



Hamilton

CITY OF HAMILTON
CORPORATE SERVICES
Financial Services and Taxation

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	June 18, 2020
SUBJECT/REPORT NO:	Extension of Contract C12-06-18 Professional and Consultant Services Roster 2019-2020 (FCS20054) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Tina Iacoe (905) 546-2424 Ext. 2796
SUBMITTED BY:	Mike Zegarac General Manager, Finance and Corporate Services Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That Council approve a one-year extension of Contract C12-06-18, Professional and Consultant Services Roster, and that the Manager of Procurement be authorized to negotiate, enter into and execute any required documents required to give effect thereto with Rostered Candidates, in a form satisfactory to the City Solicitor;
- (b) That any cost increase associated with amendments to the existing contract be reported to General Issues Committee as a cost pressure for the 2021 Budget Process and presented to Council with an identified funding source.

EXECUTIVE SUMMARY

Every two years since 2001, the City of Hamilton (City) has issued and awarded a Professional and Consultant Services Roster ("Roster") through a formal Request for Rostered Candidates ("RFRC") process. The preparation of the RFRC begins early in the issuing year and the entire procurement process is completed by February of the following year.

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Since January of 2020, Roster Captains and Procurement staff have been working on the new RFRC document with the expectation that the document is to be issued in September 2020. However, since the onset of COVID-19, Roster Captains have experienced delays in completing updates to their respective categories. Although they continue to work towards completion, it is expected that some may not be completed with the schedule timelines for issuance. In addition to this, Procurement staff has been actively involved and redeployed to source and procure personal protective equipment ("PPE") required during the COVID-19 emergency.

At the time of Report FCS20054, Procurement staff vacancies and continued requirements for PPE by the City's first responders, Long-Term Care homes and other City departments have made it significantly difficult to reassign staff's priorities in order to work on the issuance of the RFRC.

Should a subsequent COVID-19 wave hit later in 2020, the Roster Committee and Procurement staff anticipate that this wave of the virus would have a direct impact on staff's ability to finalize the RFRC, administer the procurement process and evaluate submissions received, all contributing to an unsuccessful RFRC.

Staff is recommending that the issuance of the new RFRC be delayed until 2021 and that Council approve a one-year extension of Contract C12-06-18 Professional and Consultant Services Roster. Staff is also recommending that the Manager of Procurement be authorized to execute the extension to the Contract with the ability to negotiate with Roster Candidates in order to secure their services until December 31, 2021 to a maximum of 2%.

A one-year extension will provide staff with additional time to focus and deal with the COVID-19 emergency(ies), ensure the continuity of consultancy required services by Roster Candidates and to properly reissue the RFRC outside of an unstable market.

Alternatives for Consideration - See Page 8

FINANCIAL- STAFFING - LEGAL IMPLICATIONS

Financial: It is expected that additional costs incurred as a result of the 2% increase in Roster hourly rates will be reflected in the 2021 capital budget process. Using the average of the past four years' annual costs for all Roster assignments, the increase cost of Roster Assignments in 2021 is estimated to be approximately \$374,660.

Staffing: None

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Legal: Any changes to the executed Contract with Roster Candidates will require a formal amendment to be prepared and executed by both the City and the Roster Candidate. Legal Services will assist in preparing this amendment and any offer letter to extend.

HISTORICAL BACKGROUND

Every two years since 2001, the City of Hamilton has issued and awarded a Professional and Consultant Services Roster ("Roster") through a formal Request for Rostered Candidates ("RFRC") process in accordance with the City's Procurement Policy. The Roster is utilized by multiple Divisions within the City's Planning and Economic Development, Corporate Services and Public Works Departments for a variety of professional consultancy work.

The current Roster, Contract C12-06-18, was issued on September 4, 2018 and closed on October 11, 2018. The City received 486 electronic submissions from professional consultants vying to be selected as a Roster Candidate on one or multiple Roster Categories. The current Roster is in effect for the years 2019 and 2020. It includes 39 Roster Categories (different consultant disciplines) and has 87 different Roster Candidates (successful professional consultants) providing services.

Consultant firms wishing to be on the City's Roster are required to submit Proposals in accordance with the terms and conditions set out in the RFRC document. Proposals submitted must provide qualitative details as to the consultant's team members, their previous experience, competencies and past project examples. Consultants looking to be on multiple Roster Categories must submit separate proposals to each Roster Category independently. All proposals that are received are evaluated whereby an evaluation team of City staff comes together, evaluates every proposal by consensus and provides objective comments with respect to the consultant's strengths and weaknesses.

Along with qualitative information, consultants are also required to include their hourly rates and any applicable fees or charges for work to be completed. These rates are held for the duration of the Roster term (two years). The qualitative and costing scores for each proposal are summed and the top scoring proposals for each Roster Category are selected for inclusion on the City's Roster ("Roster Candidates").

