

Item:



## Committee of the Whole Report

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**DATE:** Wednesday, December 05, 2018

**WARD(S):** ALL

**TITLE:** Procurement Activity Report – Q3 2018

**FROM:**

Michael Coroneos, Chief Financial Officer and City Treasurer

**ACTION:** FOR INFORMATION

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**Purpose**

This report provides details of the Procurement activities undertaken in Q3 2018.

**Report Highlights**

- Total procurement spend for Q3 2018 was \$15.9 million.
- 82 contracts were awarded for \$12.9 million.
- Departments processed an additional \$1.0 million in PCard transactions and \$2.0 million in Low Dollar Module purchases.
- Average cycle time to award contracts improved by 9.3 business days, or 13.2%, when compared to the first quarter.

**Recommendation**

1. The Q3 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**

<https://pub-vaughan.escribemeetings.com/filestream.ashx?DocumentId=4613>

Item 20, Report No. 6, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on June 19, 2018.

**Analysis and Options**

**82 Procurement contracts worth \$12.9 million were processed in the third quarter**

Procurement Services processed 53 competitive bids valued at \$12.2 million and 29 non-competitive bids valued at \$0.7 million. Non-competitive bids comprise 5.4 per cent of the total approved award value, compared to 13.2 per cent during the same quarter last year.

Attachment 1 provides a breakdown of the 82 procurements by type, and by delegated authority, that were awarded during the third quarter.

Attachment 2 categorizes the 82 procurements by Portfolio/Office, and by procurement type, that were awarded during the third quarter.

Attachment 3 summarizes the competitive and non-competitive procurement activity for the third quarter and year-to-date ending September 30, 2018.

## **Departments processed an additional \$1.0 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, 2018, there were 266 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 281 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 third quarter, departments processed 2,866 PCard transactions worth \$1.0 million, averaging \$367 per transaction. Analysis shows that over 78 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.

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, 2018, the City earned a \$52,182.42 rebate.

## **Departments processed an additional \$2.0 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 2,063 LDM purchase orders issued, totaling \$2.0 million with an average of \$988 per transaction. Over 68 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.

Attachment 4 provides a summary of Other Procurement Activity for the third Quarter and year-to-date ending September 30, 2018.

**Total Procurement spend for the third Quarter was \$15.9 million**

The Procurement spend for the third quarter included Competitive awards worth \$12.2 million, Non-Competitive awards worth \$0.7 million and Low Value Purchases worth \$3.0 million.

**Average cycle time to award contracts improved by 9.3 business days, or 13.2%, when compared to the first quarter.**

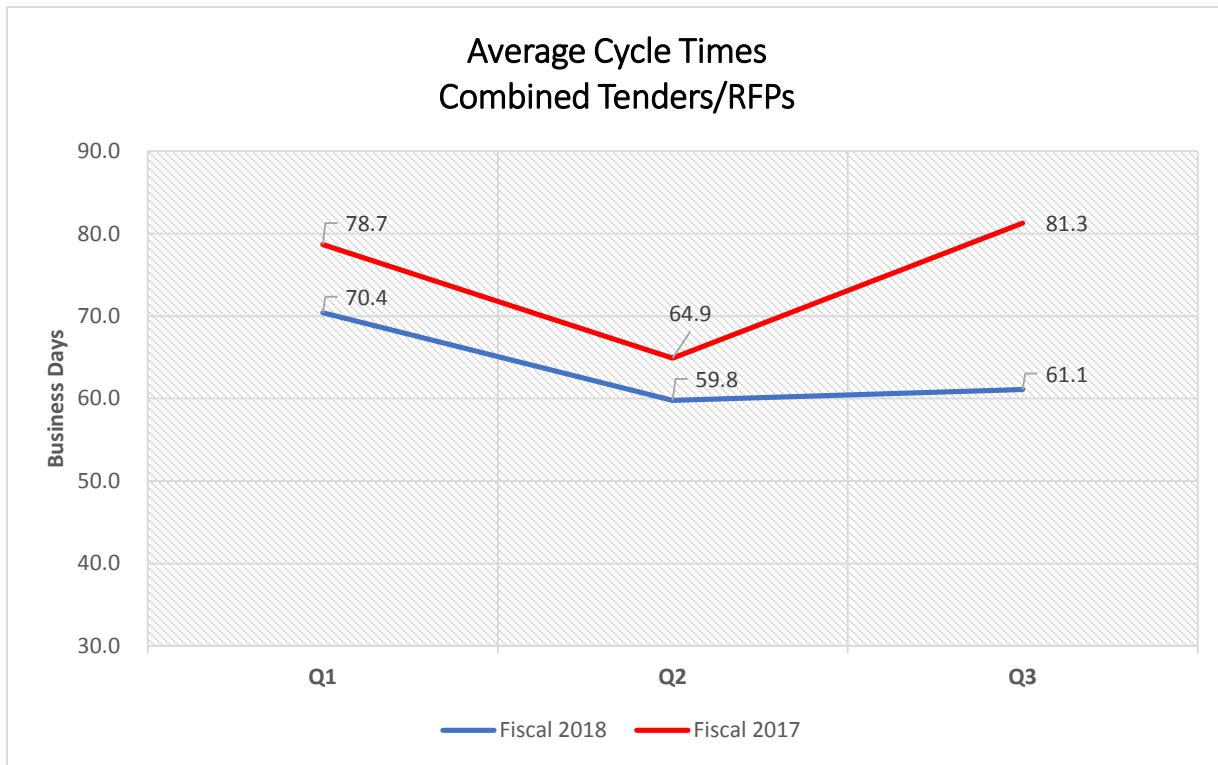
The Council-approved revised Corporate Procurement Policy, with the new delegation of award authority, enabled the City to procure and award its goods, services and construction within shorter timeframes.

