



For Action

McNicoll Bus Garage – Facility Maintenance

Date: September 15, 2021
To: TTC Board
From: Chief Vehicles Officer

Summary

The purpose of this report is to obtain procurement authorization for the award of a contract for facility maintenance at TTC's new McNicoll Bus Garage (McNicoll) of \$28.6 million. The duration of the contract shall be from the notification of award for a 10-year term with the option to extend an additional one 10-year term.

Facility maintenance at McNicoll includes preventative and corrective maintenance of mechanical, electrical and fire prevention systems. It also includes maintenance of the building structure, waste management, snow clearing, equipment maintenance and janitorial services. The contract does not include major upgrades or renovations to the facility.

The second sourcing of facility maintenance at McNicoll will derive both quantitative and qualitative benefits. A preliminary analysis identified an estimated cost reduction of \$2.8 million or 9.5% of the estimated cost of delivering the work in-house given the service provider's lower cost structure. Through negotiations with the third party provider, additional reduction of \$0.5 million over the 10-year term of the contract was confirmed. This additional reduction was achieved by reviewing and introducing industry service standards for maintenance activities including parking lot sweeping, liquid waste disposal, duct cleaning, hoist maintenance and response times. TTC also ensured that revisions to the contract do not impact safety and service.

In total, when compared to TTC using in-house resources, the second sourcing of facility maintenance at McNicoll will result in a total cost avoidance of \$3.3 million over 10 years, representing an 11.2% reduction in future costs that would otherwise have been required to resource this new facility.

In summary, the benefits to be realized from this contract will provide the lowest possible cost for the delivery of facility maintenance services at TTC's newest bus garage, thereby ensuring public funds are being used in the most efficient and effective manner. The qualitative benefits to be realized include the opportunity to implement best practices and innovation at this facility which can be extended to other related facilities, enable TTC to focus on its core services and introduces managed competition.

Recommendations

It is recommended that the TTC Board:

1. Authorize the award of a contract to ENGIE Services Inc. in the amount of \$28.6 million (inclusive of all applicable taxes) for the facility maintenance of McNicoll Bus Garage from notification of award for a 10-year term with the option to extend for one additional ten-year term.

Implementation Points

Upon award of a contract for facility maintenance at McNicoll, ENGIE Services Inc. (ENGIE) will be required to complete a number of start up tasks that include but are not limited to:

- Recruitment and training of staff;
- Familiarization of facility and equipment;
- Inventory and entering of equipment into maintenance databases; and,
- Review of OEM recommended maintenance plans and development of asset management programs.

ENGIE will be provided approximately three months to initiate and implement the work at McNicoll. Considering ENGIE provides similar services for York Region Transit (YRT) and for other clients, there is confidence in their ability to commence the work for the start of the new contract.

Financial Summary

The requested contract authority of \$28.6 million, including HST, is based on the current scope of requirements to provide facility maintenance services at McNicoll Bus Garage and an allowance of 3% to reflect unforeseen incidents outside of the scope of the contract. The contract cost net of the HST rebate is \$25.0 million, as summarized in the following table.

Table 1: Upset Limit Breakdown

Cost (\$Millions)	2022	2023	2024	2025-2031	Total
ENGIE Cost	2.3	2.3	2.3	18.1	25.0
Contingency Allowance	0.1	0.1	0.1	0.4	0.7
Rebatable portion of HST	0.3	0.3	0.3	2.0	2.9
Contract Authority, inclusive of HST	2.7	2.7	2.7	20.5	28.6

In order to evaluate the vendor cost, the TTC first established the cost to provide facility maintenance for this new facility should this be undertaken with in-house resources, annually and over the life of the 10-year contract term. This has been estimated at \$29.5 million and has been used as the basis for evaluating both the vendor cost and alternative union proposal from a cost perspective.

In evaluating the vendor cost against in house alternatives, \$26.2 million was used comprising of the vendor cost of \$25.0 million to provide facility maintenance services based on the current scope of requirements and \$1.2 million in costs to be incurred to administer and manage the contract over the 10-year contract term.

Through the contract, ENGIE is responsible for all facility maintenance requirements and ensuring all OEM specified maintenance standards are met. In addition to work normally performed by ATU, Local 113 (ATU) and CUPE, Local 2 (CUPE), the contract includes work previously performed by third party contractors (e.g. snow clearing). The analysis takes into account the effort involved in managing the varied and complex deliverables associated with maintaining McNicoll. The contract provides a fixed price protecting the TTC from further cost escalation.

The recommended ENGIE contract will achieve a savings of \$3.3 million over the 10-year contract term, when compared to the use of current in-house resources. This represents an overall 11.2% reduction in costs over the term of the contract as summarized in the following table.

