

THE FOLLOWING ARE THE LATE ITEMS FOR THE MEETING OF CITY COUNCIL HELD ON APRIL 16, 2002

- 1. Clause F2 of the report of the Utility Services Department regarding the recycling Request for Proposals:**
- 2. Recycling Request for Proposal – Probity Audit**

(See below)

F) Recycling Request for Proposals – Additional Detail
(File No. WT 7832-10-1)

RECOMMENDATION: that the information be received.

REPORT

This report provides additional detail regarding the Request for Proposal process and results for procurement of recycling services.

Probity Audit

At its meeting on August 17, 2011, City Council approved the Administration's proposal that one representative from the City's Internal Auditor, Garman, Weimer & Associates Ltd., be included on the Recycling Request for Proposals Evaluation Committee.

Garman, Weimer & Associates Ltd., was engaged in January 2012 to act as the Probity Auditor relating to the Request For Proposals, specifically RFP#11-1045 - Collections and RFP#11-1040 - Processing & Marketing Services, associated with the Single Family Residential Curbside Recycling Program.

A Probity Audit involves ensuring that a complex public sector process, such as procurement, is conducted in a manner that is fair, impartial, accountable and transparent, as well as in the public best interest. The full Audit report is included as Attachment 1. The Auditor found that:

“The procurement process has been conducted in accordance with industry best practices. The outcome has been achieved through processes that are visible, defensible and auditable.”

Procurement Process

The purpose of a Request for Proposal process, as opposed to a fixed-price tender, is to allow proponents to consider various means and solutions to deliver the work requested by the City. By including both quality and cost, the highest scoring proposal is deemed to be the proposal that provides the highest value to the client.

Tenders, in contrast, are used when the final product is defined, and the City is simply seeking to obtain the best price for a defined product.

The procurement process used for recycling services in Saskatoon was the RFP process, with the RFP terms, conditions, and rating criteria approved by Council on November 7, 2011. The cost of the proposal had a total weighting of 35%, and the technical content of the proposal had a total weighting of the remaining 65% of points.

As confirmed in the Probity Audit, Administration evaluated the various proposals per the conditions outlined in the applicable Council reports and RFP documents. The highest scoring proposals in each compatible grouping (single-stream individual proposals; dual-stream

individual proposals; and combined collection/processing proposal) were, in final ranked order, as follows:

Ranking	Description of Bids	Total RFP Points	Total Cost
#1	Loraas – Combined Proposal – both collection and processing	182.31	\$22.552M
#2	Loraas – Separately Bid Single-Stream	180.33	\$23.208M
#3	Cosmo/Emterra – Separately Bid Dual-Stream	168.10	\$21.510M

All four evaluators ranked Loraas’ processing bid as superior to the Cosmo processing bid. This was a significant factor in the overall results. This technical score carried through the evaluation process, and impacted the final points.

As shown above, Loraas submitted a combined proposal as well as two separate proposals for a single-stream service (one for collections, one for processing/marketing). The difference between the two sets of proposals was lower pricing for the combined proposal, and further fortified quality assurance processes. Loraas placed both 1st and 2nd in the final evaluation, followed by the combination of the dual-stream Cosmo bid for processing and the Emterra bid for collections.

City of Saskatoon/Cosmo Contract

The City has a contract with Cosmo industries. This is a 10-year contract that will expire on May 31, 2018. Council has directed the Administration to continue to provide 7,800 tonnes of paper to Cosmo annually, of the same quality and on the same schedule as is currently provided.

ENVIRONMENTAL IMPLICATIONS

This project will allow the City to help protect, conserve and improve the environment.


