Procurement Policy
December 2011 (FCS09109c)
Procurement Policy

BACKGROUND

- Procurement program review completed in 2010
- Findings included 58 recommendations (Appendix ‘B’)
- Procurement Advisory Committee represent all departments across the City
Procurement Policy

Policy revisions:

• Based on ‘best practices’
• Procurement is moving from a policing role to a more collaborative role
• Auditing functions to be included in the Internal Audit Services work plan.
• housekeeping
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Mission, Vision and Values

• Updated to include the Corporate Vision, Mission Statement and Values
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Policy #2 – Approval Authority

Corporate Contracts

– mimic the award process for departmental contracts
– Lowest compliant bid, with approved budget.
– Benefit is a more expedited award process
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Revenue Generating Contracts (RGC)

- Service Revenue Contracts
- Profit Sharing Contracts
- Mixed Revenue Contracts
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Revenue Generating Contracts (RGC)

- Issuance and award by the General Manager and may seek Council approval.
- RFT/RFP process to be used
- Service Revenue Contracts are exempt from the competitive procurement process
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Request for Proposals (RFPs)
• Award is based on ‘best value’
• Consideration for award is based on criteria other than price only.
• Various methodologies are used in public procurement
Procurement Policy

RFPs – sample results

• Technical scores are out of 100 points – benchmark is 75 points

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Technical Score (points)</th>
<th>Total Contract Price ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor A</td>
<td>77</td>
<td>$120,000</td>
</tr>
<tr>
<td>Vendor B</td>
<td>85</td>
<td>$175,000</td>
</tr>
<tr>
<td>Vendor C</td>
<td>96</td>
<td>$130,000</td>
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</table>
Procurement Policy

- Lowest Priced Bid Meeting Technical Benchmark Score
- Award would be to Vendor A

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<tr>
<td>Price ($)</td>
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Procurement Policy

- Price per Point
- Award would be to Vendor C

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<td>$130,000</td>
</tr>
<tr>
<td>Price per Point</td>
<td>$1,558.44</td>
<td>$2,058.82</td>
<td>$1,354.17</td>
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Procurement Policy

- Combination of Technical and Price Scores
- Award would be to Vendor C

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<td></td>
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<tr>
<td>Price ($)</td>
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<td>$175,000</td>
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<tr>
<td>Price Score (25 points)</td>
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<tr>
<td>Total Score (125 points)</td>
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<td>99</td>
<td>119</td>
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Procurement Policy

- Fixed Price
- City establishes a fixed price for the contract
- Award would be to Vendor C

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Policy # 7 – Construction Contracts

- Adjustments required to complete construction work that does not expand the scope of work can be approved by the GM Public Works.
- Currently covered by Policy 11. Currently causes delays in scheduling and additional costs during approval process.
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Policy # 11 – Non-competitive Procurements. (sole Source, single source)

• Current: 2 part approval process with either Director or General Manager and the Procurement Manager approving the request.
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Policy # 11 –Cont’d

• Proposed: ONLY the General Manager’s approval is required.
• Will consult with Procurement Staff.
• Quarterly Council reports on usage will continue.
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Policy # 19 – Employee Compliance with the Procurement Policy

- Non-compliances are currently handled via the Policy 11 – Non-competitive procurement process
- Any non-compliant purchases will be reviewed by the General Manager, who will authorize payment
- Such violations will be subject to appropriate disciplinary action.
- A quarterly report will be prepared for Council outlining all violations and actions taken.
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Policy # 18 – Vendor Compliant Resolution

• Added time parameters – requiring vendors to advise City of any concerns within 3 days of being notified of results.
• Appeal to GM Corp. Services and GM of Client Department. Not committee.
• Expedite the award process
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Policy # 24 – Solicitation of Vendors

• Conflicts with Commercial Advertising and Sponsorship Policy (PW08060)
• Applies to all sponsorship on City-owned or City-controlled assets, public property, at City events and in City publications
• Remove current policy, not required.
Procurement Policy

Schedule B – Exemptions

These were updated to represent current unsolicited vendors. Included are Lawyers, expert witnesses, facilitators, guest speakers, medical professional services, compassionate programs to name a few.
Purchasing Review Update

- Appendix “B” is the update to all review recommendations.
- 27 of 58 recommendations have been implemented. 5 are in process. Others to be addressed during 2012/2013.
TRADEBANK

- Basically involves reciprocal buying (bartering).
- Limits vendors to those who subscribe to this concept.
- Currently not used in Public Sector.
- NIGP (Review Consultants) did not recommend its use.
- There are other suppliers of this service so if Council wanted to consider this as an option we would be required to tender for these services.
BUY CANADIAN / BUY LOCAL

• Issue was reviewed by NIGP (Consultant) and not recommended.
• Legal Services cited various agreements between Canada and other countries, Discriminatory Business Practices Act, Agreement on Internal Trade and other legislation that discourage the use of any type of geographic buying preferences.
• The Ontario Public Buyers Association Statement of Ethics prohibits use of local or geographical preferences.
SKY DRAGON

• This is a Community Development Cooperative who have requested the City partner with them respecting ethical purchasing practices (coffee and Catering Services).
• City currently has a healthy food and beverage policy.
• Staff are allowed to solicit these products through current Procurement Policies as there are other suppliers of these goods.
• This would amount to sole sourcing and as such is not recommended.