



City of  
**Peterborough**

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**To:** **Members of the General Committee**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **February 5, 2018**

**Subject:** **Report CPFS18-008  
Budget Creation and Approval for Procurement Compliance  
Review Project**

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## **Purpose**

A report to create a capital project and to seek approval to complete a procurement compliance review of City of Peterborough bid documents.

## **Recommendations**

That Council approve the recommendations outlined in Report CPFS18-008 dated February 5, 2018, of the Director of Corporate Services, as follows:

- a) That Council create a 2018 Capital Budget in the amount of \$90,000 for the project with funds to be transferred from the Insurance Reserve;
- b) That the City enter into a formal agreement with the Procurement Office, Suite 515, 639 Dupont Street, Toronto, Ontario, M6G 1Z4, for procurement compliance review services at a cost of \$70,945 plus HST of \$9,222.85 for a total cost of \$80,167.85; and
- c) That a provisional amount of \$14,500 be committed to the services provided and the Director of Corporate Services be provided the authority to adjust the contract to an upset limit of \$85,445 excluding HST as necessary to complete this work.

## Budget and Financial Implications

The net \$72,194 requirement, after applicable HST rebates can be accommodated within the budget created upon approval of recommendation a).

After approval of recommendation a), the Insurance Reserve will have an uncommitted balance of \$1,147,852.

The following chart provides a detailed breakdown of the elements of the services to be provided:

Description of Service	Budget
RAPID Action Plan – review, template overhaul, policy framework, base protocols and training	\$49,945
Standard term contracts, additional protocols, support	\$21,000
Provisional Items	\$14,500
HST – Net of rebates	\$1,504
Expenses	\$3,051
<b>Total Budget</b>	<b>\$90,000</b>

## Background

The City currently uses competitive bid templates and documents that have been developed in-house. The City issues over 100 competitive bid documents a year, in a variety of formats with Request for Tenders and Request for Proposals being the most common.

Chart 1 provides a summary of the number and value of the awards represented over the past three years.

**Chart 1 – 2015 – 2017  
Competitive Bids Issued**

Year	Number of Bid Documents	Value
2015	117	\$50,231,960
2016	101	\$33,046,417
2017	132	\$63,858,282
<b>Total</b>	<b>350</b>	<b>\$147,136,659</b>

To date, the bid templates and related documents have served the City well, but for some time now, staff have felt that it would be prudent to engage an external resource, who is an expert in the field, to complete a review of the City's procurement documents, agreements and the Purchasing Bylaw to ensure that the City is in the best possible position with its proponents and vendors. The tipping point for taking further action has been the recent requirement to incorporate impacts from both CFTA (Canadian Free Trade Agreement) and CETA (Canada-European Union Comprehensive Economic and Trade Agreement) into the bid documents. Staff do not possess the depth of understanding of the trade agreements and related requirements to make all the required changes.

In investigating options, the firm, The Procurement Office, provides legal services that specialize in procurement and has developed a systematic approach for municipalities to review procurement documents with a view to ensuring compliance with current legislation. Staff have spoken to several other municipalities who have engaged The Procurement Office on numerous procurement issues.

Staff from the City Solicitor's Office and Corporate Services recommend a short-term contract. The engagement would take approximately 4-5 months to complete and is also timely given the pending requirement to review the current Purchasing By-law 14-127 prior to the end of this term of Council. At the end of the assignment, The Procurement Office would provide the following:

- A written report outlining recommended changes to improve the efficiency and compliance of the City's procurement operations
- A series of templates for drafting bid documents tailored to work with the City's business processes
- A set of protocols that will provide guidance on key aspects of the procurement cycle such as format selection, document drafting, consensus scoring, etc.

### **Authority to Approve**

Under Section 9.2.2 e) of the City's Purchasing By-law 14-127, which lists Outside Legal Counsel as one of the professional services that can be procured without a competitive bid process, if budget existed, the Administrative Staff Committee could approve the Compliance Review to this firm. However, as no budget exists for this work, under Section 8.2.1 b) of the By-law, Council is required to approve it.

### **Budget Transfer Required**

As this is a risk management issue, staff recommend the budget be created by transferring funds from the Insurance Reserve.

## Summary

If Council accepts the recommendations contained in this report, staff will proceed immediately with the work with a completion date of June 2018.

Submitted by,

Sandra Clancy  
Director of Corporate Services

Contact Name:

Richard Freymond  
Manager of Financial Services  
Phone: 705-742-7777 Ext 1862  
Toll Free: 1-855-738-3755 Ext 1862  
Fax: 705-876-4607  
E-Mail: [rfreymond@peterborough.ca](mailto:rfreymond@peterborough.ca)