

**ADMINISTRATIVE REPORT**

Report Date: February 11, 2021
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Meeting Date: March 9, 2021

TO: Standing Committee on Policy and Strategic Priorities
FROM: Chief Procurement Officer
SUBJECT: Annual Procurement Report 2020

RECOMMENDATION

A. THAT Council receive this report for information.

REPORT SUMMARY

This annual procurement report documents the procurement activities of the City of Vancouver from January 1, 2020 to December 31, 2020. The scope of this report includes the public procurement and contract award statistics for third party goods and services, sustainable and ethical procurement highlights and other activities and accomplishments of the Supply Chain Management (SCM) department such as the warehousing and inventory management functions.

SCM oversees the procurement of third party goods and services (including construction), as well as the management of the City's warehouses, storage facilities and material inventory, which support City operations. During 2020, spend managed by the SCM department represented approximately 44% of the total City payments. This percentage increased in 2020 in proportion compared to previous years (typically 30%-35%) as some annual disbursements for the City, such as the School Tax, were allowed by the province to be deferred to calendar year 2021. The City has approximately 3800 current vendors. In order to support the City's many priorities and goals, SCM works to achieve best value while advancing economic, social and ethical and environmental sustainability practices in its procurement and warehousing and inventory management activities.

During 2020 under the stewardship of the SCM department, the City solicited bids and proposals, negotiated and awarded \$169 million worth of contracts for goods, services (including

construction). These contracts resulted in procurement savings of approximately \$19.8 million (~12%), achieved through deployment of procurement strategies, which include consolidation of citywide, spend, competitive bidding and robust negotiation processes.

This annual report also highlights some accomplishments by the Supply Chain Management department to assist business units deliver quality core services that meet residents' needs and support Council priorities such as the commitment to sustainable and ethical procurement and continuous improvement in ensuring value for money for Vancouver residents.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

In April 2018, City Council approved Procurement Policy number ADMIN-008, which includes updates and amendments to the former Procurement Policy AF-015-01. This policy provides direction from City Council for the procurement of goods, services and construction as well as the disposition of surplus assets for the City of Vancouver and other City Affiliates with respect to contract approval authority limits, contract signing authority, authority of the Bid Committee, and incorporation of sustainable and ethical procurement policies into the procurement process.

CITY MANAGER'S/GENERAL MANAGER'S COMMENTS

The General Manager, Finance, Risk and Supply Chain Management and City Manager recommend that Council receive the foregoing.

REPORT

Background/Context

City of Vancouver's Procurement Policy (ADMIN-008), (Section 10 Monitoring, Review and Reporting) notes that the Chief Procurement Officer will annually report to City Council on the procurement activities of the previous year.

Strategic Analysis

1. Supply Chain Management Departmental Activities and Statistics :

SCM's key objective is supporting the City's long-term strategic goals, contributing to ensure the City is financially healthy and administratively effective. SCM supports the City operations through a shared services centralized model providing subject matter expertise and strategic trusted advice and operational support to internal client business units to enable responsible financial stewardship, effective risk management practices, and robust internal administrative structures and processes in procurement and warehousing and inventory management.

The department also continuously engages in internal process improvements and implements leading supply chain management practices that enhance operations and services that not only ultimately deliver goods and services to the City's final customer, in this case the taxpayer, but

also generates economic impacts and benefits across the entire supply chain. This report discusses some of the results from these on-going activities.

During 2020, because of the COVID19 global pandemic, the Supply Chain Management department virtualized all procurement processes in order for staff physically located at City Hall and other office location to be able to work remotely. Requests for proposal templates and internal public procurement processes were modified, updated, and communicated to external stakeholders in order to accommodate electronic vendor proposals and eliminate hard copy submissions. This was only possible as the surety industry in Canada had to pivot, as well and modify their procedures due to the emergency crisis, allowing issuance of certified electronic bid bonds, which pre-pandemic were only issued in original seal stamped paper copies.

