To: Chair and Members
Corporate Administration Committee

From: Joseph L. Rinaldo
General Manager
Finance and Corporate Services

Telephone: (905) 540-6150
Facsimile: (905) 546-2095
E-mail: jrinaldo@hamilton.ca

Date: August 9, 2006

Re: Elimination of Newspaper Advertising of Tenders and Requests for Proposals (RFPs) (FCS05108(a)) (City Wide)

Council Direction:

This Information Report is provided to respond to Outstanding Business Item N on the Corporate Administration Committee Agenda.

Information:

Council approved Corporate Administration Committee Report Number 05-015, Item 7 (a) recommendation “that the mandatory advertising of Tenders and Requests for Proposal (RFPs) (over $100,000), in local newspapers, be discontinued, effective January 1, 2006”. The original report (FCS05108) cited an anticipated savings of approximately $100,000.00 for 2006, which has already been realized within the first seven months of this year.

Effective January 1, 2006, the City discontinued advertising Tenders and Request for Proposals (RFPs) in local newspapers. To offset this type of media advertising, the Purchasing Section has implemented a number of avenues to advise potential bidders of any current bid opportunity.

The City’s Purchasing Section continues to advertise its Tenders and RFPs through the use of City’s electronic vendor database, by faxing Tender and RFP notifications directly to bidders. The electronic vendor database includes over 3,400 registered bidders, classified into 210 different categories and disciplines.

The Purchasing Section also advertises all bid solicitations on the City of Hamilton website. The information on the website includes all current bid opportunities, as well as all bid award information on recently closed Tenders and RFPs. The bid opportunity information includes a brief description of the Tender and RFP, the closing date, any addenda issued and the names and contact numbers of all bidders who have secured documents from the Purchasing Section. Anyone who has access to the world wide web is able to visit the City’s website and attain this information.
As well, through a number of host websites, the public can access the bid opportunities webpage via a hyperlink to the City’s Purchasing website. Some host website locations include the Hamilton Chamber of Commerce, the Hamilton District & Heavy Construction Association and the Ontario Public Buyers Association websites.

For those who do not have access to the world wide web, a hard copy posting of the bid opportunities is available at all Hamilton Municipal Service Centres, the Hamilton Halton Construction Association, the Niagara Falls Construction Association, all branches of the Hamilton Public Library, City Hall and the Public Works reception area for CPI and Roads Division offices. All posting locations, with the exception of City Hall, will continue to be utilized to accommodate people who do not have access to this information by electronic means. This decision was made as a result of a recent survey conducted by the Purchasing Section to identify how bidders were being advised of current bid opportunities. The results show that 80 percent of the bidders who secure documents for current bid opportunities are advised through the vendor database notification process, and that none of the bidders used the postings at City Hall as a means of notification.

As identified in the original report, there are circumstances that still warrant the advertising of bid solicitations in the newspaper media. During 2006, there have been six occasions in which newspaper ads were used, with a total cost of $5,043.20 to the City.

An analysis was done with respect to the cost savings realized by discontinuing newspaper advertising. The following chart outlines the cost savings realized to date:

<table>
<thead>
<tr>
<th>Number of documents issued that would have been advertised</th>
<th>142</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average price of advertisement in newspaper</td>
<td>$800.00</td>
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<tr>
<td>Potential Cost of advertising</td>
<td>$113,600.00</td>
</tr>
<tr>
<td>Number of documents that have been advertised in local newspaper during 2006</td>
<td>6</td>
</tr>
<tr>
<td>Actual cost of advertising in local newspaper for 2006</td>
<td>$5,043.20</td>
</tr>
<tr>
<td>Total cost savings realized to the City</td>
<td>$108,556.80</td>
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The original report cited an anticipated savings of approximately $100,000.00 for 2006, which has already been realized within the first seven months of this year.

Purchasing also compared the number of bidders who have picked up Purchasing documents and the number of bids that were submitted for projects issued in 2005 and 2006. The analysis showed that there was no significant change in the number of bidders who secured a document or in the number of respondents.
In February and June, the Purchasing Section conducted Bidders Presentations to assist the vendor community in becoming familiar with the City’s process and how to access information. The feedback from the attendees regarding the Purchasing website was positive and supportive. The issue of reinstating newspaper advertising for Tenders and RFPs was not raised by any of the attendees. Bidders welcomed the immediate access to the bid information via the website and commended Hamilton’s efforts. Further, Purchasing has not received any complaints from bidders having missed an opportunity to bid as a result of a Tender or RFP not being advertised in the newspaper.

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Joseph L. Rinaldo
General Manager
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