

27 Purchasing



What is the Service?

Purchasing Services is responsible for the acquisition of supplies, services, and construction in support of the operations of the Municipality and will work to procure the necessary quality and quantity of Goods and/or Services in an efficient, timely and cost effective manner, while maintaining the controls necessary for a public agency.

Purchasing Services encourages an open and competitive bidding process for the acquisition and disposal of Goods and/or Services and the objective and equitable treatment of all vendors to ensure the best value of an acquisition is obtained. This may include, but not be limited to, the determination of the total cost of performing the intended function over the lifetime of the task, acquisition cost, installation, disposal value, disposal cost, training cost, maintenance cost, quality of performance and environmental impact.

Influencing Factors:

Economic Conditions: Fluctuations in economic conditions could impact year-over-year comparisons of measures that incorporate the number of bids received and the costs of goods and services received.

Geographic Location: Parts of the Province may limit the number of bids as there may be an absence of specialized contractors and/or service providers.

Government Form: Single-tier municipalities have a unique purchasing environment, i.e. more layers of policy, more complex processes and diverse goods and services purchased.

Organizational Form: Municipal purchasing departments in Ontario do not look after all the same services or customers, i.e. some are responsible for stores/inventory operation, warehousing, insurance, mail room and/or a combination, while others are not; and some are responsible for procurement for Police, Emergency Services, Transit, Development and Social Services and others are not.

Policy and Practices: Time spent on the procurement process can differ based on the approval process in the municipality. It also differs on which department can conduct the process or a portion of the process which may or may not be based on dollar value of purchase. Progressive procurement practices that benefit the municipality, e.g. multi-year tenders, procurement cards, will also skew the results and may result in measures that appear less efficient.

Processes and Systems: Extent to which municipalities have authorized the implementation of procurement cards, blanket orders, contracts, etc.

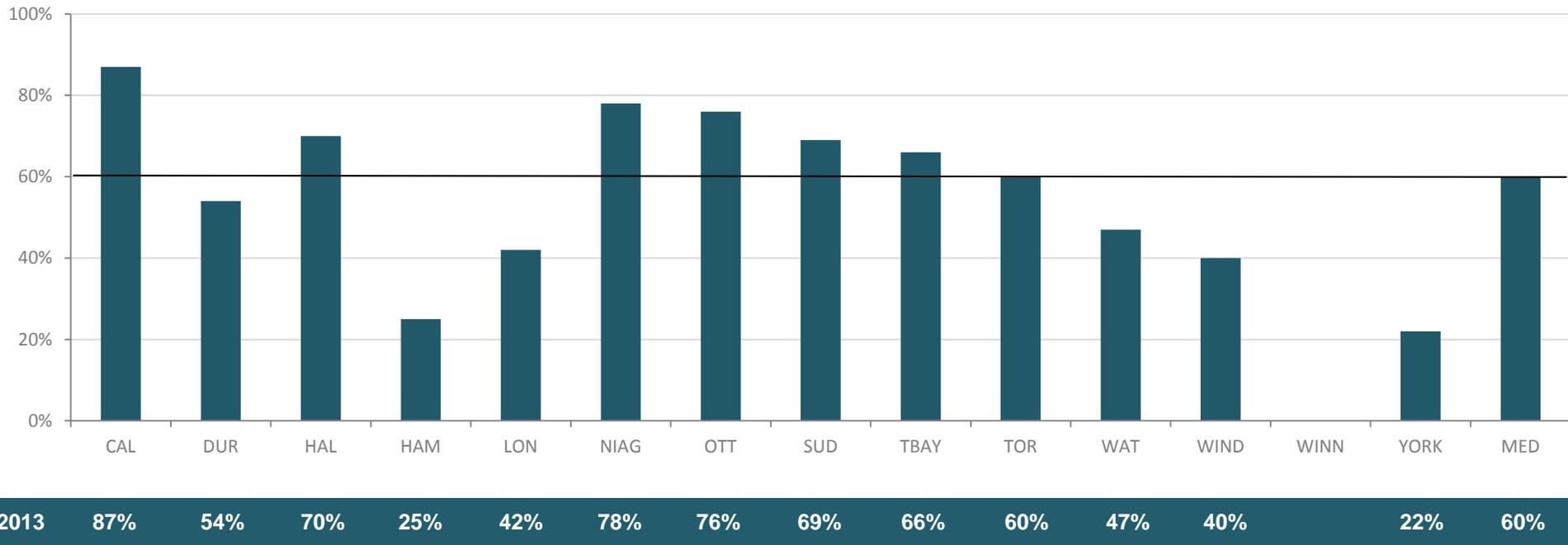
Provincial/Federal Policies: Federal and Provincial grant programs may impact the level of spending in any given year. Changes and differences in provincial tax policies may impact the costs of goods and services received.