Following are key procurement statistics for the period from January 1, 2020 to December 31, 2020:

a. Departmental Procurement Savings

As shown in previous annual procurement reports, the SCM department indicates savings derived from procurements following internal policies and inter-provincial, national and international trade agreements to ensure an open, transparent and fair competitive procurement process. Typically, the procurement savings identified could result from single-year purchases or procurement programs over a period for longer-term contracts. Savings shown below are represented as such for both single-year and multi-year contracts awarded during the calendar year 2020:

Total Value of Contracts Awarded in 2020	\$ 169,689,578
Total Value of Procurement Savings* from Contracts Awarded in 2020	\$ 19,866,742
2020 Procurement Savings* from Contracts Awarded in 2020	\$ 5,884,913
Future Year Procurement Savings* from Contracts Awarded in 2020	\$ 13,981,829

* Procurement savings represent a positive variance between either the current cost, anticipated cost or budget for the goods or services prior to the competitive procurement process and the actual contract value at time of contract award, for each procurement.

b. Bid Committee and Council Contract Approvals

Through the City's Procurement Policy, Council has delegated the authority to the Bid Committee to award procurement and/or revenue contracts between \$750,000 and \$2,000,000. Council as well has delegated the authority to award contracts below this threshold to specific roles within Supply Chain Management and the City's business unit departments that manage the expenditures as part of their operating and capital budgets. City Council approval is required for contract awards with a value greater than \$2,000,000.

In 2020, Bid Committee approved staff recommendations to award 44 contracts at a total estimated value of \$112 million. Bid Committee also approved revenue-generating contracts estimated at \$8 million.

City Council approved staff recommendations to award 9 procurement contracts valued at an estimated combined value of \$51 million. Council also approved a revenue-generating contract and a supplier pre-qualification. A summary of the contracts that received final approval for award from Council in 2020 is listed in Appendix B of this report. Bid Committee concurs as well on all contract awards over 2,000,000 prior to final approval by Council.

Approval of contract award recommendations by Bid Committee and Council authorize SCM to finalize negotiations, award and execute the contracts on behalf of the City according to the delegated signing authority specified in the Procurement Policy. Of the \$112 million approved by Bid Committee in 2020, 35 contracts valued at \$71 million were awarded and executed in 2020. Of the \$51 million approved by council in 2020, 6 contracts valued at \$38 million were awarded and executed in 2020. The remainder of the approved contract awards from 2020 will be executed in 2021. These are typically contract awards approved towards the end of the calendar year, which take some time to finalize and sign by the parties involved.

c. Summary of Contracts Awarded

All procurement competitive processes valued at \$75,000 or greater are posted publicly on BC Bid and the City's website. Similarly, all contract award decisions are posted publicly and reports showing award information are available on the City of Vancouver web site and Open Data Catalogue (links below).

<http://vancouver.ca/doing-business/bid-committee-documents.aspx>*

<http://vancouver.ca/your-government/open-data-catalogue.aspx>

**This link will redirect you to the City of Vancouver public website - Awarded Bids section.*

d. Sole Source Contract Awards

The Procurement Policy outlines circumstances whereby competitive bidding is not required and contracts may be sole sourced. The competitive award ratio demonstrates that the City is successful in achieving on its core procurement objectives of conducting a competitive and open process while maximizing the value for money in the acquisition of goods and services.

The SCM department processed a total value of \$169,689,578 in contracts in 2020. Of that, \$162,522,343 (95.7%) was awarded using a competitive bid process and \$7,167,235 (4.2%) was awarded to bids on a sole source basis under the Procurement Policy provisions. Of the 4.2% sole source contract value, \$6,337,559 (3.7%) was awarded following the public posting of a Notice of Intent to Contract (NOITC) and the remaining (0.5%) were urgent and/or highly specialized and awarded prior to issuance of a public notice as per the provisions of the

Procurement Policy. In all instances, a public posting of the sole source award was issued on the City's public web site.

The complete list of sole source NOITCs for 2020 is posted on the City of Vancouver web site (link below).

<http://bids.vancouver.ca/bidopp/noi.htm>

e. Surplus Asset Disposal

The SCM department manages the orderly disposal of any materials owned by the City which are declared surplus to present and future department operational requirements. In 2020, a total of \$681,838 in revenue was generated through the auctioning of surplus vehicles and small equipment assets at the end of their lifecycle through the Central Stores warehousing operations.

f. Warehousing and Inventory Management

On March 2020, staff from the procurement and warehousing and inventory management functions in the SCM department were deployed and seconded to the City's Emergency Operations Centre (EOC) to support the COVID19 Task Force in response to the global pandemic. This staff led the Logistics Section efforts at the EOC to acquire and manage the logistics of goods and services required during the first wave of the emergency response to support citizens, first responders and internal business. This team also coordinated with the procurement and warehousing and inventory management staff members, which were considered essential workers in order to ensure business continuity and maintain the operations and provision of core services to the citizens of Vancouver.

