number of questions that appeared to be more subjective in that they involved ‘grading’ a written response, instead of something involving less judgment such as considering the number of years a proponent has completed this type of work. We observed that the successful proponents outperformed others in their responses to these questions in particular. City representatives indicated that the evaluation was intentionally designed to assess qualifications beyond past experience and capability.

We were also told there was internal discussion regarding the percentage weight applied to specific sections. Notably, we were told that Procurement initially proposed weighting the Past Experience section at 50% of the total technical evaluation; however, this approach faced opposition from one or more Transportation members of the Development Team who wanted a lower weight. The weight for the Past Experience section was ultimately reduced to approximately 15% of the technical evaluation. This allowed organizations with less experience to compete successfully⁸. This was a concern raised by the unsuccessful proponents.

Risk - nRFP Response Time

We reviewed the length of time proponents were provided to submit their responses since unreasonably shortened response times are sometimes used as a method to reduce competition and influence outcomes. In respect of nRFP #1, proponents were initially provided 27 calendar days to respond.

⁸ For example, Coco Paving with more than 30 years of experience and annual revenues related to winter maintenance services of \$23 million failed the Stage 3 technical, while IML with six years of experience and average annual revenues of \$8 million was successful in moving to Stage 4.

This deadline was extended three times such that the response period increased to 41 days⁹. The nRFP #2 was open for 27 days in September 2021¹⁰. Information sessions were held for each nRFP after the nRFPs were opened. Proponents were seven to eleven days into the response period before each information session, following very significant changes in the procurement process.

It appeared that the time provided to proponents was quite condensed. The required responses changed. The geographic service areas for winter maintenance had changed substantially and now required significantly more effort and equipment for the Areas, meaning proponents would presumably have had to engage in a significant exercise to properly prepare their responses. Proponents were also expected to commit for up to 10 years should the City extend, which increased the impact to proponents if they were to underprice.

F.3. The nRFP Process, NCP Process and Subsequent Awards

The nRFP #1 opened on May 7, 2021 and submissions were closed on June 16, 2021 following a series of extensions. A second nRFP took place during September 2021 followed by an NCP process to fill two remaining Areas. Contracts with the Suppliers were signed by March 2022. A summary of the nRFP procurement stages is set out in **Appendix 3**.

Risk - Scoring is manipulated or compliant bids are disqualified or rejected

We reviewed the scoring and found no indication that the process was manipulated. However, the Stage 3 Technical Evaluations for both nRFPs resulted in an unexpectedly high number of unsuccessful proponents.

All proponents passed stages one and two and no points were awarded at these stages, so they had no impact on the final scoring or on the determination of which proponents proceeded to negotiations. Stage 3 was most impactful in terms of the outcomes of both nRFPs due to its points weighting. Proponents were required to submit written submissions to a series of specific questions and then achieve certain minimum scores (See **Appendix 4**).

- On nRFP #1 for Stage 3, 5 proponents of 10 (50%) received scores below the minimum required¹¹ leading to six Contract Areas being cancelled as no successful proponents passed the technical evaluation criteria.
- On nRFP#2, 3 proponents out of 7 (43%) failed to score above the minimum required.

In a number of instances, those proponents that fell below the minimum score were substantially below the 70% threshold. This included proponents that had previously performed substantial winter maintenance work for the City (i.e., might be expected to be technically competent and capable).

⁹ The first nRFP was issued on May 7, 2021, with an initial submission deadline of June 2, 2021. The deadline was subsequently extended to June 11, 2021, and then further extended to June 15 and finally to June 16, 2021 through three separate addendums (Addendum 1, 5, and 7).

¹⁰ The second nRFP was issued on September 2, 2021 and closed on September 28, 2021.

¹¹ To proceed to Stage 4 (Pricing) a minimum of 12 points was required in Operational Capability (General section) and a minimum overall passing grade of 70 points in the technical evaluation.

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We observed that proponents who were ultimately successful in Stage 3 often submitted lengthy responses beyond the space provided in the required forms. Their responses generally aligned with the elements reflected in the ideal response criteria.

It is unknown why the differences between proponents are so significant¹². Interviewees speculated that proponents may have had different levels of experience and resourcing (e.g., some may have engaged external consultants to assist in responding) in preparing their response.

One of the complaints stated that the debriefings between the nRFPs were insufficient. The debriefing notes following nRFP#1 were not detailed enough for us to assess this issue but staff we interviewed expressed the view that vendors were provided detailed debriefings.

As outlined in **Appendix 4**, technical scoring was conducted by four evaluators in Transportation. We reviewed the scoring sheets for patterns and compared assigned scores against the written technical submissions to assess whether unusual patterns or inconsistencies were evident. Our review did not identify scoring trends, anomalous scoring patterns or indications that scores were manipulated to achieve a predetermined outcome.

As outlined previously, an unusual number of proponents failed to meet the minimum percentage scores during the Stage 3 Technical Evaluation. However, this seemed to be due to basic responses that fell short of the City's expectations (i.e., that they were deemed non-compliant). We have not performed a technical assessment that would be needed to understand whether or not a particular response should have been deemed non-compliant.

We did not observe any bids being excluded or removed from the process without scoring justification.

