

SUBJECT: 2021 Procurement Year in Review

File Number ACS2022-ICS-PRO-0001

Report to Finance and Economic Development Committee on 7 June 2022

and Council 22 June 2022

**Submitted on May 27, 2022 by Joanne Graham, Chief Procurement Officer (A),
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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE

OBJET : Bilan Annuel De L'approvisionnement Pour 2021

Dossier : ACS2022-ICS-PRO-0001

Rapport au Comité des finances et du développement économique

le 7 juin 2022

et au Conseil le 22 juin 2022

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REPORT RECOMMENDATION(S)

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

RECOMMANDATION(S) DU RAPPORT

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

EXECUTIVE SUMMARY

In 2021, Supply Services awarded \$1.780 billion in contracts, this includes all purchases equal to or over \$15,000, made under delegation of authority as well as purchases approved by Council, the Library Board and the Police Board. Of the total \$1.780 billion in contracts awarded, the value of contracts awarded under delegation of authority in 2021 represents \$1.764 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 \$1.764 billion awarded under delegation of authority, \$1.330 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 91 per cent. This figure is consistent with procurement activity in previous years.

In 2021, 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 2021, spending approximately 94 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 2021, 99.5 per cent of the value of procurement 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 2021, the City obtained \$1,455,492 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 and over \$25,000, broken down by vendor.

RÉSUMÉ

En 2021, les Services de l'approvisionnement ont octroyé des contrats d'une valeur de 1,780 milliard de dollars. Cette somme comprend tous les achats effectués en vertu d'une délégation de pouvoirs d'une valeur de 15 000 \$ 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 1,780 milliard de dollars que représentent les contrats attribués, la valeur des contrats attribués en 2021 en vertu d'une délégation de pouvoirs s'établit à 1,764 milliard 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 1,764 milliard de dollars que représentent les contrats attribués par délégation de pouvoirs, 1,330 milliard 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 91 %. Ce pourcentage cadre avec les données sur l'approvisionnement recueillies au cours des années antérieures.

En 2021, 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 2021, ayant

consacré environ 94 % 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 2021, 99,5 % de la valeur des contrats publics 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. Ainsi, en 2021, la Ville a reçu des escomptes pour paiement rapide totalisant 1 455 492 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 et, enfin, présente un résumé 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 2021 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 2021.

Last year, through the 2020 Procurement Year in Review ([ACS2021-ICS-PRO-004](#)), Council approved waiving Section 39 of the Procurement By-law to permit the 2021 semi-annual reports of the details relevant to the exercise of delegated authority for all contracts equal to or exceeding \$25,000 be delivered as one consolidated report in Q2 2022.

Documents 5 and 6 of this report provide a detailed listing of all contracts awarded under Delegated Authority exceeding \$25,000 for the period of January 1, 2021 to June 30, 2021 and July 1, 2021 to December 31, 2021 and identify 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 Economic Development 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.

Enhanced Reporting

One of the stated objectives of the SAP Ariba implementation was to enable the City to better comply with the requirements of the Canadian–European Comprehensive Economic Trade Agreement (CETA), which applies to municipalities.

The CETA requires that the reported value of contracts subject to the agreement include the value of any optional extension periods. The reporting of the optional extension periods does not commit the City to extending the contracts for these periods.

With the implementation of SAP Ariba, and other business enhancements in City's procurement processes, Supply Services is now able to better comply with these enhanced reporting requirements as well as increase transparency of awarded contracts. Documents 5 and 6 now include the value of optional extension periods.

As a result of this change in reporting, the contracts identified in documents 5 and 6 will appear to have higher dollar values than in previous years. This is due to reporting the total expected contract value, in addition to residual extensions to previous years' contracts. This is a one-time exception; going forward the contract values will stabilize as the optional extension periods will have already been reported.

DISCUSSION

Section 1: 2021 Procurement Summary

In 2021, Supply Services awarded \$1.780 billion in contracts, this includes all purchases made under delegation of authority (\geq \$15,000) as well as purchases approved by Council, the Library Board and the Police Board. Of the total \$1.780 billion in contracts awarded, the value of contracts awarded under delegation of authority in 2021 represents \$1.764 billion.

