

Item:



Finance, Administration and Audit Committee Report

DATE: Monday, March 04, 2019

WARD(S): ALL

TITLE: PROCUREMENT ACTIVITY REPORT – Q4 2018

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

This report provides details of the Procurement Activities undertaken in Q4 2018.

Report Highlights

- Total procurement spend for Q4 2018 was \$20.7 million.
- 89 contracts were awarded for \$17.5 million.
- Departments processed an additional \$1.2 million in PCard transactions and \$1.9 million in Low Dollar Module purchases.
- The City participated in one (1) Co-operative contract with the York Purchasing Co-operative (YPC) totaling \$103,400.
- Average cycle time to award contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter.

Recommendations

1. The Q4 2018 Procurement Activity Report be received.

Background

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

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.

	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

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=8787>

Item 6, Report No. 29, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2018.

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=8789>

Item 7, Report No. 29, of the Committee of the Whole, which was adopted without amendment by the Council of the City of Vaughan on December 12, 2018.

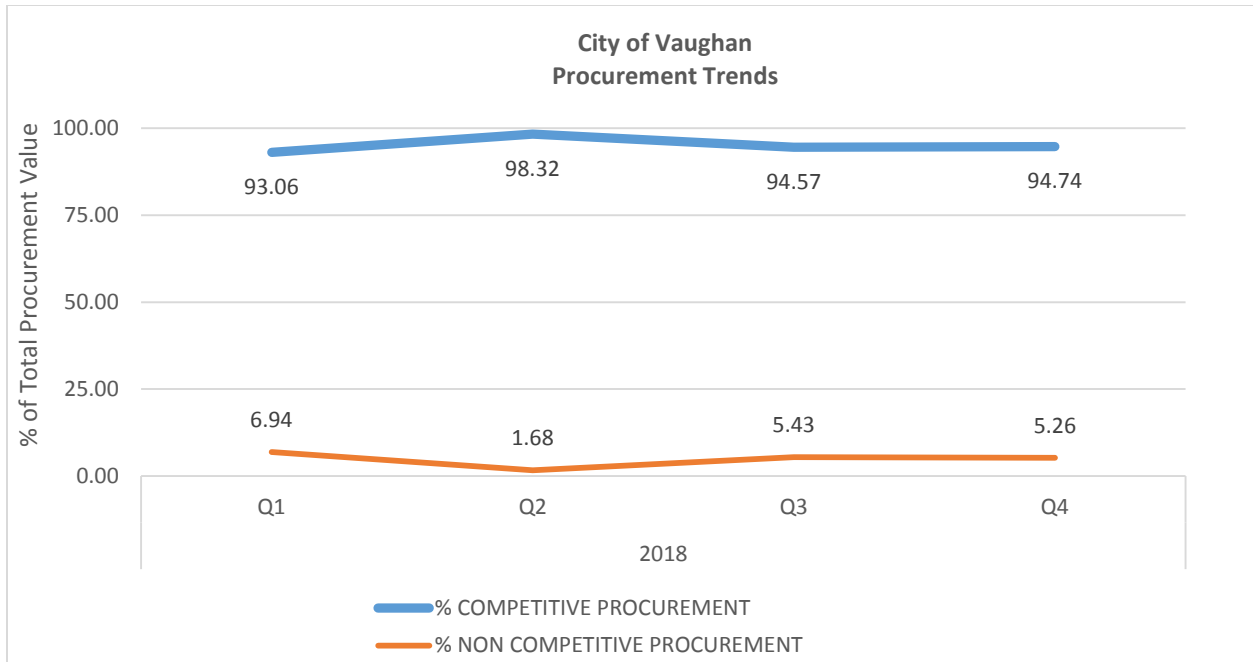
Analysis and Options

89 Procurement contracts worth \$17.5 million were processed in the fourth quarter

Procurement Services processed 50 competitive bids valued at \$16.6 million and 39 non-competitive bids valued at \$0.9 million. Competitive bids comprise 94.74 per cent of the total approved award value, while Non-Competitive bids account for 5.26 per cent.

Competitive procurement values expressed as a percentage of total procurement spend has increased from 93.06 per cent in the first quarter to 94.74 percent in the fourth quarter, representing a 1.81 percentage increase.

The following chart shows the Fiscal 2018 Competitive vs Non-Competitive trends, expressed as a percentage of the total procurement value.



Q1 and Q2 adjusted for Council-approved Single Source awards for supply/delivery of VFRS Fire Apparatus

Procurement Services will continue to work with client departments to further improve the competitive procurement awards, while reducing the non-competitive spend.

Attachment 1 provides a breakdown of the 89 procurements by type, and by delegated authority, that were awarded during the fourth quarter.

Attachment 2 categorizes the 89 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 the fourth quarter and year-to-date ending December 31, 2018.

Departments processed an additional \$1.2 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 low value goods and services using PCards. As of December 31, 2018, there were 268 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 279 PCard Holders during the first quarter.

