
For Information

REPORT TITLE: **Procurement Activity Report – T3 September 1 to December 31, 2020**

FROM: Julie Pittini, Acting Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To provide the details of procurement activity as required by Procurement By-law 30-2018, as amended, for the third triannual period ending December 31, 2020 and to report on key highlights and outcomes achieved in 2020.

REPORT HIGHLIGHTS

- The Procurement By-law delegates authority to staff to manage procurement processes and to report these activities to Regional Council on a regular basis.
 - Staff continue to balance the risks to the organization by adapting processes and procedures to ensure a level of spend control throughout this period of market instability and uncertainty, while ensuring an urgent emergency response is prioritized.
 - During the third triannual period of 2020, the Region of Peel awarded 52 new contracts greater than \$100,000 with a total value of \$213,928,044.83.
 - This report provides a summary of the Region's procurement and disposal activity for the third triannual period of 2020.
 - Key highlights of the Region's procurement functions for 2020 are provided.
 - The current prolonged declaration of Emergency due to COVID-19 has heavily impacted Regional procurement activity. Staff will provide formal reporting on service delivery impacts and additional costs in staff time per Resolution 2019-1155 to a future Policies and Procedures Committee meeting once activity normalizes.
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DISCUSSION

1. Background

The Procurement By-law requires that staff report to Regional Council regularly on procurement activity. The purpose of this report is to provide Regional Council with a summary of the procurement activity for the third triannual period (T3) of 2020, including awards made under delegated authority. Procurement activity is reported under the following categories (definitions in connection with the terms referenced below are contained in Appendix I of this report):

- Contract Awards;
- Disposal of surplus goods and equipment;
- Emergency purchases (including COVID-19);
- Awards during Regional Council recesses;

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- Non-compliance with the By-law;
- Unforeseen circumstances;
- Final contract payments related to the original purchase contract; and,
- Vendor of Record purchases.

This report also outlines some of the key highlights attributable to the Region of Peel's procurement functions for 2020, including COVID-19 related activities.

2. Key Highlights for 2020

At the January 14, 2021 Regional Council meeting, the report from the Commissioner of Finance and Chief Financial Officer, titled "Procurement Response During COVID-19" detailed the adaptive strategies implemented to enable collaborative and timely decision-making in support of the Region's need for goods and services directly related to COVID-19.

Regional procurement during COVID-19 has balanced the objective of gaining value for money with the need for urgent responses to alleviate an immediate risk or proactively address an impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property.

Staff continue to balance the risks to the organization by adapting processes and procedures to ensure a level of spend control throughout this period of market instability and uncertainty, while ensuring an urgent emergency response is prioritized. Emergency purchases related to COVID-19 for this period reached \$1,588,337.13. Details of a number of these emergency purchases have been brought forward to Council previously as part of the updates under COVID-19 Related Matters. Further details of awards are outlined in Appendix II - Awarded Contracts.

On December 19, 2019, Regional Council approved a recommendation from the Policies and Procedures Committee (PPC), Resolution 2019-1155 to amend Schedule "B" of Procurement By-law 30-2018 that award of Direct Negotiation procurements greater than \$100,000 to \$250,000, previously requiring approval of the Chief Financial Officer, be amended to require Regional Council approval. Amending By-law 4-2020, to revise the Procurement By-law 30-2018, came into effect on January 9, 2020.

Under the same Resolution, 2019-1155, the revised Direct Negotiation award approval process was to be reviewed in one year with respect to service delivery impacts and additional costs in staff time. However, the current prolonged declaration of Emergency due to COVID-19 has heavily impacted Regional procurement activity. Procurement in 2020 has not been indicative of the procurement activity under regular business conditions and will not yield accurate results for the requested analysis. Staff will report to a future PPC meeting once activity normalizes.

Outlined below are some of the key metrics and outcomes arising from some of the continuous improvement and modernization efforts undertaken by the Region's Procurement Division. These metrics demonstrate alignment to the service outcome "The Region of Peel is financially sustainable (to best serve the residents and businesses in Peel)."

