

**Subject: 2023 Procurement Year in Review**

**File Number: ACS2024-FCS-PRO-0001**

**Report to Finance and Corporate Services Committee on 4 June 2024**

**and Council 12 June 2024**

**Submitted on May 24, 2024 by Joanne Graham, Chief Procurement Officer (A),  
Supply Services, Finance and Corporate Services Department**

**Contact Person: Joanne Graham, Chief Procurement Officer (A), Supply Services,  
Finance and Corporate Services Department**

**613-580-2424, ext. 43679, Joanneh.Graham@ottawa.ca**

**Ward: Citywide**

**Objet : Bilan annuel de l'approvisionnement pour 2023**

**Numéro de dossier : ACS2024-FCS-PRO-0001**

**Rapport au Comité des finances et des services organisationnels le 4 juin 2024**

**et au Conseil le 12 juin 2024**

**Soumis le 24 mai 2024 par Joanne Graham, Chef de l'approvisionnement (T),  
Service approvisionnement, Direction générale des finances et des services  
organisationnels**

**Personne ressource : Joanne Graham, Chef de l'approvisionnement (T), Service  
approvisionnement, Direction générale des finances et des services  
organisationnels**

**613-580-2424 poste 43679, Joanneh.Graham@ottawa.ca**

**Quartier : À l'échelle de la ville**

## **REPORT RECOMMENDATION**

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

## **RECOMMANDATION DU RAPPORT**

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

### **EXECUTIVE SUMMARY**

In 2023, Supply Services awarded \$1.629 billion 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 Ottawa Police Services Board. Of the total \$1.629 billion in contracts awarded, the value of contracts awarded under delegation of authority in 2023 represents \$1.495 billion 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 \$1.495 billion awarded under delegation of authority, \$1.276 billion 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 97 per cent. This figure is consistent with procurement activity in previous years.

In 2023, 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 2023, spending approximately 92 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 2023, 99.9 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 2023, the City obtained \$1.8 million 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.

This report also responds to the motion given at [Council](#) on September 13, 2023 regarding Public Disclosure of Non-Competitive Contracts.

## RÉSUMÉ

En 2023, les Services de l'approvisionnement ont octroyé des contrats d'une valeur de 1,629 milliard de dollars. Cette somme comprend tous les achats effectués en vertu d'une délégation de pouvoirs d'une valeur supérieure ou égale à 25 000 \$ et ceux approuvés par le Conseil municipal, le Conseil d'administration de la Bibliothèque publique d'Ottawa et la Commission de service de police d'Ottawa. Sur la somme de 1,629 milliard de dollars que représentent les contrats attribués, la valeur de ceux attribués en vertu d'une délégation de pouvoir en 2023 s'établit à 1,495 milliard de dollars et comprend les prorogations facultatives.

Le principe directeur du *Règlement sur les approvisionnements* veut que tous les achats soient réalisés au moyen d'un processus d'appel d'offres ouvert, transparent et équitable pour tous les fournisseurs. Sur la somme de 1,495 milliard de dollars que représentent les contrats attribués en vertu d'une délégation de pouvoirs, 1,276 milliard de dollars l'ont été à l'issue d'un processus d'appel d'offres. 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 issus d'un appel d'offres passe à 97 pour cent. Ce pourcentage cadre avec les données sur l'approvisionnement recueillies au cours des années antérieures.

En 2023, 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 2023, ayant consacré environ 92 pour cent 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 locaux.

Les Services de l'approvisionnement continuent d'élaborer des pratiques qui incitent et soutiennent les directions générales de la Ville à intégrer la durabilité dans leurs décisions d'achat. En 2023, 99,9 pour cent de la valeur des contrats attribués en vertu d'une délégation de pouvoirs incluaient 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. Ainsi, en 2023, la Ville a obtenu des escomptes pour paiement rapide totalisant 1,8 million de 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. Enfin, il présente un résumé consolidé des achats de 25 000 dollars ou plus par fournisseur effectués en vertu d'une délégation de pouvoirs.

Le rapport se veut aussi une réponse à la motion présentée au Conseil le 13 septembre 2023 concernant la divulgation publique des contrats octroyés sans appel d'offres.

## **BACKGROUND**

This report summarizes the procurement activity for the 2023 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 2023.

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 2023:

1. January 1 to June 30, 2023, 2023 Mid-Year Procurement Report ([ACS2023-FCS-PRO-0004](#))

2. July 1 to December 31, 2023, (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, 2023 to December 31, 2023 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: 2023 Procurement Summary**

In 2023, Supply Services awarded \$1.629 billion 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 Ottawa Police Services Board. Of the total \$1.629 billion in contracts awarded, the value of contracts awarded under delegation of authority in 2023 represents \$1.495 billion.

In 2023, contracts awarded under delegation of authority valued at greater than or equal to \$100,000 represented 97 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 several domestic trade agreements applicable to the City, including the Canadian Free Trade Agreement (CFTA) and the Ontario – Quebec Trade and Cooperation Agreement (OQTCA). In 2023, there were no substantive changes impacting municipal procurement.

