

City of Kelowna

Regular Council Meeting

AGENDA



Monday, January 29, 2018

9:00 am

Knox Mountain Meeting Room (#4A)

City Hall, 1435 Water Street

Pages

1. **Call to Order**

2. **Confirmation of Minutes**

2 - 3

Regular AM Meeting - January 22, 2018

3. **Reports**

3.1 **Purchasing Update**

45 m

4 - 24

To Provide council with information in response to Council's expressed interest in a greater understanding the Purchasing function at the City.

4. **Resolution Closing the Meeting to the Public**

THAT the meeting be closed to the public pursuant to Section 90(1) (j) of the Community Charter for Council to deal with matters relating to the following:

- Third Party Confidential Business Information

5. **Adjourn to Closed Session**

6. **Reconvene to Open Session**

7. **Issues Arising from Correspondence & Community Concerns**

7.1 **Mayor Basran, re: Issues Arising from Correspondence**

30 m

8. **Termination**



City of Kelowna Regular Council Meeting Minutes

Date: Monday, January 22, 2018
Location: Knox Mountain Meeting Room (#4A)
City Hall, 1435 Water Street

Members Present Mayor Colin Basran, Councillors Maxine DeHart, Ryan Donn, Gail Given*, Tracy Gray, Charlie Hodge, Brad Sieben and Luke Stack

Members Absent Councillor Mohini Singh

Staff Present City Manager, Ron Mattiussi; City Clerk, Stephen Fleming

(* Denotes partial attendance)

1. Call to Order

Mayor Basran called the meeting to order at 9:01 a.m.

2. Confirmation of Minutes

Moved By Councillor Gray/Seconded By Councillor Hodge

R051/18/01/022 THAT the Minutes of the Regular AM Meeting of January 15, 2018 be confirmed as circulated

Carried

3. Resolution Closing the Meeting to the Public

Moved By Councillor Donn/Seconded By Councillor Hodge

R052/18/01/022 THAT this meeting be closed to the public pursuant to Section 90(1) (c), (e), and (l) of the Community Charter for Council to deal with matters relating to the following:

- Employee Relations
- Acquisition, Disposition or Expropriation of Land or Improvements
- Municipal Objectives

Carried

4. Adjourn to Closed Session

The meeting adjourned to a closed session at 9:02 a.m.

5. Reconvene to Open Session

The meeting reconvened to an open session at 4:59 p.m. with Councillor Singh absent.

6. Issues Arising from Correspondence & Community Concerns

6.1 Mayor Basran, re: Mayors' Caucus Meeting

Mayor Basran:

- Reminder that the SILGA resolution deadline is Friday, February 23rd.
- Plans on attending the March 14-16th Mayors' Caucus Meeting in Squamish and asked Council for a travel authorization as per Council Policy 361.

Moved By Councillor Hodge/Seconded By Councillor Stack

R053/18/01/022 THAT Council approve the authorization of Mayor Basran attending the Mayor's Caucus Meeting from March 14 to 16, 2018 in Squamish, B.C.

Carried

6.2 Mayor Basran, re: Valley First Scholarship Breakfast

Mayor Basran:

- Asked Council for authorization to attend the Valley First Scholarship Breakfast with a \$125.00 cost which is over the \$100 threshold stated in Council Policy 287.

Moved By Councillor Stack/Seconded By Councillor Hodge

R054/18/01/022 THAT Council approve the authorization for Mayor Basran to attend the Valley First Scholarship Breakfast with a cost of \$125.00.

Carried

6.3 Councillor Gray, re: FCM Conference

Councillor Gray:

- Inquired how many Council members plan on attending FCM this year.

City Clerk:

- Confirmed Council meeting dates prior to and immediately after the FCM Conference dates.

Mayor Basran:

- Will reconsider the June 4th Council meeting date depending on how many Council members attend FCM.

7. Termination

The meeting was declared terminated at 5:04 p.m.

Mayor Basran

/sf/acm

City Clerk

Report to Council



Date: January 29, 2018
File: o600-10
To: City Manager
From: Darren Tompkins, Purchasing Manager
Subject: Purchasing Workshop Presentation

Recommendation:

THAT Council receive for information, the Report from the Purchasing Manager, dated January 29, 2018 regarding the Purchasing Workshop Presentation.

Purpose:

To Provide council with information in response to Council's expressed interest in a greater understanding the Purchasing function at the City.

Background:

Purchasing's Role

As a centralized purchasing department, the Purchasing Branch is responsible for facilitating all, with limited exceptions, the Best Value acquisition of goods, services, and construction for the City.

Centralized Purchasing has numerous benefits. With all purchasing under the direction of the Purchasing branch, the City can leverage those inherent attributes.

