



## **Procurement Authorization – Bus and Streetcar Servicing and Cleaning**

**Date:** December 7, 2023

**To:** TTC Board

**From:** Chief Transportation and Vehicles Officer  
Chief Financial Officer

### **Summary**

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The purpose of this report is to obtain authorization to award a five-year contract for bus servicing and cleaning, and to exercise a two-year extension option under the existing streetcar servicing and cleaning contract.

The TTC is responsible for operating and maintaining a multi-modal public transportation system, which includes a fleet of approximately 2,300 buses. The TTC bus fleet is comprised of several makes and models, including 40-foot city buses, 60-foot articulated buses and 20-foot paratransit buses. The TTC is also responsible for operating and maintaining a fleet of 206 revenue service accessible streetcars, also known as Low-Floor Light Rail Vehicles (LFLRVs) that will increase to a fleet of 264. Cleanliness of vehicles is one of several key factors that contributes to TTC customer satisfaction.

Bus servicing and cleaning includes daily servicing, cleaning and parking of the TTC bus fleet at the nine bus garages, and daily streetcar cleaning and servicing work is performed at three streetcar carhouses, all within the city of Toronto. The daily servicing and cleaning work is performed by an external contractor and within strict operational time constraints to meet daily schedule and service requirements. This work compliments the TTC's in-house Bus and Streetcar Maintenance operations and transportation services, while enhancing the customer experience.

Bus servicing and cleaning services have been delivered by a third-party provider since 2013. Streetcar servicing and cleaning services have been delivered by a third party since 2022.

These initiatives have been successful and resulted in benefits, including improvements with:

- Quality of the servicing and cleaning activities.
- Employee morale.
- Availability and reliability of vehicles.
- Customer experience and public perception of the TTC's bus and streetcar fleets.
- Ability for the TTC to focus on core services and avoid overhead costs.

- Reduced costs to ensure public funds are used in the most efficient and effective manner.

## Recommendations

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It is recommended the TTC Board:

1. Authorize the award of a contract to TBM Service Group Inc. with an upset limit amount of \$107.0 million, inclusive of HST, for bus servicing and cleaning services at nine TTC city bus garage facilities for a five-year term commencing January 1, 2024 on the basis that it was the only qualified bid received.
2. Authorize the contract option with TBM Service Group Inc. for up to two-years, from January 1, 2024, to December 31, 2025, for streetcar daily servicing, midday and detailed cleaning, and increase the contract value by \$7.7 million, inclusive of HST, accordingly.

## Implementation Points

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TBM is the current service provider for the bus and streetcar servicing and cleaning work performed at the TTC's nine bus garages and three streetcar carhouses. Therefore, this work will continue without interruption.

## Financial Summary

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The recommendations in this report seek Board approval for a combined contract value of \$114.7 million, consisting of \$107.0 million for Bus Servicing and Cleaning from 2024 to 2028 as summarized in Table 1, and \$7.7 million for Streetcar Servicing and Cleaning from 2024 to 2025 as summarized in Table 2 below:

**Table 1 – Bus Servicing and Cleaning Contract Expenditure Authority by Year**

	2024	2025	2026	2027	2028	Total
TBM Cost	\$15,601,926	\$16,382,027	\$17,505,267	\$18,683,898	\$20,012,403	\$88,185,521
Non-Rebatable HST	\$274,594	\$288,324	\$308,093	\$328,837	\$352,218	\$1,552,066
<b>Subtotal - Contract Expense</b>	<b>\$15,876,520</b>	<b>\$16,670,351</b>	<b>\$17,813,360</b>	<b>\$19,012,735</b>	<b>\$20,364,621</b>	<b>\$89,737,587</b>
Rebatable portion of HST	\$1,753,656	\$1,841,340	\$1,967,591	\$2,100,070	\$2,249,395	\$9,912,052
Contingency Allowance	\$1,309,089	\$1,370,797	\$1,459,644	\$1,552,873	\$1,657,958	\$7,350,361
<b>Contract Authority, inclusive of HST</b>	<b>\$18,939,265</b>	<b>\$19,882,488</b>	<b>\$21,240,595</b>	<b>\$22,665,678</b>	<b>\$24,271,974</b>	<b>\$107,000,000</b>

The anticipated cost increase for bus servicing and cleaning is driven by increases in estimated quantities due to service level requirements, in addition to increases in contract unit prices.

**Table 2 –Streetcar Servicing and Cleaning Contract Expenditure Authority by Year**

	2024			2025			Contract Term
	Streetcar Serviceline & Cleaning Services	Midday Cleaning	Total	Streetcar Serviceline & Cleaning Services	Midday Cleaning	Total	Total
TBM Cost	\$1,989,364	\$1,156,900	\$3,146,264	\$2,048,125	\$1,179,900	\$3,228,025	\$6,374,289
Non-Rebatable HST	\$35,013	\$20,361	\$55,374	\$36,047	\$20,766	\$56,813	\$112,187
<b>Subtotal - Contract Expense</b>	<b>\$2,024,377</b>	<b>\$1,177,261</b>	<b>\$3,201,638</b>	<b>\$2,084,172</b>	<b>\$1,200,666</b>	<b>\$3,284,838</b>	<b>\$6,486,476</b>
Rebatable portion of HST	\$223,604	\$130,036	\$353,640	\$230,209	\$132,621	\$362,830	\$716,470
Contingency Allowance	\$155,571	\$89,723	\$245,294	\$160,218	\$91,542	\$251,760	\$497,054
<b>Contract Authority, inclusive of HST</b>	<b>\$2,403,552</b>	<b>\$1,397,020</b>	<b>\$3,800,572</b>	<b>\$2,474,599</b>	<b>\$1,424,829</b>	<b>\$3,899,428</b>	<b>\$7,700,000</b>

The anticipated cost increase for streetcar servicing, cleaning and midday cleaning is driven by increases in contract unit prices.

The 2023 Operating Budget, approved by the TTC Board on January 9, 2023 and City Council on February 15, 2023 includes \$15.8 million for these services. Based on the RFB results and contract extension for streetcar servicing and cleaning, the 2024 estimated cost is \$19.08 million, an increase of \$3.28 million as summarized in Table 3. Updated funding requirements will be included in the 2024 Operating Budget submission and future budget submissions for the Board’s consideration.