Table 2: TTC Direct Delivery versus Third Party Contractor

(\$Millions)	2022	2023	2024	2025-2031	Total
TTC Direct Delivery	2.8	2.7	2.8	21.2	29.5
Third Party Contractor	2.4	2.4	2.4	19.0	26.2
(Savings) achieved through ENGIE Contract	(0.4)	(0.3)	(0.4)	(2.2)	(3.3)
% Savings achieved through ENGIE Contract	14.3%	11.1%	14.3%	10.4%	11.2%

The cost of the contract and associated costs is approximately \$2.4 million per year between years 1 and 3 with some escalation to account for anticipated inflation resulting in an average of \$2.7 million per year after year 4. Sufficient funds will be included in the 2022 Operating Budget submission to cover fund these costs.

Given that this is a new facility being added to the TTC’s operations, the “savings” that will result from using a third party contractor for facility maintenance services avoid costs that otherwise would have had to have been funded. As such, no efficiency savings can be reflected in the TTC’s Operating Budget to reduce the base budget. In other words, the need for new funding will be lower by \$3.3 million or 11.2% given this recommended contract award.

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

Equity/Accessibility Matters

A cornerstone of the TTC's Corporate Plan 2018-2022 is accessibility, and as a proud leader in providing accessible public transit in the city of Toronto, we are committed to ensuring reliable, safe and inclusive transit services for all our customers. This is supported through the second sourcing of facility maintenance at McNicoll Bus Garage.

Decision History

On April 30, 2014, the TTC Board received for information a staff report titled "Status of Planning Activities for the McNicoll Bus Garage".

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/April 30/Reports/McNicoll Bus Garage Status of Planning Activities.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/April%2030/Reports/McNicoll%20Bus%20Garage%20Status%20of%20Planning%20Activities.pdf)

At the July 23, 2014 meeting, the TTC Board approved the McNicoll Bus Garage Draft Environmental Project Report and authorized submission of the Environmental Project Report (EPR) to the Ministry of Environment. The Board also directed staff to:

- Explore the possibility of creating a continuous property for the Scarborough Chinese Baptist Church by transferring their parking lot to the TTC employee parking lands;
- That the TTC maximize its greening initiatives and attempt to minimize its environmental impact of the McNicoll Garage by including specific items in its design; and
- That staff discuss the project with the Toronto Board of Health to ensure there are no community health issues and to bring back the result of the discussion to the TTC.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/July 23/Reports/McNicoll Bus Garage Transit Project Assessment Study.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/July%2023/Reports/McNicoll%20Bus%20Garage%20Transit%20Project%20Assessment%20Study.pdf)

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2014/July 23/Reports/Decisions/McNicoll Bus Garage Transit Project Assessment Study.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2014/July%2023/Reports/Decisions/McNicoll%20Bus%20Garage%20Transit%20Project%20Assessment%20Study.pdf)

On August 25, 2014, City Council approved the McNicoll Bus Garage Draft Environmental Project Report and authorized submission of the Environmental Project Report (EPR) to the Ministry of Environment. City Council also:

- Requested the CEO to report back on details of proposed mitigations to demonstrate all MOE requirements will be satisfied, as well as reporting on consultation with Toronto Public Health;
- Reiterated the TTC Board's August 19, 2014 directives regarding greening initiatives; and

- Requested the TTC to hire a third party consultant with cultural competencies to undertake all further community consultation at the McNicoll Bus Garage.

TTC received the Minister's Notice to Proceed with Transit Project on July 27, 2015.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.PG35.23>

On November 17, 2014, the Toronto Board of Health adopted a motion asking the Medical Officer of Health to assess the health impact of the TTC McNicoll Bus Garage on the neighbourhood population based on best available evidence from both the TTC and the community, and to provide findings to the Toronto Transit Commission and the community. (On May 15, 2015, the Medical Officer of Health advised TTC's Chief Executive Officer that their assessment found "the impact resulting from the future operation of the proposed McNicoll Bus Garage would be minimal and it is unlikely that any adverse impacts on human health would be encountered.")

