

Item:



Finance, Administration and Audit Committee Report

DATE: Wednesday, June 06, 2018

WARD(S): ALL

TITLE: Procurement Activity Report – Q1 Ending March 31, 2018

FROM:

Laura Mirabella, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

This report provides details of the Procurement activities undertaken in Q1 2018 ending March 31, 2018.

Report Highlights

- Total procurement spend for Q1 2018 was \$17.9 million.
- 62 contracts were awarded for \$15.2 million.
- Departments processed an additional \$1.1 million in PCard transactions and \$1.6 million in Low Dollar Module purchases.
- First quarter average cycle time to award contracts improved by 7.0 business days, or 9.0%, when compared to the same quarter last year.

Recommendation

1. The Q1 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.

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	

Previous Reports/Authority

http://www.vaughan.ca/council/minutes_agendas/AgendaItems/Finance_0305_18_3.pdf

Item 3, Report No. 3, of the Finance, Administration and Audit Committee, which was adopted, as amended, by the Council of the City of Vaughan on March 20, 2018.

Analysis and Options

In the first quarter, 62 Procurement contracts worth \$15.2 million were processed

Procurement Services processed 34 competitive bids valued at \$6.6 million and 28 non-competitive bids valued at \$8.6 million. Non-competitive bids comprise 56.2 per cent of the total approved award value, compared to 11.6 per cent during the same quarter last year.

The non-competitive bid value during Q1 2018 was significantly higher than in previous quarters primarily because of an \$8.1 million Council-approved Single Source award for the supply and delivery of Vaughan Fire and Rescue Services’ Fire Apparatus.

Attachment 1 provides a breakdown of the 62 procurements by type, and by delegated authority, that were awarded during the first quarter.

Attachment 2 categorizes the 62 procurements by Portfolio/Office, and by procurement type, that were awarded during the first quarter.

Attachment 3 summarizes the competitive and non-competitive procurement activity for Quarter 1 ending March 31, 2018.

Departments processed an additional \$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, 2018, there were 279 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 190 PCard Holders during the same quarter last year.

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 2,618 PCard transactions worth \$1.1 million, averaging \$430 per transaction. Analysis shows that over 75 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 employees for reimbursements.

Departments processed an additional \$1.6 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 same reporting quarter, there were 1,649 LDM purchase orders issued, totaling \$1.6 million with an average of \$947 per transaction. Over 60 percent of the LDM procurements were for materials and supplies. 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 exercised. This will help facilitate the departments' procurement needs while leveraging the City's buying capacity to obtain the best value for money spent.

Attachment 4 provides a summary of Other Procurement Activity for Quarter 1 ending March 31, 2018.

Total Procurement spend for Quarter 1 2018 was \$17.9 million

The Procurement spend for Quarter 1 2018 included Competitive awards worth \$6.6 million, Non-Competitive awards worth \$8.6 million and Low Value Purchases worth \$2.7 million.

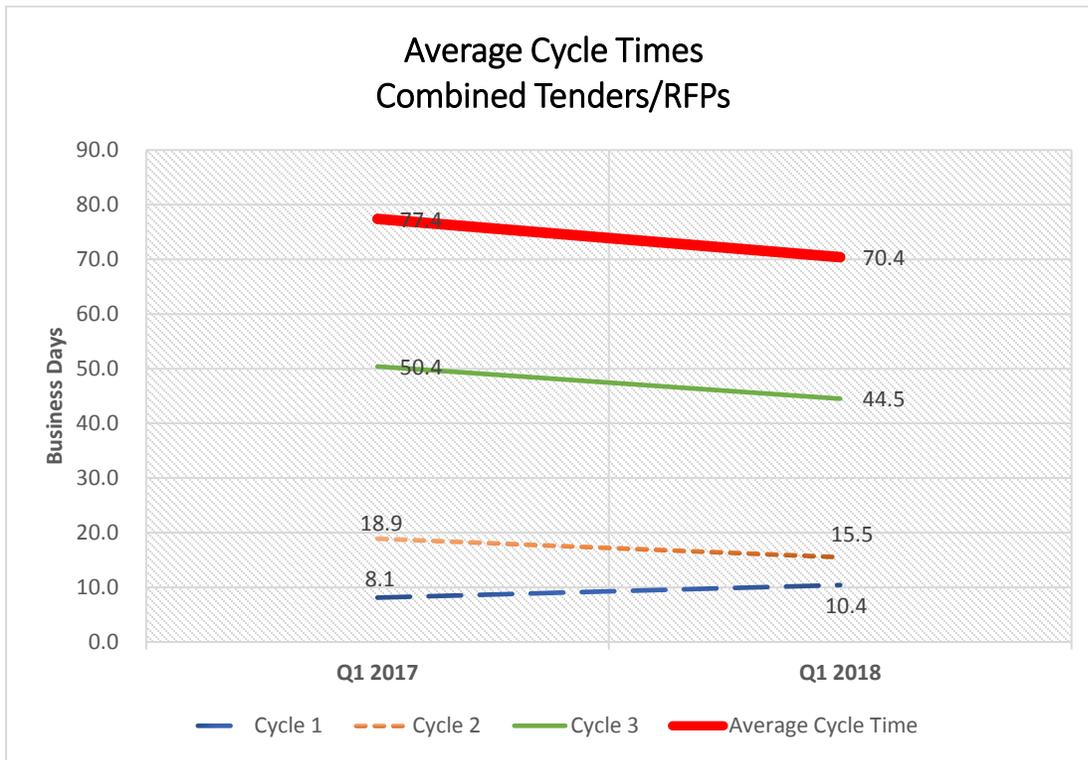
First quarter average cycle time to award contracts improved by 7.0 business days, or 9.0%, when compared to the same quarter last year.