**Table 3 –2023 Budget and 2024 Forecast**

Description	Bus Cleaning	Streetcar Serviceline & Cleaning Services	Midday Cleaning	Total
2023 Budget	\$13,300,000	\$1,500,000	\$1,000,000	\$15,800,000
2024 Forecast	\$15,876,520	\$2,024,377	\$1,177,261	\$19,078,158
<b>Variance (2024 vs. 2023)</b>	<b>\$2,576,520</b>	<b>\$524,377</b>	<b>\$177,261</b>	<b>\$3,278,158</b>

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

## **Equity/Accessibility Matters**

A cornerstone of the TTC’s current Corporate Plan is safety, security and accessibility. As a proud leader in providing public transit in the city of Toronto, the TTC is committed to ensuring reliable, safe, and clean vehicles for all customers and employees. Bus servicing and cleaning work supports this commitment.

For bus servicing and cleaning, and as part of the procurement process, all bids received were subject to a formal review and rating of the bid submissions in accordance with the requirements outlined in the TTC bid documents. Rated criteria of bid submissions included the Bidder’s detailed Human Resources recruitment plan and details with respect to hiring processes, diversity and equity, qualifications, etc.

Higher scores were assigned by TTC evaluators for comprehensive bid responses that addressed specific areas such as:

- Diversity and equity corporate policies.
- Hiring processes.
- Assessment of staff's qualifications.
- Current HR policies and practices explaining how the contractor addresses staff vacation, staff shortages, discrimination, and labour relations issues (meal breaks, vacation, parental leaves, benefits, etc.).

The award of the bus servicing and cleaning work and the extension of the streetcar servicing and cleaning work to TBM supports and promotes equity and inclusion in the community.

TBM promotes equal opportunity, which is demonstrated by its employee demographics. TBM noted that of its 2,006 total workforce, 85% are visible minorities, 40% female and 60% male. In addition, TBM employees are unionized under Service Employees International Union – Local 2 and are afforded progressive wage increases, a comprehensive benefits package and a defined pension plan.

The bus servicing and cleaning work requires TBM to clean and operate TTC buses in the maintenance yards. This activity requires TBM to ensure their employees operating buses obtain and hold a qualified Driver's Licence (CZ, BZ or AZ) and become proficient in operating TTC buses in the maintenance yards. Exposure to TTC maintenance operations provides TBM employees the opportunity to apply and compete for internal TTC job postings.

Under the recommended extension for streetcar servicing and cleaning work, and the award of the bus servicing and cleaning work, TBM's Transit Division reports the average reported wage paid under the bus servicing and cleaning contract is \$19.55 per hour and \$17.78 per hour under the streetcar servicing and cleaning contract, plus the receipt of benefits for both groups. The collective bargaining agreement (CBA) covering TBM's streetcar workers expires March 31, 2025, while the CBA covering its bus workers expires December 31, 2024.

TBM's wage rates are higher than Ontario's minimum wage (which became \$16.55 per hour effective October 1, 2023), and higher than the City of Toronto's 2019-2022 Fair Wage Schedule for Light Duty Cleaners at \$15.50 per hour. It is understood that the City's Fair Wage Office intends to update its Fair Wage Schedules for 2022-2025.

TBM has performed similar cleaning work for public- and private-sector customers including, Centennial College, Toronto Public Library, OCAD University, Shoppers Drug Mart and Loblaw Companies Ltd., to name a few.

## **Decision History**

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In November 2011, the City of Toronto undertook a Service Efficiency Study, which encompassed all City Programs and Agencies, including the TTC. The Service Efficiency Study for the TTC reviewed and recommended opportunities for potential efficiencies, cost savings, new business methods and processes, revenue generation and other opportunities across nine focus areas. Amongst many others, the study identified the opportunity to use external suppliers to realize efficiencies. As part of the

2012 Budget process, City Council requested the TTC examine all efficiency opportunities within its operation to realize savings as a follow-up to the report.

- i. [City of Toronto Efficiency Study](#)
- ii. [KPMG City of Toronto Core Services Review](#)

### Bus Servicing and Cleaning

At its September 27, 2012 meeting, the TTC Board authorized second sourcing the bus servicing and cleaning work as a pilot at two bus garages.

[Procurement Authorization Bus Servicing and Cleaning](#)

Effective January 2013, bus servicing and cleaning services were performed by Hallcon Corporation (Hallcon) at Mount Dennis Garage and Topnotch Building Maintenance Ltd. (Topnotch) at Malvern Garage.

On January 21, 2013, an update was provided to the Board revising the original reported savings of \$4.29 million to \$2.93 million to reflect the revised HST calculations.

[Update – Bus Servicing and Cleaning](#)

Bus servicing and cleaning second sourcing expanded to the five remaining garages during the period from November 2013 to December 27, 2014.

Bus servicing and cleaning continued to be performed at seven bus garages with satisfactory performance contributing to increased quality and continued cost savings. At its July 23, 2014 meeting, the Board authorized a contract extension from December 28, 2014 to December 28, 2017.

[Procurement Authorization Amendment – Bus Servicing and Cleaning](#)

At its November 13, 2017 meeting, the Board authorized the award of a contract to TBM Service Group Inc. (TBM) to provide bus cleaning and servicing for various TTC properties with a duration of 75 months from December 31, 2017, to December 31, 2023, in the upset limit amount of \$91.50 million.

[Bus Servicing and Cleaning – Procurement Authorization](#)

At the September 24, 2020 meeting, the Board received an update on the TTC's COVID-19 Restart and Recovery Plan. As part of this update, the Board endorsed the expenditures of \$39.1 million for COVID-19-related activities forecasted to December 31, 2020. The Board also provided the Chief Executive Officer delegated authority up to \$15.0 million to implement any additional measures necessary to protect health and safety.

In 2020, in response to the COVID-19 pandemic, TBM was assigned vehicle disinfecting work in addition to their vehicle cleaning duties. To ensure streetcars, subway trains, and non-revenue vehicles were also being disinfected, amendments that totalled \$12,290,750 were made to the Bus Servicing and Cleaning contract. These amendments were approved by the Board through delegated authority provided to the CEO for all 2020 COVID-19 mitigation measures at the September 24, 2020 Board meeting.