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2014.HL34.15>

On March 10-11, 2015, City Council approved the TTC's 2015 Recommended Capital Budget, which includes \$181 million for the McNicoll Bus Garage project.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX3.4>

On September 21, 2015, Executive Committee requested the City Manager, in consultation with the Chief Executive Officer, TTC, to report to Executive Committee on a complete financial analysis and cost breakdown of the expenditures for the proposed \$181 million TTC McNicoll Bus Garage approved by City Council, and to conduct an examination of project delivery options, and the costs of similar garages in other jurisdictions.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.EX8.38>

On April 18, 2016, Executive Committee adopted a motion to receive the City Manager's report addressing the directives of the September 21, 2015 Executive Committee meeting.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2016.EX14.3>

At the December 20, 2016 meeting, the Board authorized the award of contract MN-1 for the McNicoll Bus Garage Design-Build to Buttcon-Eastern Joint Venture in the amount of \$14.6 million.

https://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2016/December_20/Reports/8_Procurement_Authorization_McNicoll_Bus_Garage_Design_Build.pdf

Issue Background

Opportunity Analysis

McNicoll was constructed to address overcapacity at the TTC's other seven bus garages. Prior to the opening of McNicoll on March 28, 2021, the TTC's seven bus garages operated beyond the combined design capacity of 1,631 buses with a fleet size of 2,086 buses. On average, each garage maintained and stored up to 65 additional buses in unallocated spaces which created challenges with traffic circulation and availability of maintenance bays. The opening of McNicoll increased overall maintenance and storage capacity by an additional 250 buses. On average, McNicoll reduces overcapacity at each location to 25 buses which is a more acceptable level.

The opening of McNicoll was identified as an opportunity for the TTC to explore efficiencies through alternative business models such as the second sourcing work at this location. This initiative is transformational and aligns with the TTC's 2018-2022 Corporate Plan, particularly with Critical Path 1: Transform for Financial Sustainability.

To explore opportunities to second source work at McNicoll, TTC issued a Request for Expression of Interest (REOI) and performed a preliminary opportunity analysis. The REOI identified interest in the market to partner with the TTC at McNicoll. As a result, a decision to proceed with a Negotiated Request for Proposal (NFRP) was made to contract out facility and vehicle maintenance, clerical, and materials and procurement work.

Procurement Process

In November 2019, a NRFP was posted on the MERX and TTC websites. After only receiving one bid, the TTC decided to cancel the NRFP and reconsider its' approach to the second sourcing of work at McNicoll. It was concluded that the consolidation of all operational elements into a single contract, made the scope of the NRFP too wide to solicit the best procurement outcome. As a result, the TTC cancelled the NRFP. Upon significant consideration, the TTC decided to award to the ATU the clerical, vehicle maintenance and materials and procurement work. The TTC, however, decided to continue to explore the second sourcing of facility maintenance. On October 14, 2020, a new NFRP was posted on the MERX and the TTC websites for only the second-sourcing of facility maintenance at McNicoll.

A total of 16 companies downloaded copies of the proposal documents, out of which four submitted proposals by the closing date of December 14, 2020.

Submissions were received from the following companies:

1. Bouygues Energies & Services
2. Dexterra
3. ENGIE Services Inc.
4. TEAM Group

A Fairness Monitor was retained to provide an independent third-party observation and assessment of the procurement process in order to ensure openness, fairness and transparency and that the process was conducted in accordance with the requirements as set out in the RFP documents. The Fairness Monitor was made available to attend debriefing meetings with the unsuccessful respondents in order to comment on the fairness of the process, if required. Appendix 1 to this report confirms the fairness of the procurement process.

The recommendation for award is based on the highest total weighted score. The evaluation of quotations was based on a staged process consisting of the following:

- Stage 1 - Mandatory Submission Requirements;
- Stage 2 – Evaluation;
- Stage 3 – Pricing;
- Stage 4 – Ranking and Contract Negotiations.

Stage 1 – Mandatory Submission Requirements: This consisted of a review to determine which quotations complied with all of the mandatory submission requirements. If a quotation failed to satisfy all of the mandatory submission requirements, the TTC would issue the respondent a rectification notice. If the respondent failed to satisfy the mandatory submission requirements within the Rectification Period, its quotation would be rejected.

Stage 2 – Evaluation: The evaluation of each qualified proposal was based on non – price rated criteria. Proponents who received a total minimum combined score of at least 80 points out of 100 points or higher on the non-price rated criteria categories set out in the RFP would proceed further in the RFP process. Proponents scoring below the combined threshold would not have their proposals evaluated further and would be disqualified.

Stage 3 – Pricing: Scoring of the submitted pricing of each qualified proposal was in accordance with the price evaluation method. The evaluation of price was undertaken after the evaluation of mandatory requirements and rated criteria has been completed.

Stage 4 - Ranking of Proponents and Negotiations: After the completion of Stage 3, proponents were ranked based on their price evaluation. The top-ranked proponent (proponent with the lowest total evaluated price) was issued a written invitation to enter into direct contract negotiations to finalize the agreement with the TTC.

