

# PURCHASING

## VALUE STATEMENT

*I expect procurement processes to comply with legislation, support corporate objectives and municipal service needs; and deliver value in a timely, transparent and cost-effective manner.*

*As a vendor, I expect I am being evaluated in the same way as any other bidder and the bidding process is clear, fair and easy to complete.*

## Purchasing

### What is this 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, transparent, fair 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; materials management; stores function; installation; disposal value; disposal cost; training cost; maintenance cost; quality of performance; environmental and social impact.

### Influencing Factors:

1. **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.
2. **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.
3. **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.
4. **Organizational Form:** Municipal purchasing departments 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.
5. **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.
6. **Processes and Systems:** Extent to which municipalities have authorized the implementation of procurement cards, blanket orders, contracts, etc.
7. **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.
8. **Supply and Demand:** Buying off season or when goods and services are in high demand will impact the cost of goods and services received.
9. **Staff turnover.**

## Extenuating Circumstances:

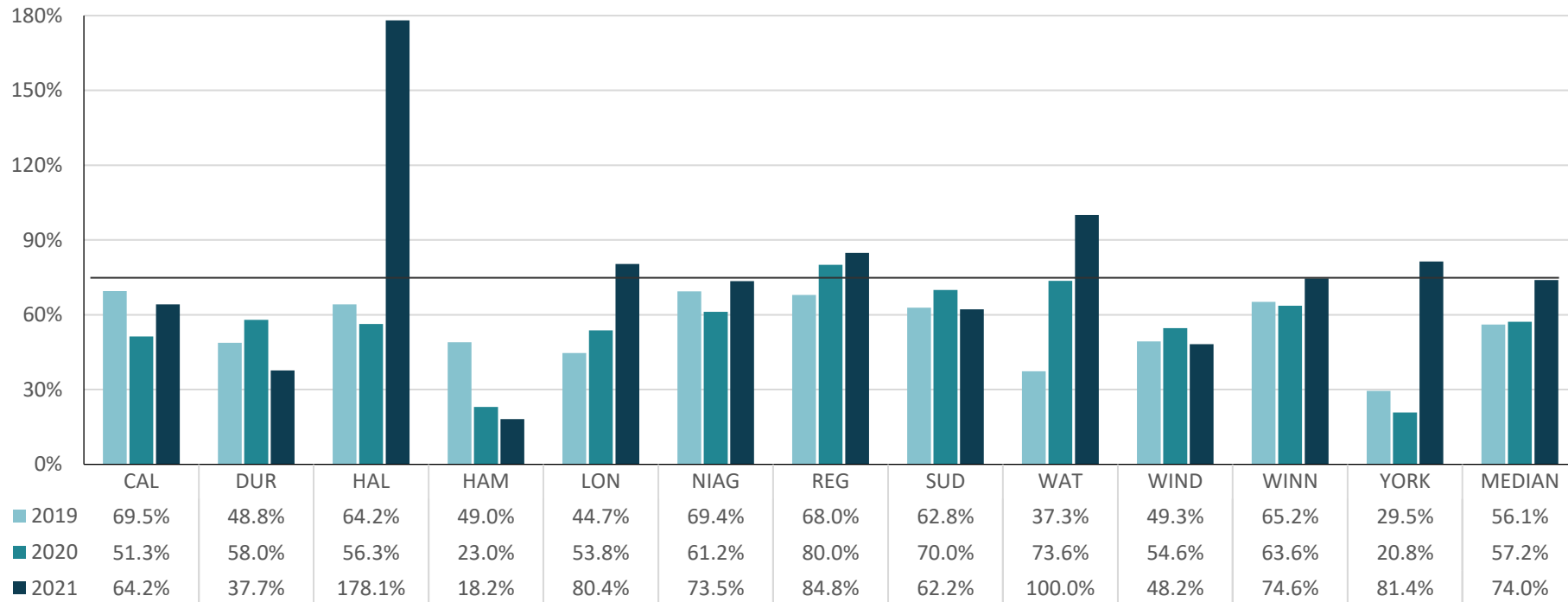
- **COVID-19 Pandemic:** Purchasing services are considered an essential service. Although municipalities were able to maintain services in 2020 with limited disruption, the pandemic did inform business modifications to facilitate service delivery including, but not limited to the implementation of digital communication tools, the modification of tendering processes and stores operations. In addition, staff time was allocated to the COVID-19 response including procurement activities to support the public health response.