Regulation Compliance

Purchasing activity must be compliant with all applicable Regulations. These regulations include Canadian Administrative Law, several national and international trade agreements, and the Community Charter to which the City has developed local Purchasing Bylaws from.

Staff have also reviewed the findings and reports of the Auditor General for Local Government and are leveraging those recommendations and findings to ensure the City has due diligence applied for local governments within BC.

Professional Standards and Practices

Staff as members of, and designated Professionals of, the Supply Chain Management Association of Canada (SCMA) keep current with emerging regulation and legal cases. This ensures not only the City remains compliant with laws and regulations, but also remain as leaders in procurement strategies to ensure best value is attained with each purchase.

Purchasing Branch staff regularly interact with other Purchasing professionals in Communities of Practice.

In addition, staff has a seat on the Standards and Practices committee of the local construction association. This type of direct interaction with the supplier community allows the City to represent public owners and to better understand contractor perspectives on being an “owner of choice” when soliciting competitive bids.

Purchasing Bylaw

In November of 2017 a replacement Purchasing Bylaw was adopted by Council. The new Bylaw strengthens alignment with regulations and supports purchasing best practices. Staff reviewed applicable Trade agreements for elements that needed addressing and drew on professional purchasing resources to ensure the Bylaw supported best practices. In addition, staff reviewed reports and recommendations from the Auditor General for Local Government to ensure the Bylaw satisfied the high standards and due diligence recommendations.

Purchasing Methods

Staff use a variety of methods, or approaches, to acquire the planned, budgeted, and approved acquisitions. The methods will vary depending on several factors. To name a few they include value, complexity, risk, and length of the agreement.

Complex and project related acquisitions are generally procured through a Request for Proposal (RFP). In these examples, a specific solution is not identified, but the desired outcome is and the suppliers demonstrate best value through their proposal response to the solicitation.

Common higher value, but standard purchases, are procured through a request for quotation process. Goods where repeated acquisitions are needed (i.e. road salt) can be established through a contract purchase order or more commonly known as a blanket PO.

Generally low value acquisitions are purchased through procurement cards. A 2013 report to the City by KPMG cited that a typical PO costs \$89 to process compared with \$22 for the same transaction on a procurement card.

Measuring Performance

By using Purchasing data, from various sources including the City’s financial software, we can analyze many aspects of the work to ensure it meets expected outcomes. For instance, are expenditures aligning with contract values.

Data Analytics

Through the use of data analysis staff can review historic trends and evaluate procurement options for each type of spend. For example, the spend for corporate wide office supplies offers savings resulting from our cooperative supply agreement with our preferred supplier. The analysis may also identify opportunities to address areas of spend that have not previously been competed or been under

contract.

As shown in the below graph the number of purchase orders has marginally declined over the past five years as the City has trended towards consolidating procurement opportunities onto larger blanket POs verse offering multiple smaller value POs that have not leveraged bulk purchasing pricing.



Role of Council

Council's role in the purchasing cycle first includes setting authority for the Purchasing Branch. This is accomplished through Bylaw. This empowers the Purchasing Branch to carry out purchasing activity in keeping with professional practices and standards. Additionally, the role of Council continues as all expenditures are required to have an approved budget, or a duly amended budget, in the current fiscal year to proceed with a transaction. In these essential elements Council is involved with all expenditures.

Purchasing Branch produces reporting on all contracts in excess of \$500,000 to ensure information is available as needed. In addition, the City's Finance division also produces annual reporting, Statement of Financial Information (SOFI), listing all suppliers/expenditures over \$75,000 annually.

Internal Circulation:

- Deputy City Manager
- Divisional Director, Infrastructure
- Divisional Director, Corporate and Protective Services
- Divisional Director, Financial Services
- Airport Director

Considerations not applicable to this report:

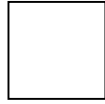
- **Personnel Implications:**
- **External Agency/Public Comments:**
- **Alternate Recommendation:**
- **Financial/Budgetary Considerations:**
- **Communications Comments: Legal/Statutory Authority:**
- **Legal/Statutory Procedural Requirements:**

- **Existing Policy (Bylaw):**

Submitted by:

D Tompkins, Purchasing Manager

Approved for inclusion:



RM, Divisional Director, Corporate and Protective Services

Purchasing Workshop

January 29, 2018

City of Kelowna

Purpose

- ▶ In response to Council's expressed interest in a greater understanding the Purchasing function at the City



Purchasing Branch Role

- ▶ Facilitating **Best Value** purchasing for,
 - ▶ Goods,
 - ▶ Services, and
 - ▶ Construction
- ▶ **Centralized Purchasing**
 - ▶ All purchasing is under the *direction* of the Purchasing Branch
 - ▶ Competitive Tendering
 - ▶ Contracting
 - ▶ Purchase Methods