Upon completion of the evaluation process, the proposal submitted by ENGIE received the highest total weighted score and did not state any exceptions or qualifications and their bid was considered commercially acceptable. Bouygues Energies & Services, had the second lowest weighted score followed by Dexterra and TEAM Group. All bids were deemed commercially compliant.

Based on the results of the NRFP, a financial analysis was undertaken with the support of WSP. WSP also performed a market scan of the industry for similar private-public partnership business models. From their analysis, WSP identified qualitative benefits as identified in Table 3 in the Comments section below.

Quantitatively, WSP identified an estimated total cost avoidance of \$2.8 Million or 9.5% of the estimated cost of completing the work in-house over the 10-year term of the contract when comparing ENGIE's base bid price with in-house cost estimates. In addition, WSP also noted the potential for additional savings of up to \$730,000 (2.5%) through negotiations with ENGIE.

A market scan of public agencies that have already adopted private-public partnerships and/or second-sourcing business models was also completed. The following agencies were identified as utilizing second sourcing and private-public partnership initiatives:

- Infrastructure Ontario;
- Public Works & Government Services Canada;
- Barrie Transit;
- Calgary Transit;
- Saskatoon Transit; and,
- York Region Transit.

Based on the analysis, TTC proceeded to negotiate with ENGIE to identify additional cost savings. Through extensive negotiations, an additional \$0.5 million in savings over the 10-year term of the contract was identified, resulting in total savings of \$3.3 million over 10 years or an 11.2% reduction in costs that would otherwise have required funding for this added facility (cost avoidance).

Union Consultation

The outsourcing of facility maintenance is work normally performed by the ATU and CUPE. The following ATU positions are impacted from this initiative: Building Service Person; Waste Management Operator; Painter; Carpenter; Handyperson; HVAC Mechanic; Plumber; Millwright; Fire Prevention Inspector; and Janitor; While CUPE positions impacted include: Radio Technician; and Electrician.

It should be noted that recruitment for these positions has not started and no ATU or CUPE members will be terminated or laid off as a result of this initiative.

The TTC followed the consultation process set out in the collective agreements with respect to contracting out maintenance work normally performed by the bargaining units. Furthermore, the TTC recently received a favourable arbitration decision which upheld the TTC's right to contract out maintenance functions at the TTC provided that certain requirements are followed. While it is possible further litigation can follow and there are always risks associated with such, the TTC, in its view, has complied with all relevant collective agreement obligations.

Comments

In an effort to ensure continued stewardship of taxpayer dollars, the TTC is continuously looking at ways to modernize and improve its operations. This includes identifying operational efficiencies and potential cost reduction opportunities.

This initiative aligns with the TTC's Corporate Plan. Specifically, it aligns with Critical Path #1 – Transform for Financial Sustainability, which aims to close the gap between revenue and the expected increases in expenditures. Further, the Corporate Plan identifies that the TTC will undertake a review of services provided to determine what needs to be completed in-house, what others can do to help focus the TTC on core services, and where partnerships can be formed to maintain or improve service quality while ensuring value for money for taxpayers.

Over and above the quantitative cost savings of \$3.3 million to be realized over a ten-year period, the TTC expects a number of qualitative benefits as set out in the table below. Of note, the qualitative benefits include: allowing the TTC to focus its efforts on providing safe and reliable transit; the ability to take advantage of industry best practices for facility maintenance at McNicoll and the TTC's other garages (including streetcar and Wheel Trans); and the avoidance of overhead costs required to manage policies, training, procurement and warehousing. In general, this new business model provides the TTC with an important opportunity to compare and evaluate current maintenance practices, learn and adopt industry best practices, introduce managed competition, and realize additional efficiencies.

Table 3 - Qualitative Benefits of Third Party Provider of Facility Maintenance

Benefit	Description of Benefit
Asset management by third party	TTC resources can be redirected to implementation and management at other locations.
Option to conduct procurement on behalf of TTC	Reduces reliance on the TTC Procurement and Category Management.
Long Term Disability Claims avoidance	Third party assumes risk and responsibility of LTD for their staff.
Grievance avoidance	Third party assumes responsibility of grievances for their staff.
Compare and contrast internal vs external practices and policies	Gain firsthand experience with industry best practices and implement improvements across all facilities.

Benefit	Description of Benefit
Improved preventative maintenance	Industry best practices for managing preventative maintenance can be implemented in other facilities to drive down costs and improve reliability.
Penalties for non-performance	Contract will hold third party to performance standards with enforceable, monetary penalties
Flexibility in workforce	Workforce and scheduling can be aligned with the work required.
Agility to take advantage of new software improvements or other innovations.	With third party as a partner that is able to shift and adapt quickly, the TTC will be able to implement and realize benefits across all facilities more quickly as well.
Focus on core services.	Facility management is the third party's core service. This allows the TTC to move its resources to focus on its core services.