In 2021, 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 (56 per cent) were issued in the \$15,000 to \$100,000 range.

Section 2: Procurement Trends, Market Information and Legislative Updates

The ever evolving legislative and legal framework within which public procurement in Canada operates continues to be the most significant risk impacting Supply Services.

To mitigate this risk, Supply Services actively monitors changes to trade agreements, legislation, and legal interpretations thereof, and proactively updates procurement policies and practices as necessary to remain compliant.

Supply Services continues to assess its processes in the evolving context of domestic and international trade. The international trade landscape was relatively stable in 2021 following the introduction of two new trade agreements: the *Canada United States Mexico Agreement* (CUSMA), which replaced the *North American Free Trade Agreement* in 2020 and does not apply to municipalities, 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 and came into force April 1, 2021. Judicial and quasi-judicial interpretation of these agreements and the *Comprehensive Economic and Trade Agreement* (CETA), which came into force in 2017, continue to develop through the federal courts and the Canadian International Trade Tribunal. Supply Services continues to monitor these proceedings and review the City's relevant procedures to maintain alignment with best practices. To date Supply Services' practices remain compliant with the interpretations.

In November 2020 Associate Chief Justice Frank N. Marrocco's report on the Collingwood Judicial Inquiry was released. Justice Marrocco's report contained 306 recommendations, 83 of which related to procurement by-laws, policies and practices. Supply Services reviewed the recommendations in early 2021 and confirmed alignment with City of Ottawa procurement practices. Of note, the recommendations in Justice Marrocco's report reaffirmed the recommendations of Justice Denise Bellamy in the 2005 Toronto Computer Leasing Inquiry and Toronto External Contracts Inquiry. The recommendations of Justice Bellamy have informed municipal procurement practices for the past 15 years.

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 vendor litigants, which places a high standard on purchasing entities. Supply continues to evaluate and update its terms, conditions and risk mitigation strategies as necessary.

Section 3: Procurement Initiatives in 2021

In 2021, Supply Services continued its focus to align procurement strategies with corporate business strategies leading to better operational and financial outcomes. Below are updates to a sampling of initiatives undertaken in 2021, which demonstrate elements of innovative thinking, strategic sourcing methodologies, best value, improved contract administration, total cost of ownership purchasing strategies and enhancements in the delivery of the procurement function to client departments and residents of the City.

SAP Ariba Implementation – Procurement Transformation

In 2021, Supply Services' Procurement Transformation focused on realizing the benefits of the SAP Ariba procure-to-pay solution implemented in October 2020, including the introduction of system enhancements, increased vendor engagement, reduction in manual tasks and increased discounts achieved.

Supply Services continues to implement enhancements to the SAP Ariba solution and explore new functionality to continue to drive towards maximizing the benefits of this transformation including:

1. Enhancing reporting and spend visibility
2. Enhancing user experience and interface
3. Maximizing the return on investment to the City through:
 - a. Enhanced contract administration and purchasing against contract
 - b. Increased contract compliance of invoice rates
 - c. Increased achievement of prompt payment discounts
4. Further automation of tasks and increased efficiency to focus on more strategic activities

Supply continues to work closely with the vendor community to on-board suppliers into the new solution while ensuring successful adoption through effective change management and support. Supply anticipates all vendors will be onboarded by Q4 of 2022.

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 2021 the City was offered prompt payment discounts ranging from 0.05 per cent to 20 per cent on \$88.1 million worth of invoices.

Invoices with discounts are monitored and prioritized daily and discount reviews are conducted weekly to recover lost discounts caused by vendor submission errors. As a result of these efforts, the City achieved a total of \$1,455,492 in prompt payment discounts in 2021. In terms of a corporate discount achievement rate, the City obtained 84 per cent of the available value.

