

**3. APPROVAL OF PREFERRED PROPONENT AND BUDGET FOR LRT
STAGE 2 LESSONS LEARNED EXERCISE**

**APPROBATION DU SOUMISSIONNAIRE PRIVILÉGIÉ ET DU BUDGET LIÉ
À L'ANALYSE DES LEÇONS APPRISSES LORS DE L'ÉTAPE 2 DU PROJET
DE TRAIN LÉGER SUR RAIL.**

COMMITTEE RECOMMENDATION

That Council approve the award of contract for the LRT Stage 2 Lessons Learned Exercise to KPMG LLP for a firm price of \$157,175.00, excluding taxes.

RECOMMANDATION DU COMITÉ

Que le Conseil municipal approuve l'attribution du contrat lié à l'analyse des leçons apprises lors de l'Étape 2 du projet de train léger sur rail à KPMG LLP, au prix ferme de 157 175 \$ (taxes non comprises).

DOCUMENTATION/DOCUMENTATION

1. General Manager's report, Innovative Client Services dated 21 August 2020 (ACS2020-ICS-PRO-0004).

Rapport de la Directrice générale, Services novateurs pour la clientèle daté le 21 août 2020 (ACS2020- ICS-PRO-0004).

2. Extract of draft Minutes, Finance and Economic Development Committee, 1 September 2020.

Extrait de l'ébauche du procès-verbal, Comité des finances et du développement économique, le 1 septembre 2020.

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
1 September 2020 / 1er septembre 2020**

**and Council
et au Conseil
9 September 2020 / 9 septembre 2020**

**Submitted on August 21, 2020
Soumis le 21 août 2020**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-ICS-PRO-0004

**SUBJECT: Approval of Preferred Proponent and budget for LRT Stage 2
Lessons Learned Exercise**

**OBJET: Approbation du soumissionnaire privilégié et du budget lié à
l'analyse des leçons apprises lors de l'Étape 2 du projet de train
léger sur rail.**

REPORT RECOMMENDATION

That the Finance and Economic Development Committee recommend that Council approve the award of contract for the LRT Stage 2 Lessons Learned Exercise to KPMG LLP for a firm price of \$157,175.00, excluding taxes.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique recommande au Conseil municipal d'approuver l'attribution du contrat lié à l'analyse des leçons apprises lors de l'Étape 2 du projet de train léger sur rail à KPMG LLP, au prix ferme de 157 175 \$ (taxes non comprises).

BACKGROUND

On February 12, 2020, City Council approved a motion directing City staff to engage an independent consultant to undertake a Lessons Learned exercise on the Stage 2 Light Rail Transit Project Procurement Process, building on the recommendations in the Auditor General's November 26, 2019 report titled, "Audit of Stage 2 Light Rail Transit (LRT) Project Procurement", as well as options to strengthen any of the following key public procurement principles: Transparency, Integrity, Value for Money, Openness, Fairness, Competition and Accountability.

On April 8, 2020 City Council approved the scope of work for the independent consultant ([Report ACS2020-CMR-OCM-0002](#)). The scope of work is divided into two sections, each of which will be subject to its own report to Council. The first report, "Stage 2 LRT Lessons Learned", will assess the recommendations of the Auditor General in his report titled "Audit of Stage 2 Light Rail Transit (LRT) Project Procurement" ([ACS2019-OAG-BVG-0011](#)) against leading practices within industry, including from other jurisdictions. The consultant will meet with any interested Members of Council prior to writing the Lessons Learned report in order to better understand the background from Councillors' perspective and to provide additional context for this report. The second report will present best practices for future light rail or similar linear infrastructure procurements in order to achieve Transparency, Integrity, Value for Money, Openness, Fairness, Competition and Accountability. A formal Request for Proposal was issued publicly on April 21, 2020.

This report recommends that the Finance and Economic Development Committee recommend that Council approve the award of contract to KPMG LLP for a firm price of \$157,175.00, excluding taxes, to be paid from the existing LRT consulting/procurement budget.

KPMG's Infrastructure practice has extensive experience in P3 projects and large infrastructure projects across Canada and Ontario. The proposed Lead Consultant and Key Team Members have a proven track record including direct experience with the Edmonton Valley Line LRT Stage 1 P3 project, City of Calgary Green Line LRT and Via Rail, Corridor Fleet Renewal Program and Maintenance facilities procurement. The workplan and level of effort proposed by KPMG meets all the requirements of the Council-approved scope of work.

DISCUSSION

Supply Services published a Request for Proposal (RFP) on April 21, 2020 seeking proposals for independent consulting services to undertake an LRT Stage 2 Procurement Lessons Learned Exercise. In keeping with standard procurement practice, the RFP was published on MERX.com. Fifty firms ordered the document from MERX and three addenda were issued on May 6, 2020, May 8, 2020 and May 13, 2020, respectively. The RFP closed on May 27, 2020, with four firms submitting proposals in response.