The TTC has strong confidence in ENGIE as a third party provider. ENGIE has been in business since 1992 and offers facility and technical management to a range of clients across many industries and are a well established employer. ENGIE's vision, mission and values, reportedly, have been developed with an emphasis placed on the respect of people and continuous improvement. They offer a fair and competitive compensation package to their employees and promote diversity in the work place. ENGIE North America reportedly offers the following benefits to their employees:

- 5 paid sick days;
- Vacation days (seniority based, 4-8%) and 5 floating days per year;
- Work from home policy where possible;
- Short and long term disability benefits; and,
- Job protection during medical leave

ENGIE North America's workforce demographics consists of 24% females of which 25% are in management positions and 30% are at the executive level.

ENGIE currently performs work in a similar environment at YRT at four of its bus maintenance garages. A reference check from YRT has been favourable in terms of responsiveness, quality of work and performance of facility and shop equipment.

Based on both quantitative and qualitative benefits identified through this transformational initiative and on market feedback, the TTC expects to realize significant operational cost savings and improved operational efficiencies at McNicoll which can be implemented across other maintenance facilities.

Contact

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Signature

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Attachments

Attachment 1 – Fairness Monitor Interim Report



**Toronto Transit Commission
RFP No. P31ZA20258**

for

McNicoll Bus Garage – Facility Maintenance

Fairness Monitor Interim Report

Submission Date:

August 26, 2021

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1. Introduction

RFP Solutions Inc. was engaged by the Toronto Transit Commission (TTC) as a Fairness Monitor to observe a competitive procurement process to out source facility maintenance for the McNicoll Bus Garage.

RFP Solutions Inc. was initially engaged on February 14, 2020, pursuant to a competitive procurement process. Following oversight of an initial Request for Proposals (RFP) No. P31PE19964 McNicoll Bus Garage – Facility Maintenance and Operations Services, the RFP process did not result in a Contract Award. Accordingly, TTC reviewed and refined the scope and its requirements to issue a new RFP P31ZA20258 for McNicoll Bus Garage – Facility Maintenance. RFP Solutions was re-engaged by TTC on October 8, 2020.

RFP Solutions Inc. hereby submit this Interim Report related to the Request for Proposals (RFP) No. P31ZA20258 McNicoll Bus Garage – Facility Maintenance.

This Interim Report covers the activities of the Fairness Monitor following its re-engagement, commencing with review and comment on the draft solicitation documentation prior to its issuance to potential Proponents, oversight of the solicitation period, including review of TTC's drafting of addenda and responses to inquiries from potential Proponents, leading to the closing of the RFP, oversight of the TTC's evaluation of the Proposals received and determination of the highest-ranking Proponent eligible to be invited to enter into negotiation of any resulting Contract, and concludes with the monitoring of the TTC's progress towards an agreement in principle to be put forward for internal approval to award.

The report includes a summary of the scope and objectives of our assignment, the methodologies applied and relevant observations from the activities undertaken during each of the observed stages of the process to date, and our opinion of assurance.

RFP Solutions Inc. is an independent third party with respect to this process.

2. Project Requirements

Located at McNicoll Avenue and Kennedy Road in Toronto, Ontario, the McNicoll Bus Garage is a newly constructed facility that was built to support the growth of the TTC's bus transit service.

The facility has an in-door storage capacity for up to 250 40 ft. transit buses and will operate on a 24 hours a day, seven days a week basis. Features of the facility include a transportation office, two service lines with exterior wash system, bus cleaning area, maintenance offices, repair bay with 15 hoists and two (2) inspection hoists, paint shop and body shop, degreasing room, materials receiving, storage and distribution, and associated building systems and personnel amenities.

Through RFP No. P31ZA20258, the TTC was seeking an experienced third party to deliver facility maintenance for the McNicoll Bus Garage. The scope of services included maintenance of operational garage facilities, including garage equipment, snow removal, waste management and fire prevention inspection functions.

3. Methodology

The Role of the Fairness Monitor

In all respects, the Fairness Monitor serves as a neutral and objective third-party during the procurement process, with no interest, financial or otherwise, in the outcome of the process, other than ensuring that an open, fair and transparent process was followed.

