

Subject: 2022 Procurement Year in Review

File Number: ACS 2023-FCS-PRO-0002

Report to Finance and Corporate Services Committee on 6 June 2023

and Council 14 June 2023

Submitted on May 26, 2023 by Will McDonald, Chief Procurement Officer

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Ward: Citywide

Objet : Bilan Annuel De L'approvisionnement Pour 2022

Dossier : ACS 2023-FCS-PRO-0002

Rapport au Comité des finances et des services organisationnel

le 6 juin 2023

et au Conseil le 14 juin 2023

Soumis le 26 mai par Will McDonald, Chef de l'approvisionnement

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Quartier : À l'échelle de la ville

REPORT RECOMMENDATION(S)

That the Finance and Corporate Services Committee and Council receive this report for information.

RECOMMANDATION(S) DU RAPPORT

Que le Comité des finances et des services organisationnel et le Conseil prennent connaissance du présent rapport.

EXECUTIVE SUMMARY

In 2022, Supply Services awarded \$996.6 million in contracts, this includes all purchases equal to or over \$25,000 ($\geq \$25,000$), made under delegation of authority as well as purchases approved by Council, the Library Board and the Police Board. Of the total \$996.6 million in contracts awarded, the value of contracts awarded under delegation of authority in 2022 represents \$978.4 million and includes any optional extensions.

The guiding principle of the Procurement By-law is that purchases be made using a competitive process that is open, transparent and fair to all suppliers. Of the \$978.4 million awarded under delegation of authority, \$864.5 million 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 was 95 per cent. This figure is consistent with procurement activity in previous years.

In 2022, Supply Services continued its focus to align procurement strategies with corporate business strategies leading to better operational and financial outcomes. A number of these initiatives are highlighted in this report and include updates on the SAP Ariba implementation and vendor performance management program.

The City continued to be a strong consumer of local products in 2022, spending approximately 86 per cent of its annual purchasing dollars on goods and services from the local community. This figure remains consistent with previous years and shows the City's strong commitment to supporting the local supplier community.

Supply Services continues to develop practices that encourage and support City departments to incorporate sustainability into their procurement decisions. In 2022, 99.5 per cent of the value of contracts awarded under delegation of authority included sustainability criteria.

As part of the solicitation process, bidders are encouraged to offer the City a discount for prompt payment of invoices. In 2022, the City obtained \$1,639,244 in prompt payment discounts.

This report also includes an analysis of professional and consulting services procurement, information on purchases made by Payment Without Reference, Public-Private Partnerships (P3) project updates, diesel fuel hedging and a consolidated

summary of all purchasing activity awarded under delegation of authority, that is equal to or over \$25,000, broken down by supplier.

RÉSUMÉ

En 2022, les Services de l'approvisionnement ont octroyé des contrats d'une valeur de 996,6 millions de dollars. Cette somme comprend tous les achats effectués en vertu d'une délégation de pouvoirs d'une valeur de 25 000 dollars ou plus et ceux approuvés par le Conseil municipal, le Conseil de la bibliothèque publique d'Ottawa et la Commission des services policiers d'Ottawa. Sur la somme de 996,6 millions de dollars que représentent les contrats attribués, la valeur des contrats attribués en 2022 en vertu d'une délégation de pouvoirs s'établit à 978,4 millions de dollars et comprend toute prolongation optionnelle.

Le principe directeur du *Règlement sur les approvisionnements* veut que tous les achats soient réalisés au moyen d'un processus concurrentiel ouvert, transparent et équitable pour tous les fournisseurs. Sur la somme de 978,4 millions de dollars que représentent les contrats attribués par délégation de pouvoirs, 864,5 millions de dollars l'ont été à l'issue d'un processus d'appel d'offres concurrentiel. En outre, lorsque cette somme est ajustée pour tenir compte des contrats pour lesquels il n'y avait pas d'autre choix que de les attribuer à un fournisseur donné, par exemple, les contrats relatifs aux services publics, aux brevets et aux droits d'auteur, et lorsque pour des raisons techniques, il n'existe pas d'autre fournisseur, le pourcentage des achats concurrentiels passe à 95 %. Ce pourcentage cadre avec les données sur l'approvisionnement recueillies au cours des années antérieures.

