

## **CITY OF VAUGHAN**

### **EXTRACT FROM COUNCIL MEETING MINUTES OF MARCH 20, 2018**

Item 3, Report No. 3, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on March 20, 2018, as follows:

***By receiving Communication C4 from the Chief Financial Officer & City Treasurer, dated March 19, 2018.***

### **3 PROCUREMENT ACTIVITY REPORT – Q4 AND YEAR-TO-DATE ENDING DECEMBER 31, 2017**

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer and City Treasurer, dated March 5, 2018:

#### **Purpose**

This report provides details of the Procurement activities undertaken in Q4 2017 and year-to-date ending December 31, 2017.

#### **Recommendation**

1. The Q4 2017 Procurement Activity Report be received.

#### **Report Highlights**

- In Q4 2017, 96 contracts were awarded for \$22.0 million.
- During Fiscal 2017, 406 contracts were awarded worth \$81.4 million.
- 24 of these contracts, with a value of \$29.5 million, were awarded during Q1, before the implementation of the revised policy.
- The remaining 382 contracts, totaling \$51.9 million, were awarded in accordance with the new procurement policy, approved by Council on March 21, 2017.
- The combined fourth quarter average cycle time to award Tender and Request for Proposal (RFP) contracts improved by 20.5 business days, or 34.3%, when compared to the first quarter.

#### **Background**

This report has been prepared in compliance with the City's Corporate Procurement Policy.

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The Policy sets out the Delegation of Authority to Award at various levels of the organization for procurement related activities, and requires the Director of Procurement Services to report the awards to Council on a quarterly basis.

The following table provides a summary of the Delegation of Award Authority per the Policy.

**Table 1: Delegation of Authority to Award per the Corporate Procurement Policy**

|                            | Competitive Procurement | Non-Competitive Procurement |                    |                   |
|----------------------------|-------------------------|-----------------------------|--------------------|-------------------|
|                            | Tenders/RFP/RFQ         | Sole Source                 | Single Source      | Emergency         |
| Manager                    | ≤\$25,000               | Nil                         | Nil                | ≤\$10,000         |
| Director                   | \$25,001-\$100,000      | ≤\$25,000                   | ≤25,000            | ≤25,000           |
| Deputy City Manager/ Chief | \$100,001-\$500,000     | \$25,001-\$50,000           | \$25,001-\$50,000  | \$25,001-\$50,000 |
| City Manager               | >\$500,000              | >\$50,000                   | \$50,001-\$100,000 | >\$100,000        |
| Council                    | Quarterly Reporting     |                             | >\$100,000         |                   |

### Previous Reports/Authority

[http://www.vaughan.ca/council/minutes\\_agendas/AgendaItems/Finance0306\\_17\\_1.pdf](http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance0306_17_1.pdf)

Item 1, Report No. 3, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on March 21, 2017.

[http://www.vaughan.ca/council/minutes\\_agendas/AgendaItems/Finance1204\\_17\\_4.pdf](http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance1204_17_4.pdf)

Item 4, Report No. 14, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on December 11, 2017.

### Analysis and Options

**In the fourth quarter, 96 Procurement transactions worth \$22.0 million were processed**

Procurement Services processed 72 competitive bids valued at \$21.4 million and 24 non-competitive bids valued at \$0.6 million. Non-competitive bids comprise 2.6 per cent of the total approved award value, compared to 7.8 per cent during the same quarter last year.

Year-to-date, Procurement Services has processed 276 competitive bids valued at \$75.6 million and 130 non-competitive bids valued at \$5.8 million. Non-competitive bids

