

COMMITTEE OF THE WHOLE (2) – NOVEMBER 12, 2019

STAFF COMMUNICATIONS

Distributed November 8, 2019

Subject

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| SC1. | Memorandum from the Deputy City Manager, Corporate Services, City Treasurer and Chief Financial Officer, and the Director of Procurement Services, dated November 8, 2019. | Procurement Activity Report, Quarter 3 – 2019. |
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Please note there may be further Communications.

DATE: Friday, November 8, 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** – November 12, 2019 / CW(2)
Procurement Activity Report, Quarter 3 - 2019

SC 1
STAFF COMMUNICATION
CW (2) - November 12/2019

1. Purpose

The purpose of this Staff Communication is to provide Mayor and Council information regarding Procurement Activities undertaken in Q3 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

101 procurement contracts worth \$37.7 million were processed in the third quarter

Procurement Services processed 69 competitive bids valued at \$36.9 million and 32 non-competitive bids valued at \$0.8 million. Non-Competitive bids, expressed as a percentage of total approved award value, has increased slightly over Q2, from 1.8 percent to 2.2 percent and decreased significantly from 7.4% in Q1. Conversely, the competitive percentage has experienced a slight decrease from 98.2 percent in Q2 to 97.8 percent in Q3, however, a moderate increase from 89.4 percent in Q1 is still noted.

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

Departments processed \$1.6 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 third quarter, there were 1,603 LDM purchase orders issued, totaling \$1.6 million with an average of \$994 per transaction. Over 66 percent of the LDM procurements were primarily for maintenance - buildings & facilities, contractor & contractor materials, and materials and supplies, while 15 percent were for training & development, professional fees, and office supplies. The remaining 19 percent of purchases were for protective clothing and equipment, maintenance and repairs of vehicles, general maintenance and other miscellaneous expenditures.

LDM purchases have been trending downward from the second quarter, showing a decrease of \$0.2 million, or a reduction of 13.9 percent over the same period. Half of the \$0.2 million 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 \$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 September 30, 2019, there were 275 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 third quarter, six (6) new PCard holders were trained over three (3) training sessions, while 38 existing cardholders attended mandatory refresher training. During the same quarter, five (5) PCards were returned and 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 third quarter, departments processed 3,149 transactions worth \$1.1 million, averaging \$366 per transaction. Analysis shows that 77 percent of transactions were primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services, while 23 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.

The PCard 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 amount and minimum average transaction value.

For the twelve months ending September 30, 2019, the City earned a \$55,001 rebate.

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.

Michael Coroneos,
Deputy City Manager,
Corporate Services & Chief Financial Officer

Asad Chughtai,
Director Procurement Services

Attachments

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

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

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

Attachment 4: Other Procurement Activity – Third Quarter

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

Procurement Type	Council	City Manager	Deputy City Manager /Chief	Director	Manager	VPL Board	Total
Tender	\$	27,967,406	4,946,320	249,959	13,838	0	33,177,523
	#	13	17	4	1	0	35
Request for Proposal	\$	1,924,116	516,560	288,888	0	0	2,729,564
	#	3	4	7	0	0	14
Request for Quote	\$	0	312,643	557,552	80,452	0	950,647
	#	0	2	10	7	0	19
Request for Pre- Qualification	\$	0	0	0	0	0	0
	#	0	0	1	0	0	1
Request for Information	\$	0	0	0	0	0	0
	#	0	0	0	0	0	0
Competitive	\$	29,891,522	5,775,523	1,096,399	94,290	0	36,857,734
	#	16	23	22	8	0	69
Sole Source	\$	0	0	15,145	0	0	15,145
	#	0	0	1	0	0	1
Single Source	\$	160,623	400,112	188,047	0	0	748,782
	#	2	9	17	0	0	28
Emergency Purchase	\$	0	34,400	10,410	8,940	0	53,750
	#	0	1	1	1	0	3
Non-Competitive	\$	160,623	434,512	213,602	8,940	0	817,677
	#	2	10	19	1	0	32
Grand Total	\$	30,052,145	6,210,035	1,310,001	103,230	0	37,675,411
	#	18	33	41	9	0	101

Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Third 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	\$ 0	146,495	0	0	0	0	72,314	0	218,809
	# 0	1	0	0	0	0	2	0	3
Administrative Services & City Solicitor	\$ 0	0	0	0	0	0	7,776	0	7,776
	# 0	0	0	0	0	0	1	0	1
Community Services Portfolio	\$ 62,525	39,778	85,613	0	0	0	165,315	0	353,231
	# 1	1	5	0	0	0	4	0	11
Corporate Services, City Treasurer & CFO	\$ 0	101,400	48,032	0	0	0	0	0	149,432
	# 0	1	1	0	0	0	0	0	2
Infrastructure Development	\$ 22,203,163	2,142,935	511,057	0	0	15,145	191,215	43,340	25,106,855
	# 20	7	9	0	0	1	8	2	47
Integrity Commissioner/Lobbyist Registrar	\$ 0	0	0	0	0	0	0	0	0
	# 0	0	0	0	0	0	0	0	0
Internal Audit	\$ 0	0	0	0	0	0	0	0	0
	# 0	0	0	0	0	0	0	0	0
Office of Transformation & Strategy	\$ 0	0	0	0	0	0	0	0	0
	# 0	0	0	0	0	0	0	0	0
Planning & Growth Management Portfolio	\$ 174,400	251,516	172,743	0	0	0	101,456	0	700,115
	# 1	2	1	0	0	0	4	0	8
Public Works Portfolio	\$ 10,737,435	47,440	133,202	0	0	0	100,996	10,410	11,029,483
	# 13	2	3	1	0	0	7	1	27
Vaughan Public Libraries	\$ 0	0	0	0	0	0	109,710	0	109,710
	# 0	0	0	0	0	0	2	0	2
Grand Total	\$ 33,177,523	2,729,564	950,647	0	0	15,145	748,782	53,750	37,675,411
	# 35	14	19	1	0	1	28	3	101

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

Bid Type	Q3 2019	
	No. of Awards	Value (\$)
Competitive		
Tenders	35	33,177,523
RFPs	14	2,729,564
Quotes	19	950,647
RFPPQ (VOR)	1	0
RFEOI	0	0
RFI	0	0
Sub-Total Competitive	69	36,857,734
Non-Competitive		
Sole Source	1	15,145
Single Source	28	748,782
Emergency Procurement	3	53,750
Sub-Total Non-Competitive	32	817,677
Total	101	37,675,411

Attachment 4: Other Procurement Activity – Third Quarter

Low Value Purchases	Q3 2019	
	#	Value (\$)
Low Dollar Module (LDM) Purchase Orders	1,603	1,593,809
Purchasing Card Transactions	3,149	1,152,065