En 2022, les Services de l'approvisionnement ont poursuivi leur travail d'harmonisation des stratégies de la Ville en matière d'approvisionnements et d'opérations, ce qui a donné lieu à une amélioration des résultats opérationnels et financiers. Le présent rapport décrit certaines des initiatives mises en œuvre en ce sens et comprend des mises à jour sur la mise en œuvre de SAP Ariba et le programme de gestion du rendement des fournisseurs.

La Ville a continué de consommer beaucoup de produits locaux en 2022, ayant consacré environ 86 % de son budget d'achat annuel à des biens et services offerts localement. Ce pourcentage est constant depuis quelques années et témoigne de l'engagement de la Ville à soutenir les fournisseurs de la communauté locale.

Les Services de l'approvisionnement continuent d'élaborer des pratiques qui incitent et soutiennent les services de la Ville à intégrer la durabilité dans leurs décisions d'achat.

En 2022, 99,5 % de la valeur des contrats attribués en vertu d'une délégation de pouvoirs incluait des critères de durabilité.

Dans le cadre des appels d'offres, les soumissionnaires sont invités à offrir à la Ville un escompte pour paiement rapide des factures. En 2021, la Ville a obtenu des escomptes pour paiement rapide totalisant 1 639 244 dollars.

Le présent rapport contient également une analyse des achats de services professionnels et de consultation ainsi que des informations sur les achats effectués par paiements sans référence, des mises à jour sur les projets de partenariats public-privé et la stratégie de couverture contre les fluctuations des prix du carburant. Il présente aussi un résumé consolidé des achats de 25 000 dollars ou plus par fournisseur effectués en vertu d'une délégation de pouvoirs.

BACKGROUND

This report summarizes the procurement activity for the 2022 year and provides updates on the objectives and future procurement goals for the City. This report analyzes purchases made by the City on a strategic, as well as a statistical basis, in order to provide a clear picture of the operations of the City for the year 2022.

The majority of the information contained in this report is drawn from semi-annual reports prepared for Committee and Council throughout the year. These reports are a requirement of the Procurement By-law and require all contracts \geq \$25,000, which are awarded under delegated authority, to be reported.

Two Semi-Annual Reports were provided to Council for the year 2022:

1. January 1 to June 30, 2022, 2022 Mid-Year Procurement Report ([ACS2022-ICS-PRO-0003](#))
2. July 1 to December 31, 2022, (Document 5 of this report).

Document 5 of this report provides a detailed listing of all contracts awarded under Delegated Authority exceeding \$25,000 for the period of July 1, 2022 to December 31, 2022 and identifies the contract category, the professional and consulting services outsourcing reason, and the non-competitive exception where appropriate.

In addition to the report to the Finance and Corporate Services Committee, 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 Procurement Summary

In 2022, Supply Services awarded \$996.6 million in contracts, this includes all purchases made under delegation of authority (\geq \$25,000) as well as purchases approved by Council, the Library Board, and the Police Board. Of the total \$996.6 million in contracts awarded, the value of contracts awarded under delegation of authority in 2022 represents \$978.4 million.

In 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 (48 per cent) were issued in the \$25,000 to \$100,000 range.

Section 2: Procurement Trends, Market Information and Legislative Updates

The City's procurement activities operate within a legislative and legal framework that includes provincial, national and international trade agreements and common law relating to the conduct of public procurement and the administration of contracts.

There are a number of domestic Trade Agreements applicable to the City, including the Canadian Free Trade Agreement and the Trade and Cooperation Agreement Between Ontario and Quebec. In addition, there are numerous international trade agreements that apply to municipalities. The international trade landscape is continuously evolving but has remained relatively stable following the coming into force of two new international trade agreements in 2020 and 2021 – namely, the Canada United States Mexico Agreement (CUSMA), which replaced the North American Free Trade Agreement; and the Agreement for Trade Continuity between Canada and the United Kingdom of Great Britain and Northern Ireland (Canada-UK TCA), which applies to municipalities.

Judicial and quasi-judicial interpretation of these agreements, and the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union in 2017 (which also applies to municipalities), continue to develop through the federal courts and the Canadian International Trade Tribunal.

Where an applicable trade agreement is in conflict with the Procurement By-law, the trade agreements take precedence; as a result, Supply actively monitors changes to trade agreements, legislation, and the legal interpretations thereof, and proactively

updates the City's procurement policies and practices as necessary to remain compliant. To date the City's procurement practices are compliant with the interpretations.

