

Report to/Rapport au :

Finance and Economic Development Committee
Comité des finances et du développement économique

and Council / et au Conseil

October 2, 2012
2 octobre 2012

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CITY WIDE / À L'ÉCHELLE DE LA VILLE

Ref N°: ACS2012-CMR-FIN-0038

**SUBJECT: DELEGATION OF AUTHORITY – CONTRACTS AWARDED FOR
THE PERIOD APRIL 1, 2012 TO JUNE 30, 2012**

**OBJET : DÉLÉGATION DE POUVOIR – CONTRATS ACCORDÉS POUR LA
PÉRIODE DU 1^{er} AVRIL AU 30 JUIN 2012**

REPORT RECOMMENDATIONS

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

RECOMMANDATIONS DU RAPPORT

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

BACKGROUND

The *Purchasing By-law* requires the Supply Branch to report to Council on a quarterly basis. Each quarterly report:

1. contains information on contracts exceeding \$10,000 awarded under delegated authority.
2. identifies all contracts categorized as:
 - (a) Consulting Services
 - (b) Professional Services
 - (c) Follow-on Contracts & Extensions
 - (d) Amendments

3. identifies the reason for outsourcing in accordance with the definitions discussed below.

DISCUSSION

The contracts approved for the period of April 1, 2012 to June 30, 2012, are listed in Document 1.

Where appropriate, staff used the following definitions as outlined in the Purchasing By-law to identify the contract category, the 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.

Denoted in report as:

- [PE] Professional Services – Specialized Expertise*
- [PO] Professional Services – Business Model required Outsourcing*
- [PI] Professional Services - Independent Third Party Oversight*
- [PR] Professional Services – Regulatory Requirements*
- [PW] Professional Services – Fluctuations in workload or lack of internal resources*
- [PP] Professional Services – Proprietary Service or unique market position*

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.

Denoted in report as:

- [CE] Consulting Services – Specialized Expertise*

Amendment

An amendment is an increase in the scope of an approved contract, which is unanticipated. Those amendments that are both greater than \$50,000 and 50% of the original contract will be identified separately in the quarterly report as directed by Council on 25 October 2006.

Denoted in report as:

- [A] Amendment*
- [A3] Amendment - >\$50,000 and 50% of original contract*

Follow-on Contract & Extensions

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 the Supply Branch, and must be based on those rates proposed by the service provider in the original competitive bid.

Denoted in report as:

[F] Follow-on Contract

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.

Denoted in report as:

[E] Extension

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

- (a) Supply 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 a renewal; and
- (b) The supplier's performance and vendor relations with the supplier have both exceeded the requirements of the Contract.

Denoted in report as:

[E32(2)] Extension – as per Section 32(2) of the Purchasing By-law

Figure 1 below summarizes the total number and value of all contracts awarded for each Department. Figure 2 further identifies the reason for outsourcing of professional and consulting services contracts for each department. Please note the tables exclude purchases made by the Ottawa Public Health Department and by the Transit Services Department. These are now reported to the Board of Health and Transit Commission respectively on a quarterly basis.

Figure 1: Total contracts awarded for all Goods, Services* and Construction

Dept.	Total # of Contracts	Total \$ Value
Office of the Auditor General (OAG)	4	\$167,607
City Clerk & Solicitor (CCS)	2	\$91,304
Corporate Programs & Business Services (CPBS)	2	\$121,995
Community & Social Services (CSS)	10	\$276,370
Economic Development & Innovation (EDI)	1	\$10,990
Emergency & Protective Services (EPS)	27	\$1,359,494
Environmental Services (ES)	72	\$13,671,337
Finance (F)	12	\$802,546
Human Resources (HR)	12	\$1,177,529
Infrastructure Services (IS)	297	\$112,378,857
Information Technology Services (ITS)	79	\$11,327,365
Planning & Growth Management (PGM)	19	\$2,072,657
Parks, Recreation & Cultural Services (PRCS)	15	\$445,586
Public Works (PW)	231	\$27,174,332
Real Estate Partnerships & Development Office (REPDO)	31	\$1,644,672
Rail Implementation Office (RIO)	8	\$14,092,222
Service Ottawa (SO)	13	\$837,025
Total	835	\$187,651,888

