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**Subject:** Procurement Work Plan Update 2019-2020

**Report to:** Procurement Advisory Committee

**Report date:** Monday, November 18, 2019

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## **Recommendations**

That Report PAC-C 6-2019 **BE RECEIVED** for information.

## **Key Facts**

- The purpose of this report is to provide information on Procurement related initiatives to ensure this Committee remains continually informed.
- This report specifically provides the Procurement Advisory Committee (PAC) with status updates on all 2019-2020 Procurement Work Plan items previously approved by the PAC on March 11, 2019.
- Procurement practices has undergone a number of significant changes in the past four years, and Procurement continually seeks out opportunities for new initiatives which improves service delivery, efficiencies, effectiveness and outcomes.
- The Work Plan will guide the activities of staff, but can be amended from time to time by the Committee.

## **Financial Considerations**

Procurement and its related activities are critical in maintaining taxpayer affordability.

## **Analysis**

On March 11, 2019 the Procurement Advisory Committee (PAC) received and approved the 2019-2020 Procurement Work Plan (PAC-C 2-2019) which identified a number of areas that would be the focus for Procurement for the next twelve months. This report provides PAC with an update on the status of those Work Plan items.

The Work Plan is grounded in the guiding principles of sustainability by assessing the strategies, resources and technology required to facilitate innovation, continuous improvement and governance. This latest rendition of the Work Plan effectively builds on previous successes including the achievement of previously approved action items.

Procurement is confident that the achievement of the initiatives identified herein represent a continuation of this modernization process which will further serve to strengthen the Niagara Regions' procurement function. The ongoing review,

consideration and development of policies, procedures, processes and technologies will further improve the processes by which goods, services and construction are procured.

Procurement remains committed to reduce procurement cycle times, drive savings efficiencies via streamlined and technology-enabled processes and that, coupled with corporate savings achieved through strategic sourcing and leveraging spend ensure that value for money outcomes will effectively contribute to the Region's long-term sustainability.

Given the aforementioned, Procurement is providing status updates to the following key Work Plan items

**1. E-Bidding Phase II: Continued migration to electronic bidding including a gradual implementation path based on each procurement type; one which provides consideration to lessons learned with full transition to electronic submissions by the end of 2019. *Timeline – Q4 2019***

As part of the proposed gradual implementation, Procurement confirms that to date, fourteen (14) electronic bidding procurement projects (events) have been initiated. These procurement have been largely lower risk, quotations and with no requirements for digital bonding. The results to date have been very positive and reflective of previously reported benefits including:

- The reduction or elimination of the occurrences of bid irregularities and non-compliant bids related to math errors or missed unit prices;
- Staff are able to download electronically submitted pricing without having to re-enter the data (minimized need to evaluate and validate bids);
- Bidders have easier access to bids; able to submit their bid from anywhere;
- Not required to physically deliver their bids into the procurement office; and
- Reduces the overall environmental impact of paper based tendering processes

Procurement will now transition to more complex procurements including those which require digital bonding/surety, Construction Tenders, Requests for Proposal and those which leverage the Niagara Peninsula Standard Contract Document (NPSCD).

**2. Procurement Templates: In support of Work Plan item 1, a continued conversion of all templates to a format which is conducive to e-Bidding. *Timeline – Q2 2019***

Templates for Quotations, Tenders and Proposals have been successfully converted to an e-Bidding format and are available for utilization. These templates were prioritized as these are the processes which are predominantly employed for the majority of formal procurements. Remaining templates will be converted on an as needed basis.

**3. Procurement By-law: With the recently approved Procurement By-law amendments (February 2109), Procurement will consider further changes to the Procurement By-law including consultation and planning with industry, peers and stakeholders; internal (staff) and external (GNCC, NPPC and NCA etc.) *Timeline – Ongoing with complete by Q4 2019/Q1-2020***

In August 2019, Niagara Region engaged the Procurement Office (TPO), an external legal firm based in Toronto to conduct a review of the current Procurement By-law to identify areas of potential improvement and provide recommendations for update. The deliverables for this assignment was received by Niagara Region in September.