In 2022 the Ontario Government introduced the *Building Ontario Businesses Initiative Act* (BOBI) to reduce barriers and provide companies in Ontario with greater access to public procurement opportunities. The current draft legislation does not apply to municipalities however, Supply Services will continue to monitor the scope of the *Act* for opportunities to inform and improve City Procurement.

Canada's public procurement landscape remains a high-risk environment for municipalities given its highly interventionist court system and the threat of lost profit claims. In Ontario courts, both commercial and administrative law remedies are available to supplier litigants, which places a high standard on purchasing entities. Supply continues to proactively evaluate and update its terms, conditions, and risk mitigation strategies as necessary.

Section 3: Procurement Initiatives in 2022

In 2022, Supply Services continued to evolve its service delivery to internal clients through a deeper focus on data analysis, data driven decision making, and increased automation. Three key programs, highlighted below, have accelerated this approach and Supply Services continues to leverage the increased capacity and resources gained through these programs to advance other value-add initiatives such as social procurement, improved supplier performance and contract compliance. In addition, procurement staff continue to deliver innovative strategies to derive best value, apply strategic sourcing methodologies, and improve the client experience.

SAP Ariba Implementation – Procurement Transformation

In 2022, Supply Services' Procurement Transformation focused on maximizing the benefits of the SAP Ariba procure-to-pay solution implemented in October 2020, including the introduction of system enhancements, increased supplier engagement, and the elimination of manual tasks.

The principal focus in 2022 was on-boarding suppliers onto the new solution and ensuring successful user adoption through effective change management and support. Supply achieved its goal of onboarding all eligible suppliers onto SAP Ariba by Q4 2022 with a total of approximately 3,100 suppliers now enabled. As a result, 87 per cent of invoices are now submitted online directly through SAP Ariba. In addition, 74 per cent of invoices are now processed entirely automatically

(touchless processing) and a further 21 per cent require only an acknowledgement of received goods to complete the transaction. Prior to the implementation of SAP Ariba, no invoices were able to be processed entirely automatically.

Supply Services' supplier enablement strategy has significantly benefited on-time payment processing, with 93 per cent of invoices paid within the City's net-30 payment terms in 2022. This percentage increases to 99 per cent for vendors onboarded on SAP Ariba.

Now that all eligible suppliers have been successfully onboarded onto SAP Ariba, the next phase of the Procurement Transformation initiative will focus on the implementation of additional SAP Ariba functionality that will drive further contract compliance and user experience benefits such as online catalogues, system integration, and additional contract compliance tools.

Prompt Payment Discounts

As part of the bid solicitation process, bidders are encouraged to offer the City a discount for prompt payment of invoices. This prompt payment discount is taken into consideration in the submission evaluation and contract award, provided that the minimum period for payment is 15 days. In 2022 the City was offered prompt payment discounts ranging from 0.02 per cent to 20 per cent on \$75.2 million worth of invoices.

Given the speed at which invoices are being processed following the successful implementation of SAP Ariba, the City's prompt payment achievement rate has increased from 75 per cent in September 2020 (pre-Ariba) to 89 per cent in 2022. This has resulted in a 26 per cent increase in vendors offering discounts, and a 38 per cent increase in prompt payment discount revenue.

The increased invoice efficiency, coupled with business process enhancements wherein invoices with discounts are monitored and prioritized daily, and discount reviews are conducted weekly to recover lost discounts caused by supplier submission errors, the City achieved a total of \$1,639,244 in prompt payment discounts in 2022.

Vendor Performance Management System

Vendor Performance Management (VPM) is a program for evaluating the performance of vendors who contract with the City. Formal performance

evaluations are conducted for construction projects valued over \$100,000 and professional engineering services contracts valued at over \$15,000.

The key objectives of the program are to improve communication between the City and the vendor, provide feedback with the goal of performance excellence and build a history of performance over time.

At the end of Q4 2022 the program has resulted in:

- 3,979 projects opened for evaluation
- An average vendor score of 81.8 per cent with 3,138 final evaluations completed
- Over 96 per cent of projects having received a score that is satisfactory or greater
- Less than one per cent (0.95 per cent) of project scores having been appealed
- An average of nine projects evaluated per vendor
- Consistent positive feedback from industry on the resulting improvements in communication and consistency
- Improved contract administration and project management practices

The difference in the number of projects opened for evaluation and the number of completed projects with final evaluations is due to the fact that many projects opened for evaluation span multiple years. Moreover, the final evaluation is only completed after an internal review process to ensure accuracy and consistency in evaluations and a vendor appeal period.