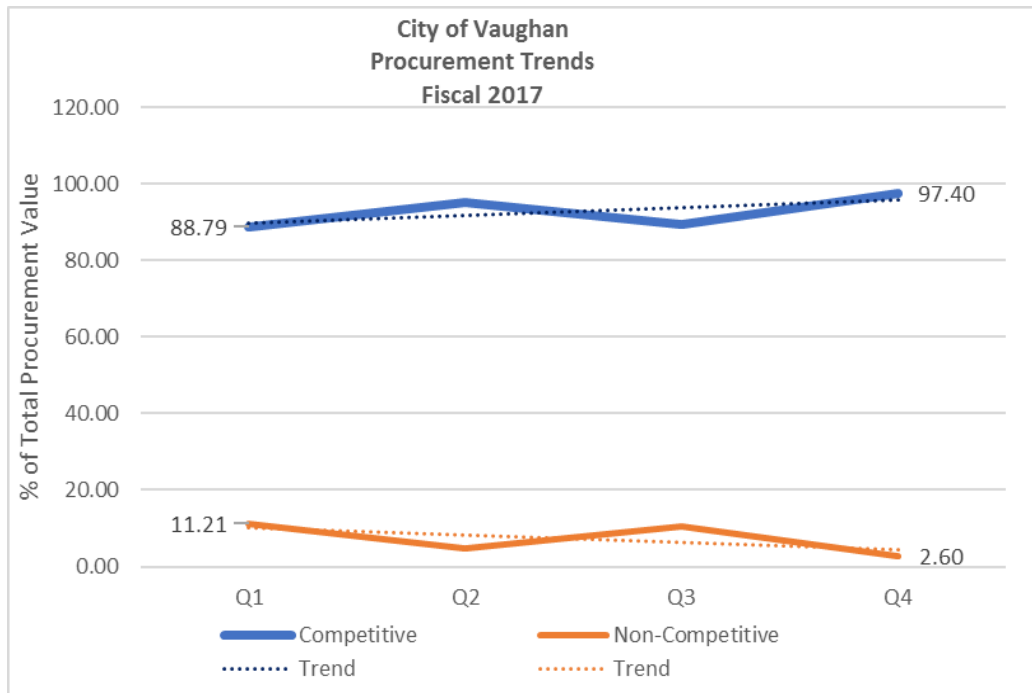
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comprise 7.1 per cent of the total approved award value, representing a 2.7 percent reduction over last year fiscal year.

The following chart shows the Fiscal 2017 Competitive vs Non-Competitive trends, expressed as a percentage of the total procurement value.



Attachment 1 provides a breakdown of the 96 procurements by type, and by delegated authority, that were awarded during the fourth quarter.

Attachment 2 categorizes the 96 procurements by Portfolio/Office, and by procurement type, that were awarded during the fourth quarter.

Attachment 3 summarizes the competitive and non-competitive procurement activity for Quarter 4 and Year-to-Date ending December 31, 2017.

Attachment 4 provides the procurement activity for Quarter 4 and Year-to-Date Ending December 31, 2017

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#### **Departments processed an additional \$1.1 million in Purchasing Card (PCard) transactions**

To provide City employees with the flexibility to conduct day-to-day business, departments have the authority to purchase goods and services using PCards. As of December 31, 2017, there were 280 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 157 PCard Holders during the same quarter last year.

During the fourth quarter, departments processed 2,705 PCard transactions worth \$1.1 million, averaging \$409 per transaction. Analysis shows that over 50 percent of the PCard transactions are primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services.

#### **Departments processed an additional \$1.8 million in Low Dollar Module (LDM) Purchase Orders**

During the same reporting quarter, there were 1,774 LDM purchase orders issued, totaling \$1.8 million with an average of \$1,008 per transaction. Over 56 percent of the LDM procurements were for materials and supplies. Procurement Services staff continue to review and monitor these transactions with client departments to determine if alternative procurement methods could be considered.

The introduction of LDM Purchase Orders through JDE has provided a more robust reporting tool, allowing the distribution of monthly reports to departments with information on their LDM purchases. It also provides Procurement Services with the ability to review the types of procurements made, and engage in meaningful conversations with departments regarding spend patterns and alternate procurement methods that could be exercised. This will help facilitate the departments' procurement needs while leveraging the City's buying capacity to obtain the best value for the money spent.

#### **One (1) Co-operative contract valued at \$9,758,700 was awarded**

The City may participate with other levels of government, municipalities, boards, agencies, commissions or public-sector entities where such plans are determined to be in the best interests of the City. Co-operative contracts are competitive procurements undertaken by other agencies. If the City participates with another organization, the City shall adhere to the policies of the organization calling the Co-operative bid.

