

ANNUAL DELEGATION OF AUTHORITY REPORT

2022

RECOMMENDATION

That the May 3, 2023, Financial and Corporate Services report FCS01768, be received for information.

Requested Council Action		Information only	
ConnectEdmonton's Guiding Principle		ConnectEdmonton Strategic Goals	
CONNECTED This unifies our work to achieve our strategic goals.		N/A	
City Plan Values	N/A		
City Plan Big City Move(s)	N/A	Relationship to Council's Strategic Priorities	Conditions for service success
Corporate Business Plan	Managing the corporation		
Council Policy, Program or Project Relationships	<ul style="list-style-type: none">Bylaw 16620- City Administration BylawCouncil Policy C556B- Sustainable Procurement		
Related Council Discussions	<ul style="list-style-type: none">FCS00995, Annual Delegation of Authority, Executive Committee, June 29, 2022FCS01160, Indigenous Procurement Framework, Executive Committee, June 29, 2022		

Executive Summary

- In compliance with Bylaw 16620 - City Administration Bylaw, which requires the City Manager to report on procurement agreements over \$250,000 arising from non-competitive procurement processes, this report provides details on all such agreements for 2022. In

Annual Delegation of Authority Report - 2022

addition, this report provides an update on the City of Edmonton's sustainable procurement policy implementation.

- For the period of January 1, 2022 to December 31, 2022, Administration entered into 277 agreements over \$250,000, with a total value of \$1,945,780,288.
- 252 agreements, 91 per cent of all agreements over \$250,000, resulted from a competitive procurement process, with a total value of \$1,842,494,121 (95 per cent of total value). All competitive procurement agreements follow the City's procurement guidelines and are open and accessible to interested suppliers.
- Administration entered into 25 agreements, nine per cent of all agreements, resulting from a non-competitive procurement process, with a total value of \$103,286,168 (five per cent of total value).
- 63 per cent of contracts established through competitive procurements were with local suppliers and 48 per cent of contracts established through non-competitive procurements were with local suppliers.
- 147 out of 189 (78 per cent) competitive procurements included sustainable benefit criteria, up from 71 out of 175 (41 per cent) in 2021 and 18 out of 190 (9.5 per cent) in 2020.

REPORT

Every four years, City Council and Administration develop multi-year operating and capital budgets, which are adjusted on an annual basis. The four-year budgets allow Council and Administration to take a longer term approach to prioritizing and aligning programs, services, strategic initiatives and capital expenditures. Once these budgets are Council-approved, Administration expends some of the funds through third-party agreements, as necessary, for the effective delivery of City services and renewed or new municipal infrastructure.

A significant majority of these third-party agreements are established through open, competitive procurement processes to ensure transparency and value for money. However, in certain instances, agreements for goods, services or infrastructure delivery are non-competitive. Bylaw 16620 requires the City Manager to report on procurement agreements arising from non-competitive procurement processes, where the value of the agreement exceeds \$250,000, to Executive Committee at least once annually.

Pursuant to Bylaw 16620, approved by City Council on August 30, 2021, the City Manager may approve any procurement agreement resulting from a competitive procurement process and may approve any agreement resulting from a non-competitive procurement process if the value does not exceed \$1 million and the term does not exceed 10 years. Non-competitive agreements greater than \$1 million must be approved by the relevant Council committee.

From January 1, 2022 to December 31, 2022, Administration entered into 277 agreements over \$250,000, with a total value of \$1,945,780,288. Of these, 252 agreements (91 per cent of all agreements) resulted from a competitive procurement process, with a total value of \$1,842,494,121 (95 per cent of total value).

Annual Delegation of Authority Report - 2022

Over 2022, Administration also entered into 25 agreements (nine per cent of all agreements over \$250,000) resulting from a non-competitive procurement process, with a total value of \$103,286,167 (five per cent of total value).

For non-competitive agreements, there may be trade agreement exceptions that enable the City to forgo the use of competitive procurement processes, and instead seek quotations or negotiate directly with one or a small number of suppliers. Trade agreement exceptions include:

- Where it can be demonstrated that only one supplier is able to meet the requirements of a procurement.
- Where an unforeseeable situation of urgency exists and the goods, services or construction could not be obtained in time by means of open procurement procedures.
- Procurements from a public/government body.
- If no bids are received in response to a Competitive Procurement Process.

For non-competitive agreements, the City ensures value for money by using limited competition (seeking more than one quotation) if possible, or by negotiating the best possible pricing and terms of agreement.

Attachment 1 provides a summary of non-competitive agreements greater than \$250,000 in the January 1, 2022 to December 31, 2022 reporting period. Attachment 2 provides a list of these agreements, including:

- City department awarding the contract
- Contract description and justification
- Agreement value
- Relevant trade agreement exception

Local Procurement

Local procurement for the purpose of this report is defined as any supplier with a business address containing a postal code in the capital region.