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Initiatives and Purpose	Results from 2020
e-Bidding: The e-Bidding system, implemented in 2018 has enabled increased competition by creating greater visibility and easier access for vendors to the Region's bidding opportunities. 26 new vendors who had previously not participated in the Region's bidding opportunities were awarded contracts in 2020.	Combined cost avoidance of \$7 million, as compared against the average bid price on these contracts.
Vendor Performance Management Program: The program provides a uniform and transparent approach to monitor and assess vendor performance for the purposes of determining vendor eligibility to bid future contracts and to inform future contract awards. The intended outcome of the program is to enhance value for money by increasing the performance of vendors.	94% received an overall performance rating of "satisfactory" or better.
Competitive Procurement Value: This is an effective measure indicating value for money through the Region's competitive process and is calculated by measuring total savings accrued through low bid tender awards, as compared to the average bid price submitted in competitive tender processes. It is shown as a percentage of the total dollar value of all tender awards.	Overall competitive procurement value (savings) was 17% or \$49 million
<p>Additional Key Procurement Trends: Procurement staff regularly monitor and measure trends in procurement activity to ensure the ability to meet the growing needs of the Region's residents through the procurement of best value goods and services for Regionally-provided programs. Several trends were observed in 2020:</p> <ul style="list-style-type: none"> • A total of \$1.2 billion of goods and services procured; a 43% increase since 2016. • A total of 846 procurement processes were undertaken; a 38% increase since 2016. • P-Card is a cost effective payment tool whereby 42,219 transactions were completed using P-Card with a \$47 per transaction cost avoidance. This resulted in a \$1,984,293 total cost avoidance in 2020. 	

3. Procurement Activity and Disposal Summary – T3 2020

The table below provides a summary of the procurement and disposal activity for the third triannual period of 2020 (September 1- December 31). The Procurement Activity section of the table includes information on all awarded contracts in excess of \$100,000; emergency purchases; non-compliant purchases; vendor of record purchases; and awards made during periods of Regional Council recess. It also includes amendments made to existing contracts that were a result of unforeseen circumstances or were required for final payment purposes, as authorized under the Procurement By-law. The Procurement Activity summary excludes contract renewal activity. A detailed listing of all procurement activity is referenced in Appendix II to this report.

Under Resolution 2015-71, Council approved the Region's Digital Strategy and granted staff the authority to directly negotiate with Oracle Canada ULC, OpenText Corporation, Salesforce.com Canada Corporation and Salesforce Application Partners in order to

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establish fundamental platforms for the technology environment allowing the Region of Peel to rationalize its application and data footprints. In addition, authority was granted to the Commissioner of Digital and Information Services to directly negotiate with the following Salesforce business partners, BasicGov Systems Inc, Vlocity Inc, ServiceMax Inc, Informatica LLC. In accordance with Council's direction, a summary of the procurement activities is included in this report.

The Disposal activity section summarizes the proceeds or trade-in values received from the disposal of Region of Peel surplus assets. A detailed listing of the disposal activity is referenced in Appendix III to this report.

Procurement Activity	Value
Competitive contracts approved under Delegated Authority	\$212,209,253.83
Non-competitive contracts approved by Council	\$1,718,791.00
Contracts awarded during Council recess	No Activity
Total New Contracts Greater Than \$100,000	\$213,928,044.83
Emergency purchases	\$466,806.74
Emergency purchases related to COVID-19	\$1,588,337.13
Established Vendor of Record purchases	\$1,940,960.90
Awarded contracts under Council Resolution 2015-71 (Digital Strategy)	\$104,168.40
Final contract payments	\$349,565.92
Unforeseen circumstances	\$1,009,080.00
Non-compliant purchases	No Activity
Total Activity	\$219,386,963.92
Disposal Activity	
Total disposal proceeds received	\$209,110.38
Total trade-in values received	\$32,561.47

In addition, a total of 62 contracts with a cumulative value of \$2,450,260.61 each valued at \$100,000 and under were procured during the reported period (does not include above noted emergency purchases that are equal to or less than \$100,000).

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CONCLUSION

The Procurement By-Law builds trust and confidence in the stewardship of public funds with an emphasis on awarding contracts based on best value. Continuous improvement and modernization efforts undertaken in connection with the Region's Procurement program build on these principles to continually measure and assess the effectiveness of the Region's procurement program and enhance value for money. In addition, procurements and associated costs related to COVID-19 are continually monitored and tracked for eligibility in emergency funding.

This report is submitted to summarize the Region's procurement and disposal activity for the third triannual period ending December 31, 2020 in accordance with the reporting requirements set out in the Procurement By-law, and to highlight key metrics observed during 2020 arising from the continuous improvement and modernization initiatives undertaken by the Region's Procurement Division.

APPENDICES

Appendix I - Definitions

Appendix II - Awarded Contracts

Appendix III - Disposal

For further information regarding this report, please contact Natasha Rajani, Director Procurement, extension 4302, natasha.rajani@peelregion.ca.

Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.