



## **SAP Program: Contract Award for Transit Operations Workforce Management Solution and Implementation Services**

**Date:** July 12, 2023

**To:** TTC Board

**From:** Chief Financial Officer

### **Summary**

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The SAP Program was initiated in 2015 as part of the TTC's Corporate Plan to upgrade back office processes and modernize the oversight, management, and operations of its corporate business processes. The program aims to transform legacy financial, budget, human resources, payroll, procurement and materials management processes through the implementation of SAP.

The Time and Attendance project is a key component of Phase 2 of the SAP Program, which focuses on establishing a unified approach for scheduling, time tracking and processing across the TTC. The current process for time and attendance management within the TTC is highly manual; decentralized, with departments using various methods to capture and track employee time; and reliant on 40-year legacy systems that are at the end of their life.

To address these challenges, the Time and Attendance project aims to implement a modern time and attendance solution. The anticipated benefits include enhanced efficiency, accurate payroll processing, standardized processes, improved data integrity and reporting, automated compliance with labour laws, and improved employee experience.

Delivery of the Time and Attendance project has been divided into three releases, with each focusing on a specific employee group, allowing for incremental implementation and learning from each phase. This approach ensures a smooth transition and effective change management for each target group. Lessons learned from previous releases will be applied to subsequent ones, enabling the project team to address challenges, fine-tune the implementation strategy and incorporate improvements. The Transit Operators Workforce Management Solution (TOWMS) is the third and final release of the three releases.

The TTC has adopted a two-step approach to the procurement and delivery of the Time and Attendance solution. The first step involved procuring an SAP-certified enterprise solution for the initial two releases to address the complexities associated with a one-size-fits-all solution and ensure long-term sustainability. IBM Canada Ltd. was awarded

the solution and implementation services for the first two releases. The second step involved issuing a Request for Proposal (RFP) for release three, to procure a transit-specific solution ("*Transit Operations Workforce Management Solution and Implementation Services*") that integrates seamlessly with various corporate systems, including SAP payroll and service planning and scheduling systems.

The purpose of this report is to obtain the Board's authorization for the award of contract C25PN21668 – Transit Operations Workforce Management Solution and Implementation Services. The total contract price of this award is \$19,444,838 (inclusive of HST), for a duration of nine years with the option to extend for two, four-year extension terms based on a fixed price period, at the TTC's sole discretion.

The scope of work outlined in the RFP included, but was not limited to, the provision of implementation services for developing a solution design based on industry-leading practices.

Additionally, the scope of work encompasses the provision of education and training services specifically tailored for TTC transit operators and support staff. The purpose of this training is to familiarize them with the introduction of the new transit operators' workforce management technology.

## **Recommendations**

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It is recommended that the TTC Board:

1. Authorize the award of a contract for the provision of a Transit Operations Workforce Management Solution and Implementation Services to GIRO Inc. in the amount of \$19,444,838, inclusive of HST, for a nine-year term, with two optional four-year extension terms, at the TTC's sole discretion; and
2. Delegate authority to the TTC's Chief Executive Officer to execute the first four-year term extension option valued at \$6,193,910 and the second four-year term extension option valued at \$5,444,049, subject to the following:
  - a. The scope of services and the term value remaining the same; and
  - b. Confirmation of 2a above by the Chief Financial Officer.

## **Financial Summary**

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The total value of this contract award for the initial nine-year term is \$19,444,838, which encompasses both capital and operating costs. Additionally, the contract includes two optional four-year extension terms. The first extension, covering the period from 2032 to 2035, has a value of \$6,193,910. Similarly, the second extension, spanning the term from 2036 to 2039, has a value of \$5,444,049. The extension years were subject to negotiation and were established as fixed-price periods, with annual maintenance costs limited to a maximum inflation rate increase of 3.5%. Table 1 below, summarizes the total capital and operating contract values of the initial and optional extension terms:

**Table 1: Contract Value of Initial and Extension Terms**

Budget	Initial Term (2023-2031)	Extension 1 (2032-2035)	Extension 2 (2036-2039)	Total
Capital	\$10.63	-	-	<b>\$10.63</b>
Operating	\$8.82	\$6.19	\$5.44	<b>\$20.46</b>
Total	\$19.44	\$6.19	\$5.44	<b>\$31.08</b>

*(in Millions)*

The capital and operating funding implications of this award for the initial term are summarized and presented below.

**Capital Costs**

Funds for this expenditure are included in the TTC's 2023-2032 Capital Budget and Plan under Program 7.11 SAP-ERP Program Implementation, which was approved by the TTC Board at its meeting on January 9, 2023, and by City Council at its meeting on February 15, 2023.

The total cost for the SAP-ERP Program is \$272.8 million, comprising of costs to the end of 2022 of \$99.5 million and cash flow funding of \$173.3 million between 2023 and 2027 as outlined in Table 2 below. Of the approved funding in the 2023-2032 Capital Budget and Plan, approximately \$29.3 million has been committed to date.

**Table 2: 2023-2032 Capital Budget and Plan for 7.11 SAP-ERP Program Implementation**

Program Name	LTD Actuals to 2022	2023 Budget	2024	2025	2026	2027	2028-2032	10-Year Total	Total Project Cost
SAP ERP Implementation	99.55	\$18.65	\$43.43	\$37.62	\$19.75	\$53.85	-	\$173.30	272.84

*(in Millions)*

Within the SAP-ERP Implementation program, a total of \$59.74 million from the approved funding has been specifically designated for the Time and Attendance project, as outlined in Table 3 below:

**Table 3: Time and Attendance Project Capital Funding Allocation**

Project Name	LTD Actuals to 2022	2023 Budget	2024	2025	2026	Total Project Allocation
Time and Attendance	\$13.09	\$8.57	\$18.76	\$10.28	\$9.04	\$59.74

*(in Millions)*

The capital costs associated with the contract amounts to \$9.58 million, net of HST rebate. These costs cover the initial investment required for the implementation of the

Transit Operator Workforce Management system, including the necessary software licenses and professional services for the implementation.

