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**TO:** GENERAL COMMITTEE

**SUBJECT:** 2018 ANNUAL PROCUREMENT ACTIVITY REPORT

**WARD:** ALL

**PREPARED BY AND KEY CONTACT:** S. JONES, PURCHASING MANAGER AND CPO, EXT. 4456

**SUBMITTED BY:** C. MILLAR, DIRECTOR OF FINANCE AND TREASURER

**GENERAL MANAGER APPROVAL:** D. MCALPINE, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

**CHIEF ADMINISTRATIVE OFFICER APPROVAL:** M. PROWSE, CHIEF ADMINISTRATIVE OFFICER

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**RECOMMENDED MOTION**

1. That Staff Report FIN012-19 representing the 2018 Annual Procurement Activity Report, be received for information.

**PURPOSE & BACKGROUND**

2. The 2018 Annual Purchasing Activity Report reflects the procurement activity for the 2018 budget year, and the report is completed in accordance with the Procurement By-law that was in place during the purchasing activity period, being Procurement By-law 2019-015.
3. The Procurement By-law requires the Chief Procurement Officer to provide the following information:
  - a) An annual information report with the circumstances and details of any emergency purchases, with a procurement value equal to or greater than \$10,000 (see Appendix "A").
  - b) An annual information report with the circumstances and details of any non-standard procurements, with a procurement value equal to or greater than \$10,000 (see Appendix "B").
4. This report is also addressing motion 14-G-017:

"That staff in the Finance Department review the City's current vendor payment terms and options to enhance the City's cash flow by altering payment terms to 60 days and report back to the Finance and Corporate Services Committee".

**ANALYSIS**

5. The Procurement Activity Reports are provided in Appendices 'A' and 'B' as follows:
  - a) Appendix 'A' reports the circumstances and details of any emergency purchases with a procurement value equal to or greater than \$10,000; and

- b) Appendix 'B' reports the circumstances and details of any non-standard purchases with a procurement value equal to, or greater than \$10,000.

Procurement Service Modernization

6. To align and move Barrie's mission, vision and strategic priorities forward, including significant growth in the near future, Purchasing is undergoing the next stage in its transformation. This includes the following:

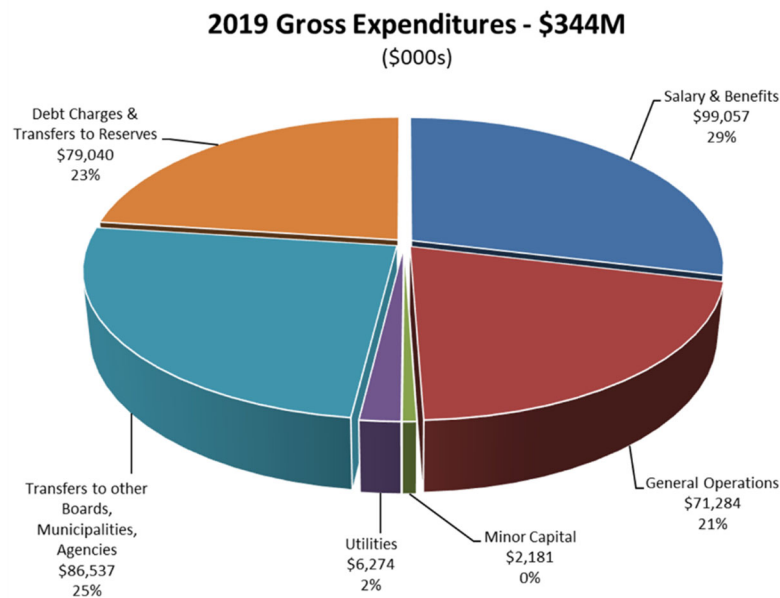
Activity Description	Status as of December 31, 2018	Additional Comments
<b>2017</b> Purchasing program including P-Card audit	Complete	Audit complete, small/low risk gaps identified. Policy and procedure review completed in 2019.
<b>Tools:</b> Implementation of automated, controlled purchase requisition, orders and payments using SAP and implementing e-Tendering to improve source to contract activities	Complete	e-Tendering implemented for all open competitive bids effective October 15, 2018. SAP testing and processes under development with implementation planned for February 18, 2019.
<b>Processes:</b> Timely and compliant By-law and other new regulatory changes (CFTA/CETA*) using centralized purchasing templates and processes.	In progress	By-law and procedure review complete (e-Tender, CFTA & CETA compliance). Procedures and templates updated. By-law amendment completed in Q1 2019.
<b>Resources &amp; Planning:</b> Proactive, strategic procurement planning; ensure Purchasing staff have the right skills by providing training and targeted recruitment.	In progress	2019 annual purchasing plan developed with in-year refreshes. Purchasing fully staffed. Job description review in progress.
<b>P-Card</b> policy and procedure update to maximize effectiveness of the program, and ensure effective controls	In Progress	Vendor engaged; policy, procedure and training completed in 2019

