

Report to/Rapport au :

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

and Council / et au Conseil

**June 26, 2012
26 juin 2012**

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CITY WIDE / À L'ÉCHELLE DE LA VILLE

Ref N°: ACS2012-FIN-CMR-0028

**SUBJECT: DELEGATION OF AUTHORITY – CONTRACTS AWARDED FOR
THE PERIOD JANUARY 1, 2012 TO MARCH 31, 2012**

**OBJET : DÉLÉGATION DE POUVOIR – CONTRATS ACCORDÉS POUR LA
PÉRIODE DU 1^{er} JANVIER AU 31 MARS 2012**

REPORT RECOMMENDATION

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

RECOMMANDATION 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*Document 1*

The contracts approved for the period of January 1, 2012 to March 31, 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)	3	\$103,770
Corporate Communications (CC)	3	\$179,103
City Clerk & Solicitor (CCS)	9	\$1,475,369

Crime Prevention Ottawa (CPO)	1	\$13,483
Corporate Programs & Business Services (CPBS)	1	\$36,575
Community & Social Services (CSS)	8	\$267,991
Economic Development & Innovation (EDI)	1	\$12,211
Emergency & Protective Services (EPS)	42	\$2,734,286
Environmental Services (ES)	124	\$26,120,794
Finance (F)	8	\$2,497,514
Human Resources (HR)	13	\$943,267
Infrastructure Services (IS)	202	\$58,222,595
Information Technology Services (ITS)	78	\$7,933,300
Planning & Growth Management (PGM)	22	\$2,871,360
Parks, Recreation & Cultural Services (PRCS)	26	\$817,518
Public Works (PW)	216	\$41,438,506
Real Estate Partnerships & Development Office (REPDO)	48	\$2,589,906
Rail Implementation Office (RIO)	18	\$2,838,717
Service Ottawa (SO)	14	\$1,073,954
Total	837	\$152,170,219

**Services include Professional & Consulting Services*

Figure 2: Total Professional & Consulting Services Contracts

Dept.	Total \$ Value	Reason for Outsourcing							
		# Prof. Services	# Consulting Services	Workload related "W"	Specialized expertise "E"	Independent third party oversight "I"	Regulatory Requirement "R"	Proprietary Service "P"	Business model outsourcing "O"
OAG	\$103,770	3	-	-	3	-	-	-	-
CC	\$179,103	3	-	-	-	-	-	-	3
CCS	\$30,528	1	-	-	-	-	1	-	-
CPO	\$13,483	1	-	-	1	-	-	-	-
CPBS	\$36,575	1	-	-	-	-	-	-	1
CSS	\$193,772	3	2	-	5	-	-	-	-
EDI	\$12,211	-	1	-	1	-	-	-	-
EPS	\$97,073	3	-	-	2	-	-	-	1
ES	\$3,375,357	40	-	-	12	-	-	-	28
F	\$492,099	5	-	-	2	-	-	1	2
HR	\$930,456	11	1	-	8	-	-	-	4
IS	\$10,219,794	119	-	-	4	-	-	-	115
ITS	\$2,810,188	28	2	-	30	-	-	-	-
PGM	\$2,871,360	22	-	-	8	-	-	-	14
PRCS	\$282,767	9	-	-	4	-	-	-	5
PW	\$304,024	9	-	-	4	-	-	-	5
REPDO	\$1,666,843	45	-	-	30	-	-	-	15
RIO	\$2,838,717	17	1	-	13	-	-	-	5

SO	\$805,558	8	2	-	9	-	-	-	1
Total	\$27,263,678	328	9	-	136	-	1	1	199

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 January 1, 2012 to March 31, 2012, are in compliance with the Purchasing By-law.

Highlights and Summary of Q1 Purchasing 2012

Purchases Breakdown

2012 Q1	Total Contracts	% of Total Contracts	Total Amount	% of Total Amount
\$10K - \$25K	287	34.3%	\$4,672,805	3.1%
\$25K - \$50K	197	23.6%	\$6,900,681	4.5%

\$50K - \$100K	120	14.3%	\$8,782,759	5.8%
≥\$100K	233	27.8%	\$131,813,974	86.6%
Total	837	100%	\$152,170,219	100%

2012 Q1 Purchases by Type

Type	# of Contracts	Contract Value
Goods ¹	79	\$12,366,820
Fleet & Equipment ²	89	\$24,528,132
Construction ³	119	\$58,189,645
Technical Services ⁴	119	\$17,540,019
Professional Services* ⁵	298	\$23,574,797
IT & Special Projects ⁶	133	\$15,970,806
Total	837	\$152,170,219

* IT Professional Services purchases included in IT & Special Projects

Professional and Consulting Services Contracts ≥ \$10,000

2012 Q1	Total Contracts	Total Value
Professional Services	328	\$26,792,759
Consulting Services	9	\$470,919
Total	337	\$27,263,678

RURAL IMPLICATIONS

There are no rural implications.

¹ Includes:

- Supply and delivery of Coarse Crushed Rock Salt for the 2011-2012 winter season - \$3.7 M

² Includes:

- Supply and deliver twelve (12) tandem axle combo plow trucks with attachments and one (1) single axle combo plow truck with attachments - \$3.5 M

³ Includes:

- Bronson Avenue Reconstruction – Laurier Avenue to Arlington Avenue - \$21.4 M

⁴ Includes:

- Biosolids Hauling and Beneficial Use Programme for 2012 - \$4.6 M

⁵ Includes:

- Professional engineering services for the West Transitway Extension - Eagleson Road to Didsbury Drive - \$1.5 M

⁶ Includes:

- Provision of network telecommunication services for 2012 - \$1.7 M

CONSULTATION

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

LEGAL IMPLICATIONS

There are no legal impediments to implementing the recommendation of 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 to this information 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 January 1, 2012 to March 31, 2012.](#) (*issued separately and held on file with the City Clerk*)

DISPOSITION

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