The capital expenditures for each year of the contract term for costs required for this capital project's delivery are outlined in Table 4 below:

**Table 4: Capital Contract Expenditure Forecasts**

	2023	2024	2025	2026	Total
Professional Services	\$0.80	\$2.45	\$2.69	\$1.64	<b>\$7.58</b>
License Fees	\$0.74	\$0.13	\$0.48	\$0.32	<b>\$1.67</b>
(Optional) Growth for additional 500 licenses for future transit expansion	\$0.00	\$0.09	\$0.01	\$0.01	<b>\$0.10</b>
Escrow Payments	\$0.00	\$0.03	\$0.01	\$0.01	<b>\$0.05</b>
<b>Total (not including HST)</b>	<b>\$1.54</b>	<b>\$2.70</b>	<b>\$3.19</b>	<b>\$1.98</b>	<b>\$9.41</b>
HST Non-Refundable (1.76%)	\$0.03	\$0.05	\$0.06	\$0.03	<b>\$0.17</b>
<b>Total (including Rebatable HST)</b>	<b>\$1.57</b>	<b>\$2.75</b>	<b>\$3.25</b>	<b>\$2.01</b>	<b>\$9.58</b>
Rebatable HST	0.17	0.30	0.36	0.22	1.05
<b>Total Authority, including HST</b>	<b>1.74</b>	<b>3.05</b>	<b>3.61</b>	<b>2.23</b>	<b>10.63</b>

*Note: Amounts are in millions.*

## Operating Costs

The operating costs constitute a substantial portion of the contract award value, amounting to \$7.94 million, net of HST rebate, over seven years, starting in 2025 after the implementation of the solution is completed. These costs represent the ongoing sustainment expenses, which include the software subscription, support fees, provision to purchase additional licences, and optional professional services hours over its contract lifespan.

The operating expenditures for each year of the contract term for costs required for this project are outlined in Table 5 below:

**Table 5: Operating Expenditures**

	2025	2026	2027	2028	2029	2030	2031	Total
Annual Software License and Maintenance Fees	\$0.23	\$0.23	\$0.81	\$0.84	\$0.87	\$0.90	\$0.93	<b>\$4.80</b>
(Optional) Support Services	–	–	\$0.53	\$0.55	\$0.57	\$0.59	\$0.61	<b>\$2.84</b>
(Optional) Growth for additional 500 units for future transit expansion	–	–	\$0.03	\$0.03	\$0.03	\$0.03	\$0.03	<b>\$0.14</b>
Escrow Payments	–	–	\$0.003	\$0.003	\$0.003	\$0.009	\$0.003	<b>\$0.02</b>
<b>Total (not including HST)</b>	\$0.23	\$0.24	\$1.37	\$1.42	\$1.47	\$1.52	\$1.57	<b>\$7.80</b>
HST Non-Refundable (1.76%)	–	–	\$0.02	\$0.02	\$0.03	\$0.03	\$0.03	<b>\$0.14</b>
<b>Total (including Rebatable HST)</b>	\$0.23	\$0.24	\$1.39	\$1.44	\$1.49	\$1.55	\$1.60	<b>\$7.94</b>
Rebatable HST	0.03	0.03	0.15	0.16	0.16	0.17	0.18	<b>0.88</b>
<b>Total Authority, including HST</b>	<b>0.26</b>	<b>0.26</b>	<b>1.55</b>	<b>1.60</b>	<b>1.66</b>	<b>1.72</b>	<b>1.77</b>	<b>8.82</b>

Note: Amounts are in millions.

Upon implementation of this solution, the existing operator workforce scheduling solution can be decommissioned. The discontinuation of the legacy system will enable the TTC to save an estimated \$0.35 million annually, which is currently being allocated to the maintenance of software. These cost savings will be realized from 2027 onwards in addition to the efficiency savings from repurposing Mainframe support resources (\$1 million) and operator scheduling processes (\$0.21 million). Additional savings and productivity gains may be possible through the modernization of operator bidding and daily scheduling along with time entry processes. The actual expected savings and expected sustainment costs will be confirmed after the Design phase of the project.

The estimated operating costs and currently estimated savings for the Transit Operations Workforce Management solution to 2031, the end of the initial contract term, are outlined in Table 6 below:

**Table 6: Release 3 – Estimated Costs and Savings**

	2025	2026	2027	2028	2029	2030	2031	Total
Total Costs	\$0.23	\$0.23	\$1.39	\$1.44	\$1.49	\$1.55	\$1.60	\$7.94
Total Savings	\$0.21	\$0.21	\$1.77	\$1.77	\$1.98	\$1.98	\$1.98	\$9.90
<b>Net Savings</b>	<b>(\$0.02)</b>	<b>(\$0.03)</b>	<b>\$0.38</b>	<b>\$0.33</b>	<b>\$0.49</b>	<b>\$0.43</b>	<b>\$0.38</b>	<b>\$1.96</b>

Note: Amounts are in millions.

Funds will be included in future operating budgets, from 2025 onwards, to support operating budget impacts listed in Table 6 above. As outlined above, savings anticipated in 2027 and onwards are currently anticipated to fully fund the anticipated license costs.

## **Equity/Accessibility Matters**

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As highlighted in the TTC's current Corporate Plan, the TTC is dedicated to promoting and supporting diversity, accessibility and inclusion in all of its corporate policies, programs and services. As a proud leader in providing accessible public transit in the city of Toronto, we are committed to ensuring reliable, safe, respectful and inclusive transit services for customers.

The SAP Time and Attendance project will provide a platform for all employees to accurately record their work hours and overtime, and allow for streamlined attendance management. The current user interface has partial compliance with the Accessibility for Ontarians with Disabilities Act, 2005 (AODA), Content Accessibility Guidelines 2.1 standard (WCAG). The contract has a provision to support the AODA/WCAG act, if required. At that time the TTC will work with the software vendor to gain further compliance with AODA/WCAG.

## **Decision History**

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At its meeting on November 20, 2013, the Board approved the [2014-2023 TTC Capital Budget](#), which included \$63.4 million for the TTC's SAP Program.