The following Principles of Fairness were used in the conduct of this mandate and in arriving at our Opinion on the fairness of this RFP process to date:

1. **Transparency** – the process is open and accessible to all participants;
2. **Integrity** – the process is undertaken in accordance with what is ethically right and proper;
3. **Equality** – all participants are subject to the same rules and opportunities;
4. **Neutrality** – all participants are treated with an absence of bias or favouritism;
5. **Consistency and Compliance** – All participants are assessed in accordance with the solicitation and applicable legislation, policy and regulations; and
6. **Objectivity** – All observations and assessments are evidence-based.

In accordance with the terms of our engagement, we familiarized ourselves with the relevant documents and observed solicitation activities (e.g. review of the RFP, review of Questions and Answers and Addenda, attended the evaluation of Proposals leading to the TTC's identification and determination of the eligibility of the highest-ranked Proponent to enter into negotiations, and review of draft agreement); identifying any fairness-related matters to the Project Lead and ensuring that responses and actions of the TTC were reasonable and appropriate. Section 4 of this report summarizes the specific activities and observations of the Fairness Monitor in respect of those activities.

4. Fairness Monitor's Activities and Observations

4.1 RFP Planning / Pre-Issuance

TTC personnel prepared the draft and final RFP components. During the planning and drafting of the RFP, the Fairness Monitor was engaged to provide advice on the wording of the RFP with respect to fairness.

Activities and Observations

The Fairness Monitor reviewed several drafts of the RFP and provided oversight and addressed fairness questions during the finalization of the RFP documents including the RFP Particulars, Invitation and Submission Instructions and Forms, Evaluation and Negotiation structure and basis of selection, Evaluation Criteria, General Conditions, Schedule of Deliverables – Scope of Services, draft Form of Agreement and Schedules, and all Appendices and supplemental information. The Fairness Monitor reviewed the final RFP package prior to publication of the RFP on the TTC's electronic tendering website (MERX®).

The TTC was very forthcoming with information during the RFP Planning and Pre-Issuance stage and fairness comments raised by the Fairness Monitor were considered by the TTC. No fairness concerns were observed.

4.2 RFP Issue Period

Notice of the RFP publication was posted on MERX® on October 14, 2020, with an initial closing date of November 9, 2020 at 2 p.m. local time.

As set out in the RFP, a Pre-Proposal Meeting was held with interested potential Proponents via teleconference on October 20, 2020, to provide an overview of the RFP requirements and respond to industry questions. Minutes of the Pre-Proposal Meeting and Q&A were published to all potential Proponents on MERX® following the session.

During the RFP Issue period, a total of five (5) addenda and a supplementary Proponent Question & Answer document were published, providing responses to inquiries from Proponents, and making updates to the RFP document and requirements, including Appendices.

Of note, Addendum 1 introduced an optional Proponent Site Tour held on November 6, 2020. Six (6) companies registered and attended the Site Tour which provided a general factual overview of the site and its operations and a general Question and Answer session. Minutes of the Pre-Proposal Meeting and Q&A were published to all potential Proponents on MERX® following the session.

Addendum 1 also extended the deadline for issuance of Addenda to November 23, 2020 and extended the closing date of the RFP to December 7, 2020. Addendum 5 extended the closing date of the RFP to December 14, 2020.

The RFP closed on December 14, 2020 at 2 p.m. local time. As of the closing date and time, the TTC received four (4) Proposals uploaded to the TTC's Bonfire System, from the following organizations (in alphabetical order):

- Bouygues Energies & Services Canada Limited;
- 10647802 (o/a Dexterra Integrated Facilities Management);
- ENGIE Services Inc.; and
- Robinson Solutions (o/a TEAM Group of Companies).

Activities and Observations

The Fairness Monitor reviewed the published RFP package and its attachments and verified the location of the electronic Proposal submission interface on the TTC's Bonfire System as set out in the RFP document.

The Fairness Monitor made inquiries of the TTC on its plans for the Pre-Proposal Meeting. While the Fairness Monitor did not attend the Meeting, they reviewed the draft minutes and meeting materials prior to their publication on MERX®.

The Fairness Monitor reviewed all questions and answers and Addenda prior to their issuance. The TTC consulted with the Fairness Monitor on the questions received and draft responses and all Addenda prepared by the TTC, as well as on the decisions to extend the RFP closing date and time.

The Fairness Monitor made inquiries of the TTC on its plans and structure for the Proponent Site Tour added via Addendum 1. While the Fairness Monitor was unable to attend the Site

Tour due to COVID-19 restrictions, the Fairness Monitor reviewed the draft minutes from the Site Tour prior to their publication on MERX®.

Overall, no fairness concerns were identified during the issue period, and there were no fairness concerns with respect to any Questions & Answers or Addenda issued.