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 new international trade agreements in – namely, the United States – Mexico – Canada Agreement (USMCA).

Negotiations to finalize the Canada-UK Free Trade Agreement were officially paused on January 25, 2024. Therefore, the Agreement for Trade Continuity between Canada and the United Kingdom of Great Britain and Northern Ireland (Canada-UK TCA) will continue to apply. This development does not impact our current operations and Supply will continue to monitor this agreement for when negotiations resume.

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. There have not been any noteworthy developments in these agreements, but Supply continues to monitor this space for any future impacts.

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 2023 Ontario's *Building Ontario Businesses Initiative Act* (BOBI) came into force. The Act includes local procurement requirements as a measure to provide Ontario companies with greater access to public procurement opportunities. The current legislation does not apply to municipalities, however, the City already conducts a large portion of its business with local vendors as shown in Section 7 of this report. 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 2023**

In 2023, 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 Transformation**

In 2023, Supply Services' Procurement Transformation focused on stabilization following the completion of the strategy to onboard suppliers into SAP Ariba and new initiatives to reduce outsourced services and improve contract compliance tools in the system.

The successful supplier onboarding strategy has resulted in 90 per cent of invoices being submitted online directly through SAP Ariba in 2023. Invoices submitted online do not have to be keyed in manually by Accounts Payable staff, whereas, prior to the implementation of SAP Ariba, 100 per cent of invoices required manual entering from City of Ottawa Accounts Payable staff. During this transition to online invoice submission, the City engaged a third-party vendor to deliver manual invoice entry. With the successful completion of the supplier onboarding strategy, Supply Services has been able to end the City's engagement with this third-party vendor and is entering the remaining manually submitted invoices internally.

Supply Services' supplier onboarding strategy has also significantly benefited on-time payment processing, with 95 per cent of invoices paid within the term of payment in 2023. This percentage increases to 97 per cent for vendors onboarded into SAP Ariba.

Now that all eligible suppliers have been successfully onboarded onto SAP Ariba, the next phase of the procure-to-pay transformation initiative will focus on the implementation of additional SAP Ariba functionality including online catalogues, system integrations, and additional contract compliance tools that will drive further contract controls and user experience benefits.

## **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 2023 the City was offered prompt payment discounts ranging from 0.02 per cent to 20 per cent on \$94.2 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 95 per cent in 2023.

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 \$1.8 million in prompt payment discounts in 2023.

## **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 2023 the program has resulted in:

- 457 projects opened for evaluation in 2023
- An average vendor score of 83.8 per cent with 477 final evaluations completed in 2023
- Over 97 per cent of projects having received a score that is satisfactory or greater
- Less than one per cent of project scores having been appealed
- Consistent positive feedback from industry on the resulting improvements in reporting and communication
- 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. Additionally, under Section 23 of the Procurement By-law - Special Circumstance Purchases, a Director or General Manager has authority to enter into a contract when a “special circumstance” warrants a non-competitive purchase. 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 2023, purchases paid without reference to a contract totaled \$103.6 million, including \$10.6 million in special circumstance purchases. In 2023, 14 payment without reference transactions with 11 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 \$623 thousand, or 0.6 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 2023, professional service contracts totaled \$258 million and a further \$235 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 52 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 \$1.629 billion in contracts awarded under delegation of authority, \$1.276 billion (85 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 97 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.

#### ***Motion on Public Disclosure of Non-Competitive Contracts***

At its meeting of September 13, 2023, [Council](#) carried a motion directing staff to “Bring forward in Q2 2024 options for the public disclosure of non-competitive contracts valued at \$25,000 or less, which are awarded in accordance with the Procurement By-law (By-law No. 2000-50, as amended), including the supplier name, contract amount, description, contract date, and department name.”

Staff have evaluated options of implementing what this motion proposes, and as explained below, believe the significant increase in resource requirements involved to meet this direction on reporting sole source contracts valued less than \$25,000 would be disproportionate to the value added in implementing the required program.

As per the Procurement By-law, Directors have the authority to make purchases that are less than \$15 thousand, the details regarding these contracts are maintained by each individual department or service area and are not tracked centrally by Supply

Services. The Procurement By-law requires departmental purchases between \$2,500 and \$15 thousand to be approved by the Director or designate and to be made competitively through a three-quote process or competitive standing offer call-up, except where a valid sole source rationale exists in accordance with section 22 of the Procurement By-law. The Procurement By-law section 17, subsection 1 also requires Departments to document fair market value for all purchases under \$15 thousand.

Staff have extrapolated that only an estimated 1.49 per cent of the City's total purchases would have been sole sourced under \$15 thousand in 2023. This number decreases to 0.62 per cent when considering 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). A detailed review of the 211,000 transactions valued at less than \$15 thousand would be required in order to identify the procurement by-law applicability, award strategy, supplier name, contract amounts, description, contract date and department name.

