



Report to: General Committee

Meeting Date: February 23, 2017

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**SUBJECT:** Revisions to Purchasing By-law 2004-341  
**PREPARED BY:** Alex Moore Ext. 4711

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**RECOMMENDATION:**

- 1) The report entitled “Revisions to the Purchasing By-law 2004-341” be received;
- 2) That the City of Markham By-law 2004-241 be repealed in its entirety and be replaced in accordance with this report;
- 3) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

**PURPOSE:**

To obtain Council approval to revise the Purchasing By-law 2004-341 to allow for a fully integrated online electronic bidding tool that will allow suppliers to view, register, download and submit bids online.

**BACKGROUND:**

The Purchasing By-law establishes policies and regulations respecting the City's procurement, disposal and administrative service requirements, including the entering into contracts and signing authority. Additionally, the By-law details methods of procurement and the process the procurement team must follow when issuing and receiving bids.

Over the past few years the procurement team has reviewed various electronic bid tools to improve customer service and business process efficiencies through technology. The goal was to implement an integrated e-tendering solution to allow for electronic issuance and receipt of bids.

Staff have identified a system which is available at no cost to the City and is also used by York Region and the Town of Newmarket. However, in order to fully roll out this new electronic bidding tool, the Purchasing By-law is required to be updated.

Since Staff was updating the Purchasing By-law, Legal Services and Procurement Staff have identified some administrative “housekeeping” changes which should be made at the same time.

**OPTIONS/ DISCUSSION:**

The changes are as follows:

**1. Electronic bidding tool**

The City's current process is to issue bid opportunities publicly through a third party website where suppliers download the bid directly from this site or are able to pick up the bid through the Contact Centre. Thereafter, the suppliers providing a bid response will

submit a paper copy to the Clerk's department on the specified closing date/time identified on the front page of the bid document.

After the closing date/time a bid Opening Committee comprised of Staff from Procurement and Clerks will open the documents publicly and read out the bid amounts. The procurement team will then review the documents to ensure the bids are in compliance, and will manually enter bid prices into an Excel spreadsheet and then commence the process to approve the contract.

This new tool will improve procurement speed, accuracy, and reduce administrative time and paper usage and will have other environmental benefits. By moving to a fully integrated online electronic bidding tool suppliers will also realize benefits, including the following:

- reduced bidder errors
- online downloads - easy and quick access to documents online
- instant email notification of bid opportunities
- reduced travel costs (no longer required to drop off bid submissions)
- no need to attend bid openings

Required revisions to the Purchasing By-law to address the new electronic bidding tool include:

- adding Bidding System and Electronic Bidding to the definitions.
- revising the definition of the Tender Opening Committee to address the electronic submissions, and the new contract award process
- including a statement that unofficial bids results will be published through the bidding system
- under the methods of procurement section, a statement will be added to reference the new bidding system, and email as an acceptable means of bid submission

## **2. Administrative changes**

Legal Services and Procurement Staff have identified a number of administrative "housekeeping" changes which should be made, given the last update to the Purchasing By-law dates back to 2009.

### **Summary of the Administrative Revisions to the Purchasing By-law**

Administrative changes will be made for consistency in wording throughout the By-law, better clarity, improved grammar (uppercase vs. lowercase), and changes to language terms to mirror the City's General Terms and Conditions.

None of the administrative changes have implications for authority levels to award contracts, and these levels remain the same as per the 2009 Purchasing By-law.

### **3. Part VII Contract award approval authority – Within Criteria**

The Purchasing By-Law delegates authority to staff to award contracts without limits if the award meets the following criteria:

- The award is to the lowest priced bidder
- The expenses relating to the goods / services being procured is included in the approved budget (Operating/Capital)
- The award of the contract is within the approved budget
- The award results from the normal tendering process of the City (i.e. open bidding through advertisements that meet transparency and enables open participation)
- The term of the contract is for a maximum of 4 years
- There is no litigation between the successful bidder and the City at the time of award
- There are no bidder protests **and/or disqualified bidders at the time of contract award**

With respect to the last criterion, the City has had instances where the highest priced bidder was disqualified and Council approval was required even though it had no impact on the outcome of the award of the contract.

Staff recommends that the bolded wording above be eliminated from the criterion to allow staff the authority to award the contract as long as the disqualified bidder was not the lowest bidder.

#### **Proposed additional new criterion:**

- The disqualified party is not the lowest bidder

#### **FINANCIAL CONSIDERATIONS**

N/A

#### **HUMAN RESOURCES CONSIDERATIONS**

N/A

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

The objective of this initiative is to improve customer service and business process efficiencies through technology. Our action is to implement an integrated eProcurement tools to allow for issuance and receipt of bids through an electronic format. This tool will reduce greenhouse gas emissions associated with picking up and dropping off bid documents. It will also reduce paper usage by allowing electronic bid documents and bid submissions.

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**BUSINESS UNITS CONSULTED AND AFFECTED:**

All Business Units will be affected and have been consulted. The Legal Department review and approved the proposed changes.

**RECOMMENDED BY:**

2/28/2017

X 

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Joel Lustig  
Treasurer

28/02/2017

X 

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Trinela Cane  
Commissioner, Corporate Services

**ATTACHMENTS:**