

**Subject: 2024 Mid-Year Procurement Year in Review**

**File Number: ACS2024-FCS-PRO-0003**

**Report to Finance and Corporate Services Committee on 6 November 2024**

**and Council 13 November 2024**

**Submitted on October 25, 2024 by Joanne Graham, Chief Procurement Officer (A),  
Supply Services, Finance and Corporate Services Department**

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**Ward: Citywide**

**Objet : Bilan semestriel de l'approvisionnement de 2024**

**Numéro de dossier : ACS2024-FCS-PRO-0003**

**Rapport au Comité des finances et des services organisationnels**

**le 6 novembre 2024**

**et au Conseil le 13 novembre 2024**

**Soumis le 25 octobre 2024 par Joanne Graham, Cheffe de l'approvisionnement  
(par intérim), Services de l'approvisionnement, Direction générale des finances  
et des services organisationnels**

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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 organisationnels 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 Corporate Services Committee and Council on a semi-annual basis. The report contains details relevant to the exercise of delegated authority for all contracts awarded by directors equal to or 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 versus non-competitive purchasing strategies, and supplier performance. This mid-year report will be followed by a detailed year in review report which will summarize the procurement activity for the entire 2024 calendar year and will provide 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 equal to or exceeding \$25,000 for the period of January 1, 2024 to June 30, 2024, and identifies the contract category, the reason for outsourcing, and the non-competitive exception where appropriate.

In addition to this 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: 2024 mid-year procurement summary**

From Q1 to Q2 2024, Supply Services awarded \$1.58 billion in contracts, this included all purchases made under delegated authority (equal to or greater than \$25,000) as well as purchases approved by Council, the Ottawa Public Library Board, and the Ottawa

Police Services Board. Of the total \$1.58 billion in contracts awarded, the value of contracts awarded under delegated authority in Q1 to Q2 2024 totaled \$1.55 billion.

In Q1 and Q2 2024, contracts awarded under delegated authority valued at greater than or equal to \$100,000 represented 98 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: Professional and consulting services**

From Q1 to Q2 2024, professional service contracts totaled \$184 million and no consulting service contracts were awarded under delegated 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 64 per cent of all professional services procured by the City last year.

## **Section 3: Competitive versus 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 \$1.55 billion in contracts awarded under delegation of authority, \$1.36 billion (86 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 99.5 per cent. This figure is consistent with previous years.

All non-competitive contracts awarded centrally by Supply Services under delegated 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, 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 the first two quarters of 2024.

### **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 citywide report.

### **CONSULTATION**

There is no public consultation required for 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.

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 equal to or exceeding \$25,000 for January 1, 2024 to June 30, 2024, in accordance with 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 current 2023-2026 Term of Council Priorities as well as the City's commitment to financial sustainability and transparency.

## **SUPPORTING DOCUMENTATION**

Document 1 - Contracts awarded under delegation of authority for Jan-June 2024

*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.