
TO: GENERAL COMMITTEE

SUBJECT: 2015 PURCHASING ACTIVITY REPORT

WARD: ALL

PREPARED BY AND KEY CONTACT: D. ALLAN, MANAGER OF PURCHASING, EXTENSION #4456

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

GENERAL MANAGER APPROVAL: P. ELLIOTT-SPENCER, GENERAL MANAGER OF COMMUNITY AND CORPORATE SERVICES

CHIEF ADMINISTRATIVE OFFICER APPROVAL: C. LADD, CHIEF ADMINISTRATIVE OFFICER

RECOMMENDED MOTION

1. That the following schedules, collectively representing the 2015 Purchasing Activity Report, be received for information:
 - a) Contract awards under delegated authority and contracted goods and services (renewals and amendments) exceeding \$1,000,000, attached as Appendix "A" to Staff Report FIN015-16;
 - b) Professional Services that have received payments with a total cumulative value exceeding \$250,000 within each calendar year, attached as Appendix "B" to Staff Report FIN015-16; and
 - c) 2015 Single and Sole Source purchases exceeding the \$10,000 threshold awarded under delegated authority, attached as Appendix "C" to Staff Report FIN015-16.

PURPOSE & BACKGROUND

Report Overview

2. The 2015 Purchasing Activity report reflects the procurement activity for the 2015 budget year, and the report is completed in accordance with the Procurement By-Law that was in place during the purchasing activity period, being the Procurement By-Law 2013-073, mainly:
 - a) The Procurement By-law requires the Manager of Purchasing to provide the following information:
 - i) An assessment of the degree of overall compliance with the Procurement By-Law;
 - ii) An annual information report summarizing the details for contracts, amendments, and renewals awarded with delegated authority that exceed \$1,000,000;
 - iii) An annual information report identifying professional services providers that have received payments from the Corporation with a cumulative total value of \$250,000 or more within the calendar year; and,

- iv) A report on the Single and Sole Source purchases exceeding \$10,000, ensuring transparency with these contract awards.

This report also provides information on performance reporting, and service improvements that are currently underway.

ANALYSIS

3. The Procurement Activity Reports are provided in Appendices “A”, “B”, and “C” as follows:
- a) Appendix “A” reports the 2015 awards made under delegated authority exceeding \$1,000,000. There were nine awards with a combined value of \$19,620,590.70;
 - b) Appendix “B” reports the payments made for professional service engagements in 2015 that exceeded \$250,000. This is to provide transparency to consultant engagements and demonstrate fairness in the awarding of consultant related contracts. Payments reflected in many instances are part of a multi-year contract and the amount reported represents the amounts spent in 2015 only. There were 18 firms that received such payments with a combined payment value of \$17,825.661; and,
 - c) Appendix “C” reports the Single and Sole Source purchases for 2015. There were 32 Single and Sole Source awards with a combined award value of \$6,870,415.
4. Procurement By-Law effectiveness and degree of compliance: Reviewing the degree of compliance with the By-law is important, as any significant and/or recurring instances of non-compliance could compromise the City’s ability to defend its actions if legally challenged. Reviewing for compliance can also create the opportunity to assess the effectiveness of the By-law, identify training opportunities, and opportunities to make recommendations to individuals/departments that meet their needs, without increasing the level of risk the City is exposed to.

Key Performance Indicators

5. A series of performance indicators are used to measure and improve the overall quality of the procurement process and services provided by the Purchasing Branch.

| Performance Measures | 2013 Target | 2013 Actuals | 2014 Target | 2014 Actuals | 2015 Target | 2015 Actuals |
|---|-------------|--------------|-------------|--------------|-------------|--------------|
| Average no. of days to complete bid process | 87 | 95 | 87 | 87.5 | 87 | 96 |
| Number of competitive bid processes | 200 | 204 | 175 | 125 | 175 | 135 |
| Number of bids received per bid call | 5.0 | 5.52 | 5.0 | 4.35 | 5.0 | 4.8 |
| Benefits of the competitive bidding process | 10% | 6.3% | 10% | 12.9% | 10% | 11.1% |
| % of goods/services purchased through procurement process | 65% | 71.3% | 75% | 88.6% | 75% | 88% |

6. Below is a description of each of the performance measures and how they can be used:
- a) Average Number of Days to Complete Bid Process: This is a measure of the time from the receipt of client department specifications, to the issuance of a Purchase Order. This

measure allows staff to monitor service levels and cycle times. The complexity and type of procurement process affects the overall time to complete a process.

