

Item 8.4.

Section I – Items for Board of Directors Action

TO: Chair and Members of the Executive Committee
Meeting #3/19, Friday, April 05, 2019

FROM: Michael Tolensky, Chief Financial and Operating Officer

RE: **PROCUREMENT SUMMARY**
2018 Annual Summary

KEY ISSUE

Receipt of the 2018 summary of procurements approved by the Chief Executive Officer or Designate, Executive Committee, or the Board of Directors.

RECOMMENDATION

THE EXECUTIVE COMMITTEE RECOMMENDS THAT the 2018 Procurement Summary Report (the Report) of Toronto and Region Conservation Authority (TRCA) for procurements approved in excess of \$10K in 2018 be received;

AND FURTHER THAT the Report continue to be provided to the Executive Committee on a yearly basis, with a link to the full list of procurements over \$10K available on the TRCA website.

BACKGROUND

At Authority Meeting #5/05, held on June 24, 2005, staff were requested to report to the Authority on contracts executed by TRCA in excess of \$10K. Pursuant to this resolution, a summary of awarded contracts in 2018 are included in Attachment 1. All contract revisions that were approved in 2018 are also recorded in Attachment 2.

At Authority Meeting #6/13, held on July 26, 2013, the Purchasing Policy (the Policy) was approved. Approval thresholds and purchasing methods are included in Attachment 3. As permitted under the Policy, the Chief Executive Officer has designated senior staff to approve purchases up to \$10K which are not included in this summary report. Excluded from the summary report are Schedule 'B' items (these items are listed in Attachment 4) which are defined items within the Policy and are exempt from the approval requirements. Attachment 5 includes the criteria (as per Sections 9.2 and 9.3 of the Purchasing Policy) for non-competitive procurement.

In accordance with resolution #A31/18 from Authority Meeting #2/18, held on March 23, 2018, the full list of procurements over \$10K has not been attached to the agenda and will be provided via a link to the TRCA website.

At Board of Directors Meeting #8/18, held on October 26, 2018, an updated Procurement Policy, was approved which took effect in January 2019. Procurements initiated from January 2019 onwards are subject to the updated approval thresholds and procurement methods outlined in the 2019 Procurement Policy.

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FINANCIAL DETAILS

The total value of procurements for TRCA in 2018, in excess of \$10,000 approved by the Chief Executive Officer or Designate, Executive Committee, or Board of Directors, was approximately \$64.4M (\$51.5M in 2017), including contingencies and excluding applicable taxes.

The increase in the total value of approved procurements in 2018 can be attributed to two primary factors. The first factor is the approval of procuring goods and services for several multi-year and large scale projects, such as the construction of the East Don asphalt trail, boardwalk and bridges (\$11.4M), construction of a near shore reef at Gibraltar Point (\$9.9M), a new Human Resource Information System (\$1.8M), construction of a cobble stone beach at Bluffer's Park (\$1.7M), construction of boardwalk structures and landscaping works at Franklin Pond (\$1.5M), the planning and detailed design stage of the Meadoway project (\$1.1M), and the supply and delivery of aggregate material for the Lakeview Waterfront Connection project (\$632K). The second factor relates to the establishment of several large Vendor of Record arrangements. The value of these arrangements was estimated based on known expenditures in previous years and a forecast of future expenditures over a single or multiple year contract term.

The total value of contract decreases due to scope changes was \$4.5M and the total value of contract increases was \$1.9M, for a total net value of revisions equal to approximately \$2.6M. This is attributed to a scope reduction valued at \$3.7M for the East Don Trail Phase 2 Construction Project. The scope of work was revised after the bids received exceeded the estimated value and available budget. The trail connection to Eglinton Avenue, including temporary and permanent bridge structures, was removed from the scope of work and will be completed during a future phase, pending availability of funding.

In fall of 2017, TRCA staff began formally recording and tracking the use of contingency monies for contracts through enhancements to IT procurement infrastructure. As a result, 2018 is the first year where a full year's worth of data is available for detailed analysis. In 2018, approximately 65% of approved contracts included a contingency in the range of 10-15% (Attachment 6). The total amount of contingency that was approved in 2018 was \$7.1M, of which approximately \$1.2M was used by the end of the year. A list of 2018 contracts where all or a portion of the contingency was used is included in Attachment 7. Several of the contracts that were approved in 2018 are multi-year contracts and it should be noted that an additional portion of the contingency may be used over the course of the contract term.

DETAILS OF WORK TO BE DONE

Contingency for new and multi-year contracts will continue to be formally tracked and reported on. In 2019, staff will provide a summary of procurements to include an update on the overall contingency used for multi-year contracts reported on in 2018, as well as newly entered contracts in 2019.

Further, based on contingency results compiled to date, TRCA staff will also undertake a benchmark analysis with other external organizations, such as municipalities and other conservation authorities, to ensure consistency with best practices and procedures for establishing reasonable contingencies in project planning.

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The Finance business unit will continue to lead the ongoing review and update of existing procurement procedures to be completed in 2019. The procedures are taking into consideration legislative requirements for public sector procurement as well as industry best practices.

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Attachments: 7

Attachment links:

[Attachment 1 – Summary of Procurements over \\$10K](#)

[Attachment 2 – Contract Revisions](#)

[Attachment 3 – Schedule 'A' Purchasing Methods, Limits and Authorization](#)

[Attachment 4 – Schedule 'B' Goods and Services Exempt from the Requirements of Schedule 'A'](#)

[Attachment 5 – Non-Competitive Procurement Criteria](#)

[Attachment 6 – Summary of Contingency](#)

[Attachment 7 – Summary of Contingency Used](#)