

TO:	CHAIR AND MEMBERS FINANCE AND ADMINISTRATION COMMITTEE MEETING ON OCTOBER 19, 2011
FROM:	MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER
SUBJECT:	PROPOSED PARKING GARAGE – COMPETITIVE BID PROCESS RECOMMENDATION

RECOMMENDATION

That, on the recommendation of the City Treasurer, Chief Financial Officer staff **BE DIRECTED** to undertake a competitive bid process for the provision of parking spaces in the downtown, based on:

- 1) The receipt of a second unsolicited proposal from Fahri Holdings Corporation (FHC); and,
- 2) Requirements under section 14.4 (a) in the Procurement of Goods and Services Policy

Noting that there is no provision for funding in the budget for any additional parking, and that the parking study undertaken several years ago requires an update.

PREVIOUS REPORTS PERTINENT TO THIS MATTER

Request for Review of Tricar Group Parking Proposal - Finance and Administration Committee Meeting on September 28, 2011.

BACKGROUND

On October 3rd, 2011 Council resolved that:

“The Civic Administration **BE DIRECTED** to proceed to the next phase of negotiations concerning the draft proposal submitted by the Tricar Group for the lease of a parking garage at King Street and Ridout Street, **SUBJECT TO** confirmation that the aforementioned proposal is in conformity with the City Procurement Policy and confirmation that the proposal product is offered at a competitive price and in the public interest; it being noted that the Finance and Administration Committee also received the attached communications for J. MacDonald, Executive Director, Downtown London and R.T. Usher, Chair, London Downtown Business Association and J. Carapella, President, The Tricar Group regarding this matter (2011-S04-00) (AS AMENDED) (2/23/FAC)”

PROCUREMENT POLICY COMPLIANCE

The Civic Administration submitted and sought direction from Council with respect to an unsolicited proposal from The Tricar Group for the provision of parking spaces in an area of downtown that has been identified in a six year old study as being a high need area. The City of London had not developed a plan for parking and evaluating parking proposals.

It was suggested that the proposal could be considered as sole source under section 14 (k) *Where due to abnormal market conditions, the goods, services or construction required are in short supply*. This could be done **only if** one assumed no other valid competitors; further, staff stated that no attempt had been made to solicit other proposals at that time. This led to the Council approving the next phase of negotiations **subject to** “...conformity with the City Procurement Policy...”

Based on the fact that a subsequent competitive submission was received by the City Manager, Section 14.4 (a) in the Procurement of Goods and Services Policy, would suggest there is a competitive environment for the provisions of parking in the same area of downtown.

14.4 Single Source

Single Source means that there is more than one source of supply in the open market, but only one source is recommended due to predetermined and approved specifications.

The procurement may be conducted using a Single Source process if the goods and/or services are available from more than one source, but there are valid and sufficient reasons for selecting one supplier in particular, as follows:

- a) *An attempt to acquire the required goods and/or services by soliciting competitive bids has been made in good faith, but has failed to identify more than one willing and compliant supplier;*

THE SECOND UNSOLICITED PROPOSAL

A second unsolicited proposal from Farhi Holdings Corporation (FHC) was received on October 7, 2011.

It is our recommendation to proceed with a Request for Qualification (RFQ) and Request for Proposal (RFP) (draft with RFQ) to determine a suitable proponent in a competitive bid process. This process should also be **predicated on**:

- An update to the parking space needs analysis in the downtown; the current study is six years old. This should be updated and validated against the new Transportation Master Plan.
- The Source of Financing (one-time and on-going) for this project should be incorporated in the economic development projects **funding and priority** setting discussion.

PROCUREMENT POLICY OTHER CONSIDERATIONS

As Council moves forward with respect to investments and involvement of external proposals, items that may be considered under the procurement policy should be treated with caution so as not to preclude proponents who may be unaware of the direct solicitation provisions and complications that may arise from the involvement of Elected Officials or Appointed Officers in influencing the procurement process. These are outlined below for information.

21.2 Direct Solicitation

- a. *Unsolicited proposals received by the City shall be referred to the Manager of Purchasing and Supply for review.*
- b. *Any procurement activity resulting from the receipt of an unsolicited proposal shall comply with the provisions of this Policy.*
- c. *A contract resulting from an unsolicited proposal shall be awarded on a non-competitive basis only when the procurement complies with the requirements of a non-competitive procurement, as detailed in Section 14.*

6.2 Interference in the Procurement Process

- a. *Elected officials, appointed officers and employees shall not knowingly cause or permit anything to be done or communicated to anyone in a manner which is likely to cause any potential supplier to have an unfair advantage or disadvantage in obtaining a contract for the supply of goods and/or services to the City. This also includes a contract with any other municipality, local board or public body involved in the purchase of goods and/or services either jointly or in cooperation with the City.*
- b. *Elected officials shall separate themselves from the procurement process and have no involvement whatsoever in specific procurements. Elected officials should not see any documents or receive any information related to a particular procurement while the procurement process is ongoing. Elected officials who receive inquiries from suppliers related to any specific procurement shall immediately direct those inquiries to the Manager of Purchasing and Supply, or the City Treasurer.*
- c. *The only exception to the above relates to selection of external auditors whereby elected officials are specifically part of the evaluation team.*

In addition, the City Solicitor has recommended that a new policy be developed for the acquisition of purchased or leased property/space. The principles would likely be similar to those employed in a procurement policy; however, when negotiating or acquiring property or leased space, time is also a factor and should be taken into consideration when developing a policy.

SUMMARY

In summary, it is recommended that a competitive bid process be used to identify the successful proponent in a fair and transparent method.

This report was prepared with the assistance of Bill Warner, Manager of Realty Services.

PREPARED BY:	CONCURRED BY:
JOHN FREEMAN MANAGER OF PURCHASING AND SUPPLY	MIKE TURNER DEPUTY CITY TREASURER
RECOMMENDED BY:	
MARTIN HAYWARD CITY TREASURER, CHIEF FINANCIAL OFFICER	