

The Regional Municipality of York

Committee of the Whole
Finance and Administration
February 11, 2021

Report of the Commissioner of Finance

Non-Competitive Contract Awards, Extensions, and Increases

1. Recommendations

1. Council authorize the award, extension, and increase of contracts between the Region and each of the vendors listed in Attachment 1 and Private Attachment 1 for the terms described in the attachments.
2. The Commissioner of Community and Health Services be authorized to delegate the execution of direct purchase agreements and associated extensions, increases, and renewals, to the General Manager, Paramedic and Seniors Services, the Public Health Medical Officer of Health, and the General Manager, Social Services in relation to the provision of goods and services and product standardizations, provided that the agreement amounts are within their delegated signing authority limits. This delegation will enable expedited approval for the provision of goods and services which provide services to vulnerable persons.

2. Summary

This report seeks Council approval of 69 contract awards, extensions, and increases in the value of \$17,159,384 that meet one or more of the following circumstances:

- New direct purchase over \$150,000
- Extension/increase over a 5-year term for any existing contract, previously directly or competitively procured
- Extension/increase for an existing contract, previously competitively procured, which does not have any, or has exhausted all, renewal options
- Extension/increase for existing direct purchase contract over \$150,000
- Private Attachment 1 to this report will be considered in private session as the items within it are related to the security of Regional property

Pursuant to Sections 10.2, 12.3 and 18.1 of the *Purchasing Bylaw* (No. 2017-30), a report shall be submitted to Council prior to authorizing procurements under the circumstances listed above.

This report consolidates 69 requests across Regional departments, in the value of \$17,159,384 to minimize the number of ad hoc reports for Council approval. All requests within this report have been validated by the Procurement Office, Legal Services and Commissioners/Department Heads to ensure that they meet the required criteria to be procured as direct purchases.

A private attachment was required, pursuant to Section 239(2) (a) of the *Municipal Act, 2001*, as the subject matter involves the security of the property of the Region.

Key Points:

- 7 new direct purchases, in the value of \$3,368,965, require approval to support business continuity and operational requirements
- 16 contracts, in the value of \$1,892,912, require extensions over the 5-year term to support business continuity and operational requirements
- 33 extensions, in the value of \$8,696,107, are required for an existing contract, previously competitively procured, which does not have any, or has exhausted all, renewal options
- 13 extensions/increase for existing direct purchase contracts, in the total value of \$3,201,400, required to support business continuity and operational requirements
- Council approval of these contract awards and extensions is required under the provisions of Sections 10.2, 12.3 and 18.1 of the Purchasing Bylaw, as applicable to each contract

3. Background

The consolidated report format streamlines the approval process and provides additional transparency to Council

As part of the Region's continued procurement modernization efforts, staff continue to seek ways to streamline and improve the way in which procurement matters receive Council approval.

Previous similar reports were considered by Council in June 2020 and November 2020. The 2021 schedule for this report includes submissions in February, April, June and November. Additional reports are required in the 2021 cycle of this report as the Region experienced significant delays in the hiring of procurement resources, resulting in critical delays to competitive procurements due to COVID-19. Delays in acquiring resources resulted from Human Resource's focus on hiring Public Health staff critical to York Region's COVID-19 response. The hiring freeze occurred from March – August 2020 and December 2020 – January 2021. Consequently, non-standard extensions/increases and short-term direct purchases were required to meet the critical business needs of departmental program areas.

The *Purchasing Bylaw* specifies procurement activities requiring Council approval to proceed

Pursuant to Sections 10.2, 12.3 and 18.1 of the *Purchasing Bylaw*, a report shall be submitted to Council seeking approval of contract awards, extensions and renewals that would result in:

- Direct purchase contracts with a total cost, exceeding \$150,000
- Extension and/or increase of direct purchase contracts with a total cost that exceeds, or will exceed \$150,000
- Extension of contracts with an aggregate term greater than five (5) years, regardless of dollar value

Additionally, to provide Council with better transparency, this report also includes:

- Extension and/or increase of direct purchase contracts with an original contract value under \$150,000, where the extension term will result in the total contract value exceeding \$150,000
- Extension of contracts with no renewal options, or where all renewal options have been exhausted
- Direct purchase contracts for the purpose of product or technology standardization

4. Analysis

69 direct purchases, contract extensions, and increases are required to enable business continuity and operational requirements of Regional programs

To provide better transparency on the volume of procurement transactions requiring Council consideration, this report consolidates these types of requests from across the organization and will serve to reduce the number of ad hoc reports to Council. Table 1 summarizes, by category, the requests within this report.

Table 1
Summary of Non-Competitive Contract Award, Extension and Increase Requests

Category	# of Requests	Estimated* Cost** (\$)	Percentage of Total Cost (%)
New direct purchase over \$150,000	7	3,368,965	20
Extension/increase over a 5-year term for any existing contract, previously directly or competitively procured	16	1,892,912	11
Extension/increase for an existing contract, previously competitively procured, which does not have any, or has exhausted all, renewal options	33	8,696,107	50
Extension/increase for existing direct purchase contract over \$150,000	13	3,201,400	19
TOTAL	69	17,159,384	100

*Estimated cost calculations factor in annual cost adjustments and forecasted changes in user, business and operational requirements.