Risk - Unusual variations in the cost estimations and bid results

The differences between the City's initial cost estimates and the bids received over both nRFPs are reflected in the Table below:

¹² Possible reasons might include the experience level of individual proponents, the involvement of experienced proposal writing resources, capacity to respond in the limited time frame, not recognizing that answers could exceed the space provided, or other unidentified factors.

Table 2

Contract Area	CoT Estimate	High Bid (\$)	Low Bid (\$)	Awarded (\$)
TOA 1-1	7,269,194	26,040,386	12,010,890	12,006,090
TOA 1-2	6,841,770	24,809,627	14,920,062	15,032,074
TOA 1-3	4,116,400	14,798,606	10,678,325	10,437,671
TOA 1-4	4,003,065	12,617,342	6,198,579	6,411,028
TOA 1-5	4,258,615	13,633,082	8,006,150	8,223,035
TOA 2-1	Unknown	22,392,954	9,982,054	15,243,178
TOA 2-2	6,351,322	19,290,088	9,538,535	10,135,798
TOA 2-3	4,268,506	15,406,253	9,982,054	9,982,054
TOA 2-4	4,642,617	16,801,477	11,356,358	11,469,191
TOA 2-5	6,802,168	26,448,690	17,825,950	17,825,950
Don Valley/Gardiner	1,270,728	7,107,262	4,340,976	4,524,418
Totals	\$49,824,385	\$199,345,767	\$114,839,932	\$121,290,485

Note: Reported amounts do not include Additional Unit Rates costs or applicable taxes and charges.

In all Areas, the range of bids submitted exceeded the City’s previous estimates¹³. We did not closely examine and do not know why these estimates often diverge significantly from the bids ultimately received. A senior member of the Development Team told us the estimates had likely not accounted for the impacts of the COVID-19 pandemic and substantially higher insurance costs impacting the industry.

We also observed that the spread between the highest and lowest bids submitted for all contract areas was quite significant. A&F, Maple-Crete, IML and the Joint Venture submitted prices substantially lower than other proponents (with the exception of TOA 2-1). These differences appeared to be mostly due to fewer pieces of equipment being proposed with some of the variation due to lower daily rates.

Risk - Improper access to information

While we did not identify any instances of improper sharing of procurement information that could undermine the fairness of the winter maintenance procurement process, such conduct represents one of the simplest ways to influence outcomes and therefore remains an important risk faced by the City. In addition, the sharing of information could increase the impact of the other risks identified (e.g., advance notice of the nRFP would give a proponent a significant advantage over the others

¹³ We were informed that the City had engaged an external consultant, HDR, to assist in developing these estimates. HDR issued a final report on March 12, 2021, regarding the 2022 – 2029 winter maintenance contracts. The purpose of the report was to review and optimize the City’s winter maintenance contracting model by examining contract structure, service delivery, and organization of contract areas, facilities, and equipment to reduce the number of contracts while maintaining or improving service levels.

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particularly when the official timelines for submitting a response are short and the submission expectations complex).

We observed internal correspondence indicating that City employees were inquiring about details of the nRFP both prior to and during its issuance. As a result, an email communication was sent advising staff not to share procurement related information. We do not know the reason why City employees not involved with the procurement were interested in knowing the details of it. The head of the Development Team told us key procurement documents including technical scoring workbooks were restricted to the core evaluation group and not broadly circulated.

We identified multiple instances where a senior member of the Development Team indicated that they wished to communicate with A&F and others in-person, by telephone, “offline” and otherwise not in writing. These communications took place outside the nRFP submission period and at times, the communications indicated they involved operational matters (e.g., an August 2020 email to the head of A&F regarding his attendance at a Covid-pandemic meeting). The individual in question told us that they never shared any sensitive information regarding the nRFP with the proponents at any time.

Email review identified a number of relationships between City staff and the successful proponents. These are discussed under the section titled “Conflicts of Interest” below. Our review of emails for six custodians did not identify that any bid documents had been shared with the bidders or outside the Development Team before or during the bid period.

Concern - A senior member of the Development Team has a long-standing relationship with A&F dating back to when they were working in another part of the City

The individual named in the Concerns had a key role in the development of the updated winter maintenance procurement process. We reviewed the individual’s email communications using their City issued email address from January 1, 2019, to October 24, 2025, on a targeted basis to identify their communications with representatives of A&F. We also interviewed the individual and other Development Team members to understand whether they had information regarding a historical relationship with who we understand is the principal of A&F, or others at A&F.

Interviewees we spoke with said they were not aware of a close relationship between the individual and A&F. When we interviewed the individual, they initially stated that they did not have a relationship with A&F. When KPMG asked them about emails they had sent to A&F, the individual clarified that they had an operational relationship with A&F similar to those with other suppliers at that time, as A&F was the winter maintenance supplier for one of the geographic areas. The individual further indicated that while they were working in another City department, prior to joining the Transportation team, their role did not involve working closely with A&F.

There was no information identified or email communications found that indicated improper conduct among the individual and A&F. We also conducted online research into the individual to identify any business affiliations or other relevant information. Nothing consequential was identified.

Risk - Conflicts of Interest

We asked a number of interviewees if they were aware of any City employees declaring a conflict. They told us they were not aware of any declarations or conflicts among the persons involved in the Development Team.