Once the Roster is set, all work assignments are issued to Roster Candidates in accordance with the City's Procurement Policy, Policy #9 - Consulting and Professional Services. Consultancy projects are directly assigned to the Roster Candidates by City staff on a rotational basis as well as a "best fit" basis taking into consideration the work to be completed and the strengths of the Roster Candidate's team and experience. All Roster Assignments must have an estimated procurement cost of less than \$150,000.

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In addition to directly assigning work, staff also received approval from Council in 2016 and 2018 to proceed with a trial period for awarding roster assignments with an estimated procurement value between \$150,000 and \$249,999 following a request for quotations format.

The administration of the Roster is governed by the Roster Committee which is made up of Roster Captains, City staff members who have a good working knowledge of the particular consultancy requirements within a Roster Category. Roster Captains are usually a senior staff person working within a Division that would have the most use for that Roster Category or consultancy discipline.

The applicable Roster Captain has oversight on all work assignments within a Roster Category and they ensure that there is a reasonably equitable distribution of the projects, based on the total dollar value of the work. The Roster Committee submits an annual Information Report to the Audit, Finance and Administration Committee and to Council providing information on the year's spend and number of assignments issued. The average yearly total value of assignments awarded during the past four years is approximately \$18,733,000.

The Roster is seen as a valuable tool for undertaking consultancy work throughout the City in both an efficient and effective manner. Without the Roster, staff would be required to issue multiple procurement processes requiring an exorbitant amount of staffing resources. It is because of this great value to the City that both the Procurement Section and the Roster Committee commit a great deal of time and effort to uphold not only the integrity of the RFRC process but ensure that the administration of the Roster is carried out in compliance with the Procurement Policy.

Roster Procurement Process Timeline

The procurement process for the RFRC takes approximately 12 months, from start to finish. As mentioned previously, since there are multiple Roster Categories that are included in the RFRC document. The development and refinement of the RFRC takes staff considerable time and effort before it can be reissued publicly. In principal, issuing a RFRC with 39 different categories requires almost the same amount of time and effort as issuing 39 separate requests for proposals documents.

The Roster Committee and the Senior Procurement Specialist begin working on the RFRC January / February of that year and all Roster Captains are required to have their work finalized for each of their respective Roster Categories by June. It is worth noting that many Roster Captains manage multiple Roster categories and are therefore required not only to finalize one but sometimes two, three or five different categories.

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From June to August, the Senior Procurement Specialist is then required to finalize the document. This includes updating the instructions and all general conditions applying to all the Roster Categories, as well as, refining any supplementary conditions specific to particular categories. Within this timeline, the Senior Procurement Specialist is also required to input all the schedules into the bidsandtenders online platform to allow for the submission of electronic proposals. Depending on the category, there could be anywhere from two to five schedules for each of the 39 Roster Categories. Although this process requires a significant amount of staff's attention and time, it can be completed within the three months by reallocating work and having the Senior Procurement Specialist focused on this task.

The RFRC document has been traditionally released to the public on the Tuesday following Labour Day in September. Professional consultants who are interested in bidding on the RFRC are generally aware of this and look forward to its release.

The RFRC is open to the public for at least six weeks and usually closes mid to late October. Often Procurement staff has extended the initial closing date to allow for additional time to respond to questions through addenda. Once the RFRC closes, all staff within the Procurement Section work to perform the due diligence required of all the submissions received. Proposals are reviewed and read at a high level to ensure compliancy and that they do not include any qualifications or caveats to cause the proposal to be rejected.

Compliancy checks usually take between two to four weeks to complete, depending on the issues to be addressed and any legal review required. Once all the proposals in a Roster Category have been reviewed, the proposals are released to the Roster Captain and their teams for evaluations.

Roster Captains and their teams have one to two months to complete their evaluations and recommendations for the award of the Roster. All the scores and comments are then reviewed by the Senior Procurement Specialist and then presented to the Manager of Procurement and the General Manager of the applicable department for approval. Once approved, the bidsandtenders website is updated and all consultants are advised of the successful list of Roster Candidates.

In accordance with the Procurement Policy, Policy #18 - Vendor Complaint Resolution, all proponents have five business days after being advised of the results of the RFRC to raise a vendor dispute to the Manager of Procurement. Fortunately, with the implementation of electronic bids, the number of disqualifications and vendor complaint resolutions raised has significantly dropped in the past four years. However, there remains a small number of disputes that are raised and require addressing. This could potentially create another two-week delay in the release of any proposal.

Once the Roster is confirmed and approved, Procurement staff spend January and February (and sometimes longer) gathering Roster Candidates' information, including certificates of insurance, WSIB clearance certificates, statement of acknowledgements regarding the City's AODA Customer Service Standard Handbook, data license agreements and electronic funds transfer information. It is only after these documents are received that work can be assigned.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The RFRC is issued in accordance with By-law 17-064, City Procurement Policy, specifically Policy #9 - Consulting and Professional Services and Policy #5.4 - Request for Proposals.

RELEVANT CONSULTATION

The Roster Executive was consulted in the preparation of Report FCS20054 and fully supports the recommendations presented to Committee and Council.

