

City of Nanaimo

BUSINESS CASE – Purchasing & Stores Section: Buyer

CURRENT OVERVIEW

Purchasing is responsible for overseeing and controlling the purchasing of more than 50 million dollars in goods and services for the City annually.

The Purchasing & Stores section currently consists of:

- Manager
- Stores Supervisor
- Stores Clerks (2)
- Buyers (3)
- Purchasing Administration Clerk

In January 2017, Council approved the new Procurement Policy 03-1200-01. The Policy specifically requires the City to be compliant with legislated trade policies and entrusts City Administration with the responsibility.

A number of new initiatives and improvements to existing procedures resulted from the new policy. The Purchasing unit now:

- Provides strategic advice;
- Is engaged at the early planning stages of major projects;
- Consolidates or groups purchases to achieve efficiencies and economic value;
- Ensures purchases meet best value and provide good outcomes for the City;
- Works with the various internal City departments to ensure compliance;
- Promotes Vendor Performance Evaluations to assist in developing a stronger supplier base; and
- Advances other policy initiatives including:
 - educating and informing local businesses on how to do business with the City;
 - developing a social, environmental and ethical purchasing program; and,
 - overall support for various environmental stewardship initiatives.

The Buyers support all internal City departments, including administering active contracts requiring annual renewals, extensions, amendments, change management and general questions on contract management and invoicing. Buyers also manage project files including new construction, consulting, goods and service market opportunities, as well as direct awards of single and sole sourced contracts.

Currently there are 194 active contract files, and in addition, Purchasing opened and completed 220 new project files in 2019 and in 2020 has opened 161 new project files to June 30, 2020.

In the spring of 2017, a second full-time Buyer was added to the unit to manage the change from decentralized purchasing to a more centralized approach. A third Buyer was added to the unit in the summer of 2019.

BUSINESS ISSUE

There is no capacity within the unit to implement an anticipated Sustainable Procurement Program. At Council's request, Purchasing has investigated and is in the process of designing a Sustainable Procurement Program for introduction in 2021, without additional resources, implementation will be delayed until capacity is available.

Since the revised Policy was implemented in 2017, the workload for Buyers has increased due to:

- Increase in larger dollar purchase orders;
- Increased volume in complex procurement files due to the centralizing of purchasing;
- Increased due diligence required when reviewing information to ensure consistent application of the legislated purchasing requirements and applicable laws;
- Continued education of the departments (one on one and group presentations);
- Maintaining a database for benchmarking, statistical tracking, monitoring and process improvements;
- Maintaining and updating the suite of standard templates;
- Providing departmental support in dealing with contractual issues; and
- Initiatives such as conducting as requested debriefs with unsuccessful Bidders to comply with the new trade legislation.

This has resulted in:

- Delays in issuing RFX opportunities;
- Inability to consistently meet targeted response times to departments;
- Delays in renewing annual contracts resulting in the contracts lapsing to month to month; and
- Delays in introducing new initiatives and improvements as outlined above.

EXPECTED OUTCOME

Additional resources will provide the necessary support to ensure capacity to implement the Sustainable Procurement Program (Program) and continue to garner benefits from the 2017 Policy.

The additional Buyer will provide the opportunity to launch the Program mid-2021. Beyond the consultant's deliverables in 2020, the Program focus in 2021 will be:

1. Implement Sustainable Procurement Policy
2. Internal Training & Engagement
 - a. Develop an Engagement Plan
 - b. Roll-out communications and training for City staff
3. Supplier Engagement
 - a. Inform and consult local/strategic suppliers
 - b. Pilots
4. Piloting & Refining
 - a. Develop and refine Sustainable Procurement procedures
 - b. HIPO list implementation and expansion
 - c. Data collection and Key Performance Indicator tracking

The additional Buyer will also allow the unit to:

- Improve response time to align with the standard operating procedures requiring Purchasing to respond within three (3) business days;
- Continued participation in the planning of projects and an even more strategic role in advance of the purchase to ensure best value purchases for the City;
- Provide ongoing support and education to staff and vendor community;
- Ensure department compliance with the policy without delaying or impacting departmental work;
- Ensure procurement practices are transparent, fair and equitable;
- Reduce the potential for legal challenges and/or penalties to the City for violations of trade-related policies and agreements; and

OPTIONS

Option #1 – Add a Buyer Position Effective July 1, 2021

Create a fourth permanent full-time Buyer position reporting to the Manager of Purchasing & Stores.

Benefits:

- Provides needed capacity to introduce the Sustainable Procurement Program;
- Provides an adequate level of staffing to meet the expectations and demands of the 2017 centralization Policy;
- Contributes to meeting the unit demands;
- Allows the work of the policy initiatives to advance; and
- Mitigates risk.

Weaknesses:

- Permanent increase to operating budget of section; and
- Due to space shortage in the Purchasing & Stores section, a new workspace will need to be created for this position. Options have been explored and the addition of a portable office is considered the most feasible solution.

Financial Analysis:

- Position is anticipated to be a level 11 with an annual salary of \$81,495 plus benefits for an estimated total of \$103,019. 2021 budget impact is estimated at \$51,510 based on a July 1st start.
- Additional annual costs are anticipated at \$8,750. This includes trailer rental, computer charges, membership fees and training. 2021 budget impact is estimated at \$5,650 based on a July 1st start.
- One-time costs upon the creation of the position are projected at \$7,900. This includes the purchase of desk, phone, computer and costs related to the installation and setup of trailer.

Option #2 – Status Quo

Purchasing will continue to support the City department requirements with the resources available.

Benefits:

- No impact to operating budget of the section.

Weaknesses:

- Implementation of the anticipated Sustainable Procurement Program will be delayed until capacity is available.

Financial Analysis:

- As department workload is heavy, may lead to unplanned overtime expenditures to meet critical deadlines.

RECOMMENDATION

Option #1 Add a Buyer position to Purchasing and Stores Section Effective July 1, 2021.