**The required funding is included in the responsible department's 2020 budget and the approved 2021-2022 operating outlook, and will be included in future budgets

Finding opportunities in times of Regional capacity constraints

Every area of the Region was affected by COVID-19, including in the Procurement Office, disrupting the usual way of doing business. COVID-19 related procurements have impacted the available resources in procurement to support other business areas. This limited the availability of existing procurement resources and delayed the hiring of new resources required to execute the high volume of complex competitive procurements critical to Regional operations.

Under the Purchasing Bylaw, the Region is required to conduct competitive procurements for the purchase of goods and services, unless exempted. Under regular circumstances, most of the requests within this report would be competitively procured. During the COVID-19 emergency, existing under-resourcing was further intensified by a hiring freeze and the decision by the Regional Emergency Control Group to suspend the release of competitive bids. This decision resulted in significant delays to competitive procurements. COVID-19 related pressures continue and are expected to impact capacity for the near term. This report requests Council approval for extensions and/or short-term direct purchases for the procurements that were identified as good candidates for non-competitive procurement; this will reduce the number of competitive procurements and will avoid operational disruptions or capital project delays.

Analytical Approach to Mitigate Procurement Risk

In January 2021, the Procurement Office, in collaboration with departments, undertook a forecasting and prioritization exercise to mitigate the risks to departments' business continuity. The exercise revealed that under the current COVID-19 environment, there would be increased pressure on the Procurement Office to deliver competitive procurements, as departments are accelerating project delivery. This acceleration results from critical COVID-19 related activities and from the organization's commitment to continue to invest in projects that support the economic activity of the Region.

Further, the Procurement Office in collaboration with Legal Services and Risk Management, analyzed all projects proposed for 2021, identifying contracts with the least risk resulting from non-competitive procurement. As a result, a recalibration of the volume of competitive procurements scheduled for 2021 and 2022 was completed, relieving pressure on existing resources and ensuring business continuity for the Region.

Under these circumstances, the Procurement Office took the following steps to ensure risk mitigation and compliance with the *Procurement Bylaw*:

- Where possible, contract terms were limited to one to two years to address the constraints resulting from the COVID-19 emergency declaration
 - Where contract terms were longer, additional safeguards were put in place to ensure that the reasons for the request were compliant with the *Purchasing Bylaw* in addition to maximizing value for the Region
- Where possible, all vendors were asked to accept current contract terms with escalations driven by Consumer Price Index (CPI) increases or other reasonable increases agreed upon by the vendor and business area
 - These increases were consistent with what would be expected from a competitive process
 - The requests were vetted to ensure that the highest value for money was secured

As a result, 68 of the 69 requests included in this report are short-term direct purchases and non-competitive extensions and increases to existing contracts which are required to meet critical business activities. The remaining requests within this report are related to product/service standardizations.

These extensions/increases and short-term direct purchases are a temporary solution which will be replaced by competitive procurements, planned for release throughout 2021 and 2023.

This report will be followed by another similar report in April, capturing the remaining non-competitive requests that which were not included in the February report due to time constraints.

In future, the bi-annual reporting schedule will be followed, unless a special report is required due to future impacts of COVID-19. The forecasting efforts led by the Procurement Office have become a standing practice, as it assures that all competitive procurements are scheduled in a timely manner to ensure compliance with the Procurement Bylaw.

5. Financial

The estimated cost to award or extend the contracts requested in this report is illustrated in Table 2. The required funding is included in the responsible department's 2021 budget and in the endorsed 2021-2022 operating outlook and will be included in future budgets.

Table 2
Summary of Non-Competitive Contract Award, Extension and Increase Requests by Department

Department		New Direct Purchases	Extension/increase over a 5-year term for any existing contract, previously directly or competitively procured	Extension/increase for an existing contract, previously competitively procured, which does not have any, or has exhausted all, renewal options	Extension/increase for existing direct purchase contract over \$150,000
Community and Health Services	Total #	1	3	5	-
	Estimated* Cost** (\$)	376,720	225,000	640,228	-
Corporate Services	Total #	-	1	-	1
	Estimated* Cost** (\$)	-	107,500	-	51,000
Environmental Services	Total #	5	1	10	7
	Estimated* Cost** (\$)	2,150,000	350,000	4,113,093	2,650,000
Finance	Total #	-	2	-	1
	Estimated* Cost** (\$)	-	350,000	-	125,000
Legal and Court Services	Total #	-	-	-	1
	Estimated* Cost** (\$)	-	-	-	150,000
Transportation Services	Total #	1	9	18	3
	Estimated* Cost** (\$)	842,245	860,412	3,942,785	225,400

*Estimated cost calculations factor in annual cost adjustments and forecasted changes in user, business and operational requirements.

