

COUNCIL REPORT

Report Date:March 27, 2024Contact:Alexander RalphContact No.:604-829-2092RTS No.:16202VanRIMS No.:08-2000-20Meeting Date:April 24, 2024Submit comments to Council

TO: Standing Committee on City Finance and Services

FROM: Chief Procurement Officer

SUBJECT: Annual Procurement Report 2023

Recommendations

THAT Council receive this report for information.

Purpose and Executive Summary

This annual procurement report documents the procurement activities of the City of Vancouver from January 1, 2023 to December 31, 2023. The scope of this report includes the public procurement and contract award statistics for third party goods and services, sustainable and ethical procurement highlights, other activities and annual highlights of the Supply Chain Management (SCM) department.

Council Authority/Previous Decisions

- In April 2018, City Council approved Procurement Policy number ADMIN-008 (RTS 12144 Changes to Delegated Authorities and Policies for Procurement and Budgets) which included:
 - Direction from City Council for the procurement of goods, services and construction as well as the disposition of surplus assets;
 - Delegation of authorities such as contract commitment and signing authority, authority of the Bid Committee; and
 - Incorporation of sustainable and ethical procurement policies into the procurement process.
- In November 2023, City Council approved changes to the policy (RTS 15962 Changes to the Procurement Policy and Delegated Authority) to update contract approval authority limits to address inflationary effects on thresholds that had not been adjusted over time and definition alignment gaps with trade agreements as an action derived from the recommendations of the Vancouver's Office of the Auditor General policy review.

City Manager's Comments

The City Manager concurs with the foregoing information:

Context and Background

In order to support the City's 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 2023 under the stewardship of the SCM department, the City solicited bids and proposals, and negotiated and awarded \$479 million worth of contracts for goods and services (including construction). These contracts resulted in procurement savings of approximately \$34 million (~7%), in comparison to the estimated budget considered for the acquisition, achieved through consolidation of citywide spend, competitive bidding and robust negotiation processes.

Discussion

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.

1. Supply Chain Management Departmental Activities and Statistics:

SCM supports the City operations through a shared services model providing subject matter expertise and operational support to internal business unit clients to enable responsible financial stewardship, effective risk management practices in compliance with trade agreements and public procurement requirements, and robust internal administrative structures and processes in purchasing and warehousing and inventory management.

The department also continuously engages in internal process improvements and implements leading supply chain management practices to generate economic benefits across the entire supply chain. This report discusses some of the results from these on-going activities.

During 2023, one of the main objectives of the Category Management work was to develop procurement programs to reduce the procurement process cycle times and expedited deliveryof the capital plan. These programs include vendor pre-qualifications for construction and professional services.

Regarding warehousing and inventory management activities, the focus during 2023 was on safety by improving on processes and reporting compliance. One of the major accomplishments during 2023 was the implementation of a Joint Occupational Health and Safety Committee (JHSC) which brings together representatives of the employer and union staff to identify and help resolve health and safety issues at the different warehouse workplaces.

Following are key procurement statistics for the period from January 1, 2023 to December 31, 2023:

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.

Total Value of Contracts Awarded in 2023	\$ 478,599,975
Total Value of Procurement Savings* from Contracts Awarded in 2023	\$ 34.815.536

* 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 has also 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. During 2023, City Council approval was required for contract awards with a value greater than \$2,000,000.

Effective January 1, 2024, Council approved amendments to the Procurement Policy, which include changes to delegated authorities which supersede and replace the existing approval thresholds for contract award and execution. Going forward, contracts with total value greater than \$3,000,000 dollars will require City Council approval.

In 2023, City Council approved staff recommendations to award 18 procurement contracts valued at an estimated combined value of \$311 million. A summary of the contracts that received final approval for award from Council in 2023 is listed in Appendix B of this report. Bid Committee concurs on all contract awards prior to final approval by Council.

In 2023, Bid Committee approved staff recommendations to award 49 contracts at a total estimated value of \$350 million.

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 \$311 million approved by council in 2023, 16 contracts valued at \$294 million were awarded and executed in 2023. Of the \$350 million approved by Bid Committee in 2023, 33 contracts valued at \$314 million were awarded and executed in 2023. The remainder of the approved contract awards from 2023 will be executed in 2024 after the final negotiation and contracting phase are completed. 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 the City's e-Sourcing supplier portal and advertised on BC Bid. 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 awarded contracts which amount to a total value of \$478,599,975 in 2023. Of that, \$417,823,657 (87.3%) was awarded using a competitive bid process and \$60,776,317 (12.7%) was awarded to bids on a sole source basis under the Procurement Policy provisions. Of the 12.7% sole source contract value, \$55,205,930 (11.5%) was awarded following the public posting of a Notice of Intent to Contract (NOITC) and the remaining (1.2%) 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 to ensure transparency of the procurement process.

