

COMMITTEE OF THE WHOLE (2) – MAY 20, 2020

STAFF COMMUNICATIONS

Distributed May 13, 2020

SC1 Memorandum from the Deputy City Manager Corporate Services, City Treasurer and Chief Financial Officer and the Director of Procurement Services dated May 11, 2020.

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SC : 1
CW (2) - May 20, 2020

DATE: Monday May 11, 2020

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 – May 20, 2020 / CW(2)**
Procurement Activity Report, Quarter 1 - 2020

1. Purpose

The purpose of this Staff Communication is to provide Mayor and Council information regarding Procurement Activities undertaken in Q1 2020.

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

105 procurement contracts worth \$20.5 million were processed in Q1

Procurement Services processed 48 competitive bids valued at \$18.1 million and 57 non-competitive bids valued at \$2.4 million. Non-Competitive bids, expressed as a percentage of total approved award value, increased slightly by 1.3 percentage points over the same quarter last year. This increase was due to the sole source implementation of the proprietary Tax Manager System.

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

Departments processed \$1.2 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 first quarter, there were 1,270 LDM purchase orders issued, totaling \$1.2 million with an average of \$930 per transaction. Over 61 percent of the LDM procurements were primarily for maintenance - buildings & facilities, contractor & contractor materials, and materials and supplies, while 16 percent were for training & development, professional fees, and office supplies. The remaining 23 percent of purchases were for protective clothing and equipment, maintenance and repairs of vehicles, general maintenance and other miscellaneous expenditures.

Q1 2020 LDM purchases represent a decrease of \$449k over the same quarter last year, or a reduction of 28 per cent. A portion of this reduction was 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 \$1.1 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 March 31, 2020, there were 287 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 first quarter, nine (9) new PCard holders were trained over six (6) training sessions, while five (5) existing cardholders attended mandatory refresher training. During the same quarter, five (5) PCards were returned and deactivated either as a result of voluntarily doing so or end of employment with the City.

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 first quarter, departments processed 2,927 transactions worth \$1.1 million, averaging \$370 per transaction. Analysis shows that 75 percent of transactions were primarily for low value operating supplies, advertising, professional memberships, training, seminars and travel-related services, while 25 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.



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 First Quarter

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

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

Attachment 4: Other Procurement Activity – First Quarter

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

Procurement Type		Council	City Manager	Deputy City Manager	Director	Manager	VPL Board	Total
Request for Tender	\$	0	11,792,544	1,501,263	204,987	0	0	13,498,794
	#	0	3	7	2	0	0	12
Request for Proposal	\$	0	2,528,202	1,054,463	297,656	0	0	3,880,321
	#	0	4	5	5	0	0	14
Request for Quote	\$	0	0	0	517,014	137,727	0	654,741
	#	0	0	0	9	8	0	17
Request for Pre-Qualification	\$	0	0	0	0	0	0	0
	#	0	0	0	1	0	0	1
Quick Quote	\$	0	0	0	0	38,495	0	38,495
	#	0	0	0	0	3	0	3
Request for Information	\$	0	0	0	0	0	0	0
	#	0	0	0	0	1	0	1
Competitive	\$	0	14,320,746	2,555,726	1,019,657	176,222	0	18,072,351
	#	0	7	12	17	12	0	48
Sole Source	\$	0	857,783	37,046	128,917	0	0	1,023,745
	#	0	1	1	14	0	0	16
Single Source	\$	446,000	234,582	201,067	285,994	0	0	1,167,643
	#	2	3	5	20	0	0	30
Emergency Purchase	\$	0	0	157,140	66,297	34,610	0	258,046
	#	0	0	3	4	4	0	11
Non-Competitive	\$	446,000	1,092,365	395,253	481,207	34,610	0	2,449,434
	#	2	4	9	38	4	0	57
Grand Total	\$	446,000	15,413,111	2,950,979	1,500,864	210,832	0	20,521,785
	#	2	11	21	55	16	0	105

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

Portfolio/Office		Request for Tender	Request for Proposal	Request For Quote	Request for Pre- Qualification	Quick Quote	Request For Information	Sole Source	Single Source	Emergency Purchases	Grand Total
City Manager	\$	0	0	0	0	0	0	0	0	0	0
	#	0	0	0	0	0	0	0	0	0	0
Administrative Services & City Solicitor	\$	0	0	0	0	0	0	0	0	0	0
	#	0	0	0	0	0	0	0	0	0	0
Community Services Portfolio	\$	0	443,124	57,632	0	0	0	0	280,759	41,432	822,947
	#	0	2	3	0	0	0	0	5	1	11
Corporate Services, City Treasurer & CFO	\$	399,446	0	82,140	0	0	0	866,583	81,683	0	1,429,852
	#	1	0	2	0	0	0	2	5	0	10
Infrastructure Development	\$	7,017,623	2,901,683	265,972	0	38,495	0	9,240	394,208	63,534	10,690,755
	#	5	7	5	1	3	0	1	7	4	33
Integrity Commissioner/Lobbyist Registrar	\$	0	0	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	0	0
Office of Transformation & Strategy	\$	0	33,575	0	0	0	0	0	0	0	33,575
	#	0	1	0	0	0	0	0	0	0	1
Planning & Growth Management Portfolio	\$	0	249,807	0	0	0	0	0	50,000	0	299,807
	#	0	2	0	0	0	1	0	1	0	4
Public Works Portfolio	\$	5,954,608	252,132	184,437	0	0	0	147,922	285,666	153,080	6,977,845
	#	5	2	6	0	0	0	13	9	6	41
Vaughan Public Libraries	\$	127,117	0	64,560	0	0	0	0	75,327	0	267,004
	#	1	0	1	0	0	0	0	3	0	5
Grand Total	\$	13,498,794	3,880,321	654,741	0	38,495	0	1,023,745	1,167,643	258,046	20,521,785
	#	12	14	17	1	3	1	16	30	11	105

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

Bid Type	Q1 2020	
	No. of Awards	Value (\$)
Competitive		
Tenders	12	13,498,794
RFPs	14	3,880,321
Quotes	17	654,741
RFPQ (VOR)	1	0
QQ	3	38,495
RFI	1	0
Sub-Total Competitive	48	18,072,351
Non-Competitive		
Sole Source	16	1,023,745
Single Source	30	1,167,643
Emergency Procurement	11	258,046
Sub-Total Non-Competitive	57	2,449,434
Total	105	20,521,785

Attachment 4: Other Procurement Activity – First Quarter

Low Value Purchases	Q1 2020	
	#	Value (\$)
Low Dollar Module (LDM) Purchase Orders	1,270	1,181,108
Purchasing Card Transactions	2,927	1,082,712