In 2021, inflation, supply chain issues and cost of goods (including shipping) has impacted on municipal costs.

## Purchasing

### FPUR107 - Percent of Goods and Services Awarded (Operating and Capital) Through a Centralized Procurement Process

This measure calculates the value of contracts awarded through the centralized purchasing divisions during the fiscal year and may result in a percentage higher than 100%. It is also important to note that fluctuations in the value of awarded tenders from year to year will affect the results. In 2020, procurement activity and processes were impacted by COVID-19 resulting in fluctuations in results across municipalities.



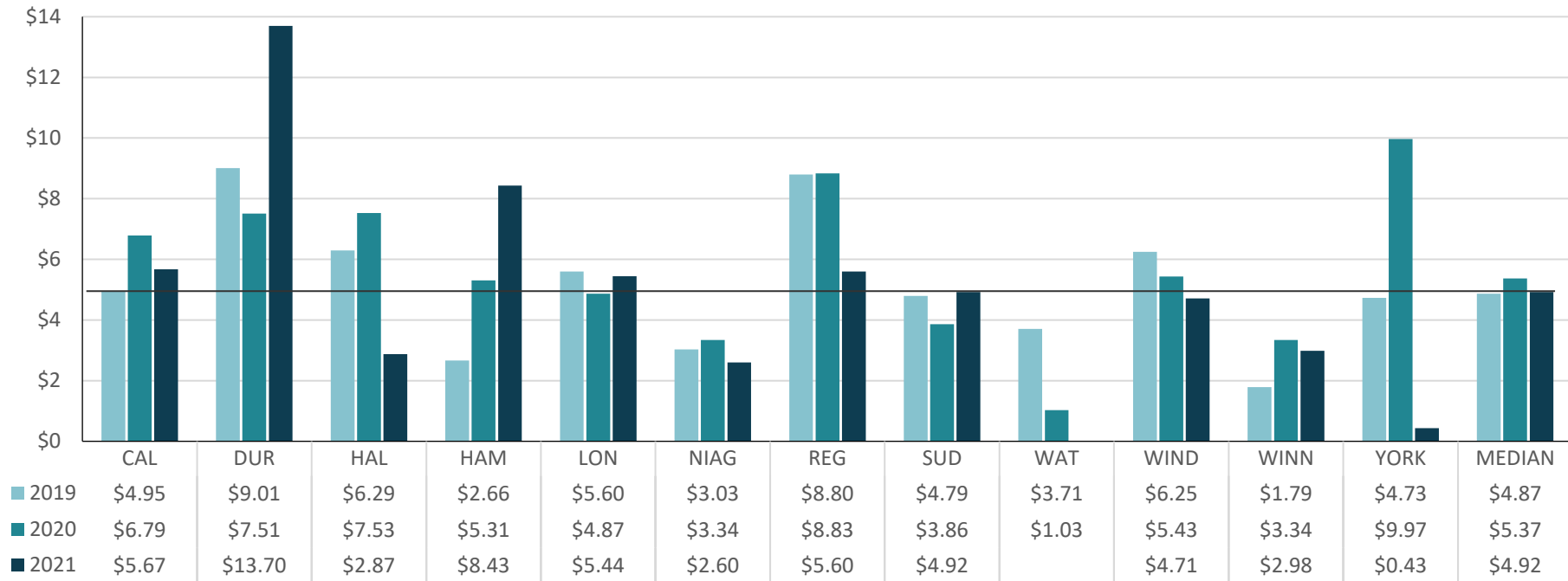
Halton: In 2021 there were several high value tenders awarded relating to multi-year construction projects.

York: 2021 is higher than 2020 due to three high value procurements.

## Purchasing

### FPUR362 - Operating Costs for Centralized Purchasing per \$1,000 of Goods and Services Awarded (Operating and Capital) Through a Centralized Procurement Process

This measure reflects the operating cost for providing centralized purchasing services. The results for this measure can be impacted by fluctuations in annual operating purchases, the award and/or completion of contracts for large multi-year capital projects and/or varying procurement requirements from year to year. The market costs of goods, supply chain issues and procurement activities in 2020 and 2021 resulted in fluctuations from 2019 across municipalities.