At its meeting on June 22, 2015, the TTC Board authorized the award for Program Management Services for the SAP-ERP Implementation Program to Comtech Group Inc. in the upset limit amount of \$5.7 million, with a duration of five years.  
[Contract Award for Program Management Services](#)

At its meeting on March 23, 2016, the TTC Board authorized the award for System Integrator Services for the SAP-ERP Implementation Program (Wave 1) to IBM Canada for the total contract value of \$9,095,370 (inclusive of HST).  
[Contract Award for System Integrator Services](#)

At its meeting on December 20, 2016, the TTC Board authorized the award of contracts for the Provision of SAP Technical Service Assistance to the following three SAP placement firms, in the upset limit of \$4,000,000 per firm, with a three-year duration: The Addmore Group Inc., Intelligence Business Solutions Canada, Inc., and PreciSion ERP Incorporated.  
[Contract Award for Provision of SAP Technical Service Assistance](#)

At its meeting on March 22, 2017, the TTC Board authorized the award for SAP Managed Services for the SAP-ERP Implementation Program to IBM Canada Limited in the total upset limit of \$15,000,000, with a duration of five years.  
[Contract Award for SAP Managed Services](#)

On June 16, 2021, the TTC Board received a presentation entitled [SAP Program Update](#), which provided an overview of the SAP Program, its progress, and current status, in advance of the Contract Award for SAP Time and Attendance.

At its meeting on July 7, 2021, the TTC Board authorized the award for system implementation services, hardware and software for the SAP Time and Attendance project to IBM Canada Limited, for a term of five years, with the total sum of \$29,123,241 (inclusive of HST non-refundable tax), with three optional extensions for the hardware and software maintenance.

[Contract Award for SAP Time and Attendance](#)

On June 12, 2023, the TTC Board received a presentation entitled [SAP Program Update](#), which provided an overview of the SAP Program, its progress and current status, in preparation for this report.

## **Issue Background**

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### **SAP Program Overview**

The SAP Program was launched in 2015 as part of the TTC's Five-year Corporate Plan with the specific objective of upgrading its back office processes. The Program aims to enable the transformation and modernization of legacy financial, budget, human resources, payroll, procurement, and materials management business processes.

Through the SAP Program, the TTC intends to re-engineer legacy processes and procedures that involve extensive manual steps and reliance on paper-based work flows. Furthermore, the Program will address the challenges of outdated technology systems that have been in use for more than 40 years, and establish a modern enterprise resource planning platform that will serve as the backbone for the oversight, management and operations of TTC's corporate business processes.

The Program scope is structured into four phases and the completion of the first phase in the fourth quarter of 2018 marked a significant milestone for the TTC. During this phase, several critical business processes were addressed, including recruitment, onboarding, payroll and benefits administration, general ledger and accounting.

Following the completion of Phase 1, the TTC transitioned into Phase 2 of the SAP Program. The key project within Phase 2 is the Time and Attendance project.

### **Time and Attendance Project**

#### Scope and Objective

The objective for the Time and Attendance project is to establish a unified approach within the TTC for scheduling employee work, accurately capturing time worked and off time, and conducting comprehensive time processing.

With the successful implementation of SAP Payroll in the first phase of the SAP Program, the legacy payroll system underwent a significant transformation. Payroll calculations and the generation of pay stubs were seamlessly transitioned to the new SAP Payroll system. However, the legacy time collection and time evaluation processes were not modified during this phase. Consequently, there arises a crucial need to thoroughly review, streamline and redesign the existing time-related processes to ensure compatibility with industry best practices and seamlessly integrate into the new Time and Attendance solution.

### Current State

The current state of time and attendance within the TTC presents a decentralized approach, where each department utilizes distinct practices to capture and track employee time. This fragmented system relies on the use of various methods, such as e-mail exchanges, Access databases, in-house built solutions, commercial off-the-shelf (COTS) solutions, and paper-based time cards.

Following the individual time tracking processes, each department enters the resulting time exceptions into a legacy mainframe time capturing system. This centralized system serves as a repository for collecting and consolidating the time data from different sources.

Additionally, the TTC's 7,500-plus transit operators and collectors are responsible for signing up for their Board Period designated shifts and annual vacations through a bidding process that is heavily manual.

Once the time data is gathered in the mainframe system, it is then fed into the SAP Payroll system. The purpose of this existing integration is to automate the process for employees' pay and benefits based on the time captured manually within the Mainframe system.

### Benefits

Efficiency savings associated with the Time and Attendance project are currently estimated at approximately \$2 million following the system's implementation. Anticipated savings will be updated through the design phase of the project. These savings will be achieved through the elimination of legacy systems as well as automation of the current processes. In addition, it is anticipated that these changes will greatly increase productivity and realize value-added benefits attributable to strengthening the TTC's oversight and management of time and attendance resulting from the modernization of operator bidding and daily scheduling along with time entry processes.

The project is expected to deliver several significant benefits, which will be further validated and documented during the solution design phase, adhering to the TTC's benefits realization framework. These planned benefits encompass various aspects of time and attendance management and include, but are not limited to:



- **Increased efficiency:** Automated time entry processes, reducing manual effort and administrative workload; and automated system notification to prioritize employees for shifts based on criteria.
- **Accurate payroll management:** Ensure employees receive the correct compensation and benefits, reducing errors and potential disputes.
- **Standardized processes:** Standardized end-to-end processes across departments will increase productivity.
- **Data integrity and reporting:** Establishment of a single system of record for time and attendance information and provide accurate real-time reporting and analytics, facilitating in better decision making and valuable insights into workforce management.
- **Compliance and audit readiness:** Automation of adherence to labour laws and collective bargaining agreements.
- **Improved employee experience:** Self-serve for transit operators to sign up for yearly vacation selection and Board Period work, view schedules and work assignments, and request schedule changes.

### Release Plan

The release plan for the Time and Attendance project has been carefully designed to ensure a smooth transition and effective change management. Given the TTC's workforce of 16,000-plus employees, which includes corporate, frontline and maintenance employees, along with varying Collective Bargaining Agreement (CBA) rules, the project has been divided into three distinct releases.