Despite a world-wide scarcity of products, the team at the EOC was able to leverage on existing contracts and find new sources of supply (e.g. importing N95 masks from the Asian markets or working with local breweries to manufacture hand sanitizer) in order to secure critical supplies and personal protective equipment (PPE), forecast, report-on and build sufficient inventory levels and implement the ordering and distribution processes required to provide citizens, emergency first responders and City staff with the goods and services required to ensure health and safety, meet the objectives of the emergency response and maintain City operations.

The warehousing and inventory management staff at the City became a critical component of the emergency response activities. Staff remained at the warehouses to maintain the day-to-day operations while on top of that, implementing new processes and safety protocols to buy, receive, store and keep, pick, distribute and fulfill orders, which were centrally coordinated by the EOC. The COVID19 pandemic has stressed the importance of professions such as Supply Chain Management, which come to be vital disciplines in times of crisis. Moreover, it is key to highlight the resilience and tireless public service commitment that especially the warehousing and inventory management staff at the City have demonstrated to date going above-and-beyond since the declaration of the state of emergency.

2. Sustainable Procurement

The City's Sustainable Procurement program focuses on supporting key priorities of Council and City operations and service strategies including Climate Emergency/Greenest City Action Plan, and the Healthy City Strategy. The objective of Sustainable Procurement is to advance supplier performance while playing a leadership role in who the City does business with as well as what goods and services we buy. Also enabling business units to achieve better outcomes by leveraging resources to support sector knowledge, growth and development and to expose emerging and innovative opportunities. The Sustainable Procurement program under the stewardship of the SCM department strives to use the procurement function as one of the many ways the City generates environmental and social value.

Environmental Value – enabling business units achieve their Green Operation goals, through material spends, while encouraging all vendors to 'green' their operations and value chain in support of environmental stewardship and reduce the impacts of climate change (including aspects of zero waste, zero carbon, better ecosystems).

Social Value – encouraging all vendors to be more equitable, while enabling business units to invest in social/diverse businesses and/or their equitable operations that advance outcomes of inclusion, diversity, reconciliation, and well-being. Also, by increasing economic opportunities with a diversified Supply Chain using social/diverse businesses that improve economic independence and capacities, advance economic participation and development of equity-seeking employees (including aspects of social and ethical procurement, living wage, etc.)

a. Social Value Procurement Framework

As part of the City's commitment to achieve best value through sustainable operations, which includes environmental and social procurement, in July 2015, Council approved a motion affirming the Healthy City Strategy and Action Plan (2015-2018) with its commitment to have the City of Vancouver develop a Social Value Procurement Framework (Social Value Framework; SVF) that would leverage City spending and resources to advance broader well-being community outcomes related to reconciliation, equity, inclusion and diversity.

Building on the success of the City becoming a certified Living Wage employer and green operations, procurement practices were updated with the Social Value Framework to better align with and support City strategies, goals and priorities. With endorsement from Council and the City Leadership Team in early 2019, the Social Value Procurement Framework was formally launched June 1, 2019. The initial focus of the program implementation included signaling to the marketplace the City's objective to diversify our supply chain, while also getting to know our suppliers better and creating a repository of information, which allow us to identify vendors that are social and/or diverse businesses. By expanding supplier diversity, there will be increased opportunities, participation and benefit of social and/or diverse businesses (recognized certification and/or majority owned or controlled by equity-seeking populations represented by, but not limited to, Women, Indigenous Peoples, Non-profit/Charity, People with Disabilities, Ethno-cultural & LGBTQ2+).

The Sustainable Procurement efforts during 2020 have resulted in results as noted in the summary below:

Summary of Sustainable Procurement 2020 Accomplishments

Social	2020 ACTION / ACCOMPLISHMENTS
<p>Supplier Diversity Contract Awards 2020</p> <p>Target: by 2023, award 50% of contracts in value (\$) and in number (#) on <i>identified service categories</i> to Social/Diverse businesses</p>	<p>The Social Value Procurement Framework was formally launched in June 1, 2019. Full operationalization of the program is expected to take three years with ongoing assessment of procurement opportunities for sustainability and best value. Tracking and evaluation of supplier diversity and employee equity has continued to expand. Looking at 2020 awarded contracts, approximately 211 (30.9%) of contracts have been awarded to social/diverse businesses (based on ownership/control/certification or employee equity), which equates to award values of approximately \$50M (29.4%) (see chart A6 on the appendix)</p>
<p>Supplier Diversity Spend 2020</p>	<p>For 2020 over 500 current vendors have been identified as social/diverse businesses (ownership/control/certification). It is estimated that more than \$78.7M has been procured from social/diverse businesses (based on certifications or ownership/control by equity-seeking populations). Of that, \$26.5M was invested in Non-Profits and their owned businesses (Social Enterprise) including Green Shield Canada (\$19.6M), DreamRider, MP Enterprises, Embers, Potluck and HUB Cycling.</p>