As outlined in the RFP, the evaluation process consisted of six steps:

1. Evaluation Against Rated Requirements
2. Evaluation of Financial Proposals
3. Due Diligence
4. Selection of the Preferred Proponent
5. Negotiation and Contract Finalization
6. Debriefing

Step 1 – Evaluation Against Rated Requirements

On June 23 and 24, 2020, an evaluation team of City staff, facilitated by Supply Services, undertook Step One – Evaluation Against Rated Requirements. The evaluation consisted of an assessment of each proponent's corporate experience; the qualifications and experience of each proposed lead consultant and key team members; and each proponent's proposed workplan, schedule and level of effort:

Experience of the Proponent

As outlined in the RFP, proponents were required to provide up to three project examples which demonstrated their experience developing lessons learned or similar reports with a focus on experience in decision making with municipal bylaws and governance processes, public agency procurement processes, Infrastructure Ontario P3 or other similar public procurement agency contract templates, and with large scale linear infrastructure procurement projects.

Experience and Qualifications of Lead Consultant and Key Team Members

The evaluation team reviewed and evaluated each proponent's Lead Consultant and Key Team Members' relevant experience as it related to the Council-approved Scope of Work.

All relevant job classifications were evaluated based on experience dealing with projects of similar complexity and magnitude for a minimum of five years.

Proposed Work Plan, Schedule and Level of Effort

The evaluation team reviewed and evaluated each proponent's proposed work plan and schedule, broken down by each major task and deliverable. Each was evaluated based on whether the information was thorough and realistic.

The evaluation team also reviewed and evaluated the proposed level of effort for each individual team member. Each was evaluated based on whether the details provided were sufficient to allow a complete understanding as to how and by whom the assignment would be carried out.

Proposals were required to achieve an overall pass grade of 70% on the rated requirements in order to proceed to Step 2 of the evaluation process.

Step 2 – Evaluation of Financial Proposals

As outlined in the RFP, proponents were required to submit a firm price broken into milestones. Points were awarded based on the percentage difference between financial

proposals. The lowest responsive financial offer received full points and other financial offers were allocated points pro-rata to the extent they exceed the lowest responsive financial offer.

Step 3 – Due Diligence

As outlined in the RFP, the City engages in a due diligence process to review the certainty, reasonableness and comprehensiveness of each proposal. This includes an exercise to ensure compliance to the RFPs restricted parties and conflict clauses.

As outlined in the RFP, any person who was involved with the Stage 2 City of Ottawa light rail procurement, including current or former employees, was restricted from participating in the RFP process as an employee, advisor, consultant, or member of any proponent team. Through this process, Supply Services validated that no restricted or conflicted parties would be part of the contract.

Step 4 – Selection of Preferred Proponent

At the conclusion of Step 4, the evaluation team concluded that the proposal submitted by KPMG LLP represented the best value to the City having achieved the highest technical score and offering the lowest firm price of \$157,175.00.

Subject to Council's approval of the preferred proponent and budget, Supply Services will proceed to Steps 5 and 6 of the evaluation process.

Once all the preceding steps have been completed, Supply Services will issue a Purchase Order in accordance with Article 31 of the Procurement By-law.

Timing of the Consultant's Final Report

As identified in report [ACS2020-CMR-OCM-0002](#), it was the intention that the consultant's report be presented to Committee and Council by November 2020. Given delays in Council's consideration of the LRT Lessons Learned Scope of Work resulting from the COVID-19 pandemic, and requests for extensions of time submitted by the industry during the procurement process, it is anticipated that the consultant's report be presented to Committee and Council in Q1 2021.

RURAL IMPLICATIONS

There are no specific rural implications associated with this report.

CONSULTATION

The RFP was posted publicly on MERX. Inquiries from the public were accepted through MERX and answered publicly via published addenda in keeping with standard procurement practice.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report.

ADVISORY COMMITTEE(S) COMMENTS

There are no comments or recommendations from any Advisory Committee(s).

LEGAL IMPLICATIONS

There are no legal impediments to approving the recommendation in this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk implications.

FINANCIAL IMPLICATIONS

Funding to award the contract recommended by this report is available in capital project account 907926.

ACCESSIBILITY IMPACTS

There are no accessibility implications related to this report.

TERM OF COUNCIL PRIORITIES

There is no direct impact on the 2019-2022 Term of Council Priorities.

SUPPORTING DOCUMENTATION

Document 1 - Request for Proposal-LRT Lessons Learned

Document 2 - RFP-Addendum 1 LRT Stage 2 Lessons Learned

Document 3 – RFP-Addendum 2 LRT Stage 2 Lessons Learned

Document 4 – RFP-Addendum 3 LRT Stage 2 Lessons Learned

Document 5 – Excerpt of Audit of Stage 2 Light Rail Transit (LRT) Project Procurement

Document 6 – FEDCO report March 9, 2020

Document 7 - Special Ottawa City Council Disposition 31, April 8, 2020 - Scope of Work

Attachments to this report are in English. The City of Ottawa may translate these attachments or parts thereof on request. Requests should be forwarded to joanneh.graham@ottawa.ca.

Les pièces jointes du rapport sont en anglais. La Ville d'Ottawa pourra, sur demande, les traduire au complet ou en partie. Les demandes doivent être soumises à : joanneh.graham@ottawa.ca.

DISPOSITION

Subject to Council approval, staff will implement the recommendations as outlined in the report.