This phased approach allows for incremental implementation and provides valuable opportunities to learn from each release. By splitting the project into manageable stages, the project team is able to focus on specific departments or employee groups at a time, minimizing disruption and allowing for thorough testing and evaluation before moving forward.

With each release, the project team is able to gather insights and lessons learned from the previous phases and apply them to subsequent releases. This iterative process enables the team to address any issues or challenges encountered in earlier stages, fine tune the implementation strategy, and incorporate improvements into subsequent releases.

**Table 7: Release Deployments**

Planned Year	Release	Scope
2023	1	Non-union Employees
2024	2	Maintenance Employees and Wheel-Trans Non-Operators
2025	3	Operators

## Procurement Approach

The procurement approach for the Time and Attendance project has been carefully formulated, taking into consideration the unique requirements of transit operators and the challenges associated with finding a comprehensive solution that can address the needs of all 16,000-plus employees.

Recognizing that transit operators have specific CBA rules and operational considerations, it became apparent that attempting to force-fit them into a general enterprise time and attendance solution would not be practical or sustainable in the long term. Customizing a solution to accommodate the unique requirements of transit operators would lead to complexity and difficulties in maintaining the system over time.

To address these challenges, the procurement approach focused on acquiring an SAP-certified enterprise solution for the first two releases of the project. This decision was based on the availability of solutions in the market that met the criteria and had the necessary certifications. The aim was to implement a system that could handle the time and attendance needs of a significant portion of the workforce.

In July 2021, the TTC Board approved the award of the solution and implementation services for the first two releases of the project to IBM Canada Ltd.

In 2022, the project team undertook the second step in the procurement process by issuing a RFP to procure a transit-specific solution. This RFP placed emphasis on the third release, with specific requirements for TTC operators that focused on the system's ability to integrate seamlessly with various corporate systems, including SAP payroll and service planning and scheduling systems.

## **Comments**

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A RFP was publicly advertised on the MERX and Bonfire websites, as well as the TTC's website on April 8, 2022. A total of 36 companies downloaded copies of the proposal documents, out of which two submitted a proposal by the closing date of May 20, 2022. There were two addenda issued during the proposal period.

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, in addition to confirmation the procurement process was carried out in accordance with the established requirements as set out in the RFP. The Fairness Monitor's report, attached as Appendix B, confirms the fairness of the process.

## **Evaluation of the Proposal Submissions**

The two proposals received were reviewed for commercial compliance with the mandatory submission requirements set out in the RFP, and both proposals passed this first stage of the evaluation.

Stages II, III, and IV of the evaluation included a formal review and rating of the proposals in accordance with the requirements outlined in the RFP, and attached as Appendix A.

The recommendation for award is based on the highest scoring proponent. The three components to be scored included:

Stage II – a qualitative component, with a maximum possible score of 65;  
Stage III – a presentation and demonstration, with a maximum possible score of 10; and  
Stage IV – total proposed price, with a maximum possible score of 25.

An evaluation team consisting of seven members from the People Group, Transportation and Vehicles Group and the Information Technology Services Department conducted the formal review and rating for Stages II and III, while staff from the Procurement and Category Management Department acted as the facilitator during the evaluation process and confirmed the final pricing score under Stage IV.

The qualitative criteria to be rated within Stage II included subcategories as follows:

- F1, Experience and Expertise.
- F2, Proposed Solution.
- F3, Warranty, Maintenance and Support.
- F4, Professional Services.
- F5, Work Plan and Project Methodology.

Each subcategory was to be evaluated in the sequence listed above and included a minimum threshold score that was needed in order to advance to the next Stage II subcategory. Proponents scoring below the threshold were eliminated from the evaluation stage and not evaluated further. However, if no proponents passed the minimum threshold, the RFP stipulated the TTC could waive the threshold to allow proponents through to the next evaluation step.

Both proponents did not achieve the minimum scoring threshold at the F1 step above, therefore the TTC waived the minimum threshold and both proponents advanced to F2. One proponent did not pass the F2 threshold and was therefore not evaluated further, while the other proponent, Giro Inc., met the minimum threshold for F2 and each subsequent threshold thereafter.

Giro Inc. advanced to the pricing evaluation stage and its pricing was evaluated. The total weighted score was calculated as a sum of the weighted qualitative score and the weighted pricing score.

GIRO Inc. received the highest total weighted score and is recommended for award of the contract. The contract award encompasses both a capital portion, which involves the delivery and implementation of the solution, as well as an operating portion for the ongoing sustainment following the implementation. The contract term is set for a duration of nine years, with the added flexibility of two optional four-year extensions.

The duration of the contract and its optional extensions afford the TTC the advantage of maintaining a consistent solution, thereby minimizing the impact of employee changes.

Additionally, this contractual arrangement ensures predetermined pricing for an extended period, allowing for long-term financial planning. Moreover, it enables the TTC to assess evolving business requirements and advancements in the technology market prior to exercising optional terms.

## **Contact**

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## **Signature**

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Josie La Vita  
Chief Financial Officer

## **Attachments**

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Appendix A – Proposal Evaluation Summary  
Appendix B – Fairness Monitor’s Report

**APPENDIX A**  
**PROPOSAL EVALUATION SUMMARY**

		STAGE I	STAGE II					STAGE III	STAGE IV
<b>Company</b> ↓↓	<b>Rated Criteria &amp; Appendix</b> →	Mandatory Requirements	F.1 - Experience and Expertise	F.2abc - Proposed Solution	F.3 - Warranty, Maintenance & Support	F.4 - Professional Services	F.5 - Work Plan & Project Methodology	G - Proof of Solution Demonstration	H - Total Evaluated Price
	<b>Maximum Score</b> →	Pass/Fail	5	26	10	22	2	10	25
	<b>Threshold</b> →	Pass/Fail	3.25	18.2	6.5	15.4	1.3	n/a	n/a
<b>GIRO Inc. (**)</b>		<b>QUALIFIED PROPONENTS PASSING THE THRESHOLD SCORE OF EACH SUB STAGE OF STAGE II BASED ON QUALITATIVE EVALUATION</b>							
		Pass	3.1	22.77	7.50	16.80	1.60	7.83	25.00
<b>Trapeze Software Group, Inc.</b>		<b>NON-QUALIFIED PROPONENTS FAIL TO MEET THRESHOLD SCORE OF EACH SUB STAGE OF STAGE II BASED ON QUALITATIVE EVALUATION</b>							
		Pass	1.85	16.53	n/a	n/a	n/a	n/a	n/a

**(\*\*) Recommended Proponent**

**NB:** None of the Proponents passed the F.1 minimum threshold of 3.25 points. Advancement for each sub-stage (F1 – F5) was through progressive evaluation. The minimum threshold score of each sub-stage (F1 – F5) must be achieved before proceeding to the next stage. TTC exercised its rights to waive the F.1 minimum threshold in accordance with Section 2.3 of the RFP (Stage II - Rated Criteria) and proceeded to evaluate all Proponents in the next level, Stage II, F.2abc.