Social	2020 ACTION / ACCOMPLISHMENTS
<p>Living Wage On May 1, 2017, City of Vancouver became a Living Wage Employer and added living wage clauses to the Procurement Policy for contracted work and staff working for the City.</p>	<p>While the re-certification in 2020 was postponed by the Living Wage Campaign (certification body), the City continued its commitment that all direct employees of the City are paid at, or above the current living wage rate (salary, plus non-mandatory benefits) as well as contractors and their own subcontractors for projects within the scope of the program. Re-certification applications will renew in 2021.</p> <p>In 2020, 52 contracts were in-scope within the Living Wage policy. As part of our vendor questionnaires, we have noticed an increase in the number of vendors that are becoming Living Wage Certified or are compensating staff at/above living wage levels.</p> <p>Being a leader in this area, the City has continued throughout 2020 to support other public sector organizations in pursuit of the certification including YVR, Metro-Vancouver, and cities of Richmond, Burnaby, Edmonton, Calgary and Kingston by sharing lessons learned and best practices developed during the implementation.</p>

Environmental	2020 ACTION / ACCOMPLISHMENTS
<p>Supporting Green Operations Action Plan 2.0: Zero Carbon</p>	<p><u>Reducing and eliminating the dependence on fossil fuels and minimizing the release of greenhouse gases (GHG)</u></p> <p><u>FMS Initiative: Green Fleet Plan:</u> ongoing vehicles and equipment acquisitions continue to result in emissions reductions and air quality improvements. Of note in 2020:</p> <ul style="list-style-type: none"> • Renewable Resources <ul style="list-style-type: none"> ○ Through our fuel contract with Suncor, we have transition the total usage of the City's fuel consumption (1,980,000 litres of diesel fuel) over to 100% renewable diesel in 2020. ○ The City's renewable natural gas contract (RNG) with FortisBC has allowed us to transition 100% of our landfill gas capture (310,000 litre-equivalents of compressed natural gas) to RNG • Electric vehicles <ul style="list-style-type: none"> ○ Electric components & chassis were explored when procuring Yard Side Loaders • Low/no carbon materials / Circularity <ul style="list-style-type: none"> ○ Required post-consumer/recycled content in steel components

Environmental	2020 ACTION / ACCOMPLISHMENTS
<p>Supporting Green Operations Action Plan 2.0:</p> <p>Zero Waste</p>	<p><u>Reducing and Diverting Waste (Facilities, Office related, operational)</u></p> <p><u>Real-Estate Initiative: Facilities Deconstruction:</u> there were no buildings demolished in 2020.</p> <p><u>IT/Asset Management Initiative:</u> Prioritize corporate purchase, lease, and ownership options that retain transparency in end of life processes, e.g., for IT hardware, cell phones.</p> <ul style="list-style-type: none"> - 2020 Hardware procurement included life-cycle, circular economy requirements to ensure decommissioned assets are prioritized to be refurbished/reused for donation in the community before being recycled <p><u>Personal Protective Equipment (PPE)</u> Worked with Health and Safety to look for alternatives to consumable single-use products, which met protection norms, health guidelines and safety standards (e.g. cloth masks or reusable goggles).</p>
<p>Supporting Green Operations Action Plan 2.0:</p> <p>Healthy Ecosystems</p>	<p><u>“become a world leader in preserving and restoring natural habitats by minimizing pollution, conserving natural resources, and regenerating ecological and local food systems”</u></p> <p><u>Food and Beverages:</u></p> <ul style="list-style-type: none"> • Pursuit of vendors with environmental operations and those providing sustainably certified (e.g local, ethical, organic, fairtrade) food & beverage products to City & Park locations such as concessions, golf courses, with expectations of continually improving their environmental footprint and monitor / report certified items.

In 2020, 66% of goods and services contracts awarded (by \$ value) were to companies with a physical presence in Metro Vancouver, while over 94% have a presence in Canada. A chart with the details of contract awards by vendor location can be found in the Appendix.