The average number of days reflected above encompasses all procurement types, Request for Tender (RFT), Request for Quotation (RFQ), Request for Proposal (RFP), and Request for Pre-qualification (RFPQ). RFPs, on average took 119 days to complete given their inherent complexity, whereas RFQs on average took 72 days to complete. 2015 saw a rise in the number of complex RFPs for consulting, engineering, and design services impacting the overall turn around time (TAT).

One of the objectives of the Procurement Service Review (PSR) is to improve efficiency and reduce the average TAT for procurement processes. It was anticipated that the process improvements and new procurement templates being introduced as part of the PSR would reduce the average number of days to complete a bid process in 2016. In fact, the average TAT for the first three quarters of 2016 has improved by 10%, being reduced to 87 days. It is anticipated that this will be further reduced by 10% as staff become more accustomed to the new workflow/processes and procurement templates.

- b) Number of Competitive Bid Processes: This is a measure of procurement activity that assists with the identification of opportunities to consolidate bid calls, balance work plans, and identify appropriate resource requirements. The target for this measure is based on previous year's procurement activities, and the anticipated requirements for the coming year.
- c) Average Number of Bids per Bid Call: This is a measure of both the competitiveness of the markets for municipal goods and services, and the market's perception of the City of Barrie's attractiveness as a customer/client.

The lower than anticipated average number of bids per bid call is partially attributed to the following factors:

- i) Specialized requirements/limited competition market: A number of the requirements requiring a procurement process in 2015 were highly specialized having a small vendor market, such as Sidewalk Sweeper, Bio Solids Haulage, and Playground Equipment;
 - ii) Timing of procurement processes to market: Some of the construction related requirements were offered to the market later in the tendering season, resulting in fewer bids being received; and,
 - iii) Length of time in the market: The length of time in the market and compressed project work schedules may have discouraged bidders from responding.
- d) Benefits of the Competitive Bidding Process: This measure reports the percentage difference between the award and the amount of the next lowest. It is an indicator of the financial advantage to the City of utilizing a competitive bid process.
 - e) Percent of Goods/Services Purchased Through Procurement Process: This measure reflects the percentage of goods and services purchased through a formal procurement process.

Georgian Bay Area Public Purchasing Cooperative

- 7. The City of Barrie is a member of the Georgian Bay Area Public Purchasing Cooperative (GBAPPC). This Purchasing Cooperative provides opportunities for the City to participate in collaborative procurement processes with neighbouring municipalities, school boards, and other

public organisations. The benefits to the City are shared expertise and cost savings, as a result of the increased buying power, and greater volumes. Facilitation of procurement processes is shared by all members of the GBAPPC.

8. The City of Barrie participates in the following GBAPPC commodities:
 - a) Office Supplies, Contracted with Staples: The total GBAPPC consolidated annual contract value for office supplies is \$1.9 million. The budgeted annual spend for the City of Barrie is approximately \$275,000. The GBAPPC contract provides the City with a 64% discount on all office supply requirements. This potentially produces an annual cost avoidance of over \$150,000 per year if the City purchased at full cost;
 - b) Road Salt: The total GBAPPC consolidated annual contract value is \$4.3 Million and the estimated annual spend for the City is approximately \$1.4 Million. The 2016 tender resulted in a 5% reduction in the cost for this commodity;
 - c) Toner Cartridges: The total GBAPPC consolidated annual contract value is an estimated \$600,000, and the estimated annual spend for the City is estimated at \$120,000; and,
 - d) In addition the City participates in other commodities such as Janitorial Supplies, Road Patch Products, Document Shredding Services, and Batteries.

