

From: **"Mochrie, Paul"**

To: **"Direct to Mayor and Council - DL"**

Date: 2024-07-10 8:39:14 AM

Subject: Memo - report back on vendor responses on public procurements and office furniture

Attachments: **FSC - Memo to Mayor Council - Office Furniture AOG Audit - Response to Council.pdf**

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Dear Mayor and Council,

The attached memo is a report back to Council regarding general supplier participation and response rates to the City's public procurement calls and additional specific information related to the REFM consulting services procurement to develop office furniture requirements for the City.

On June 20, 2024 the City of Vancouver's Auditor General presented the 2024 Report # 1: Follow-Up on Previous Audit Recommendations during the public Auditor General Committee meeting. This report included a management progress update on the Audit of Office Furniture Purchases. During the meeting Council asked questions regarding the number of vendors that on average respond to our public procurements and staff agreed to report back with the detailed information.

Should you have any questions, please feel free to contact me or Julia Aspinall.

Best,  
Paul

**Paul Mochrie** (he/him)  
City Manager  
City of Vancouver



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the x<sup>w</sup>məθk<sup>w</sup>əyəm (Musqueam), Skwxwú7mesh (Squamish), and səlilwətał (Tsleil-Waututh) Nations.

## MEMORANDUM

July 9, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager  
Armin Amrolia, Deputy City Manager  
Karen Levitt, Deputy City Manager  
Sandra Singh, Deputy City Manager  
Katrina Leckovic, City Clerk  
Maria Pontikis, Chief Communications Officer, CEC  
Teresa Jong, Administration Services Manager, City Manager's Office  
Mellisa Morphy, Director of Policy, Mayor's Office  
Trevor Ford, Chief of Staff, Mayor's Office  
Mike Macdonell, Auditor General  
Michelle Schouls, Director, REFM Facilities Planning and Development  
Alexander Ralph, Chief Procurement Officer and Director SCM

FROM: Julia Aspinall, Deputy Director of Finance

SUBJECT: Update on the Status of Previous Audit Recommendations – Office Furniture Purchases Audit

RTS # N/A

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On June 20, 2024 the City of Vancouver's Auditor General presented the 2024 Report # 1: *Follow-Up on Previous Audit Recommendations* during the public Auditor General Committee meeting. This report included a management progress update on the Audit of Office Furniture Purchases.

Council inquired about purchasing information regarding the general supplier participation and response rates to the City's public procurement calls.

To comply with trade agreements and with its internal corporate procurement policy, the City is required to issue publicly a procurement call for purchases that are expected to have a total price over \$75,000 (\$200,000 for construction). For purchases below this threshold and over \$10,000 (sole source/direct award limit) the City endeavours to look for (3) three quotes by obtaining prices from internal price records or solicit prices and proposals from known suppliers and awards the contract on the basis of best value considerations.

These lower value purchases represent the majority of the contracts awarded by the City. The quoting process and correspondence with vendors for this level of purchases is typically done via e-mail. This enables administrative efficiency while achieving the best procurement value.

In May 2022, the City implemented an e-Sourcing system and has been conducting its public procurement process through this software-as-a-service platform called Jaggaer. This system allows the City to issue procurement competition calls publicly, register and notify vendors interested in the City's business opportunities, receive bids electronically, facilitate the evaluation process, document contract award approvals and run reports and statistics regarding the procurement calls.

Since the system went live, the City has conducted 319 open public procurement competitions for purchases with a total value greater than \$75,000 and has received proposals from 1264 different vendors.

The table on the appendix shows additional detail available on the e-sourcing system regarding the average number of bidders by type of purchase that respond to open public procurements.

On average the City receives 3.96 proposals per public procurement call. The City's largest spend and number of contracts is for Consulting Services. The statistics available from the e-sourcing system show that on average 4.98 bidders submit a proposal for this type of purchases. In contrast, for Operational Supplies the average number of bidders is 3.04. The number of bidders depends on the specialization of products and services, the number of vendors available that are able to supply the City's volumes and/or requirements and the market concentration and capacity of the specific industry. For example, in the case of the Construction procurements the average number of bidders is 3.43. From experience and feedback received by construction companies that respond to our procurements, the time of year (e.g. summer) or the size of the project that meets the vendor's committed schedule are factors that determine the availability of supply. These demand and supply dynamics have a direct correlation with the pricing or with vendor response rates.

Specific to office furniture purchases, in November 2023, the City issued a closed Request for Proposal (RFP) with the purpose of hiring consulting services for the development of guidelines on when and how often to conduct assessments and reassessments of office furniture items and systems to ensure the best value. Additionally, the consultant was expected to assist with determining the requirements for the supply of office furniture, taking into consideration new and evolving information relating to factors such as the City needs, ergonomics, quality and market pricing.