# FAIRNESS MONITOR'S FINAL FAIRNESS REPORT

Toronto Transit Commission

Request for Proposals for Transit Operations Workforce Management System

RFP No. P25PN21668

RFP Issued: April 8, 2022

Original Closing: May 4, 2022, 4:00:00 PM Local Time

Revised Closing: May 20, 2022, 4:00:00 PM Local Time

**REPORT ISSUED: April 14<sup>th</sup>, 2023**



April 14<sup>th</sup>, 2023



Mr. Sean Owen, CSCMP  
 Category Manager – IT Services  
 Procurement and Category Management  
 Materials & Procurement Department  
 Corporate Services Group

**Re: Request for Proposals for Transit Operations Workforce Management System  
 RFP No. P25PN21668 (the “RFP”)  
 Fairness Monitor Final Report**

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Dear Mr. Owen,

Robinson Global Management Inc. (“RGM”) was engaged as the Fairness Monitor with respect to the Transit Operations Workforce Management System procurement process being administered by the Toronto Transit Commission (“TTC”).

*As RGM’s engagement commenced on June 20, 2022 which was after both the issuance by the TTC and Submission Deadline of the RFP, our fairness report reflects our monitoring, commencing at the Posting to Close Activities, continuing through the Completion of the Evaluation Stages and ending at the Acceptance of Procurement Recommendation Report.*

### **Fairness Report Background**

Neither RGM nor the individual author(s) of this report, are responsible for any conclusions that may be drawn from this opinion. For further detail on the above-mentioned procurement process, we recommend that communication be sought from the Toronto Transit Commission’s Procurement RFP contact directly.

Our monitoring was in the capacity as Fairness Monitor and strictly limited to our responsibilities and deliverables listed in the numbered list on the following page. In completing this report, we took the Toronto Transit Commission’s Procurement Policy, and Procedures, Canadian Free Trade Agreement, Comprehensive Economic and Trade Agreement, and the provisions of the RFP as a standard against which to audit the process.

### **The Fairness Monitor’s responsibilities and deliverables for the RFP include:**

1. Review and understand the TTC’s procurement by-laws, policies, processes, and procedures;
2. Become familiar with the RFP document as issued and the evaluation process;
3. Review various documents and information, including but not limited to the procurement documents, addendum, and correspondence;
4. Review the evaluation criteria with respect to clarity and consistency;
5. Identify situations and issues which may compromise the evaluation process, and which may result in complaints about the procurement process and provide advice on resolving complaints;
6. Provide oversight and advice during the procurement process;
7. Attend Pre-Bid Meetings;
8. Review each Bid submission;
9. Attend Commercial and Technical Evaluation Meetings;

10. Participate in telephone calls with TTC’s Legal and/or Materials and Procurement Departments;
11. Ensure that all participants were briefed on best practices with respect to principles and duties of fairness; confidentiality of vendor submissions; conflict of interest; undue influence; scoring procedures; and the retention of documents;
12. Upon completion of the evaluation process, prepare a report describing the Fairness Monitor’s observations and findings throughout the process;
13. Attend the TTC’s Board Report Meeting to answer questions regarding the report or process, if called upon to do so;
14. Attend Debriefing meetings (if required) and provide comments on the fairness of the selection process.

**RFP Background**

As set out in Part 1 – Invitation and Submission Instructions, Section 1.1:

*“This Request for Proposals (the “RFP”) is an invitation by the Toronto Transit Commission (“TTC”) to proponents to submit proposals for Transit Operations Workforce Management System Solution (“Solution”).*

*Currently, TTC transit operator sign-up and daily adjustment processes is comprised of many legacy technologies and several manual processes for the workforce of more than 7,500 unionized transit operator and collector employees. The new Transit Operations Workforce Management System will transform the core processes by enabling modern business processes and streamline frontline employee operator sign-up and daily adjustment processes for all transportation modes including, Subway, Bus, and Streetcar.*

*These new business processes will integrate with existing TTC technology, such as SAP, Workforce, CAD/AVL, to be part of an overall standard Corporate Time and Attendance Management and Reporting Solution.”*

**A. RFP Posting to Close Processes**

As set out in the RFP Timetable below, TTC issued the RFP on April 8, 2022, with an original Submission Deadline of May 4, 2022 at 4:00:00 PM Local Time (the Submission Deadline was amended by Addendum #1 to a Submission Deadline of May 20, 2022 at 4:00:00 PM Local Time).

As previously stated, given the timing of RGM’s engagement, RGM’s fairness review reflects a post-issuance review of the RFP, as well as the monitoring of the remainder of TTC’s administration of the RFP procurement process.