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 combined first quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 7.0 business days, or 9.0%, when compared to the first quarter, last year.

Procurement project delivery time was moderately reduced in the first quarter, driven by an 11.7% decrease in average bid close to contract award time; from 50.4 business days in Quarter 1, 2017 to 44.5 business days in Quarter 1, 2018. (See Cycle 3 on graph).

Graph 1: Combined Tenders/RFPs Average Cycle Times



Cycle 1: Average business days - approved specs to bid release
Cycle 2: Average business days - bid release to bid close
Cycle 3: Average business days - bid close to contract award

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

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 First Quarter
2. Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the First Quarter
3. Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for Quarter 1 Ending March 31, 2018
4. Attachment 4: Other Procurement Activity – Quarter 1 Ending March 31, 2018

Prepared by

Mary DiGiovanni, Manager, Business Support and Supplier Relationship, ext. 8020.
Nick LaRocca, Business Analyst, ext. 8018.

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

Procurement Type		Council	City Manager	Deputy City Manager /Chief	Director	Manager	Total
Tender	\$		1,539,777	740,002	35,975		2,315,754
	#		1	3	1		5
Request for Proposal	\$		3,373,185	482,121	198,962	37,000	4,091,268
	#		1	3	3	2	9
Request for Quote	\$			47,437	98,625	128,795	274,857
	#			1	2	13	16
Request for Pre-Qualification	\$				0		0
	#				2		2
Request for Information	\$				0	0	0
	#				1	1	2
Competitive	\$	0	4,912,962	1,269,560	333,562	165,795	6,681,879
	#	0	2	7	9	16	34
Sole Source	\$				97,900		97,900
	#				7		7
Single Source	\$	8,100,000	75,000	127,514	148,990		8,451,504
	#	1	1	4	12		18
Emergency Purchase	\$				27,056	9,700	36,756
	#				2	1	3
Non-Competitive	\$	8,100,000	75,000	127,514	273,946	9,700	8,586,160
	#	1	1	4	21	1	28
Grand Total	\$	8,100,000	4,987,962	1,397,074	607,508	175,495	15,268,039
	#	1	3	11	30	17	62

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

Portfolio/Office		Tender	Request for Proposal	Request for Pre-Qualification	Request for Information	Request for Quote	Sole Source	Single Source	Emergency Purchases	Grand Total
City Manager	\$							30,000		30,000
	#							1		1
Public Works Portfolio	\$	2,177,837	3,819,954	0	0	104,708	53,113	19,899	15,400	6,190,911
	#	3	4	1	2	5	4	2	1	22
Planning & Growth Management Portfolio	\$					38,885	19,700	28,041		86,626
	#					4	1	3		8
Community Services Portfolio	\$	35,975		0		17,885	25,087	8,128,050	21,356	8,228,353
	#	1		1		2	2	2	2	10
Corporate Services Portfolio	\$	101,942	169,375			59,845		145,950		477,112
	#	1	2			2		5		10
Office of the Chief Corporate Initiatives & Intergovernmental Relations	\$		17,500					25,000		42,500
	#		1					2		3
Office of the Chief Financial Officer & City Treasurer	\$		34,939					9,600		44,539
	#		1					1		2
Transformation & Strategy	\$		49,500							49,500
	#		1							1
Vaughan Public Libraries	\$					53,534		64,964		118,498
	#					3		2		5
Grand Total	\$	2,315,754	4,091,268	0	0	274,857	97,900	8,451,504	36,756	15,268,039
	#	5	9	2	2	16	7	18	3	62

Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for Quarter 1 Ending March 31, 2018

Procurement Type	Q1 2018	
	No. of Awards	Value (\$)
Competitive		
Tenders	5	2,315,754
RFPs	9	4,091,268
Quotes	16	274,857
RFPQ (VOR)	2	0
RFI	2	0
Total Competitive	34	6,681,879
Non-Competitive		
Sole Source	7	97,900
Single Source	18	8,451,504
Emergency Procurement	3	36,756
Total Non-Competitive	28	8,586,160
Total	62	15,268,039

Attachment 4: Other Procurement Activity – Quarter 1 Ending March 31, 2018

Type	Q1 2018	
	#	Value (\$)
Purchasing Card Transactions	2,618	1,124,435
Low Dollar Module Purchase Orders (LDM)	1,649	1,561,974