The total price expected for these consulting services was estimated to be below \$75,000, therefore as per the procurement policy the City contacted known interior design consultants to notify them of the RFP and request a proposal. Out of the six vendors contacted, three declined and confirmed that they were not bidding due to capacity constraints with previous project commitments. No feedback was received from the other three vendors; therefore, the closing date to receive proposals was extended to January 2024. No proposals were received from the notified vendors by the extended deadline. The City reached out to one additional known vendor who submitted a satisfactory proposal at the end of February 2024. This consultant was contracted and currently working on completing the consulting services deliverables.

The consultant is expected to provide subject matter expertise to determine the Furniture Fitting and Equipment (FF&E) specifications in order to include these in a subsequent public procurement process with the purpose for the City to establish as if and when needed standing supply agreements and creating a pricing list for commonly purchased items with pre-qualified office furniture suppliers. The specifications are to be completed in July 2024 at which time it is expected

that the City will issue a public procurement call to obtain options and pricing from office furniture vendors/distributors, test and sample the products and establish the preferred vendor pre-qualification contracts.

Where possible, the office furniture specifications and requirements for the most common items that the City needs will be standardized. The consultant is assisting to establish these standard lists of products to include in the public pre-qualification. Some of these common items are modular systems which have been acquired across the City over time, where there is no compatibility with different brands. It is common in this industry to have national distributors that have sales exclusivity of certain brands. Therefore, it is expected that there will be interest from the market to become a preferred vendor, but the number of proposals received for the pre-qualification will depend on the lists of standard items and specifications that are put out to market for quotes.

The anticipated value of the contract(s) for office furniture for the entire term of the pre-qualification is expected to be greater than \$3,000,000; therefore, as per the procurement policy, staff will require Bid Committee and Council approval to award the contract(s). The Council report to seek approval for this purpose will include the information of the number of bidders for the public competition and a recommendation of award as an outcome of the procurement evaluation process. The expected timeline for this contract award approval report to go to Council is Q4 2024 after the RFP process is completed.

Please let me know if there are any additional questions or information required.

Regards,



Julia Aspinall – Deputy Director of Finance and Director, Financial Services

604.871.6281 | [Julia.aspinall@vancouver.ca](mailto:Julia.aspinall@vancouver.ca)

## APPENDIX

### Number of Bidders in Public Procurement Competitions<sup>1</sup>

Type of Purchase	Average #Bidders	Standard Deviation	Examples and Description	# Public Procurement Competitions
CONCESSION OPERATORS	3.00	1.41	Parks Concession Operators	4
CONSTRUCTION	3.43	2.72	Bridges, Landfill, Sport and Recreation, Playgrounds, Utilities, Parks and Gardens, Streets, Roads, Marina, Sidewalks, Parking Lots and Structures	92
CONSULTING SERVICES	4.98	9.06	Management Consulting, Engineering, Environmental, Technical Consultancy, Infrastructure Design, HR & Recruitment, Project Management, Information Technology	109
FACILITIES MAINTENANCE	2.22	1.99	Elevator, Pest Control, Trades, Snow Removal and Ice Control	9
FLEET	2.95	1.63	Light and Medium, Passenger Vehicles, Cargo and Delivery Trucks, Heavy Duty, Specialized Vehicles	21
FOOD	3.50	0.71	Meat, Fruits and Vegetables, Beverages, Confectionary Items	2
HARDWARE	3.67	1.53	Network and Other IT Equipment	3
HOUSING OPERATORS	3.90	2.73	Housing Operators	10
OPERATIONAL SERVICES	4.47	6.40	Security, Waste Management, General Business Services, Mattress Recycling, Board Up Services, Traffic and Street Services	19
OPERATIONAL SUPPLIES	3.04	1.88	Materials and Tools, Pipes and Fittings, Valves, Uniforms and Clothing, Furniture and Furnishings, Electrical Supplies, Water Meters	25
RENOVATIONS	3.71	2.58	Building Envelope, HVAC, Boilers, Roofing, Landscape Renos	14
SOFTWARE	3.73	2.10	Applications and IT Software	11
<b>TOTAL</b>	<b>3.96</b>	<b>5.85</b>		<b>319</b>

<sup>1</sup> Data only available since May 2022 – after Jaggaer e-Sourcing System go live date.

*It includes Request for Proposals (RFP), Invitations to Tender (ITT), Requests for Applications (RFA), Requests for Expression of Interest (RFEOI) and Request for Quotations (RFQ), but excludes Requests for Services (RFS) issued under rules of engagement to pre-qualified vendors for procurement preferred vendor programs or Notices of Intent to Contract (NOITC) for single-supplier purchases or other exigent circumstances such as emergency procurements precluding an effective competitive procurement process.*