The City of Vancouver continues to be a leader in best practices for other municipalities and public sector institutions. During 2020, the City participated in National and International benchmarking and knowledge exchanges, including the EPCAR 2020 Barometer campaign that aims to connect sustainable procurement to the UN’s Sustainable Development Goal and

measures every 4 years the progress of Canadian organizations in sustainable procurement in collaboration with research centers and practitioners. The City of Vancouver rated overall as a mature organization in comparison to the average level of other Canadian organizations. The full results report can be obtained through the following link <https://2020barometer.org/>

The City is a founding member of the Canadian Collaboration for Sustainable Procurement (CCSP), a member based network, which shares information and tools to better address green, social and ethical opportunities and risks in their supply chain. Their Annual Report on the State of Public Procurement in Canada initiated in 2010 highlights the country's latest trends, showcases the popular 'moon chart', which benchmarks members, lists program development updates, and shares success in sustainable procurement. The City of Vancouver consistently ranks as a national sustainability leader. Their latest annual report can found on the following link <https://www.reeveconsulting.com/about-ccsp/>

CONCLUSION

Throughout 2020, Supply Chain Management has continued to conduct internal process improvements, to adapt procedures in support City wide operational and capital programs and enable business continuity amid of the global pandemic emergency.

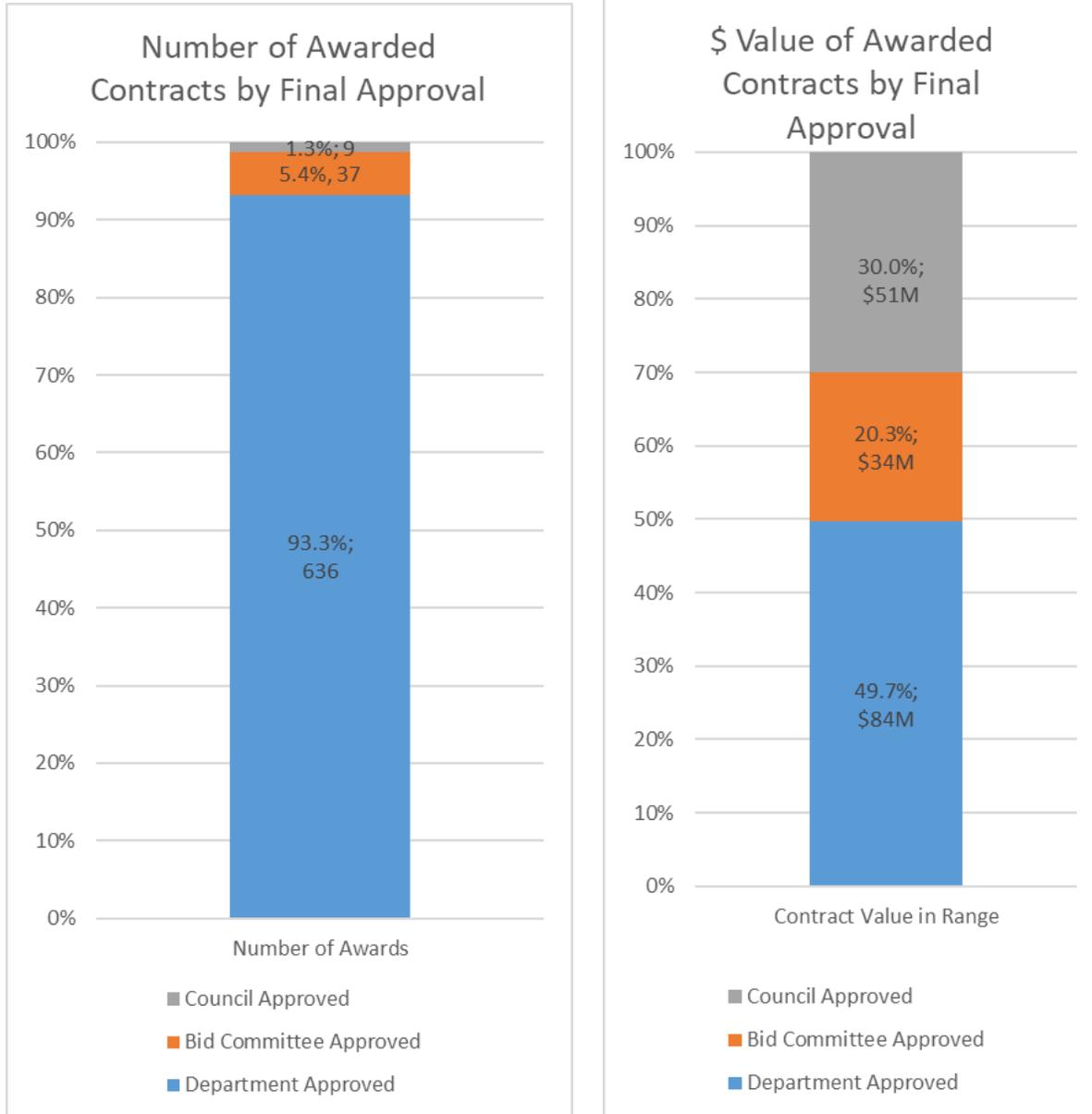
City programs such Sustainable Procurement continue to progress as planned towards achieving the intended objectives and are well positioned to support Council priorities and assist in accelerating economic recovery, focus on equity and critical social issues and action on climate change.