The in-year third quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 9.3 business days, or 13.2%, when compared to the first quarter. The improvement was primarily driven by a 26.5% decrease in average bid close to contract award time; from 44.5 business days in Quarter 1 to 32.7 business days in Quarter 3.

The year-over-year Quarter 3 average cycle time improved by 20.2 business days, or 28.4%. Again, the improvement was driven by a decrease in average bid close to contract award time.

The Fiscal 2018 quarterly cycle time trends remain below last year's quarterly performance levels, as 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**

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 1<sup>st</sup>, 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 Third Quarter
2. Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Third Quarter
3. Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Third Quarter and Year-to-Date Ending September 30, 2018
4. Attachment 4: Other Procurement Activity – Third Quarter and Year-to-Date Ending September 30, 2018

## **Prepared by**

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**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	Total
Tender	\$		6,001,359	2,994,289	189,675		9,185,323
	#		3	12	3		18
Request for Proposal	\$		988,559	739,085	765,673		2,493,317
	#		1	3	3		7
Request for Quote	\$				321,315	173,820	495,135
	#				10	15	25
Request for Pre-Qualification	\$				0	0	0
	#				1	1	2
Request for Information	\$				0		0
	#				1		1
<b>Competitive</b>	\$	<b>0</b>	<b>6,989,918</b>	<b>3,733,374</b>	<b>1,276,663</b>	<b>173,820</b>	<b>12,173,775</b>
	#	<b>0</b>	<b>4</b>	<b>15</b>	<b>18</b>	<b>16</b>	<b>53</b>
Sole Source	\$				21,550		21,550
	#				1		1
Single Source	\$	51,500		401,465	164,236		617,201
	#	1		11	15		27
Emergency Purchase	\$			49,915			49,915
	#			1			1
<b>Non-Competitive</b>	\$	<b>51,500</b>		<b>451,380</b>	<b>185,786</b>		<b>688,666</b>
	#	<b>1</b>		<b>12</b>	<b>16</b>		<b>29</b>
<b>Grand Total</b>	\$	<b>51,500</b>	<b>6,989,918</b>	<b>4,184,754</b>	<b>1,462,449</b>	<b>173,820</b>	<b>12,862,441</b>
	#	<b>1</b>	<b>4</b>	<b>27</b>	<b>34</b>	<b>16</b>	<b>82</b>

**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
<b>Council</b>	\$							30,484		30,484
	#							1		1
<b>City Manager</b>	\$									
	#									
<b>Public Works Portfolio</b>	\$	5,530,828	449,860	204,121			21,550	140,268		6,346,627
	#	8	1	9			1	11		30
<b>Planning &amp; Growth Management Portfolio</b>	\$	2,121,112	635,618					124,700		2,881,430
	#	3	1					3		7
<b>Community Services Portfolio</b>	\$	864,832	94,725	150,107				130,801	49,915	1,290,380
	#	5	1	7				5	1	19
<b>Corporate Services Portfolio</b>	\$	668,551	988,559	92,021	0			104,398		1,853,529
	#	2	1	4	1			3		11
<b>City Solicitor</b>	\$									
	#									
<b>Office of the Chief Corporate Initiatives &amp; Intergovernmental Relations</b>	\$		324,555	18,325				22,728		365,608
	#		3	2				2		7
<b>Office of the Chief Financial Officer &amp; City Treasurer</b>	\$			11,076						11,076
	#			2						2
<b>Transformation &amp; Strategy</b>	\$				0	0				0
	#				1	1				2
<b>Vaughan Public Libraries</b>	\$			19,485				63,822		83,307
	#			1				2		3
<b>Grand Total</b>	\$	<b>9,185,323</b>	<b>2,493,317</b>	<b>495,135</b>	<b>0</b>	<b>0</b>	<b>21,550</b>	<b>617,201</b>	<b>49,915</b>	<b>12,862,441</b>
	#	<b>18</b>	<b>7</b>	<b>25</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>27</b>	<b>1</b>	<b>82</b>



**Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Third Quarter and Year-to-Date Ending September 30, 2018**

Bid Type	Q3 2018		Year-to-Date	
	No. of Awards	Value (\$)	No. of Awards	Value (\$)
<b>Competitive</b>				
Tenders	18	9,185,323	41	30,796,546
RFPs	7	2,493,317	30	9,994,382
Quotes	25	495,135	63	1,474,278
RFPQ (VOR)	2	0	7	0
RFEOI	0	0	0	0
RFI	1	0	4	0
<b>Sub-Total Competitive</b>	<b>53</b>	<b>12,173,775</b>	<b>145</b>	<b>42,265,206</b>
<b>Non-Competitive</b>				
Sole Source	1	21,550	13	186,354
Single Source	27	617,201	71	10,188,677
Emergency Procurement	1	49,915	7	122,677
<b>Sub-Total Non-Competitive</b>	<b>29</b>	<b>688,666</b>	<b>91</b>	<b>10,497,708</b>
<b>Total</b>	<b>82</b>	<b>12,862,441</b>	<b>236</b>	<b>52,762,914</b>

**Attachment 4: Other Procurement Activity – Third Quarter and Year-to-Date Ending September 30, 2018**

Type	Q3 2018		Year-to-Date	
	#	Value (\$)	#	Value (\$)
Purchasing Card Transactions	2,866	1,051,798	9,014	3,552,627
Low Dollar Module Purchase Orders (LDM)	2,063	2,039,977	6,055	6,001,968