**1. Open Period, Questions and Addenda**

Please refer to the following table for the RFP Timetable, both initial and revised (bold and italicized):

**RFP Timetable**

<b>Activities</b>	<b>Initial Dates – RFP Issued on April 8, 2022</b>	<b>Revised Dates as Per Addendum #1</b>
Issue Date of RFP	April 8, 2022	April 8, 2022
Deadline for Questions	April 22, 2022	<b>May 9, 2022</b>
Deadline for Responding to Questions	Ongoing until April 27, 2022	Ongoing until <b>May 13, 2022</b>
Deadline for Issuing Addenda	April 27, 2022	<b>May 13, 2022</b>
Submission Deadline #1	Wednesday, May 4, 2022 @ 4:00:00 PM Local Time	<b>Friday, May 20, 2022 @ 4:00:00 PM Local Time</b>
Rectification Period	3 business days	3 business days



Submission Deadline #2 Recorded Demonstration Scenarios (Shortlisted Proponents Only)	Wednesday, June 8, 2022 @ 4:00 PM Local Time	Tuesday, June 28, 2022 @ 4:00 PM Local Time
Anticipated Ranking of Proponents	June 2022	June 2022
Contract Negotiation Period	June/July 2022	July 2022
Anticipated Execution of Agreement	August 2022	August 2022

**2. Sufficiency of RFP Open Time Period & Issuance of Questions and Answers/Addenda**

During the open period, and in alignment to the RFP published timetable, TTC issued:

- Two (2) sets of Questions and Answers: QA.1 on April 15, 2022 and QA2 on May 9, 2022; and
- Two (2) Addenda: Addendum 1 on April 27, 2022 and Addendum 2 on May 13, 2022.

With TTC’s issuance of the RFP on April 8, 2022, and the Submission Deadline of May 20, 2022, the RFP was in the open period for approximately six (6) weeks.

We note that TTC was responsive to the market, granting a proponent’s request for extension; TTC extended the deadline from the original Submission of May 4, 2022 to May 20, 2022. Given that this timing was in conformance to TTC’s guidelines and given TTC’s responsiveness to market request, we do not have any fairness concerns on the sufficiency of the RFP Open Period.

**3. RFP Transparency**

Having reviewed the RFP post-issuance, we confirm that the RFP stated all proposal and submission timeline information, contract term (please see our fairness notes regarding the minor fairness qualification below), specified terms and conditions, evaluation criteria and associated weightings of those criteria, as required for transparency. The RFP further set out the evaluation methodology, approach, evaluation stages, and the proposal evaluation scoring scale systems to be administered during the evaluation processes.

Where there were minimum scoring thresholds, and/or pass/fail requirements for all mandatory requirements evaluation sections, these were disclosed with clear indications when such thresholds or pass/fail tests would be applied, and the impact of failing to satisfy any of these. These were to remain unchanged during the stages of the RFP evaluation process; RGM confirms that these did remain unchanged during our monitoring of the RFP evaluation process.

**Post-Issuance and Submission Deadline Pricing Form Alignment Issue - Minor Fairness Qualification:**

In our post-issuance review of the RFP post-the Submission Deadline, we noted and brought to TTC’s attention that there were some misalignments in the contract term years between Section 1.4, Type of Contract for Deliverables which set out the term of the agreement (please refer to excerpt below) and the Appendix H, Pricing Submission Form, included with the RFP. In addition, there were a few Microsoft Excel best practices gaps in the Pricing Submission Form – e.g. the cells with the information provided by TTC which were not to be changed were not locked.

We identified and discussed these misalignments and gaps with TTC and recommended issuing a post-closing addendum with an updated Pricing Form to address the misalignments and gaps, in order to improve clarity

between Section 1.4 and the Pricing Submission Form, as well as to close off the gaps in the Microsoft Excel sheet.

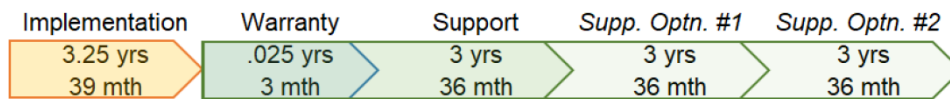
TTC acknowledged the misalignments and ultimately decided not to issue an updated Pricing Submission Form based on the following considerations:

- All Proponents had access to the same Pricing Form.
- Given that there were no questions asked by any of the Proponents during the open period, TTC was confident that the Proponents understood both the relationship between the deliverables and evaluation approach regarding Pricing Submission Form, notwithstanding the misalignments and gaps.
- TTC was prepared to address the related potential contract management issues that may arise, due to the misalignments, following contract award.
- TTC was prepared to accept a minor fairness qualification in the within fairness report.

**1.4 Type of Contract for Deliverables**

The selected Proponent will be requested to enter into direct contract negotiations to finalize an agreement with TTC for the provision of the Deliverables. The terms and conditions found in the Form of Agreement (Appendix B) are to form the basis for commencing negotiations between TTC and the selected Proponent. It is TTC's intention to enter into an agreement with only one (1) legal entity.

The term of the agreement is estimated to be six and a half (6.5) years (the "Initial Term"). This Initial Term includes approximately 39 months for Implementation, 3 months for warranty period, and 36 mths (3 years) for Support. Following the Initial Term, there will be an option to extend the Agreement on the same terms and conditions for two (2) additional three (3) year extensions in favour of TTC (6.5+3+3).



The TTC intends to standardise its operations to the new system. As such, the TTC may continue to use the system beyond the optional extension terms, at the TTC's discretion, to meet its operational needs.

**4. RFP Closing and Proposals Received**

As advised by TTC, and as confirmed by RGM through review of the Bonfire records for this RFP, two (2) proposals (1. GIRO Inc. and 2. Trapeze Software Group, Inc.) were received before the Submission Deadline, and no late proposals were received or accepted.

**B. RFP EVALUATION**

**1. Evaluation Training**

**a. Evaluation Training**

TTC PCM conducted an evaluation training prior to the commencement of RGM's engagement as the Fairness Monitor so RGM did not monitor the evaluation training. We do confirm, however, that TTC PCM provided us with the "Evaluation Committee Training" document which covered the following:

- Background;
- Purpose and Structure of the Evaluation;
- Understanding of the Process;
- Evaluation Team Commitments and Schedule;
- Your Role as an Evaluator – Rated Evaluation;
- Your Role as an Evaluator – Recorded Demonstration;
- Scoring Scale for Evaluation.

We confirm that having reviewed this Evaluation Committee Training document, we did not have any fairness concerns.

