

SUBJECT: 2022 – Mid-Year Procurement Year in Review

File Number ACS2022-ICS-PRO-0003

Report to Finance and Economic Development Committee on 1 November 2022

and Council 9 November 2022

**Submitted on October 21, 2022 by Joanne Graham, Chief Procurement Officer (A),
Supply Services, Innovative Client Services Department**

**Contact Person: Anthony Casimiri, Manager, Procurement (A), Supply Services,
Innovative Client Services Department**

613-580-2424 ext. 21064, Anthony.Casimiri@ottawa.ca

Ward: CITY WIDE

OBJET : Bilan semestriel de l’approvisionnement pour 2022

Dossier : ACS2022-ICS-PRO-0003

Rapport au Comité des finances et du développement économique

le 1er novembre 2022

et au Conseil le 9 novembre 2022

**Soumis le 21 octobre 2022 par Joanne Graham, Chef de l’approvisionnement (T),
Service Approvisionnement, Services novateurs pour la clientèle**

**Personne ressource : Anthony Casimiri, Gestionnaire (T), approvisionnement,
Service approvisionnement, Service novateurs pour la clientèle**

613-580-2424 poste 21064, Anthony.Casimiri@ottawa.ca

Quartier : À L'ÉCHELLE DE LA VILLE

REPORT RECOMMENDATION

That the Finance and Economic Development Committee and Council receive this report for information.

RECOMMANDATION DU RAPPORT

Que le Comité des finances et du développement économique et le Conseil prennent connaissance du présent rapport.

BACKGROUND

The City of Ottawa's Procurement By-law, enacted pursuant to Section 270 of the Municipal Act, 2001, provides guidelines in the procurement of goods, construction and services with the guiding principle that all purchases be made using a competitive process that is open, transparent and fair to suppliers. The Procurement By-law requires Supply Services to submit an information report to the Finance and Economic Development Committee (FEDCO) and Council on a semi-annual basis. The report contains details relevant to the exercise of delegated authority for all contracts awarded by Directors exceeding \$25,000. Supply Services is required to certify that the awards are in compliance with the Procurement By-law.

This report includes an analysis of professional and consulting services procurement, competitive vs. non-competitive purchasing strategies, and supplier performance. This mid-year report will be followed by a detailed year in review report which summarizes the procurement activity for the entire 2022 calendar year and provides an update on other important procurement initiatives including Vendor Performance Management, Sustainable Purchasing, and Prompt Payment Discounts.

Document 1 of this report provides a detailed listing of all contracts awarded under Delegated Authority exceeding \$25,000 and identifies the contract category, the professional and consulting services outsourcing reason and the non-competitive exception where appropriate.

In addition to this report to the FEDC, Supply Services also prepares procurement reports for the Transit Commission, the Ottawa Board of Health, the Ottawa Police Services Board and the Ottawa Public Library Board.

DISCUSSION

Section 1: 2022 Mid-Year Procurement Summary

In Q1-Q2 2022, Supply Services awarded \$521 million in contracts which includes all purchases made under delegation of authority as well as purchases approved by Council, the Library Board and the Police Board.

Of the total \$521 million in contracts awarded, the value of contracts awarded under delegation of authority in Q1-Q2 2022 totalled \$508 million.

In Q1-Q2 2022, contracts awarded under delegation of authority valued at greater than or equal to \$100,000 represented 96 per cent of the total expenditure. Although the majority of purchasing value was derived from purchases valued at greater than \$100,000, a significant number of contracts (55 per cent) were issued in the \$25,000 to \$100,000 range.

Section 2: Professional & Consulting Services

In Q1-Q2 2022, professional service contracts totalled \$101 million and a further \$380,226 of consulting service contracts were awarded under delegation of authority.

As outlined in the Procurement By-law, Professional Services means services requiring the skills of professionals for a defined service requirement or for a specific project related deliverable including, but not limited to, the areas of engineering, architecture, design, planning, information technology, financial auditing and fairness commissioners.

Consulting Services means assistance to management including, but not limited to, the areas of strategic analysis, organizational design, change management, policy development, feasibility studies and other services intended to assist decision making within the organization.

The procurement of professional engineering services is a required mandate approved by Council as part of the business outsourcing strategy used by the City. By value, professional engineering services represent 38 per cent of all professional services procured by the City in Q1-Q2 2022.

Section 3: Competitive vs. Non-Competitive

As per the Procurement By-law, purchases are to be made using a competitive process that is open, transparent and fair to all suppliers. Of the \$508 million in contracts

awarded under delegation of authority, \$455 million (89 per cent) were awarded using a competitive solicitation process.

Additionally, when this figure is adjusted to take into account contracts where there was no option but to award to a specific supplier (for example, contracts pertaining to utilities, patents and copyrights, and where for technical reasons no alternative supplier exists), the percentage of competitive purchases increases to 95 per cent. This figure is consistent with previous years.