[COVID-19 Restart and Recovery Update](#)

At its meeting on September 15, 2021, the Board approved an amendment to the bus servicing and cleaning contract with TBM and increased the upset limit by \$14.82 million to provide sufficient funds for vehicle disinfecting, corrosion removal, and additional base contract costs required for unbudgeted construction work from January 1, 2021 to December 31, 2021.

[COVID-19: Vehicle Disinfecting Services](#)

### Streetcar Servicing and Cleaning

At its meeting on September 15, 2021, the Board authorized the award of a contract to TBM to provide streetcar servicing and detailed cleaning in the amount of \$3.72 million for the period ending December 31, 2023, with the option to extend the contract for two additional one-year terms.

[Streetcar Vehicle Cleaning and Servicing](#)

A contract amendment for the streetcar cleaning and servicing contract was issued under staff authority to capture additional scope and resultant costs; this amendment increased the contract upset limit amount by \$0.50 million (inclusive of HST).

The streetcar cleaning and servicing contract with TBM included an option to add in-service streetcar cleaning, also known as midday cleaning, to be performed at route terminus points during short layovers within operating hours. In January 2023, TBM began this additional in-service cleaning per the contract option. To cover the additional costs for this option in 2023, under staff authority, \$1.0 million was added to the contract upset limit, with funding approved by City Council during the 2023 Budget process to provide additional cleaning on key streetcar routes. Midday cleaning is included in the TTC's action plan with respect to community safety, security and well-being, most recently referenced in the September 26, 2023 report to the Board.

[TTC's Partnership Approach to Community Safety, Security and Well-Being on Public Transit.](#)

## **Issue Background**

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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.

The second sourcing initiative implemented across the bus fleet has been successful and the work continues to be second sourced today. The TTC has mirrored the business model across its entire surface vehicle fleet to standardize operations and efficiencies. Refer to Appendix A – Bus and Streetcar Servicing and Cleaning – Benefits and Performance for a summary of the benefits realized by the TTC.

### Procurement Approach for Bus Servicing and Cleaning

The current contract for the provision of Bus Servicing and Cleaning is expiring on December 31, 2023.

Prior to the issuance of the Request for Bid (RFB), staff contacted the City of Toronto and Metrolinx to determine the feasibility of leveraging existing contracts. However, there were no Metrolinx or City contracts that could be leveraged to meet the TTC's bus servicing and cleaning requirements. As such, the TTC proceeded with a publicly advertised competitive bid process to secure a contractor for continued services beyond 2023.

## **Comments**

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### **Bus Servicing and Cleaning Contract Award**

A RFB was publicly advertised on the MERX and Bonfire websites, as well as the TTC's website on June 27, 2023. A total of 33 companies downloaded copies of the bid documents. It was mandatory that a Bidder attend at least one of the two site tour meetings prior to the bid closing date of August 9, 2023; a total of six Bidders attended, and subsequently two companies submitted a bid. The bid validity date is January 6, 2024.

Bid submissions from the following two companies were received by the specified closing date:

- Aurum Services Inc. (Aurum).
- TBM Service Group Inc. (TBM).

A Fairness Monitor was retained by the TTC to provide independent, third-party oversight and advice respecting the procurement process and to report observations and findings regarding the fairness and transparency of the process, and that the process was carried out in accordance with the established requirements as set out in the RFB. The Fairness Monitor's report, attached as Appendix B – Fairness Monitor (FM), confirms the process was carried out in accordance with the RFB requirements transparently and fairly.

### Evaluation of Bids

The evaluation process consisted of the following three stages:

- Stage 1 – Commercial Compliance.
- Stage 2 – Qualitative Evaluation requiring a minimum score of 70% to be achieved in the requirements described in the RFB in order to proceed to Stage 3 of the evaluation process.
- Stage 3 – Pricing Evaluation.

The recommendation for award is based on the lowest total evaluated bid price of all qualified bids. It was pre-determined that bids achieving a total minimum score of 70 points out of the maximum 100 points available in Stage 2 of the evaluation process would be considered qualified.

The two bids received were reviewed for commercial compliance with the mandatory submission requirements set out in the RFB. The bids submitted by Aurum and TBM achieved the requirements of Stage 1 of the evaluation process and proceeded to be evaluated in accordance with the requirements of Stage 2 – Qualitative Evaluation.

An evaluation team consisting of staff from the Bus Maintenance and Shops Department conducted the formal review and rating for Stage 2, while staff from the Procurement and Category Management Department acted as the facilitator during the evaluation process, confirmed commercial compliance in accordance with Stage 1, and verified the total evaluated bid price under Stage 3.

The qualitative criteria rated in Stage 2 included the following categories and associated weightings:

- Corporate Qualifications – 20%: consisting of the evaluation of each Bidder’s experience and qualifications to perform work of similar size, nature and complexity.
- Proposed Work Methodology – 80%: Consisting of the evaluation of the Bidder’s understanding of the scope of the work of the contract, the Bidder’s capacity to perform the work demonstrated through a detailed resource plan, human resources recruitment plan, emergency response plan, quality plan, and health, safety and environmental plan.

Each category was evaluated and an overall minimum threshold score of 70% out of a possible 100% was needed in order to advance to Stage 3 of the evaluation process. Bidders scoring below the threshold of 70% were eliminated and not evaluated further.

The bid submitted by Aurum was evaluated in accordance with the requirements of Stage 2 of the evaluation process, and their submission did not achieve the minimum threshold score of 70%. As such, Aurum’s bid did not proceed to Stage 3 of the evaluation process.

The bid submitted by TBM was evaluated in accordance with the requirements of Stage 2 of the evaluation process and their submission exceeded the minimum threshold score of 70%. In accordance with the evaluation process, the pricing component of TBM’s bid was opened to determine the Total Evaluated Bid Price.

TBM’s bid price for the first year of the new contract (2024) is approximately 7.2% higher than its current 2023 contract price. This is attributed to the approximate 6.7% increase in Ontario’s minimum wage, which took effect in October 2023.

TBM’s bid price for 2025 is the same as 2024, while its 2026 pricing is approximately 1.77% higher than 2025. The price increases by approximately 1.65% in 2027 and is approximately 2.01% higher in 2028 as compared to 2027.