- In 2022, 63 per cent of contracts established through competitive procurements, down from 68 per cent in 2021 and 48 per cent of contracts established through non-competitive procurements were with local suppliers, an increase from 2021's 42 per cent.

The Sustainable Procurement Program, which consists of Social, Ethical, Environmental and Indigenous Procurement, guides the City to procure from small, medium, diverse and/or Indigenous-owned businesses, when possible, as trade agreements do not allow for local preference in selection of suppliers.

Sustainable Procurement - Update

The City continues to make progress on including sustainable benefit criteria in the procurement opportunities posted to market.

The City implemented a Social Procurement Framework in December 2019 working with industry experts, Buy Social Canada. Buy Social is a Vancouver-based social enterprise with a goal to

Annual Delegation of Authority Report - 2022

improve social, environmental, cultural and economic impact of purchasing by businesses, governments, and consumers. Working with Buy Social Canada, the City developed the sustainable benefit criteria that has been included in competitive procurements. The criteria is from the City's Social Procurement Framework, and is related to employment, skills and training, social value supply chain, and community development. In February 2022, BuySocial Canada completed a case study report of various 2021 City procurements, in an effort to learn and progress towards positive community impacts. Based on the results of Buy Social's case study report, the City is implementing new changes to further support community impacts. In September 2022, the City entered into a new contract with Buy Social Canada to support the implementation of the Sustainable Procurement case study report recommendations. As part of the work, Administration is currently working on various new tools and changing its sustainable procurement approach to not only encourage the use of sustainable procurement criteria but also be specific on the desired outcomes of the procurements and create targeted opportunities.

Examples of new tools and procedures are outlined in Attachment 3 and include a Community Benefits Agreement that will support suppliers to provide employment and spend opportunities with targeted organizations, individuals and businesses. Other tools such as the low value purchase guideline and Targeted Contractual Requirements will aid in providing direct opportunity for targeted groups and individuals to do business with the City. Tools such as a new sustainable training plan, and measurement and reporting framework will keep Council and City staff informed, up-to-date, trained and socialized to the practices and progress of sustainable procurement.

In 2022, 147 out of 189 (78 per cent) competitive procurements included sustainable benefit criteria, up from 71 out of 175 (41 per cent) in 2021 and 18 out of 190 (9.5 per cent) in 2020.

Indigenous Procurement - Update

Since the approval of City Policy C556B - Sustainable Procurement in July 2022, which introduced Indigenous Procurement as a guiding principle, Administration has made progress on the six recommendations from the City's Indigenous Procurement Framework:

1. Enhance evaluation criteria
2. Consider Indigenous set asides
3. Provide a mix of procurement opportunities
4. Indigenous heritage verification
5. Communication plan
6. Improve networking opportunities

Recommendations one, five and six are being addressed through the updated Sustainable Procurement Program. Within this program evaluation criteria has been revised and adding contractual requirements to the program will integrate Indigenous and Social impacts into City contracts. Administration has developed communication tools such as Selling to the City information sessions for potential suppliers and has engaged with industry partners to create networking opportunities.

Annual Delegation of Authority Report - 2022

The other three recommendations: two, three and four, are specific elements to the Indigenous portion of the Sustainable Procurement Program. Administration will address these with new procedures that will be established in Q4 2023.

COMMUNITY INSIGHT

Administration is committed to providing financial reporting back to Council and residents that demonstrates how the City has delivered on the goals and objectives set out in the budget. Through various channels (including formal public engagement, community conversations/tables, 311, social media and speakers at Council committees), the City of Edmonton listens to the needs, desires and financial realities of Edmontonians as it procures and delivers infrastructure and services on behalf of the community.

Administration continues to work within the structure of applicable trade agreements and Policy C556B to provide opportunities to local, social and Indigenous businesses and the local economy when procuring goods and services. Administration engages with existing and potential suppliers and advises on different ways of doing business with the City, including monitoring the Alberta Purchasing Connection portal for future opportunities, the Edmonton.ca webpage and online resource Selling to the City¹ to find more information.

Administration also regularly communicates with industry associations, social enterprises, public institutions and other stakeholders to share updates and seek feedback on the implementation of Policy C556B.

GBA+

GBA+ has been applied to the City's review of procurement processes, leading to further policy development in social procurement and Indigenous procurement. Policy C556B is focused on four purchase outcomes to integrate community social value: employment, skills and training, social value supply chain and community development. Policy C556B also uses a variety of social benefit criteria that include many GBA+ considerations.

As Administration reviews its existing policies, procedures, standards and practices, and creates new ones, GBA+ components will continue to be evaluated. Administration intends to reinforce the values and commitments set by Council by partnering with suppliers aligned to those values.

ATTACHMENTS

1. Delegation of Authority Annual Report Summary (January 1, 2022 to December 31, 2022)
2. Delegation of Authority Annual Report (January 1, 2022 to December 31, 2022)
3. Sustainable Procurement - New Tools and Procedures

¹ edmonton.ca/business_economy/selling-to-the-city