Our review of email correspondence and interviews we conducted identified that certain current or former City staff had, or might have had, relationships with the successful proponents which we address below. None of the individuals were part of the Development Team.

- On March 3, 2021, another bidder who was unsuccessful reported a ‘conflict’ between Viola, which became a subcontractor to the Joint Venture¹⁴, and a City staff member in Transportation. Information we gathered indicated that a relative of the staff member is a management employee with a Viola company. We identified correspondence with procurement and the City’s legal team where a senior member of the Development Team appears to have concluded that no conflict existed, as the staff member was not involved in the contract drafting, evaluation, or award. Post-award, we observed in emails that the staff member managed winter maintenance contract area TOA 2-2 with Maple-Crete, which, as described below, is related to Viola. While the staff member was not responsible for managing the Joint Venture contract itself, they were included in communications with representatives from the Joint Venture and participated in discussions related to liquidated damages. The senior member of the Development Team told us they were not aware of the staff member’s involvement with the Joint Venture.
- Email communications indicate that around April 2022, prior to the start of the services, the Joint Venture hired four City employees from the Transportation department. This matter was raised with the City’s legal team around the application of a two-year cooling off period. Emails further indicate these individuals subsequently worked on the City winter maintenance contracts for the Joint Venture. The emails indicated that a senior member of the Development Team took the position that a cooling-off period should not apply for three of the four individuals. We asked the senior member of the Development Team about their rationale during an interview, and were told they disagreed because none of these individuals were involved in the winter maintenance procurement process.
- It was identified in emails that a former long time City employee who left in October 2020, and previously supervised winter contracts (including A&F), was subsequently employed by the Joint Venture. Based on our email review, it appears that the former employee had started with the Joint Venture in February 2023. We are unable to determine whether the former employee was employed by the contractor at anytime following his retirement from the City in October 2020, and prior to February 2023. It appears from email correspondence that as late as November 2023, in the role of a Joint Venture contractor, the former employee had unauthorized system access through a contractor application that allowed visibility into contract and bid pricing information for multiple vendors through an application for contractors. Emails we identified indicated that City management intended to remove his access after the unauthorized access was identified to management. The former employee

¹⁴ Through one or more Viola related legal entities.

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does not appear to have been involved with the Development Team, but it was evident in emails that the former employee continued to have a number of relationships with City employees in the Transportation department. We have not spoken with any of these individuals.

- We reviewed the email communications of the current and former City employees mentioned above for the period of review from June 2020 to December 2023. We applied targeted keyword searches to identify potentially relevant communications between these individuals and the successful proponents, as well as communications between these individuals and members of the Development Team during the pre-bid and bid periods. We found no indication that information regarding the winter maintenance procurement was shared with these individuals, nor that any such information was shared by them with proponents.
- We also identified that another former City employee had worked as a Supervisor in Transportation Services until his departure in approximately November 2021. In his role, the former Supervisor was involved in the supervision and oversight of winter maintenance operations and had interacted with a number of City vendors, including A&F. Based on emails dated in January 2023, the former Supervisor appears to be working for A&F and assigned to the Joint Venture, first in the role of Program Manager and subsequently in the role of General Manager. These positions appear to be more senior than the roles the individual had when they were employed with the City.
 - Interviewees indicated they were aware of the former Supervisor's transition to A&F. We asked if this had been escalated to the City's legal team in terms of cooling-off considerations. Interviewees indicated that a senior member of the Development Team was aware of the former Supervisor's new role with the Joint Venture and there were concerns the vendor was facing staffing shortages and that hiring an experienced individual could support winter maintenance operations. Other interviewees we spoke with were not aware of any consultation with the City's legal team and we were unable to identify any related emails.
 - Two interviewees on the Development Team told us that the former Supervisor was not part of the Development Team and that they were not aware of any sensitive information regarding the bid being shared with him.

Risk - Relationships among the proponents

Concerns - Many of the Suppliers are related which is dangerous due to concentration.

One of the risks faced by the City during its procurement activities is the possibility that proponents are affiliated, associated or are otherwise working together in formulating their bid responses in a manner that could potentially impact competition.

Overall, our research of public records identified that:

- There are multiple registered 'Viola' companies including Viola Management Inc., Viola Equipment Inc., Viola Ready Mix Equipment Inc., and Viola Asphalt Inc.
 - Many of the officers and directors listed overlap all four companies.

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- Viola Ready Mix Inc. and¹⁵ Viola Asphalt Inc., and Drift Snow Removal Inc. are the subcontractors declared by the Joint Venture following the contract award.
- One of the principals of Maple-Crete who is an Officer and Director of that company is listed as an Officer of the four Viola companies.
- Individuals associated with IML have family relationships with individuals associated with the Viola companies. We were unable to independently verify the shareholders and shareholdings of the Viola companies.

City employees we spoke with about this issue and other correspondence we identified suggested that City officials did not identify that there was an affiliation between the Viola subcontractors to the Joint Venture and a principal of Maple-Crete at the time the Viola subcontractors were declared following the bid.