The complete list of Notices of Contract (NOC) for 2023 is posted on the City of Vancouver web site disclosing the name of the vendor, a description of the sole source procurement and the value of the awarded contract (link below).

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

e. Surplus Asset Disposal

The SCM department manages through warehousing operations of the Central Stores the orderly disposal of any materials owned by the City which are declared surplus to present and future department operational requirements. In 2023, a total of \$1,580,922 in revenue was generated through the auctioning of surplus assets which are mainly composed of vehicles and small equipment at the end of their lifecycle.

2. Sustainable and Ethical Procurement (SEP)

The City's Sustainable Procurement program focuses on supporting Council priorities and strategies including Climate Emergency Action Plan, and the Healthy City Strategy. The objective of Sustainable Procurement is to advance supplier performance while playing a leadership role in creating social value. 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.

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.

With endorsement from Council, 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, to identify vendors that are social and/or diverse businesses (recognized certification and/or majority owned or controlled by equity-seeking populations represented by, but not limited to, Indigenous Peoples, Black and People of Color (IBPOC), Non-profit/Charity, People with Disabilities, &/ 2SLGBTQ+). By expanding supplier diversity to include equitable operations and sub-contractors there continues to be increased opportunities, participation and benefit for economic independence. As a result of implementing the Supplier Portal in 2023, many vendors are also identifying as small businesses.

The target set for the initiative is that by the end of calendar year 2023, 50% of all of the contracts (in value and in number) within identified service categories are awarded to Social/Diverse businesses cumulatively since the implementation of the SVF program.

Between June 1, 2019 and December 31,2023, the City has awarded 1158 contracts to indigenous/social/diverse businesses (43.1% of all awarded contracts since the start of the program), representing a value of approximately \$398 million (39.8% of the total value of all awarded contracts during that period). It is important to note the average length of a typical contract is approximately 4 years, and now that the SVF program has been in place for that long, a rolling average will be utilized going forward to continue measuring against the original benchmark targets, as some of the contracts awarded are now up for renewal.

As outlined in Appendix B, the City moves closer to this target on an annual basis. Considering only calendar year 2023, 50.2% of the contracts awarded were to indigenous, social/diverse or equitable businesses. The awarded value of these contracts is approximately \$243.9 million which represents approximately 51% of the total value awarded in 2023.

Staff is now working to measure indirect allocations from other vendors that partner with, or subcontract to, Indigenous/social/diverse businesses to perform City of Vancouver work, in order to start identifying the economic impact at different levels and tiers of the supply chain.

b. Equity & Reconciliation

During 2023, the SCM department continued to advance the City's Equity and Reconciliation work by hosting monthly roundtables to look for opportunities and educate the organization while simplifying and reducing systemic barriers in our current procurement processes. This work also aligns with achieving "Responsible Procurement" which was one of the 15 categories assessed in the Global Diversity, Equity and Inclusion Benchmark (GDEIB) tool in 2022. This category had the highest score (3.5) for the entire organization with the target of achieving a score of 4 out of 5 by 2025.

SCM was actively involved as well in contributing to the development of the City of Vancouver's UNDRIP (United Nations Declaration on the Rights for Indigenous Peoples) strategy and in 2023, worked on some of the early actions identified to build upon the City's social procurement

framework and expand the procurement policy to prioritize Indigenous participation with a specific focus on the Musqueam, Squamish, and Tsleil-Waututh host First Nations.

Work will continue in 2024 with efforts to implement UNDRIP actions and look for ways to simplify and remove systemic barriers in our public procurement processes.

The Sustainable Procurement efforts during 2023 have resulted in results as noted in the Appendix B.

Conclusion

Throughout 2023, Supply Chain Management has continued to conduct internal process improvements, to adapt procedures in supporting City wide operational and capital programs and support the City to pursue its mission in providing services and infrastructure to the communities we serve.

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 ensuring a vibrant and diverse City, support businesses and respond to the climate emergency.

Financial Implications

There are no financial implications.