TBM is the incumbent and has performed this work for the TTC in a satisfactory manner. TBM is recommended for the award of the contract.

TBM will be required to execute a Performance Bond in the amount of \$4.5 million for the term of the contract.

The recommended upset limit amount includes an approximate 7% contingency for potential unanticipated changes in service requirements.



## **Streetcar Servicing and Cleaning Contract – Two-Year Contract Extension**

After mobilizing and training, TBM began performing streetcar daily servicing and detailed cleaning work at the TTC's three carhouses in February 2022.

TBM's initial streetcar vehicle cleaning and servicing contract term ends December 31, 2023 and contains extension options for the years 2024 and 2025. Based on TBM's work performance and the pricing offered for the extension options, the full two-year extension is recommended.

TBM's pricing for the 2024 extension year on Streetcar pre-service and daily, detail and midday cleaning is approximately 6.0% higher than the current 2023 pricing. This increase is attributed to the approximate 6.7% increase in Ontario's minimum wage, which took effect October 1, 2023. TBM's pricing for the 2025 extension year is approximately 2.6% higher than the 2024 pricing.

The recommended upset limit amount includes an approximate 7.0% contingency for potential unanticipated changes in service requirements.

### **Contact**

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David Marshall, Interim Head – Procurement and Category Management  
416-938-4725  
david.marshall@ttc.ca

Steve Cuschieri, Head – Vehicle Maintenance  
416-200-9607  
steven.cuschieri@ttc.ca

Scott MacGillivray, Interim Head – Vehicle Maintenance  
647-333-9114  
scott.macgillivray@ttc.ca

### **Signature**

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Josie La Vita  
Chief Financial Officer

Rich Wong  
Chief Transportation and Vehicles Officer

### **Attachments**

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Appendix A – Bus and Streetcar Servicing and Cleaning – Benefits and Performance  
Appendix B – Fairness Monitor Report

## Appendix A

### Bus and Streetcar Servicing and Cleaning – Benefits and Performance

Vehicle servicing and cleaning is imperative to Bus Maintenance and Streetcar Maintenance departments, along with their Transportation department counterparts. Vehicle cleanliness is the foundation of good preventative maintenance and has proven to improve the operator, technician and customer experience, along with service performance and reliability. Servicing and cleaning are key contributors to changing the social attitudes of TTC customers and employees.

Second sourcing of bus servicing and cleaning began in 2013. Previously, this work was performed by TTC Service Persons and managed by Garage Forepersons. Service Persons in 2012 were classified as Wage Group 4 and received an hourly rate of \$21.01 per hour - \$27.25 per hour, plus benefits. Ontario's minimum hourly wage at that time was \$10.25 per hour.

Garage Forepersons supervised Service Persons, Coach Technicians and General Body Repair Persons to deliver buses for service. As a result, the Forepersons' focus varied and their priorities consisted of:

1. Safety of employees and customers;
2. Reliability of vehicles;
3. Delivery of vehicles into service; and
4. Cleanliness of vehicles.

The TTC's business model at the time was difficult to sustain. Garage Forepersons routinely supplemented servicing and cleaning work with skilled trades persons (Technicians). The use of Technicians for this work impacted morale of skilled trades employees and unclean vehicles frustrated Operators. Subsequently, non-safety critical repairs were often deferred, Operators frequently requested new vehicles and fleet reliability fell below targets. The customer experience using the TTC's bus service was poor and a new business model was required.

In November 2011, the City of Toronto published a Service Efficiency Study on the TTC, identifying the opportunity to use external suppliers to enhance efficiencies. As part of the 2012 TTC Operating Budget process, the City directed TTC staff to look at efficiencies within its operation in an effort to realize savings as follow-up to the KPMG report.

- i. [City of Toronto Efficiency Study](#)
- ii. [KPMG City of Toronto Core Services Review](#)

In search of an improved business model that addressed the KPMG report and City Council directives for efficiencies, staff notified the union (ATU) that it intended to explore second sourcing of the bus servicing and cleaning.

At the September 27, 2012 Board Meeting, the Board authorized a 10-month pilot that allowed the ATU to compete with the external contractors. Hallcon Corporation and Top Notch Building Maintenance Ltd. performed bus servicing and cleaning at Mount Dennis and Malvern bus garages, respectively. The TTC internal forces continued to perform bus cleaning and servicing at the remaining five bus garages. Results of the head-to-head competition between the contractors and the ATU favoured second sourcing in both quality and costs. Subsequently, second sourcing was extended to all bus garages.

Since second sourcing was introduced in 2013, improvements have been realized in:

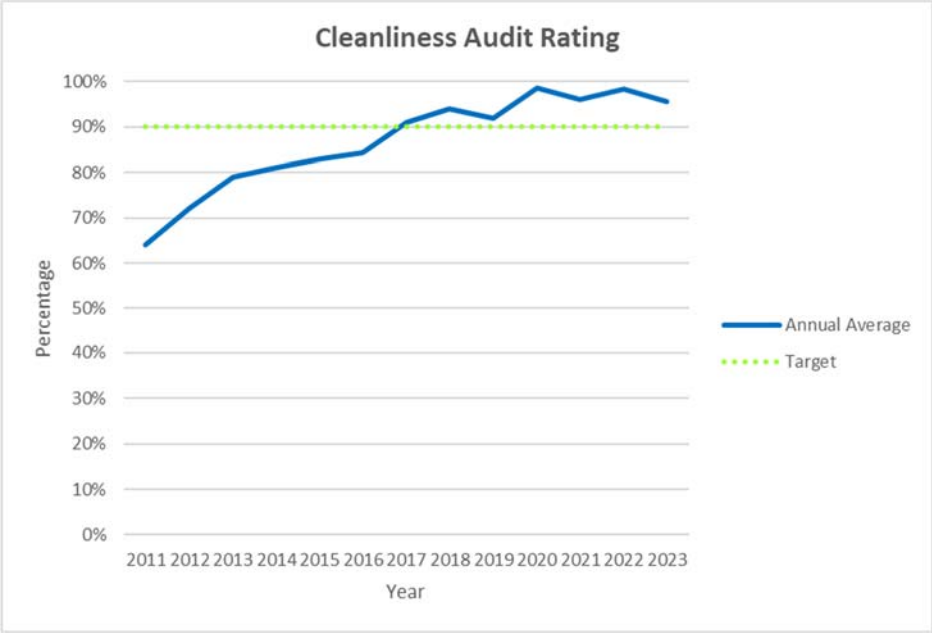
1. Vehicle Cleanliness;
2. Vehicle Reliability and Availability; and
3. Cost Effectiveness.

