



The Corporation of the Town of Milton

Report To: Council

From: Glen Cowan, Chief Financial Officer / Treasurer

Date: May 13, 2023

Report No: ES-010-24

Subject: 2023 Year End Purchasing and Supply Chain Management Summary

Recommendation: **THAT the 2023 year end purchasing and supply chain management summary report be received for information.**

EXECUTIVE SUMMARY

This report is being submitted with respect to the 2023 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 2023, 306 contract awards were centrally authorized for a total commitment value of \$88,072,259. The chart below shows a breakdown of the bids by type and value.



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Discussion

Description	Number of Awards	Value of Awards
Tender	53	\$ 43,848,579
Proposal	18	\$ 9,014,389
Consulting Services (Roster)	26	\$ 2,791,132
Limited Tendering: Contract Renewal	57	\$ 10,754,149
Limited Tendering: Contract Increase	39	\$ 6,301,389
Limited Tendering: Legacy, Compatibility, EAS and Other	79	\$ 14,517,812
Limited Tendering: Low Value	16	\$ 328,123
Pre-Qualification	7	\$ -
Emergency	11	\$ 516,687
Total	306	\$ 88,072,259

The Town continues to leverage the partnerships established through the Halton Cooperative Purchasing Group (HCPG), including 32 of the contracts summarized within the above chart awarded through the group at a value of \$4,255,150.

The top five awards from 2023 include Fifth Line Reconstruction (\$16.4M), the 2023 asphalt overlay program (\$7.1M), bus purchases through the Metrolinx transit procurement initiative (\$5.3M), Appleby Line Reconstruction (\$2.6M), and the 2023 expanded asphalt program (\$2.6M). These five items account for 39% of the total awards authorized during the year.

Further details with respect to the 306 awards are provided in Schedule A. The Town also posts procurement results online on the Town's website on an ongoing basis.

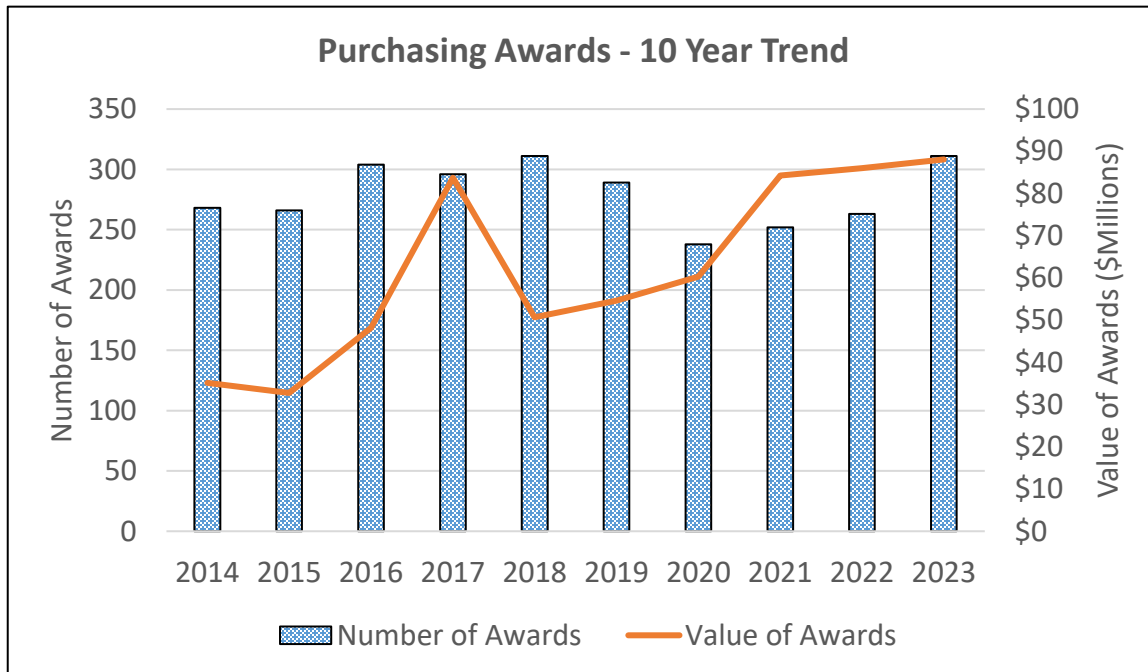
In addition to the awards summarized above, the Town also acquires goods and services through:

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 \$88,072,259 that were made in 2023 resulted in an 2.4% increase over 2022. The ten-year historical trend is presented in the graph below.



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 2023, 91 items were auctioned resulting in \$295,038 in gross revenue for the Town. Details with respect to these disposals are provided in Schedule B.

The Town continued to implement its Certificate of Recognition (COR™) program as initially outlined in report CORS-013-18. The Town awarded 9 contracts to COR™ certified contractors in 2023. Notable bids having the certification requirements for the bidders included the asphalt overlay and expanded asphalt, as well as the Reconstruction of Appleby Line, Reconstruction of Fifth Line, Road Rehabilitation of High Point Drive, construction of Walker Neighbourhood Park, Milton Sports Centre Parking Lot and Drainage Improvements and Campbellville Road Guide Rail Upgrades.



Discussion

During 2023, 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 4.7, while for requests for proposal processes the average number of responses was 4.4.

Supply Chain Trends and 2024 Work Plan

Inflationary factors continued to impact the cost of goods, services and construction during 2023. Although lower than the 2022 inflationary increase of 6.8%, the consumer price index (CPI) remained above the historical trend with a year over year change of 3.8% in 2023. Similarly the non-residential building construction price index (NRBCPI) declined from 14.6% in 2022 to 5.5% in 2023. The economic outlook provided in the recent Provincial Budget estimated that CPI would continue to gradually decline, to 2.6% in 2024 before returning to 2.0% thereafter. These projected trends generally align with the Town's experience to date in 2024, as favourable pricing (relative to the established budget) has been experienced in several key tender results.

In 2024, in addition to continuing to support the Town's procurement and supply chain requirements, the Town's purchasing staff will also undertake steps towards updating the Town's purchasing by-law, with consideration for current trends, legislation and best practices. The team will also be involved in the preparation for the financial management system transition, as the purchasing module will be a part of the scope of the new software. Research and analysis of a changing legislative landscape will also occur, including consideration of the new regulations that were released on April 1, 2024 in relation to the Building Ontario Businesses Initiative Act, 2022.

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 through procurement activities, while ensuring fairness, objectivity, accountability and transparency. The budget implications of the resulting awards is measured and reported at the time of award for each bid, with consolidated results presented to Council through the regular variance reporting process as outlined in the Budget Management Policy (Policy 113).

Respectfully submitted,

Glen Cowan
Chief Financial Officer / Treasurer



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For questions, please contact: Sharon Telfer, Manager, Purchasing and Supply Chain Management Phone: Ext. 2138

Attachments

Schedule A – 2023 Purchasing and Supply Chain Activity Summary

Schedule B – 2023 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.