



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: April 17, 2023

Report No: CORS-023-23

Subject: 2022 Year End Purchasing and Supply Chain Management Summary

Recommendation: **THAT the 2022 year end purchasing and supply chain management summary report be received for information.**

EXECUTIVE SUMMARY

This report is being submitted with respect to the 2022 Purchasing and Supply Chain Management activity in accordance with the reporting requirements of the Purchasing By-law No. 061-2018.

REPORT

Background

The Town of Milton's procurement activities are undertaken in accordance with Purchasing By-law No. 061-2018 and Policy 112 (Financial Management - Procurement and Disposal). The Town's methods are intended to ensure that goods and services are acquired in a manner that is efficient, ethical, professional, accountable, and that achieves best value. Staff from throughout the organization play a role in both implementing the by-law as part of service delivery and maintaining good supplier relations, as the goods and services acquired are central to the Town's programs and strategic initiatives. Purchasing and Supply Chain Management staff provide oversight of the Town's procurement processes, contract negotiations, dispute resolution and surplus disposal, and support the needs of the Town's program areas.

Discussion

Purchasing Services

In 2022, 263 contract awards were centrally authorized for a total commitment value of \$85,984,196. The chart below shows a breakdown of the bids by type and value.



The Corporation of the Town of Milton

Discussion

Description	Number of Awards	Value of Awards
Tender	54	\$24,356,804
Proposal	21	\$10,468,454
Consulting Services (Roster)	20	\$1,673,609
Limited Tendering: Contract Renewal	55	\$8,219,176
Limited Tendering: Contract Increase	29	\$29,947,292
Limited Tendering: Legacy, Compatibility, EAS and Other	65	\$8,705,354
Limited Tendering: Low Value	7	\$116,174
Pre-Qualification	6	\$0
Emergency	6	\$2,497,333
Total	263	\$85,984,196

The Town continues to leverage the partnerships established through the Halton Cooperative Purchasing Group (HCPG), including 26 of the contracts summarized within the above chart awarded through the group at a value of \$2,025,159.

The top five awards from 2022 include a 3-year extension on the transit contract (\$27.7M), the 2022 asphalt overlay program (\$8.0M), bus purchases through the Metrolinx transit procurement initiative (\$3.2M), the 2022 expanded asphalt program (\$2.0M) and the acquisition of tandem axle combination trucks (\$2.0M). These five items account for 50% of the total awards authorized during the year.

Further details with respect to the 257 awards are provided in Schedule A. The Town also posts procurement results online on the Town's website on an ongoing basis.

In addition to the awards summarized above, the Town also acquires goods and services through:

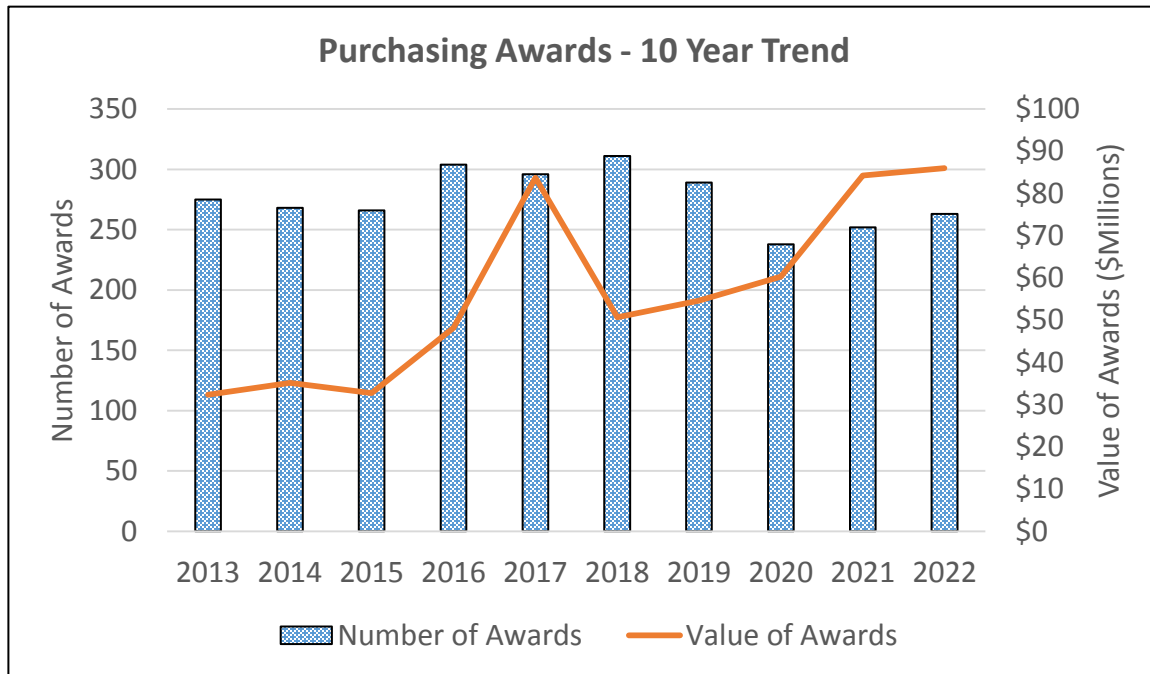
1. decentralized direct purchases made by program areas (i.e. under \$25,000);
2. processes related to the exempt items identified in Section 20 of the Purchasing By-law (example: utilities, legal costs, training, etc.); as well as
3. change orders to existing awards that don't require authorization through a staff report or a Purchasing Delegated Authority Report (PDA).