### Bus Vehicle Cleanliness

Vehicle cleanliness audits are performed by a third-party auditor. Since 2013, audit results have progressively improved. Today, bus cleanliness consistently meets or exceeds the 90% target. Reference Graph 1 – Vehicle Cleanliness Trend.

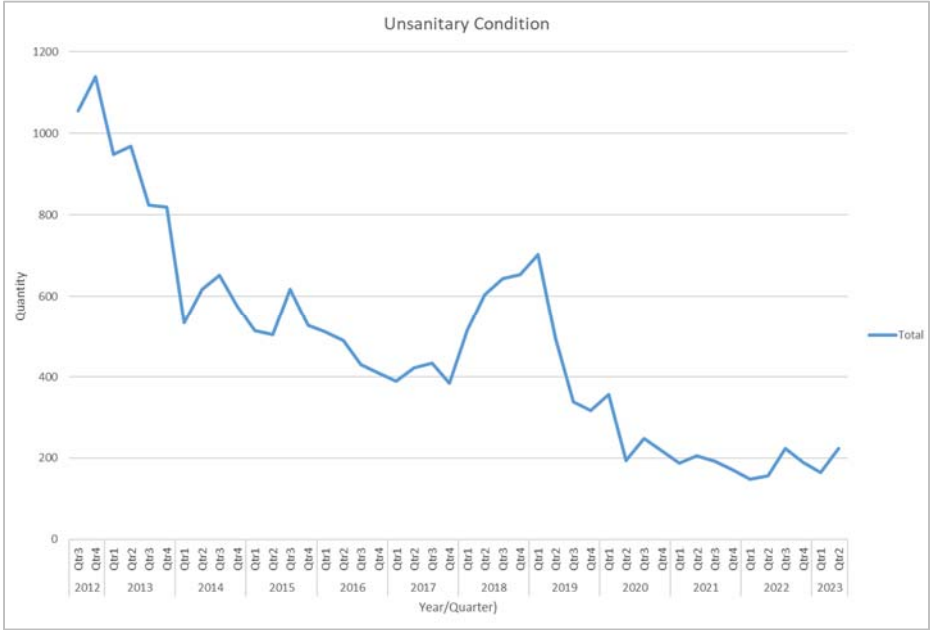
Vehicle cleanliness is no longer a topic of concern for frontline employees who use the vehicles as their offices. Operators drive buses in cleaner cabs and working conditions, while Technicians no longer supplement this work and are focused on performing maintenance activities on clean vehicles.

Graph 1 – Vehicle Cleanliness Trend



Consistently clean vehicles dissuade the public from littering and defacing property. This shift in culture can be seen from the significant decrease in unsanitary conditions that are reported by customers and Operators. Reference Graph 2 – Unsanitary Condition.

Graph 2 – Unsanitary Condition



## Bus Vehicle Reliability and Availability

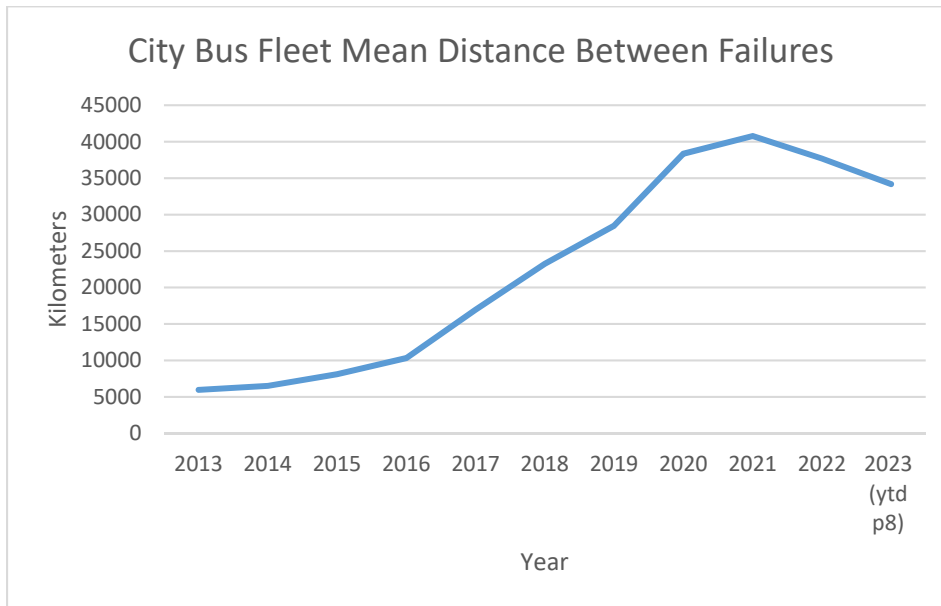
Vehicle cleanliness also contributed to improved vehicle reliability and availability. The introduction of second sourcing allowed Technicians to focus strictly on maintaining the bus fleet. In turn, vehicle reliability and availability trended upwards.

The following Key Performance Indicators (KPI) track vehicle reliability and availability:

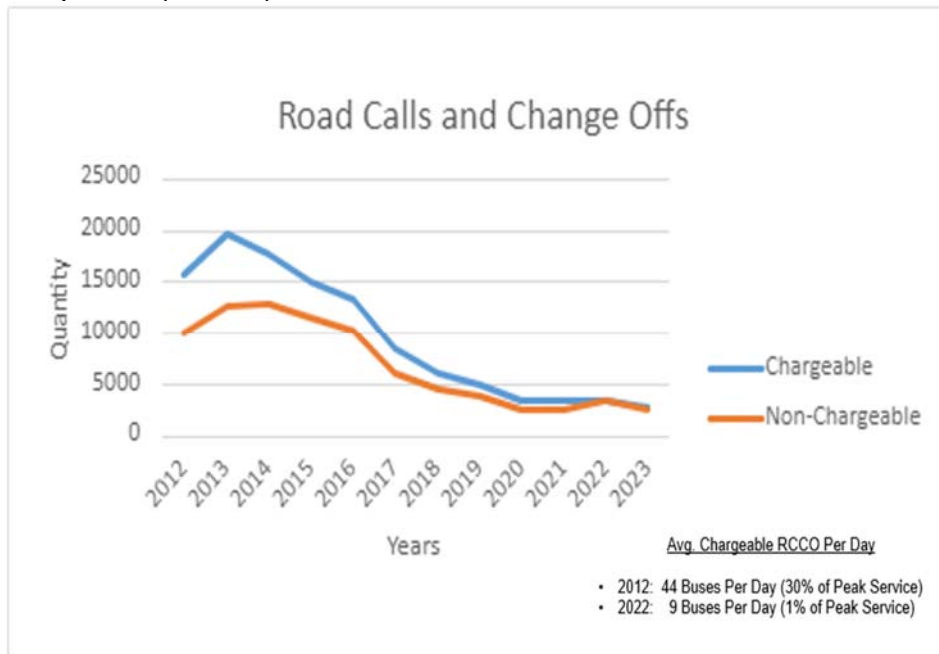
- Mean Distance Between Failures (MDBF): average distance travelled by the fleet between failures attributed to maintenance issues (mechanical, electrical, structural); and
- Road Calls and Change Offs (RCCO): Chargeable RCCOs are the number of times a Coach Technician is required to attend to a bus in service to address a fault or to retrieve a bus that has failed in service due to maintenance issues (mechanical, electrical, structural).

The significant reduction in RCCO and increased MDBF means customer trips are no longer interrupted by vehicles with mechanical, electrical or structural issues.

Graph 4 – (MDBF)



Graph 5 – (RCCO)



Bus Servicing and Cleaning – Cost Effectiveness

Second sourcing resulted in significant cost avoidance. The estimated cost avoidance of second sourcing to Hallcon Corporation and Top Notch Building Maintenance over five years (2013-2017) was an average of \$4.29 million annually. An update was provided to the Board on January 21, 2013 revising the reported savings of \$4.29 million to \$2.93 million to reflect the revised HST calculations.

On November 13, 2017, TBM Service Group Inc., formerly Top Notch Building Services, was awarded the bus servicing and cleaning contract. The estimated cost avoidance from 2018 to 2023, based on the TTC operating model prior to second sourcing, was \$16.80 million or an average annual cost avoidance of \$2.80 million.

TBM has since refined the business model to adopt a production line approach utilizing dedicated workforce to perform each activity. If the TTC were to perform servicing and cleaning in-house, the TTC would be inclined to adopt a similar business model as TBM to ensure continued success of KPIs. Using TBM’s business model, the TTC would need to increase its workforce compared to the 2012 business model. The expected cost avoidance of second sourcing with the updated workforce model is approximately \$101.83 million over the contract term (2024-2028) or an average annual cost avoidance of \$20.37 million.

Scenario (in '000s)	2024 Cost	2025 Cost	2026 Cost	2027 Cost	2028 Cost	Total
<b>Bus Serveline and Cleaning</b>						
Scenario 1: TTC Internal workforce using 304 Servicepersons (WG4)	\$ 34,814	\$ 34,470	\$ 40,032	\$ 40,837	\$ 41,653	\$ 191,807
Scenario 2: TBM Contractors	\$ 15,923	\$ 16,718	\$ 17,862	\$ 19,062	\$ 20,415	\$ 89,980
<b>Scenario 1 vs 2 Cost Avoidance for using TBM (at Full Cost)</b>	<b>\$ 18,891</b>	<b>\$ 17,753</b>	<b>\$ 22,170</b>	<b>\$ 21,775</b>	<b>\$ 21,238</b>	<b>\$ 101,827</b>
<b>Scenario 1 vs 2 Cost Avoidance %</b>	<b>54%</b>	<b>52%</b>	<b>55%</b>	<b>53%</b>	<b>51%</b>	<b>53%</b>

## Bus Operations – Safety, Security and Customer Perception

In addition to the efficiencies identified through second sourcing, contracted services also allowed the TTC to quickly address changing safety and security concerns. These included the spread of infection during the COVID-19 pandemic, the increase in the use of transit network for sheltering and resultant cleanliness, and more recently pest concerns (e.g. bed bugs).

In each situation, TBM was able to quickly scale up their workforce and procure the necessary materials and supplies to enhance cleaning and disinfection and address the concerns. The ability to quickly pivot, when required, supports business continuity and provides a high level of confidence to customers and employees.

Figure 1 – COVID Disinfecting



Customer satisfaction is measured through Customer Experience Surveys. Results from Q2 2023 suggests vehicle cleanliness is no longer an area of major concern for customer satisfaction, as it had been during a part of COVID. While improvements can always be made, cleanliness on buses and streetcars continues to be a secondary area of challenge/success as seen in Figure 2. This contributes to an overall increase in Customer Satisfaction. Increased cleanliness has supported a shift in social attitudes such that, for the most part, it is now no longer socially acceptable to litter on the vehicles.