Supply and Demand: Buying off season or when goods and services are in high demand will impact the cost of goods and services received.

Purchasing

What is the percent of goods and services purchased through a procurement process?

Fig 27.1 Percent of Goods and Services Purchased (Operating and Capital) through a Procurement Process

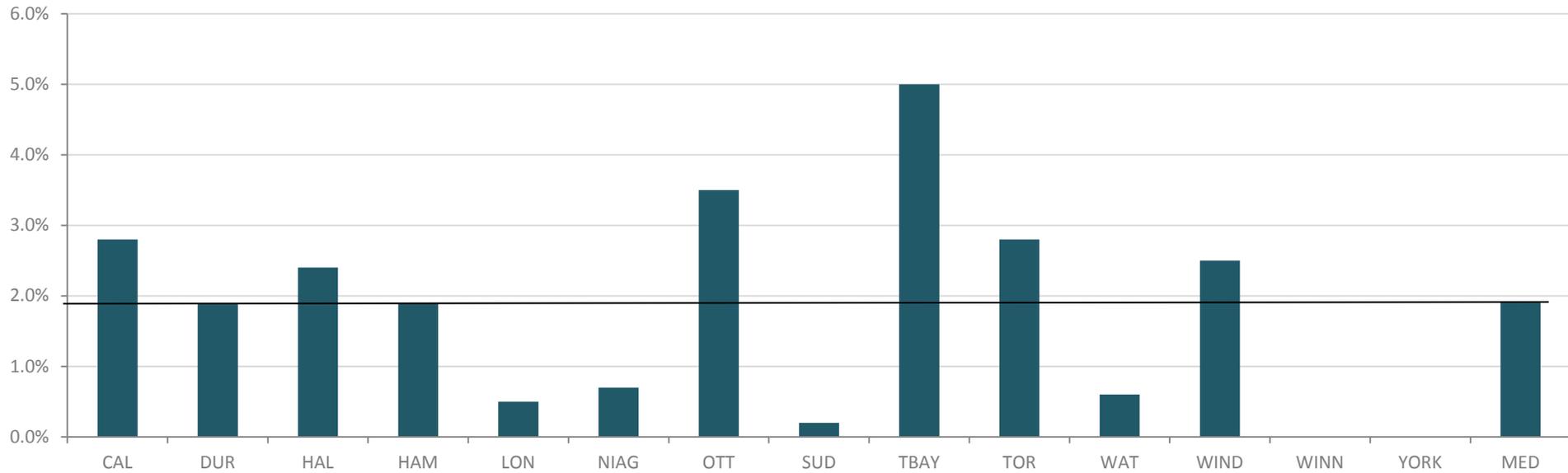


Source: FPUR107 (Community Impact)

Note: Lower results may be due to the exclusion of change orders to existing contracts originally sourced through a procurement process, higher dollar value thresholds triggering formal procurement processes and the timing of expenditures related to large multi-year contracts.

What is the value of sole and single source purchases?

Fig 27.2 Amount of Sole and Single Source Awards Over \$100,000 as a Percent of Total Goods and Services Purchased (Operating and Capital Dollars) Through a Procurement Process