Discussion

Such items are still subject to the availability of approved budgets and related signing authorities. The cost of these goods and services are reflected in the quarterly and annual financial variance reporting.

The total awards representing \$85,984,196 that were made in 2022 resulted in an 2.1% increase over 2021. The ten-year historical trend is presented in the graph below.



Broadly within both the municipal sector and broader economy, inflationary pressures and supply chain disruption were central themes in 2022. The Town worked with existing vendors in order to ensure continuity in the Town’s services and identify mitigation measures, where possible. Specific to Milton in 2022, and as previously noted in CORS-073-22, the Town also looked for opportunities to leverage existing contracts where possible in order to alleviate capacity challenges during the year. Such extensions were generally made with firms that were previously selected through competitive purchasing processes, where performance expectations have been achieved, and where satisfactory pricing has continued.

Purchasing Services also oversees the asset recovery processes for assets that have been declared surplus (excluding land). The Town utilizes formal auctions in order to derive the highest value. During 2022, fifty-one (51) pieces of equipment were auctioned resulting in \$314,694 in gross revenue for the Town. Details with respect to these disposals are provided in Schedule B.



Discussion

The Town continued to implement its Certificate of Recognition (COR™) program as initially outlined in report CORS-013-18. The Town awarded five contracts to COR™ certified contractors in 2022. Notable bids having the certification requirements for the bidders included the asphalt overlay, expanded asphalt and micro-paving awards, as well as the construction of Cobban Neighbourhood Park.

During 2022, 100% of bids were posted and awarded electronically through the usage of the Town's e-bidding platform. For tenders, the average number of responses per bid was 4.0, which is approximately equal to the municipal average of 4.6 reported by the Municipal Benchmarking Network of Canada (2020).

Financial Impact

The purchasing methodologies used for the acquisition of the goods and services identified in this annual report are important in achieving the Town's goal of obtaining best value for the procurement of goods/services/construction/consulting, while ensuring fairness, objectivity, accountability and transparency.

Although the inflationary pressures are expected to lessen through 2023 and 2024, budget pressure is expected to continue both in the form of in-year variances as well as in the development of the 2024 budget. Budget impacts are assessed and presented with each contract award or renewal, and are reflected in the variance reporting provided to Council for both the operating and capital programs.

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer

For questions, please contact: Glen Cowan, Chief Financial Officer / Treasurer Phone: Ext. 2151

Attachments

Schedule A - 2022 Purchasing and Supply Chain Activity Summary

Schedule B – Asset Recovery Summary

Approved by CAO
Andrew M. Siltala
Chief Administrative Officer



Recognition of Traditional Lands

The Town of Milton resides on the Treaty Lands and Territory of the Mississaugas of the Credit First Nation. We also recognize the traditional territory of the Huron-Wendat and Haudenosaunee people. The Town of Milton shares this land and the responsibility for the water, food and resources. We stand as allies with the First Nations as stewards of these lands.