The City of Vaughan implemented the PCard Program to transition from manual-intensive processes to a more efficient and cost-effective method of purchasing low value goods and services, reducing overall transaction time while improving transparency, visibility, monitoring and reporting.

During the fourth quarter, departments processed 3,079 PCard transactions worth \$1.2 million, averaging \$389 per transaction. Analysis shows that over 80 percent of the PCard transactions were primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services.

As a result, the City has realized administrative and transactional savings through the significant reduction of cheque payments to multiple vendors, and to employees for reimbursements of out-of-pocket costs.

Departments processed an additional \$1.9 million in Low Dollar Module (LDM) Purchase Orders

LDMs were introduced on April 1, 2017 for the purpose of providing departments operational efficiency to acquire low value, non-recurring, purchases.

During the fourth quarter, there were 1,915 LDM purchase orders issued, totaling \$1.9 million with an average of \$992 per transaction. Over 60 percent of the LDM procurements were for materials and supplies. The remaining 40 percent relates to vehicle maintenance and repairs, furniture and equipment purchases and training and development fees. 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 thoughtfully considered. This will help facilitate the departments' procurement needs while leveraging the City's buying capacity to obtain the best value for money spent.

One (1) Co-operative contract valued at \$103,400 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

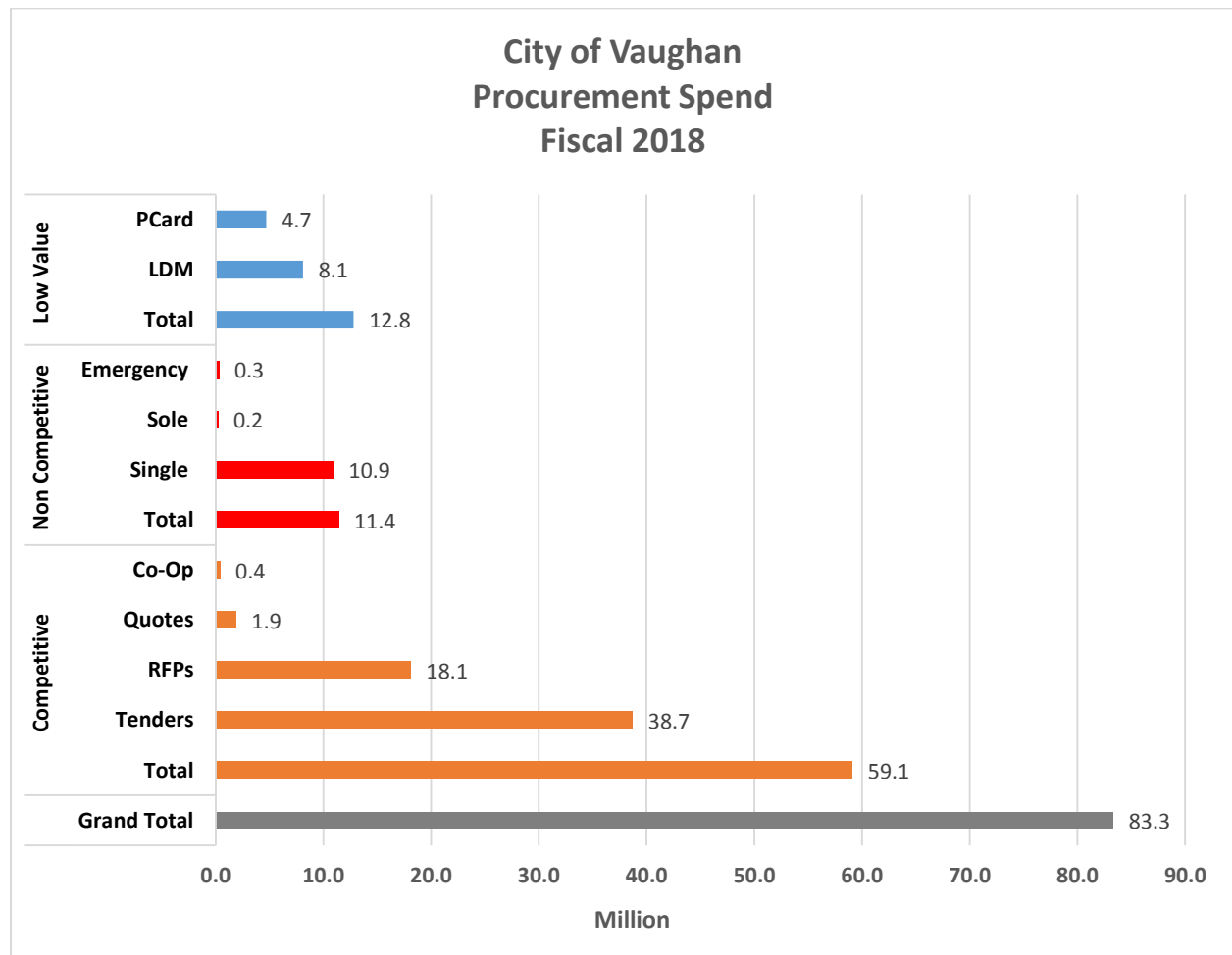
in the best interests of the City. Co-operative contracts are competitive procurements undertaken by other agencies. If the City participates with another organization, the City shall adhere to the policies of the organization calling the Co-operative bid.