PUBLIC NOTICE

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

ATTACHMENTS

1. Probity Audit

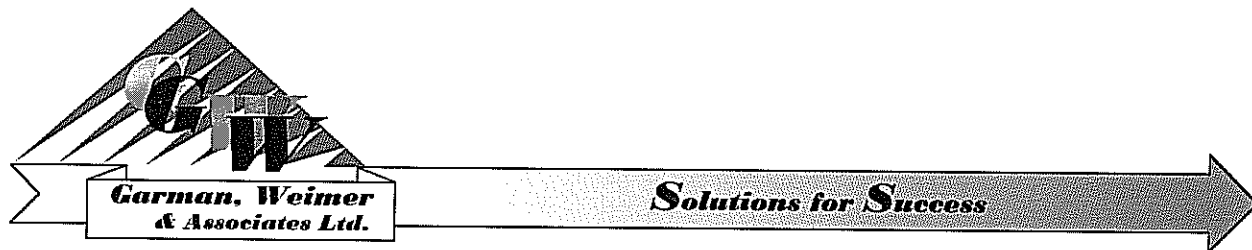
Written and
Approved by:



Jeff Jorgenson, General Manager
Utility Services Department
Dated: April 13/2012

Approved by:

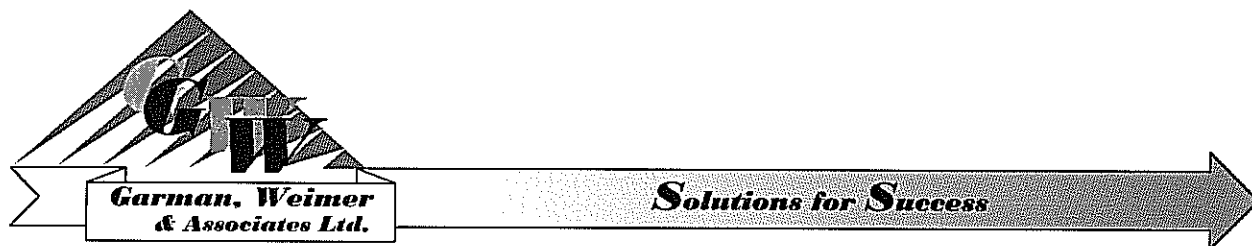
Murray Totland, City Manager
Dated: _____



CITY OF SASKATOON Recycling Request for Proposal – Probity Audit

The procurement process has been conducted in accordance with industry best practices. The outcome has been achieved through processes that are visible, defensible and auditable.

April 2012



April 13, 2012

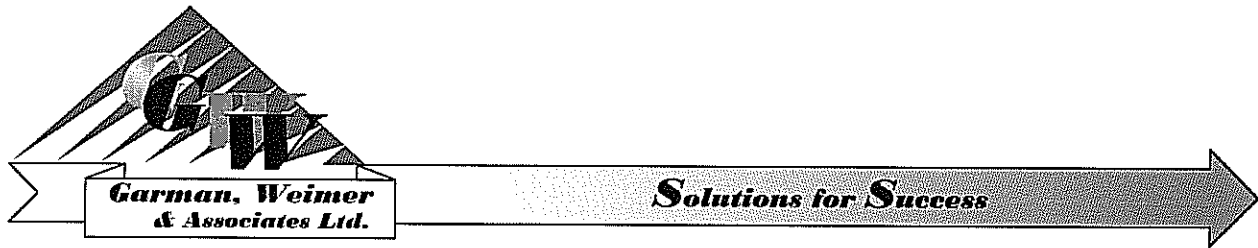
Murray Totland
City Manager
222-3rd Avenue North
Saskatoon, Saskatchewan
S7K 0J5

Independent Audit Report Recycling Request for Proposal – Probity Audit

On March 14, 2012 the final Evaluation Committee meeting, relating to the Request For Proposals, specifically RFP#11-1045 - Collections and RFP#11-1040 - Processing & Marketing Services, associated with the Single Family Residential Curbside Recycling Program, was held and the Probity Audit is now considered complete.

The report covers the following matters:

1. Introduction and background,
2. The scope of the Probity Audit,
3. The objective of the Probity Audit,
4. The framework for the Probity Audit,
5. A statement that the Probity Audit has been conducted in accordance with this framework,
6. Any qualification or limitation on the Probity Auditor's opinion on the process,
7. A statement that the Probity Auditor has fulfilled the terms of reference in order to express an opinion, and
8. Findings in the form of an expression of opinion whether, in all material respects, the process was undertaken according to industry best practices.



