



COUNCIL – OCTOBER 2, 2019
STAFF COMMUNICATIONS

Distributed October 2, 2019

SC1 Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, and the Director of Procurement Services, Procurement Activity Report, Quarter 2 – 2019, dated September 24, 2019

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SC 1**COUNCIL - October 2/19****DATE:** September 24, 2019**TO:** Mayor and Members of Council**FROM:** Michael Coroneos, Deputy City Manager Corporate Services,
City Treasurer and Chief Financial Officer
Asad Chughtai, Director of Procurement Services**RE:** **STAFF COMMUNICATION – October 2, 2019 / Council Meeting**
Procurement Activity Report, Quarter 2 - 2019

1. Purpose

The purpose of this Staff Communication is to provide Mayor and Council information regarding Procurement Activities undertaken in Q2 2019.

Under the City of Vaughan's *Corporate Procurement Policy PS-003, Reports to City Council Section 4.6.1*, "The Director of Procurement Services shall prepare a summary information report on all procurement awards, to be submitted to Council on a quarterly basis".

2. Analysis

Background

Previously, Quarterly Procurement Activity Reports were submitted through the Finance, Administration and Audit Committee, and were received for information purposes only. The quarterly reports were, on average, received two (2) months following the reporting quarter.

New Reporting Method

Commencing with the Q2 2019 reporting period, the Quarterly Procurement Activity Reports will be issued to members of Council as a "Communication" item. The report contents will not change, providing Council with a summary report on all procurement awards for the reporting quarter.

The primary benefit for selecting the new communication method is to provide Council with more timely information, reducing the cycle time by one (1) month. Furthermore, reporting one (1) month following the reporting quarter will allow earlier opportunities at making timely business decisions.

87 procurement contracts worth \$20.9 million were processed in the second quarter

Procurement Services processed 55 competitive bids valued at \$20.5 million and 32 non-competitive bids valued at \$0.4 million. Non-Competitive bids, expressed as a percentage of total approved award value, has slowly decreased over the last four (4) quarters, from 5.43 to 1.96 per cent. Conversely, the competitive percentage is showing favourable trends, gradually increasing from 94.57 to 98.04 per cent over the same period.

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

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

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.

During the second quarter, there were 1,817 LDM purchase orders issued, totaling \$1.8 million with an average of \$964 per transaction. Over 68 percent of the LDM procurements were for materials and supplies, vehicle maintenance and repairs and furniture and equipment purchases. The remaining 32 percent of purchases were for protective clothing/uniforms, small tools and equipment and training and development fees.

LDM purchases have been trending downward over the last four quarters, showing a decrease of \$0.4 million when compared to Q3 2018, or a reduction of 18.2 per cent over the same period. Some of the reduction is as a result of transitioning LDM purchases to competitive procurements through corporate contracts or Vendor of Record arrangements.

Procurement Services staff will continue to review and monitor these transactions with client departments to determine if alternative procurement methods could be considered.

Departments processed an additional \$1.4 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 June 30, 2019, there were 274 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries.

All employees authorized to use a PCard must attend mandatory training and sign a Purchasing Card Agreement Form (setting out in writing their responsibilities and restrictions regarding the use of the PCard) before a card is issued. During the second quarter, 13 new PCard holders were trained over six (6) training sessions, while 36 existing cardholders attended mandatory refresher training. During the same quarter, five (5) PCards were deactivated.

Furthermore, prior to card issuance, individual transaction limits, monthly credit limits and merchant category restrictions are assigned to each cardholder based on the business requirements and within the delegated authority outlined in the Corporate Procurement Policy (PS-003) approved by Council.

Any employee authorized to use a PCard may purchase low-value goods/services within approved budgets, and in accordance with the rules and guidelines detailed in the Corporate Procurement Policy, Purchasing Card Policy and any policies that govern the reimbursement of employee expenses.

All cardholders are required to attach original invoices/receipts, in support of their transactions, to their monthly activity statement and forward the documentation to their department head for review and approval of all purchases charged under their area of responsibility.