During the fourth quarter, the City participated in one (1) Co-operative contract with the York Purchasing Co-operative (YPC). The Vendor, James Dick Construction Limited, will supply and deliver screened sand for the City of Vaughan, for a three (3) year contract term, with an option for two (2), additional one (1) year terms.

Attachment 4 provides a summary of Other Procurement Activity for the fourth Quarter and year-to-date ending December 31, 2018.

Total Procurement spend for Fiscal 2018 was \$83.3 million

The Procurement spend for Fiscal 2018 included Competitive awards worth \$59.1 million, Non-Competitive awards worth \$11.4 million and Low Value Purchases worth \$12.8 million.



Average cycle time to award contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter.

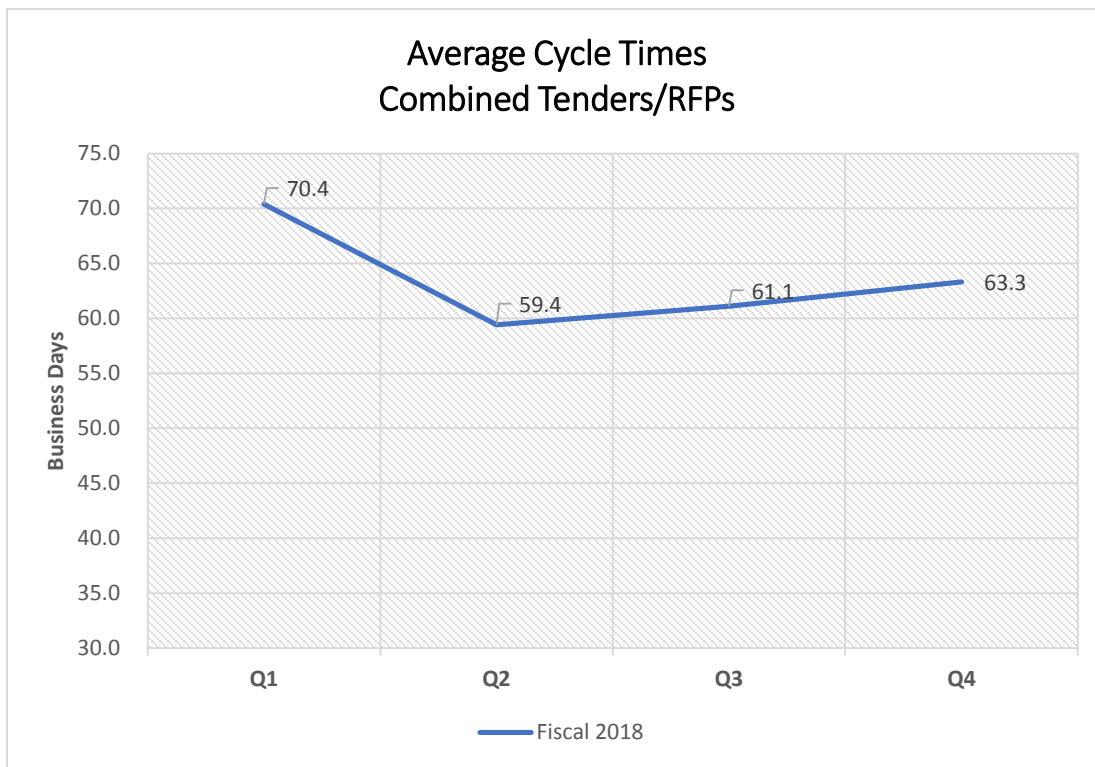
The Council-approved revised Corporate Procurement Policy, with the new delegation of award authority, enabled the City to procure and award its goods, services and construction within shorter timeframes.

The fourth quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 7.1 business days, or 10.1%, when compared to the first quarter. The improvement was primarily driven by a 26.1% decrease in average bid close to contract award time; from 44.5 business days in Quarter 1 to 32.9 business days in Quarter 4.

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

The Fiscal 2018 quarterly cycle time trends are depicted in Graph 1.

Graph 1: Combined Tenders/RFPs Average Cycle Times



Average Cycle Time: Average business days from receipt of approved specs to contract award

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 Procurement Policy approved by Council April 1st, 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 the Fourth Quarter and Year-to-Date Ending December 31, 2018
4. Attachment 4: Other Procurement Activity – Fourth Quarter and Year-to-Date Ending December 31, 2018

Prepared by

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