

## ANNUAL DELEGATION OF AUTHORITY

2023

### RECOMMENDATION

That the May 3, 2024, Financial and Corporate Services report FCS02345, be received for information.

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

### Executive Summary

- In compliance with Bylaw 16620 - City Administration Bylaw, which requires the City Manager to report annually on procurement agreements over \$250,000 arising from non-competitive procurement processes, this report provides details on all such agreements for 2023, as well as an update on competitive agreements over this threshold. The Bylaw also requires the City

## ANNUAL DELEGATION OF AUTHORITY

Manager to disclose settlements of insured claims where the amount payable by the City exceeds \$1 million. In addition, this report provides an update on the City of Edmonton's sustainable procurement policy implementation.

- For the period of January 1, 2023 to December 31, 2023, Administration entered into 289 agreements over \$250,000, with a total value of \$2,289,695,879. Of these, 253 agreements (88 per cent) resulted from a competitive procurement process, with a total value of \$2,191,764,847 (96 per cent of agreement value).
- In 2023, 80 per cent of competitive procurements included sustainable benefit criteria, up from 78 per cent in 2022 and 41 per cent in 2021.

## REPORT

Every four years, Council and Administration develop multi-year operating and capital budgets, which are adjusted on a bi-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.

As a public sector organization, the City must adhere to trade agreements that require a fair, open, and competitive procurement process for any goods and services valued at \$75,000 and above and \$200,000 and above for construction.

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 but are not limited to:

- 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.

A significant majority of the City's contracts 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.

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.

Pursuant to Bylaw 16620, the City Manager may approve any procurement agreement resulting from a competitive procurement process and may approve any agreement resulting from a

## ANNUAL DELEGATION OF AUTHORITY

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.

Attachment 1 provides a summary of non-competitive agreements greater than \$250,000 in the January 1, 2023 to December 31, 2023 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

From January 1, 2023 to December 31, 2023, Administration entered into 289 agreements over \$250,000, with a total value of \$2,289,695,879. Of these, 253 agreements (88 per cent of all agreements) resulted from a competitive procurement process, with a total value of \$2,191,764,847 (96 per cent of total value).

### Local Procurement

To quantify local procurement, the City defines a supplier as 'local' if they have a business address containing a postal code in the capital region<sup>1</sup>.

- In 2023, 72 per cent of contracts greater than \$250,000 that were established through competitive procurements were with local suppliers, which is an increase from 63 per cent in 2022 and 68 per cent in 2021.
- In 2023, 47 per cent of contracts greater than \$250,000 that were established through non-competitive procurements were with local suppliers, which is on par with 48 per cent in 2022 and 42 per cent in 2021.
  - When the value of non-competitive contracts is examined, 75% of these contracts were with local suppliers.
  - The reason non-competitive procurements use non-local suppliers more often than competitive procurements is due to procuring requirements that have specific needs or distribution chains that may not be able to be met within the local area.

Trade agreements prevent applying preferential treatment to local suppliers, and the City must ensure that suppliers are not discriminated against based on their location.

### Sustainable Procurement

City Policy C556B - Sustainable Procurement includes four guiding principles:

- Ethical Standards;
- Environmental Sustainability
- Indigenous Procurement; and
- Social Value Considerations.

---

<sup>1</sup> The capital region includes the following municipalities: Edmonton, Fort Saskatchewan, Leduc, Leduc County, Parkland County, Spruce Grove, St. Albert, Stony Plain, Strathcona County and Sturgeon County

## **ANNUAL DELEGATION OF AUTHORITY**

The goal of the policy is to leverage City purchases to create economic, environmental and social impacts.

The City made significant progress in 2023, developing an overall sustainable procurement program that is governed by the overarching policy and guiding principles, and includes frameworks that give structure to how the policy will be implemented, tools that operationalize aspects of the program, and supports that are in place to help to communicate, educate, activate and engage with City staff and stakeholders. Details of the approaches, tools and procedures are outlined in Attachment 3.

To benchmark and keep informed of industry best practice, the City is a member of the Canadian Collaboration for Sustainable Procurement (CCSP). The CCSP is a member-based network of Canadian public-sector institutions working together to align their spending with their values and commitments on sustainability. The members share information and create tools to address green, social and ethical opportunities and risks in their supply chain. CCSP's Annual Report on the State of Sustainable Public Procurement in Canada highlights the country's latest sustainable procurement trends, which benchmarks members, lists member program development updates, and shares success stories around social and Indigenous procurement, green infrastructure, innovative training and communication programs, zero-waste and circular economy initiatives. Using information provided by the network to compare the City of Edmonton to other organizations, Edmonton would rank third out of the 23 government members and fifth out of the 37 total members of CCSP based on the following areas: strategy and action plan, staffing and resources, policies, high impact procurement list, procedures, tools, training and engagement, measurement and reporting, supplier engagement, and leadership and collaboration.

### **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 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 website and online resource Selling to the City<sup>2</sup>.

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+**

Administration has applied GBA+ to the review of the City's procurement processes, leading to further policy development in social procurement and Indigenous procurement. Policy C556B is

---

<sup>2</sup> [edmonton.ca/business\\_economy/selling-to-the-city](https://edmonton.ca/business_economy/selling-to-the-city)

## **ANNUAL DELEGATION OF AUTHORITY**

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. Work in support of the Policy is described above.

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, 2023 to December 31, 2023
2. Details of Non-Competitive Procurement Agreements Greater than \$250,000 by Department
3. Sustainable Procurement - Tools and Procedures