\* CFTA=Canadian Free Trade Agreement; CETA=Comprehensive Economic and Trade Agreement (Canada/Europe)

Motion 14-G-017: Altering City's payment terms to 60 days

7. The City has very limited ability to modify current vendor payment terms to 60 days. Under changes to the Ontario Construction Lien Act (Bill 142) passed last year, the City is required to pay general contractors within 28 days after receiving an invoice from a contractor. The City's historical payment terms have generally been within 30 days of receiving an invoice.
8. The following is from the Province of Ontario's website summarizing the prompt payment changes under Bill 142:
- Construction laws now include a prompt payment framework to make sure that contractors, subcontractors and workers are paid on time.

- Owners and general contractors must agree to a deadline to submit an invoice. If they do not agree, the contractor will be required to submit invoices to the owner on a monthly basis.
  - Owners are required to pay general contractors within 28 days after the owner receives the invoice from the Contractor.
  - General contractors must pay subcontractors seven days after receiving payments from the owner.
  - Subcontractors must pay other subcontractors within seven days of receiving payment from whomever hired them for the project
  - Contractors and subcontractors have a right to charge mandatory interest on late payments beginning when the amount is due.
9. A majority of the costs associated with the delivery of the City's 2019 Capital Plan of \$263 million fall under Bill 142 meaning payment terms within 28 days of receiving an invoice.
10. The following pie chart breaks down the City's \$344 Million operating budget.



Approximately 79 per cent of the City's gross operating costs relate to wages, payments to other service partners, debt payments, transfers to reserves, and utilities. All these costs have payment terms with limited flexibility. The remaining 21 per cent of costs relate to general operations and minor capital. General operations include contracts to deliver City services, such as transit, waste management and winter control. These contracts are established through a procurement process that includes agreed upon payment terms. Some of the remaining costs in general operations and minor capital are also governed by Bill 142 and require payment within 28 days.

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## **ENVIRONMENTAL AND CLIMATE CHANGE IMPACT MATTERS**

11. There are no environmental or climate change impact matters directly related to the recommendations.

## **ALTERNATIVES**

12. The following alternatives are available for consideration by General Committee:

**Alternative #1:** General Committee could direct that payment terms be lengthened to 60 days.

This alternative is not recommended because payment terms for a large majority of the City's spend is governed by the Construction Act and thus would prevail.

