

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF SEPTEMBER 26, 2017

Item 7, Report No. 8, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on September 26, 2017.

7 PROCUREMENT ACTIVITY REPORT – Q2, ENDING JUNE 30, 2017

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Chief Financial Officer/City Treasurer and the Director of Procurement Services, dated September 20, 2017:

Recommendation

The Chief Financial Officer/City Treasurer and the Director of Procurement Services, in consultation with the City Manager and Director of Financial Planning and Development Finance/Deputy City Treasurer recommend:

1. That the Procurement Activity Report be received.

Contribution to Sustainability

This report contributes to Service Excellence. Procurement Services supports improving the City of Vaughan's operational performance to enable the delivery of Term of Council priorities while meeting Council's tax rate increase target of no greater than three per cent each year.

Procurement Services ensures that goods, services and construction are acquired at the best value-for-money in an open, fair and transparent manner and contributes to the City's long-term financial sustainability.

Economic Impact

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

Communications Plan

The report and all attachments are available publicly on the Agenda, Minutes & Extract page of the City's website (www.vaughan.ca).

Purpose

This report provides details of the procurement activity undertaken in the second quarter, ending June 30, 2017.

Background

This report has been prepared under the Revised Corporate Procurement Policy, effective April 1, 2017

The Policy is aligned with the Procurement Services Strategy Map's principles of openness, fairness and transparency, while considering the increasing presence of technology and leading practices from other jurisdictions. It will help to streamline the procurement process and provide more departmental accountability and governance, while driving value for money spent by the City in the delivery of the Term of Council Priorities and other Service Excellence initiatives.

The Council approved revised Corporate Procurement Policy will enable the City to procure its goods, services and construction within shorter timeframes. The reduction in time to award contract should improve project delivery time up to 18 weeks. The following table provides a summary of the Delegation of Award Authority per the revised [policy](#):

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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	

Staff have the authority to award contracts as long as they are within the budget approved by Council and follow the procurement processes defined in the Corporate Procurement Policy.

New Report Format

The format of the Procurement Activity Report has been updated to present the quarter's procurement activity aligned with the new Delegation of Award Authority (Section 5) in the Corporate Procurement Policy.

The report has been simplified and streamlined through Summary Tables and Attachments

Table: Summary of Procurement Activity by Delegated Authority

This table summarizes the number and value of transactions by procurement type and aligned by delegated authority for procurement transactions in the reporting quarter. Attachments 1 and 2 provide further detail.

Attachment 1

Procurement Activity by Portfolio/Office had previously been reported on separate tables throughout the body of the Procurement Activity Report. This information has been consolidated in Attachment 1, providing the procurement activity for the reporting period by Portfolio/Office with Department information aligned with the procurement type.

Attachment 2

A requirement of the revised Corporate Procurement Policy is to provide Council with a report of the procurement contracts awarded during the quarter. The summary table provided in the body of the report is further supported by Attachment 2, which provides the detail of the contracts that have been awarded during the quarter.

Attachments 3 and 4 are consistent with previous Procurement Activity Report, providing a year-to-date summary of the City's procurement transactions.

Procurement Activities – Quarter 2, ending June 30, 2017

Procurement transactions worth \$22.6 million were processed in the second quarter

In accordance with the new Corporate Procurement Policy, Procurement Services processed 73 competitive bids valued at \$21.5 million and 31 non-competitive bids valued at \$1.1 million, equating to 104 procurements valued at \$22.6 million. Non-competitive bids comprise 4.9 per cent of the total approved award value.

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Year-to-date, Procurement Services has processed 135 competitive bids valued at \$40.5 million and 74 non-competitive bids valued at \$3.5 million, equating to 209 bids valued at \$44.0 million.

The table below provides a breakdown of the 104 procurements by type and delegated authority that were awarded during the second quarter.

Table 2: Summary of Procurement Activity by Delegated Authority

Procurement Type		Council	City Manager	Deputy City Manager /Chief	Director	Manager	Total
Tender	\$	10,185,936	5,080,737	2,864,051	442,516		18,573,240
	#	4	4	12	7		27
Request for Proposal	\$	1,369,933		444,564	425,798		2,240,295
	#	5		2	6		13
Request for Pre-Qualification	\$						0
	#				5		5
Request for Quote	\$				524,533	172,925	697,458
	#				8	20	28
Competitive	\$	11,555,869	5,080,737	3,308,615	1,392,847	172,925	21,510,993
	#	9	4	14	26	20	73
Sole Source	\$		398,650	151,105	46,310		596,065
	#		2	3	4		9
Single Source	\$		95,509	216,180	100,662		412,351
	#		1	7	10		18
Emergency Purchase	\$			29,9160	43,384		73,344
	#			1	3		4
Non-Competitive	\$	0	494,159	397,245	190,356	0	1,081,760
	#		3	11	17	0	31
Grand Total	\$	11,555,869	5,574,896	3,705,860	1,583,203	172,925	22,592,753
	#	9	7	25	43	20	104

There was a short transition period between the previous 2012 Consolidated Purchasing Policy and the revised Corporate Procurement Policy in which 9 procurements fell under the 2012 policy. The remaining 95 procurements were processed under delegated authority outlined in Section 5 of the revised [policy](#).