**The required funding is included in the responsible department's 2020 budget and the endorsed 2021-2022 operating outlook, and will be included in future budgets

Department specific summaries can be found in Attachment 1 and Private Attachment 1.

Corporate Summary of Non-Competitive Awards, Extensions, and Increases

This report consolidates 69 non-competitive awards, extensions, and increase requests from 6 departments. At 69 requests, the total number of contract extensions within this report is

higher than the volume of requests, 52, put before Council in the November 2020 Non-Competitive Contract Awards and Extensions Report. This increase in requests is as a result of significant delays in the hiring of procurement resources, due to COVID-19. This then led to delays to competitive procurements. Therefore, to meet critical business needs, short-term direct purchases and non-competitive extensions and increases are required by the departments within this report.

As outlined in the summary in Table 2, Transportation Services put forward the highest number of requests (31), followed by Environmental Services (23), Community and Health Services (9), Finance (3) Corporate Services (2), and Legal and Court Services (1).

Detailed Analysis of the Departmental Requests

Tables three through eight present a more detailed analysis of the departmental requests at the branch level.

**Table 3
Community and Health Services
Branch Summary of Non-Competitive Contract Award, Extension, and Increase
Requests**

Description	Total (#)	Total (\$)	Total (%)
Integrated Business Services	1	150,000	12
Paramedic and Seniors Services	5	615,228	50
Public Health	2	100,000	8
Social Services	1	376,720	30
TOTAL	9	1,241,948	100

The requests brought forward from Community and Health Services require Council approval and are related to digitization services, clinical dental supplies, ballistic vests/tactical accessories, various consulting services, grounds maintenance, purchase of nicotine replacement therapy products, and supply and delivery of vehicles.

Further details can be found in Attachment 1 and Private Attachment 1.

**Table 4
Corporate Services
Branch Summary of Non-Competitive Contract Award, Extension, and Increase
Requests**

Description	Total (#)	Total (\$)	Total (%)
Human Resources	2	158,500	100
TOTAL	2	158,500	100

The requests brought forward from Corporate Services require Council approval and are related to technology solutions.

Further details can be found in Private Attachment 1.

Table 5
Environmental Services
Branch Summary of Non-Competitive Contract Award, Extension, and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Environmental Promotion and Protection	7	3,191,100	34
Operations, Maintenance and Monitoring	16	6,071,993	66
TOTAL	23	9,263,093	100

The requests brought forward from Environmental Services require Council approval and are related to various replacement equipment and services, haulage services, landscaping services, well services, annual inspection of equipment, supply and delivery water treatment chemicals and forestry services.

Further details can be found in Attachment 1.

Table 6
Finance Branch Summary of Non-Competitive Contract Award, Extension, and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Controllership Office	1	300,000	63
Information Technology Services	1	125,000	26
Strategy and Transformation Branch	1	50,000	11
TOTAL	3	475,000	100

* Note: Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated

The requests brought forward from Finance require Council approval and are related to printing supplies, payment processing services, and video conferencing services.

Further details can be found in Attachment 1 and Private Attachment 1.

Table 7
Legal and Court Services
Branch Summary of Non-Competitive Contract Award, Extension, and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Court Services	1	150,000	100
TOTAL	1	150,000	100

* Note: Due to rounding, numbers presented throughout this report may not add up precisely to the totals indicated

The request brought forward from Legal and Court Services requires Council approval and are related to video conferencing services.

Further details can be found in Private Attachment 1.

Table 8
Transportation Services Department
Branch Summary of Non-Competitive Contract Award, Extension, and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Business Planning and Technology	3	934,645	16
Capital Planning and Delivery	3	723,500	12
Roads and Traffic Operations	18	3,156,825	54
Transit	5	353,000	6
Transportation and Infrastructure Planning	2	702,872	12
TOTAL	31	5,870,842	100

The requests brought forward from Transportation Services require Council and are related to training simulators, mobile screening plant rental services, boulevard maintenance and grass cutting services, winter road maintenance tools, inspection services, training systems, supply and operation of tri-axle dump trucks, supply and installation of collision avoidance, sign maintenance, excavators, repair services, and ditch repairs.

Further details can be found in Attachment 1 and Private Attachment 1.

6. Local Impact

There are no direct local municipal impacts as a result of this report.

7. Conclusion

Staff are seeking Council authorization to award 69 contract awards, extensions, and increases, for terms as specified. These contracts support the business continuity requirements of Regional programs and/or reliability of technology systems used to meet business requirements, ensuring a consistent and stable business environment for the Region.

For more information on this report, please contact, Fadi Samara, Acting Director, Procurement Office at 1-877-464-9675 ext. 71650. Accessible formats or communication supports are available upon request.

Laura Mirabella

Recommended by:

Laura Mirabella, FCPA, FCA
Commissioner of Finance and Regional Treasurer



Approved for Submission:

Bruce Macgregor
Chief Administrative Officer

January 28, 2021

Attachments (1)

Private Attachments (1)

eDocs: 12123690