## **FINANCIAL**

13. There are no financial implications for the Corporation resulting from the proposed recommendations.

**APPENDIX "A"**

**2017 Emergency Purchases over \$10,000**

Reference Number	Department	Branch	Description	Vendor Name	PO Amount (excl. HST)
2018-E001	Environmental Services	Water Operations	Repairs/Replacement to Booster Back-Up Generator	Power Station Ltd.	\$20,000.00
2018-E002	Environmental Services	Environmental Operations	Replacement of Air Compressor Motor at Landfill Gas Extraction Plant	Comairco	\$12,206.00
2018-E003	Environmental Services	Environmental Operations	Repairs to Leachate Collection Systems	Tervita Corporation	\$15,572.99
2018-E004	Engineering	Construction	Highway 400 East Pre-Clearing Works for Harvie Road/Big Bay Point Highway 400 Crossing	Wes' Tree Service	\$64,800.00
2018-E005	Roads, Parks & Fleet	Roads, Stormwater & Rail Operations	Emergency Sewer Repair at Brookdale Drive	Dobinson Construction	\$17,000.00
2018-E006	Environmental Services	Water Operations	Emergency Repairs to SWTP Neutralization Tank	ECL Engineered Coatings / PW Makar Coatings Inspection Ltd.	\$90,000.00
2018-E007	Recreation Services	Recreation Facilities	Repairs to Refrigeration Heat Exchange Seals at Allandale Community Centre	CIMCO Refrigeration	\$18,875.00
2018-E008	Corporate Facilities	Corporate Facilities	Replacement of Data Centre UPS Panel	Encompass Power Solutions Corp	\$87,545.00
2018-E009	Corporate Facilities	Facility Planning & Development	St. Vincent Washroom Building	Build Co.	\$230,260.53
<b>2018 Emergency Purchases Total</b>					<b>\$556,259.52</b>

**APPENDIX "B"**

**2018 Non-Standard Procurements over \$10,000**

Reference No.	Term	Department	Branch	Description	Vendor Name	Approved Amount
FIN 2018-S001	Two Years	Innovate Barrie	Information Technology	Consultant to Review Network Infrastructure (Ontario Vendor of Record)	I&IT Solutions Consulting Services	\$175,000.00
FIN 2018-S002	Five Years	Environmental Services	Wastewater Operations	Replacement Grit Conveyor Equipment & Parts	Atara Equipment Ltd.	\$500,000.00
FIN 2018-S003	4 Months	Recreation Services	Recreation Facilities	Digital Media Displays	Futuresign Multimedia Displays Inc.	Revenue Generating
FIN 2018-S004	One Year	Legislative & Court Services	Court Services	Electronic Payment Processing of POA Fines (PayTickets)	Royal Bank of Canada & paytickets.ca	\$12,000.00
FIN 2018-S006	One Time Purchase	Corporate Facilities	Corporate Facilities	Removal and Repairs to the Marina Mast Stepper	Kropf Industrial Inc.	\$23,000.00
FIN 2018-S007	Five Years	Innovate Barrie	Information Technology	Software Maintenance for Active Roles Server (ARS)	One Identity	\$ 75,000.00
FIN 2018-S009	Five Years	Environmental Services	Wastewater Operations	Activated Carbon Replenishment for Biogas Cleanup at WwTF	Clean Methane Systems LLC	\$200,000.00
FIN 2018-S011	Two Years	Innovate Barrie	Human Resources	NUG Job Evaluation Services	Marianne Love Consulting	\$50,000.00
FIN 2018-S012	4 Months	Corporate Facilities	Facility Planning & Development	Huron-Wendat First Nation Monitoring of Stage 4 Archaeology Study at Allandale Station	Huron-Wendat Nation	\$108,699.53