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 2021 the program has resulted in:

- 3,496 projects opened for evaluation
- An average vendor score of 80.55 per cent with 2,299 final evaluations completed
- Over 95 per cent of projects having received a score that is satisfactory or greater
- Less than one per cent (0.92 per cent) of project scores having been appealed
- An average of seven 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 because 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. Overall, the industry associations are satisfied with the VPM program. The City uses these meetings 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 2021, purchases paid without reference to a contract totaled \$114.9 million. In 2021, nine payment without reference transactions with eight vendors were identified as having been contracted for in a manner not in compliance with the Procurement By-law. The total value of these transactions was \$268,565.

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 2021, professional service contracts totalled \$193 million and a further \$3.3 million 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 \$1.780 billion in contracts awarded under delegation of authority, \$1.330 billion (75 per cent) were awarded using a competitive solicitation process.

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 91 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 2021, spending approximately 94 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 2021, 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](#)) summarized social procurement initiatives explored by City staff, updated Council on the actions taken to-date and described possible future long-term opportunities to enhance social sustainability in the City's procurement process in support of economic recovery. Council approved key changes to procurement operations through the Procurement By-law by including the term "sustainability" under the definition of "Best Value" in section 3.1 and including a sole-source rationale for social enterprises owned by non-profits or charities under section 22.

Supply Services also expanded and updated training for staff, identified ways of encouraging more participation of social enterprises and diverse-owned businesses in City procurement, and increased distribution of the standing offers schedule to reach underrepresented sectors of the market. Supply Services developed and formed a network of community and industry partners, and an internal Social Procurement Advisory Group to prioritize social procurement initiatives with the greatest social impact.

In 2021 Supply Services also created a dashboard to track social enterprise spending across the organization, which will allow staff to measure any increased spend with that segment of the market. Since 2019 the City has awarded an average of 18 contracts to social enterprises each year for an annual average spend of \$578,225. Supply Services continues to support departments in entering into contracts with social enterprises.

The Ādisōke Library team is working with community partners and the Ottawa Community Benefits Network to work towards a social enterprise solution for food services at the facility.

All City solicitations now include a notice to encourage diverse suppliers in the area to become certified in anticipation of the development of a plan to improve supplier diversity. Staff in Supply Services also started to evaluate long term-strategies, and the internal and external partnerships involved in the success of these strategies.

The City also continues to actively participate in the Canadian Collaboration for Sustainable Purchasing (CCSP), which is made up of 41 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, Innovative Client 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 2021.

Section 10: Comprehensive Complaints

In 2021, there were four formal complaints received under the comprehensive complaints process of the Procurement By-law. In all cases, 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.

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 Centre and Allen 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.

The Public-Private Partnership Policy was updated on December 31, 2021.

Staff reviewed and updated the P3 Policy in accordance with Council Motion 27/6, which was carried at Council on February 12, 2020, as well as Council's approval of the recommendations stemming from several sources. These included the recommendations arising out of the independent reports produced by KPMG ([ACS2021-ICS-PRO-0002](#)) approved by Council on July 21, 2021, and the OAG's recommendations provided through the Audit of Stage 2 Light Rail Transit (LRT) Project Procurement ([ACS2019-OAG-BVG-0010](#)) and the Follow-up Audit of the Management of the Lansdowne Contract ([ACS2020-OAG-BVG-0001](#)). The updated Public-Private Partnership Policy has been made available to all staff.

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 \$1.0262. 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 the information in this report.

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*.

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 – 2021 Consolidated Delegation of Authority Report Summary (\geq \$25,000)

Document 2 – 2021 Payments Without Reference Report (Vendor Purchasing Activity \geq \$25,000)

Document 3 – 2021 Annual Commodity Price Hedging Report as per By-Law No. 2008 – 426

Document 4 – 2021 Public – Private Partnership (P3) Report Update

Document 5 – Contracts awarded \geq \$25,000 under delegation of authority for the period January 1, 2021 to June 30, 2021

Document 6 – Contracts awarded \geq \$25,000 under delegation of authority for the period July 1, 2021 to December 31, 2021

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 sanna.dornellas@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 : sanna.dornellas@ottawa.ca .

DISPOSITION

Report forwarded 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