The City continues to conduct annual VPM meetings with each major construction related industry association in order to solicit feedback and to continuously improve the program.

Section 4: Payment Without Reference

A payment without reference to a contract is a legitimate payment method permitted within corporate procedures and is recognized in the Procurement By-law. These types of payments provide a cost-effective process for low dollar value goods where a traditional purchase order does not exist and where a purchasing card is not an acceptable method of payment. As payments without reference are not processed

centrally through Supply Services, an assessment of their compliance with the Procurement By-law can only be made after the fact.

The Procurement By-Law requires Supply Services to report on all supplier-based activity, with cumulative purchases greater than \$25,000, paid without reference to a contract. In 2022, purchases paid without reference to a contract totaled \$114.4 million. In 2022, 10 payment without reference transactions with nine suppliers were identified as having been contracted in a manner not in compliance with the Procurement By-law. The total value of these transactions was \$271,223, or 0.24 per cent of the total value paid without reference to a contract.

In each case, Supply Services reviewed the payments with the client departments and has established appropriate procurement methods going forward.

Section 5: Professional & Consulting Services

In 2022, professional service contracts totaled \$150 million and a further \$177 thousand of consulting service contracts were awarded under delegation of authority.

The total value of professional and consulting service contracts is consistent with previous years.

The procurement of professional engineering services is a required mandate approved by Council as part of the business model used by the City. By value, professional engineering services represent 44 per cent of all professional services procured by the City last year.

Section 6: Procurement Strategies - Competitive vs. Non-Competitive Purchases

In accordance with the Procurement By-law, purchases are to be made using a competitive process that is open, transparent, and fair to all suppliers. Of the \$978.4 million in contracts awarded under delegation of authority, \$864.5 million (88 per cent) were awarded using a competitive solicitation process.

When this figure is adjusted to consider 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 7: Local Purchasing

The City of Ottawa continued to be a strong consumer of local products and services in 2022, spending approximately 86 per cent of annual purchasing dollars for goods and services available in the local community. This figure has been calculated after adjusting overall purchasing to remove goods and services which are not available locally, such as the manufacture of transit buses or the mining of winter rock salt.

Section 8: Sustainable and Social Procurement

Supply Services continues to develop practices that encourage and support City departments to incorporate sustainability into their procurement decisions. In 2022, 99.5 per cent of the value of procurement awarded under delegation of authority included sustainability criteria.

Supply Service's October 2021 report on Social Procurement ([ACS2021-ICS-PRO-0003](#)) has served as a guiding document for City staff in enhancing social sustainability in the City's procurement processes. In 2022 the City awarded 15 contracts to Social Enterprises with a total value of approximately \$3.9 million. Supply Services also continues to support the Ādisōke Library team to explore opportunities to contract with social enterprises to support its operations, including for food services.

In 2021, council approved an amendment to the Procurement By-law to specifically incorporate the term "sustainability" in the definition of "Best Value" in section 3.1 and adding a sole-source rationale for contracts awarded to social enterprises owned by non-profits or charities under section 22. In 2022, two contracts were awarded to Social Enterprises under this new sole-source rationale. One to Causeway Work Centre for pick-up and disposal services for glass, condoms, needles and other drug paraphernalia in six high-risk neighborhoods, and one to Daalo Property Maintenance for janitorial services at Old Town Hall. Causeway Work Centre is a local charity whose social enterprises help residents with mental health and other challenges find meaningful work. Daalo Property Maintenance is a social enterprise workforce agency that provides employment opportunities for job seekers from diverse backgrounds, particularly those who are new to Canada.

As identified in the 2021 Social Procurement report, staff have developed a network of partnerships with experts from Employment and Social Services; Economic

Development; Community Safety and Well-Being; Integrated Neighbourhood Services; and the Gender and Race Equity, Inclusion, Indigenous Relations, and Social Development Service; as well as external partnerships with community groups such as United Way East Ontario; the Centre for Social Enterprise Development; the Ottawa Community Benefits Network and the Social Planning Council of Ottawa. Members of this network partnered with Information Technology Services to implement a program to distribute the City's end-of-first-life laptops to residents and community groups who lack adequate access to technology. In 2022 150 laptops were sold to the Social Planning Council of Ottawa for \$1 each and distributed to residents facing barriers including refugees, seniors households, and people with disabilities.

