



Hamilton

**CITY OF HAMILTON**

**COMMUNITY AND EMERGENCY SERVICES DEPARTMENT  
Macassa and Wentworth Lodges**

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| <b>TO:</b> Chair and Members<br>Emergency & Community Services<br>Committee   | <b>WARD(S) AFFECTED:</b> WARDS 6 and 13                   |
| <b>COMMITTEE DATE:</b> December 9, 2013   |   |
| <b>SUBJECT/REPORT NO:</b><br>Group Purchasing Service for Food and Related Supplies (Lodges) (CS13003(a))<br>(Wards 6 and 13) |   |
| <b>SUBMITTED BY:</b><br>Vicki Woodcox<br>Acting General Manager<br>Community and Emergency Services<br>Department             | <b>PREPARED BY:</b><br>Anne Kayler 905-546-2424 ext. 1606 |
| <b>SIGNATURE:</b>   |   |

**RECOMMENDATION**

- (a) That Complete Purchasing Services Inc. be approved as the single source purchasing agent for group purchasing services for food and related supplies for the food service and nutrition programs at Macassa and Wentworth Lodges for a period of five years;
- (b) That the vendors used in conjunction with the Complete Purchasing Services Inc. group purchasing program for food and related supplies for the food service and nutrition programs at Macassa and Wentworth Lodges be approved as single source vendors; and,
- (c) That Macassa and Wentworth Lodges increase the proportion of purchases of local products through the approved suppliers in the Complete Purchasing Services Inc. program.

**EXECUTIVE SUMMARY**

Wentworth and Macassa Lodges have been satisfactorily using Complete Purchasing Services Inc., a group purchasing service, to procure food and supplies for their food services departments for the past fourteen years. This has been a cost effective and efficient arrangement for the City of Hamilton. Complete Purchasing Services Inc. has a Canada-wide purchasing power of \$850 million dollars which benefits the Lodges in obtaining competitive pricing for a minimal fee. Value-added services that are provided at no additional cost include a risk management program, menu and meal production management resources specific to long-term care, electronic ordering and inventory systems, and a variety of educational resources for staff training.

Complete Purchasing Services Inc. is the endorsed purchasing group of the Ontario Association of Non-Profit Homes and Services for Seniors (O.A.N.H.S.S.) and is used by 63% (136 sites) of its municipal members. A review of the market indicates that there are no other purchasing groups that would meet our needs. Local hospitals are members of another purchasing group; however, their approach to purchasing does not best suit the requirements for the Lodges and City of Hamilton. The majority of the for-profit long-term care organizations have proprietary buying groups specific to their businesses or are members of large purchasing groups.

Staff recommend continuing Macassa and Wentworth Lodges' relationship with our current purchasing group by seeking approval to establish Complete Purchasing Services Inc. as the single source for this purpose for the next 5 years.

***Alternatives for Consideration – See Page 4***

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:**

Food and related supplies are purchased within the allocated operating budget at each Lodge. The fee for Complete Purchasing Inc. is also included in the operating budgets

**Staffing:**

There are no staffing implications associated with the recommendation of Report CS13003(a).

**Legal:**

There are no legal implications associated with the recommendation of Report CS13003(a).

## **HISTORICAL BACKGROUND**

Prior to 1997, Sodexo Canada Inc. held the contract for the management of the Food Service Departments at Wentworth and Macassa Lodges. This contract included the purchasing of all food and related supplies. The management contract was terminated in 1997 and the management of the food services programs was brought in-house. However, the agreement for purchasing food and supplies with Sodexo Canada Inc. was maintained through 1998. Several alternate purchasing services available to long-term care homes were reviewed at that time and Complete Purchasing Services Inc. was chosen for the lowest fee and most favourable terms. Since 1999, the Lodges have maintained this group purchasing arrangement.

Complete Purchasing Services Inc. has been the endorsed purchasing group of O.A.N.H.S.S. for over 15 years. Municipal members of O.A.N.H.S.S. who use Complete Purchasing Services Inc. include many municipal homes (e.g. Region of Niagara, Region of Peel, City of Ottawa, Huron County, York Region, City of London, Region of Waterloo and Northumberland County, and the County of Simcoe). On our behalf, Complete Purchasing Services Inc. leverages their considerable market presence and negotiates with a range of suppliers, both manufacturers and distributors, to obtain best pricing and value for the City of Hamilton taxpayer. The company tenders with 450 manufacturers through over 80 distributors to establish national and regional contracts. Products available are suited to a long-term care environment that must comply with the standards and regulations set by the Ministry of Health and Long Term Care. Since 1999, the purchasing arrangement has been very satisfactory and has allowed the Lodges to control food service costs while maintaining the quality of resident meals. The Lodges require City of Hamilton Council approval in order to continue this advantageous arrangement.

## **POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS**

City of Hamilton's Procurement Policy By-law, Section 4.11 – Policy for Negotiations (Single source) Policy 11 provides for the recommending of a single source vendor for the supply of a particular Goods and/or Service because it is more cost effective or beneficial for the City.

## **RELEVANT CONSULTATION**

Individuals at a long term care organization and local hospitals whom are members of another purchasing group were consulted for a comparison of their procurement process which included pricing, contract management, local purchasing and value-added services.

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The Directors of Food Services for both Lodges were consulted regarding the report content related to the food product sourcing market, services required, cost and operational issues.