We also examined whether, as part of nRFP #2, there were instances where the Joint Venture (which later declared two Viola companies as subcontractors) and Maple-Crete (or its other affiliated/associated companies) bid on the same Area in the nRFP process and we found one instance where this had happened in respect of Contract Area 2-4 during nRFP #2. In that instance, Maple-Crete, Vaughan Paving Ltd.¹⁶ and Direct Underground Inc. submitted a bid of approximately \$13.1 million through a joint venture called MVD Winter Services. The Joint Venture also submitted a bid of approximately \$11.8 million and was awarded the contract area. Pave-Tar was the other bidder for contract area 2-4. There also was also a third bidder for that Area where we did not identify any affiliations.

We conducted company research into various other proponents using public sources in an effort to identify any other relationships. Nothing else was found that appeared to impact the process.

Concern - The City's nRFP award recommendation to the Environment and Infrastructure Committee was made before negotiations were completed

A letter dated November 23, 2021, was submitted from the General Manager, Transportation and Chief Procurement Officer to the City's Infrastructure and Environment Committee ("IEC") regarding the recommendation to award the successful proponents under the nRFPs. While the negotiation stage had formally been completed prior to the award recommendation, it appears that some value-added components such as lease arrangements for City property had not yet been fully negotiated at the time of the contract award. The report submitted to IEC and City Council had included language permitting negotiation of agreements based on the terms and conditions set out in the nRFP.

On December 2, 2021, the IEC reviewed the letter but did not make any recommendations; instead, the matter was forwarded to City Council. The IEC meeting included discussion related to public

¹⁵ We observed that both names appear on the documentation. We found a company in corporate registry identified as Viola Ready Mix Equipment Inc. but found no company named Viola Ready Mix Inc. We suspect that the form contained a typo in the documentation, but this has not been confirmed.

¹⁶ Vaughan Paving Ltd. has directors and officers that are common with Maple-Crete. We found no affiliation or association between the Joint Venture and the Viola companies with Direct Underground Inc. which also have directors and officers that are common with Maple-Crete.

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submissions from industry stakeholders raising concerns about the fairness, competitive access, technical scoring, and how negotiations were conducted under the nRFP process. The matter was forwarded to City Council without recommendations from the Committee. City Council ultimately approved the award of the nRFPs and NCPs to the Suppliers on December 15, 16 and 17, 2021. Contracts with the successful proponents were signed between January 11, 2022, and Feb 9, 2022.

Concern - Proponents who submitted a response to the value-add technical evaluation question offering to lease City land received points for offering a lease amount substantially less than market value

Under the “value-add” component of the Stage 3 technical evaluation, some of the proponents outlined financial offers to the City to lease City land to store equipment during the off-season. This offer provided value to the City in the form of additional revenue and also assisted the proponents who would avoid the need to find alternative storage and move their equipment.

In their submissions under nRFP #1, A&F made offers to lease City property under the value-added response and received points as part of the technical evaluation (the value-add component was worth 10% of the total points).

- A&F offered to lease back the depot property for parking of equipment from April 15 to October 15 at \$40,000 per year.
- The Joint Venture had also proposed to lease back the depot property as part of the technical submission for nRFP #2.

At the time of contracting, the City offered license arrangements as an interim solution to all successful proponents for depot land from April 15 to October 15. Emcon, Maple-Crete, the Joint Venture, IML, and A&F were offered licenses, for \$40,000 per year.

No fair market value assessment was completed at the time of contracting and it appears that the \$40,000 per year amount put forward by A&F was applied to all of the successful proponents.

One of the interviewees indicated that the fair market value of the leased land was not formally determined at the outset of the Winter Maintenance Contracts and that due to internal delays within the City’s internal real estate group, action to establish market values was only taken more recently. Our email review suggests that, while a request had been made to obtain market value assessments for the licensed land, the process was not completed in a timely manner. Email findings indicated that subsequent complaints and questions regarding the fairness of the license arrangements and whether they reflected market value were a factor in prompting the City to advance the formal market value assessments. We understand that the City is in the process of conducting a valuation.

F.4. Events Post-Award

Risk - Post award and operational concessions

Following the award, a number of unusual and unexpected events took place that resulted in changes to the Contracts. These included amendments arising during the nRFP negotiation stage,

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revisions to a key liquidated damages provision that reduced the financial impact to the Suppliers, equipment substitutions and changes to the rules around subcontracting¹⁷.

Collectively, these concessions appear to have been favourable to the Suppliers. We are unsure if the City received any corresponding benefits.

Concern - During negotiations, key conditions and requirements were changed from the original RFPs

We were provided with City summaries prepared by the Development Team that outlined the amendments that were made to the nRFP terms as a result of the negotiations with the leading or selected proponents. We identified the following more significant change that stemmed from negotiations:

- At the contract negotiation stage in August 2021 in relation to nRFP #1, a progressive, “three strikes”-style approach to penalties was introduced which proposed that escalating percentages of penalties be applied for each infraction, with the full amount only to be applied on the 4th and subsequent infractions; the original requirement contemplated the full amount of the penalty being applied for every infraction with no phase-in period. Two service level requirements around a notification period were revised during the negotiation stage in November 2021.

Liquidated Damages

Concern - Pricing submitted by others was substantially impacted by the original RFP conditions and notably the substantial penalties which were heavy handed and punitive. After the second round of nRFPs it appears they were relaxed and reduced.

It appears that after work commenced, liquidated damages were regularly negotiated and disputed by the Joint Venture, IML, Maple-Crete and A&F and, in some instances, were not applied. At one point in June 2023, following the first winter, outstanding liquidated damages had been calculated by the City to exceed \$13 million. As a result of a number of actions by management, this amount appears to have been reduced substantially, as described further below.