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 second quarter, departments processed 3,718 transactions worth \$1.4 million, averaging \$380 per transaction. Analysis shows that 74 percent of transactions were primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services, while 21 percent of the transactions account for existing corporate contracts where the PCard can be utilized for payment.

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

Conclusion

This report has been prepared in compliance with the Procurement Policy approved by Council on April 1, 2017.

For more information contact, Mary DiGiovanni, Manager, Business Support and Supplier Relationship, ext. 8020.

Attachments

Attachment 1: Procurement Activity – Procurements by Type, and by Delegated Authority, Awarded During the Second Quarter

Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Second Quarter

Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Second Quarter

Attachment 4: Other Procurement Activity – Second Quarter

Attachment 1: Procurement Activity – Procurements by Type, and by Delegated Authority, Awarded During the Second Quarter

Procurement Type		Council	City Manager	Deputy City Manager /Chief	Director	Manager	VPL Board	Total
Tender	\$		12,813,849	2,461,170	323,690			15,598,709
	#		8	9	4			21
Request for Proposal	\$		2,914,800	1,078,094	237,259			4,230,153
	#		6	5	4			15
Request for Quote	\$			244,419	378,464	61,782		684,665
	#			2	10	7		19
Request for Pre- Qualification	\$							
	#							
Request for Information	\$							
	#							
Competitive	\$		15,728,649	3,783,683	939,413	61,782		20,513,527
	#		14	16	18	7		55
Sole Source	\$			56,296	111,063			167,359
	#			2	7			9
Single Source	\$				212,993			212,993
	#				15			15
Emergency Purchase	\$					25,932		25,932
	#					8		8
Non-Competitive	\$		0	56,296	324,056	25,932		406,284
	#		0	2	22	8		32
Grand Total	\$		15,728,649	3,839,979	1,263,469	87,714		20,919,811
	#		14	18	40	15		87

Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Second Quarter

Portfolio/Office		Tender	Request for Proposal	Request for Quote	Request for Pre-Qualification	Request for Information	Sole Source	Single Source	Emergency Purchases	Grand Total
City Manager	\$							25,000		25,000
	#							1		1
Public Works Portfolio	\$	12,708,703	3,423,894	215,100			142,159	48,002	25,932	16,563,790
	#	9	9	9			8	6	8	49
Planning & Growth Management Portfolio	\$	544,416	772,941	50,237			25,200	14,350		1,407,144
	#	2	2	2			1	1		8
Community Services Portfolio	\$	2,249,284	0	248,259				68,635		2,566,178
	#	9	3	3				4		19
Corporate Services Portfolio	\$	96,306		71,462				57,006		224,774
	#	1		2				3		6
City Solicitor	\$									
	#									
Office of the Chief Corporate Initiatives & Intergovernmental Relations	\$									
	#									
Office of the Chief Financial Officer & City Treasurer	\$									
	#									
Transformation & Strategy	\$									
	#									
Vaughan Public Libraries	\$		33,318	99,607						132,925
	#		1	3						4
Integrity Commissioner/Lobbyist Registrar	\$									
	#									
Grand Total	\$	15,598,709	4,230,153	684,665			167,359	212,993	25,932	20,919,811
	#	21	15	19			9	15	8	87

Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Second Quarter

Bid Type	Q2 2019	
	No. of Awards	Value (\$)
Competitive		
Tenders	21	15,598,709
RFPs	15	4,230,153
Quotes	19	684,665
RFPQ (VOR)	0	0
RFEOI	0	0
RFI	0	0
Sub-Total Competitive	55	20,513,527
Non-Competitive		
Sole Source	9	167,359
Single Source	15	212,993
Emergency Procurement	8	25,932
Sub-Total Non-Competitive	32	406,284
Total	87	20,919,811

Attachment 4: Other Procurement Activity – Second Quarter

Low Value Purchases	Q2 2019	
	#	Value (\$)
Low Dollar Module (LDM) Purchase Orders	1,817	1,751,708
Purchasing Card Transactions	3,718	1,415,833