

# Item No. 5



**For Action**

## Supply of Diesel Fuel

**Date:** November 12, 2019  
**To:** TTC Board  
**From:** Chief Executive Officer

### Summary

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The purpose of this report is to obtain authorization to award a contract for the supply and delivery of gasoline and diesel fuel for up to a seven-year period. This procurement was a joint initiative with the City of Toronto, participating Agencies and other Public Bodies.

The City plans to obtain approval to award its contract at its General Government and Licensing Committee meeting scheduled for November 18, 2019 (*Award of Negotiable Request for Proposal No. 6907-19-0145 to Canada Clean Fuels Inc. for Supply of Various Fuels and Services*) and subsequently the City Council Meeting scheduled for November 26, 2019 and November 27, 2019.

### Recommendations

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It is recommended that the TTC Board:

1. Authorize the award of a contract to Canada Clean Fuels Inc. for the supply and delivery of gasoline and diesel fuel on the basis of lowest-priced qualified proposal, in the total upset limit amount of \$632,000,000 CDN (including applicable taxes), on terms and conditions satisfactory to the TTC's General Counsel, for the five-year period from January 1, 2020 to December 31, 2024; and
2. Delegate authority to the CEO to add up to \$280,000,000 CDN (including applicable taxes) to the contract with Canada Clean Fuels Inc. to cover the cost of fuel during the two-year optional period January 1, 2025 to December 31, 2026, as the contract allows TTC staff to exercise an extension option, under the same contract terms, up to a maximum of two years beyond the expiration of the initial five-year term.

### Financial Summary

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Approximately \$93 million will be requested to fund diesel and gasoline requirements through the proposed 2020 TTC and Wheel-Trans Operating Budgets and required funding for following years will be requested in future budgets. The requested upset limit authority amount includes contingencies to accommodate future market price

fluctuation, expected legislated increases in the carbon tax and the rebateable portion of HST. Each year, the TTC achieves budget protection against market price fluctuations in the form of a separate fuel hedging program through which the TTC hedges approximately 50% of its diesel and gasoline requirements.

The proposed contract includes an improved pricing formula relative to published market prices. Assuming consistent market prices and applicable taxes, this improved pricing formula as compared to the existing contract is expected to save the TTC \$2.2 million on an annual basis and will be reflected in the proposed 2020 Operating Budget.

This contract also provides options to use higher grades of biodiesel compared to the B5 grade currently used by the TTC. The use of higher grades, namely B10 and B20, will result in cleaner energy consumption while lowering costs. However, prior to using B10 and B20 some of the TTC's fuelling equipment and storage tanks require upgrades in order to accommodate higher grades of biodiesel. Staff are currently assessing technical requirements and costing for this work. Excluding these costs, annual fuel cost savings of approximately \$0.45 million are expected to be realized once B10 and B20 are in use, based on the TTC's usage requirements. The use of higher grades of biodiesel would also avoid a portion of future carbon tax increases as the renewable portion of biodiesel is exempt from the federal carbon tax.

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

## **Equity/Accessibility Matters**

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No equity or accessibility impacts were identified.

## **Decision History**

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A competitive Request for Quotation (RFQ) was issued by the City of Toronto in 2015 for the physical supply and delivery of petroleum products that included quantities for TTC locations, City of Toronto Fleet Services, and the City's participating agencies, boards and corporations. The RFQ stated that the contract term would be for a two-year period with the option to renew the contract for two additional one-year periods at the City and the TTC's sole discretion.

At its meeting on November 9, 2015, the City of Toronto Government Management Committee granted authority to award its diesel fuel contract to Suncor for a two-year period.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM8.23>

At its meeting on November 23, 2015, the TTC Board authorized the award of the current contract to Suncor for the physical supply of diesel fuel to Suncor with a total upset limit of \$182,500,000 for the period of January 1, 2016 to December 31, 2017.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2015/November 23/Reports/Procurement Authorization Physical Supply of Diesel Fuel to.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2015/November%2023/Reports/Procurement%20Authorization%20Physical%20Supply%20of%20Diesel%20Fuel%20to.pdf)

At its meeting on November 13, 2017, the TTC Board approved the issuance of a contract amendment to exercise the first contract option to Suncor in the amount of \$86,000,000 plus HST for the period of January 1, 2018 to December 31, 2018.