INTRODUCTION AND BACKGROUND

At its meeting on August 17, 2011, City Council approved the Administration's proposal that one representative from the City's Internal Auditor, Garman, Weimer & Associates Ltd., be included on the Recycling Request for Proposals Evaluation Committee.

Garman, Weimer & Associates Ltd., was engaged in January 2012 to act as the Probity Auditor relating to the Request For Proposals, specifically RFP#11-1045 - Collections and RFP#11-1040 - Processing & Marketing Services, associated with the Single Family Residential Curbside Recycling Program.

A Probity Audit involves ensuring that a complex public sector process, such as procurement, is conducted in a manner that is fair, impartial, accountable and transparent, as well as in the public best interest.

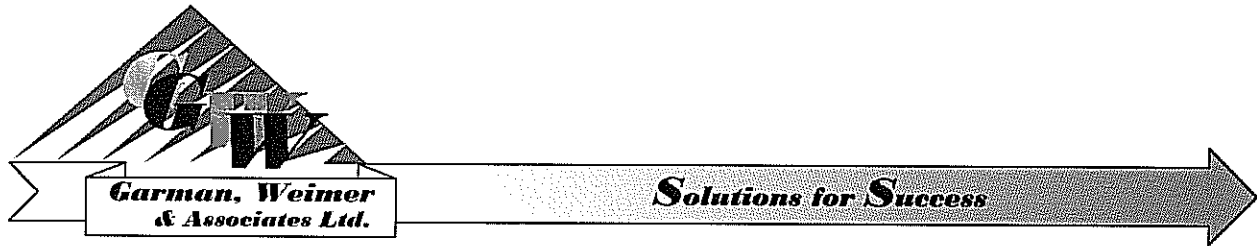
Our role was to satisfy ourselves on the overall probity of the procurement process associated with the Request For Proposals, specifically RFP#11-1045 - Collections and RFP#11-1040 - Processing & Marketing Services, associated with the Single Family Residential Curbside Recycling Program.

The role of the Probity Auditor is not to validate the Evaluation Committee's recommendation of the selected proponent; but rather, is to provide oversight and assurances regarding the processes applied in making the recommendation.

SCOPE OF THE PROBITY AUDIT

Prior to our engagement, the City issued RFP#11-1045 - Collections and RFP#11-1040 - Processing & Marketing Services, as well, held an Introductory Project Meeting to introduce the Project to Proponents.

Garman, Weimer & Associates Ltd.'s involvement with the Project commenced at the initial Evaluation Committee meeting on January 27, 2012. Our engagement covers the evaluation of the procurement process and all significant activities undertaken by the Evaluation Committee in the determination of the preferred proponent based on the evaluation of proposals from that date up to the final Evaluation Committee meeting held on March 14, 2012.



OBJECTIVE OF THE PROBITY AUDIT

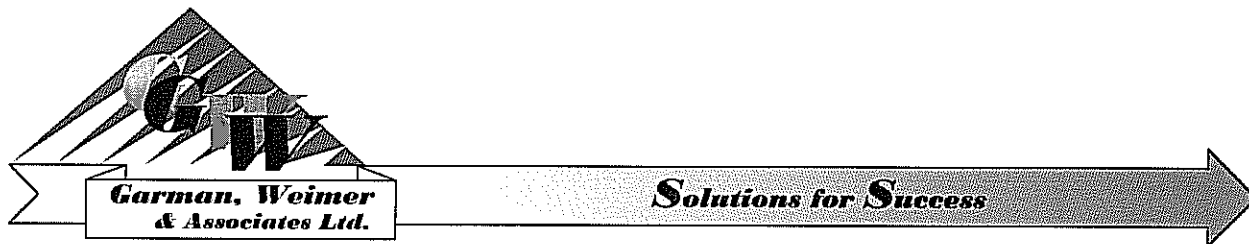
The objective of the Probity Audit was to determine if the Recycling Request For Proposals process follows, in all material respects, five inter-related probity fundamentals:

