
For Information

REPORT TITLE: Procurement Response to COVID-19

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

OBJECTIVE

To provide an overview and update on the procurement of goods and/or services during the current prolonged declaration of Emergency and sourcing strategies during COVID-19 (COVID).

REPORT HIGHLIGHTS

- The COVID pandemic has been causing unprecedented impacts to Peel's health, social welfare and economy.
 - On May 14, 2020, Regional staff provided Council with an overview and update on the procurement of goods and/or services related to COVID-19 and the need for procurement flexibility throughout the duration of this extended period of emergency.
 - Staff continue to assess emergency purchase requirements and amendments, including COVID related contract increases/extensions and seek opportunities to secure new competitive contracts where feasible.
 - Global supply chains have been disrupted, necessitating Regional staff to develop flexible sourcing strategies to secure essential Personal Protective Equipment (PPE) and Infection Prevention and Control (IPAC), as well as other critical goods and services.
 - There is a need for the Region to adapt to the many phases of a prolonged period of emergency providing a flexible process designed to support emergency relief.
 - The Region of Peel's procurement approach is balanced, practical and fiscally responsible.
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DISCUSSION

1. Background

On May 14, 2020, Regional staff provided Council with an overview and update on the procurement of goods and/or services related to COVID-19 and the need for procurement flexibility throughout the duration of this extended period of emergency. With local and global supply chains severely impacted and increased demand to provide essential goods and/or services, the number of emergency procurements have significantly increased in 2020.

COVID continues to drive Regional program needs and the goods and services required by the Region of Peel (Region) to support business and the public. COVID continues to pose challenges to health, social welfare, and the economy. With supply chain shortages, border restrictions, large-scale layoffs and lockdowns, the Region of Peel (Region) has had to

Procurement Response to COVID-19

assess risk on an ongoing basis to provide the goods and services Regional programs and departments rely on to minimize the pandemic's impacts to the community. COVID has proven disruptive to many supply chains on a global scale. The Region continues to maintain day-to-day business operations, fulfill urgent demands, and mitigate any vendor challenges against a backdrop of significant disruption to teams, people and local communities. While the overall financial impact of the pandemic is unclear, it is certain that there will be more months of operational impact from COVID. Procurement has had to approach purchases through a lens that is balanced, practical and fiscally responsible and one that reduces risk for future supply chain disruptions, specifically as it relates to a prolonged period of emergency.

An "emergency" is defined in the Procurement By-Law as a situation or impending situation that constitutes a danger of major proportions that could result in serious harm to persons or substantial damage to property and that is caused by the forces of nature, a disease or other health risk, an accident, or an act whether intentional or otherwise.

An emergency purchase includes the direct acquisition of goods and/or services when it is deemed to be essential and in the best interest of the Agency, in order to respond to an emergency situation.

2. Procurement During the Prolonged Period of Emergency

A prolonged state of emergency, such as COVID, has demonstrated the need for both immediate and prolonged emergency procurement support. The Procurement response to COVID, including the updates to the Emergency Procurement Procedure in May, support the need for the Region to adapt to the many phases of a prolonged period of emergency by providing a flexible process designed to support emergency relief. Supporting the Region's need for goods and services directly related to COVID response has required adaptive strategies to enable collaborative and timely decision-making.

Sourcing strategies utilized to respond to the procurement needs of the Region during COVID have been diverse; considering market conditions and supply chains, urgency, and value to the Region, and include but are not limited to the following:

- Procurement representation in the Regional Emergency Operations Centre (REOC) Logistics section ensures open communication channels with impacted Regional programs.
- Continuation of a dedicated COVID Procurement team to efficiently centralize the flow of Personal Protective Equipment (PPE) and Infection Prevention and Control (IPAC) demand and mitigate disruptions to Regional essential services that require an immediate response.
- Conducted publicly issued procurement processes to award contracts for the supply and delivery of PPE and IPAC products in the estimated amount of \$3.2 million to date, to achieve competitive market pricing.
- Staff continue to assess current contracts in place that could be leveraged to secure additional goods and services related to the Region's COVID response. Examples include: enhanced janitorial/cleaning services for Regional facilities, utilizing in place medical supply contracts, and expanding security services for temporary COVID shelters.

Procurement Response to COVID-19

- Initiating a direct escalation process for PPE with the Province of Ontario, that provides five (5) days worth of inventory as a “stop gap” measure when Regional inventory levels become dangerously low.
- Updates have been implemented to the Region’s contracts and terms and conditions in order to mitigate potential risk exposure and ensure vendors adhere to applicable laws, legislation and enacted Provincial safety regulations.
- Continued analysis of any vendor requests for cost increases related to COVID on existing contracts to mitigate financial impacts to the Region.
- Continuation of reporting of emergency procurements to Regional Council through the Procurement Activity Report tri-annually.
- Tracking of lessons learned for future adjustments to by-law and procedures.

3. Risk Mitigation

A prolonged period of emergency, such as COVID, has demonstrated the need for both immediate and continued emergency procurement support. The dynamic evolution of the Region’s requirements during the pandemic has created a change in both the need and nature of emergency purchases. This has been particularly evident during COVID in that the length of the prolonged emergency has led to priority shifts, supply and demand changes, challenges with delivery and quality of goods, etc.

It is critical that an emergency program continue to service the needs of the Region and the community with the flexibility to purchase direct from a supplier if the delay involved in conducting a routine procurement process could prevent the delivery of goods and/or services in time to bring effective and immediate relief.

Regional staff continue to work to assess emergency purchase requirements and amendments, including COVID related contract increases/extensions and to secure new contracts where feasible. The recently updated Emergency Procurement Procedure included the addition of approvals from Program Directors and Commissioners, based on emergency spend, to ensure alignment with the Regional response to COVID and the recommendations of REOC.

Regional procurement during COVID requires balancing the risks of value for money and the need for urgent response to either respond to and 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 continues 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 urgent emergency response is prioritized.

CONCLUSION

The procurement response to COVID, including the update to the Emergency Procurement Procedure, satisfies the need for the Region to adapt to the many phases of a COVID by providing a flexible process designed to support emergency relief and collaborative decision making. The Region’s procurement is positioned to provide continued support throughout the duration of the current prolonged period of emergency.

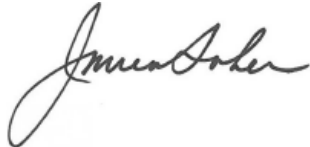
Procurement Response to COVID-19

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, appearing to read "J. Baker", is positioned above a horizontal line.

J. Baker, Chief Administrative Officer