ENVIRONMENTAL MATTERS

9. There are no environmental matters related to the recommendation.

ALTERNATIVES

10. As this is a report describing historical purchasing activities and trends, no alternatives are presented.

FINANCIAL

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

LINKAGE TO 2015-2018 STRATEGIC PLAN

12. The recommendations included in this Staff Report support the goal of responsible spending in the 2015-2018 Strategic Plan.

APPENDIX "A"

Contracts Awarded in 2015 Exceeding \$1,000,000

| Reference No. | COMMODITY/PROJECT TITLE | Vendor | CONTRACT AWARD AMOUNT \$\$ | NEXT HIGHEST BID \$\$ |
|-----------------------------------|--|------------------------------------|------------------------------|------------------------|
| 2015-001 | Reconstruct Highland Avenue | John Bravakis Enterprises | \$4,032,583.85 | \$4,033,000.00 |
| 2015-004 | Ferndale to Coughlin Road | Arnott Construction Ltd. | \$4,447,000.00 | \$4,680,000.00 |
| 2015-016 | GD - Design Services Holly PS & WM CR27 Mapleview | MMM Group Ltd. | \$1,094,408.00 | \$1,500,430.00 |
| 2015-043 | Council Chambers | Maram Building Corp | \$1,560,000.00 | \$1,568,000.00 |
| 2015-064 | Constructing Stormwater Works | TBG Landscape Inc. | \$1,101,012.59 | \$1,113,206.59 |
| 2015-067 | WwTF Mechanical Bar Screens Installation | H2 Ontario Inc | \$1,603,385.68 | \$2,175,000.00 |
| 2015-113 | Construction of Mulcaster Street Storm Outlet at Heritage Park | TBG Environmental Inc. | \$1,325,902.53 | \$1,579,017.30 |
| 2015-116 | HVAC and Roof Replacement - City Hall | Dependable Mechanical Systems Inc. | \$3,011,000.00 | \$3,648,277.00 |
| 2015-139 | Bayfield Street and Huronia Road Asphalt Surface Improvements | Georgian Paving Ltd. | \$1,145,298.05 | \$1,169,170.62 |
| Totals | | | \$19,320,590.70 | \$21,466,101.51 |
| <u>DIFFERENCE:</u> | | | <u>\$2,145,510.81</u> | |
| <u>CONTRACT EXTENSIONS</u> | | | | |
| 2012-128P | Supply and Delivery of Highway Salt | | \$1,435,778.00 | |

APPENDIX "B"

2015 Payments to Consultants
in Excess of \$250,000 Annually

| Vendor Name | Total Invoice Amount (incl HST) |
|---------------------------------|------------------------------------|
| Aecom | \$259,787 |
| C.C. Tatham & Associates Ltd. | \$438,827 |
| Cole Engineering Group Ltd. | \$260,698 |
| Deloitte LLP | \$348,854 |
| GHD Ltd. | \$272,579 |
| Golder Associates Ltd. | \$1,053,551 |
| McCormack Project Services Ltd. | \$276,221 |
| Morrison Herschfield Ltd. | \$2,389,918 |
| Peto MacCallum Ltd. | \$574,447 |
| R.J. Burnside & Associates | \$296,740 |
| T2 Utility Engineers | \$256,726 |
| Weir Foulds LLP | \$841,694 |
| 2015 Total Payments: | \$7,270,042 |

APPENDIX "C"