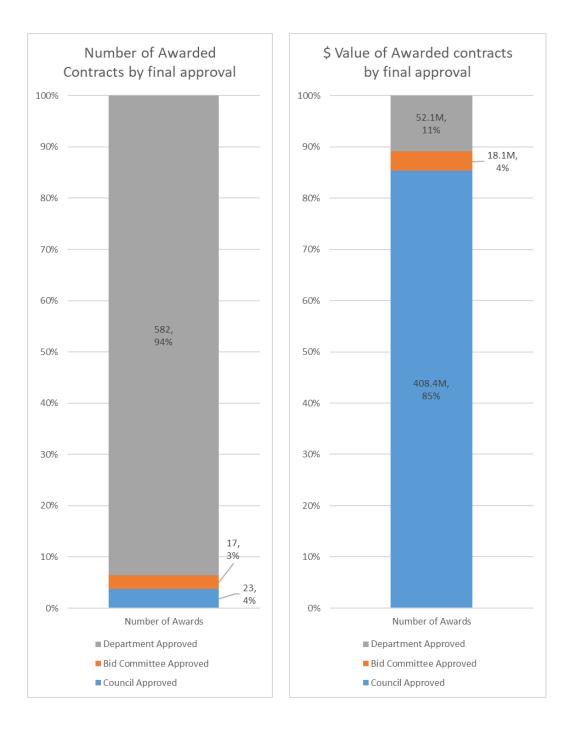
Legal Implications

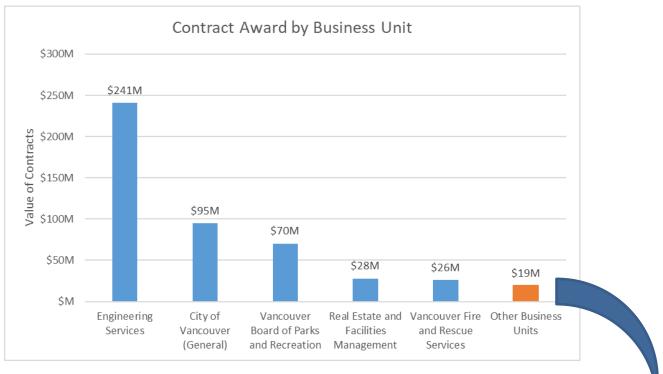
There are no legal implications associated with this report's recommendations.

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APPENDIX A









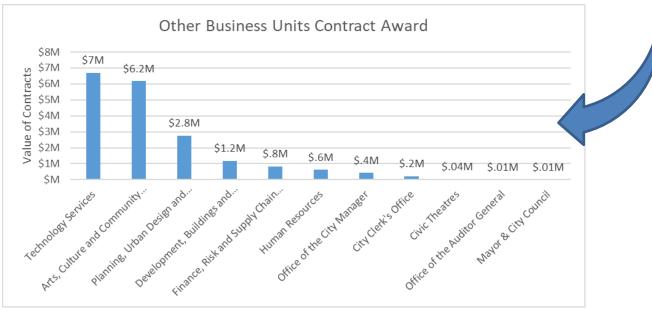


Chart A3: Contract Transactions by Value Range

Value Range	ge Number of Awards by Number Contract Value in Range		Percentage by Value	
Less than \$75,000	484	77.81%	\$13,831,653	2.89%
\$75,001 to \$750,000	97	15.59%	\$25,642,934	5.36%
\$750,001 to \$2,000,000	15	2.41%	\$21,701,477	4.53%
\$2,000,001 or greater	26	4.18%	\$417,423,911	87.22%
Total	622	100.00%	\$478,599,975	100.00%

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

Type of Sole Source	Number of AwardsPercentage by NumberContract Value in Type		Percentage by Value	
Notice of Intent to Contract*	55	82.09%	\$55,205,930	90.83%
Urgent or Highly Specialized	12	17.91%	\$5,570,388	9.17%
Total	67	100%	\$60,776,318.00	100%

Chart A5: Contract Awards by Vendor Location

Location	Number of Vendors	Percentage by Number	Contract Value	Percentage by Value
Vancouver	196	32%	\$81,023,545	17%
Metro Vancouver	262	42%	\$297,965,058	62%
British Columbia	34	5%	\$2,992,937	1%
Canada	100	16%	\$92,258,945	19%
North America	23	4%	\$2,145,585	0.4%
Global	7	1%	\$2,213,906	0.5%
Total	622		\$478,599,975	

Cumulative

Location	Number of Vendors	Percentage by Number	Contract Value	Percentage by Value
Vancouver	196	32%	\$81,023,545	17%
Metro Vancouver	458	74%	\$378,988,603	79%
British Columbia	492	79%	\$381,981,540	80%
Canada	592	95%	\$474,240,484	99%
North America	615	99%	\$476,386,070	99.5%
Global	622	100%	\$478,599,975	100%

