

COUNCIL INFORMATION PACKAGE

March 22, 2019

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To: Mayor and Members of Council

From: Gar Darroch, Manager of Procurement Services

Cc: Joan Ford,

JFord

Date: March 21, 2019

Re: Procurement Activity Summary – 2018

In accordance with the City's Procurement By-law 19-2014 this communication is a summary of the City's procurement activity during 2018.

Section 8.0 of the Procurement By-law states that an annual review will be supplied to Council that will summarize procurement activity for the previous year.

During 2018 the following procurement activities were carried out:

Finance – Procurement Services Administered Procurements		
Competitive Bid Type	Number of Bid Opportunities	Collective Value, incl. 13% HST
Request for Tenders, \$100,000 and over	26	\$6,037,873
Request for Quotations, \$25,000 – \$99,999.	15	\$1,062,244
Request for Proposals	27	\$7,695,378
Total	68	\$14,795,495
Capital Works – Design and Construction Administered Procurements		
Request for Tenders	39	\$54,647,766
Request for Quotations	0	0
Total	39	\$54,647,766

Two Halton Co-Operative Purchasing Group, (HCPG), co-op bid requests, co-ordinated and led by Burlington, have been included in the summary above. Procurement Services staff also maintained 208 on-going contracts, 98 of which were renewed in 2018.

Procurement Services also administered 6 Requests for Pre-Qualification (RPQ) processes.

During 2018 there were no emergency procurements required.

[Signature]

There were 8 Sole Source procurements totalling \$261,696. In addition, there were 27 single source procurements totalling \$2,178,933. These were compliant with the Procurement By-law section 14.8 and received prior approval from Council where the value exceeded \$100,000.

Staff added price stability to natural gas energy pricing in 2018. This was done with the guidance of the City's energy consultant and took the form of buying future requirements at fixed prices, i.e. price hedging. Price hedging was used for portions of all 12 months in 2018 and provided firm pricing for an average of 40% of the year's requirements. The total natural gas spend in 2018 was \$279K This compared with \$286K in 2017. The hedging agreements are consistent with the City's policy on commodity price hedging. Natural gas prices are expected to remain relatively stable in 2019 and 2020 as a result of supply growing faster than the growth in demand. However, it is anticipated that prices will begin to rise in 2023 as demand increases significantly compared to supply. Increases in demand are expected from higher US consumption, Liquefied Natural Gas (LNG) exports and exports to Mexico and Canada.

Staff are conscious of the environment and continue to utilize "green" procurement practices and products whenever possible and feasible.

The Procurement Services section of Finance transitioned to electronic bidding on November 21, 2017. This increased efficiency and dramatically reduced the amount of paper required for a formal procurement process. Capital Works is transitioning to electronic bidding in April, 2019.

Staff's mandate is to achieve best value in their procurement activities while being fair, open, transparent and accountable. With this goal in mind, formal competitive bid processes are utilized whenever possible for requirements with values exceeding \$25,000.

If additional detail is desired, or if there are any questions in this regard, please do not hesitate to contact me.

Gar Darroch