Sole/Single Source Purchases for 2015

| File Number | Description | Vendor Name | Award Amount (ext HST) | Comments |
|-------------|---|---|------------------------|----------|
| 2015-S001 | LED Street Lights | Local Authority Services | \$3,303,520 | |
| 2015-S002 | Emergency Response to Spill | Newalta | \$46,076 | |
| 2015-S003 | Server and storage Infrastructure | Spectra Logic Corporation | \$150,000 | |
| 2015-S004 | Actuarial Report on Employee Future Benefits (2014) | School Boards' Co-Operative Inc. | \$25,000 | |
| 2015-S005 | Service and annual safety of aerial fire truck | Currie Truck Centre | \$26,298 | |
| 2015-S006 | Prepare a comparative study on two sites to determine the best valued site for the Corporation to construct the First Responders Campus | Rebanks Pepper Littlewood Architects Inc. | \$35,000 | |
| 2015-S007 | Pay & Display machine software upgrade | J.J. MacKay Canada Limited | \$27,132 | |
| 2015-S008 | Server Acquisition | CompuSolv Technology | \$330,000 | |
| 2015-S009 | Transportation and Processing of Waste Carpet | Green Bridge Industries Limited | \$13,000 | |
| 2015-S010 | Recycling of single-use batteries through curbside collection | Raw Materials Company Inc. (RMC) | \$15,000 | |
| 2015-S011 | Design Consultants | John D. Bell Associates Ltd. | \$31,370 | |
| 2015-S012 | Raw Sewage Vertical Turbine Pump | Pentair Flow Technologies | \$320,000 | |
| 2015-S015 | Crack Injection and Sealing | Kenaiden Contracting | \$50,000 | |
| 2015-S016 | Corporate Mobility Technology Enablement Plan | Prior & Prior Associates Ltd. | \$40,000 | |
| 2015-S017 | Municipal Hazardous or Special Wastes Phase 1 Paints and Coatings | Product Care Association | \$15,000 | Revenue |
| 2015-S018 | Increase scope of the CSWM-MP to include expanded Study Area | Auquafor Beech Limited | \$128,380 | |
| 2015-S019 | Competitive Alternatives Cost Benchmarking Publication and Tool | MMK Consulting | \$20,000 | |
| 2015-S022 | Voters' List Management Services | Comprint Systems Inc. O/A DataFix | \$15,000 | |
| 2015-S023 | Electro-Magnetic inspection of 7 meters of Barrie Well No. 12 Air Chamber | Pure Technologies Ltd. | \$26,000 | |
| 2015-S024 | Watercourse Debris Removal, Spill Remediation | Sierra Excavating Enterprises Inc. | \$68,400 | |
| 2015-S025 | Time Sensitive Internal Audit | Deloitte LLP | \$200,000 | |

| File Number | Description | Vendor Name | Award Amount (ext HST) | Comments |
|--|--|-------------------------------------|---------------------------|----------|
| 2015-S026 | Ongoing license management for Esri products | ESRI Canada | \$100,000 | |
| 2015-S027 | Whiskey Creek Area-Specific Development Charge By-law Update | Watson & Associates Economists Ltd. | \$30,000 | |
| 2015-S028 | Ongoing license management for Azteca products | ESRI Canada Inc. | \$200,000 | |
| 2015-S029 | Professional Services for Human Resources (Labour Relations) | Corporate Support Services | \$30,638 | |
| 2015-S030 | Funding for Municipal Hazardous/Special Wastes (Lamp Collection Recycling) | Product Care Association | \$10,000 | Revenue |
| 2015-S031 | Municipal Drains | Municipal Drain Maintenance | \$28,602 | |
| 2015-S032 | Storm Systems Maintenance | CB Shield Inc. | \$19,000 | |
| 2015-S033 | Built Form Task Force Facilitation | Solutions Ink | \$35,000 | |
| 2015-S034 | Latitude Geocortex platform | ESRI Canada Inc. | \$20,000 | |
| 2015-S035 | Configuration work for SunGard for GL interface | SunGard Public Sector Inc. | \$12,000 | |
| 2015-S036 | Professional Services Agreement | ESRI Canada Inc. | \$1,500,000 | |
| <u>TOTAL CONTRACT AWARD AMOUNT:</u> | | | <u>\$6,870,415</u> | |