[http://www.ttc.ca/about the ttc/commission reports and information/commission meetings/2017/november 13/reports/13 diesel fuel contract.pdf](http://www.ttc.ca/about%20the%20ttc/commission%20reports%20and%20information/commission%20meetings/2017/november%2013/reports/13%20diesel%20fuel%20contract.pdf)

Under staff authority, the TTC extended its contract from December 31, 2018 to February 28, 2019.

At its meeting on January 24, 2019, the TTC Board approved the issuance of a contract amendment to exercise the final contract extension option to Suncor in the amount of \$87,000,000 plus HST for the period of March 1, 2019 to December 31, 2019.

[https://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2019/January 24/Reports/9 Diesel Fuel Contract.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2019/January%2024/Reports/9%20Diesel%20Fuel%20Contract.pdf)

## **Issue Background**

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Aside from electric buses, diesel fuel is needed to operate the TTC's fleet of approximately 2,000 city buses, as well as specialized subway and SRT rail service vehicles, standby emergency generators, certain non-revenue cars and trucks, small equipment and some Wheel-Trans buses. Gasoline is used for the Wheel-Trans ProMaster fleet.

The TTC would not be able to provide daily service to the riding public without the regular supply of diesel fuel. The TTC's bus garages, which house the TTC's fleet of city buses, require routine daily delivery of diesel during the work week via tanker trucks to fill on-site storage tanks that, in turn, fuel the TTC's buses.

In addition to the bus garages, storage tanks and fuelling equipment are located at other TTC facilities to enable fuelling of the TTC's vehicles and equipment, although the diesel consumption is much lower and deliveries are far less frequent compared to the bus garages.

Since 2011, the TTC's diesel fuel requirements have been combined with those of the City and its participating agencies, boards and commissions so that the City could solicit competitive bids for fuel supply based on the combined higher volumes in order to leverage the aggregated purchasing power. In addition, joint contracting enabled the TTC and the City to share consultant purchasing expertise and resources, and to develop a fuel hedging program.

As the City and the TTC are large consumers of diesel fuel (combined annual volumes of over 100 million litres), there is a significant financial exposure and risk to rising petroleum prices. The risk can be mitigated through hedging by entering into a financial future contract with a counterparty, typically a bank (financial hedging).

The primary objective of price hedging is to provide price stability and budget certainty by fixing forward prices on at least a portion of the required volume. The secondary objective is to secure “favourable” forward pricing if and when it becomes available in the market place.

As part of the City’s Fuel Purchasing Program, it was recommended that the City and the TTC purchase fuel on the spot market with a physical fuel supplier and implement a fuel hedging program with multiple counterparties to mitigate the price risk.

Under the program, the City uses a roster of counterparties (Royal Bank, CIBC and the Bank of Montreal) to perform the financial hedges. Ontario Regulation 610/06 under the City of Toronto Act, 2006 provides the authority for the City to enter into commodity price hedging agreements. As the TTC cannot enter into such contracts directly, the City acts as an agent on behalf of the TTC executing fuel hedging contracts for the TTC, as directed by the TTC.

In June 2018, the diesel fuel being purchased by the TTC and the City was switched to B5 Biodiesel, which contains 5% biodiesel and 95% Ultra Low Sulfur Diesel (ULSD) No. 2, which is refined to meet the latest federal fuel standards for the TTC’s fleet. Prior to the switch to B5 Biodiesel fuel, the diesel purchased by the TTC and the City contained 4% Biodiesel, which is the minimum biodiesel content required by the Federal Fuel Standard and the Ontario Government.

The RFQ issued by the City to establish the current TTC and City contracts stated that the pricing for diesel would be based on the Bloomberg Oil Buyers Guide (BOBG) Canadian unbranded rack prices that are published each Friday, and bidders were requested to provide their discount (\$/litre) off-the-rack price as well as their delivery cost (\$/litre). Both the discount off-the-rack price and the delivery cost was firm for the duration of the contract, including the extension options. The switch to fuel with a 5% Biodiesel content had no effect on the price as the discounts and delivery costs from Suncor for this product remained the same as the 4% Biodiesel product.

The City and the TTC have exercised all contract extension options with Suncor and the final expiry date of the City and TTC contracts is December 31, 2019.

## **Comments**

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As per previous practice, to achieve economic benefits by leveraging aggregate spend, the City and the TTC undertook a joint RFP process for the physical supply and delivery of various fuel products for participating City divisions, Agencies and Public bodies. Participants included, the TTC, Toronto Police Services (TPS), various City divisions (Fleet Services, Corporate Real Estate Management, Toronto Fire Services, Parks, Forestry & Recreation, Toronto Water, Economic Development & Culture, and Shelter,

Support and Housing), Toronto Zoo, Toronto Community Housing Corporation (TCHC), the Toronto District School Board and York University.