4.3 RFP Evaluation

Prior to the RFP closing date, the TTC RFP Contact prepared the TTC's Bonfire System for use by evaluators in conducting their individual evaluations and for conducting the consensus evaluation.

As per the RFP document, the evaluation process was comprised of four (4) stages:

- Stage I - Mandatory Submission Requirements;
- Stage II – Evaluation – Rated Criteria – requiring a minimum score of 80 points out of 100 points in order for a Proposal to move forward to Stage III;
- Stage III – Pricing; and
- Stage IV – Ranking and Contract Negotiations.

Activities and Observations

The Fairness Monitor made inquiries of the TTC on the structure and composition of the evaluation process participants and to verify the segregation of technical and financial proposal information and evaluation in accordance with the RFP. The Fairness Monitor also reviewed the Bonfire System set-up for use by the evaluators in each stage of the evaluation process to ensure its alignment to the RFP evaluation process structure, criteria, weightings and methodology.

No fairness concerns were observed.

Stage I – Mandatory Submission Requirements

Following the closing of the RFP, the TTC RFP Contact conducted an administrative review of the Proposals received to confirm they had met all administrative and mandatory submission requirements and were eligible for further consideration. As a result of this review, it was determined that all four (4) Proposals were eligible to proceed to Stage II Evaluation on the basis of the Rated Criteria published in the RFP.

Activities and Observations

The Fairness Monitor had full access to the Bonfire System, including the Technical Proposal to verify the outcomes of the administrative and mandatory submission requirement review.

No fairness concerns were observed.

Stage II - Evaluation

The TTC confirmed the Evaluation Committee members and provided evaluation orientation in the form of an instructional document for the Evaluation Committee members, including evaluation guidelines, requirements for confidentiality, non-conflict of interest, and process documentation security, instructions and expectations regarding the process and the conduct of the individual and consensus evaluations. The evaluation orientation document was provided prior to the release of the Technical Proposals to the Evaluation Committee members in the Bonfire System. As noted, the TTC had also prepared the TTC's Proposal Evaluation tool (Bonfire) containing the RFP criteria and scoring methodology for use by the Evaluation Committee prior to the closing of the RFP.

The Evaluation Committee was comprised of three (3) representatives of the TTC.

Evaluation was conducted using a standardized scoring scale as disclosed to Proponents within the RFP. Each Evaluation Committee member conducted an individual review and scoring of the Proposals and all individual evaluations were entered by the evaluators in the Bonfire System prior to convening for consensus. The individual evaluations entered into Bonfire were compiled in Bonfire prior to the consensus meeting.

Due to public health guidelines associated with COVID-19, the consensus was held remotely on January 20, 2021 using Skype to provide evaluators with visibility into the recording of consensus scores and comments during the meeting. The consensus meeting was facilitated by the TTC RFP Contact and overseen by the Fairness Monitor.

During the consensus meeting, Evaluation Committee members confirmed they had reviewed and scored the Proposals individually and reported each of their individual scores and rationales therefor, to confirm evaluations were thorough, balanced and consistent in the review of the Proposals.

During the Consensus meeting, the Evaluation Committee reviewed each rated criterion to arrive at consensus on each and all rated criteria for each single Proposal prior to completing consensus discussion and evaluation on subsequent Proposals. For each criterion, each member of the Evaluation Committee presented their score and rationale, following which the Evaluation Committee members discussed their rationales and arrived at a consensus rationale and score on each of the rated criteria.

At the conclusion of the rated evaluation consensus meeting, the consensus scores for each criterion were weighted by the applicable criteria weightings identified in the RFP and summed to arrive at the overall Technical Response score for each Proposal.

Following the consensus meeting, the consensus evaluation record including all scores and comments as recorded in the Bonfire system during the consensus meeting were reviewed and verified by each member of the Evaluation Committee, confirming their agreement with the scores and comments.

As set out in the RFP, a Proposal was required to achieve a minimum score of 80 points out of 100 points over all of the rated criteria in order to be deemed qualified to proceed to Stage III of the evaluation.

As a result of the consensus evaluation process two (2) Proposals were determined not to have

achieved the minimum required score and were set aside in accordance with the RFP. Two (2) Proposals were determined to have achieved the minimum required score and were thus eligible to move forward to Stage III Pricing evaluation.

Activities and Observations

The Fairness Monitor reviewed the evaluation process structure and documentation, including guidelines, evaluator responsibilities, code of conduct, security, confidentiality and conflict of interest requirements, evaluation methodology, instructions, and as noted verified that the set-up of the Bonfire System for use by the evaluators aligned to the criteria published in the RFP. The evaluation process and tools aligned to the published RFP.