Important accomplishments of the department during 2020 were the support to the Emergency Operations Centre (EOC) leading the Logistics Section during the Level 3 activation to help save lives, reduce the impact of COVID-19 on Vancouver, prepare for a strong recovery and take care of each other. Notable acknowledgement is necessary to the essential work and tireless effort demonstrated by the warehousing and inventory management staff thorough the pandemic sourcing, storing and distributing critical supplies and personal protective equipment (PPE) to citizens, first responders and City staff.

* * * * *

APPENDIX A

Chart A1: Awarded Contracts by Final Contract Approval Level *



* During 2020, there were two additional contracts to the 9 procurements awarded by Council (one a revenue contract and the other a pre-qualification (please refer to Appendix B for details)).

Chart A2: Contract Awards by Department

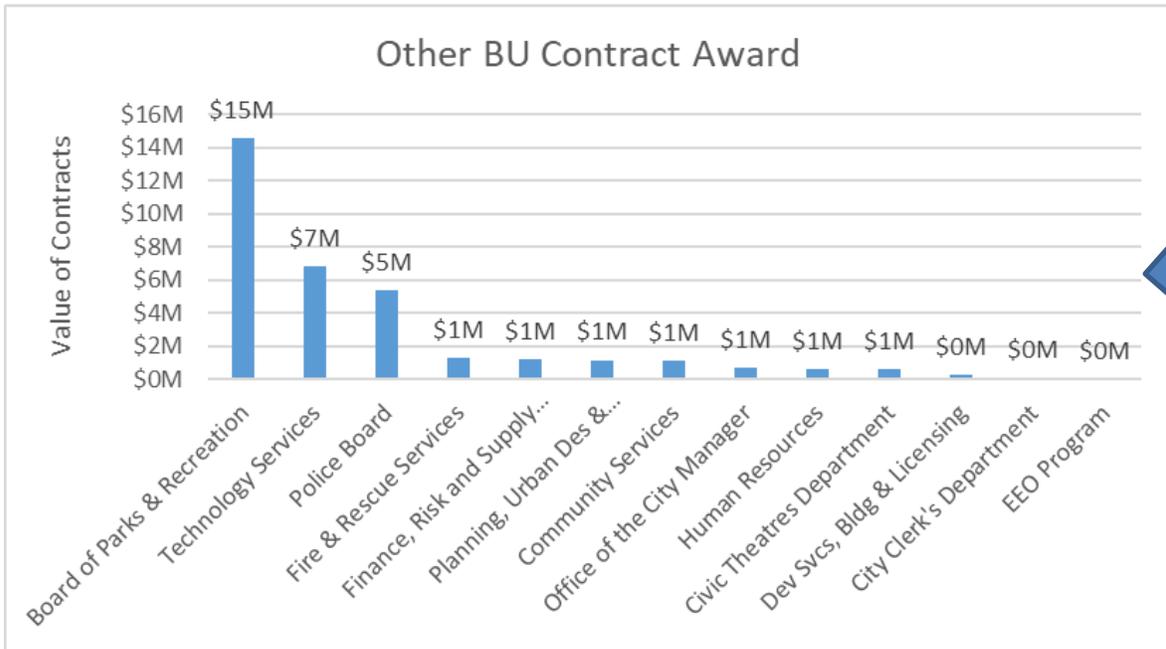
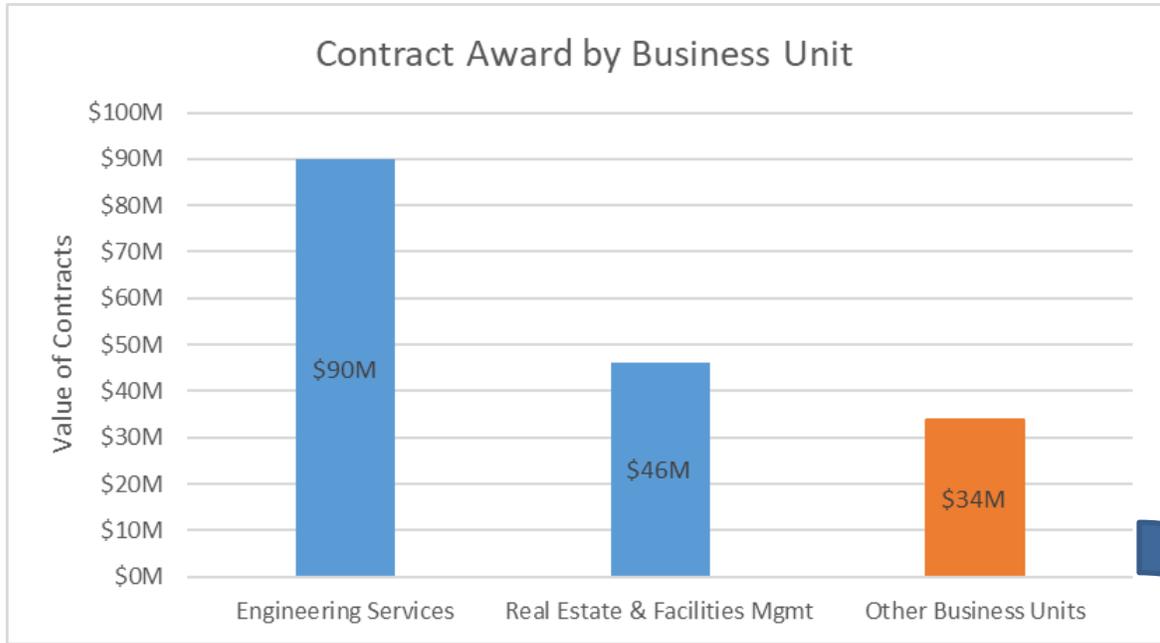