The intent was to select the bidder that represented the lowest cost overall when considering the combined requirements of the participants (TTC, TPS and City divisions etc.) The RFP indicated that, at a minimum, the City, TPS and TTC would issue their own contracts to the selected vendor.

The City retained the services of Ernst and Young LLP (EY) to provide fuel consultation services and advice. EY has provided strategic sourcing process frameworks and supported the City in developing and executing strategic sourcing initiatives. EY provided guidance throughout the RFP process, including the development of the RFP documents.

Under a separate competitive process an independent fairness monitor, JD Campbell and Associates, was also retained to review procurement documents and provide oversight throughout the RFP process. The application of the fairness lens from this independent advisor provides assurance that the integrity of the procurement process was maintained. The Fairness Monitor's Statement and Report is attached hereto.

Prior to issuing the RFP, the City conducted a market sounding exercise with fuel suppliers in order to obtain industry feedback respecting best practices, current market conditions and suggestions that could be utilized to structure the RFP. This process promoted competition and sought to obtain best value for money.

The RFP was posted on the City's website on May 15, 2019 and the deadline to submit a proposal was June 21, 2019. An optional pre-bid meeting was held to allow potential proponents to better acquaint themselves with the RFP process. The following four companies submitted proposals:

- Canada Clean Fuels Inc.
- Mansfield of Canada, ULC
- Suncor Energy Products Partnership
- 4Refuel Canada LP

The RFP model was a non-binding multi-stage process that allowed for negotiations and provided flexibility for proponents to quote on various options.

The RFP requested pricing on several types of fuel (various grades of gasoline, various types of diesel, and furnace fuel oil) based on pooled volume estimates to service the City and participants. The TTC currently uses B5 Biodiesel for its buses and Red Dyed diesel for off-road equipment (e.g. diesel generators, heavy equipment). In addition, gasoline is used to power the TTC's Wheel-Trans Mini Buses (i.e. ProMaster buses). Currently, the ProMaster buses are fuelled at City fuelling stations as the TTC does not currently have useable gasoline tanks and related equipment to fuel these vehicles at its Lakeshore bus garage. However, gasoline fuelling tanks and related equipment are expected to be operational in 2020 at which time ProMaster buses will be fuelled at TTC's Lakeshore bus garage in lieu of the City fuelling stations.

Pricing was also requested for alternate fuels currently not in use by the TTC, the City and participants, but may be used in the future. The main alternates TTC may consider in future are B10 and B20 Biodiesel.

Refineries sell fuel to wholesalers at their terminal rack price, which is usually set once a day. The current contract pricing model is based on a rack price that is valid for one week. To determine the price the TTC pays to its supplier for the supply of diesel, the fuel supplier's discount (\$/litre), delivery cost (\$/litre), and taxes are applied to the weekly terminal rack price.

This RFP allowed proponents to provide their discounts and delivery costs based on daily and weekly rack prices, or to propose their own timeframe. In addition, proponents could bid on a neutral terminal rack price index referenced in the RFP or propose their own terminal rack price index. Other options included quoting on different payment terms (e.g. Net 30 vs 60), and the contract duration (a five-year contract term or a five-year term plus an extension option of up to two years).

The RFP required proponents to provide a discount (\$/litre) off the rack price that would apply to the TTC, the City and participants. Separate delivery costs for TTC, TPS and the City participants were requested, as well as a blended delivery cost that would apply to all.

The proposal evaluation process included five stages as follows:

- Stage 1: Mandatory Submission Requirements
- Stage 2: Rated Criteria Evaluation
- Stage 3: Total Supply Cost Evaluation
- Stage 4: Concurrent Negotiations and BAFO
- Stage 5: Contract Negotiations

### **Stage 1: Mandatory Submission Requirements**

Consisted of a review to determine which proposals complied with all the mandatory submission requirements, which included: Submission Form, Technical Proposal Form, Pricing Form and Proof of Compliance to Fuel Standards.

The RFP also included a rectification mechanism to allow proponents an opportunity to correct an error that would otherwise cause the proposal to be disqualified – for example, the inadvertent omission of a mandatory submittal.

All four proponents passed Stage 1 and moved onto the next stage for further evaluation.

