
For Information

REPORT TITLE: **Procurement Activity Report – T3 September 1 to December 31, 2019**

FROM: Stephen Van Ofwegen, Commissioner of Finance and Chief Financial Officer

OBJECTIVE

To provide the details of procurement activity as required by Procurement By-law 30-2018 for the third triannual period ending December 31, 2019 and to report on key highlights and outcomes achieved in 2019.

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.
- During the third triannual period of 2019, the Region of Peel awarded 63 new contracts greater than \$100,000 with a total value of \$220,811,980.31.
- This report provides a summary of the Region's procurement and disposal activity for the third triannual period of 2019.
- Key highlights of the Region's procurement functions for 2019 are also provided.

DISCUSSION

1. Background

On May 10, 2018 Council enacted a new Procurement By-Law that is modernized and reflective of current public procurement trends while continuing to embody the principles of integrity, fairness, openness and transparency. Under the By-law, staff have been delegated authority to make awards of all contracts arising from competitive procurement processes, provided that the award is within budget and is being made to the best value bid. "Best value bid" is defined as the bid representing the optimal balance of technical merit and cost, determined in accordance with pre-set evaluation criteria disclosed in bid solicitation documents. Council approval is required where staff recommend that an award be made to a bidder that has not submitted the best value bid. Historically, Council approval was also required for any directly negotiated contracts that exceed \$250,000. As of January 9, 2020, Council approval is required for any directly negotiated contracts that exceed \$100,000.

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

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summary of the procurement activity for the third triannual period (T3) of 2019, 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;
- Contracts awarded to support the Region's Digital Strategy;
- Disposal of surplus goods and equipment;
- Emergency purchases;
- Awards during Regional Council recesses;
- Non-compliance with the By-law;
- Unforeseen circumstances;
- Final contract payments related to the original purchase contract.

This report also outlines some of the key highlights attributable to the Region of Peel's procurement functions over the 2019 year.

2. Key Highlights for 2019

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)."

Initiatives and Purpose	Results from 2019
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. Eleven new vendors who had previously not participated in the Region's bidding opportunities were awarded contracts in 2019.	Combined cost avoidance of \$2,330,618.78 , 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.	90% 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	Overall competitive procurement value (savings) was 15% or \$58.3 million

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tender processes. It is shown as a percentage of the total dollar value of all tender awards.	
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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 2019:

- A total of \$1.2 billion of goods and services procured; a 65% increase since 2015.
- A total of 852 procurement processes were undertaken; a 74% increase since 2015.
- P-Card is a cost effective payment tool whereby 38,403 transactions were completed using P-Card with a \$47 per transaction cost avoidance. This resulted in a \$2,455,656 total cost avoidance in 2019.

3. Procurement Activity and Disposal Summary – T3 2019

The table below provides a summary of the procurement and disposal activity for the third triannual period of 2019 (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; 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 Bylaw. 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 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	\$212,611,595.20

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Non-competitive contracts approved by Council	\$7,505,495.11
Non-competitive contracts approved under Delegated Authority	\$694,890.00
Contracts awarded during Council recess	No Activity
Total New Contracts Greater Than \$100,000	\$220,811,980.31
Emergency purchases	\$245,383.00
Digital Strategy purchases	\$502,492.08
Final Contract Payments	No Activity
Unforeseen circumstances	\$218,000.00
Non-Compliant Purchases	\$74,000.00
Total Activity	\$221,851,855.39
Disposal Activity	
Total disposal proceeds received	\$153,539.93

In addition, a total of \$3,205,925.17 in contracts valued at \$100,000 and under was procured during the reported period (includes above noted emergency purchases).

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. This report is submitted to summarize the Region's procurement and disposal activity for the third triannual period ending December 31, 2019 in accordance with the reporting requirements set out in the Procurement By-law, and to highlight key metrics observed during this period 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

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

Reviewed and/or approved in workflow by:

Department Commissioner and Division Director.

Final approval is by the Chief Administrative Officer.

A handwritten signature in black ink, reading "Nancy Polsinelli". The signature is written in a cursive, flowing style.

N. Polsinelli, Interim Chief Administrative Officer