Figure 2 – Customer Experience Survey Q2 2023

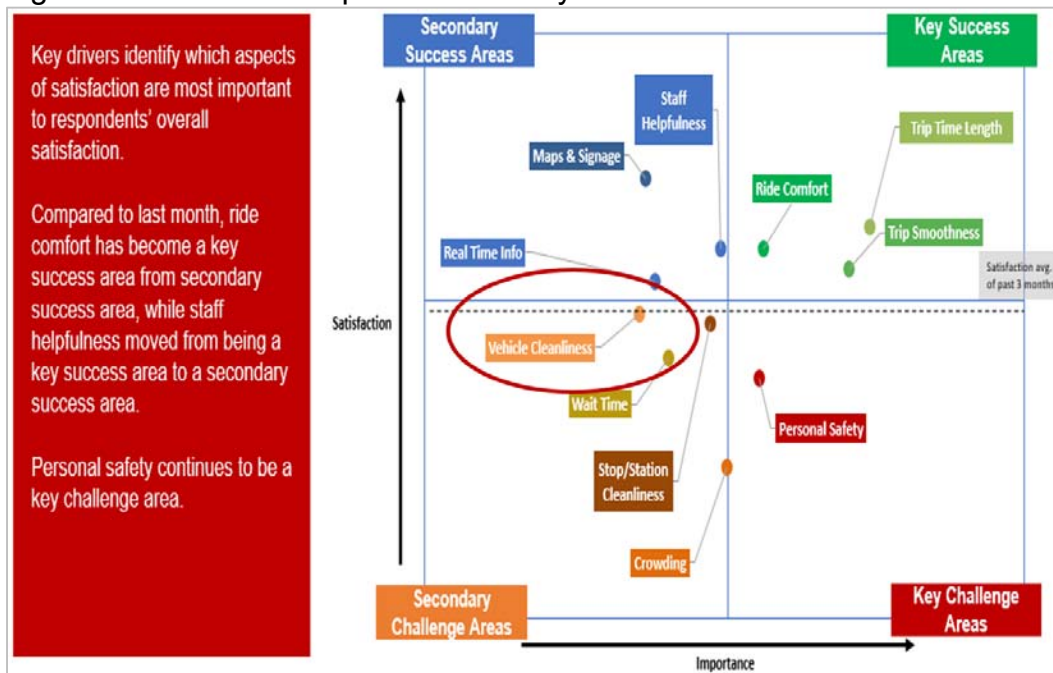
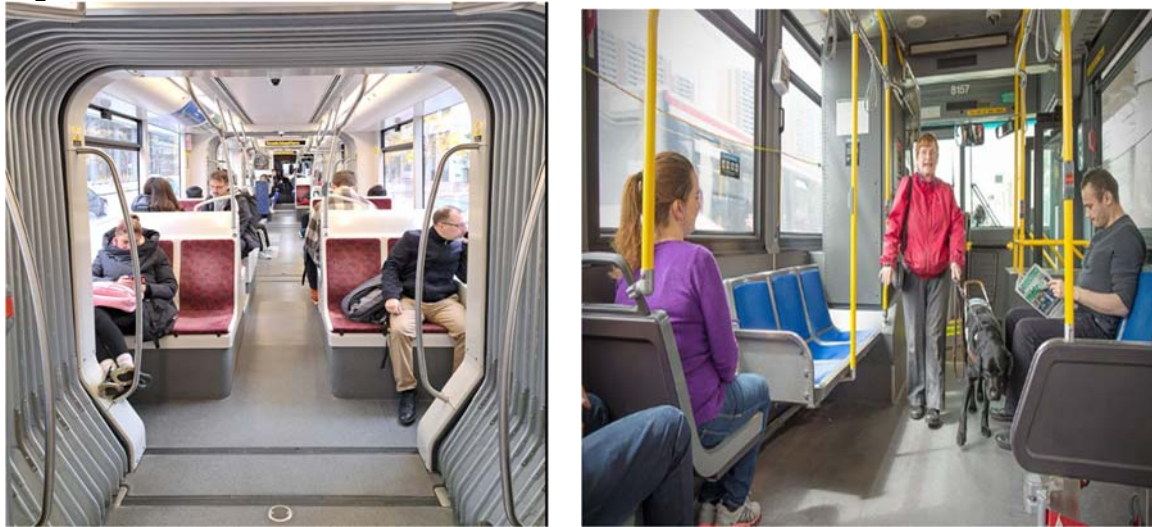




Figure 3 – Social Attitude and Culture on Vehicles



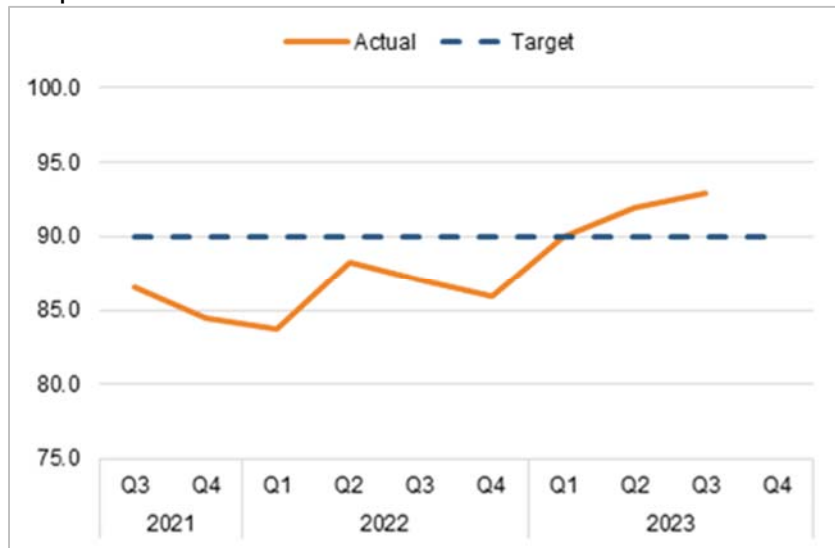
### Streetcar Servicing and Cleaning

Following the success of second sourcing the bus servicing and cleaning, Streetcar Maintenance investigated options to adopt a similar model in 2020. At the September 15, 2021 Board meeting, the second sourcing of streetcar servicing and cleaning was approved. The estimated cost savings over the initial 26-month contract term expiring December 31, 2023 was \$1.79 million, which represents a 35.1% cost avoidance.

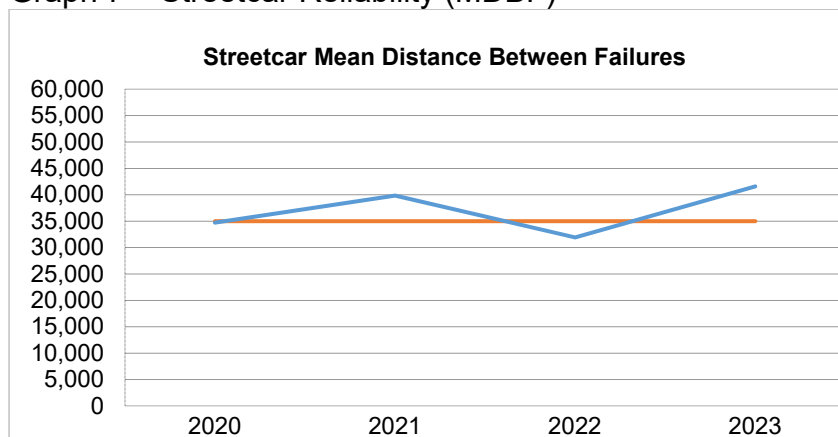
Similar to the start-up of second sourcing for bus servicing and cleaning, there was a learning curve for both the TTC and TBM in Streetcar Maintenance. Operational constraints and complexity of rail vehicles resulted in greater-than-expected challenges for the implementation of second sourcing. Additional training for pre-servicing activities and improvement to vehicle processing was required to realize benefits and efficiencies.

