

## CITY OF VAUGHAN

### **EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 11, 2017**

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.

#### **4            PROCUREMENT ACTIVITY REPORT – Q3, ENDING SEPTEMBER 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 December 4, 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](http://www.vaughan.ca)).

##### **Purpose**

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

##### **Background**

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

The Policy sets out the delegated approvals at various levels of the organization for procurement related matters and requires that management report quarterly procurement activity to Council. 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 if they are within the budget approved by Council and follow the procurement processes defined in the Corporate Procurement Policy.

#### **Report Format**

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

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

Table 1: 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. Attachment 1 provides 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 and aligned with the procurement type.

Attachments 2 and 3 are consistent with previous Procurement Activity Report, providing the reporting quarter and a year-to-date summary of the City's procurement transactions.

#### **Procurement Activities – Quarter 3, ending September 30, 2017**

##### **Procurement transactions worth \$12.4 million were processed in the third quarter**

In accordance with the new Corporate Procurement Policy, Procurement Services processed 64 competitive bids valued at \$10.7 million and 31 non-competitive bids valued at \$1.7 million, equating to 95 procurements totalling \$12.4 million. Non-competitive bids comprise 13.2 per cent of the total approved award value.

Year-to-date, Procurement Services has processed 199 competitive bids valued at \$51.2 million and 105 non-competitive bids valued at \$5.2 million, equating to 304 bids totalling \$56.4 million.

The table below provides a breakdown of the 95 procurements by type and delegated authority that were awarded during the third quarter.

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**Table 1: Summary of Procurement Activity by Delegated Authority**

Procurement Type		Council	City Manager	Deputy City Manager /Chief	Director	Manager	Total
Tender	\$		2,446,585	1,827,785	142,033		4,416,403
	#		3	9	2		14
Request for Proposal	\$		4,039,194	934,263	415,527		5,388,984
	#		1	4	8		13
Request for Pre-Qualification	\$						0
	#				8		8
Request for Quote	\$				703,045	212,734	915,779
	#				14	15	29
<b>Competitive</b>	\$	<b>0</b>	<b>6,485,779</b>	<b>2,762,048</b>	<b>1,260,605</b>	<b>212,734</b>	<b>10,721,166</b>
	#	<b>0</b>	<b>4</b>	<b>13</b>	<b>32</b>	<b>15</b>	<b>64</b>
Sole Source	\$		280,654	42,000	55,700		378,354
	#		1	1	3		5
Single Source	\$	172,550	597,464	247,021	165,698		1,182,733
	#	1	7	6	10		24
Emergency Purchase	\$			53,417	20,200		73,617
	#			1	1		2
<b>Non-Competitive</b>	\$	<b>172,550</b>	<b>878,118</b>	<b>342,438</b>	<b>241,598</b>	<b>0</b>	<b>1,634,704</b>
	#	<b>1</b>	<b>8</b>	<b>8</b>	<b>14</b>	<b>0</b>	<b>31</b>
<b>Grand Total</b>	\$	<b>172,550</b>	<b>7,363,897</b>	<b>3,104,486</b>	<b>1,502,203</b>	<b>212,734</b>	<b>12,355,870</b>
	#	<b>1</b>	<b>12</b>	<b>21</b>	<b>46</b>	<b>15</b>	<b>95</b>

Eight (8) Vendor of Record (VOR) arrangements were added in the third quarter to reach a total of 19 VOR arrangements, which facilitate access to 126 experienced and qualified vendors for a second stage competitive process.

The 95 procurements were processed under the new delegation of authority to award outlined in Section 5 of the revised [policy](#).

Under this delegated authority:

- Council approved 1 non-competitive bid valued at 0.2 million, representing 100 per cent of the total approved award value.
- City Manager approved 4 competitive bids valued at \$6.5 million and 8 non-competitive bids valued at \$0.9 million. Non-competitive bids represent 11.9 per cent of the total approved award value.
- Deputy City Managers/Chiefs approved 13 competitive bids valued at \$2.8 million and 8 non-competitive bids valued at \$0.3 million. Non-competitive bids represent 11.0 per cent of the total approved award value.
- Directors approved 32 competitive bids valued at \$1.2 million and 14 non-competitive bids valued at \$0.2 million. Non-competitive bids represent 16.1 per cent of the total approved award value.
- Managers approved 15 competitive bids valued at \$0.2 million.

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Attachment 1 provides a summary of the awards by Portfolio.

#### **Departments processed an additional \$2.8 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 September 30, 2017, there were 281 P-Card holders throughout the City of Vaughan and Vaughan Public Libraries, while during the same quarter last year, there were 143 P-Card Holders.

During the third quarter, departments processed 2,787 P-Card transactions worth \$1.1 million, averaging \$398 per transaction. Analysis shows that nearly 50 percent of the P-Cards transactions are primarily for low value operating supplies, professional memberships, training, seminars and travel-related services.

The P-Card program provides a revenue sharing opportunity where the City is eligible for a 1% rebate based on minimum performance requirements, such as, on-time monthly payments, meeting both a minimum annual transaction value threshold and minimum average transaction value.

For the 12 months ending September 30, 2017, the City earned a \$39,177.94 rebate.

During the same reporting quarter, there were 1,798 LDM purchase orders issued, totaling \$1.7 million with an average of \$953 per transaction. Over 50 percent of the LDM procurements were for materials and supplies. Procurement Services staff are reviewing these transactions with 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. 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.

For Low Dollar Module Purchase Orders, single purchases are also limited to a maximum of \$5,000, with no monthly maximum.

#### **Three (3) Co-operative contracts valued at \$417,993 were 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. If the City participates with another organization, the City shall adhere to the policies of the organization calling the Co-operative bid. The award of the contract will also be issued in accordance with the lead organization's policies. During the third quarter, the City participated in 3 Co-operative contracts with the York Purchasing Co-operative (YPC), bringing the total number of active Co-operative contracts to 13.

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The table below summarizes the YPC procurement by Portfolio/Office:

Portfolio	Awarded Vendor	Description	Amount (\$)
Public Works	AMEC Foster Wheeler Environmental	RWIS and Weather Forecasting Services	55,830
CFO & City Treasurer	Novexco & Staples Business Advantage	Office Products, Copy Paper & Laser Toners	150,000
City Clerk	eSCRIBE Software Ltd.	Electronic Agenda and Meeting Management System	212,163
<b>Grand Total</b>			<b>417,993</b>

#### **Upcoming Procurement Activities**

During the third quarter, there were an estimated 57 projects, including:

##### Clean Water and Wastewater Fund (CWWF)

The CWWF is 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 were approved for funding. Staff developed a procurement plan for the approved projects, and are on track to award bids by the end of the fourth quarter.

##### **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 revised Corporate Procurement Policy which came into effect on April 1, 2017. The total value of the 95 contracts awarded in Quarter 3, 2017 is \$12.4 million. Of these, 1 contract with a value of \$172,550 was awarded by Council, while the remaining 94 contracts totaling \$12.2 million were awarded as per the new delegation of authority to award outlined in the policy.

##### **Attachments**

Attachment 1: Procurement Activity – Summary by Portfolio, Quarter 3, Ending September 30, 2017  
Attachment 2: Procurement Activity – Quarter 3 and YTD Quarter 3, Ending September 30, 2017  
Attachment 3: Other Procurement Activity – YTD Quarter 3, Ending September 30, 2017

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**Report 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.)