Based on emails and related documentation, in August and September 2023, the City’s legal team was engaged by a senior member of the Development Team to assess the appropriateness of the liquidated damages. It appears that the requestor and a subordinate proposed reducing, in particular, a key liquidated damages provision #6 (Failure to leave a Depot within the applicable Mobilization Period) from \$200 per minute to \$10 per minute, and reducing the Daily Rate applicable to equipment, on the basis that the \$200 per minute was not supported; we were told that this amount had been carried through from a template in error¹⁸.

¹⁷ We understand that the City also agreed to receive other benefits, including annual insurance rebates from certain Suppliers, and volume discounts.

¹⁸ We observed one non-winter maintenance contract which referenced a liquidated damage amount of \$200 per day, for an unrelated service. We do not know if this was the same contract that the amount was purportedly pulled from in error.

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However, we observed that in both nRFPs' addendums, bidders had submitted questions identifying the \$200 as excessive and asking the City if it was willing to consider reducing it, which was not agreed to. We were told that this was because there was insufficient time to do so given the tight timelines of the process. We were also told that the Suppliers are continuing to dispute the liquidated damages that have been assessed. The table below summarizes the amounts assessed and collected by the City as at November 30, 2025.

A review conducted by the City in 2023 noted that liquidated damages ("LDs") for certain items were not applied, citing issues outside of contractor control. The report also identified inconsistent tracking of some other LDs.

Table 3

Vendor	Total LD Incurred (CAD)	Total Fees Paid (CAD)	LD as % of Fees
Joint Venture	8,432,544	261,199,849	3.23%
A&F	859,991	75,845,859	1.13%
Emcon	24,013	19,731,157	0.12%
IML	3,317,076	39,844,032	8.33%
Maple-Crete Inc	724,543	108,024,196	0.67%
Total	\$13,358,168	\$504,645,093	2.65%

Note: All Liquidated Damages, fees, and percentages reflect data recorded up to November 2025. Total LD Incurred is reported after reduction of LD#6.

Subcontracting Changes

In October 2022, the Joint Venture requested approval to use subcontractors (Viola companies and Drift Snow Removal), citing staffing shortages. It was determined that there was no issue with the Joint Venture subcontracting with these companies, which are affiliates of it.

In November 2023, a senior member of the Development Team engaged Legal Services to discuss increasing the sub-contracting limits from 25% (as set out in the winter maintenance contracts) to 50%. It was pointed out that the existing 25% subcontracting limit in the PMMD procedures had originally been implemented following findings from the Auditor General's review of paving contracts involving Transportation Services, which identified bid-rigging concerns with certain contractors that included vendors involved in the 2022 winter maintenance procurement. The operational risk associated with increasing the threshold was highlighted with a senior member of the Development Team, who ultimately made the decision to proceed with the increase to the subcontracting limit.

We do not know to what extent the City had oversight of how much work was being subcontracted out and to whom.

Equipment Substitutions

There appear to have been numerous equipment substitutions both at the time of the award and throughout the contract term.

Through email review, we found that multiple equipment substitutions occurred after contract award and often were formalized through change orders. Our analysis of some of the change orders found (in those examples) that while the change orders were listed at \$0 net impact in terms of the contract, the replacement equipment appears to have been less valuable than the originally contracted equipment (e.g., trucks with lesser capacity) and the rates were not reduced to the amounts originally bid. A rationale was provided by the supplier, but the change appears to have benefited the supplier. We have not undertaken the exercise to determine the frequency of substitutions or to quantify the overall financial impact.

Other Rebates

We also identified that A&F and the Joint Venture each proposed an annual insurance rebate of up to \$750,000 (up to \$7.5 million over ten years) based on a formula as a value-added item and received points during the scoring process. City staff advised that no insurance rebate was received in the first year. We did not have an opportunity to determine whether insurance rebates were received in subsequent years as the insurance cases were settled, or to confirm when the required annual review meetings took place. We also heard that volume discounts were to apply to the benefit of the City, but that disputes with some of the successful proponents may have impacted the timely recovery of these. Further work would be required to understand the background and status of these issues.

G. Process and Control Observations and Recommendations

While we did not identify clear evidence of wrongdoing, we did observe a number of events that highlighted fraud and misconduct risk areas. We have grouped these observations below, and provide potential process and control enhancements for the City's consideration.

G.1. Bidder Due Diligence

Discussions with the Development Team and research suggested that while representatives of the City were aware of a number of the relationships between the Suppliers through the Joint Venture, they did not identify all relationships. Relationships between proponents can mean the level of competition may be lower than what was recognized by the City at the point of evaluation and award. We understand that proponents may have the ability to subcontract up to 50% of the services, meaning that it is also important to identify similar relationships with potential subcontractors.

Recommendation

The City might consider enhancing its due diligence process on its larger contracts to include identifying the ultimate beneficial owners (UBOs) and the associated individuals (Directors and Officers) for subcontractors. This may include requiring proponents to declare ownership (where legally permitted) as part of the approval process.

G.2. Proponent Response Time

Proponents would likely have had to engage in a significant internal effort to formulate proper responses as part of the bidding process. The territories had changed significantly, new equipment may have been needed, operational capacity would need to be considered, and proponents were making commitments that might last 10 years.