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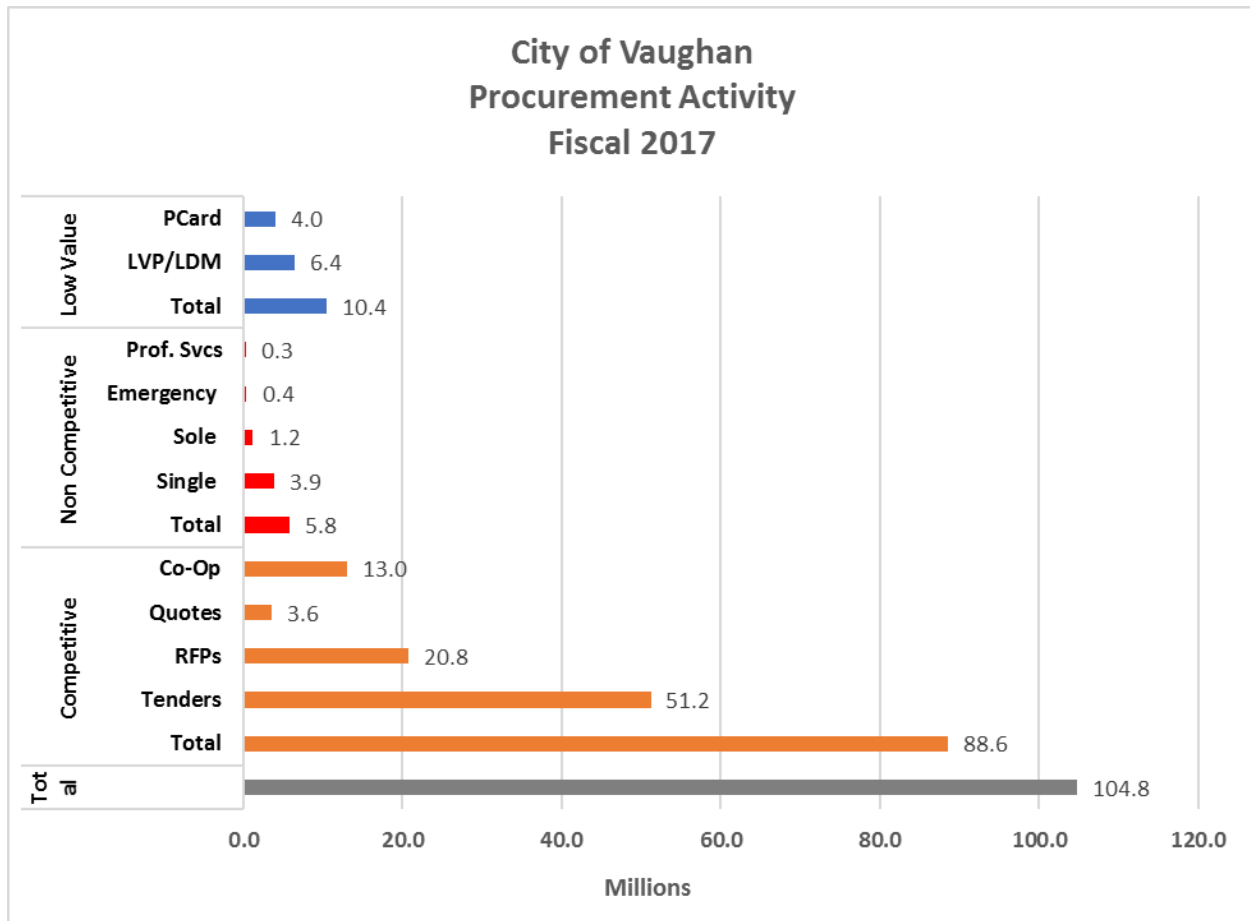
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During the fourth quarter, the City participated in one (1) Co-operative contract with the York Purchasing Co-operative (YPC). The Vendor, Compass Mineral Canada Corporation, will supply and deliver bulk Sodium Chloride (Highway Coarse Rock Salt) for a three (3) year contract term, with an option for two (2), one (1) year extensions.

Attachment 5 provides a summary of Other Procurement Activity for Quarter 4 and Year-to-Date Ending December 31, 2017.

#### **Total Procurement spend for Fiscal 2017 was \$104.8 million**

The Procurement spend for Fiscal 2017 included Competitive awards worth \$88.6 million, Non-Competitive awards worth \$5.8 million and Low Value Purchases worth \$10.4 million.