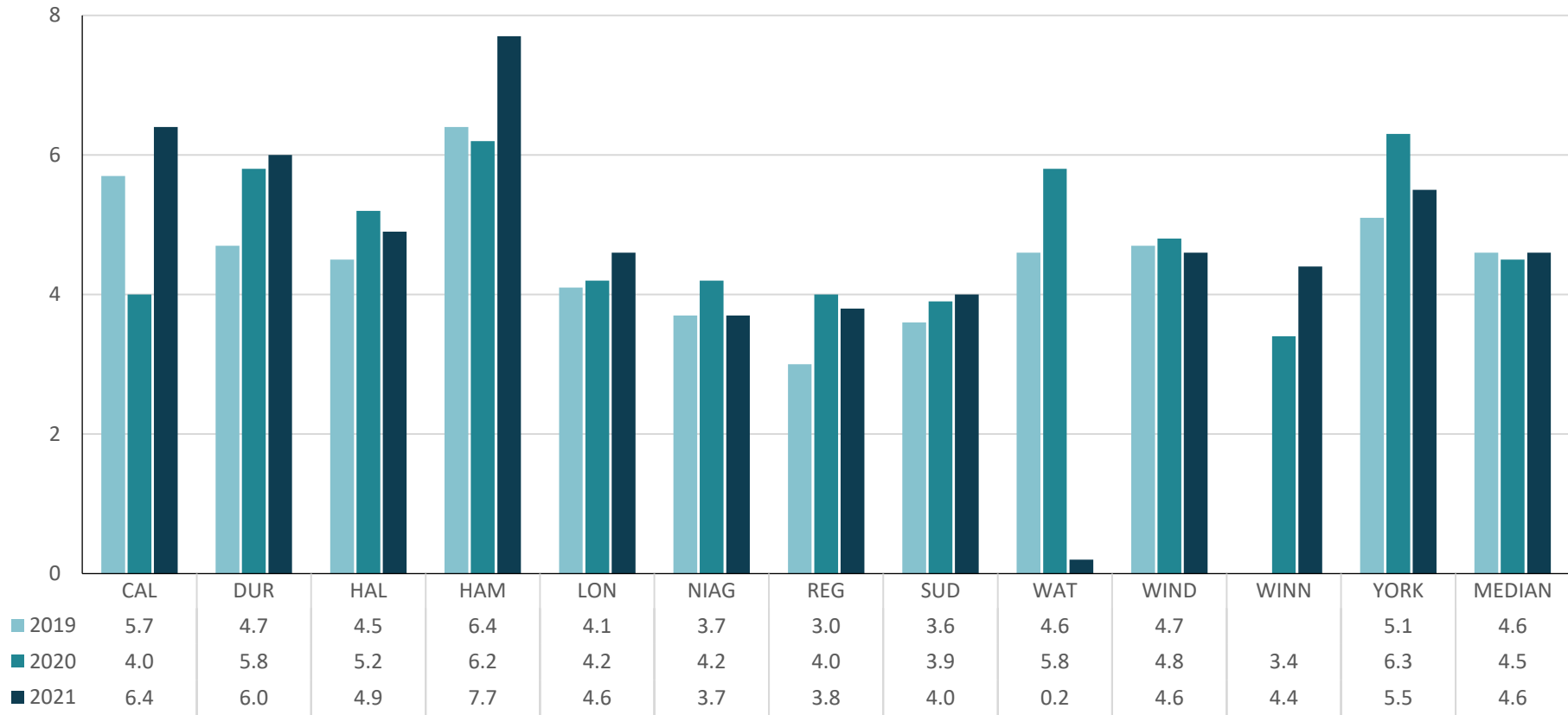


Durham: Increase in 2021 related to two factors: 1) two new positions were created, with additional vacant positions also filled; 2) decrease in the value of goods/services purchased through centralized purchasing as the threshold for decentralized purchases was increased from \$40,000 to \$100,000.

## Purchasing

### FPUR415 - Average Number of Bids per Bid Call

The types of tenders issued, size of the project and general economic conditions can impact the number of bids received.



Winnipeg: Data for 2019 was not available.