Best Value

- ▶ Competitive Tendering
 - ▶ Flexible formats (Proposals)
 - ▶ Price only formats (Quotes)
 - ▶ Pre Qualifications
- ▶ Leading and Best Practices
 - ▶ Formal and longer term contracts
 - ▶ Consolidation of spend
 - ▶ Closer collaboration with suppliers





Best Performance

- ▶ Evidence based reviews and data analysis





Strengths of Centralized Purchasing

- ▶ Certified Purchasing Professionals
 - ▶ Specialized training and education





Strengths of Centralized Purchasing

- ▶ Superior Control
 - ▶ Regulatory Adherence
- ▶ Centralized Purchasing Records
 - ▶ Supports review and data analytics
- ▶ Risk Aversion
 - ▶ Collaboration with other City functions
 - ▶ Health and Safety, Risk Management, etc.



Regulations

**Administrative
Law**

**Trade
Agreements**

**Community
Charter**

Bylaw & Policy



Principals of Public Procurement

- ▶ Non-discriminatory
- ▶ Openness
- ▶ Transparency
- ▶ Effective management of public resources



Purchase Transaction Methods

- ▶ Purchase Orders
 - ▶ Blanket Purchase Orders
- ▶ Corporate Credit Card Program
 - ▶ Low value expenditures
- ▶ Shared Agreements
 - ▶ Other public entities like,
 - ▶ Government
 - ▶ Municipalities
 - ▶ Education Sector





Cooperative Procurement

- ▶ Looking to leverage existing and emerging opportunities to join with other public entities
 - ▶ Economies of scale
 - ▶ Reduced duplication of effort
- ▶ Office supplies is a current example