***b. Evaluation Training – Additional Re: Evaluation of Recorded Demonstration***

We confirm that TTC PCM conducted an evaluation training specific to the Stage III evaluation of the Recorded Demonstration, following the completion of the Stage II Rated Criteria evaluation stage. We confirm that RGM monitored this additional training, and we did not have any fairness concerns.

**2. Stage I – Pass/Fail Requirements**

The Stage I: Mandatory Forms Submission Requirements mandatory pass/fail requirements was evaluated by the qualified TTC PCM team on a pass/fail basis. We received confirmation from the TTC PCM team that both proposals satisfied the mandatory pass/fail requirements and proceeded to Stage II: Rated Criteria. We did not have any fairness concerns with respect to this Stage I.

**3. Stage II – Rated Requirements Evaluation**

In accordance with the RFP, Stage II consisted of an evaluation of the Proposal content found in following Appendices *in the following sequence*:

- 1<sup>st</sup> Appendix F.1 – Experience and Expertise Submission Form
- 2<sup>nd</sup> Appendix F.2ab – Proposed Solution (a + b) Submission Form
- 3<sup>rd</sup> Appendix F.2c – Proposed Solution (c) Submission Form
- 4<sup>th</sup> Appendix F.3 – Warranty Maintenance and Support Submission Form
- 5<sup>th</sup> Appendix F.4 – Professional Services Submission Form
- 6<sup>th</sup> Appendix F.5 – Statement of Work (SOW) Submission Form

Also, in accordance with the RFP, Section 3.1:

*“Proponents must achieve the minimum point threshold, as stated in Section 3 above, for the evaluation criteria stated in each of the above noted submission forms, in the sequence laid out above. For example, Proponents must achieve the minimum points of 3.25 for Appendix F.1 - Experience and Expertise (1st) in order to proceed to the evaluation of Appendix F.2ab - Proposed Solution (2nd). Proponents that don’t achieve the minimum points will not proceed in the evaluation and will be excluded from further consideration.”*

The following is an excerpt taken from the RFP which sets out the evaluation stages and weights:

**3. Evaluation Stages and Weights**

The following sets out the categories, weightings and descriptions of the rated criteria of the RFP. Proposals will be evaluated during Stages II and III in accordance with the criteria set out below.

Stage	Description of Evaluation Stage	Weighting (Overall Points)	Minimum Threshold	
			%	Points
<b>Appendix</b>	<b>Rated Criteria</b>			
<b>II</b>	<b>Rated Requirements Evaluation</b>			
F.1	Experience and Expertise	5	65%	3.25
F.2ab	Proposed Solution (a + b) (10 overall points)	26	70%	18.2
F.2c	Proposed Solution (c) (16 overall points)			
F.3	Warranty, Maintenance, and Support	10	65%	6.5
F.4	Professional Services	22	70%	15.4
F.5	Work Plan and Project Methodology	2	65%	1.3
	<b>Sub Total</b>	<b>65</b>		<b>44.65</b>
<b>III</b>	<b>Demonstration</b>			
G	Proof of Solution Demonstration	10	N/A	N/A
<b>IV</b>	<b>Price</b>			
H	Total Evaluated Price	<b>25</b>	N/A	N/A
<b>Total Points</b>		<b>100</b>		

The following summarizes our fairness monitoring and related fairness confirmations/comments on the completion of evaluation of the Stage II:

Evaluation Stages II, III and IV	Evaluation Team	Evaluation Process, Including Consensus Sessions, Monitored by RGM?	Final Fairness Opinion Based on Fairness Review/Monitoring/Due Diligence
<b>Fairness Observations of Best Practices in Evaluation:</b>			
<p>The evaluation team completed the Stage II and III - Evaluation using the established best practice consensus two - step method: firstly, each evaluator, working alone, reviewed, and scored with supporting comments, each Proposal in its entirety; secondly, the evaluators met as a group to discuss their findings and largely relying on their initial comments and the evaluation team discussions during each consensus meeting, arrived at a consensus score and comment for each criterion together.</p> <p>No evaluator or other individual exerted undue influence over the process, with the observance of TTC’s PCM representatives and us, the Fairness Monitor. All key evaluation process decisions were made by more than one person and verified by at least one other.</p> <p>The evaluation team ensured that the evaluation aligned with the disclosed evaluation requirements, proposal evaluation scoring scales disclosed, and maintained the disclosed point weightings. No averaging or rounding of scores took place during the evaluation process at any time.</p>			

Each score and comment were discussed thoroughly, agreed to, and verified during the consensus session based on the strict application of the disclosed proposal evaluation scoring scales from the RFP based on the definitions provided in those scales and scoring guidance for each associated set of criteria. All scores were reflected to the second decimal.

All calculations and scores were transparently verified by TTC's PCM and by RGM, as the Fairness Monitor.

<b>Stage II - Appendix F.1 – Experience and Expertise</b>	Evaluation team was comprised of three (3) evaluators	Yes	No fairness concerns (July 7, 2022)
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**Fairness Notes on Stage II – Communications and Confidentiality Protocols Deviation**

During an early evaluation consensus session, it came to light that one of the evaluators had communicated with a non-evaluator on TTC's business team, in an attempt to ascertain some clarity on the scoring guidance for F2c. This was a breach in the communications protocol where any questions should have been directed to TTC PCM. We brought this to the attention to TTC PCM and the matter was discussed with the evaluator. At all subsequent evaluation consensus meetings, TTC PCM reminded evaluators of the communications and confidentiality protocols.

As such, we are of the view that while the deviation did occur, it was a single, isolated incident which did not affect the integrity of the evaluation process. We have no reason to believe that there were any further deviations from the communications and confidentiality protocols.