*Services include Professional & Consulting Services

Figure 2: Total Professional & Consulting Services Contracts

Dept.	Total \$ Value	# Prof. Services	# Consulting Services	Reason for Outsourcing					
				Workload related "W"	Specialized expertise "E"	Independent third party oversight "I"	Regulatory Requirement "R"	Proprietary Service "P"	Business model outsourcing "O"
OAG	\$167,607	4	-	-	-	-	-	-	4
CCS	\$69,832	1	-	-	1	-	-	-	-
CPBS	\$121,995	1	1	-	2	-	-	-	-
CSS	\$93,363	4	-	-	3	-	-	-	1
EDI	\$10,990	-	1	-	1	-	-	-	-
EPS	\$108,301	5	-	-	5	-	-	-	-
ES	\$1,514,590	22	-	-	9	-	-	-	13
F	\$372,007	6	-	-	4	-	-	-	2
HR	\$980,529	8	-	-	5	-	-	-	3
IS	\$19,425,529	135	-	-	3	-	-	-	132
ITS	\$2,214,328	23	2	-	23	2	-	-	-
PGM	\$1,932,262	16	-	-	4	-	-	-	12
PRCS	\$308,132	10	-	-	3	-	-	-	7
PW	\$1,932,375	30	-	-	13	-	-	-	17
REPDO	\$968,309	26	-	-	5	-	-	-	21
RIO	\$6,053,461	3	-	-	2	-	-	-	1
SO	\$655,966	8	-	-	8	-	-	-	-
Total	\$36,929,576	302	4	-	91	2	-	-	213

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 the Supply Branch 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, or
- i. where the requirement is for a utility for which there exists a monopoly.

22(7) Any non-competitive contract that does not satisfy the provisions of Subsection 22(1) is subject to the City Manager's approval.

Document 1 identifies all non-competitive purchases as well as references the appropriate subsection 22(1) and 22(7).

The Supply Branch certifies that all the contracts awarded under Delegation of Authority for the period of April 1, 2012 to June 30, 2012, are in compliance with the Purchasing By-law.

Highlights and Summary of Q2 Purchasing 2012

Purchases Breakdown

2012 Q2	Total Contracts	% of Total Contracts	Total Amount	% of Total Amount
\$10K - \$25K	248	29.7%	\$4,103,631	2.2%
\$25K - \$50K	169	20.2%	\$6,057,350	3.2%
\$50K - \$100K	169	20.2%	\$12,337,082	6.6%
≥\$100K	249	29.9%	\$165,153,825	88.0%
Total	835	100%	\$187,651,888	100%

2012 Q2 Purchases by Type

Type	# of Contracts	Contract Value
Goods ¹	67	\$7,160,440
Fleet & Equipment ²	49	\$6,507,044
Construction ³	202	\$107,642,847
Technical Services ⁴	122	\$18,240,813
Professional Services ^{*5}	276	\$34,418,252
IT & Special Projects ⁶	119	\$13,682,492
Total	835	\$187,651,888

** IT Professional Services purchases included in IT & Special Projects*

Professional and Consulting Services Contracts ≥ \$10,000

2012 Q2	Total Contracts	Total Value
Professional Services	302	\$36,837,112
Consulting Services	4	\$92,464
Total	306	\$36,929,576

¹ Includes:

- Standing Offer for the supply and delivery of plumbing supplies to City wide facilities - \$0.9 M

² Includes:

- Purchase of twelve (12) ambulances - \$1.5 M

³ Includes:

- Construction of the Trail Road Solid Waste Facility - \$14.5 M

⁴ Includes:

- Recyclable Materials Processing for the Blue and Black Box programs - \$5.2 M

⁵ Includes:

- Professional preliminary engineering and project management services for Phase I of the Ottawa Light Rail Transit Project from Tunney's Pasture to Blair Station - \$5.8 M

⁶ Includes:

- Standing Offer for the supply of PC systems (desktop and notebook), peripherals and related support services, estimated for both lifecycle and non-lifecycle requirements for the period ending April 1, 2014 - \$5.1 M

RURAL IMPLICATIONS

There are no rural implications.

CONSULTATION

The preparation of this report is required by the *Purchasing By-law* and as such no public consultation is required.

COMMENTS BY THE WARD COUNCILLOR(S)

There are no comments.

LEGAL IMPLICATIONS

There are no legal impediments to receiving this report.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications.

FINANCIAL IMPLICATIONS

Prior to a contract approval, Supply Branch staff confirms that the appropriate funds are available in the budget, based on receipt of a funded requisition in SAP. The availability of funds is a condition of approval under the *Purchasing By-Law*.

ACCESSIBILITY IMPACTS

There are no accessibility implications to receiving this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications to this information report.

TECHNOLOGY IMPLICATIONS

There are no technology implications associated with this report.

TERM OF COUNCIL PRIORITIES

There is no term of council priorities associated with this report.

SUPPORTING DOCUMENTATION

Document 1 - List of Contracts with a value of \$10K or more, awarded under delegated authority for the period April 1, 2012 to June 30, 2012.

DISPOSITION

Report forwarded for information pursuant to the Purchasing By-law.