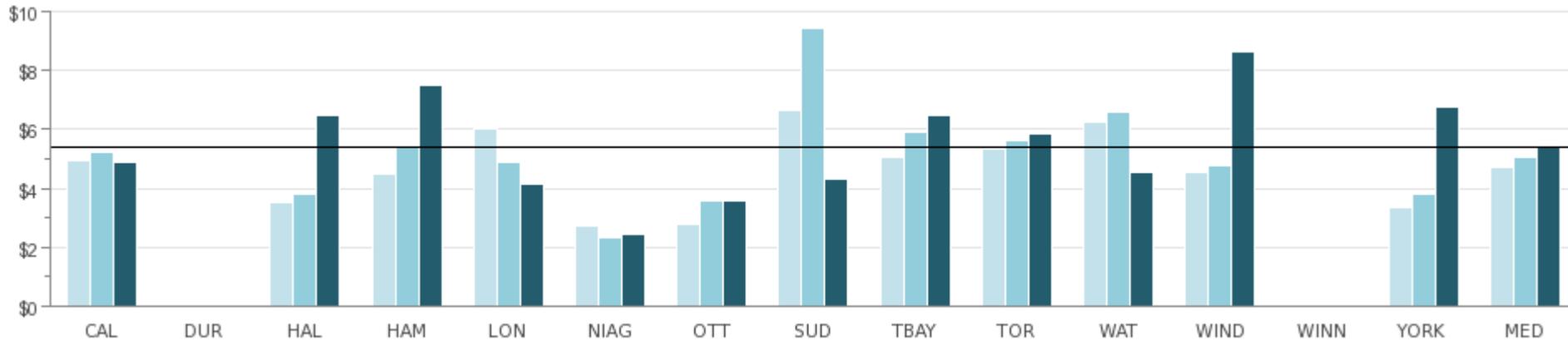


2013	2.8%	1.9%	2.4%	1.9%	0.5%	0.7%	3.5%	0.2%	5.0%	2.8%	0.6%	2.5%	0.0%	1.9%
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Source: FPUR222 (Service Level)

What is the centralized purchasing operating cost?

Fig 27.3 Centralized Purchasing Operating Cost per \$1,000 Goods and Services Purchased



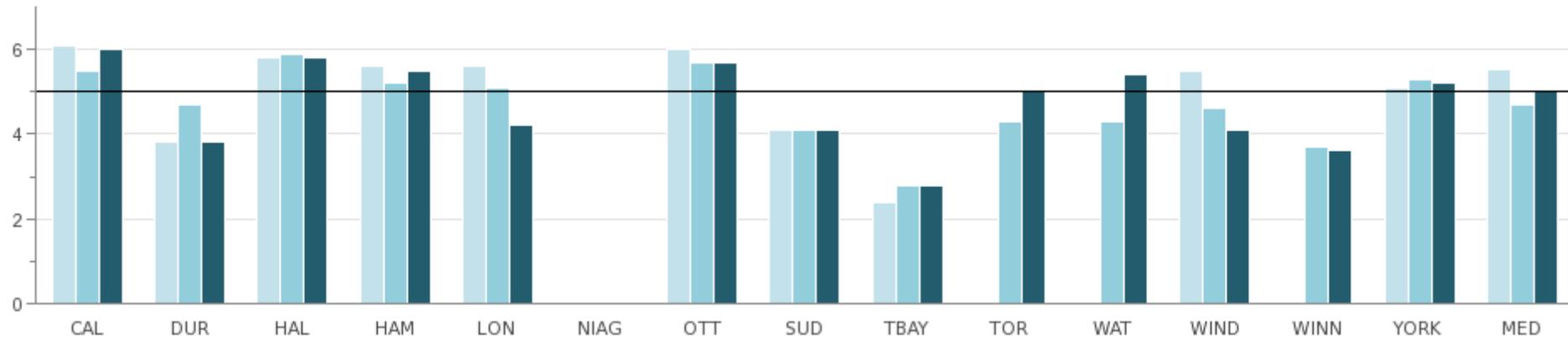
2011	\$4.92	\$3.49	\$4.46	\$6.01	\$2.70	\$2.75	\$6.63	\$5.03	\$5.34	\$6.25	\$4.56	\$3.33	\$4.74
2012	\$5.22	\$3.81	\$5.44	\$4.90	\$2.32	\$3.59	\$9.42	\$5.90	\$5.65	\$6.62	\$4.76	\$3.80	\$5.06
2013	\$4.89	\$6.49	\$7.52	\$4.16	\$2.45	\$3.55	\$4.29	\$6.48	\$5.87	\$4.54	\$8.65	\$6.74	\$5.38

Source: FPUR360 (Efficiency)

Note: The variance in year to year results can be attributed to one-time large purchases.

What is the average number of bids received per bid call?

Fig 27.4 Average Number of Bids per Bid Call



2011	6.1	3.8	5.8	5.6	5.6		6.0	4.1	2.4			5.5		5.1	5.6
2012	5.5	4.7	5.9	5.2	5.1		5.7	4.1	2.8	4.3	4.3	4.6	3.7	5.3	4.7
2013	6.0	3.8	5.8	5.5	4.2		5.7	4.1	2.8	5.0	5.4	4.1	3.6	5.2	5.0

Source: FPUR415 (Customer Service)