The Fairness Monitor reviewed all instructions and tools provided to evaluators by the TTC to verify that instructions to evaluators aligned to the RFP and public sector procurement requirements. No fairness concerns were observed.

The Fairness Monitor was available to answer questions of the Evaluation Committee during the individual review stage and monitored progress and completion of individual evaluations by the members of the Evaluation Committee.

The Fairness Monitor reviewed the compilation of evaluations and oversaw the consensus evaluation meeting, making inquiries of evaluators during the consensus session. Each evaluator was prepared for the consensus meeting with their individual scores and rationales supporting their scores completed prior to the consensus, and each Committee member participated actively in the consensus discussions to confirm a consensus score and rationale for each criterion for each Proposal.

The Fairness Monitor reviewed the results of the consensus technical evaluations at the conclusion of the consensus meeting and reviewed the record of scoring and comments to confirm it reflected the consensus discussions and outcomes observed. The Fairness Monitor verified the agreement of all Evaluation Committee members to the Bonfire evaluation record.

The Fairness Monitor confirmed that the evaluation was undertaken in a consistent manner in accordance with the evaluation procedures and criteria disclosed in the RFP and that the results were arrived at by consensus of all Evaluation Committee members.

No fairness concerns were observed.

Stage III - Pricing

Following the completion of the Technical Evaluation by the Evaluation Committee, the Pricing Submissions of the two (2) eligible Proponents were reviewed by the TTC RFP Contact and initially reviewed for administrative compliance. No compliance issues were observed.

Following this compliance review, as set out in the RFP, the Proposal with the lowest total evaluated price would be identified as the highest-ranking Proponent eligible to move forward to Stage IV Negotiations.

Activities and Observations

The Fairness Monitor reviewed the pricing forms submitted by the two (2) remaining Proponents

and verified the compliance review and the application of the Pricing Evaluation as set out in the RFP.

No fairness concerns were observed.

Stage IV – Ranking and Contract Negotiations

As a result of the application of the Pricing evaluation methodology, ENGIE Services Inc., having submitted the lowest total evaluated price, was identified as the highest-ranking Proponent.

In consideration of the value of the Pricing submission vis-à-vis the TTC's operational costing estimates for the services, the TTC identified the need to seek clarification from the highest-ranking Proponent on the breakdown of costs within the line items of the Pricing form, to gain a better understanding of potential cost drivers and to determine areas of potential focus for any subsequent negotiations. The TTC consulted with the Fairness Monitor on its proposed approach to clarify the pricing received.

Subsequently, the TTC issued an invitation on February 9, 2021, inviting the highest-ranked Proponent to enter into contract negotiations.

Negotiations were conducted over the period of February – April, 2021, and resulted in the achievement of agreement in principle between the parties in August, 2021.

Activities and Observations

The Fairness Monitor verified the conduct of the Pricing evaluation and ranking of Proponents as set out in the RFP. No fairness concerns were observed.

The TTC proactively and transparently consulted with the Fairness Monitor following its review of the submitted pricing as to how the TTC may proceed vis-à-vis any clarification. The Fairness Monitor reviewed the draft questions prepared by the TTC prior to their issuance to the Proponent and provided Fairness comments that were fully addressed by the TTC.

The Fairness Monitor received a copy of the invitation issued to the Proponent to enter into negotiations.

The Fairness Monitor made inquiries and was informed by the TTC at the conclusion of the Negotiation stage. The Fairness Advisor reviewed the final draft agreement for alignment to the RFP requirements, the Negotiation process as set out in the RFP, and the Proponent's Proposal.

No fairness concerns were observed.

4.4 Current Status

At the time of this Interim Report, the TTC is proceeding to seek internal approval to award the Contract to the highest-ranked Proponent.

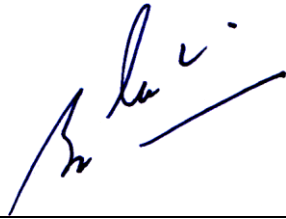
Pending approval and agreement execution, the Fairness Monitor remains engaged to oversee the notifications to all Proponents and the conduct of any debriefings.

A Final Fairness Report will be issued following the conclusion of these activities.

5. Opinion of Assurance

The Fairness Monitor hereby provides the following unqualified assurance statement concerning the conduct of the Request for Proposal process for RFP No. P31ZA20258 for McNicholl Bus Garage – Facility Maintenance, undertaken to date as described herein:

Based on the observations of the Fairness Monitor through the activities observed and described in this Interim Report, it is our professional opinion that the process we have observed to date has been carried out in a fair, open and transparent manner,



Steve Johnston
Managing Director
for RFP Solutions Inc.

August 26, 2021

Date