Chart A3: Contract Transactions by Value Range

Value Range	Number of Awards	Percentage by Number	Contract Value in Range	Percentage by Value
Less than \$75,000	466	68.1%	\$ 12,910,061.96	7.6%
\$75,001 to \$750,000	169	24.7%	\$ 41,698,485.07	24.6%
\$750,001 to \$2,000,000	37	5.4%	\$ 49,134,001.68	29.0%
\$2,000,001 or greater	12	1.8%	\$ 65,947,030.00	38.9%
Total	684	100.0%	\$ 169,689,578.71	100.0%

Chart A4: Sole Source – Emergency, Urgent or Highly Specialized Contract Awards

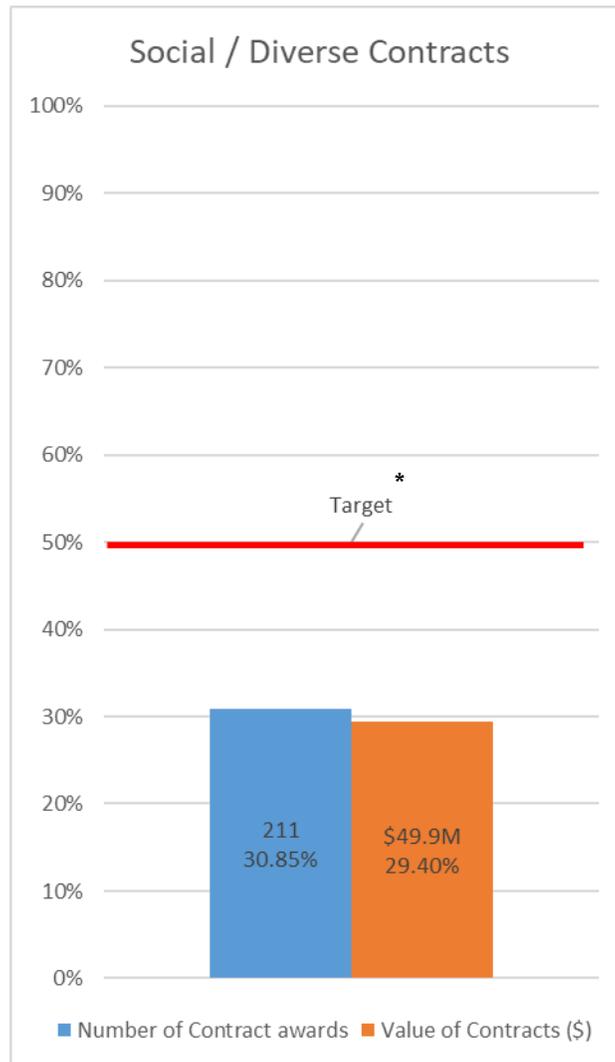
Type of Sole Source	Number of Awards	Percentage by Number	Contract Value in Type	Percentage by Value
Notice of Intent to Contract	46	59.74%	\$ 6,337,559	88.42%
Urgent or Highly Specialized	31	40.26%	\$ 829,676	11.58%
Total	77	100%	\$ 7,167,235.24	100%