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Initially, bidders to nRFP #1 were provided 27 days with some further extensions to respond. This period of time seemed short. Information sessions were held seven (nRFP#1) and eleven days (nRFP#2) after the bids were opened. Some bidders may have chosen not to bid, had too little time to consider their bids or possibly bid higher than otherwise to account for the risk they were taking on.

Shortening the period of response is one method insiders can use to reduce competition and influence outcomes. It can also impact the perception of fairness. Improperly sharing City information in advance with one or more bidders could magnify the impact since that proponent would have more time to consider their response.

Recommendation

The City should review its approach to response times for certain large and complex bids and consider increasing the minimum response times so that competition is not impacted.

G.3. Responses to Questions

As part of an RFP process, proponents may submit questions that seek to clarify, challenge or make suggestions in terms of the process or requirements. We observed two instances where proponents raised important questions highlighting what turned out to be an error in the nRFP that was corrected following the initiation of the contract. However, the initial responses by the City indicated they were unwilling to make any changes at that time.

We understand that time pressure in the process was a factor in terms of the City's response. However, failure to consider important information provided by proponents during the process can lead to errors going undetected and result in unintended consequences impacting the City and those engaged in the process.

Recommendation

The City should revisit the sufficiency of its procedures and guidelines around managing vendor questions.

G.4. Bid Evaluations

In this case, Procurement was part of the development of the updated process and the buyer consensus process around the scoring. However, the Stage 3 technical stage scoring was done exclusively by members of the Transportation department. Departmental employees may have long-standing relationships with the proponents and develop preferences for certain vendors. Some of the questions in the technical evaluation were also inherently more subjective which may allow the ability to influence the outcome (if someone was so inclined).

Recommendation

For larger procurements that may be subject to greater public scrutiny, consider requiring one or more members of the Procurement team, or individuals independent of the lead City department to participate in or monitor the bid evaluation process. This will add oversight and additional segregation and provide a better foundation on which to respond to public concerns if they arise.

G.5. nRFP Risks

While there are commercial benefits to the City from an nRFP process, there are some risks that arise. Bidders may knowingly bid low and be selected, on the expectation that they will negotiate more favourable terms once competition has been removed from the process. There is also the potential for collusive schemes to occur where a City employee improperly conveys, in advance, concessions the City will agree to provide at the time of negotiation.

If substantial changes are permitted that change the foundation of the competitive bid, they may appear to undermine the fairness of the process and raise suspicion.

Recommendation

The City should consider its strategy to manage these risks and maintain fairness. For example, consider guidelines or policies that will apply to the process, monitoring controls over the scope of negotiated changes, and require further authorizations or re-bidding where fairness may be compromised. In addition, the City management might consider reviewing its level of governance and oversight over decisions in the procurement process, particularly for larger procurements. This should include escalation requirements around significant unexpected or unusual events.

G.6. Operational Concessions

In terms of the Winter Maintenance Award, we observed that a number of changes were made that benefited the Suppliers after the contract term had started. We observed there was a large reduction in one of the liquidated damages provisions that had been flagged as a problem during the bid, equipment substitutions were approved that appeared to be to the Suppliers' benefit, and in 2024 the percentage of work that subcontractors were permitted to perform went from 25% to 50%.

We observed that these changes were subject to change orders approved by representatives of Transportation and Contract Development & Controls ("CDC").

There are fraud and misconduct risks associated with concessions post-award that are similar to those addressed above as nRFP risks. For example, if a bidder was improperly made aware in advance of the concessions that would be granted by an insider, they would be at an advantage over other bidders in terms of being able to propose a lower price. Even if fraud is not present, the perception of fairness may be eroded.

Recommendation

Revisit whether changes with significant financial and risk implications during negotiations or subsequently should be subject to greater oversight and authorizations at a senior level within the City.

H. Restrictions

This reporting letter providing our observations and findings to date has been prepared for internal use by the City of Toronto. The City requested and KPMG has consented to the reporting letter being shared publicly with City Council. It is subject to the terms and conditions associated with our contract dated September 3, 2025 and any amendments.

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We will not assume any responsibility or liability for any costs, damages, losses, liabilities, or expenses incurred by the City as a result of circulation, publication, reproduction, use of or reliance upon our comments. Furthermore, we will not assume any responsibility or liability for any costs, damages, losses, liabilities, or expenses incurred by anyone else as a result of circulation, publication, reproduction, use of or reliance upon our comments.

Our comments are based on information that has been made available to us as of March 16, 2026. Our comments are not intended, nor should they be interpreted to be legal advice, as we are not qualified to provide such advice.

Kind regards,

A handwritten signature in blue ink, appearing to read 'Peter Armstrong', with a large, stylized initial 'P'.

Peter Armstrong, CPA, CA, CFF
Senior Vice President
KPMG Forensic Inc.

