

The Regional Municipality of York

Committee of the Whole
Finance and Administration
April 8, 2021

Report of the Commissioner of Finance

Contract Awards and Amendments Requiring Council Approval

1. Recommendations

1. Council authorize the award of the direct purchases, contract extensions and increases 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. Council authorize the delegation of the execution of the direct purchases, contract extensions and increases, in relation to the provision of goods and services and product standardizations, to all Commissioners/Department Heads and their designates, provided that the agreement amounts are within their delegated signing authority limits.

2. Summary

This report seeks Council approval of 24 direct purchases, contract extensions and increases in the value of \$10,078,265 that meet one or more of the following circumstances:

- New direct purchase over \$150,000
- Extension/increase over a five-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 24 requests across Regional departments, in the value of \$10,078,265 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:

- 2 new direct purchases, in the value of \$1,616,583, require approval to support business continuity and operational requirements
- 13 contracts, in the value of \$7,439,136, require extensions/increases over the five-year term to support business continuity and operational requirements
- 9 contracts, in the value of \$1,022,546, require extensions/increases for an existing contract, previously competitively procured, which do not have any, or have exhausted all renewal options
- 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.

Similar reports were considered by Council in June and November 2020, and most recently [February 2021](#). This report is a follow up to the February report and includes requests for which documents and information were still pending. Additional reports will be presented to Council in June and November of this year, as per the regular bi-annual schedule.

This report was required as the Region continues to experience significant delays in the hiring of procurement resources, resulting in critical delays to competitive procurements due to COVID-19.

As previously identified in the February 2021 report, the delays in acquiring resources resulted from Human Resource's focus on hiring Public Health staff critical to York Region's COVID-19 response.

Consequently, direct purchases and contract extensions, increases and renewals 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

24 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 Contract Awards and Amendments Requiring Council Approval

Category	# of Requests	Estimated* Cost** (\$)	Percentage of Total Cost (%)
New direct purchase over \$150,000	2	1,616,583	16
Extension/increase over a five-year term for any existing contract, previously directly or competitively procured	13	7,439,136	74
Extension/increase for an existing contract, previously competitively procured, which does not have any, or has exhausted all, renewal options	9	1,022,546	10
Extension/increase for existing direct purchase contract over \$150,000	0	0	0
TOTAL	24	10,078,265	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 2021 budget and the approved 2021-2022 operating outlook, and will be included in future budgets.

Finding opportunities in times of Regional capacity constraints

As identified in the February report, the constraints driving requests included in this report remain the same.

Every area of the Region has been impacted 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 has 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 pandemic, 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 Purchasing 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

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

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 Purchasing Bylaw.

5. Financial

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

Table 2
Summary of Contract Awards and Amendments Requiring Council Approval

Department		New Direct Purchases	Extension/increase over a five-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	5	8	-
	Estimated* Cost** (\$)	501,583	2,418,983	927,500	-
Corporate Services	Total #	-	4	1	-
	Estimated* Cost** (\$)	-	3,000,153	95,046	-
Finance	Total #	-	4	-	-
	Estimated* Cost** (\$)	-	2,020,000	-	-
Legal and Court Services	Total #	1	-	-	-
	Estimated* Cost** (\$)	1,115,000	-	-	-

*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 2021 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 Contract Awards and Amendments Requiring Council Approval

This report consolidates 24 direct purchase, contract extension and increase requests from four departments. At 24 requests, the total number of contract extensions within this report is significantly lower than the volume of requests, 69, put before Council in the February report. This decrease in requests was as expected as the majority of requests related to the delays

in the hiring of procurement resources due to COVID-19 were presented to Council in February.

As outlined in Table 2, Community and Health Services put forward the highest number of requests (14), followed by Corporate Services (5), Finance (4), and Legal and Court Services (1).

Detailed Analysis of the Departmental Requests

Tables 3 through 8 present a more detailed analysis of the departmental requests by branch level.

**Table 3
Community and Health Services
Branch Summary of Direct Purchase, Contract Extension and Increase Requests**

Description	Total (#)	Total (\$)	Total (%)
Integrated Business Services	3	810,000	21
Paramedic and Seniors Services	10	3,008,066	78
Public Health	1	30,000	1
TOTAL	14	3,848,066	100

The requests brought forward from Community and Health Services require Council approval and are related to linen services, supply and delivery of medical equipment and supplies, interpretation services, staff uniforms, administrative services, and equipment parts and services.

Further details can be found in Attachment 1.

**Table 4
Corporate Services
Branch Summary of Direct Purchase, Contract Extension and Increase Requests**

Description	Total (#)	Total (\$)	Total (%)
Human Resources	1	60,000	1
Property Services	4	3,035,199	99
TOTAL	5	3,095,199	100

The requests brought forward from Corporate Services require Council approval and are related to staff training and janitorial services.

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

Table 5
Finance
Branch Summary of Direct Purchase, Contract Extension and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Controllership Office	3	2,002,000	99
Treasury Office	2	18,000	1
TOTAL	5	2,020,000	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 external legal services, adjusting services, insurance brokering services, and financial analysis services.

Further details can be found in Attachment 1.

Table 6
Legal and Court Services
Branch Summary of Direct Purchase, Contract Extension and Increase Requests

Description	Total (#)	Total (\$)	Total (%)
Court Services	1	1,115,000	100
TOTAL	1	1,115,000	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 payment services.

Further details can be found in 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 24 direct purchase, contract extension, and increase requests, for terms as specified within Attachment 1 and Private Attachment 1. These requests 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

March 24, 2021
Attachments (1)
Private Attachments (1)
eDocs: 12544000