Supply Services does centrally track purchases valued between \$15-25 thousand. There were 249 contracts awarded with a value between \$15-\$25 thousand, with only 61 of those contracts sole sourced.

Staff have determined that obtaining details on the transactions valued under \$15 thousand from departments would require a significant increase in resourcing and a new program to be established. Dedicated resources from each City department would be required, alongside a central data base that would need to be established and maintained. Reviewing all these transactions that represent less than 1.58 per cent of the City's total spend is not recommended as a valued added program, particularly when considering that a portion of sole-sourced/non-competitive purchases under \$25 thousand are already reported on through standing offers in these semi-annual reports.

Furthermore, staff consulted with the City of Toronto, to compare practices and reporting of non-competitive contracts. The City of Toronto confirmed that they do not report their non-competitive contracts that are authorized under staff's delegated authority at less than \$50 thousand. Toronto discloses their non-competitive contracts that are \$50 thousand and above, while the City of Ottawa reports on our non-competitive contracts that are \$25 thousand and above.

## **Section 7: Local Purchasing**

The City of Ottawa continued to be a strong consumer of local products and services in 2023, spending approximately 92 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 2023, 99.9 per cent of the value of procurement awarded under delegation of authority included sustainability criteria. Supply is continuously looking for opportunities to improve these criteria in collaboration with departments to ensure increased sustainability and social considerations without compromising service delivery.

In 2023 the City continued to do business with various social enterprises, totaling a value of approximately \$5.8 million. Supply Services continues to engage social enterprise communities and work with departments to expand the opportunities in the procurement process. Overall spending with social enterprises has increased however in some cases lack of capacity in the social enterprise market has been identified. Market capacity is an element that will be investigated during the initial phases of the Lansdowne 2.0 Social Procurement Framework.

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(1)(K). In 2023, 934 solicitations incorporated sustainability considerations under Best Value with a total contract value of approximately \$704 million. In addition, seven contracts were awarded, and two contracts were extended, with social enterprises under this sole-source rationale with a total contract value of approximately \$766 thousand. These sole source contracts include the Canadian Red Cross Society, Daalo Property Maintenance, Causeway Work Centre, Distress Centre of Ottawa, Canadian Institute for the Blind, Envirocentre, Minwaashin Lodge, Tamarak Institute, and Ontario Coalition for Better Child Care.

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 Canadian

Collaboration of Sustainable Procurement, 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 2023 118 laptops were sold to the Social Planning Council of Ottawa for \$1 each and distributed to residents facing barriers including refugees, seniors' residences, and people with disabilities. In collaboration with our partners, Supply continues to look for departments who express interest in sustainable procurement and provide guidance on how to successfully implement similar programs within their operational context.

The City also continues to actively participate in various working groups and intergovernmental organizations to identify best practices or opportunities for growing our sustainable procurement initiatives. One such group is the Canadian Collaboration for Sustainable Procurement (CCSP), which is made up of approximately 50 public purchasing entities from across Canada who provide leadership and leverage collective experience, knowledge, and resources to advance sustainable procurement initiatives. Supply Services routinely looks for groups where we can share our expertise and learn from best practices around the country. Members of staff from relevant departments have started to participate in these working groups to better integrate sustainability and social procurement into their projects from the outset.

### **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 2023.

### **Section 10: Comprehensive Complaints**

In 2023, there was one formal complaint received under the comprehensive complaints process of the Procurement By-law. In this case, the Chief Procurement Officer determined that the complaint did not indicate a breach of the terms of the procurement process or City policies.

## **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 \$1.446. 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 IMPLICATION**

There are no legal impediments to receiving the information in this report.

### **COMMENTS BY THE WARD COUNCILLOR(S)**

This is a City-wide 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.

By including accessible design, features and criteria in all City purchases, the City ensures items, information and public facilities are accessible to clients with disabilities. The Accessibility Office continues to provide training and resources to staff to support them in making accessible purchases.

### **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.

### **DELEGATION OF AUTHORITY IMPLICATIONS**

This report includes information on all contracts awarded under Delegated Authority exceeding \$25,000 for January 1, 2023 to December 31, 2023, per the Procurement By-law.

## **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-denied communities in the City procurement process.

## **TERM OF COUNCIL PRIORITIES**

This report supports the City's ongoing commitments to the 2023-2026 Term of Council Priorities: A city that has affordable housing and is more liveable for all; A city that is more connected with reliable, safe and accessible mobility options; A city that is green and resilient; A city with a diversified and prosperous economy.

## **SUPPORTING DOCUMENTATION**

Document 1 – 2023 Consolidated Delegation of Authority Report Summary

Document 2 – 2023 Payments Without Reference Report

Document 3 – 2023 Annual Commodity Price Hedging Report

Document 4 – 2023 Public – Private Partnership (P3) Report Update

Document 5 – Contracts awarded under delegation of authority for the period July 1, 2023 to December 31, 2023

*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](mailto: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](mailto: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.