Chart A5: Contract Awards by Vendor Location

Location	Number of Vendors	Percentage by Number	Contract Value	Percentage by Value
Vancouver	196	28.7%	\$43,265,285	25.5%
Metro Vancouver	286	41.8%	\$68,551,991	40.4%
British Columbia	50	7.3%	\$30,254,770	17.8%
Canada	127	18.6%	\$18,583,285	11.0%
North America	22	3.2%	\$8,573,106	5.1%
Global	3	0.4%	\$461,141	0.3%
Total	684	100.0%	\$ 169,689,578.27	100.0%

Cumulative

Location	Number of Vendors	Percentage by Number	Contract Value	Percentage by Value
Vancouver	196	28.7%	\$ 43,265,285.03	25.5%
Metro Vancouver	482	70.5%	\$ 111,817,275.88	65.9%
British Columbia	532	77.8%	\$ 142,072,046.16	83.7%
Canada	659	96.3%	\$ 160,655,331.55	94.7%
North America	681	99.6%	\$ 169,228,437.27	99.73%
Global	684	100.0%	\$169,689,578	100.00%

Chart A6: Social/Diverse Contracts

**The social procurement opportunities are focused on identified service categories based on a materiality assessment, industry/best practices and a thorough assessment of the vendor availability and capabilities in the current market. The program targets are based on the following service categories:*

- *Consultants*
- *Media/Advertising*
- *Management / Finance*
- *Education/ Facilitation/Workshops*
- *Facilities Management*
- *Catering (Services)*
- *Janitorial (Services)*
- *Operational Services*
- *Graffiti Removal*
- *Landscaping*
- *Maintenance / Repair Services*

APPENDIX B

LIST OF AWARDS APPROVED BY COUNCIL 2020

RTS #	Bid # (for publicly posted items)	Project Description (name & brief description of goods/services required)	Awarded Amount (approved by Council)
13573	PS20191496	Construction Services for Phase 4 Closure and Gas System Upgrades - Vancouver Landfill	20,979,393.26
13572	PS20190748	Supply and Delivery of Heat Pump for FCEC Expansion	6,463,795.00
13383	PS20191104	Supply and Delivery of Street Lighting and Traffic Signal Poles	5,529,853.00
14037	PS20201064	Marpole-Oakridge Consulting RFP	4,781,295.00
13469	PS20190912	In Respect of Asphalt, Concrete and Rock Crushing Services	3,742,846.00
14054	PS20200772	10th Avenue Health Precinct Phase 2 Construction	3,144,882.00
13905	PS20200058	Consulting Services for West End Waterfront Parks and Beach Avenue Master Plan (WEWP Master Plan)	2,622,352.00
13614	PS20190020	Consultant for Landfill Design and Contract Administration	2,181,284.30
13556	PS20190338	Contractor for Curb Ramp Program	1,338,018.00
13974	PS20191847	Civil/Electrical Contractor Services	Pre-qualification*
13847	PS20200238	Village Farm Landfill Gas Utilization Agreement Extension	Revenue Contract**

* This procurement was for pre-qualifying civil and electrical contractors for future projects. Each future project will go through its own procurement process, but will be able to leverage on these contracts if necessary. Five service providers were contracted for a 3-year term for the provision on an "as-requested basis" for a total value of up to \$4,000,000.

** This is a revenue contract with an estimated \$400,000 in revenue annually. The term of this contract is for 20 years.