



**STAFF REPORT  
ACTION REQUIRED**

**Contract Extension for the Provision of the PCard  
Program Services**

<b>Date:</b>	August 19, 2016
<b>To:</b>	Government Management Committee
<b>From:</b>	Treasurer Director, Purchasing and Materials Management
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Internal Services\acc\gm16014acc (AFS23420)

**SUMMARY**

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The Purchasing Card (PCard) Program Services contract with the National Bank of Canada (NBC) is due to expire on December 19, 2016. During the development of a new Request for Proposal to replace the expiring PCard contract, the City met with the Ministry of Government & Consumer Services (MGCS) about the Province of Ontario's procurement process for a purchasing card provider. MGCS indicated that the City would be able to piggyback on the Province's contract after it has been awarded. This would offer the City a number of opportunities that would enhance its growing PCard program, while maintaining controls, and benefitting from the Province's economies of scale.

In order to provide time for the Province to complete their contract, and allow the City to consider piggybacking on their agreement, it is recommended that the current contract with National Bank of Canada (NBC) be extended for a 12-month period.

## RECOMMENDATIONS

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The Treasurer and the Director of Purchasing and Materials Management recommend that:

1. City Council grant authority to the Treasurer to negotiate and execute an amending agreement with National Bank of Canada (NBC) to extend the existing agreement for a period of 12 months from December 20, 2016 to December 19, 2017, under the same pricing, terms and conditions of the existing agreement and in a form satisfactory to the City Solicitor.

### Financial Impact

There are no additional financial implications associated with the adoption of this report. The City receives rebates from the PCard provider once a year, based on the value charged to the PCards used by the City.

Table 1, below, summarizes the number of PCard transactions and the value of those transactions since the launch of the program in June 2005, as well as the rebates received each year.

Table 1: Summary of PCard Transactions

YEAR	TRANSACTION VALUE \$	TRANSACTIONS #	REBATE \$
2005	340,085.56	1,651	1,054.27
2006	2,037,559.04	9,675	6,316.43
2007	3,438,379.85	20,224	10,658.98
2008	5,945,957.69	29,500	18,432.47
2009	9,043,601.28	36,846	73,253.17
2010	10,233,613.18	41,448	82,892.27
2011	7,645,949.69	41,023	61,932.19
2012	7,473,036.41	39,084	63,520.81
2013	7,289,048.43	40,211	61,956.91
2014	9,399,316.05	44,166	79,894.19
2015	12,374,505.34	51,057	105,183.30
<b>TOTAL</b>	<b>75,221,052.52</b>	<b>354,885</b>	<b>565,094.99</b>

The Deputy City Manager & Chief Financial Officer has reviewed this report and agrees with the financial impact information.

## **DECISION HISTORY**

At its meeting held on April 14, 15 and 16, 2003, City Council adopted a number of recommendations from the Auditor General with respect to the City's procurement processes, including a recommendation to implement purchasing cards in City operations using a phased-in approach (re: Audit Committee Report 1, Clause 8 "Procurement Processes Review – City of Toronto"). To view this report on-line, please follow the hyperlink below:

<http://www.toronto.ca/legdocs/2003/agendas/council/cc030414/au1rpt/cl008.pdf>

At its meeting held on July 20, 21 and 22, 2004, City Council authorized staff to negotiate and enter into a five year agreement with the National Bank of Canada for the provision and implementation of a Purchasing Card program (re: Administration Committee Report 5, Clause 6 "Provision and Implementation of a Purchasing Card Program – Request for Proposal No. 9172-04-7024"). To view this report on-line, please follow the hyperlink below:

<http://www.toronto.ca/legdocs/2004/agendas/council/cc040720/adm5rpt/cl006.pdf>

At its meeting held on September 30, 2009, City Council authorized staff to exercise the option within the agreement to extend the contract with the National Bank of Canada to August 23, 2011, under the current terms and conditions (re: Government Management Committee Report 24, Clause 41 "Purchasing Card Services Contract - Purchase Order No. 6016467 - Request for Extension"). To view this report on-line, please follow the hyperlink below:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2009.GM24.41>

## **ISSUE BACKGROUND**

Since its introduction in June 2005, the PCard program has quickly become established as an integral component of the city's procure-to-pay service within all city divisions. The PCard has successfully met its goals, providing tangible benefits to the cardholders, their support teams, as well as to the City. Each month more than 4,000 paper invoices are eliminated from the Accounts Payable processing stream, and a significant number of fewer purchasing documents are created. Adequate controls are in place to ensure compliance with corporate policies. Of equal or great importance, reliance on the PCard has reduced petty cash, cash advances and cheque/direct deposit processing fees. In addition, the PCard has more streamlined, efficient business processes, resulting in lower transaction costs, as well as annual rebates for the City.

## **COMMENTS**

The City's Purchasing Card (PCard) Program Services contract with the National Bank of Canada (NBC) will expire on December 19, 2016. The City met with MGCS about the potential of piggybacking of the Province's new procurement process for PCard Services.

MGCS issued its Request for Bids (RFB) for a new provider of Pcard Services on April 14, 2016 with a closing date of June 14, 2016. MGCS is currently evaluating the responses and will award the new contract by October 2016 allowing themselves sufficient time to transition to a new provider by April 2017, if their current provider is not the successful proponent.

In order for the City to consider piggybacking on the MGCS agreement, the City will be required to extend the current contract with National Bank of Canada (NBC) for a 12-month period to allow sufficient time for MGCS to complete its procurement process and award the new contract to the successful proponent and to allow the City sufficient time to transition to a new provider, with appropriate approval, if the City is satisfied with the results of the MGCS call.

Some of the City's Agencies and Corporations (such as the TTC, Toronto Public Library (TPL) & Toronto Parking Authority (TPA)) currently piggyback on the City's NBC contract. TTC, TPL & TPA have agreed to continue their PCard relationship with the City and are in favour of a possible venture with MGCS. The TTC, TPL and TPA will all consider piggybacking off the Province's contract as well.

Once City staff have reviewed the results of the MGCS call, and believe the results of the MGCS call will benefit the City, City staff will seek the appropriate authority to enter into a contract with the Province's successful proponent in 2017, in accordance with the Purchasing By-law. If City staff are unsatisfied with the results of the Province's procurement process, there will still be sufficient time to issue the City's own Request for Proposal for PCard services.

## **CONTACT**

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## **SIGNATURE**

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Mike St. Amant  
Treasurer

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Michael Pacholok  
Director  
Purchasing and Materials Management