### **Stage 2: Rated Criteria Evaluation**

Proposals were evaluated based on non-price related criteria. Proponents were required to achieve an overall minimum score of 70% in order to be considered qualified to move forward to the next stage for further evaluation. The qualitative criteria and maximum score available for the same were as follows:

Previous Experience	40%
Operational Capabilities	40%
Quality Control Plan	20%

The evaluation team that assigned the scores out of 100% consisted of TTC and City staff. Evaluation team members were required to sign a Non-Disclosure and Declaration of Conflict of Interest Agreement.

Three out of the four proponents received scores that met the 70% threshold and advanced to the next stage for further evaluation. The three proponents were:

- Canada Clean Fuels Inc.
- Suncor Energy Products Partnership
- 4Refuel Canada LP

### **Stage 3: Total Supply Cost Evaluation**

The proposed pricing was evaluated for those proponents that were assigned a score that met the minimum threshold of 70% noted in Stage 2.

The cost evaluation was based on the proposed pricing structure that would provide the lowest total cost to the City and participants in the aggregate. The RFP indicated that the top three ranked proposals (i.e. the three lowest-priced proposals) would move to the next stage for further evaluation.

### **Stage 4: Concurrent Negotiations and BAFO**

Concurrent commercial confidential meetings were held with each of the three proponents from Stage 3. In these negotiation meetings clarifications were sought and staff provided each proponent with feedback to identify gaps that proponents could focus on in order to improve their proposals when submitting their best and final offer (BAFO).

The evaluation team evaluated the BAFOs from each of the three proponents and determined Canada Clean Fuels Inc. was the top ranked proponent (i.e. lowest-priced offer). The RFP stipulated that only the top ranked proponent, based on the BAFO evaluation, would move onto the final stage.

The RFP requested that the proponents offer value-added services that could result, for example, in the reduction of administrative costs for any of the participants. Value-added services that the evaluation team considered quantifiable and achievable could be factored into a proponent's total evaluated price.

### **Stage 5: Contract Negotiations**

The evaluation team entered into negotiations with Canada Clean Fuels Inc. to finalize the terms of the proposed agreements. The City and other participants, as applicable,

including the TTC, will seek approvals from their respective boards/committees and, subject to approvals, enter into their own agreement(s) with Canada Clean Fuels Inc.

The agreements may differ slightly among the participants, for instance the TTC agreement has payment terms that differ from the City and the TTC has the lowest delivery cost among the City and participants. The lower delivery cost is attributed to the fact that TTC has fewer delivery locations compared to the City and each TTC delivery is for a much larger volume of fuel.

The lowest-priced option for the TTC, City and participants in the aggregate was Canada Clean Fuels Inc.'s offer based on the following:

- A five-year fixed term contract, with the option to extend the term up to two years
- A discount (\$/litre) off the posted daily rack price (as opposed to weekly)
- A rack price based on the Petro-Canada Daily Terminal Rack price
- Net 30 payment terms

The discount off the posted daily rack price remains firm for the duration of the contract, while the delivery cost (\$/litre) remains firm for the first two years of the contract and is then subject to a 2% increase annually.

## **Benefits achieved through recommended award**

### **1) Savings through Pricing Formula**

As the current contract is based on a weekly terminal rack price published by Bloomberg, and the Canada Clean Fuels Inc. proposal is based on a daily terminal rack price provided by Petro Canada, staff compared the historical pricing of these two differing indices during the current contract term (since January 2016). This analysis showed the difference in the average terminal rack pricing over time was negligible.

Under the newly proposed contract, the TTC will receive a larger discount (\$/litre) off the terminal rack price and a lower delivery cost (\$/litre) as compared to its current diesel supply contract. The newly proposed contract pricing represents an annual savings of \$2.2 million when compared to the TTC's current contract.

### **2) Flexibility to use Bio-Diesel**

In alignment with the City of Toronto's Green Fleet Plan, staff is planning to introduce higher grades of biodiesel fuel (B10 and B20) for TTC fleet use during the course of the new contract. The preliminary plan is to use B5 January to March inclusive, B20 June to August inclusive, and B10 during the other months. However, prior to rolling out this plan some of TTC's fuelling equipment and storage tanks require upgrades in order to accommodate higher grades of biodiesel. Staff is currently assessing technical requirements and costing for this work.