Corporate Services (Finance and Administration) was consulted on the Financial Implications section of Report FCS20054.

A representative from the Consulting Engineers of Ontario (CEO) was also consulted regarding workload pressures and stimulus funding potentials during and post COVID-19.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

As per the timeline information set out in Report FCS20054, the issuance and completion of the procurement process for the RFRC is currently scheduled for the fall/winter of 2020. Should a subsequent COVID-19 wave hit Ontario during this time, staff is anticipating that it will have a direct impact on staff's ability to run a successful and competitive RFRC. Staff fully expect that, should the City experience another wave of the virus, the City will not receive the same level of response from consultant firms as with previous RFRC procurements (2018 received 486 submissions).

Concerns from the Consultancy Perspective

With respect to the current COVID-19 virus wave, staff is aware that some consultancy firms are currently running their offices with a skeleton crew and have had to put employees on reduced hours or forced vacation in order to avoid layoffs or terminations. With these pressures on internal staffing, it may be very difficult for consultancy firms to properly respond to a RFRC and multiple Roster Categories. If a firm is not at full staff, they may not have the ability to propose a team of experts due to their reduced staffing levels.

Conversely, staff is also concerned that, should any stimulus funding opportunities be generated in response to COVID-19, both City staff and consultants alike will be focused on delivering projects and helping with the overall recovery. In consultations with current Roster Candidates, staff has learned that there will be a significant amount of work to be done due to the stimulus funding and consultants will be at full capacity, focusing on delivering projects and generating income for their firm rather than spending the time and effort on submitting proposals.

Less proposals being submitted to the City will directly result in a smaller pool of successful Roster Candidates for consultancy work required for the new two-year term of the Roster. A reduced number of Roster Candidates available for work assignments will put additional capacity pressures on those Roster Candidates and, in turn, cause delays in completing the work which will ultimately negatively impact and further delay City staff's ability to get work done.

Concerns from the City Staff Perspective

In addition to these concerns raised regarding consultants, staff is also expecting internal challenges to facilitate the RFRC procurement process. As we are currently experiencing, the COVID-19 emergency has resulted in staff being redeployed to work in other areas of the City. Should a subsequent wave hit, it is conceivable to believe that these same staff will be redeployed once again and not be available to participate on any evaluation committee.

This same concern would also apply for Procurement staff who are currently working on the procurement of PPE and who have also been redeployed to Public Health. Although the Procurement Section regularly deals with staff vacancies, it would not have the capacity to reassign work priorities during the pandemic.

Process for Extending the Contract

Should Council approve the extension of Contract C12-06-18, Procurement staff will immediately engage the Roster Candidates and advise them that the City wishes to extend the Contract. Since the RFRC did not include an option to extend the Contract beyond the two-year term, the City cannot require a Roster Candidate to agree to the extension. Therefore, the Roster Candidate will have full discretion and they can either agree to the extension and the terms or end the Contract on December 31, 2020.

Staff is recommending negotiating with Roster Candidates an increase of no more than 2% on their hourly rates and no increase on any additional fees or charges. Staff feel that this increase is reasonable since the Consumer Price Index for 2018 and 2019 was 2.4 and 1.9, respectfully, for all goods and services in Ontario. Further, consultants benefit from the additional year to provide services to the City without having to spend time and money on preparing new Proposals.

Additionally, proponents who bid on multi-year contracts such as the Roster would typically quote rates high enough to mitigate any increase in inflation or cost of living for the duration of the new contract. Therefore, by extending the Roster for one additional year, the City could prolong any significant increase in hourly rates until 2022.

ALTERNATIVES FOR CONSIDERATION

Alternative #1

Council may choose to approve the one-year extension of Contract C12-06-18 but not approve the 2% increase on hourly rates. If this alternative is chosen, Roster Candidates may be hesitant to continue to offer their services at rates that were quoted in 2018. Should there be a significant demand for consultancy work due to an influx of stimulus funding and projects, Roster Candidates may choose to walk away from the Roster to work on other more profitable projects with another municipality or owner.

This alternative is not recommended as it may lead to a reduced number of Roster Candidates for 2021 and may cause delays in completing work.

Alternative #2

Council may choose to not approve the recommendations in Report FCs20054 and direct staff to continue to work on completing the new RFRC. If this alternative is chosen, it is certain that the issuance and award of the new RFRC will be delayed well into 2021 because of the current workload due to COVID-19. Staff will not be able to award any further Roster assignments until the new RFRC has been awarded and all vendor documentation is received and correct. Should consultancy services be required before the completion of an award, staff will need to either issue another procurement process, a Policy #11 Non-Competitive Procurement or request Council approval to proceed.

This alternative is not recommended as it may lead to a reduced number of Roster Candidates for 2021 and will cause delays in completing work because of the prolonged schedule to award. In addition to this, it is anticipated that an RFRC issued in 2020 will result in higher hourly rates, fees and charges beyond 2%.

ALIGNMENT TO THE 2016-2025 STRATEGIC PLAN

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

None

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