

Extract from Report No. 11 of the Administration Committee which was before the Council of the City of Toronto at its meeting held on July 24, 25 and 26, 2001 - *Policy for the Selection and Hiring of Professional and Consulting Services; Use of Consultants and Expenditure Reduction Strategies; and Hiring of Professional and Consulting Services Review*

Section 7.1 (b) – User Guide: Selection and Award by Project Value – Category 2 – Where the cost is in Excess of \$50,000:

Using a Two-Envelope System:

In addition, for large and complex RFP projects, the client department may also, at their sole discretion, choose to use a two-envelope system selection process. In this case a Request for Proposals document is issued by the PMMD and the individuals/firms are directed to submit detailed written proposals for the provision of the required services. Under the two-envelope system, each of the individuals/firms submit both a technical proposal based on the RFP's specified Terms of Reference, as well as a fee/cost proposal outlining the cost of the work assignment. The fee proposal or "Cost of Services" portion of the proposal must be submitted in a separate sealed envelope (i.e.,: separate from the technical information portion of the proposal).

Proposals are received by the PMMD and are evaluated by the Evaluation Team (See Appendix 5). If the selection process is a two-stage, (i.e., Request for Expressions of Interest, followed by a Request for Proposals) the Evaluation Team would normally be comprised of the same staff who participated in the evaluation of the REOI in order to ensure consistency. The technical proposals are evaluated, scored and ranked, without reference to cost, based on specific, pre-determined technical criteria for evaluation areas such as relevant firm experience, project team qualifications/experience, personnel time allocation, understanding of scope of work, methodology/thoroughness of approach, quality and completeness of proposal submission, etc. The "cost of services" submission for a particular consulting firm is opened only if the firm scored an average mark of 75 percent or better on the technical component of the proposal. If a firm scored below the 75 percent threshold, the fee proposal envelope is returned unopened.

For the short-listed firms (i.e., scored 75 percent or better on the technical proposal), the fee proposal is then taken into account in the overall evaluation process. A "cost/point", based on the total costs shown in the fee proposal and the points awarded in the technical evaluation, is calculated for each of the short-listed firms as ranked. The firms are then ranked with the firm having the lowest cost/point being ranked first. The assignment must be awarded to the firm with the lowest cost/point, unless otherwise approved by Council. In the event of a tie in cost/point, the contract will be awarded to the proponent with the higher technical score component.

Once the proposals have been received and evaluated, and the Evaluation Team has determined the highest scoring proponent (for RFP's) or the lowest bidder meeting the specifications (for RFQ's), the necessary approvals for the award must be received as per the Toronto Municipal Code, Chapter 195, Purchasing. Then, the PMMD will issue the Purchase Order and the department will arrange for Legal Services to prepare and execute the contract as required.

Architectural and Engineering Design Consultants:

Architectural and Engineering design consulting services should be considered a special category of assignments given their often complex, multi-stage, and high value characteristics. In such cases, the RFP method of soliciting consultants should be used, preferably the two-envelope method system described above, rather than competitive price proposals (RFQ's or tenders). In addition, the negotiation of payment for projects using the percentage of construction cost payment method shall use the Fee Schedules of the associations as a guideline only. The goal should be to use a "service and fee control" approach. This means that a combination of payment methods (hourly-rate, fixed-price and percentage of established construction costs) should be negotiated for different stages of a project as appropriate and applicable.

8.0 Delegation of Authority:

Notwithstanding the above categories describing the value of consulting and professional services assignments, the Chief Administrative Officer, as per the Toronto Municipal Code, Chapter 71, Financial Control, Enacted by Council, March 2, 2000 has delegated certain spending commitment authorities to the department heads and other management staff under certain situations. Authority levels may be changed at the discretion of the CAO. The delegated authority levels are found in Table 2 to this report.