



STAFF REPORT ACTION REQUIRED

Awarding of Contracts by Bid Committee

Date:	January 26, 2007
To:	General Government Committee
From:	Treasurer
Wards:	All Wards
Reference Number:	P:\2007\Internal Services\pmmd\gg07003pmmd (AFS #3719)

SUMMARY

In an effort to remove routine, administrative matters from Committee and Council agendas, staff are recommending that current \$5 million ceiling for procurement awards made by Bid Committee be removed provided that funding approval has been received in accordance with the Financial Control By-law, there are no material objections made by any of the bidders and that the award is made to the lowest bidder in a tender/quote call or the highest scoring proponent in a proposal call.

This initiative will also streamline the contract award process by up to four weeks and continue to ensure that information on all awards is available to Councillors and the public.

RECOMMENDATIONS

The Treasurer is recommending:

That Section 195-13, 195-14, 195-15 of the Municipal Code, be revised to read as per the attached Appendix A, as explained in this report.

Financial Impact

No financial impact.

DECISION HISTORY

The Purchasing By-law approval limits for awarding of contracts were last revised in 2004 and raised the approval limits of the Bid Committee from \$2,500,000 to \$5,000,000.

ISSUE BACKGROUND

Council approves the acquisition of goods, services and capital construction through two processes: the budget process which determines what the City will buy (and how much) and the procurement process which determines who to buy from.

Council has delegated much of the procurement decisions to staff provided that approved procurement policies have been followed. Council has retained the responsibility of awarding contracts above \$5 million (excluding taxes) through Standing Committees even in situations where:

- a) the lowest bidder or highest scoring proponent is being recommended
- b) funding has been previously approved
- c) there are no material written objections by the bidders.

While staff appreciate Council's desire to exercise some level of oversight for large procurement decisions, where conditions (a), (b) and (c) above are satisfied, Committee does not really have an option other than to approve the award as recommended. In fact, should Committee overturn staff's recommendation, the City would suffer reputational risk at best and litigation risk at worst. This fact was recognized by Justice Bellamy and expressed in her recommendation number 130 which states that Councillors should separate themselves from the procurement process.

As the awarding of all contracts meeting the above conditions is delegated to the Bid Committee during Council's summer recess, during election periods or any other time when regularly scheduled meetings of standing committees are cancelled for whatever reason, staff are recommending that this delegation be extended for the entire year.

COMMENTS

Under the Purchasing By-law, the Bid Committee is authorized to award all contracts up to \$5 million (excluding taxes), where the lowest bidder meeting specifications and requirements or highest scoring proponent is being recommended, there is funding approval for the purchase and there are no material written objections.

In 2006, 12 contracts were awarded by Standing Committees because they were above the Bid Committee \$5 million limit. The Bid Committee awarded 339 contracts. The table below summarizes the Standing Committee awards by type.

Contract Type	Number Awarded	Average Value
1. Chemicals	2	\$ 8,839,740.20
2. Facilities & Real Estate	1	\$11,400,392.52
3. Fuels	1	\$ 6,736,215.98
4. Information Technology	2	\$ 6,527,000.00
5. Red Light Camera Operations	1	\$13,793,600.00
6. Telecommunications Equipment/Services	2	\$ 8,877,050.00
7. Tires and Retreads	1	\$ 8,355,799.96
8. Vehicles	2	\$12,129,670.71

There were no material objections on the award of any of these contracts and Council approved staff's recommendations 100% of the time. In fact, Council has never overturned a staff recommendation on major purchases.

Contracts where the lowest bidder or highest scoring proponent is not being recommended, there is no funding approval within the Financial Control By-law or a material written objection has been received in regards to the award are always referred to Standing Committee and Council for award. These contracts cannot be awarded by the Bid Committee even during the summer recess or election period. This policy would be continued.

The awarding of all contracts where the lowest bidder or highest scoring proponent, is being recommended, funding has been approved and there are no material written objections by the Bid Committee will ensure faster award and faster delivery of goods or services as the Bid Committee meets weekly to award contracts. It will also remove the participation of Councillors in straight forward, routine contract awards where no direction from Council is required.

The Bid Committee agenda and minutes are public documents and all Bid Committee awards are reported semi-annually to Standing Committee and Council, as required under Section 195-14 of the Chapter 195 of the Municipal Code. This procedure will continue. In addition, in July 2005, Council approved the Policy for Access to Information to Members of Council at Various Stages of the Procurement Process. The policy allows individual Councillors to obtain access to the confidential details of a particular procurement by formal request to the Chief Purchasing Official. This policy will remain in effect.

Legal Services has been consulted and concurs with the contents of this report.

CONTACT

Lou Pagano, Director, Purchasing & Materials Management Division, Phone: 416-392-7312, Fax: 416-392-0801, email: lpagano@toronto.ca

SIGNATURE

Cam Weldon
Treasurer

ATTACHMENTS

Appendix A – Proposed Revisions to Municipal Code, Chapter 195