Under this delegated authority:

- City Manager approved 4 competitive bids valued at \$5.1 million and 3 non-competitive bids valued at \$0.5 million. Non-competitive bids represent 8.9 per cent of the total approved award value.
- Deputy City Managers/Chiefs approved 14 competitive bids valued at \$3.3 million and 11 non-competitive bids valued at \$0.4 million. Non-competitive bids represent 10.7 per cent of the total approved award value.
- Directors approved 26 competitive bids valued at \$1.4 million and 17 non-competitive bids valued at \$0.2 million. Non-competitive bids represent 12.0 per cent of the total approved award value.
- Managers approved 20 competitive bids valued at \$0.2 million.

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Attachment 1 provides a summary of the awards by Portfolio. Attachment 2 provides the detail of awards with a value greater than \$100,000.

Departments processed an additional \$2.5 million in Low Value Procurements

To provide the City employees with the flexibility to conduct day-to-day business, departments have the authority to purchase goods and services using Purchasing Cards (P-Cards) and Low Dollar Module (LDM) purchase orders. As of June 30, 2017, there were 252 P-Card holders throughout the corporation, while during the same quarter last year, there were only 137 P-Card Holders.

During the second quarter, departments processed 3,020 P-Card transactions worth \$1.3 million, averaging \$417 per transaction. Analysis shows that P-cards are primarily used for memberships, training, seminars, travel and hotel accommodations. There were 1,374 LDM purchase orders totaling \$1.2 million issued, averaging \$895 per transaction. Preliminary analysis indicates 47 percent of the procurements were for materials and supplies. Procurement Services staff are reviewing these transactions with departments to determine if alternative procurement methods could be used for these procurement.

Overall, the use of LDM Purchase Orders has facilitated the distribution of monthly reports to departments providing information on their LDM purchases. It also provides the ability to Procurement Services to review the types of procurements being made, and have conversations with departments regarding spend patterns seen and alternate procurement methods that could be exercised. Alternate procurement methods could include the creation of Vendors of Record to help facilitate the departments procurement needs while leveraging the City's buying capacity to obtain the best value for the money spent.

Any employee with the appropriate delegated approval authority and authorized to use a Purchasing card may purchase low-value goods and services, in accordance with the rules and guidelines detailed in the Corporate Procurement Policy and Purchasing Card Policy. Single purchases are limited to a maximum of \$5,000, with a monthly maximum accumulation outlined in the Appropriate Delegated Authority Approval, Section 5.1.1.

Effective April 1, 2017, Low Dollar Module Purchase Orders were introduced in JDE, improving visibility, tracking and analysis of low-value spend. Single purchases are also limited to a maximum of \$5,000, with no monthly maximum.

Upcoming Procurement Activities

As the City continues to deliver the Term of Council priorities, there are an estimated 57 projects expected in the third quarter of 2017. Some of these include:

Clean Water and Wastewater Fund (CWWF)

A Government-funded Program that will contribute to the rehabilitation of both water treatment and distribution infrastructure and existing wastewater and storm water treatment systems. The City received confirmation that 34 submitted projects have been approved for funding. Examples of projects that received approval include:

- Citywide Sanitary Sewer System Inflow and Infiltration Monitoring Program
- Replacement of Out of Calibration Residential and ICI Meters with AMI Compatibility Meters
- Update Water Distribution System Hydraulic Model
- Design of Edgely Pond in the Vaughan Metropolitan Centre
- Investigation and Design of culverts in various areas of the City
- Watermain replacements in various areas of the City

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Staff are developing a procurement plan for the approved projects, to ensure the timely award of bids. Future procurement activity reports will include status updates of these projects.

Relationship to Term of Council Service Excellence Strategy Map (2014-2018)

This report is consistent with the priorities previously set by Council and the necessary resources have been allocated and approved.

Regional Implications

Not applicable

Conclusion

This report has been prepared under the new Corporate Procurement Policy which came into effect on April 1, 2017. The total value of the 104 contracts awarded in Quarter 2, 2017 is \$22.6 million. Of these, 9 contracts awarded by Council totaling \$11.6 million were finalized under the previous 2012 Consolidated Purchasing Policy. The remaining 95 contracts totaling \$11.0 million were awarded as per the delegated authority outlined in the new Corporate Procurement Policy.

Attachments

- Attachment 1: Procurement Activity – Summary by Portfolio, Quarter 2
- Attachment 2: Procurement Activity – Awards Greater than \$100,000, Quarter 2
- Attachment 3: Procurement Activity – YTD Quarter 2, Ending June 30, 2017
- Attachment 4: Other Procurement Activity – YTD Quarter 2, Ending June 30, 2017

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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.)