THE OPERATIONAL REVIEW SUB-COMMITTEE PRESENTS REPORT 09-001 AND RESPECTFULLY RECOMMENDS:

1. Evaluation of the City of Hamilton Purchasing Program (FCS09109) (City Wide)

   (a) That the Evaluation of the City of Hamilton Purchasing Program, as outlined in Appendix A to Report 09-001, be undertaken by an external consultant;

   (b) That the General Manager of Finance and Corporate Services be authorized and directed to award the consulting services Request for Proposals for the Evaluation of the City of Hamilton Purchasing Program, in accordance with the methodology, as outlined in Appendix A to Report 09-001;

   (c) That the General Manager of Finance and Corporate Services be authorized and directed, on behalf of the City of Hamilton, to execute all necessary documents, resulting from the Request for Proposals for the Evaluation of the City of Hamilton Purchasing Program,
Evaluation of the City of Hamilton’s Purchasing Program, in a form satisfactory to the City Solicitor;

(d) That the cost of the consultant’s review of the Purchasing Program not exceed $100,000 to be funded first from the 2010 Corporate Services Operating Budget, and, secondly through any overall year end Corporate Surpluses and lastly through the Tax Stabilization Reserve.

FOR THE INFORMATION OF COMMITTEE:

(a) CHANGES TO THE AGENDA (Item 1)

There were no changes to the agenda.

(b) DECLARATIONS OF INTEREST (Item 2)

None were declared.

(c) APPROVAL OF MINUTES OF PREVIOUS MEETING (Item 3)

3.1 November 6, 2008 (former Building and Licensing Division Operational Review Sub-committee)

The Minutes of the November 6, 2008 meeting of the Building and Licensing Division Operational Review Sub-committee were approved, as presented.

(d) ADJOURNMENT (Item 8)

There being no further business, the Operational Review Sub-committee adjourned at 3:00 p.m.

Respectfully submitted,

Councillor T. Whitehead, Chair
Operational Review Sub-committee

Stephanie Paparella
Legislative Assistant
November 16, 2009
EVALUATION OF THE CITY OF HAMILTON PURCHASING PROGRAM

This evaluation will include a detailed review of the City’s Purchasing Policy, and a review of the City’s purchasing program and how procurement services are delivered. The cost of this review will not exceed $100,000 and the targeted completion date is June 30, 2010. The Treasury Services Division has a total consulting Budget of $20,000 in 2010. All attempts will be made to absorb the cost of this review within the overall Corporate Services Department Budget. Any additional funds required for this review will be funded from either year end corporate surpluses or ultimately through the Tax Stabilization Reserve.

The consultant will be requested to review how the City’s procurement services are delivered and to make recommendations as to how the services can be improved.

It is proposed that a Request for Proposals (RFP) for the required consulting services be issued to a minimum of 5 firms who have expertise with public procurement reviews.

The award of an RFP is typically made to the proponent who has successfully met the technical evaluation criteria of the RFP and has the lowest total contract price. In this instance, the RFP will disclose the budget available for this project, and will recommend the award of the project to the technically highest scoring proponent. In this way, the City will be awarding the work to the proponent who has demonstrated their ability to best meet the project goals and objectives within the proposed budget by evaluating their prior work experience, key personnel, methodology and approach. The technical evaluation of each proposal will be conducted by an evaluation team and scored on a consensus basis with membership from a cross-section of City Departments. It is proposed that the results of the technical evaluation conducted by the evaluation team will be presented to the General Manager of Finance and Corporate Services for review and award.

The following summarizes the objectives and deliverables of the review:

**Objectives**

1. To determine whether the existing Purchasing Policy is driving the organization to act in a fiscally responsible manner.

2. To determine if policies and procedures are contributing to the Public Service Value Chain and achievement of the Program’s goals and objectives.

3. To determine whether the policies and procedures are efficient and effective as well as to provide sufficient clarity for all client groups and vendors.

4. To determine if the resources being used to achieve the Program’s goals and objectives are appropriate to the desired outcomes.

5. To determine if the Program’s services are delivered for client groups in such a way that they are providing good customer service for the resources invested and in a fiscally responsible manner.
6. To determine if the Purchasing Policy and related procedures are in place, and applied consistently, to assist in complying with commonly accepted public procurement best practices and with legal requirements, and to ensure continued compliance.

7. To determine that the risks associated with the Program are being managed in such a way as to ensure these risks to the City and vendors are understood to be balanced and to be effectively managed in the procurement process.

8. Determine level of internal client group and external vendor satisfaction with respect to the current service delivery method.

9. Determine whether the existing Purchasing Policy and related procedures are leading to effective and competitive vendor participation.

10. Determine whether existing procurement practices, procedures and processes are consistent with best practices in public procurement, (e.g. Request for Proposals vs. Request for Tenders, approach to getting vendor input in developing specifications, documentation requirements, user fees, evaluation methods and use of a roster).

11. Determine whether the existing Purchasing Policy and related procedures are leading to effective outcomes for client groups for the various goods and services that are purchased by the City.

12. Determine whether existing processes could be streamlined to reduce the time required to develop, issue and award contracts.

**Deliverables**


2. Suggested amendments and or revisions to the City’s Purchasing Policy and related procedures.

3. Suggestions for the organizational restructuring of the Program.


5. The provision of a Service Level Agreement template with a recommended minimum level of service to be provided by the Program.

6. Review and or Adjustment of relevant job descriptions.