Despite these challenges, vehicle cleanliness immediately improved while vehicle reliability KPIs shortly followed.

Graph 6 – Streetcar Cleanliness



Graph 7 – Streetcar Reliability (MDBF)



The TTC’s business model used for streetcar mirrored the 2012 model used for bus servicing and cleaning. Where TTC Service Persons (non-entry level position) were used for bus servicing and cleaning, only Carhouse Operators were being used for streetcars.

For streetcar servicing and cleaning, TBM again adopted a production line approach. This included dedicated positions for specific activities. To adopt a similar approach, the TTC would require an increase of 12 more positions compared to its 2021 streetcar servicing and cleaning model. Comparing internal costs using an increased workforce model with TBM’s pricing will result in an expected cost avoidance for the TTC of approximately \$4.19 million over a two-year contract term (2024 and 2025).

The use of a third-party vendor for streetcar servicing and cleaning allowed the TTC to again be agile and responsive to recent societal challenges. The increase in the use of the transit network for sheltering and resultant cleanliness significantly impacted the

quality of streetcar service and customer experience. Drug paraphernalia and increases in unsanitary conditions on streetcars increased since the COVID-19 pandemic. In response, additional deep cleaning and in-service midday cleaning was introduced as part of the second sourcing initiative.

Figure 4 – Increase in Drug Paraphernalia



October 12, 2023

Miyadah Babulla  
 Toronto Transit Commission  
 Procurement and Contract Specialist  
 Fleet Vehicles & Major Projects  
 Procurement & Category Management Department  
 Corporate Services Group

Dear Miyadah:

**RE: Request for Bids for Bus Servicing and Cleaning BID No. P72SM23233 - Final Fairness Letter**

The Toronto Transit Commission (“TTC”) engaged OPTIMUS | SBR as Fairness Monitor to act as an independent and impartial third party who will observe, monitor, provide oversight and report on procurement process for the Request for Bids for Bus Servicing and Cleaning BID No. P72SM23233 (“Project”). Our role related to ensuring openness, fairness, consistency and transparency of the Request for Bids process to the conclusion of the procurement.

OPTIMUS|SBR hereby presents its final procurement fairness attest report to TTC at the conclusion of the RFB stage in the procurement process, describing how the procurement process has complied with RFB requirements. The following chart included summarizes our involvement and findings:

Stage	Task	Fair (Yes / No)
<b>RFB Open Period</b>		
1.	The procurement documents, including the evaluation tools, were reviewed and were deemed to be consistent with the procurement process	Yes
2.	The time and place of the closing were clearly identified in the procurement documents	Yes
3.	Procurement documents were made available in an open and equitable manner to the Bidders	Yes
4.	Answers were made available to all Bidders for all questions that were submitted through the RFB process	Yes
5.	TTC confirmed that the requisite information would be made available regarding the results of the procurement	Yes
6.	Two mandatory site visits were completed and all Bidders were in attendance	Yes
7.	All participants confirmed their adherence to the conflict of interest and confidentiality requirements throughout the RFB open period	Yes
8.	Protocols were in place to control access to information as appropriate, including protection of commercially confidential information	Yes

Stage	Task	Fair (Yes / No)
9.	Bidders confirmed their adherence to the conflict of interest and confidentiality requirements in their submissions	Yes
10.	The submissions were logged and recorded upon receipt, clearly confirming Bidder submissions were received on time	Yes
11.	There was a protocol in place to ensure that document confidentiality was maintained	Yes
<b>Post-RFB Close</b>		
12.	The evaluation criteria and process were included in the RFB	Yes
13.	The evaluation and scoring guideline were finalized prior to the start of evaluation activities	Yes
14.	Evaluators were trained on the evaluation tools	Yes
15.	Evaluations were done in an unbiased manner and in accordance with the RFB and TTC evaluation protocols	Yes
16.	Reference checks were conducted for qualified Bidders in an unbiased manner and in accordance with the RFB	Yes
<b>Post-RFB Evaluation</b>		
17.	Upon request, debriefings are to be provided for all unsuccessful Bidders and offered for the successful Bidder	Yes

### **Observations and Findings**

The procurement process is established clearly in TTC's RFB documents. The evaluation process and criteria described in the documents were applied consistently and equitably. In the consensus evaluation discussions the evaluators demonstrated that they had been diligent in their responsibilities, that they were able to support their individual evaluation assessments and that they held no bias for or against any Bidder. There were no unresolved issues at the completion of RFB stage of the procurement. Consensus was reached and confirmed by all evaluators. An official record was produced to document the evaluation and scoring consensus decisions, including the supporting rationale.

### **Conclusion**

As a result of the Evaluation Team consensus meetings held in September-October 2023, an approval of the RFB evaluation results and identification of a successful Bidder was confirmed. OPTIMUS|SBR confirms that the identified successful Bidder successfully satisfied the requirements of the RFB.

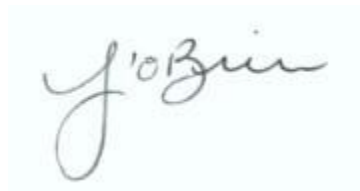
As the Fairness Monitor for the Project, we certify that the principles of openness, fairness, consistency and transparency have been, in our opinion, properly established and maintained throughout the procurement

process. Furthermore, we were not made aware of any issues that emerged during the process that would impair the fairness of this initiative.

As Fairness Monitor, we attest that:

- a) the Project RFB process was conducted in accordance with the provisions of the RFB, and met the fairness and transparency requirements established in the RFB and other related policies of TTC and the Government of Ontario.
- b) the Evaluators adhered to TTC's conflict of interest and confidentiality requirements, and
- c) all Bidders were treated consistently in the evaluation process and in accordance with the Project RFB and the established principles of fairness, openness and transparency.

OPTIMUS|SBR Inc.



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Jamie O'Brien  
Fairness Monitor