- Maintaining impartiality,
 - Proponents are to be treated equally and must have the same opportunity to access information and advice.
- Managing conflicts of interest,
 - Any person involved in the request for proposal process is to declare and address any actual, potential or perceived conflict of interest prior to undertaking any request for proposal evaluation.
- Maintaining accountability and transparency,
 - Accountability and transparency are related concepts. Accountability involves being able to demonstrate and justify the outcome of a decision. This is facilitated through good record keeping. Transparency refers to the preparedness to open a project and its processes to scrutiny and possible criticism. Demonstrating accountability and transparency gives proponents and taxpayers additional confidence in the decisions being made.
- Maintaining confidentiality, and
 - Certain information needs to be kept confidential, up to the point where a contract is signed with the successful proponent, in order to protect the integrity of the process and give proponents the confidence to do business with government.
- Obtaining value for money.
 - This is achieved by fostering an open competitive environment in which proponents can make attractive, innovative proposals with the confidence that they will be assessed on their merits.

THE FRAMEWORK FOR THE PROBITY AUDIT

The following activities were performed in order to meet the terms of the Probity Audit:

- Collecting and reviewing relevant documentation,
- Attending Evaluation Committee meetings,
- Interviewing staff where required,
- Researching industry literature and best practices,
- Providing management details respecting industry best practices,
- Performing tests to confirm compliance with policy, and industry best practice, and
- Issuing a Probity Audit report.



THE PROBITY AUDIT HAS BEEN CONDUCTED IN ACCORDANCE WITH THIS FRAMEWORK,

The Probity Audit was conducted in accordance with the framework outlined above.

QUALIFICATIONS OR LIMITATIONS ON THE PROBITY AUDITOR'S OPINION

Our Probity Audit findings are based on the assumption that we have been provided access to all relevant information in connection with the Project and that we have been advised of all significant Project meetings and decisions. We have no reason to believe that this assumption is not valid.

FULFILLMENT OF PROBITY AUDIT TERMS

Garman, Weimer & Associates Ltd. confirms that the terms of the engagement have been fulfilled. The procurement process appears to have been undertaken in accordance with probity principles outlined within the Probity Audit Objective and Scope.

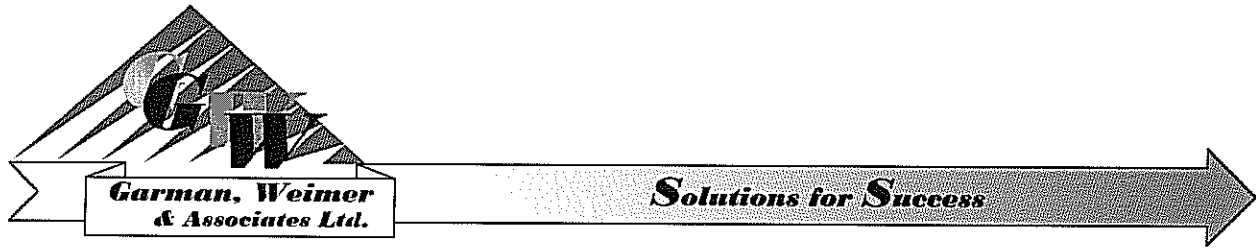
SUMMARY OF FINDINGS

Garman, Weimer & Associates Ltd. performed an oversight role of the procurement process from January 27, 2012 up to the final Evaluation Committee meeting held on March 14, 2012.

We confirm that the procurement process followed industry best practices in terms of five inter-related probity fundamentals:

Maintaining Impartiality

- The RFP's were not written in a restrictive manner and were not biased towards any particular process, solution or Proponent.
- All individuals involved in the procurement process, including Evaluation Committee members, appear to have conducted themselves professionally, with integrity and absence of bias and in accordance with the standards for evaluation that were established for the procurement process.
- During the course of our Probity Audit observations, we detected no bias or favoritism for or against any particular proponent.
- The Addenda (i.e., #1, 2, 3 & 4), containing Proponents' inquiries, were provided to all Proponents who registered with Purchasing Services prior to the closing date, as was outlined in the RFP's.