All non-competitive contracts awarded centrally by Supply Services under delegation of authority were awarded in accordance with the rationales identified in section 22(1) of the Procurement By-law.

Section 4: Assessing Supplier Performance

The City's Procurement By-law provides discretion to the General Manager, Innovative Client Services Department, in consultation with the City Solicitor, to prohibit an unsatisfactory supplier from bidding on future contracts. There were no companies barred from doing business with the City in the first two quarters of 2022.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

LEGAL IMPLICATIONS

There are no legal impediments to receiving this report for information.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report, there are no comments by ward councillors.

ADVISORY COMMITTEE(S) COMMENTS

There are no comments or recommendations by an Advisory Committee for this report.

CONSULTATION

There is no public consultation required with this report.

ACCESSIBILITY IMPACTS

The corporation continues to ensure that City purchases include accessible design, criteria and features as prescribed by section 5 of the Integrated Accessibility Standards Regulations of the *Accessibility for Ontarians with Disabilities Act, 2005, S.O. 2005, c. 11*.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with this information report.

INDIGENOUS GENDER AND EQUITY IMPLICATIONS

Staff have identified a variety of opportunities to adapt procurement processes, to support and advise departmental staff on the integration of social impacts into their business operations and objectives and to empower and encourage potential vendors to participate in City procurement. The combination of the work being conducted will support participation of equity-deserving communities in the City procurement process.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

TERM OF COUNCIL PRIORITIES

This report supports the Term of Council Priorities of Economic Growth & Diversification, Service Excellence through Innovation and Environmental Stewardship.

SUPPORTING DOCUMENTATION

Document 1 – DOA Q1-Q2 2022 FEDCO

Attachments to this report are in English. The City of Ottawa may translate these attachments or parts thereof on request. Requests should be forwarded to anthony.casimiri@ottawa.ca.

Les pièces jointes du rapport sont en anglais. La Ville d'Ottawa pourra, sur demande, les traduire au complet ou en partie. Les demandes doivent être soumises à : anthony.casimiri@ottawa.ca.

DISPOSITION

Report forwarded for information pursuant to the Procurement By-law

Appendix A – Terminology

Where appropriate, staff used the following definitions as outlined in the Procurement By-law to identify the contract category, the professional and consulting services outsourcing reason and the non-competitive exception.

Professional Services

Professional Services means services requiring the skills of professionals for a defined service requirement or for a specific project related deliverable including, but not limited to, the areas of engineering, architecture, design, planning, information technology, financial auditing and fairness commissioners.

Consulting Services

Consulting Services means assistance to management including, but not limited to, the areas of strategic analysis, organizational design, change management, policy development, feasibility studies and other services intended to assist decision making within the organization.

Amendment

An amendment is an increase in the scope of an approved contract, which is unanticipated.

Follow-on Contract

A Follow-on Contract differs from an amendment in that the original contract or bid solicitation document recognizes the fact that it is likely that the initial defined contract scope may be expanded to include a number of related phases that are either included in the tender document or are customary in relation to the work assignment. Rates charged for the Follow-on Contract are reviewed by Supply Services and must be based on those rates proposed by the service provider in the original competitive bid.

Extension

An extension to a contract is not categorized as an amendment or a Follow-on Contract. An extension is a contract term allowing the City to continue purchasing the good or service for an extended period of time where the option to extend the contract was outlined in the bid document or is deemed to be in the best interest of the City.

Extension (As per Section 32(2))

Where a contract contains no option for renewal, Supply Services has delegated authority under the Procurement By-law to extend the contract for a period of time no greater than two years from the date of the expiration provided that:

1. Supply Services and the Director/General Manager agree that based on market conditions or an analysis of future conditions, cost savings or cost avoidance can be obtained by an extension; and
2. The supplier's performance and vendor relations with the supplier have both exceeded the requirements of the Contract.

Non-Competitive Purchases

22(1) The requirement for competitive bid solicitation for goods, services and construction may be waived under joint authority of the appropriate Director/General Manager and Supply Services and replaced with negotiations under the following circumstances:

- a. Where competition is precluded due to the application of any Act or legislation or because of the existence of patent rights, copyrights, technical secrets or controls of raw material
- b. Where due to abnormal market conditions, the goods, services or construction required are in short supply
- c. Where only one source of supply would be acceptable and cost effective
- d. Where there is an absence of competition for technical or other reasons and the goods, services or construction can only be supplied by a particular supplier and no alternative exists
- e. Where the nature of the requirement is such that it would not be in the public interest to solicit competitive bids as in the case of security or confidentiality matters
- f. Where in the event of a "Special Circumstance" as defined by this By-law, a requirement exists
- g. Where the possibility of a follow-on contract was identified in the original bid solicitation

- h. Where the total estimated project cost for professional services does not exceed \$50,000
- i. Where the requirement is for a utility for which there exists a monopoly