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**For Information**

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**REPORT TITLE:** Procurement Activity Report – T2 May 1 to August 31, 2021

**FROM:** Gary Kent, CPA, CGA, ICD.D, Chief Financial Officer and Commissioner of Corporate Services

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**OBJECTIVE**

To provide the details of procurement activity as required by Procurement By-law 30-2018, as amended, for the second triannual period ending August 31, 2021 and to report on key highlights and outcomes for the period.

**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 second triannual period of 2021, the Region of Peel awarded 55 new contracts greater than \$100,000 with a total value of \$95,396,041.97.
  - This report provides a summary of the Region's procurement and disposal activity for the second triannual period of 2021.
  - Key highlights of the Region's procurement functions for T2 2021 are provided.
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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 second triannual period (T2) of 2021, 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;
- Non-compliance with the By-law;
- Unforeseen circumstances;
- CFO Interim Increase Authority Payments;
- Final contract payments related to the original purchase contract; and,

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- Vendor of Record purchases.

This report also outlines some of the key highlights attributable to the Region of Peel's procurement functions for T2 2021, including COVID-19 related activities.

### 2. Key Highlights

Regional procurement during COVID-19 continues to balance 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 assess 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 \$2,669,141.55. 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.

In addition, cumulative contract increases in value up to \$250,000, exclusive of taxes where the Chief Financial Officer can approve based on interim authority, resulted in increases during this period of \$195,308.52 and are outlined in Appendix II – Awarded Contracts.

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 T2
<b>e-Bidding:</b> 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. 8 new vendors who had	Combined cost avoidance of \$1.5M, as compared against the average bid price on these contracts.

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previously not participated in the Region’s bidding opportunities were awarded contracts in T2.	
<b>Vendor Performance Management Program:</b> 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.	96% received an overall performance rating of “satisfactory” or better.
<b>Competitive Procurement Value:</b> 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 34% or \$24.9 million

### 3. Procurement Activity and Disposal Summary – T2 2021

The table below provides a summary of the procurement and disposal activity for the second triannual period of 2021 (May 1- August 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.

Staff continue to procure technology to maximize the efficiency of the procurement process across the organization as part of a larger ERP deployment.

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	\$94,025,142.61
Non-competitive contracts approved by Council	\$1,370,899.36
Contracts awarded during Council recess	No Activity
<b>Total New Contracts Greater Than \$100,000</b>	<b>\$95,396,041.97</b>
Emergency purchases	\$1,042,990.00
Emergency purchases related to COVID-19	\$2,669,141.55

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Established Vendor of Record purchases	\$2,792,123.31
Unforeseen circumstances	\$123,280.78
Final contract payments	\$465,296.87
Non-compliant purchases	No Activity
CFO interim increase authority	\$195,308.52
<b>Total Activity</b>	<b>\$102,684,183.00</b>
<b>Disposal Activity</b>	
Total disposal proceeds received	\$2,146.75
Total trade-in values received	\$278,039.20
<b>Total</b>	<b>\$280,185.95</b>

In addition, a total of 57 contracts with a cumulative value of \$2,511,547.67 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).

### 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 second triannual period ending August 31, 2021 in accordance with the reporting requirements set out in the Procurement By-law, and to highlight key metrics observed during the period arising from the continuous improvement and modernization initiatives undertaken by the Region's Procurement Division.

### APPENDICES

Appendix I – Definitions  
Appendix II – Awarded Contracts – T2 2021  
Appendix III – Disposal – T2 2021

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