The use of higher grades of biodiesel is expected to result in savings that increase on an annual basis. During the first year of the new contract, based on seasonally



projected usage patterns, a net savings of \$0.45 million is expected. Contributing to these net savings are:

- A higher discount from the posted index pricing for higher grades of biodiesel.
- A lower carbon tax rate for biodiesel above the B5 grade the TTC currently uses, as the renewable portion above B5 is exempt from carbon tax.
- The above are partially offset by higher quantities of biodiesel required, relative to pure diesel, which partially offsets the savings. Biodiesel produces less energy than pure diesel fuel, and the higher the bio-content the greater the loss of mileage per unit volume of fuel. Therefore, introducing higher-content biodiesel would result in a slightly larger volume of fuel required to run the bus fleet.

### Consumption Reduction Achieved

Aside from transitioning to higher grade biodiesel fuels, as the TTC has updated its bus fleet, it continues to realize increased efficiency in diesel consumption. The table below demonstrates a year-over-year increase of kilometres travelled per litre of diesel fuel. The TTC's future consumption of diesel fuel will be reduced if the TTC replaces its diesel bus fleet with electric buses. Other factors that will affect diesel demand include changes to service levels, the opening of the Eglinton Crosstown LRT line and subway expansion projects.

Table 1: TTC City Bus Consumption & Cost for Physical Supply of Diesel

Year	Total Litres Consumed	Consumption Rate (Litres/km)	Total Cost - Physical Supply of Diesel (net of HST recoveries)
2014	86,596,592	0.647	\$95,005,649
2015	85,200,951	0.635	\$72,528,061
2016	88,618,955	0.628	\$65,391,447
2017	88,406,472	0.613	\$76,562,666
2018	85,806,749	0.595	\$88,420,821
2019*	85,375,989	0.582	\$81,657,001

\*Projected as of October 2019.

Note: Wheel-Trans data is not included in the above table. The Wheel-Trans bus fleet consumes approximately 0.6 million litres of diesel annually and the total distance travelled is approximately 11.4 million kilometres. By the end of 2020, approximately 82% of the Wheel-Trans fleet will be comprised of gasoline-powered vehicles.

The recommended total upset limit amount of \$632,000,000 over an initial five-year term, and the option to add up to \$280,000,000 for an extension term of up to two additional years (\$912,000,000 in total) includes a 30% contingency for carbon tax, variation in demand, and variation in market terminal rack pricing.

## Contact

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## Signature

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Richard J. Leary  
Chief Executive Officer

## Attachments

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Attachment 1 – Appendix A  
Attachment 2 – Fairness Monitor’s Statement and Report

## Attachment 1 - Appendix A

### Supply of Diesel Fuel

Description	5 Year Total
<b>No. 2 ULS Diesel (Biodiesel B5), Red Dyed Diesel, gasoline, including delivery costs, taxes, and an approximate 30% contingency for variation in fuel market pricing and fuel consumption</b>	<b>\$632,000,000</b>

Description	2 Year Option Total
<b>No. 2 ULS Diesel (Biodiesel B5), Red Dyed Diesel, gasoline, including delivery costs, taxes, and an approximate 30% contingency for variation in fuel market pricing and fuel consumption</b>	<b>\$280,000,000</b>

Description	7 Year Total
<b>No. 2 ULS Diesel (Biodiesel B5), Red Dyed Diesel, gasoline, including delivery costs, taxes, and an approximate 30% contingency for variation in fuel market pricing and fuel consumption</b>	<b>\$912,000,000</b>

# JD Campbell & Associates

September 16, 2019

## RFP. NO. 6907-19-0145 Supply and Delivery of Various Fuels and Services

### *Fairness Monitor's Statement and Report*

JD Campbell & Associates was engaged by the City of Toronto as Fairness Monitor to provide independent oversight throughout this procurement process. In this role, we participated in the review of procurement documents and provided oversight throughout reviewing:

- Openness – The opportunity available to all vendors;
- Transparency – Rules of engagement and selection published in the RFP;
- Consistency – Proponents treated in the same manner.

This Request for Proposals (the “RFP”) was an invitation by the City of Toronto (the “City”) to prospective Proponents to submit Proposals for the supply, delivery and off-loading of various types of fuel products, including mobile and emergency fuel at various locations. Participating divisions, agencies, and public bodies included but not limited to the Fleet Services, Parks, Forestry & Recreation, Shelter, Support & Housing Administration, Economic Development & Culture, Facilities Management, Toronto Water, Toronto Fire Services, Toronto District School Board, Toronto Police Services, Toronto Transit Commission, Toronto Zoo, and York University

The term of the contract was to be for a fixed period of 5 years or a fixed period of five years with an option to renew for an additional 2 years.