FIN 2018-S013	One Time Purchase	Environmental Services	Wastewater Operations	Chemical Oxygen Demand Analyser for WwTF	Mantech Inc.	\$30,000.00
FIN 2018-S014	To Dec. 31, 2018	Engineering	Planning & Asset Management	Pavement Preservation (Reclamite)	Superior Road Products	\$400,000.00
FIN 2018-S017	To Dec. 31, 2019	Innovate Barrie	Centre for Continuous Improvement	Testing Lead and SAP Finance & Controlling (FICO) Lead for ERP Project	Fokis Services Inc.	\$304,000.00
FIN 2018-S018	One Time Purchase	Environmental Services	Wastewater Operations	Supply & Installation of Keyscan Access Control System and Associated Components	Surelock Homes Ltd.	\$150,000.00
FIN 2018-S019	One Time Purchase	Legislative & Court Services	Court Services	Replacement of Existing Handheld Ticket Writers (POA)	Cardinal Tracking Inc.	\$18,152.50
FIN 2018-S020	To Dec. 31, 2019	Innovate Barrie	Centre for Continuous Improvement	Support and Improvement Initiatives for Archibus CMMS	Horizant Canada	\$160,000.00
FIN 2018-S021	One Time Purchase	Engineering	Construction	Detailed Design of Trunk Watermains and Sanitary Sewer on McKay Rd across Hwy 400	Peto MacCallum Ltd.	\$70,000.00
FIN 2018-S022	To Dec. 31, 2018	Innovate Barrie	Centre for Continuous Improvement	Materials Management Consultant for ERP Project	Addmore Group	\$153,000.00
FIN 2018-S023	One Time Purchase	Invest Barrie	Creative Economy	Barge Rental for Canada Day Fireworks	STJ Head Inc.	\$16,500.00
FIN 2018-S024	To Dec. 31, 2019	Engineering	Design	Design Consultant for Innisfil Creek Culvert Replacement – Hotchkiss Creek	EXP Services Inc.	\$250,000.00
FIN 2018-S025	12 Weeks	Engineering	Design	Additional Engineering Resources in Director's Absence	Colliers International	\$45,000.00
FIN 2018-S026	One Time Purchase	Access Barrie	Marketing & Communications	Fabrication and Installation of Five Points Theatre Sign	Signz & Designz	\$18,000.00



FIN 2018-S027	One Time Purchase	Roads, Parks & Fleet	Fleet Services	Body Work and Painting of Fire Truck	Dependable Emergency Vehicles	\$22,886.77
FIN 2018-S028	1 Year	Roads, Parks & Fleet	Traffic & Parking Services	Traffic Systems Cabinets	Econolite Canada Inc.	\$280,000.00
FIN 2018-S029	One Time Purchase	Innovate Barrie	Human Resources	Executive Recruitment Services	Odgers Berndtson - Margaret Campbell	\$50,000.00
FIN 2018-S030	One Time Purchase	Corporate Facilities	Facility Planning & Development	Installation of New Utility Poles and Service	Alectra Utilities	\$213,363.70
FIN 2018-S031	5 Years	Emergency Services	Operations & Training	Replacement Program for BFES Lifepak Monitor/Defibrillators	Stryker Canada LP	\$325,000.00
FIN 2018-S032	5 Years	Information Technology	Geographic Information Systems	Teranet Assessment and Ownership Mapping	County of Simcoe	\$110,000.00
FIN 2018-S033	One Time Purchase	Information Technology	Geographic Information Systems	ESRI Canada Enterprise Advantage Project	Esri Canada	\$25,000.00
FIN 2018-S034	To Dec. 31, 2018	Innovate Barrie	Centre for Continuous Improvement	Additional Resources for Materials Management Consultant for ERP Project	Addmore Group	\$60,000.00
FIN 2018-S035	One Time Purchase	Legislative & Court Services	Court Services	Pre-Printed Specialty Paper for Handheld Ticket Writers	Data Communications Management Corp	\$16,000.00
FIN 2018-S036	One Time Purchase	Innovate Barrie	Human Resources	Executive Recruitment Services	Margaret Campbell - Odgers Berndtson	\$65,000.00
FIN 2018-S037	To Mar. 30, 2019	Innovate Barrie	Centre for Continuous Improvement	Additional Resources for Testing Lead & SAP Finance & Controlling (FICO) Lead for ERP Project	Fokis Services Inc.	\$30,000.00
FIN 2018-S038	One Time Purchase	Environmental Services	Environmental Operations	Landfill Leachate Collection System Cleaning and Video Inspection	Sewer Technologies Inc.	\$30,000.00
FIN 2018-S039	One Time Purchase	Roads, Parks & Fleet	Fleet Services	Landfill McCloskey Screener Overhaul	McCloskey International Limited	\$26,080.66

