

Item:



Committee of the Whole Report

DATE: Wednesday, December 05, 2018

WARD(S): ALL

TITLE: Procurement Activity Report – Q2 2018

FROM:

Michael Coroneos, Chief Financial Officer and City Treasurer

ACTION: FOR INFORMATION

Purpose

This report provides details of the Procurement activities undertaken in Q2 2018.

Report Highlights

- Total procurement spend for Q2 2018 was \$28.3 million.
- 92 contracts were awarded for \$24.7 million.
- Departments processed an additional \$1.3 million in PCard transactions and \$2.3 million in Low Dollar Module purchases.
- Average cycle time to award contracts improved by 10.6 business days, or 15.1%, when compared to the first quarter.

Recommendation

1. The Q2 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

92 Procurement contracts worth \$24.7 million were processed in the second quarter

Procurement Services processed 58 competitive bids valued at \$23.4 million and 34 non-competitive bids valued at \$1.3 million. Non-competitive bids comprise 5.0 per cent of the total approved award value, compared to 4.8 per cent during the same quarter last year.

The non-competitive bid value included \$0.8 million Council-approved Single Source awards for the supply, delivery and repair of Vaughan Fire and Rescue Services' Fire Apparatus.

Attachment 1 provides a breakdown of the 92 procurements by type, and by delegated authority, that were awarded during the second quarter.

Attachment 2 categorizes the 92 procurements by Portfolio/Office, and by procurement type, that were awarded during the second quarter.

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

Departments processed an additional \$1.3 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, 2018, there were 259 approved PCard holders throughout the City of Vaughan and Vaughan Public Libraries, compared to 252 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 second quarter, departments processed 3,414 PCard transactions worth \$1.3 million, averaging \$392 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. The remaining 25 percent was comprised of payments for operating expenses through corporate contracts.

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.

Departments processed an additional \$2.3 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 2,240 LDM purchase orders issued, totaling \$2.3 million with an average of \$1,042 per transaction. Over 60 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 Second Quarter and year-to-date ending June 30, 2018.

Total Procurement spend for the Second Quarter was \$28.3 million

The Procurement spend for the second quarter included Competitive awards worth \$23.4 million, Non-Competitive awards worth \$1.3 million and Low Value Purchases worth \$3.6 million.

Average cycle time to award contracts improved by 10.6 business days, or 15.1%, when compared to the first quarter.

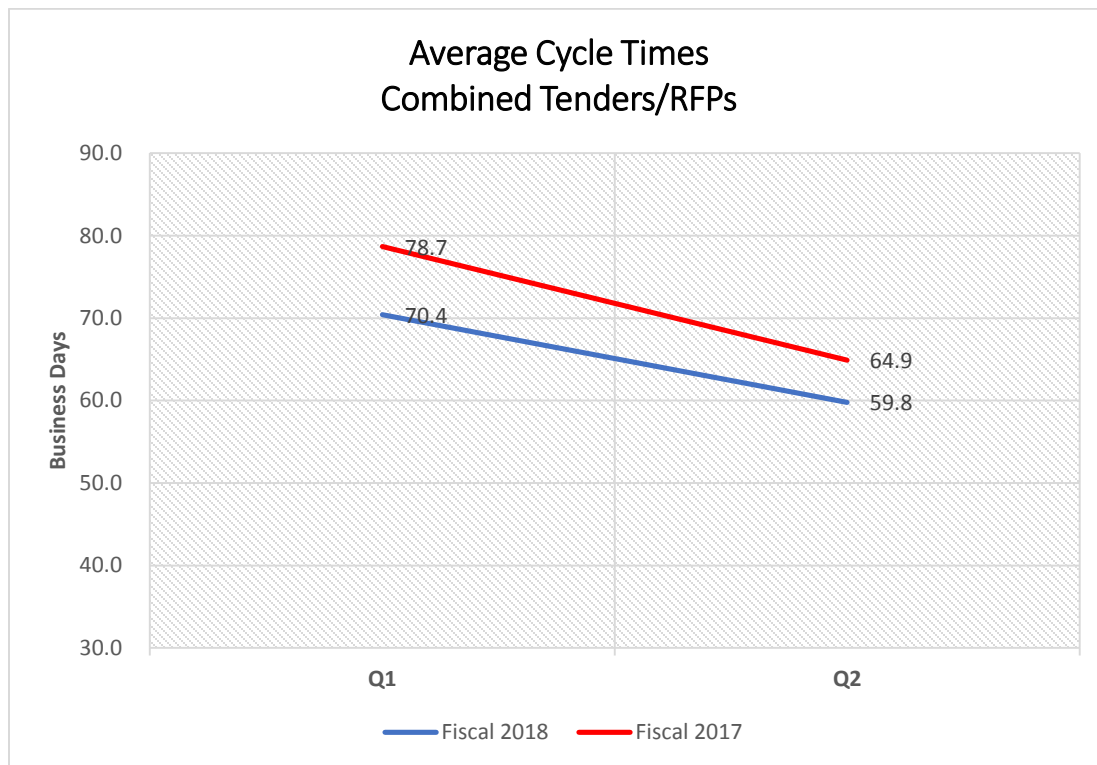
The Council-approved revised Corporate Procurement Policy, with the new delegation of award authority, enabled the City to procure and award its goods, services and construction within shorter timeframes.