**Fairness Notes on Stage II – Issue of Sequential Completion of Stages with Stage II**

For the purposes of aligning with the RFP provisions, evaluation (individual or consensus) should have occurred sequentially, i.e. completion of the preceding stage and passing of the minimum threshold, in accordance with the RFP. However, we note the following:

1. There was a deviation from the RFP stipulated process for Stage F.1 to F.2ab and F.2c, that is, specifically, that evaluations for F.2ab and F.2c (individual & consensus) commenced before F.1 was completed and before the F.1 minimum threshold of 65% was confirmed.
2. Further, as the evaluations progressed, it came to light that neither proponent passed the F.1 minimum threshold and as such, TTC retroactively exercised its rights, to waive the F.1 minimum threshold, in accordance with the RFP, Section 2.3 of the RFP (Stage II - Rated Criteria): *"Proponents will be required to meet each of the minimum thresholds in Stage II in order to be eligible to participate in subsequent stages in the evaluation process. TTC reserves the right, in their sole discretion, to waive this stage II minimum thresholds in the event that none of the Proponents meet a minimum threshold, and instead, allow the three (3) highest scoring Proponents from Stage II to participate in subsequent stages in the evaluation process."*

*We confirm our fairness view that notwithstanding the foregoing noted deviation, TTC's exercise of the waiver of the minimum threshold was appropriate.*

3. In the continuation of TTC's evaluations, TTC continued to the subsequent evaluation stages, following the completed consensus of a proponent's combined F.2ab and F.2c, and upon confirmation and review by RGM that the minimum combined threshold, as set out in the RFP, of 70% was met. We confirm that we provided fairness advice that supported TTC's desire to address project timelines challenges, and as such, we were of the view that TTC could proceed on this basis, under RGM's

monitoring, notwithstanding that best practice would be to fully complete the evaluation of both proponents, prior to proceeding with subsequent stages.

<b>Stage II Appendix F.2ab – Proposed Solution (a + b)</b>	Evaluation team was comprised of three (3) evaluators	Yes	No fairness concerns (October 14, 2022)
<b>Stage II Appendix F.2c - Proposed Solution (c)</b>	Evaluation team was comprised of six (6) evaluators	Yes	No fairness concerns (October 18, 2022)

**Fairness Notes on the Results of Evaluation of Stage II – F.2ab and F.2c:**

Following the completion of the evaluation of Stage II – F.2ab and F.2c, one of the Proponents, Trapeze Software Group, Inc., did not meet the minimum threshold of 70% or 18.2 points, and that Proponent was therefore ineligible to continue further in the evaluation process.

Giro Inc. met the minimum threshold and continued in the evaluation process.

<b>Stage II Appendix F.3 - Warranty Maintenance and Support</b>	Evaluation team was comprised of three (3) evaluators	Yes	No fairness concerns (November 10, 2022)
<b>Stage II Appendix F.4 - Professional Services</b>	Evaluation team was comprised of three (3) evaluators	Yes	No fairness concerns (November 10, 2022)
<b>Stage II Appendix F.5 - Work Plan and Project Methodology</b>	Evaluation team was comprised of three (3) evaluators	Yes	No fairness concerns (November 21, 2022)

<b>Stage III Demonstration</b>	Evaluation team was comprised of six (6) evaluators	Yes	No fairness concerns (January 18, 2023)
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<b>Stage IV Pricing</b>	PCM	Completed by TTC PCM	Please see fairness notes below** regarding Stage IV Pricing.
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**\*\*Fairness Notes on Stage IV Pricing:**

Firstly, we considered the following: In PCM’s evaluation of the Pricing Form submitted by Giro Inc., PCM determined that under tab H.5 Professional Services, the Proponent has modified the form by adding to the title of each Phase (e.g. Phase 1, added Planning etc.) and by inserting 2 additional columns to detail cost for Phase 3, specifically Column E “Phase 3 Bidding” and column F “Phase 3 Daily Operations”. TTC’s view was that having carefully considered this matter, the TTC did not consider the above changes to materially alter the intended propose of the form.

Secondly, we further reviewed the relevant provisions of Pricing Submission Form which contain the following:

- *Overview tab - 2. "Please do not change the structure of any of the worksheets. changing the structure will invalidate our submission."*
- *Instructions tab - (7) "The Proponent shall not change, modify, or alter the Pricing Submission forms in any way, except to change the size of a cell box to accommodate the Proponent's entry."*
- *Instructions tab 9 - (8) "A Proposal that includes a Pricing Submission Form that has been changed, modified, or altered in any way, except to change the size of a cell box to accommodate the size of the Proponent's entry, may be disqualified."*

In our fairness assessment and view, the pricing form appeared to dictate a mandatory, i.e. that the Pricing Submission Form, shall not be changed (except for the size of the cell); however, the above third bullet, as contained in the Pricing Submission form, set out a contradictory statement which provides a discretion for the TTC - i.e. the TTC has the discretion to disqualify the submission if changes are made. That contradiction creates ambiguity, which in our view and typical best practices, should be ruled in favour of the Proponent.

Thirdly and finally, we received and considered TTC's confirmation that the column edits, and the identification of sub-phases of Phase 3, present sub-phases which **do** align to those sub-phases of Phase 3, as set out in the RFP.

**Fairness Opinion Summary:** Upon this fairness review and assessment, we are of the fairness opinion that notwithstanding the edits made by the proponents to tab H.5, it is open to TTC to exercise its discretion and not disqualify the Pricing Submission Form, and continue to Stage V – Ranking and Contract Negotiations.

### Stage V – Ranking and Contract Negotiations

PCM has advised that it requested that Giro Inc. enter into direct negotiations to finalize an agreement with TTC for the provision of the Deliverables. The negotiations were conducted directly by TTC, and the monitoring of these negotiations were not included in RGM's fairness monitoring scope.

PCM has advised RGM of the results and recommendation for award to GIRO Inc.

## C. Fairness Monitor Attestation

### *Summary Fairness Findings*

In conclusion, RGM confirms that we do not have any fairness issues to note with respect to TTC's administering of the procurement relating to the Request for Proposals for Transit Operations Workforce Management System, RFP No. P25PN21668.

Sincerely,



Doreen Wong, B.A., B.Comm., LL.B., CRIO, PMP., SCMP (Candidate)  
Senior Fairness Monitor, Robinson Global Management Inc.

cc: Andrea Robinson, B.A., LL.M., Q.Arb., PMP., SCMP (Candidate)  
Senior Fairness Monitor, Robinson Global Management Inc.

cc: Don Solomon B.A., CERT. TECH. ARCH.  
Senior Fairness Monitor, Robinson Global Management Inc.