The Corporate Services Department, Procurement and Finance Section were consulted regarding the report recommendations, relevant policies and content.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

Complete Purchasing Services Inc. purchases for 3,500 clients across Canada representing over \$850 million in procurement value. The Lodges are provided access to tendered pricing with 450 manufacturers and over 80 distributor relationships including significant participants with Canadian and Ontario food service supply chains. The City of Hamilton would not have the same purchasing power if it negotiated alone. Vendors and products provided are specific to long-term care needs. Using the Complete Purchasing Services Inc. negotiated pricing, the Lodges purchased their food service supplies through four major distributors: Sysco Canada Inc., GFS Canada Company Inc., Agropur Cooperative (Division Natrel) and Canada Bread Company Ltd. There are additional distributors that the Lodges use to a lesser extent which include: Sammons Preston- Canada and Hendrix Food Service Equipment. The average cost of food and supplies purchased through these distributors over the past year was \$1,465,000 dollars (Macassa Lodge - \$915,000 and Wentworth Lodge - \$550,000).

The fee-for-service for Complete Purchasing Services Inc. is minimal with an annual cost of \$1,863 for Wentworth Lodge and \$2,430 for Macassa Lodge. In addition, Complete Purchasing Services Inc offers a rebate program to both Lodges. The Lodges have received an annual rebate of approximately \$6,300 over the past three years. There is no specific time limit on the agreement and it can be terminated with 30 days written notice. The cost of obtaining a similar service using in-house staff resources for both the Lodges and the City's Purchasing Section would far exceed the Complete Purchasing Service Inc. fee as noted above.

In addition, Complete Purchasing Services Inc. provides value-added services in the following areas:

1. Risk Management Protocol  
All approved food vendors must be HACCP (Hazard Analysis and Critical Control Point) or ISO (International Organization for Standardization) certified. Without exception, only federally inspected meat suppliers are used. There is a stringent recall system and regular distribution inspections and audits.
2. An on-line, web-enabled, menu management and production program is available that allows customization of menus to meet resident preferences. The

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program includes long-term care specific menus, recipes, therapeutic guidelines, and nutrient and costing information.

3. An on-line, web-enabled ordering and inventory management system integrated with the menu and production program is provided.
4. Education resources are available at no additional charge including:
  - Training materials on over 25 relevant topics.
  - A professional development series focussing on general management and leadership skills of nursing, food services and environmental services managers.
  - A symposium series of workshops on relevant food service topics.
5. Complete Purchasing is committed to offering a variety of products that have been locally grown. Currently 20% of all products purchased by the Lodges are grown locally.

### **ALTERNATIVES FOR CONSIDERATION**

There are two potential alternatives to using Complete Purchasing Services that staff reviewed:

#### **Option One**

Lodge staff, with the assistance of staff in the Purchasing Department, to obtain a similar range of suitable vendors and pricing.

#### **Financial:**

Competitive pricing would be limited to the extent of City of Hamilton purchasing volume versus the \$850 million purchasing power of a larger purchasing group. A November 2012 review of seventy of the highest volume representative products used in our food services departments indicated that prices from Complete were approximately 19% lower than non-Complete pricing. In addition, the useful value-added services would be difficult and expensive to procure outside of a purchasing group.

#### **Staffing:**

Replacing the services of Complete Purchasing Services Inc., would require that staff develop terms of reference and standards for contracts, contract administration and management of multiple vendors. The time required for day to day vendor issues, ordering and price comparison would be increased equivalent to a .5 FTE over a one year period. These additional activities would be a pressure on existing Lodge staff resources and would ultimately reduce time and attention available to manage a quality resident food service.

#### **Legal:**

There are no legal implications related to this alternative.

**Option Two**

Partner with the St. Joseph's Health System Group Purchasing Organization and access their Food and Nutrition group that is known as MEALsource. Currently, both St. Joseph's Health Services and the Hamilton Health Sciences utilize this program. MEALsource has approximately 34 healthcare organizations across Ontario as members. MEALsource deals with fewer distributors and manufacturers than Complete Purchasing Inc. and their method of contract negotiation differs.

**Financial:**

A comparison review of pricing was investigated of the 25 most commonly purchased items in the food service departments. It was found that the costs of food and supplies were comparable to current prices with Complete Purchasing Inc. In addition to this the fee-for-service, rebate program, and percentage of food grown locally for MEALsource is comparable to Complete Purchasing. MEALsource does not offer the value-added services of Complete Purchasing Inc. such as web-based menu management and production programs, educational resources and in-service training.

**Staffing:**

Replacing the services of Complete Purchasing Services Inc. with MEALsource, would require that the Directors of Food Services for both Lodges participate in monthly purchasing meetings with other members of the MEALsource group. They would meet to develop standards for products and provide feedback and agreement on contracts and vendors. Additional time would be required to gather information on volume of products used and entering new product codes, pricing and nutrient data when contracts change. These additional activities would be a pressure on existing Lodge staff resources and would ultimately reduce time and attention available to manage a quality resident food service.

**Legal:**

There are no legal implications related to this alternative.

**ALIGNMENT TO THE 2012 – 2015 STRATEGIC PLAN:**

**Strategic Priority #1**

A Prosperous & Healthy Community

*WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.*

**Strategic Objective**

1.6 Enhance Overall Sustainability (financial, economic, social and environmental).

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**Strategic Priority #2**

Valued & Sustainable Services

*WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.*

**Strategic Objective**

2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.

**APPENDICES / SCHEDULES**

None