The second quarter average cycle time to award Tenders and Request for Proposals (RFPs) contracts improved by 10.6 business days, or 15.1%, when compared to the first quarter. The improvement was primarily driven by a 28.1% decrease in average bid close to contract award time; from 44.5 business days in Quarter 1 to 32.0 business days in Quarter 2.

The year-over-year Quarter 2 average cycle time improved by 5.1 business days, or 7.9%. 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 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 Second Quarter
2. Attachment 2: Procurement Activity – Procurements by Portfolio/Office, and by Procurement Type, Awarded During the Second Quarter
3. Attachment 3: Procurement Activity – Competitive and Non-Competitive Procurement Activity for the Second Quarter and Year-to-Date Ending June 30, 2018
4. Attachment 4: Other Procurement Activity – Second Quarter and Year-to-Date Ending June 30, 2018

Prepared by

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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	Total
Tender	\$		16,975,332	2,320,137			19,295,469
	#		9	9			18
Request for Proposal	\$		1,698,768	1,240,995	464,599	5,435	3,409,797
	#		2	5	6	1	14
Request for Quote	\$			158,835	432,871	112,580	704,286
	#			1	9	12	22
Request for Pre-Qualification	\$				0		0
	#				3		3
Request for Information	\$					0	0
	#					1	1
Competitive	\$	0	18,674,100	3,719,967	897,470	118,015	23,409,552
	#	0	11	15	18	14	58
Sole Source	\$				66,904		66,904
	#				5		5
Single Source	\$	770,000	62,718	146,412	140,842		1,119,972
	#	8	1	4	13		26
Emergency Purchase	\$				21,003	15,003	36,006
	#				1	2	3
Non-Competitive	\$	770,000	62,718	146,412	228,749	15,003	1,222,882
	#	8	1	4	19	2	34
Grand Total	\$	770,000	18,736,818	3,866,379	1,126,219	133,018	24,632,434
	#	8	12	19	37	16	92

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 Pre-Qualification	Request for Information	Request for Quote	Sole Source	Single Source	Emergency Purchases	Grand Total
Council	\$					6,280		6,538		12,818
	#					1		1		2
City Manager	\$									
	#									
Public Works Portfolio	\$	16,801,686	1,298,498	0		132,959	66,904	88,361	6,003	18,394,411
	#	13	5	1		8	5	8	1	41
Planning & Growth Management Portfolio	\$	779,968	450,233					49,160	30,003	1,309,364
	#	2	3					1	2	8
Community Services Portfolio	\$	1,360,110	1,140,763			391,304		887,873		3,780,050
	#	2	3			6		12		23
Corporate Services Portfolio	\$	353,705		0		56,448		71,200		481,353
	#	1		1		2		2		6
City Solicitor	\$		205,303							205,303
	#		1							1
Office of the Chief Corporate Initiatives & Intergovernmental Relations	\$		80,000							80,000
	#		1							1
Office of the Chief Financial Officer & City Treasurer	\$		235,000		0			12,000		247,000
	#		1		1			1		3
Transformation & Strategy	\$			0						0
	#			1						1
Vaughan Public Libraries	\$					117,295		4,840		122,135
	#					5		1		6
Grand Total	\$	19,295,469	3,409,797	0	0	704,286	66,904	1,119,972	36,006	24,632,434
	#	18	14	3	1	22	5	26	3	92

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

Bid Type	Q2 2018		Year-to-Date	
	No. of Awards	Value (\$)	No. of Awards	Value (\$)
Competitive				
Tenders	18	19,295,469	23	21,611,223
RFPs	14	3,409,797	23	7,501,065
Quotes	22	704,286	38	979,143
RFPQ (VOR)	3	0	5	0
RFEOI	0	0	0	0
RFI	1	0	3	0
Sub-Total Competitive	58	23,409,552	92	30,091,431
Non-Competitive				
Sole Source	5	66,904	12	164,804
Single Source	26	1,119,972	44	9,571,476
Emergency Procurement	3	36,006	6	72,762
Sub-Total Non-Competitive	34	1,222,882	62	9,809,042
Total	92	24,632,434	154	39,900,473

Attachment 4: Other Procurement Activity – Second Quarter and Year-to-Date Ending June 30, 2018

Type	Q2 2018		Year-to-Date	
	#	Value (\$)	#	Value (\$)
Purchasing Card Transactions	3,414	1,337,359	6,077	2,479,016
Low Dollar Module Purchase Orders (LDM)	2,240	2,334,320	3,901	3,865,877