

Background

On September 6, 2018, a report from the Executive Director of Finance, Assets and Fleet was presented to the Executive Leadership Team, highlighting the proposed revisions to the existing Purchasing By-law 2014-1.

This Purchasing By-law 2014-1 has been updated and reflects the following changes:

- 1) Compliance with new trade agreements, namely, The Canadian Free Trade Agreement (CFTA) and Canada-European Union Comprehensive Economic and Trade Agreement (CETA);
- 2) PBL includes language for future electronic bidding (E-Bidding);
- 3) Increase competitive tendering thresholds to >\$100,000.

To be compliant with the trade agreements referenced above, the Purchasing By-law required modification in a number of areas (see attached Appendix A for further details). For ease of reference some definitions have changed and some definitions added as required, (i.e. Multi-Use List, added "any optional extension terms" to Total Acquisition Cost). Another change is that Standing Offers shall indicate how subsequent purchases will be made.

Electronic Bidding will be introduced in the near future, where all competitive tenders and proposals will be advertised and received electronically. Modifications to address E-Bidding have been made to the Purchasing By-law.

E-Bidding will achieve but is not limited to the following benefits:

- a) reduce bid irregularities and the need to reject non-compliant bids;
- b) improve bidder's access to the City's opportunities;
- c) includes a simplified Tender and RFP evaluation process;
- d) and improves tracking of vendor performance;
- e) ease of submitting bids electronically and removes the need to have public tender openings;
- f) will increase the number of bidder's responding to the City's bid opportunities.

The Purchasing By-law 2014-1 has been modified to increase the dollar value of thresholds when tendering for projects greater than \$100,000. The threshold changes comply with requirements of the above mentioned trade agreements. Projects less than \$100,000 may be procured by Authorized Persons (A.P.'s) within the Operating Departments with a prescribed number of Quotations required in accordance with a Request for Quotation procedure.

Increased dollar thresholds will reduce the number of Tenders and RFP's issued by the purchasing section and will shift this purchasing activity to a Request for Quotation

method. Citing Information Reports to Council in 2017, there were 132 projects awarded with a dollar value greater than \$50,000. Nineteen of the projects were between \$50,000 and \$100,000. An increased threshold to \$99,999 will have the A.P.'s in the Operating Departments responsible to conduct their procurement activity. Figures from the Auditor General demonstrate that in 2017 there were 37 P.O.'s issued between \$50,000 to \$99,999. This purchasing activity may now be done by the A.P.'s in the Operating Departments.

These changes to the Purchasing By-law 2014-1 are also as a result of the Council approved Auditor General's Performance Audit of Purchasing Services, Report passed on July 10, 2018.

Next Steps

In order to implement the changes to this Purchasing By-law 2014-1 to realize the above noted benefits there is much administrative work to take place such as the following:

- Update all forms, templates, procedures and policies
- Update the internal and external websites
- Provide mandatory training to Authorized Person's so they are well educated on the new thresholds, and compliance with current Trade Agreements.