Appendix 1

Listing of Documents

In preparing our reports, we have reviewed and relied upon documents or categories of documents listed below:

- Email communications in the period from January 2019 to October 2025 for six custodians who are, or were, City employees.
- Various reports issued by the Auditor General.
- Numerous letters of concerns from Unsuccessful Bidders.
- The nRFP Package Request for Proposals For Winter Maintenance Services for No: Doc2970598171, Doc3136860258 and Non-Competitive Procurement (Parts 1-5).
- Proposal Submissions for Winter Maintenance Services for No: Doc2970598171, Doc3136860258 and Non-Competitive Procurement provided by PMMD and Transportation Services:
 - Appendix C.3 - Technical Proposal Form including supplementary technical response submissions
 - Appendix C.4 - Pricing Proposal Form
- nRFP Evaluation documents provided by PMMD and Transportation Services:
 - WM Checklist dated June 16, 2021 and Oct 5, 2021
 - CoT WM Financial Evaluation Workbook for Doc2970598171 and November 3, 2021
 - WM Consensus Evaluation Workbook for Doc2970598171 and Doc3136860258
 - Winter Maintenance Price Summary Analysis dated August 13, 2021 and November 2, 2021
 - Winter Maintenance price evaluations dated August 13, 2021 and November 2, 2021
 - Negotiation letters
 - Summary All Stages Evaluation Summary Stream 1, 2, 3 (For Camera Session) dated December 14, 2021
- Staff Report package dated November 29, 2021.
- Doc3136860258 CoT-Winter Maintenance Information Meeting Presentation and meeting minutes dated Sept 13, 2021.
- Supplier Debriefing Meeting Minutes provided by PMMD for five Unsuccessful Bidders.
- City of Toronto Winter Maintenance Market Sounding Information Brief dated July 2020.
- Executed nRFP Contract Agreements provided by PMMD.

This appendix forms part of and should be read in conjunction with our report dated March 24, 2026.



- 2021 Procurement & Award of Winter Maintenance Contracts Risk Assessment prepared by Internal Audit dated June 23, 2025.

Appendix 2

Listing of Individuals

The individuals we interviewed or held discussions with are listed below:

- Two individuals, who are City Councillors, in their personal capacity;
- Six current and former City employees, who are or were part of the Transportation Services Division;
- Three City employees, who are or were part of the Purchasing & Materials Management Division; and
- Representatives of the Internal Audit Team.

Appendix 3

Overview of nRFP Stages

Stage	Evaluation Stage Description	Evaluation per Supplier or Contract Area
Stage 1	Mandatory Submission Requirements Includes submission of the following: <ul style="list-style-type: none"> • Bid submission form • Mandatory Financial Submission Form • Submission of Technical Proposal Form • Submission of Pricing Proposal Form • List of Subcontractors Form • Surety Prequalification Letter • WSIB CAD 7 • Certificate of Recognition (COR™) 	Pass/Fail (Per Supplier)
Stage 2	Mandatory Financial Viability Requirements <ul style="list-style-type: none"> • Financial statements • Capital Requirements • Cash Flow Assessment • Credit Facilities 	Pass/Fail (Per Supplier)
Stage 3	Technical Proposal Evaluation (70%)	Scored per Supplier <ul style="list-style-type: none"> • General Technical Evaluation (Scored per Supplier) • Contract Area Technical Evaluation (Scored per Contract Area)
Stage 4	Price Proposal Evaluation (30%)	Scored per Contract Area
Stage 5	Ranking (Combined prorated score of technical and price evaluation)	Scored per Contract Area
Stage 6	Contract negotiation (highest scoring Supplier) *	Scored per Supplier
Stage 7	Contract Award	Awarded per Contract Area

Stage 1 - Mandatory Submission Requirements

- This stage required completeness of submission of mandatory documents and was either pass or fail. A representative of the Development Team from PMMD was involved in evaluating this stage.

Stage 2 - Mandatory Financial Viability Requirements

- This stage assessed whether each bidder met the city's minimum financial requirements to access liquidity/credit, and capital required to execute on the contract during the entire contract term.

- Evaluated as a pass or fail in 4 areas: Financial statements, Capital Requirements, Cashflow assessment and Credit Facilities. This stage was evaluated by City accounting personnel.

Stage 3 – Technical Evaluation

- Bidders were required to submit a technical proposal form. The technical evaluation consisted of two components: General (submitted per supplier) worth 80 points and Contract Area-Specific (submitted for each contract area) evaluation worth 20 points for a total of 100 points.
- To proceed to Stage 4 (Pricing) a minimum of 12 points was required in Operational Capability (General section) and a minimum of 70 points overall in the technical evaluation.
- The General Technical evaluation consisted of a total of 12 graded questions in the following categories: Operational Capability, Delivery Approach, Fleet Management, Past Experience, Value Added Services, Diversity Profile. See **Appendix 4** for further details. We note that points awarded for each question and information on what is being assessed in each area was provided in the nRFP packages.
- The Contract Area- Specific evaluation included 2 questions covering two categories; Sequencing & Equipment Plan and Operating in Urban Environment were each worth 10 points for a total of 20 points.
- The nRFP (Part 4) had outlined the scoring based on a 0-5 rubric using the following formula “(Score achieved / 5) * Weighting as follows:

Score	Rating	Detailed Description
5	Excellent	Response fully meets or exceeds City's requirements
4	Very Good	Response meets most of the City's requirements
3	Adequate	Response partially meets the City's requirements
2	Weak	Response falls short of meeting the City's requirements
1	Poor	Response is unacceptable, minimal or vague
0	Unsatisfactory	Missing response or response is not relevant to the question

- The technical proposals were individually scored by four representatives of Transportation. Each individual was provided an evaluation workbook to score each submission for each question. In subjective technical evaluation areas where the 0–5 rating scale did not provide sufficient guidance, additional guidance was provided by identifying the key components of an ideal response.
- A consensus meeting was then had and moderated by PMMD to evaluate proponent scores and address any situations where the individual scoring differed by more than 2 points among scores; the scores were then finalized.

