

4. 2020 – MID-YEAR PROCUREMENT YEAR IN REVIEW

BILAN SEMESTRIEL DE L'APPROVISIONNEMENT POUR 2020

COMMITTEE RECOMMENDATION

That Council receive this report for information.

RECOMMANDATION DU COMITÉ

Que le Conseil prenne connaissance du présent rapport.

DOCUMENTATION/DOCUMENTATION

1. Chief Procurement Officer's report, Supply Services, Innovative Client Services Department dated 20 November 2020 (ACS2020-ICS-PRO-0005).

Rapport du Chef de l'approvisionnement, Service Approvisionnement, Services novateurs pour la clientèle, daté le 20 novembre 2020 (ACS2020-ICS-PRO-0005).

**Report to
Rapport au:**

**Finance and Economic Development Committee
Comité des finances et du développement économique
1 December 2020 / 1er décembre 2020**

**and Council
et au Conseil
9 December 2020 / 9 décembre 2020**

**Submitted on November 20, 2020
Soumis le 20 novembre 2020**

**Submitted by
Soumis par:**

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Ward: CITY WIDE / À L'ÉCHELLE DE LA VILLE File Number: ACS2020-ICS-PRO-0005

SUBJECT: 2020 – Mid-Year Procurement Year in Review

OBJET: Bilan semestriel de l'approvisionnement pour 2020

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 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 report to the Finance and Economic Development Committee (FEDCO) and Council on a semi-annual basis.

This report includes an analysis of professional and consulting services procurement, competitive vs. 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 2020 calendar year and provide an update on other important procurement initiatives such as 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 exceeding \$25,000 and identifies the contract category, the professional and consulting services outsourcing reason and the non-competitive exception where appropriate.

In addition to this 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.

DISCUSSION

Section 1: 2020 Mid-Year Procurement Summary

In Q1-Q2 2020, Supply Services awarded \$617 million 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. This represents an increase of \$63 million compared to the same period in 2019.

Of the total \$617 million in contracts awarded, the value of contracts awarded under delegation of authority in Q1-Q2 2020 totalled \$595 million.

In Q1-Q2 2020, contracts awarded under delegation of authority valued at greater than or equal to \$100,000 represented 95 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 (57 per cent) were issued in the \$15,000 to \$100,000 range.

Section 2: Professional & Consulting Services

In Q1-Q2 2020, professional service contracts totalled \$78 million and a further \$18,000 of consulting service contracts were awarded under delegation of authority.

As outlined in the Procurement By-law, 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 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.

The procurement of professional engineering services is a required mandate approved by Council as part of the business outsourcing strategy used by the City. By value, professional engineering services represent 59 per cent of all professional services procured by the City in Q1-Q2 2020.

Section 3: Competitive Vs. Non-Competitive

As per the Procurement By-law, purchases are to be made using a competitive process that is open, transparent and fair to all suppliers. Of the \$595 million in contracts

awarded under delegation of authority, \$534 million (90 per cent) 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 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.

Section 4: Assessing Supplier Performance

The City's Procurement By-law provides discretion to the City Treasurer, in consultation with the City Clerk and 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 2020.

RURAL IMPLICATIONS

There are no rural implications associated with this report.

CONSULTATION

There is no public consultation required with this report.

COMMENTS BY THE WARD COUNCILLOR(S)

This is a City-wide report, there are no comments by ward councillors.

ADVISORY COMMITTEE(S) COMMENTS

There are no comments or recommendations by an Advisory Committee for this report.

LEGAL IMPLICATIONS

There are no legal impediments to the receipt of the report for information.

RISK MANAGEMENT IMPLICATIONS

There are no risk management implications.

ASSET MANAGEMENT IMPLICATIONS

There are no asset management implications associated with this information report.

FINANCIAL IMPLICATIONS

There are no financial implications associated 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.

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 – 2020 Q1-Q2 Consolidated Delegation of Authority Report Summary (≥ \$25,000)

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.

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.

DISPOSITION

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