Consultations with this network contributed to the expansion and update of the Sustainable Procurement Guideline in 2022. The modernized Guideline will support departments to incorporate sustainability more effectively into their operations and will continue to be updated as best practices are defined and the sustainable procurement landscape evolves.

The City also continues to actively participate in the Canadian Collaboration for Sustainable Purchasing (CCSP), which is made up of 40 public purchasing entities from across Canada and provides leadership and leverages collective experience, knowledge, and resources to advance sustainable procurement initiatives.

Section 9: Assessing Supplier Performance

The City's Procurement By-law provides discretion to the General Manager, Finance and Corporate Services, 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 2022.

Section 10: Comprehensive Complaints

In 2022, there were nine formal complaints received under the comprehensive complaints process of the Procurement By-law. In all but one case, the Chief Procurement Officer determined that the complaints did not disclose credible information to indicate that a breach of the terms of the procurement process or City policies had occurred. In the remaining case, the Chief Procurement Officer was able to bring the solicitation back into compliance in accordance with Article 46 of the Procurement By-Law.

Section 11: Public-Private Partnership Reporting

Annual Public-Private Partnership (P3) reports that provide status updates on P3 projects undertaken by the City of Ottawa, are attached as Document 4 to this report and include the following projects:

- Superdome East – Indoor Artificial Turf Playing Field
- Ben Franklin Park Superdome
- Shenkman Arts Centre
- Bell Sensplex (West)
- Richcraft Sensplex (East)
- West Carleton Community Complex
- Ottawa Paramedic Service Headquarters
- Garry J. Armstrong Long Term Care Home and Allan House Seniors Residence
- Springhill Landfill

Consistent with previous years, the Ottawa Light Rail Project P3 and Lansdowne Park Redevelopment P3 reports will be provided under separate reports to Council.

Section 12: Diesel Fuel Hedging Strategy and Financial Agreements

To lock in price and secure the budget target, the City entered into 'Float to Fixed Bank Swap Agreements' with the Royal Bank of Canada, Canadian Imperial Bank of Commerce, Scotiabank and National Bank of Canada to floating rate prices averaged at \$1.644. The details of the transactions are attached in Document 3.

Document 3 also provides a detailed report on all subsisting Financial Agreements from operating departments engaged in commodity purchase agreements. Currently, the City enters into these agreements with respect to diesel fuel only. The report contains the following information specific to the report period:

- The status of the agreements, including a comparison of the expected and actual results of using the agreements in comparison to the budgeted dollars.
- A statement indicating whether the agreements entered into are consistent with the City's statement of policies and goals relating to the use of Financial Agreements to address commodity pricing and costs.

- A statement of outstanding transactions with financial institutions.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

LEGAL IMPLICATIONS

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

DELEGATION OF AUTHORITY IMPLICATIONS

This report includes information on all contracts awarded under Delegated Authority exceeding \$25,000 for January 1, 2022 to December 31, 2022, per the Procurement By-law.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City wide report.

ADVISORY COMMITTEE(S) COMMENTS

There are no comments or recommendations required 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, and federal legislation, where applicable.

CLIMATE IMPLICATIONS

Supply Services continues to develop practices that encourage and support City departments to incorporate sustainability into their procurement decisions, which include consideration of environmental and climate impacts.

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.

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 – 2022 Consolidated Delegation of Authority Report Summary

Document 2 – 2022 Payments Without Reference Report

Document 3 – 2022 Annual Commodity Price Hedging Report

Document 4 – 2022 Public – Private Partnership (P3) Report Update

Document 5 – Contracts awarded under delegation of authority for the period July 1, 2022 to December 31, 2022

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 joanneh.graham@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 : joanneh.graham@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
- j) Where additional deliveries by the original supplier of goods or services that were not included in the initial procurement if a change of supplier for such additional goods or services:
 - (i) cannot be made for economic or technical reasons such as requirements of interchangeability or interoperability with existing equipment, software, services or installations procured under the initial procurement; and
 - (ii) would cause significant inconvenience or substantial duplication of costs
- k) For goods and services, where the supplier is a social enterprise owned by a non-profit organization or registered charity.