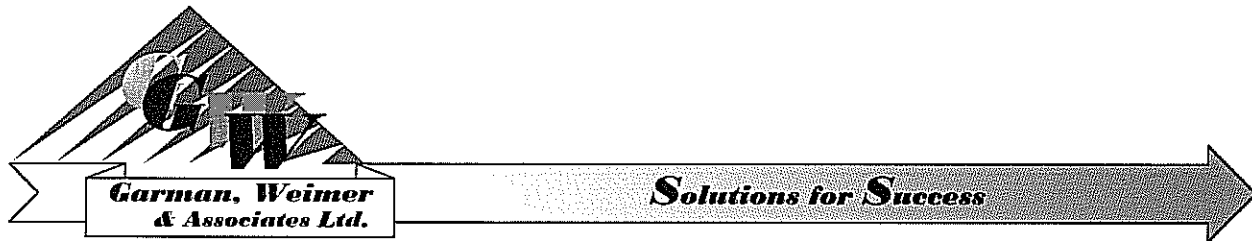


Managing Conflicts of Interest

- Conflict of interest declarations were signed by individuals within Purchasing Services involved with the receipt of proposals and by all members of the Evaluation Committee prior to the commencement of the evaluation process. Conflicts of interest declarations were also required by the proponents. Based on these declarations, there were no actual, potential or perceived conflicts that could be considered to impair the evaluation process.

Maintaining Accountability and Transparency

- The evaluation criteria and associated weighting used in the evaluation process agreed to the RFP's and provided an appropriate process for consistently and fairly evaluating the proposals.
- The scoring grid and process of determining the final score applied to the weightings for each criteria were agreed to by the Evaluation Committee prior to commencement of the evaluations.
- Based on the Probity Auditor's attendance at the Evaluation Committee meetings, the evaluation of proposals was conducted strictly in accordance with the process set out in the RFP's.
- The mandatory requirements of both RFP's were met by the preferred proponent.
- Recorded details of meetings of the Evaluation Committee and meetings with Purchasing Services as well as the evaluation results were maintained and kept by the City.
- Communication with Proponents occurred through proper channels.
- The measures taken ensured that only proposals that were received prior to closing time were included in the evaluation process.
- The measures taken ensured that proposal pricing information was isolated until the evaluators completed the technical evaluation, thereby enabling the evaluators to perform the technical evaluation without any influence of pricing information.
- Although not conducted as at the time of this report, per the terms of the RFP's, unsuccessful Proponents may request a debriefing to discuss the strengths and weaknesses of their proposal.
- All the evaluators were technically qualified, were familiar with the RFP's and related Addenda and fully understood the evaluation criteria that they were evaluating against.



Maintaining Confidentiality

- Confidentiality declarations were signed by individuals within Purchasing Services involved with the receipt of proposals and by all members of the Evaluation Committee prior to the commencement of the evaluation process.
- The proposals were stored in a secure location at Purchasing Services and, to the best of our knowledge, were stored securely by Evaluation Committee members.
- To the best of our knowledge, no information about the proposals or evaluations was communicated in any form to persons not directly involved with the evaluation process.

Obtaining Value for Money

- Administrative Policy A02-027 Corporate Purchasing Procedure and Civic Policy C02-030 Purchase of Goods, Services and Work were adhered to. The process fostered an open competitive environment in which Proponents were able to make attractive, innovative proposals with the confidence that they would be assessed on their merits.
- The RFP's were made publicly available to all interested parties with notification being made through local media as well as on the City's website.
- The RFP's were issued on November 28, 2011. The closing date was extended until February 23, 2012 to accommodate information requests made at the Introductory Project Meeting. This duration appears to have provided the Proponents sufficient time to prepare their proposals.

In summary, it is Garman, Weimer & Associates Ltd. opinion that the procurement process, in all material respects, was conducted in accordance with industry best practices and the outcome has been achieved through processes that are visible, defensible and auditable.

Respectfully submitted,

Ian E. Weimer, CMA
Garman, Weimer & Associates Ltd.
(306) 652-1852