Stage 4 – Pricing Evaluation

- Only bidders who passed stage 3 were considered for pricing evaluation. The pricing score was worth a total of 30% of the final supplier score. Bidders with the lowest price per

contract area were awarded the greatest number of points, with all other bidders scored relative to the lowest price.

- The pricing evaluation had two evaluation components:
 - 1) Total price per contract area weighted 90% of the total score for pricing evaluation calculated as $\text{Lowest Price} / \text{Suppliers price} \times 90$ (weighting) and;
 - 2) Volume discount per contract area calculated as $\text{Suppliers volume discount score} / \text{Highest volume discount score} \times 10$ (weighting).

Stage 5 - Combined prorate score of technical and price evaluation

The total score is calculated for each proponent based on scores in stage 3 & 4 and the respective weights (i.e., Total score = Technical Score x 70% + Pricing Score x 30%). Suppliers were to be ranked based on total combined score per Contract Area. The top ranked Supplier for each Contract Area was eligible to proceed to negotiations Stage 6.

Stage 6 – Contract Negotiations

- Virtual 1-on-1 meeting with top ranked supplier in each contract area with the City.
- Negotiations may include:
 - Requests for supplementary information from the Supplier to verify, clarify or supplement the information provided in its proposal or to confirm the conclusions reached during the evaluation
 - May include requests for improved pricing or performance terms

Stage 7 – Contract is awarded

Appendix 4

Technical Stage Points Breakdown

Section	Category	Weighting	Minimum Threshold points	KPMG Summary of Technical Questions
General Tech Evaluation	Operational Capability	16	12	
	Overall experience -years	8		Years of winter maintenance experience (minimum 3 yrs) Average winter revenue (past 3 yrs)
	Overall experience -value Scale-up approach	8		Demonstrated ability to scale operations to meet volume Delivery of at least 60% of total contract value of areas bid (or detailed scale-up plan)
	Delivery Approach	17		
	GPS/AVL Technology	9		How City's GPS/AVL technology would be used operationally How it would support contract administration and communication How the system would be installed, maintained, and repaired
	Risk and Quality Management	8		Detailed risk management plan (risk identification, mitigation, claims management) Service quality management plan (documentation, reporting, communication)
	Fleet Management	20		
	Maintenance -preventative maintenance	8		Preventative maintenance plan
	Maintenance -vehicle breakdown response	6		Vehicle breakdown response plan
	Additional fleet	6		Ability to obtain additional fleet capacity during contract term
	Past Experience	15		
Past examples 1	5		3 completed projects within past 3 years <input type="checkbox"/> • Contract value <input type="checkbox"/> • Relevance to contract areas <input type="checkbox"/> • Processes/tools used to meet service levels <input type="checkbox"/> • Metrics on equipment breakdowns & response times <input type="checkbox"/> • Experience with outcome-based metrics References required for all three.	
Past examples 2	5			
Past examples 3	5			
Value Added Services	10			
Value add processes and technology	10		Must indicate: • Added operational value • Whether additional cost applied • Provide cost-benefit analysis if applicable	
Diversity Profile	2			
Diversity profile	2		Supplier required to demonstrate: • Supplier diversity policy • Employment diversity policy • Certification (if applicable) • Demonstrated results	
Total points (General Tech Evaluation)		80		
Contract Area Tech Evaluation	Delivery Approach	20		
	Sequencing of activities and inclusion of sub-contractors. Number and type of equipment.	10		Must include: • Activity/infrastructure types per equipment • Number of equipment and spares • Rationale for fleet size • Use of subcontractors (must be <25% of total work)
	Operating in an urban environment	10		Must describe: • Operating in multimodal environments • Route tracking and documentation • Missed route handling • Damage review and repairs • Ensuring operators are on location timely
Total Points (Contract Area Tech Evaluation)		20		

Total points	100	70
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Source: Doc3136860258 CoT-Winter Maintenance Information Meeting.pptx

Appendix 5

Detailed Concerns

Complaints – Unsuccessful Proponents

The letters broadly allege that the City's winter maintenance nRFP process lacked fairness, transparency, and competitiveness. Some of the concerns include:

- The procurement process relied on non-competitive or improperly applied award mechanisms.
- Compliant bidders were excluded from negotiation stages contemplated under the nRFP framework.
- Technical evaluation criteria were unclear and were applied inconsistently across bidders and procurement rounds.
- A disproportionate number of contracts were awarded to a small group of closely connected contractors.
- Certain bidders were given access to negotiated pricing adjustments and concessions that were not made available to others.
- Claimed cost savings are alleged to be overstated and may result in higher long-term costs to the City.
- The concentration of contracts among a limited number of suppliers increases operational and service delivery risk.

Other Complaints

At the time the Investigation was being planned, other complaints and concerns were put forward to KPMG that raised questions around the procurement process and outcomes.