*NOITCs are posted publicly in accordance to the Procurement policy on the following link: <u>https://bids.sciquest.com/apps/Router/PublicEvent?CustomerOrg=CityofVancouver</u>

APPENDIX B

Summary of Sustainable Procurement 2023 Accomplishments

Social	2023 ACTION / ACCOMPLISHMENTS				
Supplier Diversity Contract Awards 2023	In 2023, the majority of public procurement bid documents included questions regarding Indigenous Participation and/or social/environmental sustainability, which allow the City to identify the following:				
Target: by 2025 award 50% of contracts in value (\$) and in number (#) <i>on</i> <i>identified service</i>	312 (50.2%) contracts were awarded in 2023 to Indigenous, social/diverse businesses (based on ownership/control or certification) or equitable businesses (based on best practices)				or
<i>categories</i> to Social/Diverse businesses	The awarded value of these contract in 2023 is approximate \$243.9M (51%).				
		Social / D	iverse Contra	cts	
*The social procurement opportunities are focused on	100% - 90% -				
identified service categories based on a materiality assessment, industry/best	80% -				
practices and a thorough assessment of the vendor availability and capabilities	70% -				
in the current market. The program targets are based	60% - 50% -				
on the following service categories:	40% -			_	
 Consultants Media/Advertising Management / Finance 	30% -	312		\$244M	
 Education/ Facilitation/Workshops Facilities Management 	20% -	50%		51%	
 Catering (Services) Janitorial (Services) 	10% -				
 Operational Services Graffiti Removal Landscaping Maintenance / Repair Services 	0% -	Number of Contrac	ts \$ Va	lue of Contract	

Social	2023 ACTION / ACCOMPLISHMENTS		
Supplier Diversity Breakdown 2023	Of the above noted 312 contracts directly awarded, the supplier diversity appears as:		
	Indigenous Peoples: 25 contracts valued at \$686 k.		
	 Racialized, Black & People of Color: 38 contracts valued at \$18.4 M. 		
	• Diverse (Women, SOGI): 34 contracts valued at \$3 M.		
	 Social Enterprise (Non-Profit, Coops): 33 contracts valued at \$1.9 M. 		
	 Social Business (Certified BCorp, PWD):33 contracts valued at \$8.3 M. 		
	 Equitable employment and/or leadership best practices: 149 contracts valued at \$212 M. 		
	Beyond the above directly awarded contracts, an additional 30+ contracted vendors have programs or policies to advance Indigenous Participation (e.g. CCAB), supplier diversity / social procurement within their operations. And an additional 17 (2.5%) contracts included 40+ Indigenous/social/diverse and small sub- contracts, valuing over \$30M (+6%)		
	With vendors have been identified as Indigenous/social/diverse businesses (ownership/control/certification), it is estimated that more than \$80M has been contributed to a more equitable and inclusive economy in 2023 as part of a downstream economic impact in the supply chain. Of that approximately more than:		
	• \$4 M. was disbursed to Indigenous Peoples and businesses		
	 \$7 M. was disbursed to Black/diaspora & People of Color businesses 		
	• \$17 M. was disbursed to Gender Diverse businesses		
	 \$49 M. was invested in Non-Profits and their owned businesses (Social Enterprise) to advance employment and economic independence including MOSAIC, Street Youth Job Action (FSGV), Potluck Café & Catering, Embers, MP Enterprises, Green Shield Canada (\$29M), DreamRider, HAVE Culinary Training and HUB Cycling. 		

Environmental	2023 ACTION / ACCOMPLISHMENTS
Leadership	Buyers for Climate Action (BCA) as part of Federal Greening Government Fund: a coalition of large green buyers to accelerate green procurement and supplier disclosure in areas such as net zero and climate resilient buildings, low carbon construction materials, zero emission fleets, and green information and communications technology (ICT). The BCA was established to help drive the transition to a green, net-zero carbon economy by collaborating on green procurement.
	The City of Vancouver is one of eight Steering Committee members, which represent large governments (municipal and provincial) across Canada that have net-zero targets and are actively greening their procurement.
	As part of the coalition the City of Vancouver shares knowledge and collaborates on best practices to:
	 accelerate and improve green procurement practices
	 increase capacity of buyers to work with suppliers to provide greener goods and services
	Canadian Collaboration for Sustainable Procurement (CCSP) ongoing leadership & resources: As a member of the organization, participated on the working group for Ethical Procurement, sharing existing research and documentation for further enhancement, and sharing to over 48 organizations that represent various public sector agencies.
	The annual report of the State of Sustainable Public Procurement in Canada and a benchmark of members against the best practice framework for high performance programs can be found in the following link:
	https://www.reeveconsulting.com/wp-content/uploads/2024/03/CCSP- 2023-Annual-Report_The-State-of-Sustainable-Public-Procurement-in- Canada.pdf