While the current version of the By-law sought to subtly amend the 2015 version, it is Staff's intention that the current version would be repealed and replaced by a new proposed By-law which duly considers these observations and recommendations, specifically that the By-law be simplified by:

- Reducing the procedural content and improving the readability by tightening up the defined terms and using more natural language;
- Streamlining the By-law's focus on more appropriate high-level governance matters, such as:
  - governing principles;
  - core roles and responsibilities of the Region's Council, officers and employees;
  - delegations of authority for procurement approvals and contracting activities;
  - management of procurement-related information and records; and
  - compliance and monitoring.
- Removing overly detailed and prescriptive wording with respect to the various formats that may be used to conduct a procurement process;
- Moving the procedural content from the By-law into a separate supporting procedures and protocols document;
- Replacing the descriptive different types of procurement document "formats" (e.g. RFP, RFT, RFQ, etc.) with core "methods" like invitational or open competitions.
- Moving these descriptive procurement document formats to a procedural and protocol document, along with guidelines for selecting the appropriate format for a particular procurement and preparing the procurement document.
- Considering the use of core methods of procurement which are: low value purchases; ordering from an existing supply arrangement (e.g. qualified supplier

roster, standing offer); invitational competition (inviting selected suppliers to submit bids; open competition (publicly posted solicitation); and non-competitive procurement (sole or single source contacting).

- Considering amendments to and the removal of some specific provisions and terminology that may be potentially problematic.

**4. Negotiated RFP: With the recently approved Procurement By-law amendments (February 2019) introducing this process; finalize templates and procedures. *Timeline – Q3 2019***

Procurement is currently utilizing Negotiated RFP for the following projects:

Concurrent

- Collection, Haulage of Garbage, Recyclables and Organics

Consecutive

- Operation of Early ON Child and Family Centres;
- Social Housing ASD;
- Niagara Homelessness Service System Funding Service Priority (6 separate RFP's: Emergency Shelters, Assertive Outreach, Prevention, Transitional Housing, Housing First and Home for Good)
- Consecutive (Future Project) Procurement for Proposed Divestiture of the Municipal Recycling Facility.

**5. Ongoing developing of quarterly spend analytical reports to identify opportunities, drive savings and compliance. *Timeline – Q4 2019***

While the quarterly spend analytics reporting is still in development, Procurement is reporting Niagara Region procurement information to Municipal Benchmarking Network Canada (MBN)

MBN Canada is a partnership between Canadian municipalities who believe in the power of measurement to inspire continuous improvement in the delivery of services to their communities. In 2018, there were 17 Member Municipalities, representing 6 Provinces and 36 Services Areas reporting statistics on over 670 measures.

Niagara Region's reporting of Procurement measures from 2017 to date are outlined in the following table.

Categories	2017	2018	2019 (Sept)
Annual Number - Tenders	52	60	68
Annual Number - Proposals	55	72	53
Annual Number - Quotations	54	54	45
Average number of bids per call	4	3.5	3.8
Categories	2017	2018	2019 (Sept)
Annual Dollar Value - Tenders	\$ 57,738,724.00	\$ 94,742,302.00	\$ 48,772,259.00
Annual Dollar Value - Proposals	\$ 26,832,976.00	\$ 14,730,756.00	\$ 6,917,410.00
Annual Dollar Value - Quotations	\$ 2,521,371.00	\$ 2,366,656.00	\$ 1,464,051.00
Categories	2017	2018	2019 (Sept)
Annual Number of Purchase Orders	18410	18829	13421
Annual Dollar Value - All Purchase Orders	\$ 279,362,461.00	\$ 297,529,008.00	\$ 247,526,985.00

## Alternatives Reviewed

While no additional Work Plan items are being proposed for 2019, Procurement will provide further status updates and Work Plan carry over including new Work Plan items at the first Procurement Advisory Committee in 2020.

## Relationship to Council Strategic Priorities

While Procurement & Strategic Acquisitions and its related activities align with many of Council's 2019-2022 Strategic Priorities, the Procurement Work Plan perhaps best aligns with Sustainable and Engaging Government, specifically objective 4.1: High Quality, Efficient and Coordinate Core Services which promote an organizational culture that values continuous improvement, collaboration, and innovation.

## Other Pertinent Reports

- PAC-C 2-2019: Proposed Procurement 2019-2020 Work Plan.

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**Appendices**

N/A