The following chart summarizes our involvement and findings:

<b>Stage</b>	<b>Task</b>	<b>Consistent Practices</b>
1	Reviewed the Request for Proposals (RFP) documentation	√
2	Ensured that the procurement process, communication with the City and the basis for selection were clearly stated in the RFP	√
3	Reviewed addenda and confirmed appropriateness from a fairness perspective	√
4	Reviewed the evaluation criteria to ensure consistency with the RFP	√
5	Ensured that Selection Committee members (evaluators) were briefed concerning best practice	√

6	Ensured that due regard was given to security and confidentiality of documentation and that steps were taken to protect against conflict of interest	√
7	Obtained confirmation that mandatory requirements check was performed appropriately	√
8	Attended Committee consensus evaluation sessions	√
9	Reviewed questions of clarification and Proponent responses guarding against bid repair	√
11	Monitored and reported any deviations from planned practice	√
12	Ensured pricing submitted and evaluated appropriately	√

The City of Toronto’s Purchasing and Materials Management Division (PMMD), and program staff managed the RFP. They prepared the draft and final RFP documentation and addenda, responded to Proponent questions and consulted with the Fairness Monitor.

The process as described in the RFP provided for a debriefing of unsuccessful Proponents and for Pre and Post Award Bid Dispute provisions.

This procurement was a non-binding RFP with a Best and Final Offer (BAFO) component. It identified all evaluation steps to be followed. In my role as Fairness Monitor, I reviewed each step and can attest to the fact that the City staff processes and evaluation were consistent with that outlined in the RFP.

The RFP was issued on May 15, 2019 with a closing date of June 17<sup>th</sup> which was later amended via Addendum to June 21, 2019. An optional Pre-Bid Meeting was held to better acquaint Proponents with the RFP. In accordance with the RFP, all communications with the City during the open period were conducted in writing with the RFP's Official Point of Contact and a deadline for questions was established. Five Addenda were issued to make formal amendments to the RFP and to answer Proponent questions. A sixth Addendum was also issued to qualified Proponents as a part of the BAFO process.

The first step in the evaluation consisted of a review of the Submission Mandatory Criteria. The criteria were stated in an objective and measurable manner. If errors or omissions were identified, the Proponent could be given an opportunity for correction within 3 days. The Mandatory criteria included the requirement to include a Submission Form completed and signed and Pricing Form. Also required was a proof of compliance to Standard. The Proponent needed to indicate that all types of fuel proposed met or exceeded standard requirements as per Part 9 Technical Requirement. Each proposal needed to include certifications and testing reports to demonstrate compliance with mandatory technical requirements for each type of fuel.

The Rated evaluation was based on published criteria and weighting.

- Previous Experience
  - Reference 1 - 20%,
  - Reference 2 – 20%
  
- Operational Capabilities
  - Proposed approach in delivering fuel – 10%,
  - Managing Administrative tasks – 15%,
  - Strategies to address current pain -points and risks – 10%,
  - Transition plan – 5%
  
- Quality Control Plan
  - Plan – 10%,
  - Safety and environmental – 10%

Proponents needed to receive a rating of at least 70% to proceed to the next phase of evaluation. The RFP also contained provisions to deal with situations in which less than three Proponents did not qualify at this level, Note that there was no carry over of scores from the rated evaluation to the pricing portion of the evaluation. The pricing evaluation was conducted on a formula basis.

Three Proponents were identified as qualifying for the BAFO process by: having submitted bids that met both the RFP's mandatory submission requirements and having received a score of at least 70% in the technical evaluation.

The BAFO process consisted of:

- feedback to Proponents on areas in which their initial proposal could be clarified or improved;
- a confidential meeting with each Proponent to discuss this feedback and to provide opportunity for the Proponents to ask questions;
- the sharing of answers to Proponent questions with all qualified Proponents;
- the opportunity for qualified Proponents to resubmit their proposal; and,
- the evaluation of their final proposals based on published evaluation criteria for this final evaluation stage.

The final evaluation was based on: Fuel supply cost (including discount), Delivery cost and Benefits from value-added services.

Based on this process, City evaluators were able to select a preferred Proponent to be invited to enter into final negotiations based on a Form of Agreement previously supplied as a part of the RFP.

JD Campbell & Associates