Purchasing Statistics

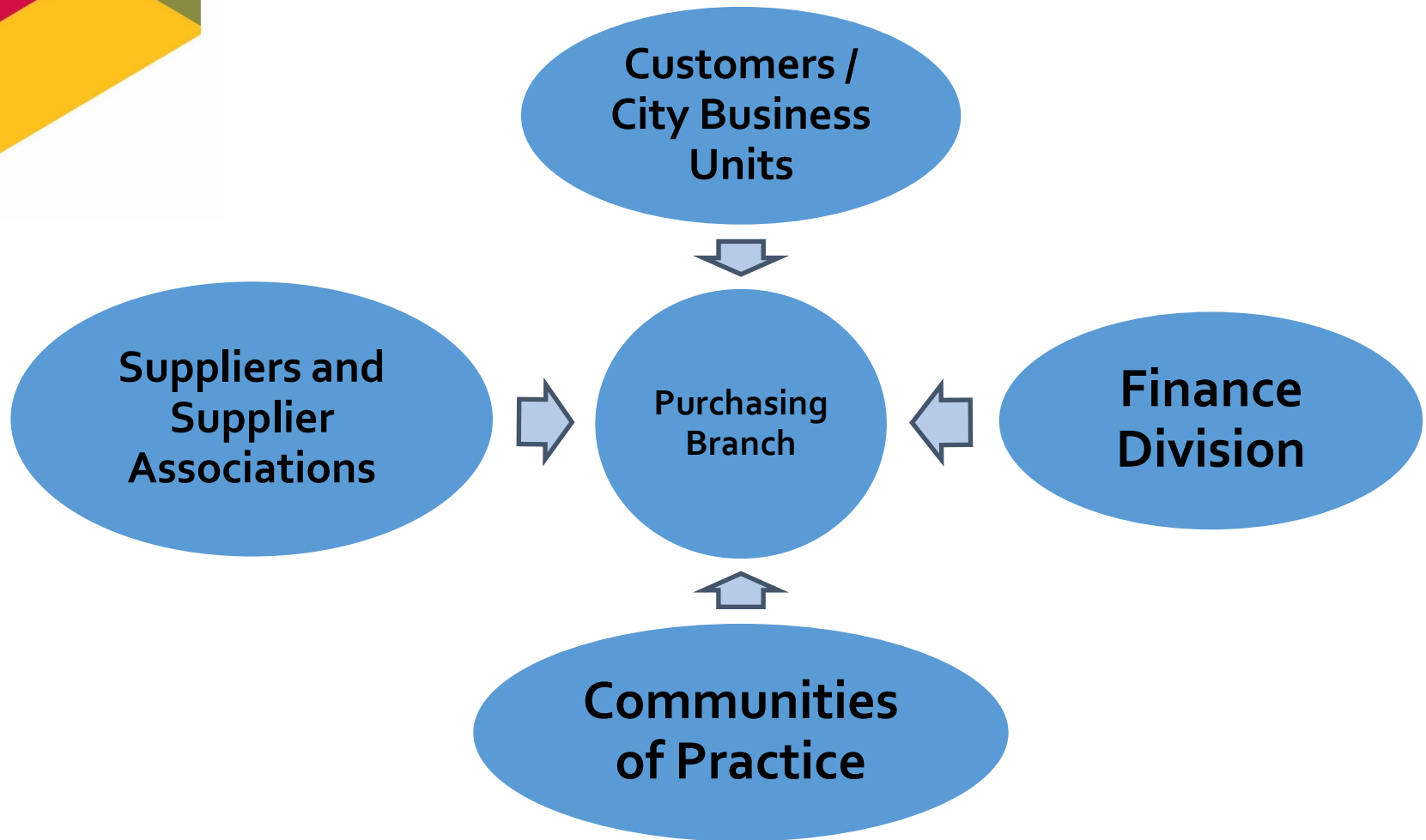
Annual Averages

- ▶ Number of PO's issued = ~2,500
- ▶ Value of PO's issued = ~\$90-\$100M
- ▶ Number of Competitive Processes = ~ 85



Superior Performance

- ▶ Utilizing and connecting with resources





Superior Performance

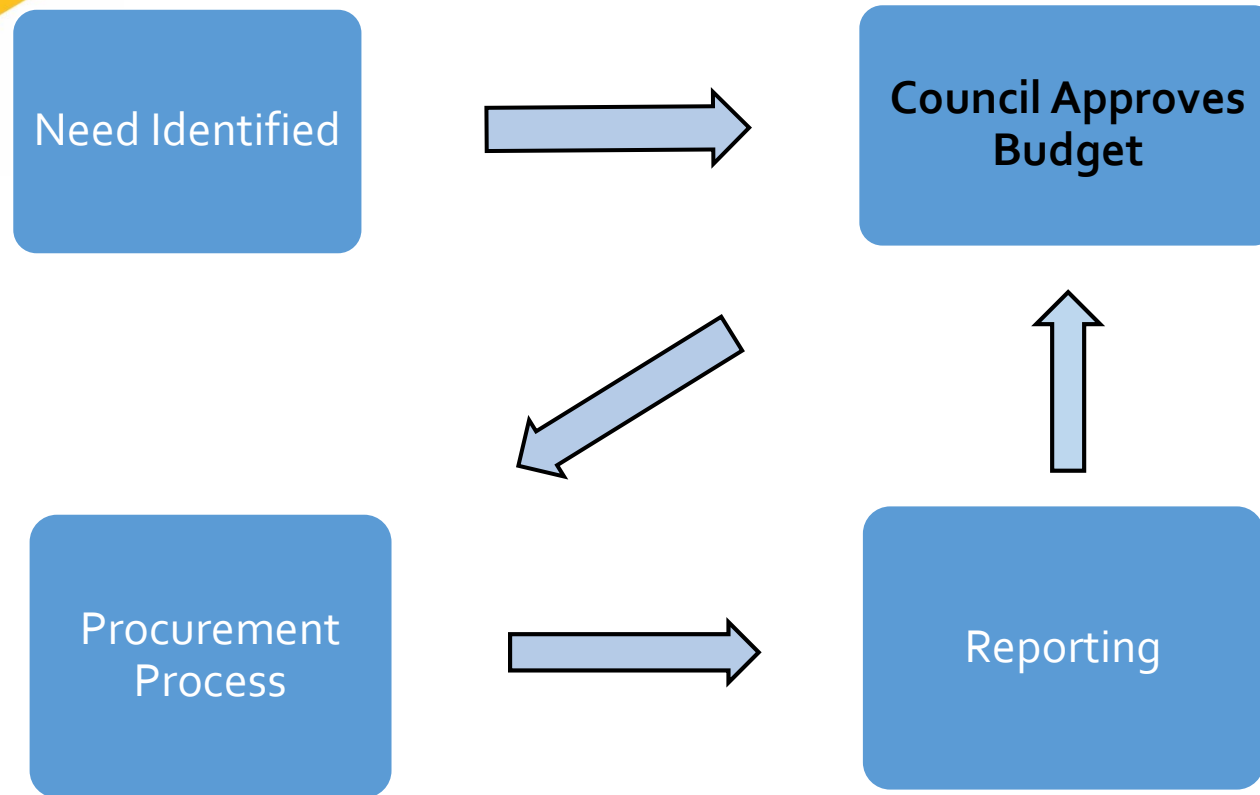


**AUDITOR GENERAL FOR
LOCAL GOVERNMENT**





Council's Role in the Purchasing Cycle





Corporate Benefits

- ▶ Regulatory Compliance
- ▶ Achieving Best Value
- ▶ Mitigating risk and exposure



Recommendation

- ▶ THAT Council receive for information, the Report from the Purchasing Manager, dated January 29, 2018 regarding the Purchasing Workshop Presentation.