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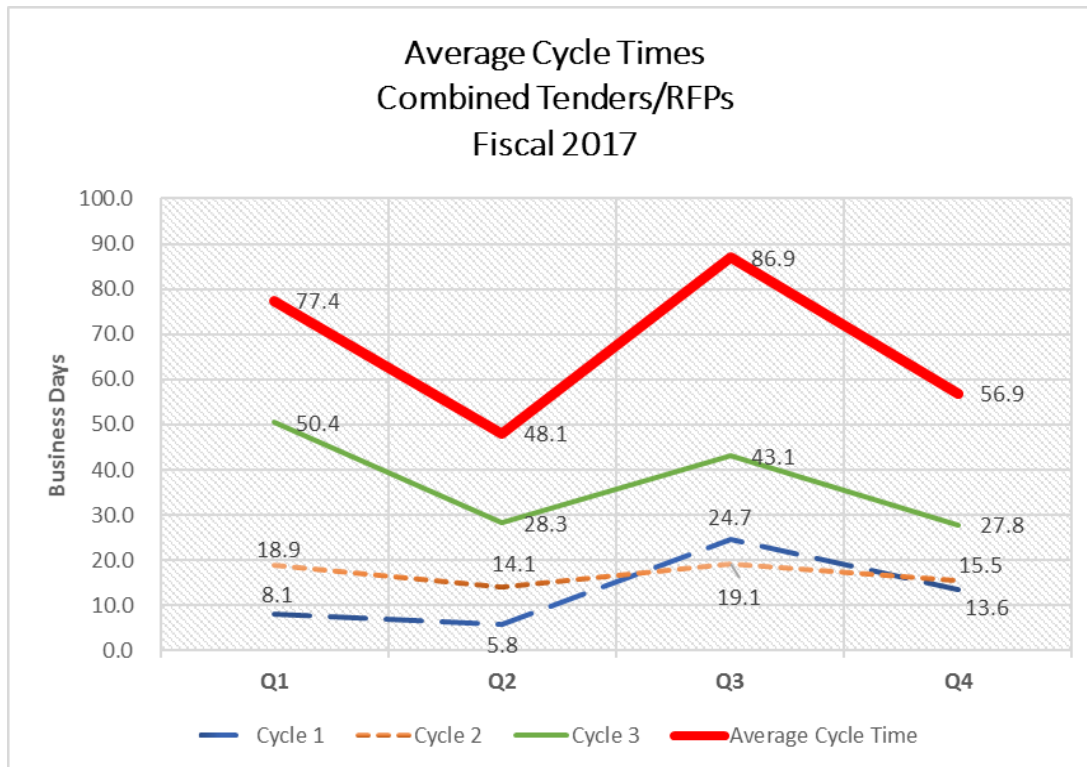
The combined fourth quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 20.5 business days, or 34.3%, when compared to the first quarter.

The Council-approved revised Corporate Procurement Policy, with the new delegation of award authority, enabled the City to procure and award its goods, services and construction within shorter timeframes.

The combined fourth quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 20.5 business days, or 34.3%, when compared to the first quarter.

Procurement project delivery time was reduced significantly in the fourth quarter, driven by a 45% decrease in average bid close to contract award time; from 50.4 business days in quarter 1 to 27.8 business days in quarter 4. (See Cycle 3 on the attached graph).

**Graph 1: Combined Tenders/RFPs Average Cycle Times**



Cycle 1: Average business days - approved specs to bid release

Cycle 2: Average business days - bid release to bid close

Cycle 3: Average business days - bid close to contract award

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The third quarter included a few high value, highly complex Tenders and RFPs requiring significantly more due diligence prior to award, and as a result, the average time to award increased by 23.6 business days.

Procurement Services will continue to work with client departments to further improve the cycle time to award contracts and improve project delivery.

#### **Financial Impact**

There is no financial impact resulting from receipt of this report.

#### **Broader Regional Impacts/Considerations**

There are no impacts to other governments/organizations resulting from the receipt of this report.

#### **Conclusion**

This report has been prepared in compliance with the revised Procurement Policy approved by Council April 1<sup>st</sup>, 2017.

**For more information**, please contact;

Asad Chughtai, Director of Procurement Services, ext. 8306.

#### **Attachments**

1. Attachment 1: Procurement Activity – Procurements by Type, and by Delegated Authority, Awarded During the Fourth Quarter
2. Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Fourth Quarter
3. Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for Quarter 4 and Year-to-Date Ending December 31, 2017
4. Attachment 4: Procurement Activity – Quarter 4 and Year-to-Date Ending December 31, 2017
5. Attachment 5: Other Procurement Activity – Quarter 4 and Year-to-Date Ending December 31, 2017

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#### **Prepared by**

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)