Environmental	2023 ACTION / ACCOMPLISHMENTS		
Environmental Considerations & Supporting Green Operations Action Plan 2.0:	In 2023, most procurements included environmental disclosure questions for proponents to respond to for supplier operations and/or products/materials to ensure they are aligned with City goals, initiatives and values including but not limited to:		
	Low/no carbon materials / Circularity / Reduce, Reuse, Recycle		
<u>Zero Carbon</u> Reducing and eliminating the dependence on fossil fuels and minimizing the release of greenhouse gases	 Large fire apparatus, Ice re-surfacers, Heavy duty equipment Copper & brass pipes / fittings LED Retrofit 		
(GHG)	Healthy Ecosystems		
Zero Waste 2040 Reducing and Diverting Waste (Facilities, Office related, operational)	 Urban Forest Inventory Green Rainwater Infrastructure Snow Removal & Salting 		
Healthy Ecosystems "become a world leader in preserving and restoring natural habitats by minimizing pollution, conserving natural resources, and regenerating ecological and local food systems"	IT/Asset Management Initiative: This year's CCSP annual report features the City of Vancouver's success story for Circular Economy highlighting a collaboration with the City's IT Hardware vendor (Microserve) and BC Tech for Learning Society by prioritizing corporate purchase, lease, and ownership options that retain transparency in end-of-life processes, e.g., for IT hardware, cell phones, circular economy requirements to ensure decommissioned assets are prioritized to be refurbished/reused for donation in the community before being recycled		
	 2023 June-Dec: over 240 pieces of technology were recirculated into community 		
	<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 2023:		
	 Over 120 level 2 charging stations installed in 2023 6 dedicated fleet high powered DCFC charging stations installed Canada's first electric fire apparatus received and put into service 		

APPENDIX C

LIST OF AWARDS APPROVED BY COUNCIL 2023

RTS #	Bid # (for publicly posted items)	Project Description (name & brief description of goods/services required)	Awarded Amount (approved by Council)
15826	PS20230245-VBPR-RFA	Pre-Qualification for Landscape and Civil Contractors	\$ 55,537,000
15875	PS20230582-COV-RFP	Construction Services for Marpole Community Centre	\$ 76,639,700
15939	PS20230378-ENG-RFA	Contractor Pre-Qualification for Closure and Other Landfill Works Program	\$ 45,000,000
15803	PS20230434-ENG-NOITC	Organics Processing Contract	\$ 30,800,000
15381	PS20220058	Large Fire Apparatus	\$ 24,750,000
15797	PS20220185-ENG-ITT	Construction Services for Sewer Separation - Oak Street	\$ 20,763,750
15929	PS20230407-ENG-RFA	Landscape and Civil Contractors - Green Infrastructure Pre-qualification	\$ 20,000,000
15759	PS20220141-ENG-RFP	Supply and Delivery of Ductile Iron Pipe	\$ 16,920,780
15876	PS20230356-ENG-ITT	Construction Services for Hastings Sunrise Sewer Renewal and Green Infrastructure - Phase 3	\$ 15,939,289
15842	PS20230387-REFM-RFP	Architectural Consulting for Redevelopment of the Vancouver Aquatic Centre	\$ 13,180,272
15483	PS20220043-ENG-RFEOI	Vancouver Landfill Gasworks - Contractor Prequalification	\$ 13,000,000
15874	PS20230438-REFM-ITT	Construction Services for Sunset Nursery and Operations Yard Stage 1 - Operations Centre Building	\$ 11,832,588
15473	PS20220074-ENG-ITT	Construction Services for Sewer Separation - W54th Avenue	\$ 6,953,100
15825	PS20230339-REFM-ITT	Contractor Services for Domestic Re-piping of the New Continental	\$ 4,102,350
15795	PS20220147-ENG-RFP	Supply and Delivery of Copper Pipe, Saddles and Brass Fittings	\$ 3,810,098
15944	PS20230358-COV-RFP	Supply and Delivery of Bulldozers	\$ 3,374,000
15475	PS20220105-ENG-RFP	Consultant for Landfill Design and Contract Administration - Phase 5 Closure	\$ 2,174,117
15445	PS20220042-ENG-RFP	Supply of Transportation and Recycling services for used mattresses	\$ 2,023,260